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Welcome to the Snapshot of the Single-Family Seller/Servicer Guide as Published 12/17/10

This is a snapshot of Freddie Mac Single-Family Seller/Servicer Guide ("Guide") requirements as of December 17, 2010, the date of the last Guide Bulletin published in 2010. This comprehensive file contains all of the Guide chapters, forms, exhibits, directories and the Glossary as they were published on December 17, 2010.

Current and Future Versions, Different Effective Dates

The Guide files below represent a "snapshot" of the Guide as of December 17, 2010. Certain chapters, sections, forms, exhibits, directories or the Glossary (each a "provision") may have had effective dates that were effective after the date of the last Guide Bulletin published for the year. If both current and future effective versions of a provision had been published on December 17, 2010, all of those versions are included in the file.

Legal Disclaimer – Not an Official Guide Version

The Guide is amended from time to time throughout the year, and these snapshots must be read in conjunction with all applicable Guide Bulletins. Freddie Mac provides these snapshots as a convenience to our Seller/Servicers; they are not official versions of the Guide. The Seller/Servicer is responsible for compliance with the official Guide and Guide Bulletins containing specific Guide changes with corresponding effective dates, as posted on the AllRegs® web site of Mortgage Resource Center, Inc. (MRC).

Official Electronic Version of the Guide

The official electronic version of the Guide is available free of charge through the "AllRegs" link on the following web page: http://www.freddiemac.com/sell/guide/.

Chapter 1: Introduction

1.1: Overview (08/21/06)

The *Single-Family Seller/Servicer Guide* (Guide) consists of two volumes containing Freddie Mac's requirements for Mortgages secured by 1- to 4- unit properties.

Freddie Mac's requirements for Multifamily Mortgages are set forth in the Freddie Mac *Multifamily Seller/Servicer Guide*. The *Multifamily Seller/Servicer Guide* and related forms are available electronically over the Internet. If you are a Program Plus® lender or an approved Freddie Mac Multifamily Servicer, you can access the electronic version of the *Multifamily Seller/Servicer Guide* on AllRegs® through the MultiSuite® on the Internet application.

If you are not a Program Plus lender or a Freddie Mac Multifamily Servicer and you would like a subscription to the electronic version of the Multifamily Guide, you can contact AllRegs at **http://www.allregs.com**.

1.2: Legal effect of the *Single-Family Seller/Servicer Guide* (10/20/08)

(a) Status as a contract

The *Single-Family Seller/Servicer Guide* (Guide) is one of the Purchase Documents. Purchase Documents, as defined in the Glossary of the Guide, are incorporated by reference into, and constitute a part of, each Purchase Contract. A Seller agrees to sell Mortgages in accordance with the terms of each Purchase Contract entered into between the Seller and Freddie Mac.

A Seller must service all Mortgages that the Seller has sold to Freddie Mac and has assented to service for Freddie Mac in accordance with the standards set forth in the Seller's Purchase Documents. All of a Seller's obligations to service Mortgages for Freddie Mac shall be considered to constitute, and shall be performed pursuant to, a unitary, indivisible master Servicing contract, and the Servicing obligations assumed pursuant to any contract to sell Mortgages to Freddie Mac shall be deemed to be merged into, and shall be performed pursuant to, such unitary, indivisible master Servicing contract.

A Seller acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller pursuant to any individual Purchase Contract is based upon the Seller's agreement that the Mortgages purchased will be serviced by the Seller pursuant to the unitary, indivisible master Servicing contract. The Seller agrees that any failure to service any Mortgage in accordance with the terms of the unitary, indivisible master Servicing contract, or any breach of any of the Seller's obligations under any aspect

of the unitary, indivisible master Servicing contract, shall be deemed to constitute a breach of the entire contract and shall entitle Freddie Mac to terminate the contract.

If a Servicer who services Mortgages for Freddie Mac is not also the Seller of the Mortgages to Freddie Mac, the Servicer must agree to service Mortgages for Freddie Mac by separate agreement, which incorporates the applicable Purchase Documents. In such case, the separate agreement shall be deemed to be one of the "Purchase Documents" that constitute the unitary, indivisible master Servicing contract.

In addition, in certain cases, a Seller and/or Servicer who uses certain Freddie Mac services will, by virtue of the provisions of the Guide, be deemed to have agreed upon certain terms and conditions related to such services and their use.

The Guide may not be amended or modified orally, and no provision of the Guide may be waived or amended except in a writing signed by the necessary parties. Such written waiver or amendment must expressly refer to the Guide and be denominated as an amendment to the Guide. However, the Guide may be amended or supplemented generally from time to time by the issuance of revised pages by Freddie Mac or by other written communications from Freddie Mac.

Whether and how an amendment to Volume 1 applies to a Purchase Contract depends on the nature and terms of both the contract and the amendment. An amendment to Volume 1 is effective on the date specified by Freddie Mac if the amendment modifies the processes or functions involved in Freddie Mac's purchase, and a Seller's sale, of Mortgages, including, but not limited to, changes in MIDANET® and MIDANET software or changes in procedures for or methods of delivery of information and/or documents. See Section A1.4 for information regarding applicability of amendments to Guide chapters providing terms for the sale of Mortgages to Freddie Mac using the Freddie Mac Selling System (Selling System). See Section A1.5 for information regarding applicability of amendments, modifications, revisions, changes and/or updates made to the Selling System by Freddie Mac.

All other amendments apply as follows:

- To any mandatory delivery Purchase Contract having a Date of Seller's Offer on or after the effective date of the amendment
- To any Cash Purchase Contract or Guarantor conversion that is under a mandatory delivery master commitment dated on or after the effective date of the amendment
- For optional delivery Purchase Contracts (excluding optional delivery Purchase Contracts under mandatory delivery master commitments) and Guarantor conversions under an optional delivery master commitment, to any delivery made on or after the effective date of the amendment

An amendment to Volume 2 of this Guide, which constitutes part of the unitary, indivisible master Servicing contract between Freddie Mac and each Seller/Servicer or Servicer, is effective on the date specified by Freddie Mac.

The effective date of each section of the Guide is located at the beginning of each section, to the right of the section number and name.

(b) Copyright

The Guide (including related supplements, bulletins and industry letters) is copyrighted. Limited permission to photocopy the Guide is granted to Seller/Servicers strictly for their own use in originating and selling Mortgages to, and in Servicing Mortgages for, Freddie Mac. No part of the Guide may be reproduced for any other reason (in any form or by any means) without the express written permission of Freddie Mac. Requests for such permission to reproduce the Guide must be sent to Freddie Mac **(see Directory 1)**.

Requests will be reviewed and answered by Freddie Mac in the ordinary course of business.

Freddie Mac reserves the right to revoke permission to reproduce the Guide upon 60 days' notice to any and all Sellers and Servicers. Under no circumstances will Freddie Mac permit the Guide to be reproduced by any electronic or mechanical means, including, but not limited to, reproduction in, or as a component of, any information storage and retrieval system.

(c) Reliance

By entering into a Purchase Contract or into the unitary, indivisible master Servicing contract with Freddie Mac, the Seller or Servicer acknowledges that it is not relying upon Freddie Mac or any employee, agent or representative thereof, in making its decision to enter into the contract and that it has relied upon the advice and counsel of its own employees, agents and representatives as to the regulatory, business, corporate, tax, accounting and other consequences of entering into and performing its obligations under a Purchase Contract or the unitary, indivisible master Servicing contract.

(d) Assignments; security interests

A Seller or Servicer shall not, in whole or in part, assign or transfer or grant a security interest in, any of its obligations, rights or interest under any Purchase Contract or under the unitary, indivisible master Servicing contract, including any of its rights or obligations under this Guide or any of the Purchase Documents, without Freddie Mac's prior written consent. Any purported or attempted assignment or transfer of, or grant of a security interest in, any such obligations, rights or interest is prohibited and shall be null and void.

Notwithstanding the provisions of the immediately preceding paragraph, Freddie Mac may consent to a Servicer's grant to one or more third parties of a security interest under the Uniform Commercial Code in the conditional, nondelegable contract right of the Servicer to service Home Mortgages for Freddie Mac pursuant to the terms of the unitary, indivisible master Servicing contract ("Freddie Mac Servicing rights"). Freddie Mac will indicate its consent only by executing an Acknowledgment Agreement, which must also be executed by a Servicer and the third party to whom the Servicer grants a security interest. A Servicer may write to Freddie Mac **(see Directory 1)** for a copy of the Acknowledgment Agreement and instructions for completing and executing it.

A Servicer's grant to a third party of a security interest in the Servicer's Freddie Mac Servicing rights, as more specifically defined in the Acknowledgment Agreement, may be made only for a purpose specified in the instructions for the Acknowledgment Agreement. Any purported or attempted grant of a security interest in any other rights or interest of the Servicer under the Guide or any of the Purchase Documents, or for the purpose of securing any other type of obligation, is prohibited and shall be null and void. In addition, a Servicer's purported or attempted grant to a third party of a security interest in the Servicer's Freddie Mac Servicing rights without the Servicer and the third party also having executed the Acknowledgment Agreement is prohibited and shall be null and void.

Freddie Mac has the right to sell, assign, convey, hypothecate, pledge or in any way transfer, in whole or in part, its interest under the Purchase Documents with respect to any Mortgage it purchases.

(e) Severability

If any provision of this Guide shall be held invalid, the legality and enforceability of all remaining provisions shall not in any way be affected or impaired thereby, and this Guide shall be interpreted as if such invalid provision were not contained herein.

(f) Effective dates

Volume 1 of the Guide governs Purchase Contracts with a Date of Acceptance of April 1, 1976, t hrough September 14, 1978, a nd Purchase Contracts with a Date of Seller's Offer of September 15, 1978, and thereafter. Previous Sellers' Guides and Master Selling Agreements in effect on the Date of Acceptance govern Purchase Contracts with Dates of Acceptance preceding April 1, 1976.

(g) Construction of Guide

This Guide shall not be construed against Freddie Mac as being the drafter hereof.

(h) Entire agreement

This Guide, including the exhibits attached to the Guide and all Purchase Documents incorporated by reference in the Guide, constitutes the entire understanding between Freddie Mac and the Seller or Servicer and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether oral or written, with respect to the transactions contemplated by the Guide.

(i) Governing law

This Guide shall be construed, and the rights and obligations of Freddie Mac and the Seller or Servicer hereunder determined, in accordance with the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate any provision of this Guide or the transactions governed thereby, the laws of the State of New York shall be deemed reflective of the laws of the United States.

1.3: Acknowledgment and consent to electronic transactions (08/21/06)

The following are terms and conditions applicable to electronic transactions conducted with Freddie Mac:

(a) Acknowledgment

The Seller/Servicer acknowledges and agrees that Freddie Mac may require or permit certain transactions with Freddie Mac be conducted electronically using "Records", "Electronic Records" and/or "Electronic Signatures." "Records" and "Electronic Records" shall include, but not be limited to, recorded telephone conversations, fax copies or electronic transmissions. The Seller/Servicer agrees that the terms "Record", "Electronic Record" and "Electronic Signature" shall have the meanings ascribed to those terms in the federal Electronic Signatures in Global and National Commerce Act ("E-Sign"). The Seller/Servicer also agrees that transactions conducted using Electronic Records and/or Electronic Signatures or fax copies of signatures, Records, Electronic Records and/or Electronic Signatures shall be known as "electronic transactions."

The Seller/Servicer may not engage in any electronic transactions (including electronic transactions with third parties) that directly or indirectly affect Freddie Mac and Freddie Mac will not be bound b y any electronic transaction unless the Seller/Servicer has obtained Freddie Mac's express approval in advance. Any such approval may be granted by Freddie Mac, in its sole discretion, and may only be granted by an authorized representative of Freddie Mac. Such approval must be in the form of a Record or Electronic Record provided to the Seller/Servicer by an authorized representative of Freddie Mac.

(b) Consent

The Seller/Servicer consents to the use of Records, Electronic Records and/or Electronic Signatures whenever expressly required or permitted by Freddie Mac and acknowledges and agrees that the Seller/Servicer shall be bound by its Electronic Signature and by the terms, conditions, requirements, information and/or instructions contained in any such Records or Electronic Records.

(c) Seller/Servicer's Electronic Signature

The Seller/Servicer agrees to adopt as its Electronic Signature its Freddie Mac Seller/Servicer number, user identification codes, passwords, personal identification numbers, access codes, a facsimile image of a written signature and/or other symbols or processes as provided or required by Freddie Mac from time to time (as a group, any subgroup thereof or individually, hereinafter referred to as "Seller/Servicer's Electronic Signature"). The Seller/Servicer acknowledges that Freddie Mac will rely on any and all Records, Electronic Records and on Seller/Servicer's Electronic Signature transmitted or submitted to Freddie Mac.

(d) Eligible transactions

No form, other document or agreement may be submitted to Freddie Mac in the form of a Record or Electronic Record by electronic transmission including, but not limited to, fax copies, unless expressly required or permitted by Freddie Mac. The particular transactions or types of transactions that will be required or permitted to be in electronic form under this Section 1.3 of the Guide shall be identified by Freddie Mac in the Guide, Bulletins, other Purchase Documents, other agreements, user guides, information, and/or instructions provided to the Seller/Servicer by an authorized representative of Freddie Mac in the form of a Record or Electronic Record.

Such electronic transactions shall be subject to all applicable provisions of the Guide, Bulletins, other applicable Purchase Documents, any other terms and conditions, systems agreements and/or systems rules promulgated by Freddie Mac from time to time, and any other agreements, as applicable. Electronic transactions not required or expressly permitted by Freddie Mac are prohibited.

The Seller/Servicer agrees that it shall be bound by telephone conversations recorded by Freddie Mac that are related to electronic transactions.

The Seller/Servicer acknowledges and agrees that under no circumstances will any telephone conversation recorded by the Seller/Servicer be construed to be a Record or Electronic Record. In addition, Freddie Mac shall not be bound by any telephone conversation recorded by the Seller/Servicer.

(e) Governing law

Notwithstanding anything contained in Section 1.2(i) of the Guide to the contrary, the effectiveness, validity and enforceability of electronic contracts, other Records, Electronic Records and Electronic Signatures used in connection with any electronic transaction between Freddie Mac and the Seller/Servicer shall be governed by E-Sign.

Unless otherwise expressly agreed between the Seller/Servicer and Freddie Mac, no portion of any electronic transaction will be governed by the Uniform Computer Information Transactions Act as enacted by any jurisdiction.

(f) Liability

Freddie Mac shall not be liable for any delay or other failure in performing its obligations under any electronic transaction where such delay or failure is caused by any event beyond Freddie Mac's control:

- Which could not be reasonably expected to have been taken into account at the time of the electronic transaction or
- The consequences of which could not be avoided or overcome.

In addition, Freddie Mac shall not be liable for the failure of either its or the Seller/Servicer's Internet service provider ("ISP"), or any other telecommunications company, telephone company, satellite company or cable company to timely, properly and accurately transmit any Electronic Record or fax copy.

Freddie Mac shall have no liability to the Seller/Servicer or any other party for indirect, incidental, special or consequential damages of any type whatsoever arising out of or relating in any manner to the electronic transmission of any Record or Electronic Record whether under a contract, tort or any other theory of liability, even if Freddie Mac is aware of the possibility of such damages.

The Seller/Servicer shall be fully liable for any and all losses, costs, expenses, legal fees and/or damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not) incurred by Freddie Mac and/or any third party selected by Freddie Mac to act as its web site host ("Host") that are caused by the Seller/Servicer's failure to comply with Freddie Mac's requirements in connection with conducting an electronic transaction with Freddie Mac.

(g) Security

Before engaging in electronic transactions with the Seller/Servicer, Freddie Mac may provide the Seller/Servicer, or require the Seller/Servicer to create, user identification codes, passwords, personal identification numbers and/or access codes, as applicable, to permit access to Freddie Mac's and/or any Host's computer information processing system. The Seller/Servicer shall be fully responsible for protecting and safeguarding any and all user identification codes, passwords, personal identification numbers and

access codes provided or required by Freddie Mac. The Seller/Servicer shall adopt and maintain security measures to prevent the loss, theft or unauthorized or improper disclosure or use of any and all user identification codes, passwords, personal identification numbers and/or access codes. The Seller/Servicer shall notify Freddie Mac immediately in the event (i) of any loss, theft or unauthorized disclosure or use of any of the user identification codes, passwords, personal identification numbers and/or access codes or (ii) the Seller/Servicer has any reason to believe there has been a breach of security or that its access to Freddie Mac's and/or any Host's computer information processing system is no longer secure for any reason.

The Seller/Servicer agrees to indemnify, defend and hold Freddie Mac and/or any Host harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac and/or any Host may become subject or that arise out of or that occur in connection with the loss, theft, unauthorized or improper disclosure or use of any and all user identification codes, passwords, personal identification numbers and/or access codes.

The Seller/Servicer acknowledges that the infiltration and "infection" of the Seller/Servicer's computer hardware and software by any and all harmful computer information, commands, codes or programs could result in harm to Freddie Mac's and/or any Host's computer information processing systems. The Seller/Servicer understands and agrees that it shall be fully responsible for protecting and safeguarding its computer hardware and software from any and all:

- computer "viruses," "time bombs," "trojan horses" or other harmful computer information, commands, codes or programs that may cause or facilitate the destruction, corruption, malfunction or appropriation of, or damage or change to, any of the Seller/Servicer's, Freddie Mac's and/or any Host's computer information processing systems, including without limitation, all hardware, software, Electronic Records, information, data and/or codes
- computer "worms," "trap doors" or other harmful computer information, commands, codes or programs that enable unauthorized access to the Seller/Servicer's, Freddie Mac's and/or any Host's computer information processing systems, including without limitation, all hardware, software, Electronic Records, information, data and/or codes

The Seller/Servicer agrees to indemnify, defend and hold Freddie Mac and/or any Host harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac and/or any Host may become subject or that arise out of or that occur in connection with the infiltration and "infection" of the Seller/Servicer's hardware and software by any and all computer "viruses," "time

bombs," "trojan horses," "worms," "trap doors" or other harmful computer information, commands, codes or programs.

The Seller/Servicer agrees that Freddie Mac may, in its sole discretion and from time to time, without limiting the Seller/Servicer's liability set forth herein, establish minimum security standards that the Seller/Servicer must, at a minimum, comply with in an effort to:

i. Protect and safeguard any and all user identification codes, passwords, personal identification numbers and/or access codes from loss, theft or unauthorized disclosure or use; and
ii. Prevent the infiltration and "infection" of the Seller/Servicer's hardware and/or software by any and all computer "viruses," "time bombs," "trojan horses," "worms," "trapdoors" or other harmful computer codes or programs.

If Freddie Mac, from time to time, establishes minimum security standards, the Seller/Servicer shall comply with such minimum security standards within the time period established by Freddie Mac. Freddie Mac shall have the right to confirm the Seller/Servicer's compliance with any such minimum security standards. The Seller/Servicer's compliance with such minimum security standards shall not relieve the Seller/Servicer from any of its liability set forth herein. The Seller/Servicer shall be solely responsible for determining whether the Seller/Servicer should adopt and maintain security measures that exceed any minimum security standards established by Freddie Mac.

Whether or not Freddie Mac establishes minimum security standards, the Seller/Servicer shall continue to be fully responsible for adopting and maintaining security measures that are consistent with the risks associated with conducting electronic transactions with Freddie Mac and/or any Host. The Seller/Servicer's failure to adopt and maintain appropriate security measures or to comply with any minimum security standards established by Freddie Mac may result in, among other things, termination of the Seller/Servicer's access to Freddie Mac's or any Host's computer information processing systems.

(h) Representations, warranties and additional agreements

The Seller/Servicer represents and warrants that the Seller/Servicer has confirmed that the Seller/Servicer's computer hardware, software and ISP (or other method of connectivity to the Internet), if applicable, is compatible with Freddie Mac's computer hardware, software and ISP (or other method of connectivity to the Internet) and that the Seller/Servicer is able to readily print, store and retrieve any Record or Electronic Record transmitted by Freddie Mac to the Seller/Servicer and the Seller/Servicer is capable of transmitting or submitting any Record or Electronic Records to Freddie Mac in connection with any electronic transaction between the Seller/Servicer and Freddie Mac.

With respect to any and all Records or Electronic Records submitted or transmitted to Freddie Mac including, but not limited to, fax copies of Records or Electronic Records, the Seller/Servicer represents and warrants that any party who submitted or transmitted Records or Electronic Records or who submitted or transmitted Records or Electronic Records containing Seller/Servicer's signature or Seller/Servicer's Electronic Signature was authorized to do so.

With respect to any and all Records or Electronic Records submitted or transmitted to Freddie Mac including, but not limited to fax copies of Records or Electronic Records, the Seller/Servicer:

- Agrees that, if the Seller/Servicer's signature or Seller/Servicer's Electronic Signature is attached to or logically associated with any Record or Electronic Record transmitted or submitted to Freddie Mac, such attachment or association of Seller/Servicer's signature or Seller/Servicer's Electronic Signature shall be conclusive verification that the Seller/Servicer executed and intended to be bound by the terms of the Record or Electronic Record
- Waives any and all defenses, claims, counterclaims and/or assertions that any Record or Electronic Record transmitted or submitted to Freddie Mac to which Seller/Servicer's signature or Seller/Servicer's Electronic Signature has been attached or with which Seller/Servicer's signature or Seller/Servicer's Electronic Signature has been logically associated was not authorized or approved by the Seller/Servicer
- Agrees to indemnify, defend and hold Freddie Mac harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac may become subject or that arise out of or that occur in connection with, any challenge or dispute relating to the effectiveness, enforceability or validity of any Records and/or Electronic Records transmitted or submitted to Freddie Mac on the basis that (i) the Record, Electronic Record and/or Seller/Servicer's signature is in electronic form or (ii) the Seller/Servicer's signature is a facsimile of the Seller/Servicer's signature printed on a fax copy of the Record or Electronic Record or (iii) the Record, Electronic Record, Seller/Servicer's signature and/or Seller/Servicer's Electronic Signature was not authorized or approved by the Seller/Servicer
- Agrees to adopt and maintain security measures sufficient to protect and safeguard Seller/Servicer's signature or Seller/Servicer's Electronic Signature from loss, theft, unauthorized or improper disclosure or use
- Agrees that the Seller/Servicer shall immediately notify Freddie Mac in the event of any loss, theft, unauthorized or improper disclosure or use of Seller/Servicer's signature or Seller/Servicer's Electronic Signature
- Agrees to indemnify, defend and hold Freddie Mac harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac

may become subject or that arise out of or occur in connection with the loss, theft, unauthorized or improper disclosure or use of Seller/Servicer's signature or Seller/Servicer's Electronic Signature

- Acknowledges and agrees that the Seller/Servicer shall be bound by the terms, conditions, representations, warranties, covenants, duties and obligations set forth in the Records and/or Electronic Records if any party (i) attaches Seller/Servicer's signature or Seller/Servicer's Electronic Signature to or logically associates Seller/Servicer's signature or Seller/Servicer's Electronic Signature with the Records or Electronic Records or (ii) performs any of the duties or undertakes any obligations imposed on the Seller/Servicer by the Records or Electronic Records or (iii) uses any of the rights, privileges or benefits available to the Seller/Servicer under the Records, Electronic Records or other Purchase Documents

The Seller/Servicer agrees that it shall not alter any Freddie Mac forms, other documents or agreements provided or made available to the Seller/Servicer as a Record or Electronic Record without Freddie Mac's express approval contained in a Record or Electronic Record provided to the Seller/Servicer by an authorized representative of Freddie Mac.

(i) Special provisions for fax transmissions

The Seller/Servicer acknowledges that fax transmission technology permits a sender to transmit a fax copy using the sender's fax machine or personal computer and, depending on the technology selected by the sender, the information being copied and sent via fax transmission may initially be on paper or in electronic form. The Seller/Servicer further acknowledges that the technology also permits a recipient to receive a fax copy using the recipient's fax machine or personal computer and, depending on the technology selected by the recipient, the fax copy may be received as: (i) a Record printed on paper by the recipient's fax machine or (ii) an Electronic Record in the recipient's computer information processing system.

Regardless of which of the particular methods above are selected for sending or receiving a fax copy, the Seller/Servicer agrees that:

- Upon receipt by Freddie Mac of a fax copy of a Record or Electronic Record sent by Seller/Servicer to Freddie Mac via fax transmission that contains a copy or representation of the duly authorized signature of Seller/Servicer's representative or Seller/Servicer's Electronic Signature, the fax copy shall be as effective, enforceable and valid as a paper original of the Record or Electronic Record delivered to Freddie Mac containing the legally binding signature of Seller/Servicer's duly authorized representative
- Seller/Servicer shall be fully bound by the terms and conditions of the fax copy of the Record or Electronic Record, whether the fax copy of the Record or Electronic Record is received by Freddie Mac as a fax copy printed on paper or as an Electronic Record

- The effectiveness, enforceability and validity of such fax copies of Records and Electronic Records received by fax transmission shall be governed by the terms and conditions of this Section 1.3

In the event Freddie Mac receives a fax copy from Seller/Servicer of a Record or Electronic Record via Freddie Mac's fax machine, the fax copy is printed on paper and contains a printed copy or representation of Seller/Servicer's signature or Electronic Signature and it is later determined that the printed copy or representation of Seller/Servicer's signature or Electronic Signature thereon is not an Electronic Signature and/or the fax copy of the Record or Electronic Record is not an Electronic Record, the Seller/Service agrees as follows:

- Seller/Servicer intends the copy or representation of Seller/Servicer's signature printed by the fax machine on the fax copy of the Record or Electronic Record to be Seller/Servicer's "original" signature
- Seller/Servicer adopts as its signature the following symbols: its Freddie Mac Seller/Servicer number, a copy or representation of the signature of its authorized representative and/or a copy or representation of such other symbol(s) as Seller/Servicer and Freddie Mac may agree from time to time (Seller/Servicer's use of any one or more of the symbols shall constitute a valid signature)
- The fax copy shall be deemed to be a "writing" or "in writing"
- The fax copy shall be deemed to be intentionally "signed" by Seller/Servicer
- The fax copy shall be deemed to be an "original" and a counterpart of the Record or Electronic Record copied and sent by Seller/Servicer via fax transmission
- The fax copy received by Freddie Mac shall be binding on the Seller/Servicer even if it is: (i) transmitted on behalf of the Seller/Servicer by a third party with the Seller/Servicer's express or implied consent and/or (ii) a copy of a copy of the Record or Electronic Record transmitted
- The effectiveness, enforceability and validity of the fax copy shall be governed as set forth in Section 1.2(i) of the Guide

(j) Representations, warranties and additional agreements for third-party Electronic Records and Electronic Signatures

If a Seller/Servicer has received Freddie Mac's express permission to engage in electronic transactions with third parties that directly or indirectly affect Freddie Mac, as required by Section 1.3(a) above, Seller/Servicers must follow prudent business practices in sending, receiving, using, storing and maintaining all Electronic Records and Electronic Signatures provided to the Seller/Servicers by the third parties. Seller/Servicers will be responsible for assuring that the electronic systems and procedures used by the third parties to create and transmit Electronic Records and Electronic Signatures comply with applicable State and federal laws and Freddie Mac's requirements. In addition, Seller/Servicers must use reasonable due diligence to determine that the third party's electronic systems and procedures adequately control access to Electronic Records and Electronic Signatures and provide a safe and secure means of conducting electronic transactions. Seller/Servicers should use the standards

promulgated by MISMO® (Mortgage Industry Standards Maintenance Organization) in connection with their determination of the adequacy of third-party electronic systems and procedures.

The Seller/Servicer represents and warrants that the third party's computer hardware, software and Internet Service Provider (ISP) (or other method of connectivity to the Internet or other method of electronic transmission or receipt), as applicable, are compatible with Seller/Servicer's computer hardware, software and ISP (or other method of connectivity to the Internet or other method of electronic transmission or receipt). The Seller/Servicer further represents and warrants that the Seller/Servicer is able to readily print, store and retrieve any Electronic Record or Electronic Signature transmitted to Seller/Servicer by the third party, and the Seller/Servicer is capable of transmitting or submitting any such Electronic Records or Electronic Signatures to the third party and/or Freddie Mac in connection with any electronic transaction between the Seller/Servicer, the third party and/or Freddie Mac.

With respect to any and all Electronic Records submitted or transmitted to Seller/Servicer and/or Freddie Mac by a third party, the Seller/Servicer represents and warrants that the third party who submitted or transmitted the Electronic Records or Electronic Records containing a third party's Electronic Signature was authorized to do so.

With respect to any and all Electronic Records submitted or transmitted to Seller/Servicer and/or Freddie Mac by a third party, the Seller/Servicer:

- Represents, warrants and covenants to Freddie Mac that, if an Electronic Record is transmitted or submitted to Seller/Servicer and/or Freddie Mac by a third party on its or Seller/Servicer's behalf, or is stored and maintained by Seller/Servicer or a third party on behalf of Seller/Servicer, which appears or purports to have a third party's Electronic Signature attached to or logically associated with any such Electronic Record, such Electronic Record has been duly executed by an authorized representative of the third party and that the third party intended to execute and be bound by the terms of the Electronic Record
- Waives any and all defenses, claims, counterclaims and/or assertions that any Electronic Record transmitted or submitted to Seller/Servicer and/or Freddie Mac by a third party, or that is stored and maintained by Seller/Servicer or a third party on behalf of Seller/Servicer, which appears or purports to have a third party's Electronic Signature attached to or logically associated with any such Electronic Record was not authorized or approved by the third party
- Agrees to require third parties to adopt and maintain security measures sufficient to protect and safeguard their Electronic Signature from loss, theft, unauthorized or improper disclosure or use
- Agrees that the Seller/Servicer shall immediately notify Freddie Mac in the event the Seller/Servicer becomes aware of any loss, theft, unauthorized or improper disclosure or use of any third party's Electronic Signature

- Agrees to indemnify, defend and hold Freddie Mac harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac may become subject or that arise out of, or that occur in connection with, any challenge or dispute relating to the effectiveness, enforceability or validity of any Electronic Record transmitted or submitted to Seller/Servicer and/or Freddie Mac by a third party, or that is stored and maintained for Freddie Mac by Seller/Servicer or a third party on behalf of Seller/Servicer, on the basis that the Electronic Record and/or the third party's Electronic Signature was not authorized or approved by the third party
- Agrees to indemnify, defend and hold Freddie Mac harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac may become subject or that arise out of or occur in connection with the loss, theft, unauthorized or improper disclosure or use of a third party's Electronic Signature

(k) Representations, warranties and additional agreements for third-party fax transmissions

If a Seller/Servicer has received Freddie Mac's express permission to engage in electronic transactions with third parties that directly or indirectly affect Freddie Mac using fax copies of Records, signatures or Electronic Signatures, as required by Section 1.3(a) above, Seller/Servicers must follow prudent business practices in sending, receiving, using, storing and maintaining all such fax copies of Records, signatures and Electronic Signatures provided to the Seller/Servicers by the third parties. Seller/Servicers will be responsible for assuring that the fax copies of Records, signatures and Electronic Signatures provided by third parties comply with applicable State and federal laws and Freddie Mac's requirements.

With respect to any and all fax copies of Records, signatures and Electronic Signatures submitted or transmitted to Seller/Servicer and/or Freddie Mac by third parties, the Seller/Servicer represents and warrants that the third party who submitted or transmitted the fax copies of Records, signatures or Electronic Signatures was authorized to do so.

The Seller/Servicer acknowledges that fax transmission technology permits a sender to transmit a fax copy using the sender's fax machine or personal computer and, depending on the technology selected by the sender, the information being copied and sent via fax transmission may initially be on paper or in electronic form. The Seller/Servicer further acknowledges that the technology also permits a recipient to receive a fax copy using the recipient's fax machine or personal computer and, depending on the technology selected by the recipient, the fax copy may be received as (i) a Record printed on paper by the recipient's fax machine or (ii) an Electronic Record in the recipient's computer information processing system.

Regardless of which of the particular methods above are selected for sending or receiving a fax copy, the Seller/Servicer represents and warrants that:

- Upon receipt by Seller/Servicer and/or Freddie Mac of a fax copy of a Record or Electronic Record sent by a third party to Seller/Servicer and/or Freddie Mac via fax transmission that contains a copy or representation of the duly authorized signature or Electronic Signature of the third party's representative, the fax copy shall be as effective, enforceable and valid as a paper original of the Record or Electronic Record delivered to the Seller/Servicer and/or Freddie Mac containing the legally binding signature of the third party's duly authorized representative
- The third party is bound by the terms and conditions of the fax copy of the Record or Electronic Record, whether the fax copy of the Record or Electronic Record is received by Seller/Servicer and/or Freddie Mac as a fax copy printed on paper or as an Electronic Record
- The effectiveness, enforceability and validity of such fax copies of Records and Electronic Records received by fax transmission shall be governed by the terms and conditions of this Section 1.3

In the event Seller/Servicer and/or Freddie Mac receives a fax copy from a third party of a Record or Electronic Record via facsimile transmission equipment ("fax machine"), and the fax copy is printed on paper and contains a printed copy or representation of the third party's signature or Electronic Signature, and it is later determined that the printed copy or representation of the third party's signature or Electronic Signature thereon is not an Electronic Signature and/or the fax copy of the Record or Electronic Record is not an Electronic Record, the Seller/Servicer represents and warrants the following:

- The third party intends the copy or representation of the third party's signature printed by the fax machine on the fax copy of the Record or Electronic Record to be the third party's "original" signature
- The third party adopted as its signature the following symbols: a copy or representation of the signature of its authorized representative and/or a copy or representation of such other symbol(s) as Seller/Servicer and the third party may agree from time to time (the third party's use of any one or more of the symbols shall constitute a valid signature)
- The third party has agreed that the fax copy shall be deemed to be a "writing" or "in writing"
- The third party has agreed that the fax copy shall be deemed to be intentionally "signed" by the third party
- The third party has agreed that the fax copy shall be deemed to be an "original" and a counterpart of the Record or Electronic Record copied and sent by the third party via fax transmission
- The third party has agreed that the fax copy received by Seller/Servicer and/or Freddie Mac shall be binding on the third party even if it is: (i) transmitted on behalf of the third party by another party with the third party's express or implied

consent and/or (ii) a copy of a copy of the Record or Electronic Record that is transmitted

- The effectiveness, enforceability and validity of the fax copy shall be governed as set forth in Section 1.2(i) of the Guide

Seller/Servicer hereby waives any and all defenses, claims, counterclaims and/or assertions that any fax copy of a Record transmitted or submitted to Seller/Servicer and/or Freddie Mac by a third party, or that is stored and maintained by Seller/Servicer or a third party on behalf of Seller/Servicer, which appears or purports to have a copy or representation of a third party's signature or Electronic Signature attached to or logically associated with any such Record: (i) is not valid or enforceable or (ii) was not authorized or approved by the third party.

Seller/Servicer also agrees to indemnify, defend and hold Freddie Mac harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac may become subject or that arise out of, or that occur in connection with, any challenge or dispute relating to the effectiveness, enforceability or validity of any fax copy of a Record transmitted or submitted to Seller/Servicer and/or Freddie Mac by a third party, or that is stored and maintained by Seller/Servicer for Freddie Mac or a third party on b ehalf of Seller/Servicer, including a fax copy of a Record which appears or purports to have a copy or representation of a third party's signature or Electronic Signature attached to or logically associated with such Record, on the basis that the Record or third party's signature or Electronic Signature: (i) is not valid or enforceable or (ii) was not authorized or approved by the third party.

(l) Amendments

Notwithstanding anything in the Purchase Documents to the contrary, the Seller/Servicer agrees that amendments to this Section 1.3 of the Guide shall amend the Seller/Servicer's Purchase Documents and be effective as of the date specified by Freddie Mac.

1.4: Organization of the *Single-Family Seller/Servicer Guide* (04/25/06)

(a) Outline

Volume 1 may be outlined briefly as follows:

1. An area for filing Freddie Mac bulletins
2. An introduction
3. General Freddie Mac policies

4. Seller/Servicer requirements and warranties and Freddie Mac's policy for disqualification and suspension of a Seller/Servicer
5. Mortgage purchase programs and commitment procedures
6. Delivery requirements
7. General Mortgage eligibility requirements
8. Special Mortgage eligibility requirements
9. Credit underwriting requirements
10. Property eligibility requirements
11. Quality control and Mortgage file content requirements

Volume 2 may be outlined briefly as follows:

1. An introduction
2. General Freddie Mac policies relating to Servicing
3. Requirements for Servicing performing Mortgages
4. Requirements for Servicing nonperforming Mortgages
5. Requirements for Real Estate Owned (REO)
6. Freddie Mac remedies
7. Accounting and investor reporting requirements

Other information found at the back of each volume includes:

- Appendixes with exhibits and forms referenced in the respective volume of the Guide
- A Glossary of defined terms used in the Guide
- A directory of Freddie Mac departments referenced in the Guide

(b) Chapter and section numbering scheme

The Guide is divided into chapters and sections. Each chapter is identified by a number. For each section number, the digit or digits to the left of the decimal point identify the chapter; and the digit or digits to the right of the decimal point identify the section within that chapter. For example, Section 12.4 is the fourth section of Chapter 12.

Sections added as changes to the Guide (except those at the end of a chapter) receive an additional decimal point and number. For example, two sections added between Sections 12.4 and 12.5 would be numbered 12.4.1 and 12.4.2. These designations do not imply subordination.

New chapters between existing chapters receive a letter designator. For example, two chapters added between Chapters 12 and 13 would be numbered A12 and B12. The sections in those chapters would be numbered A12.1, A12.2, etc. These designations do not imply subordination.

Freddie Mac may substitute new chapters for existing chapters. Deleted chapters are identified in the table of contents. Deleted sections are identified on the applicable pages.

(c) Defined terms

Initial capitalization of words denotes terms in the text that are defined in the Glossary of this Guide.

(d) Design features

Design features have been incorporated into the Guide to help the reader find information. These design features include:

1. The directory containing the addresses, telephone numbers and facsimile transmission (fax) numbers of the Freddie Mac departments referenced in this Guide
2. Directory numbers listed in bold in the Guide text immediately following the words *Freddie Mac, Department* or *to us*. The directory numbers in the Guide match the numbers in the upper outside corners of the directory.
3. Change bars (vertical bars in the margins) to indicate new, revised or deleted text

(e) Exhibit numbering scheme

Exhibits are numbered consecutively.

(f) Headings

There are three levels of headings in the Guide: chapter titles, section heads and subheads. Chapters and sections are numbered as discussed in Section 1.4(b). Subheads, labeled with letters, divide a section.

1.5: Headings and design features (04/07/03)

Headings and design features are written for convenience of reference only and do not constitute a part of this Purchase Document.

1.6: Number and gender (02/07/02)

In this Guide, unless the context otherwise requires:

- Words in the singular number include the plural, and words in the plural include the singular
- Words of the masculine gender include the feminine and the neuter, and words of the feminine gender include the masculine and the neuter (When the sense so indicates, words of the neuter gender may refer to either gender.)

1.7: Identification of forms (02/07/02)

Forms that are referenced in the Guide are Freddie Mac forms unless otherwise indicated.

Chapter A1: Special Requirements for Selling Mortgages Through the Selling System

A1.1: Overview (04/25/06)

This chapter sets forth special requirements for the sale of Home Mortgages through the Freddie Mac Selling System (Selling System), Freddie Mac's web-based system for selling Mortgages. The Selling System is accessible at the following URL: **https://sell.freddiemac.com.**

A Seller may sell Mortgages to Freddie Mac through the Selling System using the particular functionality that Freddie Mac, in its sole discretion, makes available to the Seller effective as of the date specified by Freddie Mac.

The following chapters contain additional requirements for the sale of Mortgages to Freddie Mac through the Selling System:

- Chapter 9 for fixed-rate (including Balloon/Reset) Mortgages sold under fixed-rate Cash
- Chapter 10 for adjustable-rate Mortgages (ARMs) sold under WAC ARM Cash
- Chapter B15 for fixed-rate (including Balloon/Reset) Mortgages sold under the fixed-rate Guarantor program
- Chapter C15 for ARMs sold under the WAC ARM Guarantor program
- Chapter D15 for fixed-rate (including Balloon/Reset) Mortgages sold under the MultiLender Swap program

This chapter is organized by the following topics:

Topic	Section
Overview	A1.1
Eligible Sellers	A1.2
Separate written agreements superseded	A1.3
Amendments to this chapter and termination of eligibility	A1.4
Incorporation of the Selling System into the Purchase Documents	A1.5
Special representations and warranties	A1.6
Consent to conduct electronic transactions	A1.7
License agreement	A1.8

System security	A1.9
Access to copies of transaction records	A1.10
System requirements	A1.11

A1.2: Eligible Sellers (04/25/06)

To sell Home Mortgages through the Selling System, a Seller must:

- Receive a secure means of access to the Selling System from Freddie Mac
- Agree to certain additional terms and conditions contained within the Selling System
- Comply with the other applicable terms and conditions in the Guide and Seller's other Purchase Documents

By virtue of its use of the Selling System, each approved Seller agrees to be bound by the Purchase Documents including, but not limited to, Section 1.3 of the Guide, the applicable terms of this chapter, the terms of any additional Guide chapters providing for use of specific Selling System functionality and any additional terms and conditions contained within the Selling System.

A1.3: Separate written agreements superseded (04/25/06)

In the event a Seller enters into a separate written agreement with Freddie Mac for use of specific Selling System functionality, and subsequently the Guide is revised to include provisions governing the use of such functionality, such separate written agreement shall have no further force or effect and shall be superseded and replaced by the Guide provisions as of the effective date of those provisions.

A1.4: Amendments to this chapter and termination of eligibility (04/25/06)

Notwithstanding anything contained in Section 1.2 of the Guide or other Purchase Documents to the contrary, the Seller acknowledges and agrees that:

- Freddie Mac may amend this chapter or any chapter providing terms for the sale of Mortgages to Freddie Mac using the Selling System in whole or in part in its sole discretion, and any amendments to any such chapter shall amend the Seller's Purchase Documents effective as of the date specified by Freddie Mac

- At any time and in addition to any other remedies Freddie Mac is entitled to under the Purchase Documents, Freddie Mac (i) may revoke its consent for a Seller to use the provisions of this chapter or any chapter providing terms for the sale of Mortgages to Freddie Mac using the Selling System and (ii) may terminate a Seller's eligibility to use any application or functionality within the Selling System

A1.5: Incorporation of the Selling System into the Purchase Documents (04/25/06)

The Selling System including, but not limited to, all of its visual content displayed on screens and pages, system processes, system rules, terms and conditions, privacy policy, user guides and instructions, is incorporated into and made a part of the Purchase Documents. In addition, any amendments, modifications, revisions, changes, and/or updates made to the Selling System by Freddie Mac, from time to time, will be automatically incorporated into and made a part of the Purchase Documents whenever such amendments, modifications, revisions, changes, and/or updates are published, disseminated or otherwise made available to a Seller by Freddie Mac.

A1.6: Special representations and warranties (04/25/06)

Seller represents and warrants that it will comply with all of the terms, conditions and requirements of this chapter, any additional Guide chapters providing for use of Selling System functionality, the Selling System, the Guide and all other applicable Purchase Documents.

A1.7: Consent to conduct electronic transactions (04/25/06)

Seller consents to conduct electronic transactions with Freddie Mac using the Selling System including, but not limited to, using Records, Electronic Records and Electronic Signatures in accordance with Section 1.3 of the Guide and agrees that Seller will be bound by the terms and conditions of such electronic transactions. When using the Selling System, Seller will make on-screen selections by "clicking on" certain designated items, icons or buttons to signify Seller's selection and/or agreement with various terms and conditions presented within the Selling System. Seller's Electronic Signature, as defined in Section 1.3 of the Guide, includes, but is not necessarily limited to, the process or action of "clicking on" such designated items, icons or buttons.

A1.8: License agreement (04/25/06)

To the extent Freddie Mac provides any software to Seller to facilitate the sale of Mortgages through the Selling System and to the extent any such software or any software-related documentation is not specifically covered by the terms of a separate agreement between Freddie Mac and Seller, Seller agrees that the provisions of Section 2.17 of the Guide apply.

A1.9: System security (08/16/10)

Freddie Mac, in its sole discretion, will provide Sellers and Document Custodians with, or require Sellers and Document Custodians to create, user IDs, passwords, personal identification numbers and/or access codes, as applicable, to permit secure access to the Selling System. Sellers and Document Custodians must adopt security measures in accordance with Section 1.3 of the Guide.

In addition to the notification requirements in Section 1.3(g) of the Guide, Sellers and Document Custodians must immediately notify Freddie Mac in the event the Seller or Document Custodian terminates an employee's authorization to access the Selling System by submitting a new Form 900 or Form 901, as applicable, to Freddie Mac.

In the event of an emergency, the Seller or Document Custodian may request termination of Selling System access of a previously authorized employee by transmitting a fax copy of a new Form 900 or Form 901, as applicable, to Freddie Mac at 703-738-1532, or e-FAX to **pe_customer_setup@freddiemac.com**. Promptly thereafter, the Seller or Document Custodian must submit a duly executed new paper Form 900 or Form 901, as applicable. Freddie Mac will make every effort to prevent the employee from accessing the Selling System promptly after the initial request, but cannot guarantee that it will be able to prevent the employee from accessing the Selling System before access has been terminated in accordance with the submitted paper Form 900 or Form 901.

Although Freddie Mac reserves the right to verify the information in or authenticity of any new Form 900 or Form 901, as applicable, submitted to Freddie Mac, the Seller and Document Custodian may not consider our failure to do so an act of negligence.

A1.10: Access to copies of transaction records (10/06/06)

Seller acknowledges and agrees that its ongoing access to copies of Records and Electronic Records related to any electronic transactions conducted by Seller using the Selling System will be:

- Paper copies Seller prints out using Seller's computer print capabilities and its printer, or
- Electronic copies Seller is able to download to its computer or copy to a disk

Accordingly, Seller assumes responsibility for obtaining and retaining copies of any such Records and Electronic Records for Seller's future reference. If Seller is unable to print, download or copy any of the Records or Electronic Records, Seller may contact Freddie Mac for assistance in obtaining copies of the Electronic Records that Freddie Mac may have stored.

A1.11: System requirements (04/25/06)

Seller acknowledges and agrees that Freddie Mac has provided Seller with written or electronic information that describes the minimum hardware, software, browser and other Internet connectivity requirements Seller must comply with in order to conduct electronic transactions with Freddie Mac using the Selling System.

A1.12: User roles (08/16/10)

(a) Seller Roles

In connection with use of the Selling System, the Seller must provide information to Freddie Mac regarding authorized Selling System users and their designated user roles. The Seller must submit this information to Freddie Mac by completing and submitting Form 900, Selling System Authorized User Identification and Certification Form.

Upon receipt of the initial completed form, Freddie Mac will provide the Seller with user IDs and passwords for the designated individuals. The Seller must submit Form 900 to add, delete, modify or confirm an individual's existing user roles. See Section A1.9 with respect to system security and Seller's responsibility.

Effective **June 1, 2009**, any person or persons identified on Form 900 as performing the Setup Manager role (to approve wire transfer information and instructions in the applicable Selling System screens on the Seller's behalf) must be designated by the Seller as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable (see Section 16.10.1 for more information regarding Certificate of Incumbency requirements).

(b) 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. The Document Custodian must submit this information to Freddie Mac 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 Section 18.3.

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.

By executing the Form 901, the Document Custodian represents and warrants to, and covenants with, Freddie Mac that Freddie Mac may rely on the information on the executed Form 901 until such time as the Document Custodian requests that it be modified or that a user be removed. To add, remove or change a user role, a Document Custodian must submit a new Form 901. See Section A1.9 for requirements related to information security.

Chapter 2: General Freddie Mac Policies

2.1: Objective of Freddie Mac's purchase programs (03/20/00)

Freddie Mac was created by the enactment of the Emergency Home Finance Act of 1970, 12 U.S.C. 1451 et seq.

The fundamental objective of Freddie Mac's programs is to establish and enhance markets for residential Mortgages in order to provide an adequate and stable supply of funds for housing on the best possible terms. Freddie Mac provides a secondary market that supports private institutional Mortgage investors. Freddie Mac in no way desires to compete with those investors or to become a primary investor.

Freddie Mac supports practices that further the national goals of a decent home and suitable living environment for every American family. Freddie Mac encourages the use of its programs in a manner that can benefit the broadest possible segment of the American public. It discourages practices that may contribute to the involuntary displacement of neighborhood residents.

2.2: Overview of Freddie Mac's purchase programs (03/20/00)

Freddie Mac purchase programs provide for the purchase of conventional Home Mortgages on a whole loan basis. These programs also provide for the purchase of conventional Home Mortgages on a participation basis. Freddie Mac does not set a minimum loan amount for purchases and encourages the Seller to make loans of any amount.

Mortgages under all purchase programs are purchased by Freddie Mac on a Required Net Yield basis to Freddie Mac. Interest payments received on the Mortgages over and above the Required Net Yield are retained by the Seller or the Servicer. When a Mortgage is Purchased in Whole or in Part, a Minimum Servicing Spread is required to provide adequate Servicing compensation to the Seller or the Servicer.

2.2.1: Introduction to Loan Prospector® (07/10/09)

The Seller should be familiar with the following terms and the definitions that appear in the Glossary:

- Accept Mortgage
- A-minus Mortgage
- Caution Mortgage
- Documentation Level
- Feedback Certificate
- Home Value Models
- Key Number (Loan Prospector (LP) AUS Key Number)
- Last Feedback Certificate
- Loan Prospector
- Loan Prospector Mortgage
- Manually Underwritten Mortgage
- Mortgage for a Newly Constructed Home
- Non-Loan Prospector Mortgage
- Note Date
- Risk Class/Classification
- Seasoned Mortgage
- Seasoned Mortgage for a Newly Constructed Home
- Standard Documentation
- Streamlined Documentation

Loan Prospector is an automated loan evaluation system that makes a purchase decision for Freddie Mac that eliminates many of the manual processing and underwriting requirements of traditional Mortgage processing. Although Freddie Mac will continue to purchase manually processed Mortgages, Freddie Mac prefers and recommends that most Mortgages be processed through Loan Prospector. This section includes:

- An overview of Loan Prospector
- Essential terms the Seller must know to use Loan Prospector
- General and specific eligibility requirements for Loan Prospector Mortgages

Detailed information about Loan Prospector Mortgages is found throughout the *Single-Family Seller/Servicer Guide* (Guide). Operational information for using Loan Prospector may be found in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.

A Seller not currently set up to use Loan Prospector should call its account manager for more information.

(a) Overview

Loan Prospector is an automated underwriting system that may be accessed from a commercial Loan Origination System (LOS), a custom LOS system or directly via an Internet connection. Loan Prospector utilizes the information obtained from:

- Data input by the originator
- Credit repositories
- Freddie Mac's Home Value Models

Loan Prospector uses statistical models and judgmental rules to analyze the data received and then returns a Feedback Certificate. Loan Prospector will return credit information and for certain Mortgages will provide Home Value Model support for the Mortgaged Premises.

Because this is an automated system, it relies heavily on information from other sources. Consequently, accurate data and accurate data entry are critical. Loan Prospector assumes that the last information submitted to Loan Prospector is the same as the information for the Mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in the prior submission, the Mortgage must be resubmitted to Loan Prospector with new data no more than 120 days before the Note Date and no later than on the Note Date for reassessment (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes). Each new Feedback Certificate prior to closing of the Mortgage invalidates the prior Feedback Certificate. The Last Feedback Certificate indicating the Loan Prospector Risk Class and Documentation Level must be retained in the Mortgage file.

In order for a Mortgage to qualify as a Loan Prospector Mortgage, the Mortgage must meet all of the following criteria:

- Be submitted to Loan Prospector before closing of the Mortgage
- Be submitted and, if applicable, resubmitted no more than 120 days before the Note Date and no later than on the Note Date (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes)
- Have all credit reports (including the Loan Prospector credit reports) dated no more than 120 days before the Note Date and no later than on the Note Date (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes)
- Receive an automated underwriting service (AUS) status of "complete" on the Last Feedback Certificate before closing of the Mortgage
- Comply with all of the requirements of this Section 2.2.1
- Have a Delivery Date, if delivered through MIDANET®, or a Settlement Date, if sold through the Freddie Mac Selling System (Selling System), that is not more than 12 months after the Note Date (i.e., the Mortgage is not a Seasoned Mortgage). (See the Glossary definition of Seasoned Mortgage and Seasoned Mortgage for a Newly Constructed Home.)

1. Representation and warranty relief for Borrower creditworthiness

Relief from the creditworthiness representations and warranties (see Sections 37.1, 37.7, 37.12, 37.15, 37.16 and 37.16.1) granted to a Seller are valid for the life of the Mortgage, provided all of the following conditions are met:

- The Last Feedback Certificate returned a Risk Class of:
  - Accept, or
  - Caution, A-minus eligible and the Mortgage complied with Chapter C33
- The Mortgage and the Seller comply with all requirements of the Purchase Documents including, but not limited to, Sections 2.2.1 and 22.20
- The Last Feedback Certificate returned no more than 120 days before the Note Date and no later than the Note Date (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes) complies with Section 2.2.1 and matches the terms of the transaction delivered to Freddie Mac
- The Mortgage was not sold to Freddie Mac as a Seller-Owned Modified Mortgage, Seller-Owned Converted Mortgage, Seasoned Mortgage or Seasoned Mortgage for a Newly Constructed Home
- Information entered into Loan Prospector was true, complete and accurate
- The property address returned on the Last Feedback Certificate is the address of the Mortgaged Premises
- The Mortgage met all applicable manual eligibility requirements found in the Seller's Purchase Documents and the Last Feedback Certificate
- The Mortgage was not originated based on fraudulent and/or misrepresented information and/or documentation

Representation and warranty relief is terminated if Freddie Mac determines that:

- The Mortgage was ineligible to have been submitted to Loan Prospector and is a Non-Loan Prospector Mortgage, or
- The Mortgage is not an Accept Mortgage or an A-minus Mortgage.

2. Feedback Certificate

■ Transferability of the Last Feedback Certificate

The Last Feedback Certificate may be transferred without restriction prior to delivery of the Mortgage to Freddie Mac. However, the Last Feedback Certificate and the conditions indicated on it are effective only with respect to Freddie Mac and only when the Mortgage is delivered to Freddie Mac by a Freddie Mac Seller in compliance with the Seller's Purchase Documents. (An example of a Loan Prospector Feedback Certificate is included in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.)

■ Last Feedback Certificate

- Is based on true, complete and accurate data as required by a Seller's Purchase Documents
- Is generated by Loan Prospector from the last submission to Loan Prospector no more than 120 days before the Note Date and no later than the Note Date (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes)
- Represents the terms of the Mortgage delivered to Freddie Mac
- Is used by Freddie Mac to determine the Risk Class, Documentation Level and, if applicable, the Credit Score/Loan-to-Value (CS/LTV) postsettlement delivery fees (delivery fees) (A-minus fees). May be used by Freddie Mac to determine the Indicator Score/Loan-to-Value delivery fee in the event the Seller delivers the Loan Prospector Key Number but not the Indicator Score for a Loan Prospector Mortgage.
- Must be retained in the Mortgage file

In delivering the Mortgage to Freddie Mac, the Seller represents and warrants that the Feedback Certificate retained in the Mortgage file is the Last Feedback Certificate and meets all of the requirements for the Last Feedback Certificate stated above. If Freddie Mac subsequently determines that the Feedback Certificate in the Mortgage file is not the Last Feedback Certificate, any representation and warranty relief, Documentation Levels granted and/or payment or non-payment of fees are subject to change based on the actual contents of the Mortgage file.

■ Delivery of a Loan Prospector Mortgage

A Mortgage that was processed through Loan Prospector and received a complete assessment (a Risk Class of Accept or Caution) on the Last Feedback Certificate must be delivered to Freddie Mac no more than 12 months after the Note Date, if the Mortgage is delivered through MIDANET, or must have a Settlement Date no more than 12 months after the Note Date,

if the Mortgage is sold through the Selling System in compliance with the Seller's Purchase Documents. The benefits and terms associated with Loan Prospector Mortgages (e.g., special product eligibility rules, relief from the representations and warranties for creditworthiness [credit reputation and capacity] and value, condition and marketability of the Mortgaged Premises) do not apply to Seasoned Mortgages.

Example 1:

If a Mortgage receives an Accept Risk Class, and the loan is delivered through MIDANET more than 12 months after the Note Date (i.e., a Seasoned Mortgage), the Mortgage is considered a Non-Loan Prospector Mortgage and the relief from representations and warranties for credit reputation and capacity that were associated with the Accept Risk Class terminate.

Example 2:

Prior to the Note Date, the Seller manually underwrites the Mortgage (i.e., the Mortgage is not submitted to Loan Prospector on or before the Note Date). After the Note Date, the Seller submits the Mortgage to Loan Prospector. The Mortgage is considered a Non-Loan Prospector Mortgage.

Example 3:

The Seller submits the Mortgage to Loan Prospector two times.

- Submission 1 on June 1 is a $200,000 loan amount and receives an Accept Risk Class
- Submission 2 on June 2 is a $220,000 loan amount and receives a Caution Risk Class
- The Mortgage is closed on June 3

The Seller delivers the $200,000 Mortgage as an Accept Mortgage. Because the Mortgage delivered does not match the Last Feedback Certificate, representation and warranty relief, Documentation Levels granted and/or payment or non-payment of postsettlement delivery fees are subject to change based on the actual contents of the Mortgage file (i.e., the Mortgage that was delivered was different from the Mortgage in Submission 2).

Example 4:

If a Mortgage for a Newly Constructed Home receives an Accept Risk Class and has not been modified since the Effective Date of Permanent Financing, and the Mortgage is delivered after the 18-month Credit/Construction/Settlement Period, (i.e., a Seasoned Mortgage for a

Newly Constructed Home), the Mortgage is considered a Non-Loan Prospector Mortgage and the relief from representations and warranties for credit reputation and capacity that were associated with the Accept Risk Class terminate.

(b) Key Number

The Key Number is a unique number assigned to a Mortgage by Loan Prospector when the Mortgage is first submitted to Loan Prospector. The Key Number is returned to the Seller on the Feedback Certificate and is used by the Seller and Freddie Mac to identify an individual Mortgage (e.g., a purchase, a refinance, etc.) from application through closing and delivery.

A Key Number is valid for use with only one Mortgage. Once that Mortgage has been closed, regardless of whether the Mortgage is sold to Freddie Mac, the Key Number may be used only in delivering that Mortgage to Freddie Mac or for the Seller's quality control process. The Key Number from a previously closed Mortgage may not be re-used to process or originate another Mortgage. Additionally, if the Borrower has more than one Mortgage in process, each loan must have a separate application and a different Key Number.

If, prior to closing of the Mortgage, the application is declined or withdrawn and then subsequently reactivated, or if the application remains in process for an extended period of time, the lender may resubmit the Mortgage to Loan Prospector using the original Key Number, provided Freddie Mac has not removed the Key Number from Loan Prospector.

For each Loan Prospector Mortgage delivered to Freddie Mac, the Seller is required to include the Key Number in the "AUS #" field of Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable. A Mortgage delivered without a Key Number will be considered a Non-Loan Prospector Mortgage.

The Seller is not required to deliver the Key Number on the following Mortgages, as they are considered Non-Loan Prospector Mortgages:

- Mortgages, other than Home Possible® Mortgages, submitted to Loan Prospector on or before the Note Date that received an AUS status of invalid, ineligible or incomplete; Seller must deliver the Key Number for Home Possible Mortgages that received an AUS status of invalid, ineligible or incomplete
- Mortgages submitted to Loan Prospector after the Note Date
- Mortgages submitted to Loan Prospector on or before the Note Date, but delivered as Seasoned Mortgages, Seasoned Mortgages for Newly Constructed Homes, Seller-Owned Converted Mortgages or Seller-Owned Modified Mortgages

(c) Transaction processing issues

Loan Prospector may return an evaluation status of invalid, ineligible or incomplete. If resubmission with new and/or corrected information does not correct the status, the Mortgage cannot be processed through Loan Prospector. The Mortgage must be manually underwritten and delivered as a Non-Loan Prospector Mortgage.

(d) Risk Class

The Risk Class on the Last Feedback Certificate establishes the extent of underwriting required. Based on its analysis of the data, Loan Prospector will return a Risk Class of:

- Accept, or
- Caution

1. **Accept Mortgage**
   An Accept Mortgage is a Loan Prospector Mortgage that receives a Risk Class of Accept. An Accept Risk Class confirms that Loan Prospector has determined that the Borrower's credit worthiness is acceptable, provided that the requirements in Chapter 37 applicable to Accept Mortgages are met.

2. **Caution Mortgage**
   A Caution Mortgage is a Loan Prospector Mortgage that receives a Risk Class of Caution. A Caution Mortgage may be eligible for A-minus. The Feedback Certificate will specify if a Mortgage is eligible for A-minus.

   A Loan Prospector Mortgage that receives assessment results of eligible for A-minus and that meets the requirements of Chapter E33 is eligible for sale as an Affordable Merit Rate® Mortgage. A Loan Prospector Mortgage that receives assessment results of eligible for A-minus and that does not meet the requirements of Chapter E33 may still be eligible for sale as an A-minus Mortgage if it meets the requirements of Chapter C33. If a Loan Prospector Mortgage receives assessment results of eligible for A-minus, but does not meet the requirements of Chapter C33, the Mortgage is not eligible for sale to Freddie Mac as an A-minus Mortgage, but may be eligible for sale as a Caution Mortgage in accordance with the requirements of Chapter 37.

   For a Caution Mortgage that is not eligible for A-minus, the Caution Risk Class indicates that the Mortgage is unlikely to comply with Freddie Mac's eligibility and underwriting requirements because there is a strong indication of excessive layering of risk as described in Section 37.1. The Seller must determine that the Mortgage is acceptable by manually underwriting the Mortgage (see Sections 37.1, 37.7 and 37.8).

Even if the Seller determines a Caution Mortgage is acceptable, a postsettlement delivery fee (delivery fee) will be assessed and billed to the Seller in conjunction with the sale of the Mortgage. Standard delivery fee rates are indicated in Exhibit 19, Postsettlement Delivery Fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(e) Documentation Level

The Documentation Level shown on the Last Feedback Certificate indicates the minimum level of documentation that Freddie Mac will accept for the Mortgage. The Documentation Level for users of Loan Prospector Classic will be identified in a feedback message under the Documentation Guidelines section of the Feedback Certificate.

Specific feedback messages will describe the type of documentation needed for employment, income and asset verification based on the data input into the Loan Prospector system. The specific feedback messages are for guidance purposes only. The Seller must refer to Sections 37.21 through 37.23 for complete details of Streamlined and Standard Documentation Level requirements.

If the Mortgage delivered to Freddie Mac does not comply with the requirements of the Last Feedback Certificate, Section 2.2.1 or other applicable sections of the Guide or the Seller's other Purchase Documents, Freddie Mac may require additional documentation.

(f) Accept Plus Documentation Mortgage

Note: Effective March 1, 2009, this subsection (f) is deleted.

(g) Streamlined Accept Documentation

A Streamlined Accept Documentation Mortgage requires significantly less documentation than a Standard Documentation Mortgage. See Section 37.22.

(h) Standard Documentation

Standard Documentation is required for higher-risk Accept Mortgages, A-minus Mortgages, Caution Mortgages and all Non-Loan Prospector Mortgages. This is the most comprehensive level of documentation. See Section 37.23.

(i) Minimum Assessment Feedback

The Minimum Assessment Feedback (MAF) shown on the Loan Prospector Feedback Certificate indicates the least comprehensive appraisal or inspection report required for a particular Loan Prospector Mortgage. The MAF also indicates whether a Loan Prospector Mortgage is eligible for the Property Inspection Alternative (PIA).

Complete details regarding MAF can be found in Chapter 44.

(j) Accuracy of data

Loan Prospector requires submission of specific data elements in order to process the information and return a complete decision with a Risk Class and Documentation Level. Complete details of the required and optional data fields as well as the data field specifications can be found in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.

The Seller must insure that the identifying information for any Borrower and property (name, current and previous address and social security number and property address) are true, complete and accurate and that they are properly input into Loan Prospector on or before the Note Date (see Sections 2.2.1 and 23.6 for exceptions). Except as stated in Sections 2.2.1(f) and 2.2.1(k), all data that was submitted to Loan Prospector for the Last Feedback Certificate must be true, complete and accurate.

(k) Submission/resubmission requirements

The final Risk Class and Documentation Level must be based on submission of accurate data to Loan Prospector, prior to the closing of the Mortgage. Resubmission of a Mortgage to Loan Prospector prior to the closing of the Mortgage is required if:

- Information on the previous submission was not true, complete or accurate
- The most recent submission (including the date of the Loan Prospector credit report(s)) exceeds the date requirements in Section 37.10(i). See Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes.
- Any information used by Loan Prospector changes; however, a change from the previous submission involving the following does not require resubmission:

  Debts/income:
  - The monthly debt payment (including monthly housing expense [see Section 37.15]) decreases
  - For Home Possible Mortgages, resubmission is required if the income used to qualify the Borrower (as described in Section A34.9(e)) increases
  - The income for any Borrower decreases and/or the monthly debt payment (including monthly housing expense) increases, and
    - The total difference does not change the total debt-to-income ratio by more than 3%, and
    - The total debt-to-income ratio on the previous submission did not exceed 45%

Assets/reserves:

- The amount of verified assets increases
- The amount of verified reserves increases
- The amount of verified reserves decreases by no more than 10%

Loan amount:

- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance is not required on the Mortgage
- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance on the Mortgage is required, and
  - The change does not impact the amount of the mortgage insurance coverage, and
  - The amount of the mortgage insurance premium collected by the Seller is based on the new loan amount and the Seller obtains a new mortgage insurance certificate

Any other changes in the information used by Loan Prospector require resubmission.

For example:

The Borrower's monthly debt payment (including the monthly housing expense) decreases, the Borrower's income decreases and the total debt-to-income ratio on the previous submission was 38%. Based on the revised monthly debt payment and income figures, the total debt-to-income ratio increases by 4%.

This Mortgage must be resubmitted to Loan Prospector because the Borrower's income decreased and the change in the debt payment-to-income ratio was more than 3%. If the only change in the Mortgage had been a decrease in the monthly debt payment (including the monthly housing expense), resubmission would not have been required.

If a Mortgage is resubmitted to Loan Prospector, the Risk and/or Documentation Classes might change. However, Loan Prospector minimizes the number of times that the Documentation Class will change, even if the Risk Class changes.

(l) Significant inaccurate information

If the Seller determines the decision repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information, the Seller must consider the Loan Prospector decision invalid and manually underwrite the Mortgage as a Non-Loan Prospector Mortgage (see Section 37.5).

(m) Compliance with Loan Prospector requirements

If the Mortgage and/or the Seller fail to comply with all Loan Prospector requirements, including submission of true, complete and accurate data to Loan Prospector on or before the Note Date (see Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes), the benefits and terms associated with the Loan Prospector Mortgage may not apply and the Mortgage may be subject to the terms and requirements for a Non-Loan Prospector and/or a Manually Underwritten Mortgage.

(n) Loan Prospector fees

Each Seller/Servicer that uses Loan Prospector (either directly or through an authorized agent) will pay fees to Freddie Mac and will reimburse Freddie Mac for expenses in accordance with the fee schedule included in this Guide as Exhibit 18, Loan Prospector® Price Structure. These fees and expenses will be billed to the Seller/Servicer and paid by the Seller/Servicer in accordance with the provisions of the Loan Prospector User Agreement included in this Guide as Exhibit 15, Loan Prospector® User Agreement.

2.2.1: Introduction to Loan Prospector® (01/01/11)

The Seller should be familiar with the following terms and the definitions that appear in the Glossary:

- Accept Mortgage
- A-minus Mortgage
- Caution Mortgage
- Documentation Level
- Feedback Certificate
- Home Value Models
- Key Number (Loan Prospector (LP) AUS Key Number)
- Last Feedback Certificate
- Loan Prospector
- Loan Prospector Mortgage
- Manually Underwritten Mortgage
- Mortgage for a Newly Constructed Home
- Non-Loan Prospector Mortgage
- Note Date
- Risk Class/Classification
- Seasoned Mortgage
- Standard Documentation
- Streamlined Documentation

Loan Prospector is an automated loan assessment system that makes a purchase decision for Freddie Mac that eliminates many of the manual processing and underwriting requirements of traditional Mortgage processing. Although Freddie Mac will continue to

purchase manually processed Mortgages, Freddie Mac prefers and recommends that most Mortgages be processed through Loan Prospector. This section includes:

- An overview of Loan Prospector
- Essential terms the Seller must know to use Loan Prospector
- General and specific eligibility requirements for Loan Prospector Mortgages

Detailed information about Loan Prospector Mortgages is found throughout the *Single-Family Seller/Servicer Guide* (Guide). Operational information for using Loan Prospector may be found in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.

A Seller not currently set up to use Loan Prospector should call its account manager for more information.

(a) Overview

Loan Prospector is an automated underwriting system that may be accessed from a commercial Loan Origination System (LOS), a custom LOS system or directly via an Internet connection. Loan Prospector utilizes the information obtained from:

- Data input by the originator
- Credit repositories
- Freddie Mac's Home Value Models

Loan Prospector uses statistical models and judgmental rules to analyze the data received and then returns a Feedback Certificate. Loan Prospector will return credit information and for certain Mortgages will provide Home Value Model support for the Mortgaged Premises.

Because this is an automated system, it relies heavily on information from other sources. Consequently, accurate data and accurate data entry are critical. Loan Prospector assumes that the last information submitted to Loan Prospector is the same as the information for the Mortgage that is delivered to Freddie Mac. If the information changes or an error is identified in the prior submission, the Mortgage must be resubmitted to Loan Prospector with new data no more than 120 days before and no later than the Note Date, or for Mortgages for Newly Constructed Homes, no more than 120 days before, and no later than the Effective Date of Permanent Financing. Each new Feedback Certificate prior to closing of the Mortgage invalidates the prior Feedback Certificate. The Last Feedback Certificate indicating the Loan Prospector Risk Class and Documentation Level must be retained in the Mortgage file.

In order for a Mortgage to qualify as a Loan Prospector Mortgage, the Mortgage must meet all of the following criteria:

- Be submitted to Loan Prospector before closing of the Mortgage
- Be submitted and, if applicable, resubmitted no more than 120 days before and no later than the Note Date, or for Mortgages for Newly Constructed Homes, no more than 120 days before, and no later than, the Effective Date of Permanent Financing.
- Have all credit reports (including the Loan Prospector credit reports) dated no more than 120 days before and no later than on the Note Date, or for Mortgages for Newly Constructed Homes, no more than 120 days before, and no later than, the Effective Date of Permanent Financing)
- Receive an automated underwriting service (AUS) status of "complete" on the Last Feedback Certificate before closing of the Mortgage
- Comply with all of the requirements of this Section 2.2.1
- Have a Delivery Date, if delivered through MIDANET®, or a Settlement Date, if sold through the Freddie Mac Selling System (Selling System), that is not more than 12 months after the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing (i.e., the Mortgage is not a Seasoned Mortgage, as defined in the Glossary)

1. Representation and warranty relief for Borrower creditworthiness

Relief from the creditworthiness representations and warranties (see Sections 37.1, 37.7, 37.12, 37.15, 37.16 and 37.16.1) granted to a Seller are valid for the life of the Mortgage, provided all of the following conditions are met:

- The Last Feedback Certificate returned a Risk Class of:
  - Accept, or
  - Caution, A-minus eligible and the Mortgage complied with Chapter C33
- The Mortgage and the Seller comply with all requirements of the Purchase Documents including, but not limited to, Sections 2.2.1 and 22.20
- The Last Feedback Certificate returned no more than 120 days before and no later than the Note Date, or for Mortgages for Newly Constructed Homes, no more than 120 days before, and no later than, the Effective Date of Permanent Financing, complies with Section 2.2.1 and matches the terms of the transaction delivered to Freddie Mac
- The Mortgage was not sold to Freddie Mac as a Seller-Owned Modified Mortgage, Seller-Owned Converted Mortgage or a Seasoned Mortgage
- Information entered into Loan Prospector was true, complete and accurate
- The property address returned on the Last Feedback Certificate is the address of the Mortgaged Premises
- The Mortgage met all applicable manual eligibility requirements found in the Seller’s Purchase Documents and the Last Feedback Certificate
- The Mortgage was not originated based on fraudulent and/or misrepresented information and/or documentation

Representation and warranty relief is terminated if Freddie Mac determines that:

- The Mortgage was ineligible to have been submitted to Loan Prospector and is a Non-Loan Prospector Mortgage, or
- The Mortgage is not an Accept Mortgage or an A-minus Mortgage.

2. Feedback Certificate

Transferability of the Last Feedback Certificate

The Last Feedback Certificate may be transferred without restriction prior to delivery of the Mortgage to Freddie Mac. However, the Last Feedback Certificate and the conditions indicated on it are effective only with respect to Freddie Mac and only when the Mortgage is delivered to Freddie Mac by a Freddie Mac Seller in compliance with the Seller's Purchase Documents. (An example of a Loan Prospector Feedback Certificate is included in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.)

Last Feedback Certificate

- Is based on true, complete and accurate data as required by a Seller's Purchase Documents
- Is generated by Loan Prospector from the last submission to Loan Prospector no more than 120 days before and no later than the Note Date, or for Mortgages for Newly Constructed Homes, no more than 120 days before and no later than the Effective Date of Permanent Financing
- Represents the terms of the Mortgage delivered to Freddie Mac
- Is used by Freddie Mac to determine the Risk Class, Documentation Level and, if applicable, the Credit Score/Loan-to-Value (CS/LTV) postsettlement delivery fees (delivery fees) (A-minus fees). May be used by Freddie Mac to determine the Indicator Score/Loan-to-Value delivery fee in the event the Seller delivers the Loan Prospector Key Number but not the Indicator Score for a Loan Prospector Mortgage.
- Must be retained in the Mortgage file

In delivering the Mortgage to Freddie Mac, the Seller represents and warrants that the Feedback Certificate retained in the Mortgage file is the Last Feedback Certificate and meets all of the requirements for the Last Feedback Certificate stated above. If Freddie Mac subsequently determines that the Feedback Certificate in the Mortgage file is not the Last Feedback Certificate, any representation and warranty relief, Documentation Levels granted and/or payment or non-payment of fees are subject to change based on the actual contents of the Mortgage file.

- **Delivery of a Loan Prospector Mortgage**

  A Mortgage that was processed through Loan Prospector and received a complete assessment (a Risk Class of Accept or Caution) on the Last Feedback Certificate must be delivered to Freddie Mac no more than 12 months after the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, if the Mortgage is delivered through MIDANET, or must have a Settlement Date no more than 12 months after the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, if the Mortgage is sold through the Selling System in compliance with the Seller's Purchase Documents. The benefits and terms associated with Loan Prospector Mortgages (e.g., special product eligibility rules, relief from the representations and warranties for creditworthiness [credit reputation and capacity] and value, condition and marketability of the Mortgaged Premises) do not apply to Seasoned Mortgages.

  Example 1:

  If a Mortgage receives an Accept Risk Class, and the loan is delivered through MIDANET more than 12 months after the Note Date (i.e., a Seasoned Mortgage), the Mortgage is considered a Non-Loan Prospector Mortgage and the relief from representations and warranties for credit reputation and capacity that were associated with the Accept Risk Class terminate.

  Example 2:

  Prior to the Note Date, the Seller manually underwrites the Mortgage (i.e., the Mortgage is not submitted to Loan Prospector on or before the Note Date). After the Note Date, the Seller submits the Mortgage to Loan Prospector. The Mortgage is considered a Non-Loan Prospector Mortgage.

  Example 3:

  The Seller submits the Mortgage to Loan Prospector two times.

  - Submission 1 on June 1 is a $200,000 loan amount and receives an Accept Risk Class
  - Submission 2 on June 2 is a $220,000 loan amount and receives a Caution Risk Class
  - The Mortgage is closed on June 3

  The Seller delivers the $200,000 Mortgage as an Accept Mortgage. Because the Mortgage delivered does not match the Last Feedback Certificate, representation and warranty relief, Documentation Levels granted and/or

payment or non-payment of postsettlement delivery fees are subject to change based on the actual contents of the Mortgage file (i.e., the Mortgage that was delivered was different from the Mortgage in Submission 2).

(b) Key Number

The Key Number is a unique number assigned to a Mortgage by Loan Prospector when the Mortgage is first submitted to Loan Prospector. The Key Number is returned to the Seller on the Feedback Certificate and is used by the Seller and Freddie Mac to identify an individual Mortgage (e.g., a purchase, a refinance, etc.) from application through closing and delivery.

A Key Number is valid for use with only one Mortgage. Once that Mortgage has been closed, regardless of whether the Mortgage is sold to Freddie Mac, the Key Number may be used only in delivering that Mortgage to Freddie Mac or for the Seller's quality control process. The Key Number from a previously closed Mortgage may not be re-used to process or originate another Mortgage. Additionally, if the Borrower has more than one Mortgage in process, each loan must have a separate application and a different Key Number.

If, prior to closing of the Mortgage, the application is declined or withdrawn and then subsequently reactivated, or if the application remains in process for an extended period of time, the lender may resubmit the Mortgage to Loan Prospector using the original Key Number, provided Freddie Mac has not removed the Key Number from Loan Prospector.

For each Loan Prospector Mortgage delivered to Freddie Mac, the Seller is required to include the Key Number in the "AUS #" field of Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable. A Mortgage delivered without a Key Number will be considered a Non-Loan Prospector Mortgage.

The Seller is not required to deliver the Key Number on the following Mortgages, as they are considered Non-Loan Prospector Mortgages:

- Mortgages, other than Home Possible® Mortgages, submitted to Loan Prospector on or before the Note Date that received an AUS status of invalid, ineligible or incomplete; Seller must deliver the Key Number for Home Possible Mortgages that received an AUS status of invalid, ineligible or incomplete
- Mortgages submitted to Loan Prospector after the Note Date
- Mortgages submitted to Loan Prospector on or before the Note Date, but delivered as Seasoned Mortgages, Seasoned Mortgages for Newly Constructed Homes, Seller-Owned Converted Mortgages or Seller-Owned Modified Mortgages

(c) Transaction processing issues

Loan Prospector may return an evaluation status of invalid, ineligible or incomplete. If resubmission with new and/or corrected information does not correct the status, the Mortgage cannot be processed through Loan Prospector. The Mortgage must be manually underwritten and delivered as a Non-Loan Prospector Mortgage.

(d) Risk Class

The Risk Class on the Last Feedback Certificate establishes the extent of underwriting required. Based on its analysis of the data, Loan Prospector will return a Risk Class of:

- Accept, or
- Caution

1. **Accept Mortgage**
   An Accept Mortgage is a Loan Prospector Mortgage that receives a Risk Class of Accept. An Accept Risk Class confirms that Loan Prospector has determined that the Borrower's credit worthiness is acceptable, provided that the requirements in Chapter 37 applicable to Accept Mortgages are met.

2. **Caution Mortgage**
   A Caution Mortgage is a Loan Prospector Mortgage that receives a Risk Class of Caution. A Caution Mortgage may be eligible for A-minus. The Feedback Certificate will specify if a Mortgage is eligible for A-minus.

   A Loan Prospector Mortgage that receives assessment results of eligible for A-minus and that meets the requirements of Chapter E33 is eligible for sale as an Affordable Merit Rate® Mortgage. A Loan Prospector Mortgage that receives assessment results of eligible for A-minus and that does not meet the requirements of Chapter E33 may still be eligible for sale as an A-minus Mortgage if it meets the requirements of Chapter C33. If a Loan Prospector Mortgage receives assessment results of eligible for A-minus, but does not meet the requirements of Chapter C33, the Mortgage is not eligible for sale to Freddie Mac as an A-minus Mortgage, but may be eligible for sale as a Caution Mortgage in accordance with the requirements of Chapter 37.

   For a Caution Mortgage that is not eligible for A-minus, the Caution Risk Class indicates that the Mortgage is unlikely to comply with Freddie Mac's eligibility and underwriting requirements because there is a strong indication of excessive layering of risk as described in Section 37.1. The Seller must determine that the Mortgage is acceptable by manually underwriting the Mortgage (see Sections 37.1, 37.7 and 37.8).

Even if the Seller determines a Caution Mortgage is acceptable, a postsettlement delivery fee (delivery fee) will be assessed and billed to the Seller in conjunction with the sale of the Mortgage. Standard delivery fee rates are indicated in Exhibit 19, Postsettlement Delivery Fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(e) Documentation Level

The Documentation Level shown on the Last Feedback Certificate indicates the minimum level of documentation that Freddie Mac will accept for the Mortgage. The Documentation Level for users of Loan Prospector Classic will be identified in a feedback message under the Documentation Guidelines section of the Feedback Certificate.

Specific feedback messages will describe the type of documentation needed for employment, income and asset verification based on the data input into the Loan Prospector system. The specific feedback messages are for guidance purposes only. The Seller must refer to Sections 37.21 through 37.23 for complete details of Streamlined and Standard Documentation Level requirements.

If the Mortgage delivered to Freddie Mac does not comply with the requirements of the Last Feedback Certificate, Section 2.2.1 or other applicable sections of the Guide or the Seller's other Purchase Documents, Freddie Mac may require additional documentation.

(f) Accept Plus Documentation Mortgage

Note: Effective March 1, 2009, this subsection (f) is deleted.

(g) Streamlined Accept Documentation

A Streamlined Accept Documentation Mortgage requires significantly less documentation than a Standard Documentation Mortgage. See Section 37.22.

(h) Standard Documentation

Standard Documentation is required for higher-risk Accept Mortgages, A-minus Mortgages, Caution Mortgages and all Non-Loan Prospector Mortgages. This is the most comprehensive level of documentation. See Section 37.23.

(i) Minimum Assessment Feedback

The Minimum Assessment Feedback (MAF) shown on the Loan Prospector Feedback Certificate indicates the least comprehensive appraisal or inspection report required for a particular Loan Prospector Mortgage. The MAF also indicates whether a Loan Prospector Mortgage is eligible for the Property Inspection Alternative (PIA).

Complete details regarding MAF can be found in Chapter 44.

(j) Accuracy of data

Loan Prospector requires submission of specific data elements in order to process the information and return a complete decision with a Risk Class and Documentation Level. Complete details of the required and optional data fields as well as the data field specifications can be found in the *Loan Prospector Functionality Guide* or at **http://www.freddiemac.com/learn**.

The Seller must insure that the identifying information for any Borrower and property (name, current and previous address and social security number and property address) are true, complete and accurate and that they are properly input into Loan Prospector on or before the Note Date (see Sections 2.2.1 and 23.6 for exceptions). Except as stated in Sections 2.2.1(f) and 2.2.1(k), all data that was submitted to Loan Prospector for the Last Feedback Certificate must be true, complete and accurate.

(k) Submission/resubmission requirements

The final Risk Class and Documentation Level must be based on submission of accurate data to Loan Prospector, prior to the closing of the Mortgage. Resubmission of a Mortgage to Loan Prospector prior to the closing of the Mortgage is required if:

- Information on the previous submission was not true, complete or accurate
- The most recent submission (including the date of the Loan Prospector credit report(s)) exceeds the date requirements in Section 37.10(i)
- Any information used by Loan Prospector changes; however, a change from the previous submission involving the following does not require resubmission:

  Debts/income:
  - The monthly debt payment (including monthly housing expense [see Section 37.15]) decreases
  - For Home Possible Mortgages, resubmission is required if the income used to qualify the Borrower (as described in Section A34.9(e)) increases
  - The income for any Borrower decreases and/or the monthly debt payment (including monthly housing expense) increases, and
    - The total difference does not change the total debt-to-income ratio by more than 3%, and
    - The total debt-to-income ratio on the previous submission did not exceed 45%

  Assets/reserves:
  - The amount of verified assets increases
  - The amount of verified reserves increases
  - The amount of verified reserves decreases by no more than 10%

Loan amount:

- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance is not required on the Mortgage
- The loan amount decreases by no more than 1% on a refinance transaction and at the time of the most recent Loan Prospector submission mortgage insurance on the Mortgage is required, and
  - The change does not impact the amount of the mortgage insurance coverage, and
  - The amount of the mortgage insurance premium collected by the Seller is based on the new loan amount and the Seller obtains a new mortgage insurance certificate

Any other changes in the information used by Loan Prospector require resubmission.

For example:

The Borrower's monthly debt payment (including the monthly housing expense) decreases, the Borrower's income decreases and the total debt-to-income ratio on the previous submission was 38%. Based on the revised monthly debt payment and income figures, the total debt-to-income ratio increases by 4%.

This Mortgage must be resubmitted to Loan Prospector because the Borrower's income decreased and the change in the debt payment-to-income ratio was more than 3%. If the only change in the Mortgage had been a decrease in the monthly debt payment (including the monthly housing expense), resubmission would not have been required.

If a Mortgage is resubmitted to Loan Prospector, the Risk and/or Documentation Classes might change. However, Loan Prospector minimizes the number of times that the Documentation Class will change, even if the Risk Class changes.

(l) Significant inaccurate information

If the Seller determines the decision repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information, the Seller must consider the Loan Prospector decision invalid and manually underwrite the Mortgage as a Non-Loan Prospector Mortgage (see Section 37.5).

(m)Compliance with Loan Prospector requirements

If the Mortgage and/or the Seller fail to comply with all Loan Prospector requirements, including submission of true, complete and accurate data to Loan Prospector on or before the Note Date or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the benefits and terms associated with the Loan Prospector Mortgage may not apply and the Mortgage may be subject

to the terms and requirements for a Non-Loan Prospector and/or a Manually Underwritten Mortgage.

(n) Loan Prospector fees

Each Seller/Servicer that uses Loan Prospector (either directly or through an authorized agent) will pay fees to Freddie Mac and will reimburse Freddie Mac for expenses in accordance with the fee schedule included in this Guide as Exhibit 18, Loan Prospector® Price Structure. These fees and expenses will be billed to the Seller/Servicer and paid by the Seller/Servicer in accordance with the provisions of the Loan Prospector User Agreement included in this Guide as Exhibit 15, Loan Prospector® User Agreement.

2.3: Limitation on the number and amount of Mortgage purchases and commitments (04/25/06)

Freddie Mac reserves the right to:

- Limit the number and/or aggregate dollar amount of Mortgage commitments it will accept from any Seller. Maximums are subject to change by Freddie Mac at any time without prior notice or publication
- Establish the Maximum Annual Mortgage Purchase Amount that Freddie Mac will purchase from a Seller in any calendar year. Freddie Mac will notify a Seller in writing if Freddie Mac has established a Maximum Annual Mortgage Purchase Amount for that Seller for that calendar year and will inform the Seller of the maximum amount for that year. The Maximum Annual Mortgage Purchase Amount will not be adjusted by a purchase tolerance, and the purchase tolerances in Sections 8.7 will not apply to the Maximum Annual Mortgage Purchase Amount.
- Establish maximum Mortgage purchase amounts for timeframes other than one year
- Establish maximum purchase amounts for specific types of Mortgages based on Mortgage characteristics or any other basis Freddie Mac deems appropriate, at its sole discretion
- Establish minimum Mortgage purchase amounts

2.4: Limitation on the number and amount of Home Mortgages (12/16/02)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of Home Mortgages it will purchase in any subdivision, tract, Condominium Project, Planned Unit Development (PUD), or ground lease community.

2.5: Use of proceeds (12/16/02)

Freddie Mac expects that a dollar amount equal to the amount paid to the Seller under a Purchase Contract will be reinvested by the Seller within 180 days of the Funding Date in Mortgages eligible for purchase by Freddie Mac.

2.6: Race or racial composition of a neighborhood (12/16/02)

Race and the racial composition of a neighborhood are not considered appraisal factors. Freddie Mac will not purchase any Mortgage supported by an appraisal report that makes reference to race or the racial composition of the neighborhood.

2.7: Future advances made before purchase (06/17/08)

Freddie Mac will purchase Home Mortgages on which future advances have been made before the Delivery Date, provided that:

- The advances have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and repayment term
- The lien securing the consolidated principal amount is expressly insured as having First Lien priority by a title insurance policy, by an endorsement to the policy insuring the consolidated mortgagee's interest or by other title evidence acceptable to Freddie Mac as specified in this Guide
- The consolidated principal amount does not exceed the original loan amount

Sellers originating Mortgages on Uniform Instruments that do not contain a covenant permitting future advances, and who wish to allow future advances, may execute a rider permitting future advances. The rider must contain language providing that the terms shall have no force or effect subsequent to a specified date which must be before the sale of the Mortgage, in whole or in part, to Freddie Mac. In addition, the rider must contain the following provision:

> Notwithstanding the foregoing provisions, the ability of the lender, its successors and assigns, to enforce the repayment of future advances made prior to the sale of the Mortgage to Freddie Mac shall remain in full force and effect.

2.8: Advances made after purchase (12/16/02)

On Home Mortgages that have been Purchased in Whole or in Part by Freddie Mac, the Seller or Servicer may not make additional advances.

2.9: Assumption of Mortgage (09/01/10)

A Mortgage not owned by Freddie Mac with respect to which the original Borrower has conveyed the Mortgaged Premises to a new owner is eligible for purchase by Freddie Mac, provided that the new owner is obligated by a written assumption agreement to repay the indebtedness secured by the Mortgaged Premises and has been fully underwritten and qualified according to the requirements of Chapter 37 and the provisions of any other Guide sections applicable to the particular Mortgage being assumed. For example, if the Mortgaged Premises is a Manufactured Home, the provisions of Chapter H33 must be satisfied. See Chapter 60 for requirements for the assumption of a Mortgage owned by Freddie Mac.

2.10: Notice (08/21/06)

(a) Seller/Servicer notices to Freddie Mac

Except as otherwise provided in the Guide or other Purchase Documents, any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by the Seller/Servicer pursuant to the Purchase Documents must be in writing and will be deemed to have been duly given to and received by Freddie Mac on the day such communication, advice, consent, document, notice or direction is actually received by Freddie Mac at the address specified below:

Address: In writing to Freddie Mac **(see Directory 1)** by first class mail

Other addresses may be substituted for the above upon notice of the substitution.

(b) Freddie Mac notices to Seller/Servicer

Any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by Freddie Mac pursuant to the Purchase Documents may be in writing or may be in electronic form in accordance with Section 1.3 of the Guide. Such notice will be deemed to have been duly given to the Seller/Servicer on the date such communication, advice, consent, document, notice or direction is:

- Received in writing by first class mail by the Seller/Servicer at the address set forth in the Purchase Documents, or
- Received in electronic form (e-mail) as an Electronic Record by the Seller/Servicer's computer information processing system at its Internet e-mail address provided to Freddie Mac by the Seller/Servicer, or
- Received in electronic form (facsimile) as a Record or Electronic Record by the Seller/Servicer's electronic facsimile machine or system at the facsimile telephone number provided to Freddie Mac by the Seller/Servicer

Other addresses may be substituted for the above upon notice of the substitution.

2.11: Borrower inquiries (06/06/03)

If a Borrower inquires about the ownership of his or her Mortgage, and Freddie Mac owns the Mortgage, the Seller/Servicer must inform the Borrower that Freddie Mac owns the Mortgage once the Borrower's identity is verified. If the Seller/Servicer is unable, in a telephone conversation, to verify that it is the Borrower who is requesting the information, the Borrower's request for information must be made in writing. If requested, the Seller/Servicer must also provide the Borrower with Freddie Mac's address, telephone number and the Freddie Mac loan number associated with the Borrower's Mortgage, and the Seller/Servicer must explain to the Borrower that it services the Mortgage for Freddie Mac.

If the Seller/Servicer provides the Borrower with the required information in a telephone conversation, the Seller/Servicer must follow up by providing the same information to the Borrower in writing.

The Freddie Mac address and telephone number that the Seller/Servicer must provide to the Borrower are:

FREDDIE MAC
8200 JONES BRANCH DR
MCLEAN, VA 22102
(800) FREDDIE

A Seller/Servicer must respond promptly to a Borrower's inquiry and provide the Borrower with accurate information about the Borrower's Mortgage, including whether or not the Mortgage is assumable. If a Mortgage is assumable, the Seller/Servicer must disclose and explain the terms of assumption approval to the Borrower.
(See Sections 51.3, 53.3 and 56.11 through 56.13 for additional Servicing obligations relating to Borrower inquiries.)

2.12: Sale of Mortgages by Freddie Mac (09/10/01)

Freddie Mac may, from time to time, sell in whole or in part Mortgages it has purchased pursuant to the Purchase Documents. Freddie Mac will attempt to make the sales in a manner that causes as little disruption as possible to the Seller or the Servicer.

2.13: FHA/VA program (09/10/01)

The Seller must obtain Freddie Mac's approval before selling FHA/VA Mortgages to Freddie Mac. The Seller should request this approval by calling either their account manager or (800) FREDDIE.

2.14: Confidentiality agreement with federally chartered savings associations (09/10/01)

This section has been deleted.

2.15: Notification concerning Principals (09/15/10)

This section has been deleted.

2.16: Receipt and treatment of confidential information (04/25/06)

Due to its relationship with Freddie Mac as an approved Seller/Servicer, Freddie Mac may provide the Seller/Servicer with information and documentation that Freddie Mac has identified as "confidential information." Such confidential information may include, but is not limited to, information and documentation concerning the development, negotiation, operation or terms of various products, programs, technology, business terms, trade secrets, certain commercial and financial information, and/or "material inside information" within the meaning of the federal securities laws. Confidential information may include confidential information belonging to third parties.

(a) The Seller/Servicer must treat all confidential information and all information or materials prepared from confidential information, defined as "derivative information," as strictly confidential and proprietary. The Seller/Servicer must not release or disclose or permit the release or disclosure of the confidential information or the derivative information, or any portion thereof, for any purpose at any time except to the extent:

- Allowed by this section
- Expressly required or consented to by Freddie Mac in writing, or
- Ordered by a court or administrative agency

In the event the Seller/Servicer anticipates that it may be required, for any reason, to release or disclose confidential information or derivative information, the Seller/Servicer shall immediately notify Freddie Mac **(see Directory 1)** to allow Freddie Mac to take any actions it deems necessary to prevent or limit the release or disclosure of the confidential information or derivative information in question.

(b) The Seller/Servicer shall not copy or permit copies to be made of the confidential information, the derivative information, or any portion thereof, except to the extent necessary for Servicing or other obligations to Freddie Mac or unless prior written consent from Freddie Mac has been obtained. The Seller/Servicer shall mark "Confidential" in a prominent location on all confidential information, derivative information and on all copies.

(c) If necessary for Servicing or other obligations to Freddie Mac, the Seller/Servicer may provide confidential information, derivative information, and copies thereof, to those officers, directors, principals, partners, employees of the Seller/Servicer, regulators, auditors, counsel and accountants who are necessary for such performance. The Seller/Servicer must notify any such individuals receiving such confidential information or derivative information that such individual has the same obligations as the Seller/Servicer to keep the confidential information or derivative information confidential.

(d) Confidential information and derivative information do not include any information that is:

- Generally available to the public
- Provided to the Seller/Servicer by a third party that is not itself under a confidentiality obligation with respect to the information, or
- Independently developed by the Seller/Servicer without use of the confidential information or any portion thereof

2.17: Software license (03/20/00)

In some circumstances, a Seller/Servicer may receive software and/or software-related documentation from Freddie Mac to facilitate, or in connection with, the Seller/Servicer’s communications or relationship with Freddie Mac. If any such software or software-related documentation is not specifically covered by the terms of a separate agreement between Freddie Mac and the Seller/Servicer (collectively, "Distributed Software"), the provisions of this section of the Guide will apply:

- Freddie Mac grants a nonexclusive, nontransferable, revocable license to the Seller/Servicer to use an executable version of the Distributed Software in connection

with its communications with Freddie Mac, for such other purposes to which Freddie Mac may consent in writing, and for no other purpose whatsoever. No ownership or other interest in the Distributed Software is granted to the Seller/Servicer, other than the license granted in the first sentence of this paragraph. The Distributed Software is provided for the Seller/Servicer's internal use only, and the Seller/Servicer will not enable or (to the extent within the Seller/Servicer's control) permit any third parties to use the Distributed Software, either directly or through the Seller/Servicer. **THE DISTRIBUTED SOFTWARE IS PROVIDED TO THE SELLER/SERVICER IN ITS "AS IS" CONDITION AND ALL EXPRESS AND IMPLIED WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL FREDDIE MAC HAVE ANY LIABILITY TO THE SELLER/SERVICER OR ANY THIRD PARTY ARISING OUT OF OR RELATED TO THE DISTRIBUTED SOFTWARE.** Without limiting the foregoing, the Seller/Servicer will be responsible for confirming that the Distributed Software and the medium in which the Distributed Software is provided are free of "computer viruses" and other potentially destructive code.

- Freddie Mac reserves the right to modify or enhance the Distributed Software at any time and, at its option, may make available to the Seller/Servicer the modified and/or enhanced versions of the Distributed Software. Unless otherwise agreed by Freddie Mac in writing, the Seller/Servicer will use only the most recent version of the Distributed Software provided by Freddie Mac and will follow Freddie Mac's instructions concerning the return or destruction of any prior versions of the Distributed Software. Freddie Mac may at times elect to provide the Distributed Software in electronic form, and the Seller/Servicer will provide Freddie Mac with remote access to all Freddie Mac applications and related software residing at the Seller/Servicer's site to the extent reasonably necessary to enable Freddie Mac to (i) determine the version of the Distributed Software then in use by the Seller/Servicer, and (ii) download the current version of the Distributed Software.
- The Distributed Software constitutes proprietary and confidential information and trade secrets belonging to Freddie Mac and, in some cases, third parties. The Seller/Servicer will treat the Distributed Software as strictly confidential and will not disclose or permit the disclosure of the Distributed Software to any third party whatsoever without Freddie Mac's prior written consent. The Seller/Servicer will not modify, enhance, disassemble or reverse engineer the Distributed Software in any manner or for any reason. The Seller/Servicer will not copy the Distributed Software, in whole or in part, other than for the limited purpose of creating a single archival or backup copy. The Seller/Servicer will reproduce without modification on any copy of the Distributed Software all copyright, confidentiality and other proprietary notices included on the original version or otherwise provided by Freddie Mac.
- Freddie Mac reserves the right to terminate the license granted in this section with respect to any or all Distributed Software at any time and for any reason in its sole discretion, effective immediately upon notice to the Seller/Servicer. Notice from Freddie Mac that it is terminating the Seller/Servicer's status as an approved Freddie Mac Seller/Servicer will automatically constitute notice of termination of the

Seller/Servicer's right to use the Distributed Software. Promptly upon termination of the license granted in this section (and in no event later than thirty (30) days after the effective date of such termination), the Seller/Servicer will return to Freddie Mac (or, if requested by Freddie Mac, destroy and certify in writing that it has destroyed) all Distributed Software to which the license has been terminated.

2.18: GoldWorks® Member Subscription Agreement (10/20/08)

This section has been deleted.

2.19: Minority-Owned and Women-Owned Business Enterprises (03/20/00)

It is Freddie Mac's policy to provide the maximum practicable opportunity to Minority-Owned and Women-Owned Business Enterprises to compete fairly as suppliers, contractors and subcontractors in Freddie Mac's business activities, taking into account both price and quality. As an aspect of this policy, Freddie Mac encourages Seller/Servicers to ensure that Minority-Owned and Women-Owned Business Enterprises are given the opportunity to compete fairly in supplying services to Seller/Servicers.

2.20: Loan Prospector® User Agreement (02/28/10)

(a) Terms of Agreement

Each Seller that uses Loan Prospector (either directly or through an authorized agent), by virtue of such use, will be deemed to have agreed to the terms and conditions set forth in the Loan Prospector User Agreement, as included in this Guide as Exhibit 15, Loan Prospector® User Agreement, to the same extent as if the Seller had executed the Agreement as a "User," except to the extent otherwise expressly agreed to by Freddie Mac and the Seller in writing.

(b) Third-Party Use of Loan Prospector

A Seller that uses Loan Prospector may request that a third party be permitted to use Loan Prospector as an agent of Seller. A Seller making such a request must submit it to its Loan Prospector Technology Sales Representative.

Freddie Mac may, in the exercise of its sole and absolute discretion, approve or disapprove such a request. If Freddie Mac approves such a request, it shall do so in the manner specified in Exhibit 29, Agreement of Terms and Conditions for Third-Party Use of Loan Prospector®. Each Seller that receives approval for such third-party use agrees that all such use granted pursuant to Seller's request shall be in accordance with the terms set forth in Exhibit 29, to the same extent as if the Seller had executed the Agreement as a "User."

(c) Use of data generated by Home Value Explorer®

A Seller that accesses Home Value Explorer values for Relief Refinance Mortgages through the Loan Prospector browser and a Loan Prospector User that receives Home Value Explorer values on the Loan Prospector Feedback Certificate will be deemed to have agreed to the terms and conditions relating to use of data generated by Home Value Explorer set forth in the Terms Relating to Use of Data Generated by Home Value Explorer, included in this Guide as Exhibit 32, Terms Relating to Use of Data Generated by Home Value Explorer.

2.21: Automated Underwriting System Timesharing Agreement (09/10/01)

Each Seller that uses Freddie Mac's Loan Prospector® automated mortgage underwriting system on a timesharing basis to request evaluations with respect to certain Mortgages will be deemed to have agreed to the terms and conditions set forth in the Automated Underwriting System Timesharing Agreement, as included in this Guide as Exhibit 16, Automated Underwriting System Timesharing Agreement, to the same extent as if the Seller had executed the Agreement as a "Customer," except to the extent otherwise expressly agreed to by Freddie Mac and the Seller in writing.

2.22: Gold Cash Xtra® Agreement and Loan Servicing Purchase and Sale Agreement (12/14/04)

Each Seller that transferred and each Servicer that accepted the Transfer of Servicing of Mortgages sold to Freddie Mac through Gold Cash Xtra is deemed to have agreed upon the provisions set forth in the Loan Servicing Purchase and Sale Agreement, as included in this Guide as Exhibit 28, Loan Servicing Purchase and Sale Agreement, to the same degree as if the Seller or Servicer, as applicable, had executed the Agreement, except to the extent otherwise expressly agreed by Freddie Mac in writing.

Note:
Gold Cash Xtra was retired in October 2004.

2.23: Use of data generated by Home Value Explorer® (06/26/09)

From time to time, Freddie Mac may provide Seller/Servicers directly with data generated by Freddie Mac's proprietary automated property valuation product, Home Value Explorer® (the "HVE data"), either electronically or by other means.

Seller/Servicers receiving HVE data directly from Freddie Mac (as opposed to through an authorized HVE distributor or reseller) will be deemed to have agreed to the terms and

conditions relating to use of data generated by Home Value Explorer set forth in the Terms Relating to Use of Data Generated by Home Value Explorer, included in this Guide as Exhibit 32, Terms Relating to Use of Data Generated by Home Value Explorer.

2.24: Freddie Mac Exclusionary List (09/15/10)

(a) Purpose of the Exclusionary List

Freddie Mac maintains the Freddie Mac Exclusionary List ("Exclusionary List") to protect the integrity of its Mortgage purchase and Servicing functions. Persons or entities whose conduct presents an undue risk of loss to Freddie Mac, as determined by Freddie Mac in its sole discretion, may be placed on the Exclusionary List, in which case they are prohibited from doing business with Freddie Mac, either directly or indirectly.

(b) Use of the Exclusionary List

The Seller/Servicer must use the Exclusionary List only for the following purposes:

1. **Screen parties involved in the origination of the Mortgage.** Prior to the delivery of each Mortgage to Freddie Mac, the Seller must use the Exclusionary List to determine whether a person or entity on the Exclusionary List has played a role in the origination of the Mortgage or in the underlying real estate transaction. Prohibited roles include, without limitation, Borrowers, trustees on the deed, builders, developers, property sellers, loan officers, loan processors, underwriters, Mortgage Brokers, Correspondents, Mortgage Service Providers, appraisers, title insurers, real estate brokers and agents, and closing or settlement agents.

   If a party on the Exclusionary List played a role in the origination of a Mortgage or the underlying real estate transaction, the Mortgage is not eligible for sale to Freddie Mac.

2. **Screen parties involved in Freddie Mac sales and Servicing functions.** The Seller/Servicer must use the Exclusionary List to ensure that no individual or entity on the Exclusionary List is involved in the sale or Servicing of a Freddie Mac Mortgage. This prohibition includes both the Seller/Servicer's own employees and any third parties to whom sales or Servicing functions regarding Freddie Mac Mortgages or Real Estate Owned (REOs) are outsourced or assigned.

   Prohibited roles in sales functions include, without limitation, parties involved in the delivery of Freddie Mac Mortgages. Prohibited roles in Servicing functions include, without limitation:

   - Parties who report, remit or process Mortgage payments, or who manage Custodial Accounts or perform custodial fund accounting

- Participants in any loss mitigation activities (e.g. forbearance plans, loan modifications, assumptions, foreclosures, deeds-in-lieu or short payoffs of the Mortgage), such as appraisers or other valuation providers, real estate brokers and agents, closing or settlement agents, Borrowers and Borrower counselors
- Participants in short sales, such as appraisers or other valuation providers, short sale buyers, real estate brokers and agents, short sale facilitators, closing or settlement agents, Borrowers and Borrower counselors

The Seller/Servicer is not required to screen any individual or entity that Freddie Mac selects, approves and/or directs the Seller/Servicer to use (e.g., designated counsel and providers of property valuations through BPOdirect®).

(c) Process for placement on the Exclusionary List

Freddie Mac will generally provide an individual or entity written notice of their proposed placement on the Exclusionary List, along with an opportunity to submit a written response. However, Freddie Mac may determine, in its sole discretion, that circumstances require placement of a person or entity on the Exclusionary List immediately, without prior written notice. Examples of grounds for placement on the Exclusionary List include, without limitation:

- Fraud
- Misrepresentations, misstatements or omissions of material facts
- Willful or reckless violation of statutory or regulatory requirements
- Business practices that Freddie Mac determines present an undue risk of loss
- Lack of business controls to ensure the integrity of the Mortgages sold to or serviced for Freddie Mac
- Evidence which demonstrates a lack of integrity or business competence
- Other grounds that in Freddie Mac's judgment may adversely affect Freddie Mac

Freddie Mac, in its sole discretion, will render a final decision regarding placement on the Exclusionary List after reviewing the response, if any, submitted by the proposed individual or entity.

(d) Seller warranties and representations

The Seller represents and warrants that no person or entity listed on the Exclusionary List played a role in the origination or sale of a Mortgage to Freddie Mac, or in the underlying real estate transaction. The Seller acknowledges that prohibited roles include, without limitation:

- Borrowers, trustees on the deed, builders, developers, property sellers, loan officers, loan processors, underwriters, Mortgage Brokers, Correspondents, Mortgage Service Providers, appraisers, title insurers, real estate brokers and agents, and closing or settlement agents
- Parties involved in the delivery of Freddie Mac Mortgages

Furthermore, the Seller represents and warrants that it will maintain sufficient controls to meet this warranty obligation.

(e) Waiver of Seller warranties regarding the Exclusionary List

Before the Funding Date, a Seller may contact Freddie Mac to request review of a Mortgage in order to obtain a waiver of the warranty requirements of Sections 2.24(d) and 6.11(8). The Seller should make such request to the Freddie Mac Fraud Mailbox at **mortgage_fraud_reporting@freddiemac.com**, or alternatively may make such request by fax or regular mail **(see Directory 1).**

As part of the request, the Seller must inform Freddie Mac of the nature and extent of the role played by the person or entity on the Exclusionary List in connection with the Mortgage and must provide other relevant information, upon request. If Freddie Mac reviews the Mortgage and subsequently elects to purchase the Mortgage, Freddie Mac will provide the Seller with written notice of such election, in which case the warranty concerning the involvement of an excluded person or entity will not be applicable to the sale of the Mortgage. All other requirements of the Purchase Documents relating to the sale of the Mortgage will remain in full force and effect. Freddie Mac's election to review and its decision to purchase such a Mortgage are within its sole discretion.

(f) Servicer warranties

The Servicer represents and warrants that no individual or entity on the Exclusionary List will play a role in any Servicing functions relating to a Mortgage or REO. The Servicer acknowledges that this prohibition includes both the Servicer's own employees and any third parties to whom Servicing functions regarding Freddie Mac Mortgages or REOs are outsourced or assigned, including, without limitation:

- Parties who report, remit or process Mortgage payments, or who manage Custodial Accounts or perform custodial fund accounting
- Participants in any loss mitigation activities (e.g. forbearance plans, loan modifications, assumptions, foreclosures, deeds-in-lieu or short payoffs of the Mortgage), such as appraisers or other valuation providers, real estate brokers and agents, closing or settlement agents, Borrowers and Borrower counselors
- Participants in short sales, such as appraisers or other valuation providers, short sale buyers, real estate brokers and agents, short sale facilitators, closing or settlement agents, Borrowers and Borrower counselors

Furthermore, the Servicer warrants that it will maintain sufficient controls to meet this warranty obligation.

(g) Waiver of Servicer warranties regarding the Exclusionary List

The Servicer must contact Freddie Mac to request a written waiver prior to performing a function or entering into a transaction that would violate the Servicer's representation and warranty set forth in Section 2.24(f).

The Servicer should make such request to the Freddie Mac Fraud Mailbox at **mortgage_fraud_reporting@freddiemac.com,** or alternatively may make such request by fax or regular mail **(see Directory 1)**.

As part of the request, the Servicer must inform Freddie Mac of the nature and extent of the role played by the person or entity on the Exclusionary List in the proposed transaction, and must provide other relevant information upon request. If Freddie Mac elects to allow the transaction, Freddie Mac will provide the Servicer with written notice of such election, in which case the warranty concerning the involvement of an excluded person or entity will not be applicable to such transaction. All other requirements of the Purchase Documents relating to the Servicing of the Mortgage will remain in full force and effect. Freddie Mac's decision regarding the waiver of such warranties is within its sole discretion.

(h) Reporting obligations of the Seller and Servicer

The Seller/Servicer must immediately report the discovery of any possible breach of warranties regarding the Exclusionary List contained in Section 2.24 to the Freddie Mac Fraud Mailbox at **mortgage_fraud_reporting@freddiemac.com**. Alternatively, the Seller/Servicer can report such breaches by fax or regular mail **(see Directory 1)**.

(i) Confidentiality and use of the Exclusionary List

The identities of the persons and entities on the Exclusionary List are not publicly available, and the Exclusionary List is considered "Confidential Information" of Freddie Mac for purposes of Sections 2.16 and 53.14. The Seller/Servicer represents and warrants that it will keep the Exclusionary List confidential in accordance with the terms and conditions of Sections 2.16 and 53.14. The Seller/Servicer may use the Exclusionary List only as required in Section 2.24(b), and may not use or disclose the Exclusionary List for any other purpose without Freddie Mac's written permission. The Seller/Servicer agrees to indemnify Freddie Mac for any loss, damage, or expense resulting from its failure to maintain the confidentiality of the Exclusionary List or information contained on the Exclusionary List.

(j) Access to the Exclusionary List

The Exclusionary List is updated monthly by Freddie Mac and is electronically available to Seller/Servicers through various Freddie Mac systems, including the Selling System, Loan Prospector®, the Learning Center and MultiSuite. The

Seller/Servicer must ensure that it uses only the most current version of the Exclusionary List, and must obtain an authorized ID and password to access the Exclusionary List. The Seller/Servicer may obtain additional information on how to access the Exclusionary List by calling 800-FREDDIE.

(k) Remedies

Freddie Mac's remedies for a breach of the warranties, obligations or requirements of the Seller/Servicer regarding the Exclusionary List include all remedies available to Freddie Mac under the Purchase Documents, including, without limitation, suspension or termination of the Seller or Servicer, and repurchase of the Mortgage.

Chapter 3: Reserved

{Chapter 3 is reserved.}

Chapter 4: Seller/Servicer Institutional Eligibility

4.1: General (10/15/10)

This chapter sets forth a Seller/Servicer's obligations relating to the following matters:

Topic	Section(s)
Eligibility criteria	4.2
Acceptable Net Worth	4.3
Financial reporting	4.4
Mortgage bankers financial reporting	4.5
Insurance coverage	4.6-4.8.1
Annual eligibility certification	4.9
Annual eligibility reporting	4.10
Periodic notification of institutional information and organizational changes	4.11-4.14

Sellers should also be familiar with Freddie Mac's definitions for the following terms:

- Acceptable Net Worth
- Representation and Warranty Unpaid Principal Balance
- Reviewed Financial Statements

Definitions for these terms are located in the Glossary of this Guide.

4.2: Eligibility criteria (08/15/08)

An institution must be approved by Freddie Mac as a Seller/Servicer before it can sell Mortgages to or service Mortgages for Freddie Mac. Once approved, the Seller/Servicer must comply with all the applicable requirements in the Purchase Documents, including the requirements in this chapter.

The Seller/Servicer warrants that at all times it shall:

- Be a viable organization and, as applicable, able effectively to:
  - Originate or otherwise acquire Mortgages acceptable for sale to Freddie Mac and/or
  - Service Mortgages in a manner acceptable to Freddie Mac

- Maintain an Acceptable Net Worth of $250,000 (see Section 4.3)
- Comply with any additional requirements, as deemed appropriate by Freddie Mac in its sole discretion. Freddie Mac will provide Seller/Servicer with notice of any additional requirements
- Provide audited or Reviewed Financial Statements, as may be required by Freddie Mac, at the time of approval and otherwise as may be required by Freddie Mac, including audited or Reviewed Financial Statements for the Seller/Servicer's parent, subsidiaries, and affiliates
- Maintain fidelity and errors and omissions insurance coverages as set forth in Sections 4.6 through 4.8.1
- Maintain a quality control program that is acceptable to Freddie Mac (see Chapter 48), and
- Be able to demonstrate to Freddie Mac's satisfaction, that it has sufficient capitalization, profitability, liquidity and funding sources to support its ongoing operations and its commitments to Freddie Mac

Freddie Mac's determinations regarding Seller's compliance with the warranties listed above shall be conclusive and in Freddie Mac's sole discretion.

4.3: Acceptable Net Worth requirement (10/15/10)

Seller/Servicers approved on or after October 15, 2010 must at all times maintain an Acceptable Net Worth of $2,500,000. Seller/Servicers approved before October 15, 2010 must maintain an Acceptable Net Worth of $250,000 and by September 30, 2011, must maintain an Acceptable Net Worth of $2,000,000.

Beginning June 30, 2012, all Seller/Servicers must at all times maintain an Acceptable Net Worth of $2,500,000 plus a dollar amount equivalent to .25% of the Seller/Servicer's Representation and Warranty Unpaid Principal Balance.

Notwithstanding the above, Freddie Mac may, as it deems appropriate and in its sole discretion:

- Modify a Seller/Servicer's Acceptable Net Worth requirement
- Impose limitations, restrictions or qualifications on the sale of Mortgages to, or the Servicing of Mortgages for Freddie Mac by any Seller/Servicer, and
- Impose additional financial requirements on any Seller/Servicer, regardless of the Seller/Servicer's Acceptable Net Worth

Freddie Mac will provide the Seller/Servicer with notice of any modification to the Seller/Servicer's Acceptable Net Worth or other financial requirement, any limitations, restrictions or qualifications on the sale of Mortgages or Servicing of Mortgages, or additional requirements.

4.4: Financial reporting (08/15/08)

The Seller/Servicer must at all times comply with the following reporting requirements:

- Each Seller/Servicer must submit annual audited financial statements to Freddie Mac, except that:
  - A federally insured depository institution need not submit such statements, and
  - A Seller/Servicer that is approved only to sell Mortgages to Freddie Mac may submit Reviewed Financial Statements
- Each Seller/Servicer that is a subsidiary of another institution and that is required to submit audited financial statements (as noted above) may submit audited financial statements prepared at the Seller/Servicer level or at its parent level, with a consolidating worksheet
- An annual audited report on internal controls is required only if audited financial statements are required by Freddie Mac. This internal control report should be a separate report stating whether the independent public accountant (IPA) noted any material weaknesses during the audit of the financial statements. The report should be prepared in accordance with Interpretation 1 of Statement and Auditing Standards (SAS) No. 60, "Communication of Internal Control Structure Related Matters Noted in an Audit," titled, "Reporting on the Existence of Material Weaknesses" (AICPA, Professional Standards, vol. I, AU sec. 9325).

If audited financial statements and internal control reports are required by Freddie Mac, the audited financial statements and internal control reports must be prepared by an IPA who is a licensed certified public accountant (CPA) or a public accountant licensed on or before December 31, 1970, who complies with the applicable provisions of the public accountancy law and rules of the jurisdiction(s) where the audit is conducted and the jurisdiction(s) in which the IPA is licensed.

Freddie Mac reserves the right to require audited financial statements, audited reports on internal controls, additional financial statements and other information relevant to the Seller/Servicer's eligibility, including audited or Reviewed Financial Statements for the Seller/Servicer's parent, subsidiaries and affiliates, at any time and regardless of the Seller/Servicer's annual eligibility reporting requirements.

4.5: Mortgage bankers financial reporting (08/21/06)

Each Seller/Servicer that is a mortgage banker must submit a complete and accurate Form 1055, Mortgage Bankers' Financial Reporting Form, on a quarterly basis. For reporting purposes, mortgage bankers are firms, other than federally insured depositories, that originate Mortgages for sale in the secondary market and/or service Mortgages. This

definition includes Sellers/Servicers that are mortgage banker subsidiaries of federally insured depositories.

Form 1055 must be submitted in accordance with the following requirements:

- For reporting periods ending March 31, June 30 or September 30, Form 1055 must be filed no later than 30 days after the end of the reporting period. For reporting periods ending on December 31, the Form 1055 must be filed no later than 60 days after the end of the reporting period. Mortgage bankers with fiscal years that do not end on December 31 should refer to the instructions that accompany the Form 1055 on the web site noted below before completing the report.
- Form 1055 must be completed and submitted on-line at **http://www.mbfrf.org**. You may print the Form 1055 from the web site.

Failure to submit a complete and accurate Form 1055 within the prescribed timeframe may result in suspension or disqualification of the Seller/Servicer, at Freddie Mac's sole discretion.

4.6: Seller/Servicer insurance requirements (10/08/05)

(a) Coverage levels

1. Limits of insurance

The Seller/Servicer must maintain in effect, at all times and at its expense, a fidelity bond and a mortgagee's errors and omissions (E&O) insurance policy.

If the Seller/Servicer uses its parent's bond or policy, as permitted in Section 4.6, the minimum limit of insurance must be based on the consolidated base amount for the parent and for all institutions related to the parent that are covered by the parent's bond or policy, as applicable.

Freddie Mac will accept bonds or policies that provide for an aggregate limit of insurance for a bond's or policy's term provided that the aggregate at least equals the minimum limit per loss or occurrence calculated in accordance with this Section 4.6.

For fidelity bond and E&O insurance, the higher minimum Freddie Mac Multifamily coverage limit applies if:

- The Seller/Servicer is also a Freddie Mac Multifamily Seller/Servicer,

- The required fidelity or mortgagee's E&O coverage is provided under the same insurance contract that covers both Home Mortgages and Multifamily Mortgages and
- The Freddie Mac *Multifamily Seller/Servicer Guide* requires a higher limit of fidelity or mortgagee's E&O coverage.

a. Limits of fidelity bond

The minimum acceptable limits per fidelity loss or occurrence are as follows:

Base*	**Minimum required insurance limit**
$100 million or less	$300,000
$500 million or less	$300,000 +0.15% of base over $100 million
$1 billion or less	$300,000 +0.15% of $400 million (i.e., $600,000) +0.125% of base over $500 million
Over $1 billion	$300,000 +0.15% of $400 million (i.e., $600,000) +0.125% of $500 million (i.e., $625,000) +0.1% of base over $1 billion

* Base = The highest of total annual Home Mortgage and Multifamily Mortgage origination, sale or servicing volume including Home Mortgages and Multifamily Mortgages held in portfolio and those sold to or serviced for others.

b. Limits of E&O insurance

Mortgagee's E&O coverage must be maintained at a minimum limit equal to the higher of (i) $300,000 or (ii) 20% of the fidelity coverage required in the table above. If the base consists of Home Mortgages only, the limit of mortgagee's E&O insurance may be capped at $10 million.

For mortgagee's E&O insurance, Freddie Mac will accept policies providing coverage per Mortgage if the insurance limit per Mortgage is no less than the unpaid principal balance (UPB) of the largest Mortgage originated and/or sold by the Seller or serviced by the Servicer, whichever is highest.

For mortgagee's E&O insurance, Freddie Mac will accept a policy that provides lower limits of insurance for losses other than those caused by lack or insufficiency of property insurance on Mortgaged Premises, if any such lower limit of insurance is the maximum liability that the insurer will assume for similar losses by institutions similar to the Seller/Servicer.

Examples of calculations of the required minimum insurance limits are as follows:

Base	Calculation	Minimum required insurance limit for fidelity bond
$90 million	not applicable	$300,000*
$400 million	$300,000 +0.15% of $300 million $750,000	$750,000*
$750 million	$300,000 +0.15% of $400 million +0.125% of $250 million $1,212,500	$1,212,500*
$1.5 billion	$300,000 +0.15% of $400 million +0.125% of $500 million +0.1% of $500 million $2,025,000	$2,025,000**

* $300,000 in mortgagee's E&O coverage (the higher of $300,000 or 20% of the required fidelity coverage)
** $405,000 in mortgagee's E&O coverage (the higher of $300,000 or 20% of the required fidelity coverage)

2. Deductibles

The maximum deductible allowed for any one fidelity loss is the higher of (i) 5% of the minimum limit of fidelity insurance required by Freddie Mac or (ii) $100,000.

The maximum deductible allowed for any one mortgagee's E&O loss is the higher of (i) 5% of the minimum limit of mortgagee's E&O insurance required by Freddie Mac or (ii) $100,000.

The deductible may not be calculated based on the actual limit of insurance in force.

For example, assume:

i. Freddie Mac requires a Servicer to maintain at least $5 million in fidelity insurance. Freddie Mac requires a Servicer to maintain at least $5 million in fidelity insurance.
ii. The Servicer actually maintains $7 million in fidelity insurance.

Then the maximum deductible allowed is 5% of (i).

(b) Acceptable insurer

Freddie Mac will accept coverage underwritten by an insurer that is rated A- (A-minus) or better by the A.M. Best Company.

(c) Parent institution's coverage

When the Seller/Servicer is a subsidiary of an institution with fidelity and/or mortgagee's E&O insurance that meets Freddie Mac's requirements, Freddie Mac will accept the insurance of the Seller/Servicer's parent as adequate for the Seller/Servicer if:

- The Seller/Servicer is named as joint insured, and
- Coverage under the parent's policy or policies of insurance does not restrict or otherwise limit the Seller/Servicer's ability to comply with all of Freddie Mac's insurance requirements

(d) Other obligations of the Seller/Servicer

The Seller/Servicer must maintain at its offices a complete and accurate copy of its fidelity bonds and mortgagee's E&O policies for the current year and the past five years. Copies of these bonds and policies shall be provided to Freddie Mac upon request.

The Seller/Servicer authorizes Freddie Mac to obtain copies of the bonds and policies and all related information from the Seller/Servicer's insurer and/or agent or representative of the insurer.

Freddie Mac's requirements for fidelity and mortgagee's E&O insurance do not diminish, restrict or otherwise limit the Seller/Servicer's responsibilities and obligations stated in the Purchase Documents.

The Seller/Servicer must familiarize itself with the terms of the fidelity and mortgagee's E&O coverages and take all actions necessary to preserve the coverage and maximum benefits of such insurance for the Seller/Servicer and Freddie Mac, as applicable.

4.7: Fidelity insurance coverage (10/08/05)

(a) Documentation

Fidelity insurance coverage may be documented on a bond form acceptable to Freddie Mac or on the standard bond form currently mandated by or acceptable to the government agency that has regulatory or supervisory authority over the

Seller/Servicer. If the Seller/Servicer is not regulated or supervised, Freddie Mac will accept coverage documented on the bond form commonly issued to institutions similar to the Seller/Servicer. The coverage may be provided in policy forms with names that include, but are not limited to, Fidelity Bond, Mortgage Bankers Bond, Financial Institution Bond, Financial Institution Crime Policy or Bankers Blanket Bond. Whichever policy form is relied upon to document the coverage required by Freddie Mac, the Seller/Servicer warrants that the terms of such coverage meet all of the requirements in Section 4.7(b).

(b) Scope

Fidelity insurance coverage must protect the Seller/Servicer against loss resulting from dishonesty, theft and/or fraud committed by officers and/or employees of the Seller/Servicer as well as by persons duly authorized to act on the Seller/Servicer's behalf in the origination and/or sale of Mortgages and/or Servicing of Mortgages or Real Estate Owned (REO), including, but not limited to, the following:

- Employees of outside firms while providing legal services to the Seller/Servicer or performing as data processors of checks or other accounting records for the Seller/Servicer — unless such firms have provided to the Seller/Servicer satisfactory evidence of fidelity insurance at least equal to that required of the Seller/Servicer by Freddie Mac
- Persons assigned to the Seller/Servicer through an intervening employer or agency to perform the usual duties of an employee of the Seller/Servicer on a contingent or temporary basis, and
- Interns

Fidelity insurance must also:

- Protect Freddie Mac, as an investor, against losses that Freddie Mac incurs in connection with dishonesty, theft and/or fraud committed by any partner, sole proprietor or major shareholder of the Seller/Servicer
- Not be limited solely to dishonesty, theft and/or fraud committed for improper personal gain
- Provide that the insurer will name Freddie Mac, as an investor, as sole loss payee on payment drafts the insurer issues for losses that Freddie Mac incurs in connection with acts covered by the insurance, and
- Give Freddie Mac, as an investor, the right to file a claim directly with the insurer for losses that Freddie Mac incurs in connection with acts covered by insurance, irrespective of whether the Seller/Servicer tenders a claim under the bond in connection with the events that give rise to the claim filed by Freddie Mac

4.8: Mortgagee's E&O insurance coverage (10/08/05)

(a) Documentation

Mortgagee's E&O insurance coverage must be documented on policy forms commonly issued to institutions similar to the Seller/Servicer. The coverage may be provided in policy forms with names that include, but are not limited to, Mortgage Bankers Bond, Mortgage Errors & Omissions, Mortgage Impairment, Mortgage Holders Liability, Professional Liability or Mortgage Protection. Whichever policy form is relied upon to document the coverage required by Freddie Mac, the Seller/Servicer warrants that the terms of such coverage meet all of the requirements in Section 4.8(b).

(b) Scope

The coverage must protect the Seller or Servicer against loss resulting from negligence, errors or omissions committed by the persons required to be covered by the Seller/Servicer's fidelity insurance, under Section 4.7(b), while performing their duties with respect to Mortgages originated and/or sold by the Seller and/or Mortgages or REO serviced by the Servicer. Such duties include, but are not limited to, the following:

- Determining whether the Mortgaged Premises are located in Special Flood Hazard Areas (SFHA) as defined by the Director of the Federal Emergency Management Agency (FEMA)
- Ensuring that the Mortgaged Premises are insured in accordance with Chapter 58
- Maintaining, where applicable, FHA insurance, VA guaranty or mortgage insurance on the Mortgages
- Complying with applicable reporting requirements of the FHA, VA or MI, and
- Ensuring the payment of real estate taxes and any other mandatory assessments on the Mortgaged Premises or REO

Mortgagee's E&O insurance coverage must also:

- Provide that the insurer will name Freddie Mac, as an investor, as sole loss payee on payment drafts the insurer issues for losses that Freddie Mac incurs in connection with acts covered by the insurance, and
- Give Freddie Mac, as an investor, the right to file a claim directly with the insurer for losses that Freddie Mac incurs in connection with acts covered by the insurance, irrespective of whether the Seller/Servicer tenders a claim under the policy in connection with the events that give rise to the claim filed by Freddie Mac

4.8.1: Seller/Servicer insurance reporting requirements (04/25/06)

(a) Certificate of insurance

Within 30 days of obtaining or renewing fidelity and/or mortgagee's E&O insurance, the Seller/Servicer must submit to Freddie Mac **(see Directory 1)** a certificate of insurance and related documentation showing the following information:

1. Name and address of insurer and insurance broker
2. Bond or policy number
3. The Seller/Servicer as named insured or joint named insured
4. Type of insurance and coverage; limit of liability on a per loss, occurrence or mortgage basis (specify) and/or any applicable aggregate limit of coverage; and effective dates of coverage
5. Deductible amounts
6. Any endorsement or optional coverage modifying the original bond or policy if the endorsement or optional coverage reinforces compliance with Freddie Mac's requirements or effectively reduces the coverage required by Freddie Mac. Reference to a form number is not acceptable. A copy of the endorsement or optional coverage is required if the endorsement or optional coverage cannot be summarized substantively on the certificate.
7. The insurer's agreement to notify Freddie Mac **(see Directory 1)** at least 30 calendar days before the insurer, on its own initiative, cancels or non-renews the Seller/Servicer's coverage for any reason
8. The insurer's agreement to notify Freddie Mac **(see Directory 1)** within 10 Business Days after the insurer, on its own initiative, reduces or restrictively modifies the Seller/Servicer's coverage for any reason or, at the Seller/Servicer's request, cancels or non-renews the Seller/Servicer's coverage
9. The insurer's agreement to notify Freddie Mac **(see Directory 1)** within 10 Business Days after the insurer's payment to the Seller/Servicer of a claim that (i) applies to a coverage written with an aggregate limit of insurance and (ii) depletes such aggregate limit of insurance by more than 50%

(b) Annual certification

The Seller/Servicer must certify compliance with Freddie Mac's requirements for fidelity and mortgagee's E&O insurance on Form 16SF, Annual Eligibility Certification Report, submitted in accordance with Sections 4.9 and 4.10.

(c) Notice of loss or change in coverage

The Seller/Servicer must report to Freddie Mac **(see Directory 1)** the following events within 10 Business Days of their occurrence using Form 1107SF, Seller/Servicer Change Notification Form, submitted in accordance with provisions of Section 4.11:

- The determination that any single act of embezzlement, theft of funds or fraud or mortgagee's E&O loss has caused loss exceeding $100,000, whether or not Freddie Mac's interests are affected or a claim is filed with the insurer, or
- The receipt of a notice from the insurer that the insurer has taken or intends to take action to cancel, reduce, not renew or restrictively modify the Seller/Servicer's fidelity and/or mortgagee's E&O insurance for any reason. The Seller/Servicer must include a copy of the insurer's notice and detail the reasons for the insurer's action or intended action if not stated in the insurer's notice. The Seller/Servicer must also report its effort to obtain replacement coverage or otherwise satisfy Freddie Mac's insurance requirements.

4.9: Annual eligibility certification (10/01/09)

On an annual basis, each Seller/Servicer must submit a complete and accurate Form 16SF, Annual Eligibility Certification Report, and certify that:

- Seller/Servicer accesses the electronic version of the Guide through the link on **http://www.freddiemac.com/singlefamily/**, or has arranged for a current subscription to the electronic Guide via AllRegs® and Seller/Servicer has access to an up-to-date Guide. Seller/Servicer agrees to comply with Guide provisions and requirements, as they may be amended from time to time, as a condition of continuing eligibility, and
- Seller/Servicer is in compliance with the provisions and requirements set forth in the Guide, as they may be amended from time to time, including, but not limited to: Chapter 4, Seller/Servicer Institutional Eligibility; Chapter 48, Seller's In-House Quality Control Program; and Chapter 77, Establishing Investor Accounting Functions, and
- Seller/Servicer is in compliance with all requirements of the Purchase Documents

If the Seller/Servicer does not comply with the above-stated requirements at time of annual eligibility reporting, it must identify on Form 16SF each requirement that it does not meet, identify the timeframe in which it intends to be in compliance and take action to correct any identified noncompliance issues.

The Seller/Servicer must also certify:

- Its compliance with Sections 18.3(a), Contracting with a Document Custodian, or 18.3(b), Contracting with the Designated Custodian, and 18.4, Seller/Servicer responsibilities, and
- If Seller/Servicer uses a Document Custodian other than the Designated Custodian, its Document Custodian's compliance with Section 18.2, Document Custodian eligibility

In accordance with Section 18.4(b), Seller/Servicer must notify Freddie Mac in writing within one Business Day of learning that its Document Custodian does not comply with any Freddie Mac eligibility requirements. Freddie Mac, at its discretion, may allow the

Seller/Servicer a period of time to work with its Document Custodian to ensure that the Document Custodian takes all necessary steps to meet the eligibility requirements, but reserves the right to immediately terminate a custodial agreement if it deems that to be necessary to protect the safety and security of Freddie Mac's Notes and assignments.

4.10: Annual eligibility reporting requirements (04/25/06)

The following must be completed as of the Seller/Servicer's fiscal year-end and submitted to Freddie Mac **(see Directory 1)** within 90 days after the end of that fiscal year:

- Form 16SF, Annual Eligibility Certification Report
- Audited or Reviewed Financial Statements, as required by Section 4.4
- Form 1107SF, Seller/Servicer Change Notification Form, if applicable, and
- Any other documentation requested by Freddie Mac

A Seller/Servicer that is suspended from selling Mortgages, but is Servicing Mortgages for Freddie Mac as of its Form 16SF filing date, must also submit the Form 16SF, the Form 1107SF, if applicable, and any other documentation requested by Freddie Mac. Failure to submit any or all of the above within the prescribed timeframe may result in suspension or disqualification of the Seller/Servicer.

The Form 16SF, Annual Eligibility Certification Report, must be submitted electronically in accordance with the provisions of Section 1.3, using Electronic Records and Electronic Signatures via the Internet at the following web site address:

http://www.freddiemac.com/singlefamily/doingbusiness/acctmaintain.html

The Form 16SF may be submitted only by the Seller's or Servicer's authorized representative. Any audited financial statements and auditor's reports required as part of your Form 16SF submission may be submitted electronically as an attachment to the Form 16SF, via e-mail to **institutional_eligibility@freddiemac.com**, via facsimile or by mail **(see Directory 1)**.

4.11: Changes in Seller/Servicer's organization or status reporting (06/01/09)

A Seller/Servicer must complete and submit the applicable sections of Form 1107SF, Seller/Servicer Change Notification Form, to Freddie Mac **(see Directory 1)** at least 14 Business Days prior to any of the following events:

1. It undergoes a major change in its ownership or organization, including, but not limited to, a:
   (a) Merger
   (b) Consolidation (including a regulatory agency-assisted transaction)
   (c) Transfer of stock that results in any person or entity directly or indirectly owning a percentage of stock that results in a change of control
   (d) Charter change (such as a State-chartered bank becoming federally chartered)
   (e) Conversion (such as a thrift institution converting from mutual to stock form)
   (f) Change in the Seller/Servicer's senior management
   (g) Transfer of all of the Seller/Servicer's assets or assets of a Mortgage-related function, without the transfer of accompanying liabilities, to a Freddie Mac-approved Seller/Servicer

2. It changes its name

3. It undergoes a change concerning:
   (a) Affiliate relationships
   (b) External auditors
   (c) Fiscal year-end
   (d) Servicing relationships

A Seller/Servicer must complete and submit the applicable sections of Form 1107SF, Seller/Servicer Change Notification Form, to Freddie Mac **(see Directory 1)** within seven Business Days after any of the following events:

1. It is terminated by a mortgage insurance company, secondary marketing agency, other investor or warehouse lender
2. It voluntarily files a petition under federal bankruptcy or State insolvency laws, or answers an involuntary proceeding admitting insolvency or inability to pay debts
3. It fails to obtain a vacation or stay of involuntary proceedings brought for its reorganization, dissolution or liquidation
4. It is adjudged bankrupt or insolvent
5. A trustee, conservator or receiver is appointed for the Seller/Servicer or its property
6. It makes an assignment for the benefit of its creditors
7. It is put on probation or its activities are restricted in any manner by any agency of the federal or State government

8. It becomes subject to any judgment, order, finding or regulatory action that, in Freddie Mac's opinion, would adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase Documents
9. It notifies the warehouse lender, or is notified by the warehouse lender (whichever occurs first) of the Seller/Servicer's violation of any of the financial covenants (including, but not limited to, covenants covering working capital, debt/equity, servicing unpaid principal balance [UPB] or net worth) of any warehousing lending agreement(s)

On a case-by-case basis, Freddie Mac may require the Seller/Servicer to provide additional information concerning its change in ownership or status. Freddie Mac reserves the right to evaluate information related to the changed Seller/Servicer and to take any action it deems necessary. In the event the Seller/Servicer is required to complete and submit applicable sections of Form 1107SF the Seller/Servicer should also review its Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable, to determine if a new Form 988SF or 989SF (and board of directors resolution or other governing body resolution) should be submitted with new wire transfer instructions, Automated Clearing House (ACH) instructions, or other payment instructions (for example, a new Form 483 or Form 1132), as applicable.

The Seller/Servicer must submit the Form 1107SF by one of the following methods:

1. In electronic form, in accordance with the provisions of Section 1.3 of the Guide, using Electronic Records and Electronic Signatures via the Internet at the following web site address:

   http://www.freddiemac.com/singlefamily/doingbusiness/acctmaintain.html

   Forms submitted electronically may only be submitted by the Seller's or Servicer's authorized representative. Any required attachments to the Form 1107SF may be submitted electronically via e-mail to **institutional_eligibility@freddiemac.com**, via facsimile or by mail **(see Directory 1)**.

2. Via facsimile copy of an original paper Form 1107SF signed by the Seller/Servicer with an ink pen via facsimile transmission **(see Directory 1)**. The Seller/Servicer agrees that, in accordance with the provisions of Section 1.3, a facsimile copy of the Form 1107SF completed and signed by the Seller/Servicer and transmitted to Freddie Mac via facsimile transmission shall fully bind the Seller/Servicer to the terms and conditions of the Form 1107SF in the same manner as if an original paper Form 1107SF signed by the Seller/Servicer with an ink pen had been delivered to Freddie Mac.

3. In original, signed paper form via mail or messenger package **(see Directory 1)**.

4.12: Transfer of assets to an entity that is not a Freddie Mac-approved Seller/Servicer (04/25/06)

Failure to comply with all of the requirements of this Section 4.12 within the prescribed timeframe may result in suspension or disqualification of the Seller/Servicer.

A Seller/Servicer must complete and submit Form 1107SF, Seller/Servicer Change Notification Form, Section A, and all attachments, to Freddie Mac **(see Directory 1)** in the manner described in Section 4.11 no less than 75 Business Days prior to the proposed transfer of:

- All of its assets without the transfer of accompanying liabilities, to an entity that is not a Freddie Mac-approved Seller/Servicer, or
- The assets of a Mortgage-related function (for example, originations or Servicing), without the transfer of accompanying liabilities, to an entity that is not a Freddie Mac-approved Seller/Servicer

In such situations, Freddie Mac does not consider that the Seller/Servicer has transferred its Freddie Mac approval and Seller/Servicer number to the transferee.

Freddie Mac may require the Seller/Servicer to provide additional information concerning the proposed transfer of assets.

The proposed transferee must obtain Freddie Mac's approval as a Seller/Servicer prior to the effective date of the asset transfer. To obtain such approval, the proposed transferee must submit an application to become an approved Seller/Servicer concurrent with the Seller/Servicer's submission of Form 1107SF. If the proposed transferee fails to apply for and receive approval as a Freddie Mac Seller/Servicer, it will be precluded from selling Mortgages to, or Servicing Mortgages for, Freddie Mac. Application packages containing the forms needed to process applicants for approval as a Seller/Servicer may be obtained by contacting Freddie Mac **(see Directory 1)** or by visiting our web site at: **http://www.freddiemac.com/singlefamily/doingbusiness/**.

4.13: Seller/Servicer changes that result in Transfer of Servicing (11/07/02)

A change in a Seller/Servicer's organization may also involve a Transfer of Servicing. If the change will result in a Transfer of Servicing as defined in the Glossary, the Seller/Servicer must comply with the notification requirements in Sections 4.11 and 4.12, and all requirements for Subsequent Transfers of Servicing in Chapter 56, including the

requirement that the request for approval of the transfer be submitted to Freddie Mac at least 30 Business Days prior to the requested transfer date.

If a proposed transfer of assets includes a Transfer of Servicing, the request for approval of the proposed Transfer of Servicing should be submitted along with the application to become a Seller/Servicer, but no later than 30 Business Days prior to the effective date of the transfer.

If a Transfer of Servicing will result from an organizational or status change, the required request for approval of Transfer of Servicing must be submitted 30 Business Days prior to the effective date of the proposed transfer even though the notification of the organizational change is not required until after the change has occurred.

4.14: MERS membership (11/07/02)

A Seller/Servicer must comply with the requirements of the Mortgage Electronic Registration System (MERS) Membership Agreement if it is a MERS Member and sells to Freddie Mac Mortgages registered in MERS. If any requirement of the MERS Membership Agreement is in conflict with the requirements of the Guide, the Seller/Servicer must comply with the requirements of the Guide.

Chapter 5: Disqualification or Suspension of a Seller/Servicer

5.1: General policy (03/20/00)

Freddie Mac, in its discretion, may disqualify or suspend a Seller from eligibility to sell Mortgages to Freddie Mac. The Seller will be ineligible to obtain new purchase commitments during a period of disqualification or suspension. During the period of Seller disqualification or suspension, Freddie Mac may, at its discretion, determine whether outstanding commitments held by the Seller must be honored or the outstanding balance of the commitment fulfilled by using the pairoff procedure (see Section 8.7). Freddie Mac will determine the length of any suspension period and may prescribe the terms and conditions for reinstatement. The notice of disqualification or suspension and the opportunity of a Seller to respond to and appeal the action are governed by the procedures in Sections 5.3 through 5.5.

5.2: Reasons for disqualification or suspension of the Seller or the Servicer (09/15/10)

Without limiting Freddie Mac's right to take whatever other action it deems appropriate to protect its interests and enforce its rights (including disqualification or suspension for reasons not listed below), Freddie Mac may disqualify or suspend a Seller or a Servicer for any of the following reasons:

1. Impending or actual insolvency of the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer
2. The filing of a voluntary petition by the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer under federal bankruptcy or State insolvency laws
3. The filing of an answer by the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, in an involuntary proceeding admitting insolvency or inability to pay debts
4. The adjudication of the Seller or Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, as bankrupt
5. The appointment of a trustee or receiver for the Seller or the Servicer or its property, or for its parent, an affiliate or subsidiary of the Seller or the Servicer or for the property of such entities
6. The execution by the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, of an assignment for the benefit of creditors

7. The failure of the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, to obtain a vacation or stay of involuntary proceedings brought for its reorganization, dissolution or liquidation
8. The Seller's or the Servicer's failure to maintain qualified loan origination or Servicing staff and/or adequate facilities to assure (i) the investment quality of the Mortgages sold to Freddie Mac or (ii) the adequacy of the Servicing of Mortgages purchased by Freddie Mac
9. Any weakness or notable change in the financial or organizational status or management of the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, that, in the opinion of Freddie Mac, could adversely affect Freddie Mac
10. The failure of the Seller or the Servicer to meet any requirement as may be prescribed by Freddie Mac for eligibility as a Seller or a Servicer
11. The placement of the Seller or the Servicer, its parent, or an affiliate or subsidiary of the Seller or the Servicer, on probation or restriction of its activities, or the activities of its parent, or an affiliate or subsidiary of the Seller or the Servicer, in any manner by a federal or State government agency
12. Any judgment, order, finding or regulatory action to which the Seller or Servicer (or its management), its parent, or an affiliate or subsidiary of the Seller or the Servicer, is subject that would adversely affect the Seller's or Servicer's ability to comply with the terms and conditions of the Purchase Documents
13. Freddie Mac's determination that the Seller's or Servicer's warranty obligations are disproportionate to its capital and/or assets
14. The Seller's failure to deliver any documents under a Freddie Mac mandatory delivery purchase program
15. The Seller's or the Servicer's failure to observe or comply with any term or provision of the Purchase Documents
16. The Seller's or the Servicer's misstatement of or omission of any material fact on any application, certification or other document submitted, or in any oral representation made, to Freddie Mac
17. The Seller's or the Servicer's assigning or attempting to assign its interests, rights or obligations under the Purchase Documents without Freddie Mac's written consent
18. The Servicer's failure or inability to account properly for the disposition of all monies required to be safeguarded in Custodial Accounts or buydown accounts
19. Seller's or Servicer's default or failure to perform under any contract with Freddie Mac including, but not limited to, contracts not directly related to the sale or Servicing of Mortgages and contracts relating to Mortgages purchased or serviced other than pursuant to this Guide
20. The Seller's or Servicer's having a 30-, 60- or 90-day Delinquency rate or a Real Estate Owned (REO) rate more than 50% higher than the average 30-, 60- or 90-day Delinquency rate or REO rate for all Home Mortgages or Second Mortgage/HILs owned by Freddie Mac in the same geographical area (Standard Metropolitan Statistical Area, county, State or region) in which the Mortgaged Premises that secure the Mortgages either sold by the Seller or serviced by the Servicer are located

21. The Seller/Servicer's failure to submit a complete and accurate Form 16SF, Annual Eligibility Certification Report, within the time frame prescribed by Section 4.9
22. The failure of the Seller/Servicer that is a mortgage banker to submit a complete and accurate Form 1055, Mortgage Bankers' Financial Reporting Form, within the time frame prescribed by Section 4.5
23. The Seller/Servicer's failure to comply with the provisions of Section 2.24 regarding the Exclusionary List
24. Placement on the Exclusionary List of the Seller or Servicer, its parent, or an affiliate or subsidiary of the Seller or Servicer
25. The Seller/Servicer's failure to submit a complete and accurate Form 1107SF, Seller/Servicer Change Notification Form, within the time frame required in Section 4.11 or 4.12
26. The Seller/Servicer's failure to maintain a Servicer Performance Profile tier rating of 1, 2 or 3 as provided in Section 51.11
27. The failure of the Seller to deliver a minimum volume of Mortgages (measured by dollar amount or number of Mortgages) within the time frame specified by Freddie Mac
28. The Seller/Servicer's failure to maintain the confidentiality of the Exclusionary List or information contained on the Exclusionary List
29. The Seller/Servicer's failure to fulfill any obligation to Freddie Mac when due including, but not limited to, the failure to repurchase a Mortgage, pay fees or other monies, and remit custodial or buydown funds
30. The Seller/Servicer's failure to provide audited or Reviewed Financial Statements for its parent, subsidiaries and affiliates upon Freddie Mac request

When the Seller is also a Servicer, suspension or disqualification as a Seller is sufficient cause for suspension or disqualification as a Servicer or termination of Servicing with cause. Whether or not Freddie Mac terminates Servicing by the Servicer, any of the above events is cause for revocation of the power of attorney granted to the Servicer in accordance with Section 51.3. When the Servicer is also a Seller, suspension or disqualification as a Servicer or termination of Servicing with cause under Chapter 73 is sufficient cause for suspension or disqualification as a Seller.

Freddie Mac may suspend or disqualify a Seller or a Servicer without cause. Suspension or disqualification of a Seller or a Servicer without cause will be effective immediately upon notice of the suspension or disqualification, unless the notice specifies a later date. Suspension or disqualification without cause will not affect any outstanding purchase commitments held by the Seller. A Seller will not be entitled to a termination fee or any other compensation from Freddie Mac for any reason or cause relating to any consequential, incidental or indirect damages arising out of, or in connection with, its suspension or disqualification.

Notwithstanding Sections 5.3 through 5.5, Freddie Mac's decision to suspend or disqualify a Seller without cause or to terminate Servicing without cause is conclusive.

5.3: Notice of intent to disqualify or suspend the Seller or the Servicer (02/07/02)

Freddie Mac will not provide the Seller or the Servicer with prior written notice of an intent to disqualify or suspend the Seller or the Servicer, unless Freddie Mac determines, in its discretion, that the giving of prior notice will in no way adversely affect Freddie Mac's interests. In such cases, 30 days' prior written notice will be given. Certain violations of this Guide (such as the commission of fraudulent acts or the failure to deliver under a mandatory delivery purchase program) are viewed with particular seriousness by Freddie Mac. In such cases, Freddie Mac will tend to act without prior written notice to disqualify or suspend the Seller. If prior written notice is not provided, disqualification or suspension will become effective upon oral notice from Freddie Mac to the Seller. Written confirmation of that oral notice will follow.

Any prior written notice or written confirmation of oral notice will contain a brief statement of the basis for the disqualification or suspension and will advise the Seller or the Servicer of its right to obtain a review of Freddie Mac's action or proposed action according to the procedures in Section 5.4.

Before giving notice of disqualification or suspension, Freddie Mac may, in its discretion, warn a Seller or a Servicer that it has violated, is violating or may be about to violate provisions of this Guide or other Purchase Documents, and that unless corrective action is taken within a specified time period, disqualification or suspension may result. Freddie Mac may give the warning as part of an audit report or as a result of any other review or investigation of the Seller or the Servicer by Freddie Mac. Any such warning may be issued by means determined by Freddie Mac including, but not limited to, electronic mail to the Seller's or Servicer's e-mail address provided to Freddie Mac by the Seller or Servicer in accordance with Freddie Mac's requirements.

5.3.1: Notice of intent to terminate voluntarily as a Freddie Mac Seller or Servicer (04/25/06)

The Seller/Servicer may voluntarily terminate its status as a Freddie Mac approved Seller and/or Servicer by giving notice of its intent to voluntarily terminate to Freddie Mac. The notice of intent to voluntarily terminate as a Freddie Mac approved Seller and/or Servicer may be submitted in writing or may be submitted or transmitted in the form of a Record or Electronic Record by the Seller/Servicer's authorized employee or representative. If the notice is in electronic form, it must be signed using the Seller/Servicer's Electronic Signature and will be subject to Section 1.3 of the Guide. The notice will be deemed to have been duly given to and received by Freddie Mac on the date such notice is:

- Received in writing by Freddie Mac **(see Directory 1)** via first class mail, or

- Received in electronic form (e-mail) as an Electronic Record by Freddie Mac's computer information processing system via the Internet, at its Internet e-mail address, which is **institutional_eligibility@freddiemac.com**, or
- Received as a Record or Electronic Record in electronic form (facsimile) by Freddie Mac's electronic facsimile machine or system at Freddie Mac **(see Directory 1)**

Other addresses may be substituted for the above upon notice of the substitution.

The Seller/Servicer may also voluntarily terminate its status as a Freddie Mac approved Seller and/or Servicer by giving notice of its intent to voluntarily terminate by completing the appropriate section of the Form 1107SF, Seller/Servicer Change Notification Form, and submitting the form to Freddie Mac.

The Seller/Servicer's voluntary termination shall not be effective until acknowledged and accepted by Freddie Mac in writing or in a Record or Electronic Record from an authorized representative of Freddie Mac.

5.4: Appeal (04/25/06)

The Seller or the Servicer may write to Freddie Mac **(see Directory 1)** to appeal a determination to disqualify or suspend pursuant to Section 5.3.

The appeal must be postmarked or hand delivered no later than 15 days:

- From the date the Seller or the Servicer received written notice of Freddie Mac's intention to suspend or disqualify, or
- If prior written notice was not provided by Freddie Mac, from the date the Seller or Servicer received written confirmation of Freddie Mac's oral notice to suspend or disqualify

If an appeal is not filed within the 15-day period, the Seller or Servicer will be deemed to have waived its right to appeal.

The appeal must contain the following, in the order indicated:

1. A cover page bearing the names and addresses of the Seller or the Servicer and its representative, if any
2. A reference to Freddie Mac's action or proposed action and a concise statement of the case
3. A listing in separate numbered paragraphs of each of the grounds on which the Seller or the Servicer relies
4. The argument, generally amplifying the Seller's or the Servicer's grounds for appeal and clearly exhibiting the points of fact, policy and law being presented
5. A conclusion, specifying the action the Seller or the Servicer believes Freddie Mac should take

An evidentiary hearing will be a part of the appeal process only under extraordinary circumstances, as determined by Freddie Mac, in its sole discretion. In such cases, Freddie Mac will be represented by its general counsel or the counsel's designee. Freddie Mac will appoint an individual from within or without Freddie Mac to serve as presiding officer at any hearing. The presiding officer will establish the rules and procedures under which the hearing will be conducted. At a minimum, the rules for the hearing will provide for the taking of oral testimony under oath, the taking of documentary evidence and the transcription of the hearing. The rules of evidence will not apply to the proceedings, but the presiding officer will retain discretion to exclude clearly irrelevant, repetitious or untrustworthy evidence.

5.5: Final decision (02/23/07)

Freddie Mac's Vice President — Counterparty Credit Risk Management, or that person's designee, will review the appeal of the Seller/Servicer and the hearing record, if any, before rendering a decision.

The Vice President — Counterparty Credit Risk Management, or that person's designee, will then render a decision in writing either affirming, reversing or modifying Freddie Mac's prior determination to disqualify or suspend. Notice of the decision will be made and given to the Seller/Servicer.

Chapter 6: General Warranties and Responsibilities of the Seller/Servicer

6.1: Submission of data to Freddie Mac (08/10/05)

The Seller warrants that all data and/or other information submitted to Freddie Mac is true, complete and accurate. The Seller agrees to complete all Freddie Mac forms according to the instructions or guidance provided by Freddie Mac. With respect to data and/or other information transmitted to Freddie Mac through a permitted electronic medium, the Seller or Servicer warrants that the:

- Transmission complies with the requirements of the applicable Purchase Documents
- Transmission contains all the required information
- Terms, conditions and requirements stated in the Purchase Documents have been fully satisfied and adhered to

6.2: Compliance with applicable law (09/15/10)

(a) Seller's obligations

The Seller agrees to comply with all applicable federal, State and local laws, ordinances, regulations and orders, including the following:

1. Title VI of the Civil Rights Act of 1964
2. Title VIII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974
3. Section 527 of the National Housing Act
4. The Equal Credit Opportunity Act
5. The Fair Credit Reporting Act and any applicable regulations and orders issued under that Act
6. All applicable federal, State and local laws relating to data privacy and the safeguarding of Borrower personal information, including, without limitation, the Gramm-Leach-Bliley Act and all relevant implementing rules, regulations and guidance prescribed by the Seller's regulator(s)
7. Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on November 20, 1962
8. The foreign assets control regulations, 31 C.F.R. Part 500, as amended, and any authorizing legislation or executive order relating thereto, as administered by the Office of Foreign Assets Control (OFAC) within the United States Department of the Treasury (collectively "OFAC Regulations")

9. The Bank Secrecy Act, the Money Laundering Control Act and Title III of the USA PATRIOT Act
10. All other applicable federal and State laws, regulations and orders

The Seller/Servicer agrees to indemnify and hold Freddie Mac harmless from and against all claims, judgments, losses, costs and expenses incurred by Freddie Mac arising out of the Seller/Servicer's violation of any federal, State or local law, regulation, regulatory guidance, ordinance or order.

(b) Lending practices

The Seller must employ business practices that promote fair lending. While there may be a valid business reason for checking the identification of a Borrower prior to making a loan, Freddie Mac discourages the Seller from placing a copy of a photo identification in the underwriting file.

(c) Incident Response Program and Notice of Breach

Servicers must comply with Guide Section 53.8(b), which requires the maintenance of a security response program and notification procedures **(see Directory 1)** related to incidents that compromise the security of a Borrower's personal information.

(d) OFAC Screening

Seller/Servicers are expected to establish and maintain an effective OFAC compliance program that ensures compliance with OFAC Regulations. Sellers must screen each Borrower against OFAC's most recent list of Specially Designated Nationals and Blocked Persons ("SDN List") prior to delivery to Freddie Mac. If a Borrower is on OFAC's SDN List, the Mortgage is ineligible for sale to Freddie Mac. Refer to Section 53.8(c) for requirements regarding Servicer screening.

6.3: Inspection of records (03/20/00)

The Seller or the Servicer agrees to allow Freddie Mac, during normal business hours, to inspect all of the Seller's or the Servicer's books and records pertaining to its Mortgage operations and to any Mortgages purchased by Freddie Mac.

6.4: Reliance on the Seller and the Servicer (10/06/06)

The Seller and the Servicer should carefully read the Purchase Documents. The Seller and the Servicer acknowledge that Freddie Mac and any transferees or assignees of

Freddie Mac purchase Mortgages and trade in any related securities in reliance on the accuracy and truth of the Seller's and the Servicer's warranties and representations and on its compliance with the agreements, requirements, terms and conditions set forth in the Purchase Documents.

6.5: Review of Mortgages by Freddie Mac prior to purchase (05/05/00)

Before the Freddie Mac Funding Date (Cash programs) or Settlement Date of the PC (Guarantor programs), Freddie Mac may, in its discretion, refuse to purchase any Mortgage if it determines any of the following:

- The Mortgage is not of investment quality
- The Seller has failed to satisfy or has breached any of the provisions of the Purchase Documents
- Any of the warranties or representations of the Seller to Freddie Mac are untrue
- The Seller has failed to provide Freddie Mac with information that is true, complete and accurate as to the Mortgage

For each Mortgage it refuses to purchase, Freddie Mac may require the Seller to substitute in its place another Mortgage that is satisfactory to Freddie Mac.

6.6: Survival of warranties; remedies (05/05/00)

The warranties and representations in the Purchase Documents for any Mortgage purchased by Freddie Mac survive payment of the purchase price by Freddie Mac. The warranties and representations are not affected by any investigation made by, or on behalf of, Freddie Mac, except when expressly waived in writing by Freddie Mac.

When any party has purchased a Mortgage from Freddie Mac that Freddie Mac previously purchased from a Seller, Freddie Mac may exercise any rights or remedies at law or in equity on behalf of the party to the extent that the party does not affirmatively do so. Freddie Mac may also exercise its discretion to disqualify or suspend a Seller or a Servicer pursuant to Chapter 5 or 53.

For each Mortgage purchased by Freddie Mac, the Seller and the Servicer agree that Freddie Mac may, at any time and without limitation, require the Seller or the Servicer, at the Seller's or the Servicer's expense, to make such endorsements to and assignments and recordations of any of the Mortgage documents so as to reflect the interests of Freddie Mac and/or its successors and assigns.

6.7: Home Mortgage Uniform Instruments (09/01/10)

The Security Instrument and Note must be executed on the Uniform Instruments (1-4 Family) for the jurisdiction where the Mortgaged Premises are located. The Uniform Instruments used for a Mortgage must be the versions current as of the Mortgage Note Date. See Exhibit 4, Single-Family Uniform Instruments, for the current dates of revisions of all Uniform Instruments.

For any Mortgage secured by one of the following types of property, Freddie Mac requires both:

- The single-family Fannie Mae/Freddie Mac Uniform Security Instrument for the jurisdiction where the Mortgaged Premises are located and
- One of the following types of riders, as applicable:

Property Type	**Form**
Condominium Unit	Condominium Rider Form 3140
Planned Unit Development unit	Planned Unit Development Rider Form 3150
1- to 4-unit Investment Property	1- to 4-Family Rider Form 3170
2- to 4-unit Primary Residence	1- to 4-Family Rider Form 3170
Second home	Second Home Rider Form 3890

In addition to the Uniform Instruments required by this Section 6.7, certain Mortgage products have additional loan documentation requirements stated elsewhere in this Guide as follows:

- Section 24.8 for Texas Equity Section 50(a)(6) Mortgages
- Sections 30.9 and 30.12 for adjustable-rate Mortgages (ARMs) and Convertible ARMs
- Section 32.5 for Seller-Owned Converted Mortgages
- Section 33.3 for Balloon/Reset Mortgages
- Section B33.4 for Prepayment Penalty Mortgages
- Section E33.4(a) for Affordable Merit Rate® Mortgages
- Sections H33.7(d) and H33.7(e) for Mortgages secured by Manufactured Homes
- Section K33.4 for Mortgages for Newly Constructed Homes
- Chapter 35 for Mortgages originated under the Special Housing Initiatives

Spanish translations of certain Uniform Instruments are available on Freddie Mac's Uniform Instrument web site: **http://www.freddiemac.com/uniform/spanish.html**. Spanish translations complement the English-language documents and may be provided

to consumers as supplemental education material when originating single-family residential Mortgages. The Spanish translations are for reference only and are not to be executed.

6.8: Authorized changes to Uniform Instruments (02/01/08)

The Seller must not make any changes or additions to the Uniform Instruments that have any force or effect after purchase of the Mortgage by Freddie Mac, except for changes and modifications that:

- Are accomplished by use of Fannie Mae/Freddie Mac Uniform Instrument Riders
- Pertain to an assumption or an alteration of the principal, Note Rate, payment amount or date, or maturity date of the Mortgage, or
- Are required or permitted by the provisions in Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application

If a change or addition permitted under this section is made to the instrument in the form of an addendum or rider, the addendum or rider must:

- Be referenced in the instrument it is modifying
- Reference the instrument, and
- Be firmly attached to the instrument

The Seller agrees that no changes or additions to the Uniform Instruments otherwise permitted here will be made if such changes or additions would adversely affect the negotiability of the Note.

The Uniform Instruments may require modification for use with Construction Conversion Mortgages and Renovation Mortgages. Sellers that use the Uniform Instruments for construction or renovation loans may make changes or additions necessary for that purpose. These changes and additions should be provided in a Note addendum or Security Instrument rider. The changes or additions need not contain a statement that they become void upon purchase by Freddie Mac if the changes or additions are necessary to assure the first priority of the Mortgage lien or if by their terms the changes or additions cease to be effective before the Settlement Date for Mortgages sold through the Selling System or the Delivery Date for Mortgages delivered through MIDANET®.

See Section K33.4 for information on documenting Construction Conversion Mortgages and Renovation Mortgages.

6.8.1: Origination and Delivery of Mortgages using a New York Consolidation, Extension and Modification Agreement (the "NY CEMA") (10/01/09)

Freddie Mac will purchase refinance Mortgages secured by property located in New York State that are documented using a New York Consolidation, Extension and Modification Agreement (the "NY CEMA"). The NY CEMA combines into one set of rights and obligations all of 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, evidenced by a Consolidated Note that is paid in accordance with the terms of the NY CEMA.

In this Section:

- The original Note executed by the Borrower that is being consolidated, extended and modified by the newly executed NY CEMA is referred to as the Original Old Money Note
- The original Note executed by the Borrower at the time the current NY CEMA is executed that represents new funds advanced to the Borrower at the time of the current consolidation is referred to as the Original New Money (Gap) Note

In connection with the current financing transaction evidenced by the 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.

(a) Documentation

When documenting a Mortgage using a NY CEMA, Seller must use the most current version of the New York Consolidation, Extension and Modification Agreement Single-Family Fannie Mae/Freddie Mac Uniform Instrument (Form 3172). The current version has the 1/01 (rev. 5/01) tagline and can be found on Freddie Mac's web site at **http://www.freddiemac.com/uniform/**.

In addition, the Borrower must execute a Consolidated Note.

(b) Delivery package for NY CEMA Form 3172 1/01 (rev. 5/01) and Form 3172 1/01

For a Mortgage originated using the NY CEMA, Form 3172 1/01 (rev. 5/01), Seller must deliver the complete NY CEMA delivery package listed below to its Document Custodian.

The complete NY CEMA delivery package for Form 3172 1/01 (rev. 5/01) must include the following documents:

1. NY CEMA
   This may be a certified copy, as the original must be submitted for recordation. If a certified copy is delivered, the Seller warrants the copy is a true and correct copy of the original delivered for recording.

2. Complete set of NY CEMA exhibits, as follows:

   - Exhibit A — A list, or a copy of a list, of the obligations being consolidated, modified and extended. All Notes, security instruments, assignments, consolidation agreements and related agreements that modify, consolidate or extend prior underlying obligations and which predate the current NY CEMA must be listed separately in Exhibit A.
   - Exhibit B — The property description of the Mortgaged Premises. A copy of Schedule A (Property Description) to the New York Mortgage may be used but should be marked as Exhibit B to identify it as a NY CEMA exhibit.
   - Exhibit C — A copy of the complete Consolidated Note (including any applicable addenda), with fixed-rate, adjustable-rate or Balloon Note language inserted at the top of the first page. (The required language is stated in (3) below.) Borrower signatures are not required.
   - Exhibit D — The most current version of the New York Single-Family Fannie Mae/Freddie Mac Uniform Security Instrument (Form 3033) with all blanks completed and any applicable riders attached. Borrower signatures are not required.

3. Separate, originally executed Consolidated Note

   An original Note with live Borrower signatures, endorsed in blank. The Consolidated Note must be the most current version of the applicable Single-Family Fannie Mae/Freddie Mac Uniform Note (e.g., Form 3233, 3501, 3502, 3504 or 3514) with all blanks completed and any applicable addendum or addenda. The Consolidated Note must have the following language, as applicable, inserted at the top of the document:

- For 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.

- For 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.

- For Balloon Notes:

  Consolidated Balloon 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.

For Mortgages secured by Mortgaged Premises in New York State originated on or after January 1, 2001 on the NY CEMA version 1/01, the Seller must deliver the NY CEMA delivery package described in this Section 6.8.1(b).

(c) Delivery for NY CEMA Form 3172 7/86

For Mortgages secured by Mortgaged Premises in New York State originated prior to January 1, 2001, on the Consolidation, Extension and Modification Agreement Single-Family Fannie Mae/Freddie Mac Form 3172 (7/86) the NY CEMA delivery package must include the documents described in Section 6.8.1(b) and the following additional documents:

1. Original Old Money Notes and any NY CEMAs from prior consolidations

   Each Note must be an original Note, with live signatures by the Borrower, endorsed in blank. If multiple older Notes exist, the Seller must verify that all other consolidation documents are included with the package.

2. Original New Money (Gap) Note (if new funds are advanced to the Borrower at the time of the consolidation).

3. Original Consolidated Note from prior consolidations, if a Consolidated Note was executed by the Borrower.

(d) Mortgage file requirements

With respect to Mortgages documented with the NY CEMA, Seller represents and warrants that the Mortgage file contains the documentation required by Sections 46.2, 47.2.1 and 52.2.

6.9: Seller's duties regarding Uniform Instruments (02/07/01)

The Seller agrees that any action taken when enforcing its rights under the Mortgage documents will not violate the terms of any covenant in the Mortgage documents. The Seller also agrees to enforce its rights under the Uniform Instruments based on instructions or guidance provided by Freddie Mac.

6.10: Availability of Uniform Instruments (08/15/08)

Fannie Mae/Freddie Mac Uniform Instruments (including condominium rider and PUD rider forms) and Freddie Mac-specific Uniform Instruments are available from Freddie Mac's web site at **http://www.freddiemac.com/uniform/**.

Sellers may reprint the Uniform Instruments on their own letterhead, by computer or in any other way that Sellers may choose. However, the text of the Uniform Instruments must remain unchanged and the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page.

6.10.1: Master Form and Short Form Security Instruments (10/19/07)

(a) Overview; defined terms

Certain States have statutes that allow originating lenders to record a Master Form Security Instrument in a given county and then to record a Short Form Security Instrument for each subsequent Mortgage originated and recorded in that county. The Short Form Security Instrument contains the loan-specific information (e.g., Borrower name, lender name, loan amount, description of property) and identifies the provisions of the Master Form Security Instrument that are being incorporated into the Short Form Security Instrument.

The State-specific Fannie Mae/Freddie Mac Uniform Master Form Security Instrument and Short Form Security Instrument are available from Freddie Mac's web site at http://www.freddiemac.com/uniform/. See Exhibit 4, Single-Family Uniform Instruments, for the list of currently available Master Form Security Instruments and Short Form Security Instruments and the current dates of these instruments.

Freddie Mac will purchase Mortgages originated on a Short Form Security Instrument provided the requirements stated in this Section 6.10.1 are satisfied.

The Seller must not use or record a Short Form Security Instrument unless it has already recorded a Master Form Security Instrument in the recorder's office serving the recording jurisdiction in which the Mortgaged Premises is located. In North Carolina, a Master Form may not be recorded in certain designated counties stated in the North Carolina statute.

A copy of the recorded Master Form Security Instrument must be provided to the Borrower.

- **Master Form Security Instrument -** The Master Form Security Instrument is the Master Form Mortgage or Deed of Trust that is permitted under certain State statutes to be recorded by originating lenders in a given recording jurisdiction in the State. The Master Form Security Instrument for each State (with the exception of Ohio) consists of (1) a title page (the name of the title page differs in different States), which contains the information required under the State statute to record the Master Form Security Instrument in that State and (2) the current Fannie Mae/Freddie Mac Uniform Security Instrument for that State.

  In Ohio, there is no title page; the Master Form Security Instrument is the current Fannie Mae/Freddie Mac Ohio Mortgage with the required Master Form information provided on the first page of the Ohio Mortgage form itself.

- **Short Form Security Instrument -** The Short Form Security Instrument is the Mortgage or Deed of Trust recorded for each individual Mortgage made and recorded in the recording jurisdiction where the Master Form Security Instrument is recorded; the Short Form Security Instrument contains loan specific information and incorporates by reference the provisions of the previously recorded Master Form Security Instrument. A Seller must not use or record a Short Form Security Instrument unless the Seller has already recorded a Master Form Security Instrument in the recorder's office serving the recording jurisdiction in which the Mortgaged Premises is located.

(b) Instructions for use of Master Form Security Instrument; Short Form Security Instrument

Master Form Security Instrument - The Seller must:

1. Complete the title page by inserting the names and relevant information in the applicable places and have the title page signed and acknowledged, if required
2. Attach the title page to the front of the current Security Instrument for the State
3. Record the title page and Security Instrument together in the recorder's office serving the recording jurisdiction(s) in which the Seller anticipates subsequently recording Short Form Security Instruments

4. In Ohio, complete the information in the box at the top of the first page of the Master Mortgage Form by inserting the names and relevant information in the applicable places and have the first page signed in the box at the top of the first page. Do not complete information outside of the box other than “Return to” information

The Security Instrument to which the title page is attached (or in Ohio, on which the Master Form information is provided) should not have any information completed and should not be signed or acknowledged.

In the event Freddie Mac revises the Uniform Security Instrument for the applicable State, the Seller must record the revised Master Form Security Instrument in all applicable local recording offices. The previously recorded Master Form Security Instrument must not be released or superseded.

Mortgages originated after the effective date of a revised Uniform Security Instrument must be originated using a Short Form Security Instrument that references the new recorded Master Form Security Instrument.

Short Form Security Instrument - The Seller must:

1. Insert the recording information from the Master Form Security Instrument in the first paragraph of the "Definitions" section (The recording information must be that of the Master Form Security Instrument that was recorded in the recording jurisdiction in which the Mortgaged Premises is located)
2. Insert information for all blank spaces in the "Definitions" section
3. Check the applicable Rider boxes
4. Insert the property description information
5. Provide the Borrower with an exact copy of the recorded Master Form Security Instrument (the completed title page with recordation information and the applicable current Fannie Mae/Freddie Mac Uniform Security Instrument for the State)
6. Arrange for the Short Form Security Instrument to be executed by the Borrower(s) and acknowledged
7. Arrange for any applicable Riders to be executed by the Borrower(s). In Pennsylvania, attach a copy of the Fannie Mae/Freddie Mac Pennsylvania Uniform Mortgage under the caption: “General Provisions Incorporated by Reference and Not to be Recorded with this Document” after the Rider(s), if any.
8. Record the Short Form Security Instrument and any applicable Riders in the recorder’s office serving the recording jurisdiction in which the Mortgaged Premises is located

6.11: Warranties and representations by the Seller (10/15/10)

As of the Delivery Date, the Funding Date and the date of any substitution of Mortgages pursuant to the Purchase Documents, the Seller warrants and represents the following for each Mortgage purchased by Freddie Mac:

1. The terms, conditions and requirements stated in the Purchase Documents have been fully satisfied
2. All warranties and representations of the Seller are true and correct
3. The Seller is in compliance with its agreements contained in the Purchase Documents
4. The Seller has not misstated or omitted any material fact about the Mortgage
5. The Seller has given correctly and on a timely basis to the Borrower all disclosures and notices required under applicable law and the terms of the Note and the Security Instrument
6. With respect to each adjustable-rate Mortgage (ARM), the Seller has calculated any and all adjustments to the interest rate or the monthly payment correctly and given on a timely basis any and all notices of such adjustments completely in accordance with the terms of the Note and the Security Instrument and with the requirements of applicable law
7. With respect to each Mortgage delivered to Freddie Mac on or after **May 1, 2009** and before the earlier of the release of the Interim Final Rules by the Federal Reserve as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") or November 1, 2010, the Seller has adopted Exhibit 31, Home Valuation Code of Conduct, and for each conventional Mortgage that has an application date on or after **May 1, 2009** and before the earlier of the release of the Interim Final Rules by the Federal Reserve as required by Dodd-Frank or November 1, 2010, the appraisal was obtained in a manner consistent with the Home Valuation Code of Conduct
8. No person or entity on the Freddie Mac Exclusionary List ("Exclusionary List") played a role in the origination or sale of such Mortgage or the related real estate transaction. See Section 2.24(b).

Upon Freddie Mac's written request, either before or after the Funding Date, the Seller will supply evidence satisfactory to Freddie Mac of the Seller's compliance with any provision of the Purchase Documents. Before the Funding Date, the Seller must obtain Freddie Mac's written approval of any waivers or modifications to the provisions of the Purchase Documents.

The Seller represents and warrants that all persons executing documents on behalf of the Seller are duly authorized to do so.

The Seller warrants that it and, if applicable, the originator of the Mortgages it sells to Freddie Mac have complied with all applicable laws relating to licensing, qualification to do business or approval to originate Mortgages.

Before the Funding Date, a Seller may contact Freddie Mac to request review of a Mortgage in order to obtain a waiver of the warranty requirements of Sections 2.24(d) and 6.11(8). The Seller should make such request to the Freddie Mac Fraud Mailbox at **mortgage_fraud_reporting@freddiemac.com** or, alternatively, may make such request by fax or mail (**see Directory 1**). As part of the request, the Seller must inform Freddie Mac of the nature and extent of the role played by the person or entity on the Exclusionary List in connection with the Mortgage and must provide other relevant information upon request. If Freddie Mac reviews the Mortgage and subsequently elects to purchase the Mortgage, Freddie Mac will provide the Seller with written notice of such election, in which case the warranty concerning the involvement of an excluded person or entity will not be applicable to the sale of the Mortgage. All other requirements of the Purchase Documents relating to the sale of the Mortgage will remain in full force and effect. Freddie Mac's election to review and its decision to purchase such a Mortgage are within its sole discretion.

6.12: Freddie Mac remedies (03/20/00)

In addition to any other remedies it may have at law or in equity, for any Mortgage it purchased, Freddie Mac may require the Seller or Servicer:

- To indemnify Freddie Mac and hold it harmless for any loss, damage or expense (including court costs and reasonable attorney fees) that it may sustain, and/or
- To repurchase Freddie Mac's interest in the Mortgage at any time if the Borrower or any other party in the Mortgage transaction has made any false representation in conjunction with such transaction, whether or not the Seller or Servicer was a party to or had knowledge of such false representation, and/or
- To repurchase Freddie Mac's interest in the Mortgage at any time under any of the other circumstances set forth in Section 72.1, and/or
- To terminate Servicing pursuant to Chapter 73

For remedies for Servicers with delinquent Borrowers, see Chapter B65.

6.13: Other participation interest (03/20/00)

The Seller warrants to Freddie Mac that as of the Freddie Mac Funding Date (Cash programs) or Settlement Date of the PC (Guarantor programs), the Mortgage is not subject to any other participation interest.

The Seller further warrants and agrees not to sell, assign, convey, hypothecate, pledge or in any other way transfer, conditionally or otherwise, its interest in a Mortgage in which Freddie Mac has purchased a participation interest, except as expressly permitted in the Purchase Documents.

Chapter 7: Reserved

{Chapter 7 is reserved.}

Chapter 7: Fraud Prevention, Detection and Reporting

7.1: Overview (01/01/11)

This chapter contains information and requirements relating to the prevention, detection and reporting of fraud and suspected fraud in the origination and Servicing of a Mortgage and in related real estate transactions.

This chapter is organized as follows:

Topic	Section
Prevention and detection	7.2
Reporting requirements	7.3
Cooperation requirements	7.4
Additional requirements	7.5
Additional resources	7.6
Related provisions	7.7

The Seller/Servicer should be familiar with the definitions in the Glossary for the following terms that are used in this chapter:

- Correspondent
- Mortgage Broker
- Mortgage Service Provider

7.2: Prevention and detection (01/01/11)

The Seller/Servicer must have comprehensive practices and procedures to prevent and detect fraud throughout each stage of the origination and Servicing of a Mortgage and in related real estate transactions.

This section identifies basic fraud prevention and detection requirements related to:

- Employee hiring and training
- Origination and Servicing
- Seller/Servicer’s in-house quality control program

Freddie Mac encourages Seller/Servicers to implement additional practices and procedures, as deemed necessary, in order to ensure that an effective fraud prevention and detection plan is in place.

(a) Employee hiring and training

The Seller/Servicer must have screening and hiring practices in place to ensure the integrity of its employees. Also, the Seller/Servicer must train employees in each applicable area of its mortgage business about:

- Common and emerging fraud schemes
- Red flags that may signal fraud and the need for more review
- The Seller/Servicer's procedures (including requirements of this chapter) for prevention, detection and reporting of fraud and possible fraud

Employees must receive periodic training updates no less frequently than on an annual basis to ensure that they are aware of emerging fraud scenarios.

(b) Origination and Servicing

The Seller/Servicer must take the following minimum steps to prevent and detect fraud in the areas of origination and Servicing:

- Ensure that information indicating possible fraud that is received from any source, including, but not limited to, Borrowers and participants in the Mortgage and related real estate transactions, is escalated internally and properly investigated
- Ensure that information indicating possible fraud that is received from any source in connection with Servicing functions relating to a Mortgage or Real Estate Owned (REO), including, but not limited to, any loss mitigation activities or transactions, such as forbearance plans, loan modifications, foreclosures, deeds-in-lieu or short payoffs of the Mortgage, or short sales of the underlying property is escalated internally and properly investigated
- Investigate unusual patterns or discrepancies or other red flags, such as first- and early-payment defaults
- Comply with Sections 2.24 and 51.3(a) regarding screening through the Freddie Mac Exclusionary List
- Comply with all other Guide provisions relating to fraud prevention and detection

It is also important for Seller/Servicers to know the parties with whom they do business.

- Sellers must approve, evaluate and monitor Mortgage Brokers, Correspondents, Mortgage Service Providers, and appraisers
- Servicers must approve, evaluate and monitor appraisers and any third party to whom Servicing functions relating to a Mortgage or REO are outsourced or assigned, including, but not limited to, any loss mitigation activities or

transactions such as foreclosures, deeds-in-lieu or short payoffs of the Mortgage or short sales of the underlying property

(c) Seller/Servicer's in-house quality control program

Pre- and post-funding quality control reviews are an integral part of fraud prevention and detection in the mortgage process.

Specifically, the Seller/Servicer must:

- Use discretionary samples to evaluate the work of a particular employee or Mortgage transaction participant when there is a reason to suspect fraud
- Target and sample loans to better identify and highlight potential trends such as early payment defaults or other red flags that could indicate possible fraud
- Comply with all other Guide provisions relating to quality control reviews

The Seller/Servicer must periodically update its quality control policies and procedures to address emerging fraud scenarios.

7.3 Reporting requirements (01/01/11)

(a) Procedures for reporting and what to report

The Seller/Servicer must have procedures for reporting fraud or possible fraud in connection with a Mortgage sold to, or serviced for, Freddie Mac and discovered at any time, including, but not limited to, during origination, quality control reviews, Servicing activities or loss mitigation efforts.

Specifically, a Seller/Servicer must report to Freddie Mac when the Seller/Servicer has a reasonable belief that one of the following is occurring or has occurred during origination or Servicing of a Mortgage, including, but not limited to, any loss mitigation activity:

- Misrepresentation, misstatement or omission related to the Borrower, including, but not limited to, identification, employment, income, assets, sources of funds, indebtedness and property occupancy
- Misrepresentation, misstatement or omission related to the Mortgaged Premises, including, but not limited to, property valuation, property value and property use
- Misrepresentation, misstatement or omission of any other information related to a Mortgage or related real estate transaction, including, but not limited to, undisclosed seller or other third-party incentives, loan performance, mortgage purpose, kickbacks, an undisclosed relationship between parties to the transaction when Freddie Mac requires that the transaction is an "arm's length" transaction
- Multiple deliveries of the same Mortgage
- Theft of custodial funds or non-remitted payoff funds

- A person or entity on the Freddie Mac Exclusionary List is involved or was involved in the origination, sale or Servicing of the Mortgage or in the related real estate transactions in violation of Section 2.24
- Termination or denial of mortgage insurance based on fraud

(b) Reporting within 30 days

The Seller/Servicer must report the information identified in Section 7.3(a) to Freddie Mac in writing within 30 days.

The Seller/Servicer must report the information either by submitting Freddie Mac's Mortgage Fraud Reporting Form - Origination or Freddie Mac's Mortgage Fraud Reporting Form - Servicing, as appropriate, located at **http://www.freddiemac.com/singlefamily/preventfraud/,** or by submitting the information required in the form via fax, e-mail or regular mail. **(See Directory 1.)**

(c) Immediate notification and reporting

Notwithstanding the requirements of Section 7.3(b), the Seller/Servicer must notify Freddie Mac of the following circumstances immediately:

- Theft of custodial funds, lack of collateral, non-remittance of pay-off funds or multiple deliveries of the same Mortgage
- A substantial likelihood that the fraud or possible fraud will receive significant public exposure or publicity
- A Seller/Servicer is notified of the entry of a civil judgment or criminal conviction indicating lack of integrity and relating to a participant in a Mortgage or related real estate transaction, or relating to a board member, officer, employee or contractor of the Seller/Servicer
- The Seller/Servicer is notified by law enforcement or another governmental authority that such authority is conducting an investigation or prosecution of fraud relating to Mortgages owned by, or serviced for, Freddie Mac
- A scheme or pattern of (i) more than 25 Mortgages sold to, or serviced for, Freddie Mac, or (ii) Mortgages sold to, or serviced for, Freddie Mac with an aggregate unpaid principal balance of at least $2.5 Million

To notify Freddie Mac immediately, the Seller/Servicer must call the Freddie Mac fraud hotline at 800-4FRAUD8 (800-437-2838).

The Seller/Servicer must also follow the immediate notification with a written report as required by Section 7.3(b) above.

7.4 Cooperation requirements (01/01/11)

The Seller/Servicer must cooperate with Freddie Mac to prevent and investigate fraud. Cooperation includes making available to Freddie Mac individuals with knowledge of

relevant facts. Cooperation also includes providing, and assisting Freddie Mac in obtaining all information, documentation and records requested by Freddie Mac relating to a Mortgage and related real estate transactions, including, but not limited to, closing or settlement agent files, Mortgage files, Borrower payment records and reverifications of employment, income, occupancy and assets.

7.5 Additional requirements (01/01/11)

Seller/Servicers are reminded of their continuing obligation to comply with all applicable federal, State and local laws, including those relating to fraud (see Section 6.2). Also, Seller/Servicers must document their procedures for fraud prevention, detection and reporting, including the requirements of this chapter, and must make these procedures available to Freddie Mac upon request.

7.6 Additional resources (01/01/11)

Discover Gold Through Quality, *Fraud Prevention Best Practices,* is an online manual that includes best business practices for fraud prevention and detection and contains additional information designed to assist Seller/Servicers in their fraud prevention and detection efforts. Seller/Servicers can access *Discover Gold Through Quality*, *Fraud Prevention Best Practices* on Freddie Mac's web site at **http://www.freddiemac.com/dgtq**.

Seller/Servicers may also consult the following for additional information:

- Freddie Mac fraud hotline: 800-4FRAUD8 (800-437-2838)
- Freddie Mac Mortgage Fraud Prevention web site: **http://www.freddiemac.com/singlefamily/preventfraud/**
- Mortgage Fraud Prevention Toolkit: **http://www.freddiemac.com/sell/single/preventfraud/toolkit.html**
- Best Practices for Transactions Involving Property Flips, Bulletin 2009-24, Attachment A

7.7 Related provisions (01/01/11)

In addition to the requirements in this chapter, other Seller/Servicer responsibilities relating to fraud prevention, detection and reporting are described in the following locations:

Topic	Location
Freddie Mac Exclusionary List	Section 2.24
Warranties and representations by the Seller	Section 6.11
Freddie Mac remedies	Section 6.12

Wholesale Home Mortgages (quality control and fraud prevention)	Section 22.15
Seller's quality control program	Section 48.1
Reverifications made by Seller	Section 48.5
Short payoff transactions	Sections B65.40 and B65.41.1
Home Affordable Modification Program	Chapter C65
Home Affordable Foreclosure Alternatives	Chapter D65
Litigation matters	Section 67.17
Repurchases required by Freddie Mac	Section 72.1
Termination of Servicing	Chapter 73
Servicing-Released Sales Process	Exhibit 28A

Chapter 8: General Purchase Program Requirements and Characteristics

8.1: Overview (07/16/10)

This chapter is organized by the following topics:

Topic	Section
Delivery requirements	8.1.1
Due-on-sale provisions	8.1.2
Servicing	8.2
Servicing and audits (deleted)	8.2.1
Servicing Spread requirements	8.2.2
Purchase program requirements for Minimum Contract Servicing Spread (deleted)	8.2.3
Transfer costs	8.3
All offers binding (deleted)	8.4
Indication pricing and pool offerings	8.5
Modification of programs	8.6
Pairoff	8.7
Maximum Annual Mortgage Purchase Amount	8.8
Late payment policy	8.8.1
Automated Clearing House payment option (deleted)	8.8.2
Transfer of Servicing	8.9
Refinance practices	8.10
Sale of Mortgages free of claims and liens	8.11
Characterization and nature of Mortgage purchase transactions	8.12

8.1.1: Delivery requirements (04/25/06)

(a) Cash program

Delivery is mandatory under the following:

- Fixed-rate Cash through the Selling System
- WAC ARM Cash through the Selling System
- RNY Cash through MIDANET®
- Gold Cash® through MIDANET
- ARM Cash through MIDANET

Delivery under a Best Efforts Contract through the Selling System is not mandatory; however, special requirements apply. See Section 9.6 for additional information.

For additional information on the Cash program, refer to the following chapters in the Guide:

Topic	Location
Fixed-rate Cash Through the Selling System	Chapter 9
RNY Cash Through MIDANET	Chapter A9
Gold Cash Through MIDANET	Chapter B9
WAC ARM Cash Through the Selling System	Chapter 10
ARM Cash Through MIDANET	Chapter A10

(b) Guarantor and MultiLender Swap programs

Delivery under the Freddie Mac Guarantor and MultiLender Swap programs, through the Selling System and MIDANET, is not mandatory, but delivery under a Master Commitment Contract may be mandatory. See Section 12.6 for further information regarding delivery requirements for mandatory Master Commitment Contracts.

For additional information on the Guarantor and MultiLender Swap programs, refer to the following chapters in the Guide:

Topic	Location
Fixed-rate Guarantor Through the Selling System	Chapter 11, 13 and B15
WAC ARM Guarantor Through the Selling System	Chapter 11, A13 and C15
MultiLender Swap Through the Selling System	Chapter 11, 13 and D15
Guarantor and MultiLender Swap Through MIDANET	Chapter 11, 13 and A13

(c) Penalty for nondelivery

In addition to any other remedies it may have under law or in equity, Freddie Mac reserves the right, in its sole discretion, to take any appropriate action to protect its interest and enforce its rights in the event of nondelivery under the Cash program or under a mandatory Master Commitment Contract, including, but not limited to, disqualification or suspension of the Seller from eligibility to sell Mortgages to Freddie Mac under Chapter 5.

The Seller can fulfill mandatory obligations to deliver Mortgages under a Cash Purchase Contract, or a cash conversion under a Master Commitment Contract or a mandatory Master Commitment Contract by initiating a pairoff (see Section 8.7).

8.1.2: Due-on-sale provisions (08/21/06)

(a) Description of due-on-sale clauses

The Uniform Instruments include provisions governing whether the loan will be accelerated if the Borrower sells or transfers the Mortgaged Premises or any interest in the Mortgaged Premises, or whether instead the loan may be assumed by a third party who acquires the Mortgaged Premises or any interest in the Mortgaged Premises by sale or transfer. These provisions are sometimes referred to as "due-on-sale" clauses. Uniform Instruments for different Mortgage products may have different due-on-sale clauses. The type of due-on-sale clause set forth in the Uniform Instruments used to originate a particular Mortgage determines whether or not the Mortgage is assumable by the party to whom the Mortgaged Premises is transferred.

(b) Types of due-on-sale clauses

1. Nonassumable during the life of the loan

Some due-on-sale clauses provide that the lender will require immediate payment in full of all sums secured by the Security Instrument (generally referred to as accelerating the loan) if the Borrower sells or transfers the Mortgaged Premises. The effect of this type of due-on-sale clause is that the Mortgage is nonassumable for the life of the loan. The Uniform Instruments used with fixed-rate Mortgages and Balloon/Reset Mortgages include this type of due-on-sale clause.

2. Assumable during the life of the loan

Some due-on-sale clauses state that the lender will not accelerate the loan if the lender evaluates the proposed sale or transfer as if a new loan were being made to the intended transferee, and if the lender determines the lender's security would not be impaired by the loan assumption. The effect of this type of due-on-sale clause is that the Mortgage is assumable for the life of the loan. Freddie Mac makes available ARM Uniform Instruments for all ARM indices that include this type of due-on-sale clause.

3. Assumable until a specified event, then nonassumable

Some due-on-sale clauses provide that the loan is assumable until the occurrence of a specified event, but after that specified event has occurred, the loan is nonassumable. With respect to Convertible ARMs, the specified event is the Borrower's exercise of the option to convert the adjustable interest rate to a fixed interest rate. Freddie Mac makes available Convertible ARM Uniform Instruments for 1-Year Weekly Constant Maturity Treasury (CMT)-Indexed and 1-Year London Interbank Offered Rate (LIBOR)-Indexed Convertible ARMs that include this type of due-on-sale clause. These Mortgages are assumable until the date on which the Borrower exercises the option to convert the adjustable interest rate to a fixed interest rate, and they become nonassumable thereafter.

4. Nonassumable during a specified period of time and assumable thereafter

Some due-on-sale clauses provide that during an initial specified period of time the loan is nonassumable, but after that specified period of time, the loan is assumable provided certain conditions are met. With respect to an ARM, the specified period of time is the end of the Initial Period. Freddie Mac makes available ARM Uniform Instruments for 1-Year Weekly CMT-Indexed and 6-Month and 1-Year LIBOR-Indexed ARMs that include this type of due-on-sale clause, and the Mortgages become assumable after the end of the Initial Period when the Note Rate begins to adjust.

5. Nonassumable during a specified period of time and thereafter assumable until a specified event, and then nonassumable

Some due-on-sale clauses provide (i) an initial specified period during which the Mortgage is nonassumable, (ii) after the initial specified period of time, the loan is assumable provided certain conditions are met and (iii) upon the occurrence of a specified event, the loan is nonassumable.

With respect to a Convertible ARM, the specified period of time is the end of the Initial Period and the specified event is the date that the adjustable interest rate is converted to a fixed interest rate. Freddie Mac makes available Convertible ARM Uniform Instruments for 1-Year Weekly CMT-Indexed and 1-Year LIBOR-Indexed Convertible ARMs that include this type of due-on-sale clause. The Mortgages are nonassumable until the end of the Initial Period; they become assumable after the end of the Initial Period when the Note Rate begins to adjust on an annual basis, and they become nonassumable upon the Borrower's exercise of the option to convert the adjustable interest rate to a fixed interest rate.

(c) Summary of due-on-sale characteristics

All fixed-rate Mortgages and all Balloon/Reset Mortgages must be originated on Uniform Instruments that provide for the Mortgage to be nonassumable.

All 3- and 5-Year CMT-Indexed ARMs should be originated on Uniform Instruments that provide for the Mortgage to be assumable during the life of the Mortgage and all 6-Month LIBOR-Indexed Convertible ARMs and all Convertible ARMs with a first through fifth Change Date Conversion Window should be originated on Uniform Instruments that provide for the Mortgage to be assumable during the life of the loan, until the fixed-rate conversion is exercised.

All 1-Year Weekly CMT-Indexed and all 6-Month and 1-Year LIBOR-Indexed ARMs may be originated on U niform Instruments that provide either for the Mortgage to be assumable during the life of the Mortgage or for the Mortgage to be nonassumable during the Initial Period and assumable thereafter. In either case, for Convertible ARMs, regardless of the assumability during the Initial Period, the Mortgage is nonassumable after the fixed-rate conversion option is exercised.

For eligible Mortgage products that are not originated on Uniform Instruments, such as FHA/VA Mortgages, the due-on-sale characteristics may be different from those specified above.

(d) Exceptions for applicable laws and certain circumstances

Regardless of the type of due-on-sale clause stated in the Uniform Instrument used to originate a Mortgage, Freddie Mac will permit a Mortgage, which under its terms is nonassumable, to be assumed if required by federal or State law or under the circumstances as described in Sections 60.5 and 60.6.

8.2: Servicing (04/25/06)

Mortgages purchased by Freddie Mac must be serviced by a Servicer in accordance with applicable law and the applicable Purchase Documents. See Volume 2 of this Guide for Freddie Mac's Servicing requirements. For performing Servicing duties, Freddie Mac will compensate the Servicer in accordance with Chapter 54.

Freddie Mac reserves the right to refuse to purchase any Mortgage that, in its sole discretion, Freddie Mac determines cannot be adequately serviced by the Seller (if also a Servicer), its assignee or its duly authorized Servicing Agent.

8.2.1: Servicing and audits (04/25/06)

This section has been deleted from Volume 1.

8.2.2: Servicing Spread requirements (04/25/06)

The Servicing Spread is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that Mortgage. The Servicing Spread applicable to any individual Mortgage delivered pursuant to a specific Purchase Contract may be greater than or equal to, but not less than, the Minimum Contract Servicing Spread selected by the Seller for that specific Purchase Contract.

The Minimum Servicing Spread established by Freddie Mac for all Mortgage products sold under the Guide is 0.250% (25 basis points).

(a) Minimum Contract Servicing Spread requirements

The Minimum Contract Servicing Spread is selected by the Seller at time of commitment or Master Commitment Conversion and is applicable to all the Mortgages delivered pursuant to a specific Purchase Contract. The Minimum Contract Servicing Spread must be equal to or greater than the Minimum Servicing Spread.

For Mortgages with annual- or monthly premium lender-paid mortgage insurance, the Seller must select a Minimum Contract Servicing Spread that is sufficient to ensure that the Servicer receives the Minimum Servicing Spread plus the amount necessary to pay the mortgage insurance premium when due. Refer to Section 27.1.1(b) for special eligibility requirements for Mortgages with lender-paid mortgage insurance.

Below is a summary of all of the requirements for the Minimum Contract Servicing Spread by purchase program.

(b) Minimum Contract Servicing Spread for eligible Mortgages sold under the Cash program

For fixed-rate Cash through the Selling System, the Minimum Contract Servicing Spread:

- Must be at least 0.250% (25 basis points) and may not exceed 0.500% (50 basis points) and
- Must equal 0.250% (25 basis points) for Mortgages sold servicing released

For WAC ARM Cash through the Selling System, the Seller must select:

- A weighted average Servicing Spread for the contract that is no less than 0.250% (25 basis points) and no greater than 0.375% (37.5 basis points) and
- A separate Servicing Spread for each adjustable-rate Mortgage (ARM) allocated to the WAC ARM Cash Contract that is either 0.250% (25 basis points) or 0.375% (37.5 basis points)

See Section 10.10(b) for additional information regarding the Servicing Spreads for WAC ARM Cash Contracts.

For RNY Cash through MIDANET®, the Minimum Contract Servicing Spread must be at least 0.250% (25 basis points) and may not exceed 2.00% (200 basis points).

For Gold Cash through MIDANET, the Minimum Contract Servicing Spread must be at least 0.250% (25 basis points) and may not exceed 0.500% (50 basis points).

For ARM Cash through MIDANET, the Minimum Contract Servicing Spread must be either 0.250% (25 basis points) or 0.375% (37.5 basis points).

(c) Minimum Contract Servicing Spread requirements for the Guarantor and MultiLender Swap programs

The Minimum Contract Servicing Spread selected by the Seller for eligible Mortgages sold under the Guarantor and MultiLender Swap programs is subject to the requirements set forth below:

- For fixed-rate Guarantor, the Minimum Contract Servicing Spread must be at least 0.250% (25 basis points) and may not exceed 2.00% (200 basis points)
- For WAC ARM Guarantor, the Minimum Contract Servicing Spread must be at least 0.250% (25 basis points) and may not exceed 2.00% (200 basis points)
- For MultiLender Swap, the Minimum Contract Servicing Spread must be at least 0.250% (25 basis points) and may not exceed 1.25% (125 basis points)

(d) Variable Servicing for WAC ARM Guarantor

In addition, under the WAC ARM Guarantor program, the Seller selects a value for three discrete Minimum Contract Servicing Spreads:

- Minimum coupon servicing spread
- Minimum margin servicing spread
- Minimum lifetime ceiling servicing spread

Subject to the requirements below, Sellers may select the same value or a different value for any of the three discrete Minimum Contract Servicing Spreads. When a Seller selects a d ifferent value for any of the three discrete Minimum Contract Servicing Spreads, the affected ARMs are referred to as having variable servicing spreads.

- **Minimum coupon servicing spread**

  The minimum coupon servicing spread is the Minimum Contract Servicing Spread applicable to an ARM from the date that Freddie Mac purchases the ARM and during the period of time that the adjusted Note Rate is limited by the Initial Cap or Periodic Cap, as applicable.

The minimum coupon servicing spread may not vary by more than 0.250% (25 basis points) from the minimum margin servicing spread and the minimum lifetime ceiling servicing spread.

- **Minimum margin servicing spread**

  The minimum margin servicing spread is the Minimum Contract Servicing Spread applicable to an ARM from the first time that the adjusted Note Rate is equal to the sum of the Index value plus the Margin.

  The minimum margin servicing spread may not vary by more than 0.250% (25 basis points) from the minimum coupon servicing spread and the minimum lifetime ceiling servicing spread.

- **Minimum lifetime ceiling servicing spread**

  The minimum lifetime ceiling servicing spread is the Minimum Contract Servicing Spread applicable to an ARM, from the first time that the adjusted Note Rate is limited by the Lifetime Ceiling through the remaining term of the ARM.

  The minimum lifetime ceiling servicing spread may not vary by more than 0.250% (25 basis points) from the minimum coupon servicing spread and the minimum margin servicing spread.

8.2.3: Purchase program requirements for Minimum Contract Servicing Spread (04/25/06)

This section has been deleted.

8.3: Transfer costs (03/20/00)

The Seller agrees to pay documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with Mortgages purchased by Freddie Mac.

8.4: All offers binding (04/25/06)

This section has been deleted.

8.5: Indication pricing and pool offerings (04/25/06)

Freddie Mac's indication prices under the Cash program and pool offerings for the MultiLender Swap program are available as follows:

(a) Fixed-rate Cash and WAC ARM Cash through the Selling System

Cash pricing is available in the Selling System each Business Day at **https://sell.freddiemac.com**.

(b) Gold Cash®, RNY Cash and ARM Cash through MIDANET®

Cash pricing is available on:

- Freddie Mac's web site at: **http://www.freddiemac.com/sell/secmktg/pricing.html**
- MIDANET for the PC
- Market information vendors, such as Bloomberg, Telerate and Knight-Ridder

(c) Pool offerings under the MultiLender Swap program

Freddie Mac's pool offerings under the MultiLender Swap program for fixed-rate (including Balloon/Reset) Mortgages are available in the Selling System and on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/swap.html**.

(d) Other pricing information

Other pricing information applicable to the Cash, Guarantor and MultiLender Swap programs is found on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/pricing_center.html**.

Note:
For Cash transactions, Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

8.6: Modification of programs (03/20/00)

Freddie Mac reserves the right to supplement, modify or terminate any purchase program at any time without prior notice.

8.7: Pairoff (04/25/06)

A pairoff constitutes fulfillment of a mandatory obligation to deliver Mortgages to Freddie Mac under the Cash program or a mandatory Master Commitment Contract.

A Seller may pair off a Cash Purchase Contract or a cash conversion under a Master Commitment Contract, or a mandatory Master Commitment Contract, by repurchasing all or any portion of the respective contract in lieu of selling the Mortgages to Freddie Mac. Failure to deliver Mortgages pursuant to the terms of the respective contract or to otherwise fulfill a mandatory obligation to deliver Mortgages to Freddie Mac according to the requirements of this section subjects the Seller to the remedies for nondelivery provided in this Guide.

Best Efforts Contracts are not mandatory, and pairoff requirements do not apply. See Section 9.6 for additional requirements applicable to Best Efforts Contracts.

(a) Cash program

The pairoff amount for Cash Purchase Contracts is equal to the original commitment amount, less the applicable purchase tolerance and less the amount of Mortgages previously purchased by Freddie Mac under the applicable Purchase Contract. The purchase tolerance is equal to the greater of 2.5% of the Purchase Contract amount or $10,000.

1. Cash Purchase Contracts through the Selling System

In the Selling System, Sellers may do any one of the following:

- Request a pairoff via the Selling System prior to the Purchase Contract Expiration Date
- Wait until the contract expires and the Selling System automatically calculates the pairoff fee
- Use the pairoff and recommit functionality as described in Section 9.5(d)

The pairoff process is "two-way" and may result in either a fee due Freddie Mac from the Seller or a fee due the Seller from Freddie Mac, depending on market conditions. A pairoff fee calculated and provided by the Selling System is non-negotiable.

Pairoff fees will be included in the Seller's monthly invoice and must be paid as set forth in Section 17.2. Freddie Mac reserves the right to amend the provisions of this section relating to the Selling System pairoff process without prior notice.

2. RNY Cash, Gold Cash®, and ARM Cash through MIDANET®

If a Seller's Cash Purchase Contract (including a Cash Purchase Contract for a cash conversion under a Master Commitment Contract) is due, but the Mortgage(s) to fulfill the Purchase Contract will not be closing as expected, the following options are available:

- If the Seller expects the Mortgage(s) to be closing soon, the Seller may call the Freddie Mac Cash Desk at (800) 366-2353 to request an extension to the Purchase Contract any time before and including the delivery due date specified in the Purchase Contract
- If the Seller knows that the Mortgage(s) will not be closing, the Seller may transmit a replacement Mortgage(s) as long as the new Mortgage(s) meets the terms of the Purchase Contract. If the Mortgage(s) the Seller plans to transmit as a replacement exceeds the dollar amount of the Purchase Contract, the Seller must call the Freddie Mac Cash Desk at (800) 366-2353 to request an over-purchase waiver before transmitting.
- If the Seller knows that the Mortgage(s) will not be closing, and the Seller has no replacement(s), then the Seller must call the Freddie Mac Cash Desk at (800) 366-2353 to obtain a pairoff for the Purchase Contract as detailed below

Fees may or may not be charged at Freddie Mac's discretion on all three options, depending on current market conditions.

Pairoff fees will be included in the Seller's monthly invoice and must be paid as set forth in Section 17.2.

The procedures to pair off a mandatory Cash Purchase Contract through MIDANET are as follows:

- The Seller makes a pairoff request for a Cash Purchase Contract by telephoning the Cash Desk at (800) 366-2353. The Seller must provide the Cash Purchase Contract number.
- Freddie Mac will determine the amount of the pairoff fee and will quote it to the Seller
- The Seller must immediately accept the pairoff fee quoted or it is revoked
- Freddie Mac will send the Seller a Mortgage delivery contract pairoff confirmation within 24 hours after the Seller orally accepts the pairoff fee

(b) Master Commitment Contracts Pairoff procedures

A Seller may pair off a mandatory Master Commitment Contract at any time before and including the Required Delivery Date specified in the Master Commitment Contract.

- The Seller makes a pairoff request for a Master Commitment Contract by contacting its Freddie Mac Account Manager
- The pairoff amount for Master Commitment Contracts shall equal the original contract commitment amount, less:
- The applicable purchase tolerance set forth in the Master Commitment Contract, and
- The contract commitment amount of any Cash Purchase Contracts converted under the Master Commitment Contract, and

- The amount of Mortgages previously purchased by Freddie Mac under Guarantor or MultiLender Swap Purchase Contracts converted under the Master Commitment Contract
- Freddie Mac will determine the amount of the pairoff fee and will quote it to the Seller

Pairoff fees will be included in the Seller's invoice and must be paid as set forth in Section 17.2.

8.8: Maximum Annual Mortgage Purchase Amount (04/25/06)

(a) Review of aggregate purchase amount

Pursuant to Section 2.3, Freddie Mac reserves the right to establish a Maximum Annual Mortgage Purchase Amount that Freddie Mac will purchase from a Seller in any calendar year. If Freddie Mac has established a Maximum Annual Mortgage Purchase Amount with respect to a Seller, Freddie Mac will, after a commitment has been made, review the aggregate amount of Mortgages purchased from the Seller to date in the current calendar year. Freddie Mac will notify the Seller if the contract commitment amount stated in the Purchase Contract, when added to the aggregate amount of Mortgage purchases to date from the Seller for that calendar year, would cause the Seller to exceed the Maximum Annual Mortgage Purchase Amount established for the Seller. In such case, Freddie Mac, in its sole and absolute discretion, may purchase Mortgages from the Seller in an amount that exceeds the Seller's Maximum Annual Mortgage Purchase Amount or may rescind, in whole or in part, any Purchase Contract (including any Purchase Contract entered into by any other Freddie Mac authorized method) that will result in the Seller's exceeding its Maximum Annual Mortgage Purchase Amount. The Seller agrees that any such rescission shall be made without the payment by Freddie Mac of any Seller claims.

(b) Fee for Purchase Contracts that exceed the Maximum Annual Mortgage Purchase Amount

If Freddie Mac has established a Maximum Annual Mortgage Purchase Amount with respect to a Seller, Freddie Mac may charge a reasonable fee based on the entire amount of any Purchase Contract that is rescinded pursuant to Section 8.8(a). Freddie Mac will determine the amount of the fee at the time the fee is assessed. The Seller must remit to Freddie Mac the full amount of the fee in the same manner as the payment of postsettlement delivery fees set forth in Section 17.2.

8.8.1: Late payment policy (04/25/06)

Fees and remittances not paid or made when due will be subject to a late payment fee consisting of an interest reimbursement charge. The charge will be calculated on the amount due but unpaid as of the last day of the month in which the payment is due. The rate of interest will equal the highest quoted prime rate on the last Business Day of the month in which the invoice is dated plus 3.000% (300 basis points). The prime rate is published in the "Money Rates" section or other comparable sections of *The Wall Street Journal*. If the prime rate is not published, Freddie Mac will determine the interest rate.

The late payment fee calculation is as follows: (amount paid late or past due) multiplied by (prime rate + 3.000% [300 basis points]) divided by 365, multiplied by the number of days in the calendar month in which the invoice is due but unpaid.

Freddie Mac reserves the right to assess a late payment fee against any Seller for failure to make timely payments or remit any fee or remittance required to be made under any of the Purchase Documents, whether or not such fee or remittance is invoiced by Freddie Mac, and regardless of the manner and method of any billing notification.

The interest reimbursement referred to above is in addition to any remedies Freddie Mac may have under the law or the Purchase Documents for breach of the Seller's obligation to make timely payments. In addition to such remedies, Freddie Mac reserves the right, in its sole discretion, to:

- Require payment before the Funding Date rather than as permitted under other provisions of the Purchase Documents
- Postpone any proposed Settlement Date for any PC Pools when the Seller has fees that remain due and unpaid five Business Days before the proposed Settlement Date

Freddie Mac reserves the right, at any time and in its sole discretion, to change the late payment fee structure, including, but not limited to, changing the rate of interest assessed, changing the method of calculating the interest reimbursement or imposing a minimum interest reimbursement or a penalty amount, or both.

Freddie Mac, from time to time and upon giving 30 days' written notice, may modify the terms and procedures for crediting and payment of proceeds by Freddie Mac, or payment of fees and remittances by the Seller.

Freddie Mac also reserves the right, in its sole discretion, to require payment of fees and remittances before the Settlement Date rather than as permitted under other provisions of the Purchase Documents for reasons other than the breach of Seller's obligation to make timely payment. In such case, proceeds and credits, and fees and remittances will be paid in accordance with the procedures specified by Freddie Mac at the time such determination is made.

8.8.2: Automated Clearing House payment option (04/25/06)

This section has been moved to Section 17.2.

8.9: Transfer of Servicing (04/05/02)

See Chapter 56 for specific requirements for Transfers of Servicing, including Concurrent Transfers and Subsequent Transfers.

8.10: Refinance practices (01/02/09)

(a) Allowable refinance practices

A Seller/Servicer may present refinance or payoff information to any Borrower who requests such information. A Seller/Servicer may also conduct broad-based refinance advertising, telephone or other campaigns directed at broad categories of Borrowers such as:

- All Borrowers who have Mortgages in the Servicing portfolio (including those Mortgages owned by the Servicer as well as those it services for others)
- All Borrowers who have Mortgage coupons above a certain level
- All Borrowers who have certain Mortgage products, such as conventional fixed-rate Mortgages or adjustable-rate Mortgages (ARMs)
- All Borrowers whose Mortgages are secured by Mortgaged Premises located in certain geographical areas

(b) Unacceptable refinance practices

In advertising or implementing refinance terms, a Seller/Servicer may not intentionally target Freddie Mac-owned Mortgages. A Seller/Servicer also may not segregate Mortgages in its own portfolio from those sold to Freddie Mac for different treatment in terms of refinance advertising, offers or practices.

A Seller may not deliver any Mortgage to Freddie Mac obtained from a Mortgage Broker or Correspondent if the Seller has knowledge or reason to believe that the Mortgage Broker or Correspondent, as the case may be, has received an application to refinance or has agreed to refinance the Mortgage (even if the agreement is not in writing). It is likewise unacceptable to sell or deliver a Mortgage to Freddie Mac if the Seller has knowledge or reason to believe that the Borrower has entered into, or has agreed to enter into, a r efinancing arrangement (even if the agreement is not in writing).

Freddie Mac expects the Seller/Servicer to monitor the prepayment levels of its Mortgages, particularly refinance Mortgages. If the Seller/Servicer becomes aware of circumstances likely to result in unusually high prepayment rates on Mortgages purchased from it by Freddie Mac, it must notify its Freddie Mac Account Manager immediately. If requested to do so by Freddie Mac, the Seller/Servicer is obligated to cooperate fully and promptly with Freddie Mac personnel and to provide adequate information in trying to determine the reason and a solution for any such high prepayment rates. Freddie Mac reserves the right to initiate on its own an investigation of high prepayment rates of a particular Seller/Servicer.

A Seller/Servicer must incorporate adequate controls in its origination and refinancing procedures to prevent unacceptable refinance practices by the Seller/Servicer or any of its Mortgage Brokers and Correspondents.

A Seller may not sell or deliver a Mortgage to Freddie Mac without full and accurate disclosure of all material information about the Mortgage (see Sections 11.20, 22.2, 22.20 and 53.3). Any information related to refinancing or proclivity for refinancing is considered material information to Freddie Mac. A Seller/Servicer that has any questions about compliance with Freddie Mac requirements should contact its Freddie Mac Account Manager (or other designated Freddie Mac personnel) to ensure compliance with Freddie Mac's requirements and to facilitate full and accurate disclosure of all pertinent information.

A Seller/Servicer that (i) engages in unacceptable refinance practices, (ii) knowingly sells or delivers Mortgages to Freddie Mac from Mortgage Brokers or Correspondents it knew, or should have known, were engaging in unacceptable refinance practices, or (iii) fails to maintain proper controls for such Mortgages being sold or delivered to Freddie Mac, will be subject to any or all of the remedies available to Freddie Mac at law or in equity and pursuant to this Guide and relevant Purchase Documents. Those remedies include, but are not limited to, disqualification, suspension and/or requiring the Seller/Servicer to make Freddie Mac whole for losses, including losses associated with repurchases at par for Mortgages purchased at premium prices and/or losses associated with claims made by security investors. With respect to claims by such investors, the disposition of such claims is solely within the discretion of Freddie Mac.

When a Seller originates a cash-out refinance Mortgage or a purchase transaction Mortgage with the intention of refinancing that Mortgage as a "no cash-out" refinance Mortgage prior to sale to Freddie Mac, the "no cash-out" refinance Mortgage is ineligible for sale to Freddie Mac.

8.11: Sale of Mortgages free of claims and liens (03/26/04)

As of the Delivery Date, the Seller must be the sole owner of the Mortgage.

As of the Funding Date or the Settlement Date, whichever is applicable, all Mortgages purchased by Freddie Mac must be free and clear of all claims, security interests or other encumbrances. The Seller agrees to take or cause to be taken such further actions, including without limitation, the preparation, execution and filing of additional documents and instruments, as may be reasonably necessary to assure and confirm to Freddie Mac that the Mortgages purchased by Freddie Mac are free and clear of any and all security interests as of the Funding Date or the Settlement Date.

8.12: Characterization and nature of Mortgage purchase transactions (03/26/04)

The Seller and Freddie Mac agree that each and every Mortgage purchase and sale transaction entered into under the Purchase Documents (including, without limitation, any purchase and sale under the Cash, Guarantor or MultiLender Swap programs) — whether sold with or without recourse — is expressly intended by the Seller and Freddie Mac:

- To be construed as the Seller's sale, transfer, conveyance and delivery of all such Mortgages to Freddie Mac, and
- To be construed as Freddie Mac's purchase and receipt of such Mortgages (and/or participation interests therein), and
- Not to be construed as the Seller's pledge to secure a debt or any other obligation

The Seller and Freddie Mac intend for the sale, transfer, conveyance and delivery of all Mortgages (and/or any participation interests therein) to Freddie Mac by the Seller to be true, absolute and unconditional sales.

Chapter 9: Fixed-Rate Cash Through the Selling System

9.1: Overview of Freddie Mac's Cash Program through MIDANET® and the Freddie Mac Selling System (Selling System) (04/25/06)

Information on the Cash program for the sale of Mortgages to Freddie Mac is available as follows:

- Fixed-rate (including Balloon/Reset) Mortgages may be sold under:
  - Fixed-Rate Cash Through the Selling System — Chapter 9
  - RNY Cash Through MIDANET — Chapter A9
  - Gold Cash Through MIDANET — Chapter B9

- Adjustable-rate Mortgages (ARMs) may be sold under:
  - WAC ARM Cash Through the Selling System — Chapter 10
  - ARM Cash Through MIDANET — Chapter A10

This chapter sets forth the terms for selling fixed-rate (including Balloon/Reset) Mortgages to Freddie Mac under fixed-rate Cash through the Selling System.

Topic	Section
Overview	9.1
Eligible Sellers	9.2
Defined terms	9.3
Eligible Mortgages	9.4
Mandatory Cash Contracts under fixed-rate Cash	9.5
Best Efforts Contracts under fixed-rate Cash	9.6
Purchase and settlement of Mandatory Cash and Best Efforts Contracts	9.7
Servicing options for Mandatory Cash and Best Efforts Contracts	9.8
Requirements for the Servicing Released Sales Process	9.9

9.2: Eligible Sellers (04/25/06)

In order to be eligible to sell Mortgages to Freddie Mac under fixed-rate Cash through the Selling System, a Seller must:

- Receive a secure means of access to the Selling System from Freddie Mac, and
- Have entered into Purchase Contracts with Freddie Mac

9.3: Defined terms (06/22/07)

Sellers should be familiar with Freddie Mac's definitions of the following terms as they relate to the sale of Mortgages under fixed-rate Cash through the Selling System:

- **Delivery Date** — See the Guide Glossary.
- **Best Efforts Contract** — An agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage under which the Seller must use its best efforts to close and fund that Mortgage. The Seller's obligation to deliver the Mortgage becomes mandatory only when and if the specified Mortgage is closed and funded.
- **Purchase Contract Effective Period** — The period of time for which a price for eligible Mortgages provided to the Seller by the Selling System is effective.
- **Purchase Contract Expiration Date** — The date on which a Purchase Contract expires.
- **Servicing Released Sales Process** — A contract option under which a Seller sells Mortgages under a Mandatory Cash Contract or a Best Efforts Contract and concurrently transfers Servicing to a Freddie Mac-approved Servicer selected by Freddie Mac. Mortgages sold with this contract option may be referred to as "Mortgages sold servicing released."
- **Seasoned Mortgage** — See the Guide Glossary for the definitions of Seasoned Mortgage and Seasoned Mortgage for a Newly Constructed Home, as these terms apply to the Selling System.

9.3: Defined terms (01/01/11)

Sellers should be familiar with Freddie Mac's definitions of the following terms as they relate to the sale of Mortgages under fixed-rate Cash through the Selling System:

- **Delivery Date** — See the Guide Glossary.
- **Best Efforts Contract** — An agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage under which the Seller must use its best efforts to close and fund that Mortgage. The Seller's obligation to deliver the Mortgage becomes mandatory only when and if the specified Mortgage is closed and funded.
- **Purchase Contract Effective Period** — The period of time for which a price for eligible Mortgages provided to the Seller by the Selling System is effective.

- **Purchase Contract Expiration Date** — The date on which a Purchase Contract expires.
- **Servicing Released Sales Process** — A contract option under which a Seller sells Mortgages under a Mandatory Cash Contract or a Best Efforts Contract and concurrently transfers Servicing to a Freddie Mac-approved Servicer selected by Freddie Mac. Mortgages sold with this contract option may be referred to as "Mortgages sold servicing released."
- **Seasoned Mortgage** — See the Guide Glossary for the definition of Seasoned Mortgage as this term applies to the Selling System.

9.4: Eligible Mortgages (01/02/09)

(a) Eligible Mortgages under fixed-rate Cash through the Selling System

Freddie Mac will purchase the following eligible fixed-rate (including Balloon/Reset) whole Mortgages under fixed-rate Cash through the Selling System:

- Fixed-rate Mortgages except:
  - Prepayment Penalty Mortgages
  - Mortgages with shared equity plans
- 5- and 7-year Balloon/Reset Mortgages

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for fixed-rate (including Balloon/Reset) Mortgages sold under fixed-rate Cash through the Selling System.

Mortgages eligible for sale servicing released under a Mandatory Cash Contract or a Best Efforts Contract can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**

(b) Eligible original maturities

Although Section 22.5 provides otherwise, the following requirements apply to fixed-rate Mortgages sold under fixed-rate Cash through the Selling System:

- Mortgages sold under contracts for 15-year Mortgages must have an original maturity greater than or equal to 10 years but not greater than 15 years from the Origination Date
- Mortgages sold under contracts for 20-year Mortgages must have an original maturity greater than 15 years but not greater than 20 years from the Origination Date
- Mortgages sold under contracts for 30-year Mortgages must have an original maturity greater than 20 years but not greater than 30 years from the Origination Date
- Mortgages sold under contracts for 40-year Mortgages must have an original maturity greater than 30 years but not greater than 40 years from the Origination Date. Effective **March 1, 2009**, the only 40-year fixed-rate Mortgage eligible for sale to Freddie Mac are Home Possible® Mortgages secured by 1-unit Primary Residences.

9.5: Mandatory Cash Contracts under fixed-rate Cash (01/02/09)

(a) Offer amounts and procedures

Each Business Day, a Seller may take out Mandatory Cash Contracts to sell one or more Mortgages through the Selling System. Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

The minimum amount for an individual Mandatory Cash Contract is $1,000. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for Mandatory Cash Contracts.

Under a Mandatory Contract, the Seller must:

- Sell to Freddie Mac one or more Mortgages that meet all of the contract requirements and have an aggregate unpaid principal balance (UPB) equal to the contract amount, subject to the purchase tolerance applicable to cash contracts under Section 8.7
- Complete all requirements for the sale of the Mortgages by the close of business on the Purchase Contract Expiration Date

The terms of the Purchase Contract are provided in the Selling System and made available in the Selling System's Purchase Contract Confirmation.

A Seller must contact (800) FREDDIE to allocate Mortgages to a Mandatory Cash Contract if the Mortgages have an aggregate UPB greater than the contract amount plus the applicable purchase tolerance.

(b) Contract periods

Sellers may select a Purchase Contract Effective Period of between two and 90 days or such other timeframe as permitted by the Selling System. All of the requirements for all Mortgages under the Contract must be completed by the Purchase Contract Expiration Date.

(c) Pricing for Mandatory Cash Contracts

Pricing is available in the Selling System each Business Day, and is based on prices Freddie Mac expects to receive in the securities market for the related PCs. The price also reflects the Mortgage Note Rate, the Minimum Contract Servicing Spread and the delivery period.

Freddie Mac will update prices on active Mortgage coupons throughout the day to reflect movements in the securities market. Posted prices assume a 0.250% (25 basis point) Minimum Contract Servicing Spread and the use of the Gold remittance cycle. However, if a Seller requests pricing for a specific contract, the prices will be based on the Minimum Contract Servicing Spread and the remittance cycle specified in the Seller's contract.

The contract price a Seller receives through the Selling System may be adjusted as the Seller allocates Mortgages to the contract or provides more detailed Mortgage data.

The Seller indemnifies Freddie Mac for any and all costs and expenses incurred by Freddie Mac as a result of the Seller's sale of a Mortgage that Freddie Mac priced and purchased under a Mandatory Cash Contract based on incomplete and/or inaccurate Mortgage data provided by the Seller for which Freddie Mac would have provided a different price if the Mortgage data provided by the Seller had been complete and accurate.

Once a Seller has accepted and agreed to the contract price provided by Freddie Mac in the Selling System, subject to Section 8.8, there is a binding commitment by Freddie Mac to purchase, and by the Seller to sell, Mortgages under the contract terms (subject to the conformity of each Mortgage to the requirements of the Purchase Documents).

(d) Pairoff

In the event the contract amount will not be fulfilled by delivery of Mortgages, the Seller may request a pairoff via the Selling System or may wait until the contract expires and the Selling System automatically calculates the pairoff fee.

The pairoff process used in the Selling System is "two-way" and may result in either a fee due Freddie Mac from the Seller or a fee due the Seller from Freddie Mac, depending on market conditions.

A Seller may also choose to allocate Mortgages to "pairoff and transfer to a new contract" (or pairoff and recommit). With this functionality, a Seller may:

- Pairoff part or all of a current contract
- Take out a new contract with different terms and/or a different amount
- Transfer non-funded loans to a new contract to extend the Purchase Contract Effective Period or increase the Purchase Contract amount

A pairoff fee calculated and provided by the Selling System is non-negotiable. Freddie Mac reserves the right to amend the provisions of this section or Section 8.7 relating to the Selling System pairoff process without prior notice.

9.6: Best Efforts Contracts under fixed-rate Cash (11/22/10)

(a) Offer amounts and procedures

Each Business Day, a Seller may take out a Best Effort Contract to sell a specific fixed-rate or Balloon/Reset Mortgage. Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

The minimum amount for an individual Best Efforts Contract is $1,000. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for Best Efforts Cash Contracts.

Under a Best Efforts Contract, the Seller must:

- Use its best efforts to close and fund a specified Mortgage
- Sell the Mortgage to Freddie Mac, at a cash price determined by Freddie Mac, if the Mortgage with the same Borrower(s) and property address is closed and funded

The terms of the Purchase Contract are provided in the Selling System.

If the Mortgage specified under a Best Efforts Contract closes and funds after the Best Efforts Contract expires, the Seller remains obligated to sell the Mortgage to Freddie Mac under that same Best Efforts Contract. See Section 9.6(c) for the impact on pricing of selling a Mortgage under a Best Efforts Contract that has expired. If despite a Seller's best efforts, the Mortgage is not closed and funded, the Seller will not be assessed a pairoff fee. However, the Seller indemnifies Freddie Mac for any and all costs and expenses incurred by Freddie Mac as a result of the Seller's failure to sell a Mortgage to Freddie Mac that is closed and funded by the Seller.

Furthermore, the Seller may not:

- Substitute a Mortgage with a different Borrower(s) or a different property address for the Mortgage specified in the Best Efforts Contract
- Take out another Best Efforts Contract or a Mandatory Cash Contract, either sequentially or at the same time, for the same Mortgage
- Take out a Best Efforts Contract with fictitious Borrower data or a fictitious property address
- Sell a Mortgage specified in a Best Efforts Contract to another investor

If a Seller fails to comply with the requirements specified above, Freddie Mac may immediately terminate the Seller's eligibility to sell under a Best Efforts Contract.

(b) Contract periods for Best Efforts Contracts

Sellers may select a Purchase Contract Effective Period of between two and 90 days or such other time frame as permitted by the Selling System. All of the requirements for the specified Mortgage under the contract must be completed by the Purchase Contract Expiration Date.

(c) Pricing for Best Efforts Contracts

Pricing is available in the Selling System each Business Day, and is based on prices Freddie Mac expects to receive in the securities market for the related PCs. The price also reflects the Mortgage Note Rate, the Minimum Contract Servicing Spread, the delivery period and the cost that Freddie Mac incurs for managing interest rate risk on behalf of the Seller.

Freddie Mac will update prices on active Mortgage coupons throughout the day to reflect movements in the securities market. Posted prices assume a 0.250% (25 basis point) Minimum Contract Servicing Spread and the use of the Gold remittance cycle. However, if a Seller requests pricing for a specific contract, the prices will be based on the Minimum Contract Servicing Spread and the remittance cycle specified in the Seller's contract.

Among other considerations, Freddie Mac will consider the Seller's success rate, under prevailing market conditions, in closing Mortgages that are allocated to Best Efforts Contracts. A Mortgage that fails to fund and close as specified in the Best Efforts Contract may adversely affect the Seller's pricing for future Best Efforts Contracts.

For Mortgages allocated to Best Efforts Contracts, if any of the characteristics change, the Seller must modify the Mortgage data. For example, if the Borrower switches from a 30-year fixed-rate Mortgage to a 5-year Balloon/Reset Mortgage, the Mortgage data must be modified without allocating the Mortgage to a new Best Efforts Contract. The contract will be re-priced using the prices in effect as of the date that the Seller originally accepted the Best Efforts Contract price through the Selling System.

In addition, if a Seller sells a Mortgage that has closed and funded after a Best Efforts Contract has expired, Freddie Mac will determine the price for that Mortgage at the time of sale.

The Seller indemnifies Freddie Mac for any and all costs and expenses incurred by Freddie Mac as a result of the Seller's sale of a Mortgage that Freddie Mac priced and purchased under a Best Efforts Contract based on incomplete and/or inaccurate Mortgage data provided by the Seller, for which Freddie Mac would have provided a different price if the Mortgage data provided by the Seller had been complete and accurate.

(d) Best Efforts Contract extensions

In the event that the Mortgage specified in a Best Efforts Contract fails to close before the contract expires, the Seller may extend a Best Efforts Contract at any time prior to funding through the Selling System. A maximum of two extensions is allowed. In exchange for the contract extension, the Seller will be assessed a fee, to be paid in accordance with Section 17.2.

If a Best Efforts Contract has expired or has been withdrawn and is in the "unfulfilled" contract status for less than 30 days, and the Seller extends the contract, the contract will be re-priced at the lower of the:

- Original accepted price minus the Best Efforts Contract extension fee, or
- Current market price

If a Best Efforts Contract has expired or has been withdrawn and is in the "unfulfilled" contract status for more than 30 days, and the Seller extends the contract, the contract will be re-priced at the current market price.

(e) Status notifications required

With respect to Mortgages sold under a Best Efforts Contract, no later than close of business on the Business Day following the day on which the Seller denies the Borrower's Mortgage application or the Borrower exercises his/her right of rescission, the Seller must notify Freddie Mac of the change in the Mortgage application status or the rescission, as applicable, via the Selling System (also known as "Withdraw Loan" status). Such notification must occur within the Purchase Contract Effective Period.

9.7: Purchase and settlement of Mandatory Cash and Best Efforts Contracts (07/01/09)

(a) Settlement Date

By the close of business on the Purchase Contract Expiration Date, the Seller must have completed all the requirements for the sale of the Mortgages to Freddie Mac. Sellers may request a specific Settlement Date for each of the Mortgages sold under a Mandatory Cash or Best Efforts Contract or may elect to have settlement occur as soon as the requirements for sale to Freddie Mac have been met ("ASAP funding").

(b) Funding amount

As each Mortgage funds, Freddie Mac will pay the Seller the amount calculated by multiplying the price specified in the Cash Purchase Contract by the unpaid principal balance (UPB) of the Mortgage.

If a Mortgage is subject to postsettlement delivery fees (delivery fees) or credits, Freddie Mac will net the fee or credit amounts against the amount paid to the Seller. Any subsequent change to delivery fees and delivery fee credits will appear on the Seller's monthly invoice.

(c) Interest paid to the Servicer in connection with Mortgage funding

In connection with the Mortgage funding, Freddie Mac will determine the amount of interest to pay the Servicer on each Mortgage by computing the interest on the UPB of the Mortgage from the first day of the settlement month through the day before the Settlement Date using the Accounting Net Yield (ANY).

Thereafter, the Servicer will retain the Servicing Spread for each Mortgage and will remit the ANY to Freddie Mac.

9.8: Servicing options for Mandatory Cash and Best Efforts Contracts (04/25/06)

(a) Servicing options

Subject to approval and conditions set by Freddie Mac, Sellers may sell fixed-rate (including Balloon/Reset) whole Mortgages under Cash through the Selling System using one of the following Servicing options:

- **Servicing retained** — The Seller sells the Mortgage to Freddie Mac and retains the Servicing of the Mortgage.
- **Concurrent Transfer of Servicing** — The Seller sells the Mortgage to Freddie Mac and concurrently transfers the Servicing to a Servicer chosen by the Seller. The Servicer selected by the Seller must be a Freddie Mac-approved Servicer eligible to service the particular Mortgage, and Freddie Mac must approve the Transfer of Servicing in accordance with Chapter 56.
- **Servicing Released Sales Process** — The Seller sells the Mortgage servicing released in accordance with the requirements of Section 9.9.

(b) Remittance cycles

For Mortgages sold under a Mandatory Cash Contract or Best Efforts Contract with servicing retained or the Concurrent Transfer of Servicing option, the following two remittance cycles are available:

- The Gold remittance cycle
- The first Tuesday remittance cycle

If the Seller has selected the Servicing Released Sales Process, the use of the Gold remittance cycle is required.

The Gold remittance cycle and the first Tuesday remittance cycle are described in Section 78.23. Exhibit 6, Matrix of Remittance Cycle Options, summarizes the remittance cycles available for all Mortgages sold to Freddie Mac.

The price that the Seller receives for the Mortgages under a Mandatory Cash Contract or Best Efforts Contract will reflect the remittance cycle the Seller selected for the contract.

(c) Servicing spreads

When taking out a Mandatory Cash Contract or Best Efforts Contract, the Seller must select a Minimum Contract Servicing Spread that must be at least 0.25% (25 basis points) and may not exceed 0.50% (50 basis points).

If a Seller has selected the Servicing Released Sales Process, the Minimum Contract Servicing Spread must equal 0.25% (25 basis points).

9.9: Requirements for the Servicing Released Sales Process (05/01/10)

When Mortgages are sold under a Mandatory Cash or Best Efforts Contract with the Servicing Released Sales Process, Freddie Mac arranges for a Transferee Servicer, as identified by Freddie Mac, to accept a Transfer of Servicing from the Seller at the time the Seller sells the Mortgage to Freddie Mac.

The requirements applicable to the sale of Mortgages under the Servicing Released Sales Process are set forth in this chapter and Exhibit 28A, Loan Servicing Purchase and Sale Agreement for the Servicing-Released Sales Process, as Chapter 9 and Exhibit 28A may be amended and supplemented by the Selling System.

The Seller agrees to, and shall comply with, the terms of Exhibit 28A, which include, but are not limited to, requirements for the Seller and for each Transferee Servicer.

In addition to the requirements in Section 9.9 for the Servicing Released Sales Process, Sellers should see Section 9.8(b) for applicable remittance cycle information and Section 9.8(c) for the applicable Minimum Contract Servicing Spread.

Sellers without access to the Servicing Released Sales Process must apply to Freddie Mac for approval and access. If Freddie Mac determines that a Seller is eligible to use the Servicing Released Sales Process, Freddie Mac will approve the Seller's use of and provide appropriate access to the Servicing Released Sales Process. Sellers must call their Freddie Mac representative or 800 FREDDIE to inquire about the approval process.

Freddie Mac reserves the right, upon notice, (i) to limit the aggregate unpaid principal balance of all Mortgages that a Seller may sell to Freddie Mac under the Servicing Released Sales Process, (ii) to impose any additional requirements with respect to the

Servicing Released Sales Process, or (iii) to suspend or terminate a Seller's ability to sell Mortgages to Freddie Mac under the Servicing Released Sales Process.

(a) Pricing for contracts with the Servicing Released Sales Process

The price provided by Freddie Mac to the Seller under a Mandatory Cash Contract or Best Efforts Contract with the Servicing Released Sales Process includes:

- The price offered by Freddie Mac for the purchase of the Mortgage(s), and
- The price offered by the Transferee Servicer for the Transfer of Servicing

Prices and fees provided when the Seller enters into a Mandatory Cash Contract or a Best Efforts Contract with servicing released are not final; instead, they are determined as of the Settlement Date and reflect the Mortgage data provided by the Seller. In addition, the price will not include late fees that must be paid to Freddie Mac pursuant to Section 9.9(h) or to the Transferee Servicer as provided in Exhibit 28A. Such additional late fees include fees for late delivery of documents to the Transferee Servicer and fees for failure to transfer or reconcile funds in a timely manner.

(b) Availability of servicing released prices

Only fixed-rate (including Balloon/Reset) Mortgages for which the Selling System provides a servicing released price may be sold servicing released under a Mandatory Cash Contract or Best Efforts Contract. Not all Transferee Servicers will provide a bid for Servicing rights for Mortgages. If none of the Transferee Servicers provides a bid for Servicing rights for certain Mortgages, then the Servicing Released Sales Process is not available for these Mortgages, which may otherwise be eligible for sale to Freddie Mac.

The Seller must supply all Mortgage data requested by the Selling System (in the fields titled "Loan Fields Required for Pricing" and "Additional Loan Fields That Affect Pricing") so that a Transferee Servicer may provide an accurate bid for the purchase of the Servicing rights. Failure to provide all Mortgage data requested by the Selling System may result in a subsequent rescission of the Transferee Servicer’s bid, and in that event the Seller will be subject to a pairoff fee as provided in Section 8.7.

(c) Funding adjustments and net funding

Funding adjustments are comprised of the Escrow deposits, interest adjustment, Servicing Spread, tax service fee, transaction fee and other adjustments. The amount of funding adjustments will be identified on the Settlement Date as follows:

- The Seller identifies in the Selling System the amounts held as Escrow deposits and other adjustments for each Mortgage sold servicing released and

- The Selling System calculates the interest adjustment, Servicing Spread, tax service fee and transaction fee

The field titled "Other Funds Collected-Escrow Deposit" on the Form 11, Mortgage Submission Schedule, is mandatory for Mortgages sold servicing released if the Mortgage is subject to monthly Escrows. Refer to Section 17.4(c) (number 3) for additional information regarding special Form 11 instructions for Mortgages sold servicing released under Mandatory Cash Contracts or Best Efforts Contracts.

The accuracy of the Escrow deposits and other adjustments, as submitted by the Seller, is the responsibility of the Seller. Freddie Mac does not edit or validate the amounts of the Escrow deposits and other adjustments. On the Settlement Date, Freddie Mac will deduct the amount of the funding adjustments from the sales proceeds paid by Freddie Mac for the purchase of each Mortgage sold servicing released by the Seller under a Mandatory Cash Contract or Best Efforts Contract. Freddie Mac will forward the deducted amount of the funding adjustments to the Transferee Servicer.

Any reconciliation, correction or adjustment to the amount of Escrow deposits or other adjustments transferred to the Transferee Servicer is the responsibility of the Seller and the Transferee Servicer. The Seller and the Transferee Servicer must adjust and reconcile any Escrow deposits and other adjustments after the sale of the Mortgage. Freddie Mac will not adjust, calculate, refund or pay any amounts with respect to the Escrow deposits or other adjustments after the Settlement Date.

(d) Identification of Transferee Servicers

The Seller authorizes Freddie Mac to select Freddie Mac-approved Servicers as Transferee Servicers to participate in the Servicing Released Sales Process.

(e) Screening out Transferee Servicers

Through the Selling System, Freddie Mac will inform the Seller of the identity of the Transferee Servicer(s) who may offer a price to obtain the Servicing rights through the Servicing Released Sales Process. The Seller has the right to terminate a Transferee Servicer’s ability to purchase the Servicing rights for Mortgages sold servicing released that Freddie Mac purchases from the Seller under a Mandatory Cash Contract or Best Efforts Contract by providing notice to Freddie Mac by facsimile or overnight mail to:

FREDDIE MAC
MAILSTOP A2B
8250 JONES BRANCH DRIVE
MCLEAN, VA 22102-3110
ATTN: CUSTOMER SUPPORT MANAGER
FAX NUMBER: (703) 880-0534

Such notice will not be effective unless the Seller confirms Freddie Mac's receipt of the notice by telephoning (800) FREDDIE. Freddie Mac will have two Business Days after the Seller confirms Freddie Mac's receipt of the notice to complete the termination of the Transferee Servicer from acquiring the Servicing rights to Mortgages sold by the Seller. Such termination will not apply to Mortgages sold servicing released for which the Seller has already entered into a Mandatory Cash Contract or Best Efforts Contract before Freddie Mac completed the termination of the Transferee Servicer.

When a Seller re-prices a servicing released contract, a new Servicing buyer bid may be accepted. The Seller must verify the identity of the Servicing buyer by reviewing the Contract Confirmation that will disclose the most current Servicing rights buyer.

(f) Authorization to disclose the Seller's identity

The Seller authorizes Freddie Mac to disclose and identify the Seller as an eligible Seller of Mortgages and Servicing rights under the Servicing Released Sales Process to any Transferee Servicers or potential Transferee Servicers. In addition, Freddie Mac may, in its discretion, disclose the following information to any Transferee Servicer that services Mortgages that the Seller has sold to Freddie Mac under the Servicing Released Sales Process:

- That the Seller is no longer a Freddie Mac-approved Seller/Servicer
- That the Seller is no longer eligible to sell Mortgages to Freddie Mac under the Servicing Released Sales Process

(g) Servicer's rights to screen out Sellers

The Seller acknowledges that Freddie Mac will permit a Transferee Servicer to notify Freddie Mac that the Transferee Servicer wishes to terminate the Seller's ability to transfer Servicing rights to such Servicer. Freddie Mac may receive such notification without notifying the Seller. The Seller will have no right of action, appeal or other recourse against Freddie Mac and releases all claims it may have against Freddie Mac and/or the Servicer in connection with such termination actions.

(h) Late fees

Freddie Mac may, in its sole discretion, charge the Seller a late fee of up to $500 for each Mortgage for which the Seller fails to:

- Comply with the requirements in Section 4.2 of Exhibit 28A
- Correctly identify all funding adjustments or to reconcile with the Transferee Servicer all funding adjustments as required in Section 9.9(c) or as required in Section 5.1 of Exhibit 28A

These late fees are in addition to any fees that the Seller may be required to pay the Servicer as provided in Exhibit 28A.

(i) Warranties

Notwithstanding Section 56.15(a) of the Guide, for Mortgages sold servicing released under a Mandatory Cash Contract or Best Efforts Contract, the Seller remains liable to Freddie Mac for all sale representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred. The Transferee Servicer is liable to Freddie Mac for all Servicing representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred.

(j) Custody of Notes

Seller is required to deliver the Notes for Mortgages sold servicing released under a Cash Purchase Contract to the Designated Custodian. The Designated Custodian cannot accept Notes unless a custodial relationship has been established between the Seller and the Designated Custodian. See Section 18.3.

Chapter A9: RNY Cash Through MIDANET®

A9.1: Overview (04/25/06)

Under RNY Cash through MIDANET®, Freddie Mac purchases fixed-rate (including Balloon/Reset) Mortgages.

Topic	Section
Overview	A9.1
Eligible Sellers	A9.2
Defined terms	A9.3
Eligible Mortgages	A9.4
Required Net Yield (RNY) pricing	A9.5
RNY Cash Contracts	A9.6
Delivery requirements	A9.7
Pairoffs	A9.8
Remittance cycles and Servicing Spreads	A9.9
Purchase and settlement	A9.10

A9.2: Eligible Sellers (04/25/06)

In order to be eligible to sell Home Mortgages to Freddie Mac under RNY Cash, a Seller must:

- Receive a secure means of access to MIDANET® from Freddie Mac, and
- Have entered into Purchase Contracts with Freddie Mac

A9.3: Defined terms (04/25/06)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under RNY Cash through MIDANET®:

- Accounting Net Yield (ANY)
- Delivery Date
- Mortgages Purchased in Whole or in Part
- Required Net Yield (RNY)

Definitions for these terms are located in the Glossary of the Guide.

A9.4: Eligible Mortgages (01/02/09)

Freddie Mac will purchase the following Mortgages under RNY Cash through MIDANET:

- 15-, 20- and 30-year conventional, fixed-rate Mortgages that are not super conforming Mortgages
- 5- and 7-year Balloon/Reset Mortgages

Under RNY Cash, in addition to purchasing whole Mortgages, Freddie Mac will purchase participation interests in Mortgages ranging from 50% to 95% in 5% increments. The Seller/Servicer must retain ownership of the remaining portion of each Mortgage Purchased in Part by Freddie Mac.

A9.5: Required Net Yield (RNY) pricing (04/25/06)

The method of pricing under RNY Cash through MIDANET® is based on the RNY to Freddie Mac for the eligible delivery periods, which range from 10 to 90 days. Freddie Mac's RNY pricing is posted on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pricing.html** and on various market information vendor services.

Freddie Mac may change rates at any time during the 8:30 a.m. to 5:00 p.m. offer period. If the RNYs posted by Freddie Mac have changed during the day, the Seller may not change a commitment made earlier in the day.

To determine whether a Mortgage is eligible for sale to Freddie Mac at par under RNY Cash through MIDANET, subtract the Minimum Contract Servicing Spread from the Note Rate of the Mortgage. If the resulting difference is equal to or greater than the RNY, then the price Freddie Mac pays for the Mortgage will be par. If the resulting difference is less than the RNY, then the price Freddie Mac pays for the Mortgage must be discounted to ensure that Freddie Mac receives the RNY. The RNY must be satisfied by each Mortgage delivered under the RNY commitment.

A9.6: RNY Cash Contracts (04/25/06)

(a) Commitment overview

Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

To take out a commitment under RNY Cash, the Seller must telephone Freddie Mac's Cash Desk at (800) 366-2353 between 8:30 a.m. and 5:00 p.m. Eastern time on any Business Day. All calls to the Cash Desk are recorded. See Section A9.6(b) for detailed commitment procedures.

A Seller may increase a commitment made earlier in the day, provided that pricing has not changed, by telephoning Freddie Mac before 5:00 p.m. Eastern time on the same day and indicating the desired increase.

Under an RNY Cash commitment, the Seller must sell to Freddie Mac one or more Mortgages that meet all of the requirements of the RNY Cash commitment and have an aggregate unpaid principal balance (UPB) equal to the contract amount (subject to the applicable purchase tolerance specified in Section 8.7). There is a $1,000 minimum offer amount. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for RNY Cash commitments.

The Seller's acceptance of a price quoted by Freddie Mac's Cash Desk is binding and noncancelable. Except as provided in Section 8.8, there is a binding commitment by Freddie Mac to purchase, and by the Seller to sell, Mortgages under the offer terms (subject to conformity of each Mortgage to the requirements of the Purchase Documents) once the telephone commitment has been made.

The Seller will receive the Purchase Contract confirmation, which is the Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash), via MIDANET® the morning after the commitment was made. The Purchase Contract confirmation will state the terms of the Purchase Contract entered into by the Seller. The Seller should call (800) FREDDIE if it does not receive a Purchase Contract confirmation within three days of the date on which a telephone commitment was made.

(b) **Detailed commitment procedures**

When taking out a commitment under RNY Cash, the Seller should be prepared to provide the following information on the telephone call to Freddie Mac's Cash Desk:

1. The Freddie Mac Seller/Servicer number
2. The Master Commitment Contract number (if applicable)
3. The name and title of Seller's authorized representative
4. The Seller's telephone number
5. The Mortgage Product (see Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product number)
6. The delivery period for which the offer is made (offers with different delivery periods must be the subject of separate Purchase Contracts)
7. The Contract Commitment Amount (in multiples of $1,000), representing the aggregate unpaid principal balance (UPB) of the Mortgages to be purchased under the Purchase Contract. For a delivery of Mortgages Purchased in Part, the

Contract Commitment Amount must be stated in terms of the net amount, which is the UPB of the group of Mortgages multiplied by the participation percentage.

8. The Minimum Contract Servicing Spread (see Section 8.2.2)

A9.7: Delivery requirements (10/01/09)

Delivery is mandatory under RNY Cash through MIDANET®. The Seller must make one or more deliveries that result in purchases having an aggregate outstanding principal balance equal to the amount of Freddie Mac's participation interest, as stated in the Cash Purchase Contract, plus or minus the purchase tolerance, which is the greater of 2.5% of the amount stated in the Purchase Contract or $10,000.

Note that for the 61- to 90-day delivery period, Mortgages may not be delivered before the 61st day after the Purchase Contract Date of Acceptance.

Within the delivery period established in the Cash Purchase Contract, the Seller must deliver the documents required by Section 16.8. After completion of documentation review by the Document Custodian and/or Freddie Mac, any Mortgage not eligible for purchase will be eliminated from the Cash Purchase Contract. The substitution of Mortgages after delivery is not permitted, unless required by Freddie Mac as provided in Section 6.5.

In the event of a late delivery, Freddie Mac reserves the right to:

- Determine which Mortgages it will purchase, if any
- Set the Settlement Date, without regard to the Seller's requested Settlement Date
- Take whatever other actions it deems appropriate to protect its interests and enforce its rights in the event of a late delivery under the mandatory delivery purchase programs, including, but not limited to, assessing late delivery fees

When delivering Mortgages Purchased in Part, the Seller must state on Form 381, Contract Delivery Summary, the applicable participation interest in the Mortgages being delivered to Freddie Mac with Form 381. By doing so, the Seller offers to assign, transfer and convey to Freddie Mac the stated percentage of undivided interest in all or any portion of the Mortgages delivered to and accepted by Freddie Mac for purchase, as such Mortgages are identified on the form, as applicable.

A9.8: Pairoffs (04/25/06)

In the event that the Purchase Contract is not satisfied by the delivery of Mortgages, the Seller will be assessed a pairoff fee. See Section 8.7 for contract pairoff procedures and fulfillment options.

A9.9: Remittance cycles and Servicing Spreads (04/25/06)

(a) Remittance options

For all Mortgages sold to Freddie Mac under RNY Cash, the use of the first Tuesday remittance cycle is assumed. However, the Seller may select the accelerated remittance cycle (ARC), if desired, and the RNY will be adjusted accordingly. Both the first Tuesday remittance cycle and the ARC are described in Section 78.23. Exhibit 6, Matrix of Remittance Cycle Options, summarizes the remittance cycles available for all Mortgages sold to Freddie Mac.

(b) Minimum Contract Servicing Spread

See Section 8.2.2 for the Servicing Spread requirements for RNY Cash through MIDANET®.

A9.10: Purchase and settlement (10/06/06)

(a) Settlement Date

After Freddie Mac determines which Mortgages it will purchase, Freddie Mac will set the Settlement Date on which it will disburse the amount due to the Seller. Freddie Mac will set the Settlement Date to the Seller's requested Settlement Date. If, however, the Seller requests a Settlement Date that is later than one Business Day after the last day of the delivery period specified in the Cash Purchase Contract, then Freddie Mac will set the Settlement Date to one Business Day after the last day of the specified delivery period.

(b) Funding amount

Freddie Mac will pay the Seller the amount calculated by multiplying the price specified in the Cash Purchase Contract by the unpaid principal balance (UPB) of each Mortgage accepted by Freddie Mac for purchase, and the Percentage of Participation if applicable.

If a Mortgage is subject to postsettlement delivery fees, the fee amounts will appear on the Seller's monthly invoice, to be paid in accordance with the provisions of Section 17.2.

If, upon receipt of the funds or Form 15/A/C, Loan Purchase Statement, the Seller believes that there was a mistake in either the Percentage of Participation or the UPB used to determine the amount due to the Seller, the Seller must call its Freddie Mac Mortgage Purchase representative at (800) FREDDIE immediately.

(c) Interest paid to the Servicer in connection with Mortgage funding

In connection with the Mortgage funding, Freddie Mac will determine the amount of interest to pay the Servicer on each fixed-rate (including Balloon/Reset) whole Mortgage purchased under RNY Cash by computing the interest on the UPB of the Mortgage from the first day of the settlement month through the day before the Settlement Date using the Accounting Net Yield (ANY). For each Mortgage Purchased in Part, this amount is multiplied by the amount of Freddie Mac's Percentage of Participation in the Mortgage.

Thereafter, the Servicer will retain the Servicing Spread and remit the ANY to Freddie Mac.

Chapter B9: Gold Cash® Through MIDANET®

B9.1: Overview (04/25/06)

Under Gold Cash® through MIDANET®, Freddie Mac purchases fixed-rate (including Balloon/Reset) whole Mortgages following delivery.

This chapter is organized by the following topics:

Topic	Section
Overview	B9.1
Eligible Sellers	B9.2
Eligible Mortgages	B9.3
Pricing under Gold Cash	B9.4
Gold Cash Contracts	B9.5
Delivery requirements	B9.6
Pairoffs	B9.7
Remittance cycles for Gold Cash	B9.8
Purchase and settlement	B9.9

B9.2: Eligible Sellers (04/25/06)

In order to be eligible to sell Mortgages to Freddie Mac under Gold Cash® through MIDANET®, a Seller must:

- Receive a secure means of access to MIDANET from Freddie Mac, and
- Have entered into Purchase Contracts with Freddie Mac

B9.3: Eligible Mortgages (01/02/09)

Freddie Mac will purchase the following whole Mortgages under Gold Cash® through MIDANET®:

- 15-, 20- and 30-year fixed-rate Mortgages including:
  - Prepayment Penalty Mortgages
  - Section 502 GRH Mortgages
  - Section 184 Native American Mortgages

- 5- and 7-year Balloon/Reset Mortgages

Super conforming Mortgages are not eligible for sale under Gold Cash through MIDANET.

B9.4: Pricing under Gold Cash® (04/25/06)

The amount paid for Mortgages by Freddie Mac under Gold Cash is based on the prices Freddie Mac expects to receive in the securities market for the related PCs. The price also reflects the Mortgage Note Rate, the Minimum Contract Servicing Spread and the delivery period.

Under Gold Cash, Freddie Mac will post indication prices for certain Mortgage coupons ("posted Mortgage coupons") on our web site at **http://www.freddiemac.com/singlefamily/pricing_center.html** and on m arket information vendors. Freddie Mac will update prices on active Mortgage coupons throughout the day to reflect movement in the securities market. Posted prices will assume a 0.250% (25 basis point) Minimum Contract Servicing Spread and the use of the Gold remittance cycle as described in Section B9.8. By calling the commitment line, a Seller may obtain a price for:

- Any fixed-rate Mortgage with a Note Rate lower than the posted Mortgage coupon, including Balloon/Reset Mortgages
- Any fixed-rate Mortgage with a calculated remaining maturity of less than 120 months, except for Balloon/Reset Mortgages

(a) Pricing for detail-level contracts

For detail-level contracts under Gold Cash, if a Seller delivers Mortgages that do not correspond to the Note Rate specified in the Cash Purchase Contract but do fall within the 51-basis-point range applicable to that Purchase Contract (for example, the Note Rate range that would have applied if the Mortgages were to have been delivered under a summary-level contract), Freddie Mac will pay the Seller a price for the delivered Mortgages based on security prices in effect at the date and time the Seller's commitment was taken. If a Seller delivers Mortgages that fall outside of the 51-basis-point range applicable to the Cash Purchase Contract, the Mortgages will be rejected.

(b) Pricing for summary-level contracts

For summary-level contracts under Gold Cash, if a Seller delivers Mortgages that fall within the 51-basis-point range specified in the Cash Purchase Contract but do not fall on the eighths of a percent for which prices are quoted, Freddie Mac will pay the Seller a price for the delivered Mortgages based on security prices in effect at the date and time the Seller's commitment was taken. If a Seller delivers Mortgages that fall outside of the commitment's applicable range, the Mortgages will be rejected.

See Section B9.5 for additional information regarding detail-level contracts and summary level-contracts.

B9.5: Gold Cash® Contracts (04/25/06)

(a) Commitment overview

Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

Under Gold Cash, the Seller may initiate sales of Mortgages by calling Freddie Mac's Cash Desk at (800) 366-2353 from 8:30 a.m. to 5:00 p.m. Eastern time any Business Day and by following the applicable procedures and requirements of this chapter. All calls to the Cash Desk will be recorded. See Section B9.5(b) for detailed commitment procedures.

The Seller must make one or more deliveries that result in purchases of Mortgages having an aggregate unpaid principal balance (UPB) equal to the amount of the Purchase Contract, plus or minus the greater of 2.5% of the amount of the Purchase Contract or $10,000.

Based on the information provided, the Seller will receive a price quote, as follows:

- For a summary-level contract, a price quote for each one-eighth Note Rate (0.125%) within the 51-basis-point range
- For a detail-level contract, a separate price quote for the Note Rate offered

Under Gold Cash, the Seller must accept or reject the quoted price during the commitment call. For a summary-level contract, the Seller must either accept or reject the entire contract. The Seller's acceptance of a price quoted by Freddie Mac's Cash Desk is binding and noncancelable.

Except as provided in Section 8.8, there is a binding commitment by Freddie Mac to purchase, and by the Seller to sell, Mortgages under the offer terms (subject to conformity of each Mortgage to the requirements of the Purchase Documents) once the telephone commitment has been made.

The Seller will receive the Purchase Contract confirmation, which is the Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®), via MIDANET® the morning after the commitment is made. The Purchase Contract confirmation will state the terms of the Purchase Contract entered into by the Seller. The Seller should call (800) FREDDIE if it does not receive a Purchase Contract confirmation within three days of the date on which a telephone commitment was made.

(b) Offer procedures

Two types of contracts are available by calling Freddie Mac's Cash Desk:

- Summary-level contract
- Detail-level contract

1. Summary-level contract

Under this option, a Seller will receive one summary-level contract for all Mortgages in a 51-basis-point range established as follows:

- From 0.250 of a percentage to 0.750 of that percentage (for example, 8.250% to 8.750%), or
- From 0.750 of a percentage to 0.250 of the next percentage (for example, 8.750% to 9.250%)

Prices will be quoted for each one-eighth Note Rate (0.125%) within the 51-basis-point range (for example, 8.250%, 8.375%, 8.500%, 8.625%, 8.750%).

The prices quoted for each one-eighth Note Rate within the 51-basis-point range are actual prices and are the same prices that would be quoted for each such Note Rate under a detail-level contract. The price received by the Seller for the Mortgages delivered to Freddie Mac within the Note Rate range applicable to the contract will depend on the Note Rates of the Mortgages, regardless of whether the Note Rates are on a one-eighth of 1% (0.125%) increment.

The Seller should be prepared to provide the following information to obtain either a price or a commitment:

- The Freddie Mac Seller/Servicer number
- The name, title and telephone number of Seller's authorized representative
- The Master Commitment Contract number (if applicable)
- The Mortgage product (15-, 20- or 30-year fixed-rate or 5- or 7-year Balloon/Reset Mortgage). See Exhibit 17, Offer Product and Offer Program Numbers, for the applicable offer product number.
- The delivery period (for example, 10-day)
- The Note Rate range (X.250-X.750 or X.750-Y.250)
- The Contract Commitment Amount
- The Minimum Contract Servicing Spread (see Section 8.2.2 for Servicing Spread requirements)
- The remittance cycle being used (Gold remittance cycle or first Tuesday remittance cycle)

2. Detail-level contract

Under this option, the Seller will receive one detail-level contract for each Note Rate. The Note Rate is not required to fall on either a whole percentage or a one-eighth of 1% (0.125%) increment.

The Seller should be prepared to provide the following information to obtain either a price or a commitment:

- The Freddie Mac Seller/Servicer number
- The name, title and telephone number of Seller's authorized representative
- The Master Commitment Contract number (if applicable)
- The Mortgage product (15-, 20- or 30-year fixed-rate or 5- or 7-year Balloon/Reset Mortgage). See Exhibit 17 for the applicable offer product number.
- The delivery period (for example, 10-day)
- The Note Rate
- The Contract Commitment Amount
- The Minimum Contract Servicing Spread (see Section 8.2.2 for Servicing Spread requirements)
- The remittance cycle being used (Gold remittance cycle or first Tuesday remittance cycle)

A Seller may deliver all Mortgages that have the same Note Rate under one detail-level contract provided that the following information is the same for all of the Mortgages:

- The product
- The delivery period
- The Minimum Contract Servicing Spread
- The remittance cycle

If a Seller is obtaining a detail-level contract for a Note Rate that falls on a one-quarter percent or a three-quarter percent (for example, 8.25% or 8.75%), the Seller must choose either the lower or higher Note Rate range for the contract. The Note Rate ranges applicable to detail-level contracts are the same Note Rate ranges that are applicable to summary-level contracts. If the Seller has no preference, the default delivery Note Rate will be the lower Note Rate range.

B9.6: Delivery requirements (10/01/09)

Delivery is mandatory under Gold Cash® and must be completed after the Purchase Contract Date of Acceptance and within the eligible delivery periods, as specified in the Purchase Contract for Gold Cash, which range from 5- to 90-day delivery periods. For the 61- to 90-day delivery periods, Mortgages may not be delivered before the 61st day after the Purchase Contract Date of Acceptance.

The minimum amount of a Gold Cash commitment is $1,000. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for Gold Cash commitments.

Within the delivery period established in the Cash Purchase Contract, the Seller must deliver the documents required by Section 16.8. A fter completion of documentation review by the Document Custodian and/or Freddie Mac, any Mortgage not eligible for purchase will be eliminated from the Cash Purchase Contract. Unless required by Freddie Mac as provided in Section 6.5, substitution of Mortgages after delivery is not permitted.

The Seller may deliver the Mortgages under a Purchase Contract one at a time; however, all documentation required for the delivery under the Purchase Documents must be delivered to Freddie Mac by the delivery due date.

In the event of a late delivery, Freddie Mac reserves the right to:

- Determine which Mortgages it will purchase, if any
- Set the Settlement Date, without regard to the Seller's requested Settlement Date
- Take whatever other actions it deems appropriate to protect its interests and enforce its rights in the event of a late delivery under the mandatory delivery purchase programs, including, but not limited to, assessing late delivery fees

B9.7: Pairoffs (04/25/06)

In the event that the Purchase Contract is not satisfied by the delivery of Mortgages, the Seller will be assessed a pairoff fee. See Section 8.7 for contract pairoff procedures and fulfillment options.

B9.8: Remittance cycles for Gold Cash® (04/25/06)

Two remittance cycles are available for Mortgages delivered pursuant to Gold Cash Purchase Contracts:

- The Gold remittance cycle
- The first Tuesday remittance cycle

The Gold remittance cycle and the first Tuesday remittance cycle are described in Section 78.23. Exhibit 6, Matrix of Remittance Cycle Options, summarizes the remittance cycles available for all Mortgages sold to Freddie Mac.

The Seller must specify the applicable remittance cycle on the Date of Seller's Offer. The price paid for the Mortgages purchased will reflect the remittance cycle selected. The price paid for Mortgages delivered with the first Tuesday remittance cycle will be lower than the price paid for Mortgages delivered under contracts with the Gold remittance cycle. The Seller's option to use the remittance cycles in Master Commitment Contracts is further described in Section 12.7.

B9.9: Purchase and settlement (10/06/06)

(a) Settlement Date

After Freddie Mac determines which Mortgages it will purchase, Freddie Mac will set the Settlement Date on which it will disburse the amount due to the Seller. Freddie Mac will set the Settlement Date to the Seller's requested Settlement Date. If, however, the Seller requests a Settlement Date that is later than one Business Day after the last day of the delivery period specified in the Cash Purchase Contract, then Freddie Mac will set the Settlement Date to one Business Day after the last day of the specified delivery period.

(b) Funding amount

Freddie Mac will pay the Seller the amount calculated by multiplying the price specified in the Cash Purchase Contract by the unpaid principal balance (UPB) of each Mortgage accepted by Freddie Mac for purchase.
If a Mortgage is subject to postsettlement delivery fees, the fee amounts will appear on the Seller's monthly invoice, to be paid in accordance with the provisions of Section 17.2.

(c) Interest paid to the Servicer in connection with Mortgage funding

In connection with the Mortgage funding, Freddie Mac will determine the amount of interest to pay the Servicer on each Mortgage purchased under Gold Cash by computing the interest on the UPB of the Mortgage from the first day of the settlement month through the day before the Settlement Date using the Accounting Net Yield (ANY).

Thereafter, the Servicer will retain the Servicing Spread for each Mortgage and remit the ANY to Freddie Mac.

Chapter 10: WAC ARM Cash Through the Selling System

10.1: Overview (04/25/06)

Adjustable-rate Mortgages (ARMs) sold to Freddie Mac for cash through the Freddie Mac Selling System (Selling System) are sold under WAC ARM Cash. Under WAC ARM Cash, the ARMs in a single contract may be delivered with Note Rates, Margins, Life Caps, Servicing Spreads and number of months to the next Interest Change Date that vary within a specified range.

This chapter sets forth the terms for selling ARMs to Freddie Mac for cash using the Selling System. Unless specified otherwise in this chapter, the special eligibility requirements for ARMs set forth in Chapter 30 apply to ARMs sold under WAC ARM Cash.

This chapter is organized by the following topics:

Topic	Section
Overview	10.1
Eligible Sellers	10.2
Defined terms	10.3
Eligible ARM products	10.4
Purchase requirements	10.5
WAC ARM Cash Contracts	10.6
Pricing under WAC ARM Cash	10.7
Acceptance of offer	10.8
Servicing options	10.9
Remittance cycles and Servicing Spreads	10.10
Purchase and settlement	10.11
Other ARM-related information	10.12

10.2: Eligible Sellers (04/25/06)

In order to be eligible to sell Mortgages to Freddie Mac under WAC ARM Cash through the Selling System, a Seller must:

- Receive a secure means of access to the Selling System from Freddie Mac, and
- Have entered into Purchase Contracts with Freddie Mac

10.3: Defined terms (04/25/06)

Sellers should be familiar with the definitions of the following terms as they relate to adjustable-rate Mortgages (ARMs) sold to Freddie Mac under WAC ARM Cash through the Selling System:

- **Delivery Date** — See the Guide Glossary.
- **Contract Level Tolerance** — For WAC ARM Cash Contracts, the Contract Level Tolerance is the contract weighted average range of values specified in the contract for the Loan Attributes.
- **Loan Attributes** — For ARMs sold under a WAC ARM Cash Contract, the Loan Attributes are the Note Rate, Margin, Servicing Spread, Life Cap and number of months to the next Interest Change Date.
- **Loan Level Tolerance** — For ARMs sold under a WAC ARM Cash Contract, the Loan Level Tolerance is the range of values specified in the contract for the Loan Attributes of each ARM that may be allocated to the contract.
- **Yield Maintenance Fee** — A Yield Maintenance Fee is a fee charged or credited to a Seller, as applicable, when the Seller delivers ARMs under a mandatory WAC ARM Cash Contract, and the weighted averages of the Loan Attributes are not within the Contract Level Tolerances provided in the WAC ARM Cash Contract.

10.4: Eligible adjustable-rate Mortgage (ARM) products (09/01/10)

See Section 30.7 for information regarding Initial Caps, Periodic Caps and Life Caps for ARMs sold under WAC ARM Cash through the Selling System.

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for ARMs sold under WAC ARM Cash through the Selling System.

10.5: Purchase requirements (10/19/07)

Under WAC ARM Cash, Freddie Mac will purchase adjustable-rate Mortgages (ARMs) on a whole loan basis that meet the requirements of the Purchase Documents.

The ARM must:

- Not be a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home
- Have a Note Rate, Margin and Lifetime Ceiling that are divisible by one-eighth of 1% (0.125%)

The Margin for ARMs sold under a WAC ARM Cash Contract through the Selling System must fall within the Margin range specified for the contract in the Selling System.

An Accounting Net Yield (ANY) will be calculated for each ARM delivered under a WAC ARM Cash Contract and will be based on the individual ARM's Note Rate and Servicing Spread.

Refer to Section 30.6 for additional information about Margins for ARMs sold to Freddie Mac. Refer to Section 10.7 for additional information about pricing for ARMs sold under WAC ARM Cash.

10.5: Purchase requirements (01/01/11)

Under WAC ARM Cash, Freddie Mac will purchase adjustable-rate Mortgages (ARMs) on a whole loan basis that meet the requirements of the Purchase Documents.

The ARM must:

- Not be a Seasoned Mortgage
- Have a Note Rate, Margin and Lifetime Ceiling that are divisible by one-eighth of 1% (0.125%)

The Margin for ARMs sold under a WAC ARM Cash Contract through the Selling System must fall within the Margin range specified for the contract in the Selling System.

An Accounting Net Yield (ANY) will be calculated for each ARM delivered under a WAC ARM Cash Contract and will be based on the individual ARM's Note Rate and Servicing Spread.

Refer to Section 30.6 for additional information about Margins for ARMs sold to Freddie Mac. Refer to Section 10.7 for additional information about pricing for ARMs sold under WAC ARM Cash.

10.6: WAC ARM Cash Contracts (04/25/06)

(a) Offer amounts and procedures

Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

Contracts under WAC ARM Cash through the Selling System are mandatory. Each Business Day, a Seller may take out contracts to sell adjustable-rate Mortgages (ARMs) under WAC ARM Cash.

The minimum amount for each WAC ARM Cash Contract is $1,000. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for WAC ARM Cash Contracts.

Under a WAC ARM Cash Contract, the Seller must:

- Sell to Freddie Mac Mortgages that have an aggregate principal balance equal to the contract amount, plus or minus the greater of $10,000 or 2.5% of the contract amount, and
- Have completed all requirements for the sale of the Mortgages by the close of business on the Purchase Contract Expiration Date

(b) Contract periods

Sellers may select a Purchase Contract period of between two and 90 days or such other timeframe as permitted by the Selling System.

Mortgages under a WAC ARM Cash Contract may settle one at a time; however, all of the requirements for the sale of all of the Mortgages under the contract must be completed by the Purchase Contract Expiration Date.

(c) Pairoffs

In the event a WAC ARM Cash Contract will not be fulfilled by delivery of Mortgages, the Seller may request a pairoff via the Selling System or may wait until the contract expires and the Selling System will automatically calculate the pairoff fee. The pairoff process used in the Selling System is "two-way" and may result in either a fee due Freddie Mac from the Seller or a fee due the Seller from Freddie Mac, depending on market conditions. See Section 8.7(a) for additional information regarding pairoffs of Cash Purchase Contracts through the Selling System.

A pairoff fee calculated and provided by the Selling System is non-negotiable. Pairoff fees will be included in the Seller’s monthly invoice and paid as set forth in Section

17.2. Freddie Mac reserves the right to amend the provisions of this section relating to the Selling System pairoff process without prior notice.

10.7: Pricing under WAC ARM Cash (08/21/06)

(a) Loan level and contract level tolerances

Adjustable-rate Mortgages (ARMs) sold to Freddie Mac under a WAC ARM Cash Contract may have Loan Attributes that vary within a specified range. The Loan Attributes are the:

- Life Caps
- Margin
- Note Rate
- Numbers of months to the next Interest Change Date
- Servicing Spread

When taking out a WAC ARM Cash Contract, the Seller must provide all of the data required by the Selling System. Freddie Mac will use the data provided by the Seller to establish Contract Level Tolerances and Loan Level Tolerances for each Loan Attribute.

ARMs allocated to and delivered under the contract must not have Loan Attributes outside of the Loan Level Tolerances specified in the contract. If the Loan Attributes of the ARMs are within the applicable Loan Level Tolerances specified in the contract, the ARMs will be eligible for sale and the price for each of the ARMs will be based upon each individual ARM's specific Loan Attributes.

If the Seller fulfilled the WAC ARM Cash Contract through delivery of ARMs within the purchase tolerance, or delivered ARMs under the WAC ARM Cash Contract and fulfilled the remainder of the contract by pairoff, Freddie Mac will calculate the weighted averages of the Loan Attributes for all of the ARMs delivered under the contract and compare those weighted averages with the Contract Level Tolerances.

(b) Yield Maintenance Fees

If the weighted averages of the Loan Attributes are within the Contract Level Tolerances, a Yield Maintenance Fee will not be assessed. If, however, the weighted averages of the Loan Attributes are outside the Contract Level Tolerances, a Yield Maintenance Fee will be assessed and may result in a fee due Freddie Mac from the Seller or a fee due to the Seller from Freddie Mac. Yield Maintenance Fees will be included in the Seller's monthly invoice and paid as set forth in Section 17.2.

If the Seller has delivered no ARMs under the WAC ARM Cash Contract, the contract will be completely fulfilled by pairoff in accordance with Section 10.6(c). No Yield Maintenance Fee will be assessed if Seller delivers no ARMs under the WAC ARM Cash Contract.

(c) Obtaining pricing

Pricing for WAC ARM Cash is available from the Selling System each Business Day. Once a Seller accepts and agrees to the contract price, the Seller may not increase the contract amount. The Seller may take out another contract to sell additional ARMs under WAC ARM Cash.

10.8: Acceptance of offer (04/25/06)

Except as provided in Section 8.8, there is a binding commitment by Freddie Mac to purchase, and by the Seller to sell, adjustable-rate Mortgages (ARMs) under the contract terms (subject to conformity of each ARM to the requirements of the Purchase Documents) once the Seller has accepted and agreed to the contract price provided by Freddie Mac in the Selling System. The terms of the Purchase Contract are provided in the Selling System.

10.9: Servicing options (04/25/06)

Subject to approval and conditions set by Freddie Mac, Sellers may sell ARMs under WAC ARM Cash using the following Servicing options:

- **Servicing retained** — The Seller sells the Mortgage to Freddie Mac and retains the Servicing of the Mortgage.
- **Concurrent Transfer of Servicing** — The Seller sells the Mortgage to Freddie Mac and concurrently transfers the Servicing to a Servicer chosen by the Seller. The Servicer selected by the Seller must be a Freddie Mac-approved Servicer eligible to service the particular Mortgage, and Freddie Mac must approve the Transfer of Servicing in accordance with Chapter 56 of the Guide.

10.10: Remittance cycles and Servicing Spreads (04/25/06)

(a) Remittance cycles

Two remittance cycles are available for adjustable-rate Mortgages (ARMs) delivered pursuant to WAC ARM Cash Contracts:

- The first Tuesday remittance cycle
- The accelerated remittance cycle (ARC)

The first Tuesday remittance cycle and ARC are described in Section 78.23. Exhibit 6, Matrix of Remittance Cycle Options, summarizes the remittance cycles available for all Mortgages sold to Freddie Mac.

(b) Servicing Spreads

When entering into a WAC ARM Cash Contract, the Seller must select a weighted average Servicing Spread for the contract that is no less than 0.250% (25 basis points) and no greater than 0.375% (37.5 basis points). Freddie Mac will use the weighted average Servicing Spread selected by the Seller to establish:

- The weighted average Servicing Spread range for the contract (Contract Level Tolerance), and
- The acceptable Servicing Spreads for ARMs allocated to the contract (Loan Level Tolerance)

The Seller must also select a separate Servicing Spread for each ARM allocated to the WAC ARM Cash Contract that is either 0.250% (25 basis points) or 0.375% (37.5 basis points).

After fulfillment of the contract, either through delivery of ARMs within the purchase tolerance or through pairoff, the Selling System will calculate the weighted average Servicing Spread for all the ARMs delivered under the contract. If the Servicing Spread or other Loan Attributes are not within the applicable Contract Level Tolerance, a Yield Maintenance Fee will be assessed. Refer to Section 10.7 for additional information on Yield Maintenance Fees.

10.11: Purchase and settlement (07/01/09)

(a) Settlement Date

By the close of business on the Purchase Contract Expiration Date, the Seller must have completed all the requirements for the sale of the Mortgages to Freddie Mac. Sellers may request a specific Settlement Date for each of the Mortgages sold under a WAC ARM Cash Contract or may elect to have settlement occur as soon as the requirements for sale to Freddie Mac have been met ("ASAP funding").

(b) Funding amount

As each Mortgage funds, Freddie Mac will pay the Seller the amount calculated by multiplying the price (including all adjustments to price based on the ARM Loan Attributes) specified in the Cash Purchase Contract by the unpaid principal balance (UPB) of the Mortgage.

If a Mortgage is subject to postsettlement delivery fees (delivery fees) or credits, Freddie Mac will net the fee or credit amounts against the amount paid to the Seller. Any subsequent change to delivery fees and delivery fee credits will appear on the Seller's monthly invoice.

(c) Interest paid to the Servicer in connection with Mortgage funding

In connection with the Mortgage funding, Freddie Mac will determine the amount of interest to pay the Servicer on each ARM purchased under WAC ARM Cash by computing the interest on the UPB of the ARM from the first day of the settlement month through the day before the Settlement Date using the Accounting Net Yield (ANY).

Thereafter, the Servicer will retain the Servicing Spread for each ARM and remit the ANY to Freddie Mac.

10.12: Other adjustable-rate Mortgage (ARM)-related information (09/01/10)

Other ARM-related information is located elsewhere in the Guide:

Topic	Location
Mortgage Delivery and Settlement Processing	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
Special Eligibility Requirements for ARMs	Chapter 30
Super conforming Mortgages	Chapter L33
Home Possible® Mortgages	Chapter A34
Special Servicing and Reporting Requirements for ARMs	Chapter 80
Matrix of Remittance Cycle Options	Exhibit 6
Mortgage Products Available Through the Selling System	Exhibit 17S
Standard ARM Index Descriptions	Exhibit 30

Chapter A10: ARM Cash Through MIDANET®

A10.1: Overview (04/25/06)

Under ARM Cash through MIDANET®, Freddie Mac purchases adjustable-rate Mortgages (ARMs) following delivery.

The provisions of this chapter set forth the terms for selling ARMs to Freddie Mac under ARM Cash. Refer to Chapter 30 for special eligibility requirements for ARMs.

This chapter is organized by the following topics:

Topic	Section
Overview	A10.1
Eligible Sellers	A10.2
Defined ARM terms	A10.3
Eligible ARM products	A10.4
Purchase requirements	A10.5
Pricing under ARM Cash	A10.6
ARM Cash Contracts	A10.7
Delivery requirements	A10.8
Purchase and settlement	A10.9
Pairoffs	A10.10
Remittance cycles and Servicing Spreads	A10.11
Other ARM-related information	A10.12

A10.2: Eligible Sellers (04/25/06)

In order to be eligible to sell Home Mortgages to Freddie Mac under the ARM Cash program, a Seller must:

- Receive a secure means of access to MIDANET® from Freddie Mac
- Have entered into Purchase Contracts with Freddie Mac

A10.3: Defined adjustable-rate Mortgage (ARM) terms (04/25/06)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to ARM Cash:

- Delivery Date
- Net Lifetime Ceiling
- Net Margin
- Net Note Rate
- Required Net Lifetime Ceiling
- Required Net Margin
- Required Net Yield

Definitions for these terms are located in the Glossary of the Guide.

A10.4: Eligible adjustable-rate Mortgage (ARM) products (08/21/06)

See Section 30.7 for information regarding Initial Caps, Periodic Caps and Life Caps for ARMs sold under ARM Cash through MIDANET®.

See Exhibit 17, Offer Product and Offer Program Numbers, for more information regarding eligibility and coding requirements for ARMs sold under ARM Cash through MIDANET.

A10.5: Purchase requirements (01/02/09)

Under ARM Cash through MIDANET®, Freddie Mac will purchase adjustable-rate Mortgages (ARMs):

- On a whole loan basis
- At the price specified in the Purchase Contract

The ARM must:

- Not be a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home
- Not be a super conforming Mortgage
- Have a first Interest Change Date, as specified in the Note, that is:
  - No earlier than six months prior to the first Interest Change Date specified in the Purchase Contract
  - No later than the first Interest Change Date specified in the Purchase Contract

- Have a Net Note Rate that is equal to the posted Required Net Yield (RNY)
- Have a Net Margin that is equal to or greater than the posted Required Net Margin
- Have a Net Lifetime Ceiling that is equal to or greater than the posted Required Net Lifetime Ceiling
- Have a Note Rate, Margin and Lifetime Ceiling that are divisible by one-eighth of 1% (0.125%)

A10.5: Purchase requirements (01/01/11)

Under ARM Cash through MIDANET®, Freddie Mac will purchase adjustable-rate Mortgages (ARMs):

- On a whole loan basis
- At the price specified in the Purchase Contract

The ARM must:

- Not be a Seasoned Mortgage
- Not be a super conforming Mortgage
- Have a first Interest Change Date, as specified in the Note, that is:
  - No earlier than six months prior to the first Interest Change Date specified in the Purchase Contract
  - No later than the first Interest Change Date specified in the Purchase Contract
- Have a Net Note Rate that is equal to the posted Required Net Yield (RNY)
- Have a Net Margin that is equal to or greater than the posted Required Net Margin
- Have a Net Lifetime Ceiling that is equal to or greater than the posted Required Net Lifetime Ceiling
- Have a Note Rate, Margin and Lifetime Ceiling that are divisible by one-eighth of 1% (0.125%)

A10.6: Pricing under ARM Cash (04/25/06)

To determine whether a Mortgage is eligible for sale to Freddie Mac at par under ARM Cash through MIDANET®, subtract the Minimum Contract Servicing Spread from the Note Rate of the Mortgage. If the resulting difference is greater than or equal to the Required Net Yield (RNY), then the price Freddie Mac pays for the Mortgage will be par. If the resulting difference is less than the RNY, then the price Freddie Mac pays for the Mortgage must be discounted to ensure that Freddie Mac receives the RNY.

The amount paid for adjustable-rate Mortgages (ARMs) by Freddie Mac under ARM Cash is based on the RNY to Freddie Mac, as well as certain other factors including the ARM product type, Initial Cap, Periodic Cap, first Interest Change Date, Required Net

Lifetime Ceiling, Required Net Margin, delivery period, remittance option, Minimum Contract Servicing Spread and convertibility.

Pricing for ARM Cash through MIDANET is available from the following sources:

(a) For 1-Year LIBOR Indexed ARMs

Contact the Cash Desk at (800) 366-2353 between 8:30 a.m. and 5:00 p.m. Eastern time.

(b) For 1-Year Weekly Constant Maturity Treasury (CMT) Indexed ARMs

The following information is available on the Freddie Mac cash pricing web site at **http://www.freddiemac.com/sell/secmktg/pricing.html**:

- Price for each delivery period
- Required first Interest Change Date
- Required Net Lifetime Ceiling
- Required Net Margin
- RNY

In addition, the information above for 1-Year Weekly CMT Indexed ARMs is available:

- On MIDANET for the PC
- On Telerate:
  - 1-year 1% ARMs on page 7122
  - 1-year 2% ARMs on pages 26790-26795
  - 3/1 ARMs on pages 7637-7638
  - 5/1 ARMs on pages 7639-7640
  - 7/1 ARMs on pages 7641-7642
  - 10/1 ARMs on pages 7643-7644
- On Bloomberg:
  - 1-year 1% ARMs: FHCR, 3
  - 1-year 2% ARMs: FHCR, 2
  - 3/1, 5/1, 7/1 and 10/1 ARMs: FHCR, 20

A10.7: ARM Cash Contracts (04/25/06)

(a) Commitment procedures

Freddie Mac will endeavor to announce prior to the offer day if commitments will not be available due to holidays or other reasons.

To submit an offer under ARM Cash, the Seller must telephone Freddie Mac's Cash Desk at (800) 366-2353. A Seller may enter into a Purchase Contract between 8:30 a.m. and 5:00 p.m. Eastern time on any Business Day, unless Freddie Mac has ceased making commitments on that day for the desired adjustable-rate Mortgage (ARM) product and delivery period. Under ARM Cash, the Seller must accept or reject the quoted price during the commitment call. Freddie Mac may elect to change the pricing available under ARM Cash at any time during the 8:30 a.m. to 5:00 p.m. Eastern time offer period. All calls to the Cash Desk will be recorded. See Section A10.7(c) for detailed commitment procedures.

A Seller may increase a commitment made earlier that day by telephoning Freddie Mac before 5:00 p.m. Eastern time on the same day and indicating the desired increase. A Seller may not change the amount of a commitment made earlier that day if the prices have changed. The Seller may commit to sell additional Mortgages at the new price.

Except as provided in Section 8.8, there is a binding commitment by Freddie Mac to purchase, and by the Seller to sell, adjustable-rate Mortgages (ARMs) under the offer terms (subject to conformity of each ARM to the requirements of the Purchase Documents) once the telephone commitment has been made.

The Seller will receive the Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation, via MIDANET the morning after the commitment was made. The Purchase Contract confirmation will state the terms of the Purchase Contract entered into by the Seller. The Seller should call (800) FREDDIE if it does not receive a Purchase Contract confirmation within three days of the date on which a telephone commitment was made.

(b) Contract period and minimum contract offer

Sellers may select a contract period between five and 90 days as permitted by MIDANET® for Purchase Contracts under ARM Cash. The delivery due date will be within one of the following delivery periods, as specified in the Purchase Contract:

Eligible ARM Product	Index	Delivery Period After Date of Acceptance
1-year ARMs	1-Yr Weekly CMT*	Between 10 and 90 days (approximately)
1-year ARMs	1-Yr LIBOR	Between 5 and 60 days
3/1, 5/1, 7/1, and 10/1 ARMs	1-Yr Weekly CMT	10, 30 or 60 days
3/1, 5/1, 7/1 and 10/1 ARMs	1-Yr LIBOR	Between 5 and 60 days

* CMT = Constant Maturity Treasury

The minimum commitment amount for each ARM Contract is $1,000. Freddie Mac may, at its discretion and at any time, impose a maximum contract amount for ARM Cash commitments.

The Seller must make one or more deliveries that result in purchases of Mortgages having an aggregate unpaid principal balance (UPB) equal to the Contract Commitment Amount specified in the Form 2, plus or minus the purchase tolerance. The purchase tolerance is the greater of $10,000 or 2.5% of the Contract Commitment Amount specified in the Form 2.

(c) Detailed commitment procedures

Telephone offers and commitments are recorded. When making an offer, the Seller must provide and confirm the following information:

- The Freddie Mac Seller/Servicer number
- The Master Commitment Contract number (if applicable)
- The name and title of the Seller's authorized representative
- The Seller telephone number
- The Commitment amount (in multiples of $1,000) stated in terms of the aggregate UPB of the ARMs that will be delivered under the Purchase Contract
- ARM product or ARM offer product number (see Exhibit 17, Offer Product and Offer Program Numbers, for ARM offer product numbers for each eligible ARM product based on ARM type, Index, Lookback Period, Initial Cap, Periodic Cap, Life Cap and convertibility)
- Delivery period (offers with different delivery periods must be separate Purchase Contracts)
- Minimum Contract Servicing Spread
- Remittance option

A10.8: Delivery requirements (10/01/09)

Delivery is mandatory under ARM Cash through MIDANET®. Within the delivery period established in the Purchase Contract, the Seller must deliver the documents required by Section 16.8. After completion of documentation review by the Document Custodian and/or Freddie Mac, any adjustable-rate Mortgages (ARMs) not eligible for purchase will be deleted from the Purchase Contract. Unless required by Freddie Mac as provided in Section 6.5, substitution of ARMs after delivery is not permitted.

The Seller may deliver the Mortgages under a Purchase Contract one at a time; however, all documentation required for the delivery under the Purchase Documents must be delivered to Freddie Mac at the same time and by the delivery due date.

In the event of a late delivery, Freddie Mac reserves the right to:

- Determine which ARMs it will purchase, if any
- Set the Settlement Date, without regard to the Seller's requested Settlement Date
- Take whatever other actions it deems appropriate to protect its interests and enforce its rights in the event of a late delivery under the mandatory delivery purchase programs, including, but not limited to, assessing late delivery fees

A10.9: Purchase and settlement (10/06/06)

(a) Settlement Date

After Freddie Mac determines which ARMs it will purchase, Freddie Mac will set the Settlement Date on which it will disburse the amount due to the Seller. Freddie Mac will set the Settlement Date to the Seller's requested Settlement Date. If, however, the Seller requests a Settlement Date that is later than one Business Day after the last day of the delivery period specified in the Cash Purchase Contract, then Freddie Mac will set the Settlement Date to one Business Day after the last day of the specified delivery period.

(b) Funding amount

Freddie Mac will pay the Seller the amount calculated by multiplying the price specified in the Cash Purchase Contract by the unpaid principal balance (UPB) of each Mortgage accepted by Freddie Mac for purchase.

If a Mortgage is subject to postsettlement delivery fees, the fee amounts will appear on the Seller's monthly invoice, to be paid in accordance with the provisions of Section 17.2.

(c) Interest paid to the Servicer in connection with Mortgage funding

In connection with the Mortgage funding, Freddie Mac will determine the amount of interest to pay the Servicer by computing the interest on the UPB of the ARM from the first day of the settlement month through the day before the Settlement Date using the Accounting Net Yield (ANY).

Thereafter, the Servicer will retain the Servicing Spread for each ARM and remit the ANY to Freddie Mac.

A10.10: Pairoffs (04/25/06)

The Seller may pair off all or any portion of a mandatory delivery Purchase Contract following the procedures in Section 8.7.

A10.11: Remittance cycles and Servicing Spreads (04/25/06)

(a) Remittance cycles and Servicing Spreads

Two remittance cycles are available for adjustable-rate Mortgages (ARMs) delivered pursuant to ARM Cash Purchase Contracts through MIDANET®:

- The first Tuesday remittance cycle
- The accelerated remittance cycle (ARC), which the Seller must specifically request at contract issuance if the Seller elects not to use the first Tuesday remittance cycle

The remittance cycles available under the ARM Cash program are summarized in Exhibit 6, Matrix of Remittance Cycle Options. In addition, each remittance cycle is described in Section 78.23.

(b) Servicing Spread

See Section 8.2.2 for Servicing Spread requirements for ARM Cash Contracts.

A10.12: Other adjustable-rate Mortgage (ARM)-related information (04/25/06)

Other ARM-related information is located elsewhere in the Guide:

Topic	Location
Servicing Spread Requirements	Section 8.2.2
Delivery Requirements for ARMs	Section 17.9
Special Eligibility Requirements for ARMs	Chapter 30
Eligible ARM Programs-Offer Product and Offer Program Numbers	Exhibit 17
Standard ARM Index Descriptions	Exhibit 30
Special Servicing and Reporting Requirements for ARMs	Chapter 80

Chapter 11: Guarantor and MultiLender Swap Programs

11.1: Summary of programs (09/01/10)

The provisions of this chapter set forth the terms for selling eligible Mortgages to Freddie Mac in exchange for Gold PC®s, Giant PCs or WAC ARM PCs. Mortgages may be sold in exchange for securities through one of the following purchase programs:

- Guarantor program
  - Fixed-rate Guarantor program

    Conventional fixed-rate Mortgages (including Balloon/Reset Mortgages) and FHA/VA Mortgages may be sold to Freddie Mac in exchange for a Gold PC representing an undivided interest in the same Mortgages.

  - WAC ARM Guarantor program

    Conventional adjustable-rate Mortgages (ARMs) may be sold to Freddie Mac in exchange for a WAC ARM PC representing an undivided interest in the same Mortgages.

- MultiLender Swap program

Except as set forth in this Section 11.1, conventional 15- and 30-year fixed-rate Mortgages may be sold to Freddie Mac in exchange for a Giant PC backed by PCs representing an undivided interest in the same Mortgages and, in some cases, Mortgages sold to Freddie Mac by one or more other Sellers.

Conventional 20-year fixed-rate Mortgages may be sold to Freddie Mac in exchange for a Gold PC representing an undivided interest in the same Mortgages. In addition, under the MultiLender Swap program, conventional 20-year fixed-rate Mortgages may be sold to Freddie Mac in exchange for a Giant PC if they are pooled together with conventional 30-year fixed-rate Mortgages.

40-year fixed-rate Mortgages are not eligible for sale under the MultiLender Swap program.

Balloon/Reset Mortgages and the following fixed-rate Mortgages may be sold to Freddie Mac in exchange for a Gold PC representing an undivided interest in the same Mortgages:

- FHA/VA Mortgages
- Section 184 Native American Mortgages
- Section 502 GRH Mortgages

Unless the context requires otherwise:

- The term "Mortgages" used in this chapter refers to fixed-rate Mortgages (including Balloon/Reset Mortgages) and ARMs
- The phrase "Guarantor program" refers to the fixed-rate Guarantor program and the WAC ARM Guarantor program
- The requirements of this chapter apply to the Guarantor program and the MultiLender Swap program

Sections 11.1(a) and 11.1(b) summarize the types of securities issued under the Guarantor program or MultiLender Swap program. For detailed information, see Exhibit 17, Offer Product and Offer Program Numbers, and Exhibit 17S, Mortgage Products Available Through the Selling System.

For current PC Prefix information, contact Investor Inquiry at (800) 336-3672.

(a) Securities issued under the fixed-rate Guarantor and MultiLender Swap programs

The fixed-rate Guarantor program issues securities for pools of the following types of fixed-rate and Balloon/Reset Mortgages:

- Conventional fixed-rate Mortgages with 15-, 20-, 30- and 40-year terms
- Conventional 15-year, 20- and 30-year pooled together and 40-year fixed-rate Mortgages that are Prepayment Penalty Mortgages
- 5- and 7-year Balloon/Reset Mortgages
- 15-, 20- and 30-year FHA/VA Mortgages

The MultiLender Swap program issues securities for pools of the following types of fixed-rate and Balloon/Reset Mortgages:

- Conventional fixed-rate Mortgages with 15-year terms pooled in a 15-year security, and with 20- and 30-year terms pooled together (or commingled) in a 30-year security
- 5- and 7-year Balloon/Reset Mortgages
- 15-, 20- and 30-year FHA/VA Mortgages

(b) Securities issued under the WAC ARM Guarantor program

The WAC ARM Guarantor program issues WAC ARM PCs for the eligible ARM products. Separate WAC ARM PCs will be issued based on the characteristics of the ARM. The following characteristics are used to form WAC ARM PCs:

- Whether convertible or not
- Index
- Lookback Period
- Initial and Periodic Caps
- Length of Initial Period
- Length of subsequent adjustment periods, and
- Whether the ARMs are subject to prepayment penalties or not

See Chapters 30 and J33 and Exhibits 17 and 17S for detailed information on the combination of ARM characteristics that are acceptable for WAC ARM PCs.

11.2: Defined terms for Guarantor and MultiLender Swap programs (09/01/10)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the Guarantor and MultiLender Swap programs:

- Additional Supplement
- Book-Entry Form
- Book-Entry Rules
- Contract Commitment Amount
- CUSIP Number
- Date of Seller's Offer
- Giant Offering Circular Supplement
- Giant PC
- Giant PC Offering Circular
- Giant PC Pool
- Gold PC®
- Index
- Minimum Contract Servicing Spread
- Minimum Servicing Spread
- PC
- PC Coupon
- PC Issue Date
- PC Lifetime Ceiling
- PC Margin
- PC Offering Circular
- PC Pool
- PC Pool Number
- Pool Supplement
- Prepayment Penalty Mortgage
- Required Spread
- Servicing Spread
- Settlement Date
- WAC ARM PC

Definitions for these terms are located in the Glossary of this Guide.

11.3: Defined terms for WAC ARM Guarantor (06/28/04)

This section has been deleted.

11.4: Eligible Sellers (06/28/04)

All Sellers are eligible to submit offers under the Guarantor and MultiLender Swap programs, provided that the Seller first enters into a Master Commitment Contract with Freddie Mac. A Seller should contact its Freddie Mac Account Manager to discuss how to enter into a Master Commitment Contract.

11.4.1: Purchase requirements (02/17/05)

Mortgages sold to Freddie Mac under the Guarantor program and the MultiLender Swap program must meet the requirements set forth in the Purchase Documents.

(a) Fixed-rate Guarantor program

Freddie Mac will purchase fixed-rate Mortgages and Balloon/Reset Mortgages under the fixed-rate Guarantor program:

- On a whole loan basis or on a participation basis with Freddie Mac's Percentage of Participation between 50% and 95%, in 5% increments
- That have a Note Rate at least equal to the requested PC Coupon plus the Required Spread (as adjusted for remittance cycle, buyup or buydown) plus the Minimum Contract Servicing Spread. For Mortgages with lender-paid mortgage insurance that have annual or monthly renewal premiums, the Minimum Contract Servicing Spread must include the amount necessary to pay the mortgage insurance premium when due.

Refer to Chapter 13 for pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor program.

(b) MultiLender Swap program

Freddie Mac will purchase fixed-rate Mortgages and Balloon/Reset Mortgages under the MultiLender Swap program:

- On a whole loan or on a participation basis with Freddie Mac's Percentage of Participation between 50% and 95%, in 5% increments
- That have a Note Rate (as adjusted for remittance cycle, buyup or buydown, and inclusive of any lender-paid mortgage insurance premium) within the specified posted Note Rate range for that program

Refer to Chapter 13 for pooling requirements for fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program.

(c) WAC ARM Guarantor program

Freddie Mac will purchase adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program:

- On a whole loan basis only
- That have a Margin that is at least the sum of the Required Spread plus the Minimum Contract Servicing Spread. For non-convertible ARMs with lender-paid mortgage insurance that have annual or monthly renewal premiums, the Minimum Contract Servicing Spread must include the amount necessary to pay the mortgage insurance premium when due.

Refer to Chapter A13 for pooling requirements for ARMs under the WAC ARM Guarantor program.

11.5: Offer procedures (09/01/10)

Subject to the requirements of the Purchase Documents and this chapter, a Seller may initiate a transaction under the Guarantor or MultiLender Swap programs by calling Freddie Mac's commitment offer line at (703) 761-7170 between 9 a.m. and 6 p.m. Eastern time on any Business Day. Once a Seller has entered into a Master Commitment Conversion, the applicable Purchase Contract will detail the terms of the conversion:

- Form 3, Summary Agreement (Guarantor)
- Form 5, Summary Agreement (MultiLender Swap)

Once the telephone offer has been made, there is a binding commitment by Freddie Mac to purchase Mortgages under the offer terms and to sell PCs or Giant PCs, subject to the conformity of each Mortgage with the requirements of the Purchase Documents.

Unless expressly stated otherwise, all references in this chapter and in Chapter 12 to Form 3, to Form 5, or to a Master Commitment Conversion shall mean the recorded telephone conversation in which such contract was requested, whether or not confirmed by a paper form of contract. In the event of conflict between a paper form of contract and

the related recorded telephone conversation, the terms of the recorded telephone conversation will control.

In accordance with the requirements in Section 1.3 of the Guide, the Seller shall be bound by the terms of the recorded telephone conversations between the Seller and Freddie Mac in connection with entering into a Master Commitment Conversion under a Form 3 or Form 5.

(a) Offer amount and optional delivery

Under the Guarantor program, a Master Commitment Conversion is an optional delivery commitment. The minimum commitment amount is:

- Fixed-rate Guarantor program — $1 million
- Fixed-rate Mini Guarantor program — $250,000
- WAC ARM Guarantor program — $500,000

Under the MultiLender Swap program, a Master Commitment Conversion is an optional delivery commitment. The minimum commitment amount is $1,000.

(b) Purchase tolerance

For Master Commitment Conversions, any part of the Contract Commitment Amount specified in the Form 3 or Form 5 may be delivered, provided that the minimum pool size is met. The maximum amount that Freddie Mac will purchase is the Contract Commitment Amount specified in the Form 3 or Form 5, plus the greater of $100,000 or 5% of the Contract Commitment Amount.

The offer amount specified by the Seller at time of Master Commitment Conversion is the amount that applies toward the Contract Commitment Amount specified in the Master Commitment Contract. If the Seller fails to deliver Mortgages that have an aggregate unpaid principal balance (UPB) equal to the offer amount, the Seller may update the actual offer amount for the particular Master Commitment Conversion at any time by calling the commitment offer line at (703) 761-7170 between 9 a.m. and 6 p.m. Eastern time on any Business Day. This will ensure that the remaining undelivered balance of the Contract Commitment Amount is accurate and that the Seller has as much coverage as possible to sell Mortgages under the Master Commitment Contract.

Refer to Section 12.6 for Master Commitment Contract purchase tolerance.

(c) Making an offer

When making an offer under a Master Commitment Conversion, the Seller must identify and confirm:

1. Freddie Mac Seller/Servicer number
2. Name of the Seller's authorized representative
3. Seller telephone number
4. Master Commitment Contract number
5. Offer product number and offer program number (see Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product and offer program numbers)
6. Remittance option (see Section 11.11)
7. Buyup and buydown option (see Section 11.11)
8. Requested Settlement Date (Freddie Mac will provide the delivery due date based on the requested Settlement Date)
9. Minimum Contract Servicing Spread (see Section 8.2.2 for Servicing Spread requirements)
10. Commitment amount (in multiples of $1,000) stated in terms of the aggregate UPB of the Mortgages that will be delivered under the Master Commitment Conversion

For offers under the WAC ARM Guarantor program, the Seller must confirm the following additional information:

11. ARM type (e.g., 1-year, 3/1, etc.)
12. Index and Lookback Period
13. Initial Cap, Periodic Cap and Life Cap
14. Convertibility

On completion of the offer, the Seller will receive a contract number necessary for processing the Master Commitment Conversion. This number should be used when the Seller is required to furnish the contract number on any delivery form or MIDANET® medium.

11.6: Offer procedures and contract options for Balloon/Reset Mortgages (06/28/04)

This section has been deleted. Refer to Sections 11.5 and 11.11.

11.7: MultiLender Swap posting information (12/14/05)

On the first Business Day of each month, Freddie Mac will announce on MIDANET® for the PC and market information vendors the following information with respect to Mortgages Freddie Mac will purchase under the MultiLender Swap program:

1. Mortgage term and final Settlement Dates
2. PC Coupon
3. Permissible Note Rate range
4. PC Pool Number
5. CUSIP Number

MIDANET for the PC and various market information vendors provide information about the Gold Rush® fees assessed for use of a Settlement Cycle of less than five days for Mortgages delivered through MIDANET for the PC.

11.8: Confirmation of compliance with Seller's Maximum Annual Mortgage Purchase Amount (06/28/04)

If Freddie Mac has established a Maximum Annual Mortgage Purchase Amount with respect to a Seller, Freddie Mac will, after the commitment has been made, review the aggregate amount of Mortgages purchased from the Seller to date in the current calendar year. Freddie Mac will notify the Seller if the Contract Commitment Amount stated in the Form 3, Summary Agreement (Guarantor Program), or the Form 5, Summary Agreement (MultiLender Swap), or the Master Commitment Contract, when added to the aggregate amount of Mortgage purchases to date from the Seller for that calendar year, would cause the Seller to exceed the Maximum Annual Mortgage Purchase Amount established for the Seller. In such case, Freddie Mac, in its sole and absolute discretion, may purchase Mortgages from the Seller in an amount that exceeds the Seller's Maximum Annual Mortgage Purchase Amount or may rescind, in whole or in part, its acceptance of the Seller's offer to sell any Mortgages that will result in the Seller's exceeding its Maximum Annual Mortgage Purchase Amount. Any such rescission shall be made without the payment by Freddie Mac of any Seller claims. Freddie Mac reserves the right to charge a fee on the entire amount of any Form 3 or Form 5 Purchase Contract that causes the Seller to exceed its Maximum Annual Mortgage Purchase Amount.

11.9: Purchase and sale obligations (06/28/04)

Under this chapter, a Form 3, Summary Agreement (Guarantor Program), or Form 5, Summary Agreement (MultiLender Swap), establishes the following obligations:

- **With respect to the Mortgages:** the obligation of the Seller to sell, and of Freddie Mac to buy, Mortgages up to the Contract Commitment Amount
- **With respect to the PCs and Giant PCs:** the obligation of Freddie Mac to sell, and of the Seller to buy, PCs or Giant PCs in exchange for such Mortgages

PCs and Giant PCs bear interest at the applicable PC Coupon and have the original principal balance determined pursuant to the verification procedures of Section 11.14, rounded down to the nearest dollar.

The obligation of Freddie Mac to sell PCs or Giant PCs in exchange for Mortgages under a Form 3 or Form 5 is subject to the Mortgages' eligibility for purchase, the Seller's compliance with any Maximum Annual Mortgage Purchase Amount established for the Seller and all other requirements of the Purchase Documents.

11.10: Election to sell with or without recourse (06/26/09)

Mortgages may be sold to Freddie Mac with or without recourse, as elected by the Seller and as set forth on Form 3, Summary Agreement (Guarantor Program), Form 5, Summary Agreement (MultiLender Swap), or the Master Commitment Contract.

(a) With recourse

A Seller who elects to sell Mortgages to Freddie Mac with recourse bears all risks and costs of a Borrower default, including the costs of foreclosure. Under a recourse obligation, the Seller must repurchase Freddie Mac's Percentage of Participation in a Mortgage, plus accrued interest, upon completion of the foreclosure sale (or upon delivery of a deed-in-lieu of foreclosure), whether or not the Borrower retains an equity of redemption. The Seller may, at its option, repurchase any Mortgage that is 90 days delinquent in accordance with the requirements in Sections 72.2 through 72.4. The Seller may also, at its option, repurchase any Mortgage for which foreclosure has been initiated.

If a Seller elects to sell Mortgages to Freddie Mac with recourse, the Seller's financial ability to fulfill the required recourse obligation will be reviewed. If Freddie Mac determines that a Seller's financial condition is not sufficient to support a recourse obligation, the Seller may be required to meet additional requirements. There may be instances in which additional recourse sales from a Seller will not be allowed because of the Seller's financial condition. At the time of review, Freddie Mac will determine whether to assess any or all postsettlement delivery fees (delivery fees) as indicated in Exhibit 19, *Postsettlement Delivery Fees*. Freddie Mac will provide this delivery fee information in a *Single-Family Seller/Servicer Guide* (Guide) provision or in the Seller's negotiated term of business, as applicable.

In addition, if a Seller elects to sell Mortgages to Freddie Mac with recourse, Freddie Mac will monitor the Seller's continuing ability to fulfill its recourse obligations and may:

- Require that the Seller submit specific financial information relating to the Seller's ability to fulfill its recourse obligations
- Require that the Seller provide Freddie Mac with additional assurances, including guaranties, or pledges of collateral, to support recourse obligations
- Treat the Seller's failure to provide Freddie Mac with requested additional assurances as a failure to fulfill an obligation under the Purchase Documents

A Seller who elects to sell Mortgages with recourse represents and warrants to Freddie Mac that on the Date of Seller's Offer, the Seller's aggregate recourse obligations comply with all applicable federal and State regulations. The Seller should be aware that in the event of a Transfer of Servicing, the Transferee Servicer must be approved by Freddie Mac and may be subject to the same recourse obligations as the Seller of the related Mortgages.

For Mortgages sold to Freddie Mac with recourse, the Note must bear the proper endorsement for sales with recourse, as set forth in Section 16.4 of the Guide.

(b) Without recourse

If a Seller elects to sell Mortgages without recourse, Freddie Mac assumes the risk of loss from Borrower defaults to the extent of Freddie Mac's Percentage of Participation in the Mortgages, subject to the terms and conditions of the Purchase Documents.

11.11: Remittance and buyup/buydown options (04/25/06)

Under the fixed-rate Guarantor and MultiLender Swap programs, subject to Freddie Mac approval, a Seller may sell Mortgages to Freddie Mac (as permitted under Section 11.1) under the following options:

- Gold remittance cycle
- Super accelerated remittance cycle (super ARC)
- First Tuesday remittance cycle
- Note-level buyup and buydown

Under the WAC ARM Guarantor program, subject to Freddie Mac approval, a Seller may sell Mortgages to Freddie Mac (as permitted under Section 11.1) under the following options:

- First Tuesday remittance cycle
- Accelerated remittance cycle (ARC)
- Contract-level buyup
- Contract-level buydown

The remittance cycles available under the Guarantor and MultiLender Swap programs are summarized in Exhibit 6, M atrix of Remittance Cycle Options. In addition, each remittance cycle is described in Section 78.23.

The buyup/buydown grids that list the buyup and buydown ratios under the Guarantor and MultiLender Swap programs are available at:
http://www.freddiemac.com/sell/secmktg/bubdgrids.htm

(a) Remittance cycles

The following remittance cycles are available:

- **For deliveries under the fixed-rate (including Balloon/Reset) Guarantor and MultiLender Swap programs**

  The Seller may request at time of Master Commitment Contract issuance that the super ARC, first Tuesday or Gold remittance cycle be made applicable to such contract. The Required Spread provided in the Master Commitment Contract will reflect the remittance cycle chosen at that time, and the Seller will be required to use that remittance cycle for all Master Commitment Conversions taken out under the Master Commitment Contract.

  If the Seller does not specify a remittance cycle at time of Master Commitment Contract issuance, the Required Spread provided in the Master Commitment Contract will reflect the Gold remittance cycle. The Seller will be able to select a remittance cycle at time of Master Commitment Conversion and the Required Spread will be adjusted at that time to reflect the remittance cycle chosen, if the Seller chooses a remittance cycle other than the Gold remittance cycle.

  Regardless of whether the remittance cycle is chosen at time of Master Commitment Contract issuance or Master Commitment Conversion:

  1. Under super ARC, the Required Spread is reduced in exchange for the Seller's obligation to remit Scheduled Principal and Scheduled Interest on the Mortgages sold to Freddie Mac in accordance with the remittance date specified for super ARC as described in Section 78.23. The Required Spread adjustment for super ARC will be based on the Mortgage product type and on the remittance date selected.

     The Seller will be required to state in the Master Commitment Contract or with the initial Master Commitment Conversion under the Master Commitment Contract a remittance date between the first and 15th day (inclusive) of the month for deliveries using super ARC. This date will then apply to all super ARC Master Commitment Conversions under that Master Commitment Contract.

  2. Under the first Tuesday remittance cycle, the Required Spread is increased in exchange for the Seller's obligation to remit principal and interest on the Mortgages sold to Freddie Mac in accordance with the remittance date specified for the first Tuesday remittance cycle as described in Section 78.23.

The Required Spread adjustment for the first Tuesday remittance cycle will be based on the Mortgage product type.

- **For deliveries under the WAC ARM Guarantor program**

  The Seller may request at time of Master Commitment Contract issuance that either the first Tuesday remittance cycle or ARC (as described in Section 78.23) be made applicable to such contract. The Required Spread provided in the Master Commitment Contract will reflect the remittance cycle chosen at that time, and the Seller will be required to use that remittance cycle for all Master Commitment Conversions taken out under the Master Commitment Contract.

  If the Seller does not specify a remittance cycle at time of Master Commitment Contract issuance, the Required Spread provided in the Master Commitment Contract will reflect the first Tuesday remittance cycle. The Seller will be able to select a remittance cycle at time of Master Commitment Conversion and if the Seller selects ARC, the Required Spread will be adjusted accordingly.

(b) Contract-level buyup option under the WAC ARM Guarantor program

The Seller may request at time of Master Commitment Conversion, except as provided in Section 12.8, to increase (to buy up) the Required Spread in exchange for a cash payment to be made to the Seller by Freddie Mac. The payment will be calculated and paid by Freddie Mac in accordance with the following requirements:

- For each basis point (0.010%) by which the Required Spread exceeds the Required Spread set forth in the Form 3, Summary Agreement (Guarantor), Freddie Mac will pay the Seller or credit to the Sellers' account, in accordance with the provisions of Section 17.2, an amount equal to a fixed percentage (expressed in basis points) of the aggregate unpaid principal balance (UPB) of Mortgages funded by Freddie Mac on the Settlement Date. For a given PC Pool, the number of basis points determined by Freddie Mac will depend on the highest Note Rate and the Weighted Average Remaining Maturity (WARM) of the Mortgages to be purchased as of the Date of Seller's Offer.

(c) Contract-level buydown option under the WAC ARM Guarantor program

The Seller may request at time of Master Commitment Conversion, except as provided in Section 12.8, to decrease (to buy down) the Required Spread in exchange for a cash payment to be made to Freddie Mac by the Seller. The payment will be calculated and paid in accordance with the following requirements:

- For each basis point (0.010%) by which the Required Spread is less than the Required Spread set forth in the Form 3, the Seller must remit, in accordance with the provisions of Section 17.2, an amount equal to a fixed percentage (expressed in basis points) of the aggregate UPB of Mortgages funded by Freddie Mac on the

Settlement Date. For a given PC Pool, the number of basis points determined by Freddie Mac will depend on t he lowest Note Rate and the WARM of the Mortgages to be purchased as of the Date of Seller's Offer.

(d) Note-level buyup and buydown option under the fixed-rate Guarantor and MultiLender Swap programs

The Seller may request at time of Master Commitment Conversion, except as provided in Section 12.8, adjustment to the Required Spread based on the Note Rate and remaining maturity of each Mortgage delivered, the PC Coupon and the Minimum Contract Servicing Spread.

In exchange for an increase to the Required Spread (buyup) for certain Mortgages, Freddie Mac will make a cash payment to the Seller.

In exchange for a decrease in the Required Spread (buydown) for certain Mortgages, the Seller will make a cash payment to Freddie Mac.

Buyup payments to be made to the Seller will be netted against buydown payments to be made by the Seller and the result will be paid in accordance with the provisions relating to fees in Section 17.2.

Freddie Mac will determine the amount of the increase or decrease in the Required Spread for each Mortgage delivered based on the following information:

- PC Coupon for which the Mortgage is delivered, as set forth in Form 381, Contract Delivery Summary
- Minimum Contract Servicing Spread specified at time of Master Commitment Conversion, as set forth in the Form 3, Summary Agreement (Guarantor), or Form 5, Summary Agreement (MultiLender Swap), as applicable
- Note Rate stated on the Form 11, Mortgage Submission Schedule
- Required Spread, as set forth in the Form 3 or Form 5, as applicable

In determining the amount of any increase or decrease in the Required Spread, Freddie Mac will use the following formula:

Note Rate	-	Minimum Contract Servicing Spread	-	Required Spread	-	PC Coupon	=	Amount of increase or decrease in Required Spread*

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* Expressed in basis points

If the result is a positive number, then the Required Spread will be increased by the amount of that positive number, subject to the maximum buyup limit prevailing at the time of Master Commitment Conversion. Such Mortgages will retain a Servicing Spread greater than the Minimum Contract Servicing Spread specified at time of Master Commitment Conversion, as set forth in the Form 3 or Form 5, as applicable.

If the result is a negative number, then the Required Spread will be decreased by the amount of that negative number, but will not be decreased to less than zero. A Note Rate must equal or exceed the PC Coupon plus the Required Spread (as adjusted for super ARC or first Tuesday remittance cycle and/or Note-level buyup and buydown) plus the Minimum Contract Servicing Spread to be accepted for purchase for the PC Coupon specified.

Note-level buyup and buydown payments will be calculated in accordance with the following requirements:

- For each basis point (0.010%) by which the Required Spread for a Mortgage must be increased or decreased as determined by the preceding formula, a payment will be required in an amount equal to a fixed percent (expressed in basis points) of the UPB of the Mortgage. The number of basis points determined by Freddie Mac will depend on the Note Rate, the remaining maturity of the Mortgage, the Mortgage product and whether a buyup or buydown is required.

(e) Monthly invoice of buyup proceeds/buydown fees

All buyup proceeds and buydown fees will be paid in accordance with Section 17.2.

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Note:
For general billing information, contact Freddie Mac **(see Directory 8)**.

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11.12: Gold Rush® for Mortgages delivered through MIDANET® (12/14/05)

The Seller may request a Settlement Cycle of less than five days for any Master Commitment Conversion under MultiLender Swap. The Seller will be assessed a Gold Rush fee for use of a Settlement Cycle of less than five days in accordance with the provisions of Section 11.12(b).

(a) Election of a Settlement Cycle of less than five days

To select a Settlement Cycle of less than five days, the Seller must telephone Freddie Mac's commitment offer line at (703) 761-7170 between 9 a.m. and 6 p.m. Eastern

time any Business Day in accordance with the offer procedures of Section 11.5 for the MultiLender Swap program. In addition to providing the required information to the commitment operator with respect to a MultiLender Swap transaction, the Seller must also request a Settlement Cycle of less than five days. The commitment operator will then provide the Seller with the following information:

- The last Settlement Date available
- The Gold Rush fee rate

With respect to Mortgages delivered pursuant to a Master Commitment Conversion for which the Seller has requested a Settlement Cycle of less than five days, the requirements of Section 17.6(j) must be met.

(b) The Gold Rush funding fee

For Mortgages delivered through MIDANET, the Gold Rush fee rate will be communicated to the Seller by the commitment operator during the recorded commitment call. This information is also provided on Freddie Mac's MIDANET for the PC and the market information vendors. In the event of a conflict between the information provided by the commitment operator and the other media, the recorded telephone conversation with the Freddie Mac commitment operator will control. The Gold Rush fee is expressed in basis points and will be applied to the aggregate unpaid principal balance (UPB) of the Mortgages funded by Freddie Mac on the Settlement Date.

(c) Monthly invoice and payment of Gold Rush fees

All Gold Rush fees are paid on a monthly basis. Each calendar month, Freddie Mac will send to the Seller an invoice listing each delivery for which a Gold Rush fee was assessed. Gold Rush fees must be paid by the Seller in accordance with the fee provisions set forth in Section 17.2.

11.13: Security wire instructions (06/01/09)

(a) Security wire instructions for Mortgages delivered through MIDANET®

After the telephone commitment has been made under the Guarantor or MultiLender Swap program in accordance with the procedures of Section 11.5, the Seller must transmit security wire instructions electronically via MIDANET for the PC. The contact person(s) identified in the security wire instructions must be designated on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable, as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac (for more information about Certificate of Incumbency requirements see Section 16.10.1). If the contact person is not designated as one of

the “Authorized Persons” on Form 988SF or Form 989SF, Freddie Mac will postpone the Settlement Date until the Seller retransmits the instructions with an authorized contact person.

A Seller that has selected a Settlement Cycle of less than five days for a Master Commitment Conversion under MultiLender Swap must properly transmit the security wire instructions electronically via MIDANET for the PC no later than noon Eastern time the Business Day before the proposed Settlement Date.

A Seller may modify the security wire transfer instructions submitted electronically via MIDANET for the PC only by submitting an originally executed paper Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization. The person(s) executing Form 939 must be designated on the Seller’s Form 988SF or Form 989SF, as applicable, as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller’s behalf in connection with the sale of Mortgages to Freddie Mac (for more information about Certificate of Incumbency requirements see Section 16.10.1). If the person executing Form 939 is not designated as one of the “Authorized Persons” on Form 988SF or Form 989SF, Freddie Mac will postpone the Settlement Date until it receives and processes the appropriate Form 988SF or Form 989SF or receives a new Form 939 executed by a person designated as one of the “Authorized Persons” on the Seller’s Form 988SF or Form 989SF, as applicable.

When electronically transmitting security wire instructions or completing Form 939, as applicable, for the WAC ARM Guarantor program, the Seller should check the box labeled "Weighted Average Coupon ARM."

(b) Acknowledgment and consent to electronic transactions – Mortgages delivered through MIDANET or sold through the Freddie Mac Selling System (Selling System)

In accordance with Section 1.3, the Seller is bound by security wire instructions that it electronically transmits via MIDANET for the PC or sends either by Form 939 or by any other mode of transmission or provides in the Selling System.

(c) Security wire verification

- **MIDANET for the PC**

  Freddie Mac will telephone the contact identified on the electronically submitted security wire instructions to confirm receipt of the security wire instructions and to verify the information contained in the instructions. If the Seller believes that there is an error in the information the Seller transmitted, the Seller must call its Freddie Mac Mortgage Purchase representative.

- **Selling System**

  For information about wire transfer instructions and delivery of PCs for Mortgages sold through the Selling System, see Sections B15.11, C15.11, or D15.11, as applicable.

(d) Liability

For Mortgages delivered through MIDANET, Freddie Mac shall not be liable for errors in the delivery of PCs or Giant PCs, provided that:

- Freddie Mac has verified the electronically transmitted security wire instructions by telephone

- Freddie Mac delivered the PCs or Giant PCs pursuant to security wire instructions provided by the Seller in accordance with the requirements of the Purchase Documents

For Mortgages sold through the Selling System, Freddie Mac shall not be liable for errors in the delivery of PCs or Giant PCs, provided that:

- Freddie Mac delivered the PCs or Giant PCs pursuant to security wire instructions that were provided by the Seller in accordance with the requirements of the Purchase Documents

11.14: Verification of purchase information for Mortgages purchased or sold (12/14/05)

For a delivery of Mortgages using a 5-day Settlement Cycle, Freddie Mac will notify the Seller of the proposed Settlement Date. Each PC Pool and MultiLender Swap is settled separately, although settlement of any number of PC Pools and Giant PC Pools may, at Freddie Mac's discretion, occur on the same Settlement Date. Freddie Mac may, by telephone or written notice, change the proposed Settlement Date at any time.

For each delivery of Mortgages, Freddie Mac will verify the following purchase information with the Seller prior to the related Settlement Date:

1. The aggregate unpaid principal balance (UPB) of the Mortgages as of the Delivery Date
2. The number of Mortgages delivered that Freddie Mac's records indicate Freddie Mac has accepted for purchase
3. The latest maturity date of any Mortgage
4. The Required Spread on the Mortgages
5. The applicable PC Coupon
6. The Percentage of Participation, if less than 100%
7. PC Pool number

8. CUSIP Number
9. Wire instructions

For a delivery of Mortgages using a Settlement Cycle of less than five days, Freddie Mac will not verify purchase information with the Seller before the related Settlement Date.

For WAC ARM PCs, Freddie Mac will also verify the following purchase information:

10. The PC Coupon (ORIG WGTC AVG PC COUPON)
11. The PC Margin (ORIG WGTD AVG COMP MARGIN)
12. The PC Lifetime Ceiling (ORIG WGTC AVG COMP LIFE CAP)
13. Whether the adjustable-rate Mortgages (ARMs) are convertible

Settlement is based on such verified purchase information, subject to Section 11.13 and this Section 11.14, unless Freddie Mac otherwise notifies the Seller by telephone or in writing before the related Settlement Date.

If any purchase information verified pursuant to this Section 11.14 is determined to be incorrect before the related Settlement Date, the Seller and Freddie Mac will promptly verify the accuracy of their records and use their best efforts to reach an agreement as to the purchase information.

If the Seller and Freddie Mac reach agreement as to the purchase information within five Business Days before the proposed Settlement Date, the settlement will be based on the agreed-upon purchase information.

Under the Guarantor program, if the Seller and Freddie Mac cannot agree as to the correct purchase information within five Business Days before the proposed Settlement Date, Freddie Mac may postpone the Settlement Date until an agreement is reached. If, however, such agreement is not reached within a reasonable period after the originally proposed Settlement Date, Freddie Mac may, at its option, terminate the applicable Purchase Contract without liability of Freddie Mac to the Seller and without prejudice to the exercise of Freddie Mac's remedies under this Guide.

Under the MultiLender Swap program, if the Seller and Freddie Mac cannot agree on the correct purchase information within five Business Days before the proposed Settlement Date, Freddie Mac may, at its option, terminate the applicable Purchase Contract without liability of Freddie Mac to the Seller and without prejudice to the exercise of Freddie Mac's remedies under this Guide.

With respect to a Master Commitment Conversion with a Settlement Cycle of less than five days, if the Seller and Freddie Mac cannot agree on the correct purchase information by noon Eastern time on the Business Day before the proposed Settlement Date, Freddie Mac may, at its option, terminate the applicable Purchase Contract without liability of Freddie Mac to the Seller and without prejudice to the exercise of Freddie Mac's remedies under this Guide.

11.15: Settlement (06/28/04)

As of the Settlement Date, ownership of, and (subject to the terms of any recourse obligation) risk of loss with respect to, the Mortgages being sold on the Settlement Date will pass from the Seller to Freddie Mac; and Freddie Mac will, in accordance with Section 11.22, deliver to the Seller in Book-Entry Form the PCs or Giant PCs representing interests therein in the amount determined pursuant to Section 11.14.

Freddie Mac will credit or remit to the Seller on a monthly basis the sum of:

- An amount of interest equal to one of the following:
  - With respect to PC Pools and Giant PC Pools backed by PC Pools without the Note-level buyup and buydown feature, interest at the Required Spread on the Mortgages for the period from the PC Issue Date to the day before the Settlement Date, inclusive
  - With respect to PC Pools and Giant PC Pools backed by PC Pools in which the Note-level buyup and buydown feature has been used, the weighted average Required Spread of the Mortgages in the PC Pool for the period from the PC Issue Date to the day before the Settlement Date, inclusive
- The excess, if any, of the aggregate unpaid principal balance (UPB) as of the Settlement Date of the Mortgages, over the aggregate original principal balance of the related PCs and Giant PCs

The sum will be credited against any fees payable by the Seller to Freddie Mac for monthly invoiced fees, including, but not limited to, buydown fees, Gold Rush® funding fees and postsettlement delivery fees. If this sum exceeds monthly invoiced fees due for the specified invoice period, a net amount is payable to the Seller. Payment of the net amount due to the Seller will be made in accordance with the delivery and funding fee provisions set forth in Section 17.2.

If the Seller fails for any reason to transfer all or any portion of the Mortgages accepted for purchase by Freddie Mac, Freddie Mac will have no obligation to sell all or any portion of the PCs or Giant PCs to the Seller. If the Seller fails for any reason to purchase all or any portion of the PCs or Giant PCs from Freddie Mac, Freddie Mac will have no obligation to purchase all or any portion of the Mortgages from the Seller.

11.15.1: Required Net Yield (RNY) (04/25/06)

This section has been deleted.

11.16: Special warranties (06/22/07)

In addition to the representations and warranties made elsewhere in the Purchase Documents, the Seller represents and warrants that:

- The purchase information and other information verified pursuant to Section 11.14 will be true and correct as of the date of verification and as of the related Settlement Date
- The ending principal balance shown on the Loan-Level Transaction that the Servicer transmits as of the close of the first monthly accounting reporting period following the Settlement Date is equal to the aggregate unpaid principal balance (UPB) of the related Mortgages as verified in accordance with Section 11.14
- As of the Settlement Date, the appraised value of the Mortgaged Premises is at least equal to the appraised value as of the date of the origination of such Mortgage
- For Mortgages for Newly Constructed Homes, as of the Settlement Date, the appraised value of the Mortgaged Premises is at least equal to the appraised value as of the effective date of the most recent appraisal report

11.17: Postsettlement adjustments (06/28/04)

If, after any Settlement Date, Freddie Mac determines that the aggregate unpaid principal balance (UPB), as of the Settlement Date, of the Mortgages purchased on such date (the "settlement balance") was greater than the aggregate UPB verified for purchase (the "verified balance") and greater than the original principal balance of the related PC, Freddie Mac will transfer back to the Seller ownership of the smallest number of Mortgages ("unfunded Mortgages") having an aggregate UPB as of the Settlement Date at least equal to the excess of the settlement balance over the verified balance. If the aggregate UPB of the unfunded Mortgages transferred back to the Seller exceeds the difference between the settlement balance and the verified balance, the excess must be reported and remitted promptly by the Seller to Freddie Mac in accordance with Sections 77.33 and 78.23, as if such difference were a principal prepayment (Mortgage paid in full) on the related Mortgages.

Without Freddie Mac's prior written approval, the Seller may not remedy an incorrect verified balance by offsetting any difference between the settlement balance and the verified balance against principal collections received on the Mortgages by the Seller after the Settlement Date. The amount of principal reduction reported by the Seller via the Loan-Level Transaction (or any other report developed for reporting accounting information) must, for each accounting reporting period, accurately reflect all principal collections actually received by the Seller on the verified balance plus any prepayment resulting from the transfer of unfunded Mortgages as described in Section 11.14.

If, after the Settlement Date, Freddie Mac determines that the settlement balance of the Mortgages purchased on such date was less than the verified balance and less than the original principal balance of the related PC or Giant PC, the Seller must, at Freddie Mac's option and within the time period and in the manner specified by Freddie Mac, either remit the amount of any such difference to Freddie Mac as a principal payment

with respect to such Mortgages, or deliver additional Mortgages that would have been eligible for inclusion in the related PC Pool or Giant PC Pool and that have an aggregate UPB at least equal to the difference between the verified balance and the settlement balance.

11.18: Servicing and audits (04/25/06)

This section has been deleted.

11.19: PCs, Giant PCs and pool factors (06/28/04)

The PCs are offered for sale by Freddie Mac pursuant to the PC Offering Circular. By entering into the Master Commitment Contract, the Seller acknowledges receipt of a copy of the applicable PC Offering Circular.

The Giant PCs are offered for sale by Freddie Mac pursuant to the Giant PC Offering Circular. By entering into a Master Commitment Conversion for a MultiLender Swap to exchange Mortgages for Giant PCs, the Seller acknowledges receipt of a copy of the Giant PC Offering Circular.

A Seller may be identified as the Seller and/or Servicer of the Mortgages in such manner as Freddie Mac may determine, and will generally be identified on the published monthly list of pool factors for the PC Pools formed under the Guarantor program. Freddie Mac may, in its sole discretion, otherwise identify PCs or Giant PCs sold pursuant to this chapter as representing interests in PC Pools or Giant PCs formed pursuant to the Guarantor or MultiLender Swap programs and release any information concerning the Mortgages, the PCs or the Giant PCs.

11.20: Disclosure requirements related to PCs and Giant PCs (10/10/06)

The provisions of this Section 11.20 are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

(a) Disclosure for PCs formed under the Guarantor program

For each PC Pool formed under the Guarantor program, Freddie Mac will make available on **www.freddiemac.com** by the Settlement Date a Pool Supplement that contains information about the Mortgages in the PC Pool as of the Settlement Date. A Seller may also obtain a copy of the Pool Supplement by contacting Investor Inquiry at (800) 336-3672.

In preparing the Pool Supplement, Freddie Mac relies upon the accuracy and completeness of the Mortgage and Servicing information provided by the Seller. If the information in the Pool Supplement is inaccurate or incomplete, the Seller must immediately inform Freddie Mac and provide Freddie Mac with any corrections necessary. Neither the Seller nor any affiliate of the Seller (as affiliate is defined in Rule 405, 17 CFR SEC 230.405, promulgated under the Securities Act of 1933) may make any use of the Pool Supplement if any information contained therein is inaccurate or incomplete.

In addition to a Pool Supplement, Freddie Mac makes available on its web site and from information vendors, information about the Mortgages in the PC Pool that is updated on a monthly basis. Current information about information vendors may be obtained by contacting Freddie Mac **(see Directory 1)**.

(b) Disclosure for PCs formed under the MultiLender Swap program

For each PC Pool or Giant PC Pool formed under the MultiLender Swap program, Freddie Mac will make available on **www.freddiemac.com** a Pool Supplement containing information about the Mortgages in the PC Pool, or a Giant Offering Circular Supplement containing information about the PCs underlying the Giant PC Pool, as of the Settlement Date. The Pool Supplement and Giant Offering Circular Supplement will be available on **www.freddiemac.com** on the first Business Day following the Bond Market Association's (BMA) Class D monthly securities settlement date. A Seller may also obtain a copy of the Pool Supplement and Giant Offering Circular Supplement by contacting Investor Inquiry at (800) 336-3672.

In preparing the Pool Supplement and Giant Offering Circular Supplement, Freddie Mac relies upon the accuracy and completeness of the Mortgage and Servicing information provided by the Seller. If the information about the Mortgages sold under the MultiLender Swap program is inaccurate or incomplete, the Seller must immediately inform Freddie Mac and provide Freddie Mac with any corrections necessary. Neither the Seller nor any affiliate of the Seller (as affiliate is defined in Rule 405, 17 CFR SEC 230.405, promulgated under the Securities Act of 1933) may make any use of the Pool Supplement or Giant Offering Circular Supplement if any information contained therein is inaccurate or incomplete.

In addition to a Pool Supplement or Giant Offering Circular Supplement, Freddie Mac makes available on its web site and from information vendors, information about the Mortgages in the PC Pool or PCs underlying the Giant PC Pool that is updated on a monthly basis. Current information about information vendors may be obtained by contacting Freddie Mac **(see Directory 1)**.

The aggregate information for Giant PC Pools formed under the MultiLender Swap program does not necessarily reflect, and may differ from, information derived from each of the Mortgages underlying each PC or Giant PC in that Giant PC Pool.

(c) Seller's disclosure obligations

The Seller's offer and sale of PCs must comply with all applicable federal securities laws and Freddie Mac requirements. If the Seller or an affiliate of the Seller offers for sale or sells any PC or Giant PC, the Seller must deliver to each person to whom the offer or sale is made, not later than the time a contract of sale is executed, all of the following:

- A copy of the most recent PC Offering Circular or Giant PC Offering Circular, as applicable, including any supplements in effect at the time of the related offer or sale
- Any applicable Pool Supplement or Giant Offering Circular Supplement, and
- Any Additional Supplement required by applicable federal securities laws or by Section 11.20(d)

If securities are sold to investment bankers, brokers, dealers or other entities for distribution, the Seller must assure that these entities will send or deliver such documents to investors before or with the confirmation of sale.

(d) Seller's obligations for Additional Supplements

In connection with the sale of Mortgages to Freddie Mac, the Seller must inform Freddie Mac in writing if any related offering materials, including the PC Offering Circular or Giant PC Offering Circular:

- Contain an untrue statement of a material fact, or
- Fail to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading

Such information may obligate the Seller to prepare an Additional Supplement for the PC Pool. (The Seller will provide such information in the Additional Supplement and only such information as is agreed between the Seller and Freddie Mac.)

Additionally, the Guide section describing certain Mortgage products may indicate that an Additional Supplement is required and will refer to the exhibit that contains the suggested form of Additional Supplement for each particular Mortgage product.

Seller must deliver the completed Additional Supplement together with the name and telephone number of the person responsible for the Additional Supplement, to Freddie Mac's e-mail address at **Additional_Supplement@freddiemac.com** by:

- No later than the Final Delivery Date, for Mortgages sold through the Freddie Mac Selling System (Selling System), and
- No fewer than two Business Days before the Settlement Date, for Mortgages sold through MIDANET®

If the Seller is unable to e-mail its Additional Supplement, it may be faxed to Freddie Mac at (571) 382-4385.

(e) Other information provided by the Seller

The information provided in the Pool Supplement and any Additional Supplement or Giant Offering Circular Supplement is the only information about a PC or Giant PC or the Mortgages in the related PC Pool or Giant PC Pool that the Seller can disclose to the public.

In no event may the Seller make available to any third party information regarding principal paydowns on the Mortgages or pool factors, except as have been made available to the public by Freddie Mac. To make available to any third party any other information with respect to the Mortgages that is not made publicly available by Freddie Mac, the Seller must first obtain Freddie Mac's consent by contacting Investor Inquiry at (800) 336-3672.

After obtaining Freddie Mac's consent, the Seller must provide such information to the third party in writing, and the information must include, on the first page in distinguishing typeface, a statement that the information has been prepared by the Seller and that Freddie Mac is not responsible for the accuracy or completeness of the information. Within one Business Day after the writing is first made available by the Seller to any third party, the Seller must provide a copy of it to Freddie Mac, together with the date the writing was first made available and the Seller's name, address and telephone number, at the following address:

FREDDIE MAC
1551 PARK RUN DRIVE
MS D5B
ATTN OFFICE OF THE REGISTRAT
MCLEAN, VA 22102

The information received from the Seller may be made available by Freddie Mac to any person upon request.

11.21: Indemnification (06/28/04)

The Seller must indemnify and hold Freddie Mac, its directors, officers, employees, successors, assigns and fiscal and transfer agents harmless from and against any and all losses, damages, claims, demands, actions, suits or liabilities, joint or several, to which Freddie Mac may become subject and shall reimburse Freddie Mac for any legal or other expenses reasonably incurred by Freddie Mac in connection with investigating or defending any such loss, damage, claim, demand, suit, liability or action in respect

thereof, insofar as such losses, claims, damages, demands, suits, liabilities or actions arise out of or are based upon:

- Any untrue statement or alleged untrue statement of a material fact made or contained in any offering materials (other than the applicable PC Offering Circular or Giant PC Offering Circular) used by the Seller or its underwriters or agents in connection with any public or private offering or sale of any PCs or Giant PCs, or
- Any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or
- Any other act or failure to act by the Seller or its underwriters or agents in connection with any such sale or offering, including without limitation, a breach of any of the terms or conditions contained in Section 11.20 or a breach of any warranty or representation made by the Seller pursuant to Section 11.20

11.22: PC and Giant PC delivery (06/01/09)

Subject to the provisions of this Section 11.22, Freddie Mac will deposit the PCs and Giant PCs in accordance with the instructions the Seller specifies:

- For Mortgages sold through MIDANET®, on the electronically transmitted security wire instructions or, with respect to modifications of security wire instructions, on Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, as applicable; and

- For Mortgages sold through the Freddie Mac Selling System (Selling System), on the applicable screens in the Selling System.

With respect to Mortgages sold under the Guarantor and MultiLender Swap Program, the Seller must complete all applicable delivery information and indicate the depository institutions and beneficiaries in whose accounts the PCs or Giant PCs issued in Book-Entry Form must be deposited.

See Section 11.13 for information regarding security wire instructions for Mortgages sold through MIDANET. See Sections B15.11, C15.11, and D15.11 for information regarding security wire instructions for Mortgages sold through the Selling System.

Mortgages sold through MIDANET

For Mortgages sold through MIDANET, any security wire instruction modifications may result in a postponement of settlement if the modifications are received by Freddie Mac:

- **For Guarantor and MultiLender Swap transactions using a 5-day Settlement Cycle**, within four Business Days before the proposed Settlement Date

- **For deliveries using a Settlement Cycle of less than five days**, after noon Eastern time the Business Day before the proposed Settlement Date

Upon confirmation of the modifications, Freddie Mac and the Seller will attempt to agree on a new Settlement Date. This agreement will be made by telephone and Freddie Mac may record the conversation. If Freddie Mac and the Seller cannot agree on a new Settlement Date, Freddie Mac may, at its option and at its sole discretion, elect not to implement the modifications. If Freddie Mac elects not to implement the modifications, the PCs or Giant PCs will be deposited in accordance with the original instructions on the originally scheduled Settlement Date. The Seller may make corrections or changes to the information provided in the electronically transmitted wire instructions only by submitting a Form 939.

Freddie Mac will telephone one of the Seller's contact persons before the Settlement Date to obtain the information as to reallocation of the dollar amount and corrections to security wire instructions if:

- The aggregate unpaid principal balance (UPB) of the Mortgages accepted for purchase by Freddie Mac, with respect to any delivery, differs from the aggregate UPB of the Mortgages delivered by the Seller, and

- Such difference requires the Seller to reallocate the dollar amount or to delete a beneficiary indicated in the electronically transmitted wire instructions or on Form 939, as applicable.

The telephone communication may be recorded.

If Freddie Mac is unable to reach a contact person or if such person fails to give Freddie Mac the revised information as required above, Freddie Mac will postpone the Settlement Date until the information is obtained as to the reallocation of dollar amount and the correction to the security wire instructions.

Sellers are responsible for assigning and managing their wire instructions for Mortgages sold under the Guarantor and MultiLender Swap Program through the Selling System. For information, see Sections B15.11, C15.11, and D15.11.

For all Mortgages sold to Freddie Mac under the Guarantor Program and MultiLender Swap Program, the Seller agrees to indemnify and hold harmless Freddie Mac, its successors, assigns, fiscal and transfer agents, from and against any and all claims, damages, liabilities, losses, demands, actions, suits, costs and expenses, joint and several, of every nature and character as the same may arise or be made against or be incurred by any of them, as a result of their deposit of any PC or Giant PC to any account, if such PC is deposited in accordance with the Seller's security wire instructions, as set forth in the electronically transmitted wire instructions, or as modified by a Form 939 in accordance with the terms of this chapter, or as entered on the applicable screens in the Selling System.

With respect to the delivery instructions provided by the Seller, all PCs and Giant PCs will be deposited in the accounts of the beneficiaries in Book-Entry Form.

11.23: Freddie Mac remedies (06/28/04)

If the Seller breaches any representation or warranty made pursuant to this chapter or any of the purchase information is found to be incorrect, Freddie Mac may at its option:

- Rescind the transaction
- Require the Seller to repurchase any PCs or Giant PCs that have been sold by the Seller
- Retain any fees otherwise refundable to the Seller pursuant to the Purchase Documents
- Require the Seller to take such other action as may be necessary or appropriate at Freddie Mac's sole discretion to remedy such breach or to cause the relevant PC Pool or Giant PC Pool to conform to the terms of the purchase information

The remedies set forth in this chapter are in addition to any remedies otherwise provided for in the Purchase Documents or available under applicable law including, without limitation, Freddie Mac's right to require repurchase or substitution of any Mortgage.

In addition to Freddie Mac's other remedies under this Guide, the breach by the Seller of any representation, warranty or agreement contained in this Guide will constitute grounds for suspension of the Seller's eligibility to sell Mortgages to Freddie Mac as provided in Chapter 5.

11.24: Pooling requirements for Guarantor and MultiLender Swap programs (06/28/04)

Seller/Servicers will find the pooling requirements for Mortgages under the Guarantor and MultiLender Swap programs elsewhere in this Guide:

Topic	Location
Pooling and Disclosure Requirements for Fixed-Rate and Balloon/Reset Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs	Chapter 13
Pooling and Disclosure Requirements for ARMs Under the WAC ARM Guarantor Program	Chapter A13

Chapter 12: Master Agreements and Master Commitment Contracts

12.1: Master Agreements and Master Commitment Contracts (08/15/08)

This chapter covers the terms relating to Master Agreements and Master Commitment Contracts.

If the Seller has a Master Agreement and/or Master Commitment Contract, the contract stating the particular terms of the purchase and sale agreement and incorporating the Guide and other applicable Purchase Documents by reference will be prepared by Freddie Mac and forwarded to the Seller along with any other documents related to the purchase and sale agreement. A binding contract will be established when:

- For a Master Agreement, Freddie Mac and the Seller have executed the Master Agreement and any other documents related to the purchase and sale agreement
- For a Master Commitment Contract, when either Freddie Mac and the Seller have executed the Master Commitment Contract, if required by the terms of the Master Agreement, or Freddie Mac has issued the Master Commitment Contract and, in either instance, Freddie Mac and the Seller have executed any other documents related to the purchase and sale agreement
- The Master Agreement and, if required by the Master Agreement, the Master Commitment Contract or, if issued without a Master Agreement, the Master Commitment and any other documents related to the purchase and sale agreement have been returned by the Seller to Freddie Mac as set forth in the next paragraph
- All applicable fees have been paid and any applicable funds deposited or financing statements or other filings have been made

If Freddie Mac forwards to the Seller the Master Agreement and/or Master Commitment Contract executed by Freddie Mac, the Seller will have a time period specified in the Master Agreement and/or Master Commitment Contract in which to execute and return the Master Agreement and, if required by the terms of the Master Agreement, the Master Commitment Contract and all other applicable documents either:

- By facsimile transmission to the fax number contained in the cover letter accompanying the Master Agreement and/or Master Commitment Contract, or

- As an Electronic Record attached to an Internet e-mail transmission sent to an e-mail address specifically and expressly authorized by Freddie Mac and provided to the Seller.

Facsimile transmission
A Seller executing and delivering a copy of the signature page of a Master Agreement and/or Master Commitment Contract by facsimile transmission agrees to all of the following:

- Such execution and delivery is an "electronic transaction" governed by Section 1.3 of the Guide
- There have been no alterations or changes to any of the terms of the Master Agreement and/or Master Commitment delivered to Seller by Freddie Mac
- Seller intends that the copy or representation of the original signature of Seller's duly authorized representative that is attached to or logically associated with the copy of the signature page delivered by facsimile transmission to Freddie Mac is that representative's original signature and serves to indicate Seller's present intention to authenticate the Master Agreement and/or Master Commitment, of which the signature page is a part
- Seller is bound to the terms and conditions of the Master Agreement and/or Master Commitment in the same manner that the Seller would be bound if its duly authorized representative had delivered the original paper Master Agreement and/or Master Commitment to Freddie Mac with the signature page executed by that representative using his or her original signature and an ink pen
- Freddie Mac may attach a facsimile copy of the signature page containing a copy or representation of the original signature of Seller's authorized representative to a copy of the Master Agreement and/or Master Commitment which will constitute a duly executed valid, effective and enforceable counterpart of the original Master Agreement and/or Master Commitment delivered to Seller by Freddie Mac

Internet e-mail transmission
A Seller executing and delivering a copy of the signature page of a Master Agreement and/or Master Commitment Contract as an Electronic Record attached to an Internet e-mail transmission agrees to all of the following:

- Such execution and delivery is an "electronic transaction" governed by Section 1.3 of the Guide

- There have been no alterations or changes to any of the terms of the Master Agreement and/or Master Commitment delivered to Seller by Freddie Mac

- The executed signature page of the Master Agreement and/or Master Commitment that Seller delivers as an attachment to an e-mail to Freddie Mac is an electronic copy of the executed signature page

- Seller intends that the copy or representation of the original signature or Electronic Signature of Seller's duly authorized representative that is attached to or logically associated with the electronic copy of the signature page delivered by e-mail to Freddie Mac is that representative's original signature or Electronic Signature and

serves to indicate Seller's present intention to execute and authenticate the Master Agreement and/or Master Commitment, of which the signature page is a part

- Seller is bound to the terms and conditions of the Master Agreement and/or Master Commitment to the same extent that the Seller would be bound if Seller's duly authorized representative had delivered the original paper Master Agreement and/or Master Commitment to Freddie Mac with the signature page executed by that representative using his or her original signature and an ink pen

A Seller's failure to execute and return the executed Master Agreement and/or Master Commitment Contract and other applicable documents and to pay any applicable fees or make applicable deposits and filings within the specified period may, at Freddie Mac's option, render Freddie Mac's offer null and void.

12.2: Defined terms for Master Agreements and Master Commitment Contracts (06/28/04)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Master Agreements and Master Commitment Contracts:

- Cash Purchase Contract
- Contract Commitment Amount
- Effective Date for Delivery
- Master Commitment Amount
- Maximum Master Agreement Amount
- Mortgage Product
- Required Delivery Date
- Weighted Average Remaining Maturity (WARM)

Definitions for these terms are located in the Glossary of this Guide.

12.3: Terms of Master Agreements and Master Commitment Contracts (10/06/00)

(a) Master Agreements

When the Seller has a Master Agreement, the Master Agreement sets forth terms relating to the purchase and sale of Mortgages, including:

1. The Maximum Master Agreement Amount
2. The Required Delivery Date for deliveries under the Master Agreement
3. Any restrictions on the delivery program that may be used (Cash program only; Guarantor program only; Guarantor and MultiLender Swap programs only; Cash

and Guarantor and MultiLender Swap programs), subject to the requirements of the Purchase Documents
4. Any Mortgage Products or programs not eligible for sale under the Guide
5. Any negotiated provisions that may vary from the provisions of the Guide
6. Whether the Seller may sell participation interests in Mortgages. If the sale of participation interests is not expressly permitted in the Master Agreement and/or Master Commitment Contract, the Seller may sell whole Mortgages only
7. For mandatory Master Commitment Contracts, a stated tolerance for purchases that are either in excess of or less than the Master Commitment Amount
8. Any other relevant terms and conditions

(b) Master Commitment Contract(s), when issued under a Master Agreement

The Master Commitment Contract, when issued under a Master Agreement, incorporates the terms of the Master Agreement and sets forth the remaining terms relating to the purchase and sale of Mortgages under the Master Agreement, including:

1. The Master Commitment Amount
2. The Effective Date for Delivery, if applicable
3. The Required Delivery Date
4. Any negotiated provisions that may vary from the Guide or the Master Agreement
5. Whether delivery is mandatory (that is, the Seller is obligated to sell Mortgages under the Master Commitment Contract) or optional (that is, the Seller has the option to sell Mortgages under the Master Commitment Contract)
6. For mandatory Master Commitment Contracts, a stated tolerance for purchases that are either in excess of or less than the Master Commitment Amount
7. The Required Spreads for Mortgages Eligible for sale under the Guarantor and MultiLender Swap programs
8. Whether the Seller may sell Mortgages with recourse. Mortgages sold under a Master Commitment Contract issued under a Master Agreement will be sold without recourse subject to any other specified requirements as to certain provisions or credit enhancement, unless otherwise stated in the Purchase Documents
9. Any other relevant terms and conditions

(c) Master Commitment Contract(s) issued without a Master Agreement

A Master Commitment Contract issued without a Master Agreement sets forth all the terms relating to the purchase and sale of Mortgages, including:

1. The Master Commitment Amount
2. The Effective Date of Delivery, if applicable
3. The Required Delivery Date

4. Whether delivery is mandatory (that is, the Seller is obligated to sell Mortgages under the Master Commitment Contract) or optional (that is, the Seller has the option to sell Mortgages under the Master Commitment Contract)
5. For mandatory Master Commitment Contracts, a stated tolerance for purchases that are either in excess of or less than the Master Commitment Amount
6. Any restrictions on the delivery program that may be used (Cash program only; Guarantor program only; Guarantor and MultiLender Swap programs only; Cash and Guarantor and MultiLender Swap programs), subject to the requirements of the Purchase Documents
7. Any Mortgage Products or programs not eligible for sale under the Guide
8. Any negotiated provisions that may vary from the provisions of the Guide
9. Whether the Seller may sell participation interests in Mortgages. If the sale of participation interests is not expressly permitted in the Master Commitment Contract, the Seller may sell whole Mortgages only.
10. Whether the Seller may sell Mortgages with recourse. Mortgages sold under a Master Commitment Contract without a Master Agreement will be sold without recourse subject to any other specified requirements as to certain provisions or credit enhancement, unless otherwise stated in the Purchase Documents.
11. The Required Spreads for Mortgages eligible for sale under the Guarantor and MultiLender Swap programs
12. Any other relevant terms and conditions

12.4: Conversions, delivery programs and procedures (04/25/06)

The Seller must fulfill its obligation, with respect to mandatory Master Commitment Contracts, or may exercise its option, with respect to optional Master Commitment Contracts, to sell Mortgages by entering into:

- Cash conversions
- Conversions under the Guarantor program or MultiLender Swap program, or
- Both cash conversions and conversions under the Guarantor program or MultiLender Swap program

(a) Cash conversions

A Seller may sell Mortgages under the Cash program to Freddie Mac through the Freddie Mac Selling System (Selling System) using the functionality that Freddie Mac, in its sole discretion, makes available to the Seller. The provisions of the Purchase Documents, including but not limited to, Chapters A1, 9 and 10, any additional Guide chapters providing for use of specific Selling System functionality, and any additional terms and conditions contained within the Selling System, will apply to the sale of Mortgages for cash through the Selling System.

In addition, unless otherwise stated in the Master Agreement and/or Master Commitment Contract, the Seller may sell Mortgages eligible for delivery under the Cash program to Freddie Mac for cash through MIDANET® under the following:

- RNY Cash — see Chapter A9
- Gold Cash® — see Chapter B9
- ARM Cash — see Chapter A10

(b) Guarantor and MultiLender Swap conversions

If Required Spreads are stated in the Master Commitment Contract for a Mortgage Product or the Master Commitment Contract describes a process or method for obtaining the applicable Required Spreads, the Seller may sell those Mortgage Products to Freddie Mac as set forth in Section 11.1 under the Guarantor program and, subject to the terms of the Purchase Documents, the MultiLender Swap program in exchange for:

- Gold PC®s
- Giant PCs
- WAC ARM PCs

Master Commitment Conversion confirmations ("conversion confirmations") will be sent to the Seller with the Master Commitment Contract. The Seller may use the conversion confirmation for information when initiating a Guarantor or MultiLender Swap conversion. The conversion confirmation is for the Seller's records only. Execution and return by the Seller of the conversion confirmation is not required.

Loan numbers for conversions under the Guarantor or MultiLender Swap programs will be made available through MIDANET® for the PC.

To enter into a Guarantor or MultiLender Swap conversion for Mortgages delivered through MIDANET, the Seller must telephone the Freddie Mac commitment line at (703) 761-7170 from 9 a.m. to 6 p.m. Eastern time to specify the terms of the delivery and obtain a conversion number for processing the conversion. This telephone conversation will be recorded. In accordance with Section 1.3, the Seller agrees to be bound by the terms of recorded telephone conversations with Freddie Mac in lieu of the Seller's execution of a paper form.

For MultiLender Swap conversions, if a Seller has MIDANET for the PC capabilities, a Form 5, Summary Agreement (MultiLender Swap), detailing the terms of the conversion specified during the recorded telephone conversation will be received by the Seller via MIDANET the morning after the commitment was made. Form 5 is for informational purposes and the Seller's records only. The Seller is not required to execute and return the Form 5 to Freddie Mac. In the event of a conflict between the terms of the recorded telephone conversation and the Form 5, the terms of the recorded telephone conversation will control.

The conversion number received during the recorded telephone conversation should be used as the contract number when the Seller is required to furnish the contract number on any delivery form or MIDANET medium.

12.5: Credit toward a Master Agreement and/or Master Commitment Contract (06/28/04)

The aggregate unpaid principal balance (UPB) of Mortgages purchased pursuant to Master Commitment Conversions under the Guarantor or MultiLender Swap programs will be credited to the Maximum Master Agreement Amount and to the Master Commitment Amount. Such conversions will be so credited until Freddie Mac has purchased Mortgages having an aggregate UPB equal to the Master Commitment Contract Amount, including the allowable purchase tolerance, or the aggregate UPB of Mortgages purchased under a Master Agreement is equal to the Maximum Master Agreement Amount, or until the Required Delivery Date, whichever occurs first.

Unless the Master Commitment Contract provides otherwise, cash purchases are eligible to fulfill the Master Commitment Contract. At the Seller's request, the aggregate UPB of Mortgages specified in any Cash Purchase Contract may be credited to the Seller's outstanding Master Commitment Contracts. For any Seller that concurrently has two or more Master Commitment Contracts outstanding, the allocation of cash conversions will be made to the Master Commitment Contract number specified when entering into the cash conversion.

12.6: Contract tolerances, pairoffs (04/25/06)

Purchase tolerances for Master Commitment Contracts are set forth in the Master Commitment Contract and apply only to the Contract Commitment Amount specified in the Master Commitment Contract.

In the event a Seller delivers Mortgages with an aggregate unpaid principal balance (UPB) greater than the Contract Commitment Amount of the applicable Master Commitment plus the purchase tolerance set forth in the Master Commitment, Freddie Mac reserves the right to charge a fee if it agrees to accept the delivery.

A Cash Purchase Contract is subject to:

- The purchase tolerances applicable to Cash Purchase Contracts for fixed-rate (including Balloon/Reset) Mortgages and adjustable-rate Mortgages (ARMs) and
- Pairoff fees as set forth in Section 8.7

A Seller may pair off a mandatory Master Commitment Contract in accordance with the procedures set forth in Section 8.7. Any pairoff fees assessed for failure to fulfill a mandatory Master Commitment Contract shall be in addition to the pairoff fees assessed

for failure to satisfy the mandatory delivery requirements for fixed-rate (including Balloon/Reset) Mortgages and for ARMs delivered under Cash Purchase Contracts.

12.7: Remittance cycles (04/25/06)

If the Seller is required to use a p articular remittance cycle for all conversions or contracts taken out under a Master Commitment Contract, the Master Commitment Contract will include a statement to that effect. If no remittance cycle has been required in the Master Commitment Contract, the Seller may elect any permitted remittance cycle at the time of conversion.

When the Seller elects a remittance cycle when taking out a conversion or contract that is different from the remittance cycle reflected in the Master Commitment Contract:

- Such feature will be offered under the terms generally made available by Freddie Mac at the time the Seller enters into the conversion
- The Required Spreads set forth in the Master Commitment Contract or the price paid under a Cash Purchase Contract, as applicable, will be adjusted accordingly
- The applicable Guarantor conversion, MultiLender Swap conversion or Cash Purchase Contract will set forth such terms with respect to the feature as specified by Freddie Mac

12.8: Buyup, buydown options (04/25/06)

(a) WAC ARM Guarantor program

With respect to WAC ARM Guarantor Master Commitment Conversions, if the contract-level buyup or buydown option is permitted under Section 11.11(b) or 11.11(c), then the following terms apply:

- If a Master Commitment Contract contains provisions requiring the contract-level buyup option for all conversions, the Seller may not elect the contract-level buydown option at the time of conversion
- If a Master Commitment Contract contains provisions requiring the contract-level buydown option for all conversions, the Seller may not elect the contract-level buyup option at the time of conversion
- If the Seller has not elected in the Master Commitment Contract either the contract-level buyup or buydown option for all conversions, the Seller may elect either the contract-level buyup or the buydown option at the time of conversion

(b) Fixed-rate (including Balloon/Reset) Guarantor and MultiLender Swap programs

With respect to fixed-rate Guarantor or MultiLender Swap Master Commitment Conversions, if the Note-level buyup and buydown option is permitted under Section

11.11(d), unless otherwise stated in the Master Commitment Contract, the Seller will be permitted to elect the option at the time of conversion.

(c) Elections at conversion

If the Seller elects at the time of conversion to specify either the contract-level buyup or buydown option with respect to WAC ARM Guarantor or the Note-level buyup and buydown option with respect to fixed-rate Guarantor or MultiLender Swap conversions, then:

- The option will be offered under the terms generally made available by Freddie Mac at the time Seller enters into the conversion
- The applicable Guarantor conversion or MultiLender Swap conversion will set forth such terms with respect to the feature as specified by Freddie Mac

A Seller may elect to apply either the contract-level buyup or buydown option, as permitted by Sections 11.11(b) and 11.11(c), in advance, or at the time of each WAC ARM Guarantor conversion. A Seller making the foregoing elections may at the same time elect to apply the Note-level buyup and buydown feature, as permitted under Section 11.11(d), in advance, or at the time of each fixed-rate Guarantor or MultiLender Swap conversion.

12.9: Revocation of Master Agreement and/or Master Commitment Contract (10/06/00)

The terms, provisions and any waivers of Guide requirements set forth in the Master Agreement and/or Master Commitment Contract are expressly conditional upon:

- Compliance by the Seller with the terms and conditions set forth in the Master Agreement and/or Master Commitment Contract, the Guide and the other Purchase Documents, and
- The truth and accuracy of the representations and warranties made by the Seller under the Purchase Documents

In the event of a breach by the Seller of any of the Purchase Document terms and conditions or in the event any representation or warranty proves to have been untrue at the time made, Freddie Mac may immediately revoke the Master Agreement and/or Master Commitment Contract in whole or in part for future deliveries.

12.10: Part and section headings of Master Agreements and Master Commitment Contracts (10/06/00)

Part and section headings set forth in Master Agreements and/or Master Commitment Contracts are for convenience of reference only and will not be construed as part of the Master Agreement and/or Master Commitment Contract.

12.11: Defined terms (02/07/01)

Capitalized terms used in a Master Agreement and/or Master Commitment Contract and not otherwise defined in the Master Agreement and/or Master Commitment Contract shall have the meanings ascribed to them in this Guide. References in a Master Agreement and/or Master Commitment Contract to Freddie Mac's Mortgage Products and delivery programs shall have the meanings ascribed to them in this Guide.

12.12: Delivery fees (02/07/01)

This section has been deleted. Refer to Section 17.2 for delivery fee information.

12.13: Discretionary Provisions (02/07/01)

The terms and provisions identified in Exhibit 26, Discretionary Provisions, are Discretionary Provisions. Freddie Mac may amend, supplement, revise or terminate Discretionary Provisions, in whole or in part, upon written notice during the term of the Seller's Master Agreement or mandatory Master Commitment Contract.

Chapter 13: Pooling and Disclosure Requirements for Fixed-Rate and Balloon/Reset Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs

13.1: Overview (08/21/06)

This chapter sets forth the pooling and disclosure requirements to ensure that eligible fixed-rate and Balloon/Reset Mortgages delivered to Freddie Mac under the Guarantor and MultiLender Swap programs are pooled in a manner that promotes homogeneity and disclosure transparency. The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

Refer to:

- Section 8.2.2 for Servicing Spread requirements
- Chapter 11 for the terms under which a Seller may sell eligible Mortgages to Freddie Mac in exchange for PCs or Giant PCs
- Chapter 17 for specific delivery requirements
- Chapter B33 for terms under which a Seller may sell Prepayment Penalty Mortgages to Freddie Mac in exchange for PCs

(a) Guarantor program

Each Gold PC® Pool issued under the Guarantor program must consist of Mortgages acquired from a single Seller in exchange for a Gold PC Pool representing an undivided interest in the same Mortgages.

(b) MultiLender Swap program

Each Gold PC Pool issued under the MultiLender Swap program must consist of Mortgages that Freddie Mac has acquired from one or more Sellers.
Each Giant PC Pool issued under the MultiLender Swap program must consist of one or more PCs representing an undivided interest in the Mortgages exchanged for those PCs.

13.2: Defined terms for Gold PC®s and Giant PCs (09/01/10)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Gold PCs and Giant PCs:

- Additional Supplement
- Balloon/Reset Mortgages
- CUSIP Number
- Extended Buydown Mortgage
- First Amortizing Payment Date
- Giant PC
- Giant PC Offering Circular
- Giant PC Pool
- Gold PC
- Mortgages Purchased in Whole or in Part
- Note Rate
- PC
- PC Coupon
- PC Issue Date
- PC Offering Circular
- PC Pool
- PC Pool Number
- PC Prefix
- Prepayment Penalty Mortgage
- Seasoned Mortgage

Definitions for these terms are located in the Glossary of this Guide.

13.3: Gold PC® and Giant PC disclosure (09/01/10)

(a) Gold PC disclosure

Freddie Mac's Gold PC disclosure includes, in addition to the PC Offering Circular, original Gold PC Pool level information, which is current information as of the PC Issue Date. Gold PC Pool level information is updated monthly to reflect the Mortgages in a Gold PC Pool paying off. The monthly updates for the Gold PC Pool level information may be accessed at **http://www.FreddieMac.com/mbs/html/sd_pc_lookup.html**.

Freddie Mac provides loan level information for each of the Mortgages backing Freddie Mac Gold PCs based on information furnished by the Sellers for Mortgages in a pool issued in December 2005 and later; the loan level information may be accessed at **http://www.FreddieMac.com/mbs/html/sd_pc_lookup.html**.

For the convenience of investors, Freddie Mac may post Additional Supplements on its web site and furnish them upon request.

The table below highlights the disclosure data for Gold PCs that Freddie Mac provides for eligible fixed-rate and Balloon/Reset Mortgages delivered to Freddie Mac under the Guarantor or, in certain cases, MultiLender Swap programs:

Disclosure Element	Definition
WAC	The Weighted Average Coupon is the weighted average Note Rate of the Mortgages in a PC Pool.
PC Coupon	The annual rate at which interest is passed through monthly to a PC security investor of a PC Pool, based on a 360-day year of twelve 30-day months.
Aggregate UPB	The Aggregate UPB is the unpaid principal balance (UPB) of the Mortgages in a PC Pool.
Pool Factor	A truncated eight-digit decimal that Freddie Mac calculates each month for each PC Pool that, when multiplied by its original principal balance, equals its remaining principal balance. The Pool Factor for any month reflects the principal balance that remains after the payment to be made on the payment date in the same month.
WARM	The Weighted Average Remaining Maturity is the weighted average of the number of scheduled monthly payments that, after giving effect to full and partial unscheduled principal payments, remain on the Mortgages in the PC Pool.
WALA	The weighted average loan age is the weighted average of the number of months since the Note Date of the Mortgages in a PC Pool.
WAOLT	The weighted average original loan term is the weighted average, over the life of each Mortgage, of the scheduled monthly payments of the Mortgages in a PC Pool.
WAOCS	The weighted average original Credit Score (statistically based ranking numbers that assess a Borrower's credit-worthiness) is the weighted average, as of the Note Dates, of the Borrowers' Credit Scores for the Mortgages in the PC Pool. The original WAOCS consists of known Credit Scores as of the PC Issue Date, and the 1st month's update after the Settlement Date may reflect additional known Credit Scores.
WAOLTV	The weighted average original loan-to-value (LTV) ratio is the weighted average of the ratios between each Mortgage's UPB at origination and either (i) in the case of purchase, the lesser of the appraised value of the Mortgaged Premises on the Note Date, or the purchase

	price of the Mortgaged Premises, or (ii) in the case of refinancing, the appraised value of the Mortgaged Premises on the Note Date.
WAOLS	The weighted average original loan size is the weighted average of the UPBs, as of the Note Date, of the Mortgages in a PC Pool.
AOLS	The average original loan size is the simple average of the UPBs, as of the Note Date, of the Mortgages in a PC Pool.
Geographic information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are secured by property in a given State.
Loan origination year information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are originated in a given year.
Occupancy status information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are secured by Primary Residences, second homes or Investment Properties.
Property type information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are secured by one-unit properties and by 2-4 unit properties.
Loan purpose information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are either refinance Mortgages or purchase money Mortgages.
Quartile information	Quartiles represent the distribution of the following Mortgage attributes: Note Rate, remaining maturity, loan age, original loan size, original loan term, original LTV ratio and original Credit Score. Quartiles are based on each 25th percentile of the PC's principal balance.
	• Quartile 1 represents the range from the lowest value of the data to the data corresponding to the 25th percentile of the PC Pool's principal balance.
	• Quartile 2 represents the range from the data corresponding to the 25th percentile of the PC Pool's principal balance to the data corresponding to the 50th percentile of the PC Pool's principal balance.

	• Quartile 3 represents the range from the data corresponding to the 50th percentile of the PC Pool's principal balance to the data corresponding to the 75th percentile of the PC Pool's principal balance.
	• Quartile 4 represents the range from the data corresponding to the 75th percentile of the PC Pool's principal balance to the highest data.
1984 tax flag	Percentage of the aggregate UPB of the Mortgages in a PC Pool that were originated prior to July 18, 1984 (for non-US resident implication purposes).
1985 tax flag	Percentage of the aggregate UPB of the Mortgages in a PC Pool that were originated prior to September 27, 1985 (for premium tax implication purposes).
Seller	Name and address of the entity that sold the Mortgages in the PC Pool to Freddie Mac. This may or may not be the Servicer of the Mortgages (not available on all PC Pools).
Servicer information	The WAC, highest and lowest Note Rates, WALA, highest and lowest loan age, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages for each entity that services at least 1% of the Mortgages in a PC Pool (updated to reflect Transfers of Servicing).
Seller information	The WAC, highest and lowest Note Rates, WALA, highest and lowest loan age, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages for each entity that sold to Freddie Mac at least 1% of the Mortgages in a PC Pool.
First Payment Distribution	The number of Mortgages, percentage of Mortgages and the percentage of the aggregate UPB of the Mortgages in a PC Pool that have not yet reached their first payment date.
Prepayment Penalty Mortgages	Applicable to prepayment penalty PC Pools, a description of the prepayment penalty and prepayment penalty period. For 3-Year 2% Prepayment Penalty Gold PC Pools, this information is included in the PC Prefix description. For various Prepayment Penalty Gold PC Pools, including pools combining 3-Year 2% penalties with various penalties, this information is available in the Additional

	Supplement for the PC Pool.

(b) Giant PC disclosure

Freddie Mac's Giant PC disclosure includes, in addition to the Giant PC Offering Circular and any related supplements, an offering circular supplement for each Giant PC Pool, available on the first Business Day following its PC Issue Date, that identifies the underlying PC Pools and/or Giant PC Pools. This aggregated information does not necessarily reflect, and may differ from, information derived from each of the Mortgages underlying each PC or Giant PC in the Giant PC Pool.

The table below highlights the disclosure data for Giant PCs, in addition to Pool Numbers and outstanding principal balances, that Freddie Mac provides for the PCs and Giant PCs that are backed by eligible fixed-rate Mortgages delivered to Freddie Mac:

Disclosure Element	Definition
WAC	The Weighted Average Coupon is the weighted average Note Rate of the Mortgages in a Giant PC Pool, by quartile.
PC Coupon	The annual rate at which interest is passed through monthly to a Giant PC security investor of a Giant PC Pool, based on a 360-day year of twelve 30-day months.
Original Principal Amount	The aggregate of the original outstanding principal balances of the PC Pools and Giant PC Pools underlying a Giant PC.
Class Factor	The truncated eight-digit decimal that Freddie Mac calculates each month for each Giant PC Pool that, when multiplied by its Original Principal Amount, equals its remaining principal amount. The Class Factor for any month reflects the principal amount that remains after the payment to be made on the payment date in the same month.
WARM	The Weighted Average Remaining Maturity is the weighted average of the number of scheduled monthly payments that, after giving effect to full and partial unscheduled principal payments, remain on the Mortgages in the underlying PC Pools and Giant PC Pools, by quartile.
WALA	The weighted average loan age is the weighted average of the number of months since the Note Date of the

	Mortgages in the underlying PC Pools and Giant PC Pools, by quartile.
WAOLT	The weighted average original loan term is the weighted average, over the life of each Mortgage, of the scheduled monthly payments of the Mortgages in the underlying PC Pools and Giant PC Pools, by quartile.
WAOCS	The weighted average original Credit Score (statistically based ranking numbers that assess a Borrower's credit-worthiness) is the weighted average, as of the Note Dates, of the Borrowers' Credit Scores for the Mortgages in the underlying PC Pools and Giant PC Pools, by quartile. The original WAOCS consists of known Credit Scores as of the PC Issue Date, and the 1st month's update after the Settlement Date may reflect additional known Credit Scores.
WAOLTV	By quartile, with respect to the Mortgages in the underlying PC Pools and Giant PC Pools, the weighted average original loan-to-value (LTV) ratio is the weighted average of the ratios between each Mortgage's UPB at origination and either (i) in the case of purchase, the lesser of the appraised value of the Mortgaged Premises on the Note Date, or the purchase price of the Mortgaged Premises, or (ii) in the case of refinancing, the appraised value of the Mortgaged Premises on the Note Date.
AOLS	The average original loan size is the simple average of the UPBs, as of the Note Date, of the Mortgages in the underlying PC Pools and Giant PC Pools, by quartile.
Geographic information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that are secured by property in a given State.
Loan origination year information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that are originated in a given year.
Occupancy status information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that are secured by Primary Residences, second homes or Investment Properties.

Property type information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that are secured by one-unit properties and by 2- to 4-unit properties.
Loan purpose information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that are either refinance Mortgages or purchase money Mortgages.
Quartile information	Quartiles represent the distribution of the following Mortgage attributes: Note Rate, remaining maturity, loan age, original loan size, original loan term, original LTV ratio and original Credit Score. Quartiles are based on each 25th percentile of the Giant PC's principal amount.
	• Quartile 1 represents the range from the lowest value of the data to the data corresponding to the 25th percentile of the Giant PC Pool's principal amount.
	• Quartile 2 represents the range from the data corresponding to the 25th percentile of the Giant PC Pool's principal amount to the data corresponding to the 50th percentile of the PC Pool's principal amount.
	• Quartile 3 represents the range from the data corresponding to the 50th percentile of the Giant PC Pool's principal amount to the data corresponding to the 75th percentile of the PC Pool's principal amount.
	• Quartile 4 represents the range from the data corresponding to the 75th percentile of the Giant PC Pool's principal amount to the highest data.
Servicer information	The WAC, highest and lowest Note Rates, WALA, highest and lowest loan age, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages for each entity that services at least 1% of the Mortgages in the underlying PC Pools and Giant PC Pools (updated to reflect Transfers of Servicing).
Seller information	The WAC, highest and lowest Note Rates, WALA, highest and lowest loan age, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of

	Mortgages and percentage of the aggregate UPB of the Mortgages for each entity that sold to Freddie Mac at least 1% of the Mortgages in the underlying PC Pools and Giant PC Pools.
First Payment Distribution	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in the underlying PC Pools and Giant PC Pools that have not yet reached their first payment date.

13.4: Pooling requirements for Gold PC® Pools and Giant PC Pools (11/22/10)

This Section 13.4 outlines the pooling and disclosure requirements related to issuing Gold PCs under the fixed-rate Guarantor program and Gold PCs and Giant PCs under the MultiLender Swap program.

(a) Mortgages Purchased in Whole or in Part requirements

The underlying Mortgages in each Gold PC Pool or Giant PC Pool must be either sold on a whole loan basis or on a participation basis, but not both.

For Mortgages sold on a participation basis, the Percentage of Participation must be the same for all of the underlying Mortgages in each Gold PC Pool or Giant PC Pool.

(b) Term requirements

- 40-Year Gold PC Pool

  The underlying Mortgages in each 40-Year Gold PC Pool must have original terms greater than 30 years (360 months) but not exceeding 40 years (480 months). For example, 35-year (420-month) fixed-rate Mortgages may be pooled with 40-year (480-month) fixed-rate Mortgages, without limit.

- 30-Year Gold PC Pool and 30-year Giant PC Pool

  The underlying Mortgages in each 30-Year Gold PC Pool and 30-year Giant PC Pool must have original terms greater than 15 years (180 months), but not exceeding 30 years (360 months). For example, 20-year (240-month) fixed-rate Mortgages may be pooled with 30-year (360-month) fixed-rate Mortgages, without limit.

- 20-Year Gold PC Pool

  The underlying Mortgages in each 20-Year Gold PC Pool must have an original term greater than 15 years (180 months), but not exceeding 20 years (240 months).

- 15-Year Gold PC Pool and 15-year Giant PC Pool

  The underlying Mortgages in each 15-Year Gold PC Pool and 15-year Giant PC Pool must have original terms less than or equal to 15 years (180 months). For example, 10-year (120-month) fixed-rate Mortgages may be pooled with 15-year (180-month) fixed-rate Mortgages, without limit.

- Balloon/Reset Gold PC Pool

  - The underlying Mortgages in each Balloon/Reset Gold PC Pool must have level payments during the original terms based on the amortization schedule for a 30-year (360-month) Mortgage

  - The underlying Mortgages in each 5-year Balloon/Reset Gold PC Pool must be 5-year Balloon/Reset Mortgages

  - The underlying Mortgages in each 7-year Balloon/Reset Gold PC Pool must be 7-year Balloon/Reset Mortgages

(c) Minimum pool size requirements

- Gold PC Pool

  The underlying Mortgages in each Gold PC Pool must have an aggregate unpaid principal balance (UPB) of at least $1,000,000. Refer to Section 17.6(g) for minimum commitment amount requirements under the MultiLender Swap program.

- Mini-Gold PC Pool

  The underlying Mortgages in each mini-Gold PC Pool must have an aggregate UPB of at least $250,000.

- Giant PC Pool

  Refer to Section 17.6(g) for minimum commitment amount requirements under the MultiLender Swap program.

(d) Note Rate requirements

- Guarantor program

  The underlying Mortgages in each Gold PC Pool must have Note Rates no less than 25 basis points above the PC Coupon, but no greater than 250 basis points above the PC Coupon.

- MultiLender Swap program

  The underlying Mortgages delivered under the MultiLender Swap program must have Note Rates no less than 25 basis points above the posted PC Coupon, but no greater than 125 basis points above the posted PC Coupon.

(e) Seasoned Mortgage requirements

Seasoned Mortgages are not eligible for delivery under the MultiLender Swap program. Mortgages for Newly Constructed Homes with an Effective Date of Permanent Financing that is more than 12 months prior to the Settlement Date for Mortgages sold through the Selling System, or the Delivery Date for Mortgages delivered through MIDANET®, are not eligible for delivery under the MultiLender Swap program.

(f) Requirements for Mortgages with special characteristics

The underlying Mortgages in each Gold PC Pool or MultiLender Swap delivery must have the same characteristics and features. Note that certain Mortgage types are not eligible for the MultiLender Swap program.

The following are the pooling and disclosure requirements for fixed-rate Mortgages with special characteristics:

1. FHA/VA Mortgages

The underlying Mortgages in each FHA/VA Gold PC Pool must be FHA/VA Mortgages, Section 184 Native American Mortgages or assumable Section 502 GRH Mortgages.

Refer to Section 35.5 for FHA/VA Mortgage eligibility requirements. Refer to Section 17.10 for the delivery requirements for FHA/VA Mortgages.

2. Section 184 Native American Mortgages

Section 184 Native American Mortgages must be pooled in an FHA/VA Gold PC Pool. The underlying Mortgages in each FHA/VA Gold PC Pool must be FHA/VA Mortgages, Section 184 Native American Mortgages or assumable Section 502 GRH Mortgages.

Refer to Section 35.4 for Section 184 Native American Mortgage eligibility requirements. Refer to Section 17.11 for the delivery requirements for Section 184 Native American Mortgages.

3. Prepayment Penalty Mortgages

- Three-year 2% prepayment penalty Gold PC Pools must be comprised only of 3-year Prepayment Penalty Mortgages
- Various prepayment penalty Gold PC Pools permit commingling of Mortgages with different prepayment penalty periods and prepayment penalties. Such PC Pools may include:
  - Various Prepayment Penalty Mortgages
  - Various Prepayment Penalty Mortgages and 3-year Prepayment Penalty Mortgages
- For various prepayment penalty Gold PCs issued under the Guarantor program, an Additional Supplement is required to describe the different prepayment penalties and prepayment penalty periods, as well as prepayment penalties that will be assessed in connection with the sale of the Mortgaged Premises and whether any of the prepayment penalty periods are expired. Refer to Section 11.20 f or Additional Supplement disclosure requirements. The Additional Supplement must be in the form set forth in Exhibit 22, Prepayment Penalty Mortgages.

Refer to Chapter B33 for the definitions of 3-year Prepayment Penalty Mortgages and various Prepayment Penalty Mortgages, as well as the eligibility requirements for Prepayment Penalty Mortgages. Refer to Section 17.12 f or the delivery requirements for Prepayment Penalty Mortgages.

4. Assumable Section 502 GRH Mortgages

Assumable Section 502 GRH Mortgages must be pooled in an FHA/VA Gold PC Pool. The underlying Mortgages in each FHA/VA Gold PC Pool must be FHA/VA Mortgages, Section 184 Native American Mortgages or assumable Section 502 GRH Mortgages.

Refer to Section 35.2 f or assumable Section 502 G RH Mortgage eligibility requirements. Refer to Section 17.14 f or the delivery requirements for assumable and nonassumable Section 502 GRH Mortgages.

5. Relocation Mortgages

If a fixed-rate Mortgage complies with the definition set forth below, the Mortgage must be sold to Freddie Mac as a relocation Mortgage in accordance with the terms of this Section 13.4 and Section 17.19.

A relocation Mortgage is a Mortgage with all of the following characteristics:

- It is made to a newly hired or transferred employee of a corporation to finance the purchase of a Primary Residence at a new job location
- It is made (i) pursuant to a corporate employee relocation program administered by the corporate employer or its agent or (ii) on a n individual basis as determined by the employer but not pursuant to an employee relocation program (that is, Mortgages made on a "spot" basis)
- It is made by the lender pursuant to a contract or agreement with the employer or its agent
- It involves a significant employer contribution to Mortgage financing

A "significant employer contribution to Mortgage financing" means any financial contribution or combination of financial contributions that singularly or together constitute at least 3% of the original principal balance of the Mortgage.
Employer contributions to Mortgage financing must consist of one or more of the following:

- A buydown or subsidy of the Note Rate
- Payment of the Borrower's closing costs (including loan discount points and origination fees) on the new Primary Residence and/or the previous residence
- The funding of a below-market rate or no interest bridge loan
- Payment of the difference between the property tax and/or Note Rate obligation on the employee's previous Primary Residence and the employee's new Primary Residence

Under the fixed-rate Guarantor program, the aggregate UPB of all relocation Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool. If the Gold PC Pool also includes Extended Buydown Mortgages, the aggregate UPB of all relocation Mortgages and Extended Buydown Mortgages may not exceed 15% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool.

On a negotiated basis, a Seller may deliver Gold PC Pools that consist entirely of fixed-rate relocation Mortgages. A Seller should contact its Freddie Mac Account Manager for specific eligibility requirements.

Under the MultiLender Swap program, the aggregate UPB of all relocation Mortgages included in any delivery of Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in that delivery. If the delivery also includes Extended Buydown Mortgages, the aggregate UPB of all relocation Mortgages and Extended Buydown Mortgages may not exceed 15% of the aggregate UPB of all Mortgages in that delivery.

Refer to Section 17.19 f or the delivery requirements for fixed-rate relocation Mortgages.

6. Extended Buydown Mortgages

Under the Guarantor program, the aggregate UPB of all Extended Buydown Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool. If the Gold PC Pool also includes relocation Mortgages, the aggregate UPB of all Extended Buydown Mortgages and relocation Mortgages may not exceed 15% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool.

On a negotiated basis, a Seller may deliver Gold PC Pools that consist entirely of fixed-rate Extended Buydown Mortgages. A Seller should contact its Freddie Mac Account Manager for specific eligibility requirements.

Under the MultiLender Swap program, the aggregate UPB of all Extended Buydown Mortgages included in any delivery of Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in that delivery. If the delivery also includes relocation Mortgages, the aggregate UPB of all Extended Buydown Mortgages and relocation Mortgages may not exceed 15% of the aggregate UPB of all Mortgages in that delivery.

Refer to Section 25.4 for Extended Buydown Mortgage eligibility requirements. Refer to Section 17.20 for the delivery requirements for Extended Buydown Mortgages.

7. Super conforming Mortgages

Under the Guarantor program, either:

- For deliveries into 15-, 20-, and 30-year Gold PCs, the aggregate unpaid principal balance (UPB) of all 15-, 20-, and/or 30-year fixed-rate super conforming Mortgages may not exceed 10% of the aggregate UPB of all fixed-rate Mortgages in the applicable Gold PC Pool. If the Gold PC Pool also includes relocation Mortgages and/or Extended Buydown Mortgages, then relocation Mortgages and Extended Buydown Mortgages each may not comprise more than 10% of the UPB of all Mortgages in the Gold PC Pool, and the aggregate UPB of all relocation Mortgages and/or Extended Buydown Mortgages combined may not exceed 15% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool. Thus, for each Gold PC Pool, the aggregate UPB of super conforming Mortgages may not exceed 10%, and the aggregate UPB of relocation Mortgages and/or Extended Buydown Mortgages, combined, may not exceed 15% of the UPB of the Gold PC Pool, or
- On a negotiated basis, for deliveries into 15-, 20-, and 30-year super conforming Gold PC Pools, the aggregate UPB of all 15-, 20-, and/or 30-year fixed-rate super conforming Mortgages may be any percentage up to and including 100% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool. Super conforming Gold PC Pools may include both super conforming fixed-rate Mortgages and fixed-rate Mortgages having original

loan balances that are less than the super conforming loan limit at the time of origination. A Seller must have a Master Commitment Contract for such deliveries and should contact its Freddie Mac Account Manager for additional information.

For super conforming Mortgages with loan-to-value (LTV) ratios greater than 105% and less than or equal to 125%, the pooling and delivery requirements relating to Relief Refinance Mortgages[SM] – Same Servicer set forth in Guide subsection A24.4(g) apply.

Under the MultiLender Swap program, either:

- For deliveries into 15-, 20-, and 30-year Gold PC Pools and Giant PC Pools issued under the MultiLender Swap program, the aggregate UPB of all super conforming Mortgages included in any delivery of Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in that delivery. If the delivery also includes relocation Mortgages and/or Extended Buydown Mortgages, then relocation Mortgages, and Extended Buydown Mortgages each may not comprise more than 10% of the UPB of all Mortgages in the delivery, and the aggregate UPB of all relocation Mortgages and/or Extended Buydown Mortgages combined may not exceed 15% of the aggregate UPB of all Mortgages in that delivery. Thus, for each delivery, the aggregate UPB of super conforming Mortgages may not exceed 10%, and the aggregate UPB of relocation Mortgages and/or Extended Buydown Mortgages, combined, may not exceed 15% of the aggregate UPB of all Mortgages in that delivery, or
- On a negotiated basis, for deliveries into 15-, 20-, and 30-year super conforming Gold PC Pools issued under the MultiLender Swap program, the aggregate UPB of all 15-, 20-, and/or 30-year fixed-rate super conforming Mortgages may be any percentage up to and including 100% of the aggregate UPB of all Mortgages in the applicable pool. Such super conforming Gold PC Pools may include both super conforming fixed-rate Mortgages and fixed-rate Mortgages having original loan balances that are less than the super conforming loan limit at the time of origination. A Seller must have a Master Commitment Contract for such deliveries and should contact its Freddie Mac Account Manager for additional information.

Fixed-rate super conforming Mortgages may not be pooled in mini-Gold PC Pools.

Refer to Chapter L33 for super conforming Mortgage eligibility requirements. Refer to Section 17.44 for the delivery requirements for super conforming Mortgages.

Chapter A13: Pooling and Disclosure Requirements for Adjustable-Rate Mortgages (ARMs) Under the WAC ARM Guarantor Program

A13.1: Overview (08/21/06)

This chapter sets forth the pooling and disclosure requirements to ensure that eligible adjustable-rate Mortgages (ARMs) delivered to Freddie Mac under the WAC ARM Guarantor program are pooled in a manner that promotes homogeneity and disclosure transparency. The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

Each WAC ARM PC Pool issued under the WAC ARM Guarantor program consists of Mortgages acquired from a single Seller in exchange for a PC Pool that represents an undivided interest in the same Mortgages.

Refer to:

- Section 8.2.2 for Servicing Spread requirements
- Chapter 11 for the terms under which a Seller may sell eligible Mortgages to Freddie Mac in exchange for PCs
- Section 17.9 for specific ARM delivery requirements
- Chapter 30 for specific eligibility requirements for ARMs
- Chapter B33 for terms under which a Seller may sell Prepayment Penalty Mortgages to Freddie Mac in exchange for WAC ARM PCs

A13.2: Defined terms for WAC ARM PCs (09/01/10)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to WAC ARM PCs:

- Additional Supplement
- Conversion Formula
- Conversion Window
- Convertible ARM
- CUSIP Number
- First Amortizing Payment Date
- Index
- Initial Cap
- Initial Period

- Interest Change Date
- Life Cap
- Lifetime Ceiling
- Lifetime Floor
- Lookback Period
- Margin
- Minimum Contract Servicing Spread
- Minimum Servicing Spread
- Note Rate
- PC
- PC Coupon
- PC Issue Date
- PC Offering Circular
- PC Pool
- PC Pool Number
- Periodic Cap
- Prepayment Penalty Mortgage
- Seasoned Mortgage
- Seasoned Mortgage for a Newly Constructed Home*
- WAC ARM PC

* Effective on or after January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

Definitions for these terms are located in the Glossary of this Guide.

A13.3: WAC ARM PC disclosure (09/01/10)

Freddie Mac's WAC ARM PC disclosure includes, in addition to the PC Offering Circular, original WAC ARM PC Pool level information, which is current information as of the PC Issue Date. Unless otherwise indicated below, WAC ARM PC Pool level information is updated monthly to reflect the Mortgages in a WAC ARM PC Pool paying off. The monthly updates for the WAC ARM PC Pool level information may be accessed at **http://www.FreddieMac.com/mbs/html/sd_pc_lookup.html**.

Freddie Mac provides loan level information for each of the Mortgages backing Freddie Mac WAC ARM PCs based on information furnished by the Sellers for Mortgages in a pool issued in December 2005 and later; the loan level information may be accessed at **http://www.FreddieMac.com/mbs/html/sd_pc_lookup.html**.

For the convenience of investors, Freddie Mac may post Additional Supplements on its web site and furnish them upon request.

The table below highlights the disclosure data for WAC ARM PCs that Freddie Mac provides for eligible adjustable-rate Mortgages (ARMs) delivered to Freddie Mac under the WAC ARM Guarantor program:

Disclosure Element	Definition
WAC	The Weighted Average Coupon is the weighted average Note Rate of the Mortgages in a PC Pool. The WAC is not updated.
PC Coupon	The annual rate at which interest is passed through monthly to a PC security investor of a PC Pool, based on a 360-day year of twelve 30-day months.
Aggregate UPB	The Aggregate UPB is the unpaid principal balance (UPB) of the Mortgages in a PC Pool.
Pool Factor	A truncated eight-digit decimal that Freddie Mac calculates each month for each PC Pool that, when multiplied by its original principal balance, equals its remaining principal balance. The Pool Factor for any month reflects the principal balance that remains after the payment to be made on the payment date in the following month.
WARM	The Weighted Average Remaining Maturity is the weighted average of the number of scheduled monthly payments that, after giving effect to full and partial unscheduled principal payments as of the PC Issue Date, remain on the Mortgages in the PC Pool. The WARM is not updated.
WAOCS	The weighted average original Credit Score (statistically based ranking numbers that assess a Borrower's credit-worthiness) is the weighted average, as of the Note Dates, of the Borrowers' Credit Scores for the Mortgages in the PC Pool. The original WAOCS consists of known Credit Scores as of the PC Issue Date and the 1st month's update after the Settlement Date may reflect additional known Credit Scores.
WAOLTV	The weighted average original loan-to-value (LTV) ratio is the weighted average of the ratios between each Mortgage's UPB at origination and either (i) in the case of purchase, the lesser of the appraised value of the Mortgaged Premises on the Note Date, or the purchase price of the Mortgaged Premises, or (ii) in the case of refinancing, the appraised value of the Mortgaged Premises on the Note Date.
WAOLS	The weighted average original loan size is the weighted average of the UPBs, as of the Note Date, of the Mortgages in a PC Pool.
AOLS	The average original loan size is the simple average of the UPBs, as of the Note Date, of the Mortgages in a PC Pool.
PC Margin	The weighted average of the Margins of the Mortgages in a

	WAC ARM PC Pool, net of Required Spread and Minimum Contract Servicing Spread.
Margin	The weighted average of the Margins of the Mortgages in a WAC ARM PC Pool. The Margin is not updated.
PC Lifetime Ceiling	The weighted average of the Lifetime Ceilings of the Mortgages in a WAC ARM PC Pool, net of Required Spread and Minimum Contract Servicing Spread.
Lifetime Ceiling	The weighted average of the Lifetime Ceilings of the Mortgages in a WAC ARM PC Pool. The Lifetime Ceiling is not updated.
Index	The description of the Index that is used to determine the new Note Rate at time of adjustment of the Mortgages in a WAC ARM PC Pool.
Lookback Period	The date on which the Index value used to calculate the new Note Rate is determined for the Mortgages in a WAC ARM PC Pool.
Initial Period	The period of time from origination to 1st Interest Change Date for the Mortgages in a WAC ARM PC Pool. If an Initial Period is not disclosed for a WAC ARM PC Pool, the Initial Period is the same as the adjustment period.
Adjustment period	The frequency (in months) that the Mortgages in a WAC ARM PC Pool will adjust after the 1st Interest Change Date.
Next PC Coupon adjustment date	The month, day and year that the next component (group of Mortgage(s) in a WAC ARM PC Pool having the same adjustment date) will adjust. One month is added to reflect the time of the corresponding PC Coupon or pass-through coupon adjustment.
WAMTA	The weighted average months to adjust is the weighted average of the number of months from the 1st day of the current month until the next scheduled Interest Change Date for the Mortgages in a WAC ARM PC Pool. One month is added to reflect the corresponding PC Coupon or pass-through coupon adjustment.
Initial Cap	The maximum increase and decrease amount that the Note Rate may adjust at the 1st Interest Change Date for the related Mortgages in a WAC ARM PC Pool. If an Initial Cap is not separately disclosed for a WAC ARM PC Pool, the Initial Cap is the Periodic Cap.
Periodic Cap	The maximum increase and decrease amount that the Note Rate may adjust at each Interest Change Date after the 1st Interest Change Date for the related Mortgages in a WAC ARM PC

	Pool. However, if an Initial Cap is not separately disclosed for a WAC ARM PC Pool, the Periodic Cap is the Initial Cap.
Convertibility	Indicates if the ARMs in a WAC ARM PC Pool may convert from an adjustable interest rate to a fixed interest rate during a specified Conversion Window.
First and last possible conversion dates	If the ARMs in a WAC ARM PC Pool are convertible, this is the earliest date and latest date that any Mortgage in a WAC ARM PC Pool may convert from an adjustable interest rate to a fixed interest rate.
Conversion Window	If the ARMs in a WAC ARM PC Pool are convertible, this is the specified period of time that the Mortgages in a WAC ARM PC Pool may convert from an adjustable interest rate to a fixed interest rate.
Conversion Formula	If the ARMs in a WAC ARM PC Pool are convertible, this is the formula that would be used to calculate the new fixed interest rate of the Mortgages in a WAC ARM PC Pool, should the Borrower choose to convert the adjustable interest rate to a fixed interest rate.
ARM component information	The aggregate UPB, Margin, highest and lowest Margin, Lifetime Ceiling, highest and lowest Lifetime Ceiling, WAC and highest and lowest Note Rates of the Mortgages in a WAC ARM PC Pool having the same next PC Coupon adjustment date, net of Minimum Contract Servicing Spread and Required Spread.
ARM original range information	The highest and lowest Lifetime Ceiling, Margin, WAC and WARM of the Mortgages in a WAC ARM PC Pool as of PC Issue Date. The ARM original range information is not updated.
Geographic information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are secured by property in a given State.
Loan origination year information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are originated in a given year.
Occupancy status information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are secured by Primary Residences, second homes or Investment Properties.
Property type information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool

	that are secured by one-unit properties and by 2- to 4-unit properties.
Loan purpose information	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that are either refinance Mortgages or purchase Mortgages.
Quartile information	Quartiles represent the range of WAOLTV and WAOCS. Quartiles are based on each 25th percentile of the PC Pool's principal balance. • Quartile 1 represents the range from the lowest value of the data to the data corresponding to the 25th percentile of the PC Pool's principal balance. • Quartile 2 represents the range from the data corresponding to the 25th percentile of the PC Pool's principal balance to the data corresponding to the 50th percentile of the PC Pool's principal balance. • Quartile 3 represents the range from the data corresponding to the 50th percentile of the PC Pool's principal balance to the data corresponding to the 75th percentile of the PC Pool's principal balance. • Quartile 4 represents the range from the data corresponding to the 75th percentile of the PC Pool's principal balance to the highest data.
1984 tax flag	Percentage of the aggregate UPB of the Mortgages in a PC Pool that were originated prior to July 18, 1984 (for non-US resident tax purposes).
1985 tax flag	Percentage of the aggregate UPB of the Mortgages in a PC Pool that were originated prior to September 27, 1985 (for premium tax purposes).
Seller	Name and address of the entity that sold the Mortgages in a PC Pool to Freddie Mac. This may or may not be the Servicer of the Mortgages (not available on all PC Pools).
Servicer information	The WAC, highest and lowest Note Rates, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages for each entity that services at least 1% of the Mortgages in a PC Pool (updated to reflect Transfers of Servicing). The WAC, highest and lowest Note Rate, WARM and highest and lowest remaining maturity are not updated.
Seller information	The WAC, highest and lowest Note Rates, WARM, highest and lowest remaining maturity, number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the

	Mortgages for each entity that sold to Freddie Mac at least 1% of the Mortgages in a PC Pool. The WAC, highest and lowest Note Rate, WARM and highest and lowest remaining maturity are not updated.
First Payment Distribution	The number of Mortgages, percentage of Mortgages and percentage of the aggregate UPB of the Mortgages in a PC Pool that have not yet reached their first payment date.
Prepayment Penalty Mortgages	Applicable to prepayment penalty PC Pools, a description of the prepayment penalty and prepayment penalty period. This information is available in the Additional Supplement for the PC Pool.

A13.4: Pooling requirements for WAC ARM PC Pools (09/01/10)

This Section A13.4 outlines the pooling and disclosure requirements related to issuing WAC ARM PCs under the WAC ARM Guarantor program. Adjustable-rate Mortgages (ARMs) may not be sold under the MultiLender Swap program.

(a) Term requirements

The underlying adjustable-rate Mortgages (ARMs) in each WAC ARM PC Pool must have an original term of 30 years (360 months) or less. For example, a 15-year (180-month) term ARM may be pooled with a 30-year (360-month) term ARM.
Refer to Section 22.5 for original maturity requirements for Mortgages.

(b) Minimum pool size requirements

The underlying ARMs in each WAC ARM PC Pool must have an aggregate unpaid principal balance (UPB) of at least $500,000.

(c) Note Rate requirements

The underlying ARMs in each WAC ARM PC Pool may have different Note Rates.

(d) Margin requirements

The underlying ARMs in each WAC ARM PC Pool may have different Margins.

(e) Lifetime Ceiling requirements

The underlying ARMs in each WAC ARM PC Pool may have different Lifetime Ceilings.

(f) Seasoned Mortgage requirements

This subsection has been deleted.

(g) Minimum Contract Servicing Spread requirements

Refer to Section 8.2.2 for Servicing Spread requirements.

(h) Index requirements

The underlying ARMs in each WAC ARM PC Pool must adjust based on the same Index.

Refer to Section 30.5 for the ARM Indices descriptions applicable to each eligible ARM product.

(i) Lookback Period requirements

The underlying ARMs in each WAC ARM PC Pool must have the same Lookback Period.

Refer to Section 30.5 for the Lookback Period applicable to each eligible ARM product.

(j) Initial Period requirements

The underlying ARMs in each WAC ARM PC Pool must have the same Initial Period. For example, 3/1 ARMs may only be pooled with other 3/1 ARMs.

Refer to Section 30.4 for the Initial Period applicable to each eligible ARM product.

(k) Periodic adjustments

The Initial Period of an ARM is followed by subsequent Note Rate adjustments that occur on a periodic basis. The underlying ARMs in each WAC ARM PC Pool must have the same time interval between subsequent periodic adjustments.

Refer to Section 30.4 for the periodic adjustments applicable to each eligible ARM product.

(l) Note Rate adjustment cap requirements

1. Initial Cap

The underlying ARMs in each WAC ARM PC Pool must have the same Initial Cap, except as follows:

- **ARMs past the first Interest Change Date:** If an ARM is past the first Interest Change Date at time of delivery, the Periodic Cap is in effect.

  If any of the underlying ARMs in single WAC ARM PC Pool is past the first Interest Change Date at time of delivery, the Periodic Cap of the ARM that is past the first Interest Change Date must be equal to the Initial Cap of the ARMs that are not past the first Interest Change Date. Refer to Section 17.9(f) for conversion and delivery requirements.

  For example, a 5/1 2% Initial Cap, 2% Periodic Cap, 5% Life Cap (5/1 2-2-5) ARM delivered prior to the first Interest Change Date may be pooled with a 5/1 5% Initial Cap, 2% Periodic Cap, 5% Life Cap (5/1 5-2-5) ARM delivered after the first Interest Change Date. The Note Rate adjustment cap in effect at time of delivery for both ARMs is 2% — 2% Initial Cap for the 5/1 2-2-5 ARM and 2% Periodic Cap for the 5/1 5-2-5 ARM.

- **7/1 and 10/1 1-Year Weekly Constant Maturity Treasury (CMT) ARM products** allow ARMs with different Initial Caps to be pooled together in the same WAC ARM PC Pool if all of the underlying Mortgages in the WAC ARM PC Pool have an Initial Cap equal to the Life Cap, even if the Life Caps are not the same. For example, a 7/1 5% Initial Cap, 2% Periodic Cap, 5% Life Cap ARM may be pooled with a 7/1 6% Initial Cap, 2% Periodic Cap, 6% Life Cap under the 7/1 1-Year Weekly CMT ARM product.

2. Periodic Cap

The underlying ARMs in each WAC ARM PC Pool must have the same Periodic Cap.

3. Life Cap

The underlying ARMs in each WAC ARM PC Pool may have different Life Caps.

Refer to Section 11.1(b) for the specific Note Rate adjustment caps for each eligible ARM product.

(m)Assumability feature requirements

The underlying ARMs in each WAC ARM PC Pool must be assumable but may have different assumability features.

Refer to Section 30.8 for the specific assumability feature for each eligible ARM product. Refer to Section 8.1.2 for a description of due-on-sale provisions.

(n) Requirements for Convertible ARMs

In addition to the pooling requirements in this chapter, the following pooling and disclosure requirements apply for Convertible ARMs:

1. The underlying ARMs in each convertible WAC ARM PC Pool must be convertible. As an exception to this requirement, if at time of delivery the Conversion Window is expired, Convertible ARMs may be pooled with nonconvertible ARMs.
2. The underlying Convertible ARMs in each convertible WAC ARM PC Pool must have the same Conversion Window
3. The underlying Convertible ARMs in each convertible WAC ARM PC Pool must have the same Conversion Formula
4. An Additional Supplement is required in connection with the delivery of Convertible ARMs under the WAC ARM Guarantor program. The Additional Supplement must describe the Conversion Formula, the Conversion Window and the first and last possible conversion dates of the applicable ARMs. Refer to Section 11.20 for Additional Supplement disclosure requirements. The Additional Supplement must be in the form set forth in Exhibit 22A, Form of Additional Supplement — Convertible Adjustable-Rate Mortgages (ARMs).

Refer to Section 30.9 for the specific Conversion Window and Conversion Formula for each eligible ARM product.

(o) Requirements for Mortgages with special characteristics

The underlying Mortgages in each WAC ARM PC Pool must have the same characteristics and features.

The following are the pooling and disclosure requirements for ARMs with special characteristics:

Under the WAC ARM Guarantor program, the aggregate UPB of all Extended Buydown Mortgages may not exceed 10% of the aggregate UPB of all the Mortgages in the applicable WAC ARM PC Pool.

Refer to Section 17.20 for the delivery requirements for Extended Buydown Mortgages. Refer to Section 25.4 for Extended Buydown Mortgage eligibility requirements.

(p) Requirements for Prepayment Penalty Mortgages

Prepayment penalty WAC ARM PC Pools permit commingling of Mortgages with different prepayment penalty periods and prepayment penalties.

For prepayment penalty WAC ARM PCs issued under the Guarantor program, an Additional Supplement is required to describe the various prepayment penalties and prepayment penalty periods, as well as to describe prepayment penalties that will be assessed in connection with the sale of the Mortgaged Premises and whether any of the prepayment penalty periods are expired. Refer to Section 11.20 for Additional Supplement disclosure requirements. The Additional Supplement must be in the form set forth in Exhibit 22, Form of Additional Supplement — Prepayment Penalty Mortgages.

Refer to Chapter B33 for the eligibility requirements for Prepayment Penalty Mortgages. Refer to Section 17.12 for the delivery requirements for Prepayment Penalty Mortgages.

Chapter 14: Reserved

{Chapter 14 is reserved.}

Chapter 15: Special Requirements for Selling Mortgages Through the Freddie Mac Selling System

Effective April 25, 2006, Chapter 15 has been deleted. On and after this date, refer to the chapters or sections listed below for information previously contained in Chapter 15:

Topic	Location
Special Requirements for Selling Mortgages Through the Selling System	Chapter A1
Fixed-Rate Cash Through the Selling System	Chapter 9
Completion of Delivery	Section 16.8
Establishing and Maintaining Wire Transfer Instructions	Section 16.11
Cash Program Delivery Instructions	Section 17.4
Warehouse Lending Arrangements/Wire Transfer Instructions	Section 19.4
Warehouse Lending Arrangements/PC Delivery Instructions	Section 19.5
Warehouse Lending Arrangements/Indemnification	Section 19.11

Chapter A15: WAC ARM Cash

Effective April 25, 2006, Chapter A15 has been deleted. On and after this date, refer to the chapters or sections listed below for information previously contained in Chapter A15:

Topic	Location
Special Requirements for Selling Mortgages Through the Selling System	Chapter A1
WAC ARM Cash Through the Selling System	Chapter 10

Chapter B15: Fixed-Rate Guarantor Program Through the Selling System

B15.1: Overview (03/01/09)

Sellers may sell certain eligible 15-, 20- and 30-year conventional fixed-rate (including Balloon/Reset) Mortgages and 40-year conventional fixed-rate Mortgages that are Home Possible® Mortgages secured by 1-unit Primary Residences to Freddie Mac in exchange for Gold PC®s under the fixed-rate Guarantor program through the Freddie Mac Selling System (Selling System) in accordance with the terms and conditions set forth in the Purchase Documents, including Chapter A1, and this chapter.

Unless specified otherwise in this chapter, the provisions set forth in Chapter 11 regarding the fixed-rate Guarantor program and the provisions set forth in Chapter 13 regarding pooling and disclosure requirements for fixed-rate (including Balloon/Reset) Mortgages under the fixed-rate Guarantor program apply to Mortgages sold to Freddie Mac under the fixed-rate Guarantor program through the Selling System.

This chapter is organized by the following topics:

Topic	Section
Defined terms	B15.2
Eligible Sellers	B15.3
Eligible fixed-rate (including Balloon/Reset) Mortgages under the fixed-rate Guarantor program	B15.4
Purchase requirements	B15.5
Offer procedures/amounts/optional delivery/contract cancellation	B15.6
Purchase and sale obligations and Master Commitment Contract Amounts	B15.7
Providing loan data	B15.8
Remittance cycle options and Servicing Spreads	B15.9
Buyup/buydown options	B15.10
Wire Transfer Instructions/delivery of PCs — Form 939 not required	B15.11
Loan Purchase Statements and disclosure requirements	B15.12
Other fixed-rate (including Balloon/Reset) Mortgage- and fixed-rate Guarantor program-related information	B15.13

B15.2: Defined terms (06/22/07)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the fixed-rate Guarantor program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Seasoned Mortgage for a Newly Constructed Home (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should be familiar with the following terms as they relate to the sale of Mortgages under the fixed-rate Guarantor program through the Selling System.

- **Fixed-Rate Guarantor Contract —** A Fixed-Rate Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible Mortgages to Freddie Mac under the fixed-rate Guarantor program through the Selling System. The Fixed-Rate Guarantor Contract replaces the Form 3, Summary Agreement (Guarantor), and any confirmation form. Seller should print the Contract Details screen from the Selling System in order to have a record of contract information.

  A Fixed-Rate Guarantor Contract is a Purchase Contract as defined in the Glossary of the Guide.

- **Minimum Required Servicing Spread —** For Mortgages sold to Freddie Mac under the fixed-rate Guarantor program through the Selling System, Minimum Required Servicing Spread shall mean Minimum Contract Servicing Spread as that term is defined in the Guide.

B15.2: Defined terms (01/01/11)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the fixed-rate Guarantor program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should be familiar with the following terms as they relate to the sale of Mortgages under the fixed-rate Guarantor program through the Selling System.

- **Fixed-Rate Guarantor Contract —** A Fixed-Rate Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible Mortgages to Freddie Mac under the fixed-rate Guarantor program through the Selling System. The Fixed-Rate Guarantor Contract replaces the Form 3, Summary Agreement (Guarantor), and any confirmation form. Seller should print the Contract Details screen from the Selling System in order to have a record of contract information.

  A Fixed-Rate Guarantor Contract is a Purchase Contract as defined in the Glossary of the Guide.

- **Minimum Required Servicing Spread —** For Mortgages sold to Freddie Mac under the fixed-rate Guarantor program through the Selling System, Minimum Required Servicing Spread shall mean Minimum Contract Servicing Spread as that term is defined in the Guide.

B15.3: Eligible Sellers (04/25/06)

In addition to meeting the requirements of Chapter 11, a Seller must receive access to the fixed-rate Guarantor program functionality in the Selling System from Freddie Mac before the Seller can submit offers under the fixed-rate Guarantor program through the Selling System (see Section A1.1).

B15.4: Eligible fixed-rate (including Balloon/Reset) Mortgages under the fixed-rate Guarantor program (06/17/08)

Freddie Mac will purchase the following whole Mortgages under the fixed-rate Guarantor program through the Selling System:

- All 5- and 7-year Balloon/Reset Mortgages
- All fixed-rate Mortgages except:
  - Biweekly Mortgages
  - Affordable Merit Rate Mortgages

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for fixed-rate (including Balloon/Reset) Mortgages sold under the fixed-rate Guarantor program through the Selling System.

B15.5: Purchase requirements (02/17/05)

Freddie Mac will purchase eligible fixed-rate (including Balloon/Reset) whole Mortgages that meet the requirements of the Purchase Documents under the fixed-rate Guarantor program through the Selling System. The eligible Mortgages must have a Note Rate at least equal to the requested PC Coupon plus the Required Spread (as adjusted for remittance cycle, buyup or buydown) plus the Minimum Contract Servicing Spread, which for Mortgages with annual- or monthly premium lender-paid mortgage insurance must include the amount necessary to pay the lender-paid mortgage insurance premium when due.

B15.6: Offer procedures/amounts/optional delivery/contract cancellation (04/22/08)

A Seller may take out one or more Fixed-Rate Guarantor Contracts in the Selling System each Business Day. When taking out a Fixed-Rate Guarantor Contract, the information that the Seller must provide includes, but is not limited to, the Settlement Date and the Settlement Cycle:

- The Seller must select a Settlement Date that is a Business Day on or before the Required Delivery Date of the applicable Master Commitment.
- The Seller must select a 3-, 4- or 5-day Settlement Cycle.

The Seller may change the Settlement Date as follows:

- If the Settlement Cycle has not commenced, the Seller may change the Settlement Date to a Business Day in the same month or another month provided that the new Settlement Date is on or before the Required Delivery Date of the applicable Master Commitment. It is also possible to change the Final Delivery Date.
- If the Settlement Cycle has commenced, the Seller may change the Settlement Date to a later Business Day in the same month provided that the new Settlement Date is on or before the Required Delivery Date of the applicable Master Commitment. The Final Delivery Date cannot change.

If the Seller selects a 3- or 4-day Settlement Cycle, the Seller will be assessed a Gold Rush fee, to be paid in accordance with Section 17.2.

Gold Rush fee rates are:

- Expressed in basis points
- Applied to the aggregate unpaid principal balance (UPB) of the Mortgages allocated to a Fixed-Rate Guarantor Contract funded by Freddie Mac on the requested Settlement Date
- Subject to change on a monthly basis
- Posted at the following web site:
  http://www.freddiemac.com/singlefamily/goldrush-fees.html

Refer to Section 13.4 for minimum pool amount requirements for Gold PCs and mini-Gold PCs.

Delivery under a Fixed-Rate Guarantor Contract is optional. A Seller may cancel a Fixed-Rate Guarantor Contract in the Selling System until 8:00 p.m. Eastern time on the Business Day immediately preceding the Settlement Date.

B15.7: Purchase and sale obligations and Master Commitment Contract Amounts (02/17/05)

A Seller makes an offer to sell Mortgages to Freddie Mac when the Seller enters the required data into the Selling System to take out a Fixed-Rate Guarantor Contract. A binding contract is created when the Seller accepts the Fixed-Rate Guarantor Contract's terms and conditions made available to the Seller by Freddie Mac in the Selling System.

A Seller must monitor the aggregate unpaid principal balance (UPB) of all Mortgages they deliver to Freddie Mac under a Master Commitment to ensure that the Master Commitment Contract Amount tolerance is not exceeded. A Seller is responsible for tracking the UPB of Mortgages they deliver outside the Selling System.

B15.8: Providing loan data (02/17/05)

A Seller must provide the data for all loans delivered under the Guarantor program through the Selling System by:

- Importing the data from the Form 11, Mortgage Submission Schedule, into the Selling System or
- Importing the relevant Loan Prospector® loan data, based on the Key Number, into the Selling System or
- Manually entering the loan data for each Mortgage into the Selling System

The Seller must then allocate those loans to a Fixed-Rate Guarantor Contract in the Selling System.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the fixed-rate Guarantor program through the Selling System.

B15.9: Remittance cycle options and Servicing Spreads (02/17/05)

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to fixed-rate (including Balloon/Reset) Mortgages sold under the fixed-rate Guarantor program through the Selling System are those set forth in Chapter 11 as amended or supplemented by this Chapter B15 or the Selling System.

The remittance cycles that are available for Mortgages delivered under a Fixed-Rate Guarantor Contract in the Selling System are:

- The Gold remittance cycle
- The first Tuesday remittance cycle
- Super Accelerated Remittance Cycle (Super ARC)

The Minimum Contract Servicing Spread must be at least 0.25% and may not exceed 2.000% (200 basis points). For fixed-rate or Balloon/Reset Mortgages with lender-paid mortgage insurance that have annual- or monthly renewal premiums, the Minimum Contract Servicing Spread must include the amount necessary to pay the mortgage insurance premium when due.

B15.10: Buyup/buydown options (02/17/05)

Information and requirements relating to buyup/buydown options applicable to fixed-rate (including Balloon/Reset) Mortgages sold under the fixed-rate Guarantor program through the Selling System are those set forth in Chapter 11 as amended or supplemented by this Chapter B15 or the Selling System.

When a Seller takes out a Fixed-Rate Guarantor Contract, the Selling System will automatically default to the buyup/buydown option. The Seller can then make one of the following choices:

- Turn off both buyups and buydowns (no loans will be bought up or bought down)
- Allow buydowns, but not buyups
- Allow buyups, but not buydowns

If the Seller does not enter a value into the buyup maximum field for a Fixed-Rate Guarantor Contract, the Selling System will apply the buyup maximum specified for that Mortgage product that is specified in the Seller's applicable Master Commitment. If a buyup maximum for a product has not been specified in the Master Commitment, the buyup maximum (as established by Freddie Mac from time to time in its sole discretion) in effect as of the date of the Fixed-Rate Guarantor Contract will apply. The Seller may also enter a lower buyup maximum to be applied to the Fixed-Rate Guarantor Contract.

Freddie Mac will use the formula described in Section 11.11(d) to determine the amount of the increase or decrease in the Required Spread for each Mortgage, based on the following information:

- PC Coupon specified in the Fixed-Rate Guarantor Contract
- Minimum Contract Servicing Spread specified in the Fixed-Rate Guarantor Contract
- Note Rate of each Mortgage
- Required Spread, as set forth in the Fixed-Rate Guarantor Contract
- The buyup maximum field applicable to the fixed-rate Guarantor Contract

The buyup/buydown grids that list the buyup and buydown ratios for the fixed-rate Guarantor program are available at
http://www.freddiemac.com/sell/secmktg/bubdgrids.htm.

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Note:
The buyup maximum can range from the maximum buyup amount applicable to the Seller's Fixed-Rate Guarantor Contract down to zero.

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B15.11: Wire Transfer Instructions/delivery of PCs — Form 939 not required (02/20/09)

A Seller must assign and manage their wire instructions for Mortgages sold under the fixed-rate Guarantor program through the Freddie Mac Selling System (Selling System).

Pursuant to Section A1.12, a Seller must provide information to Freddie Mac regarding authorized Selling System users and their designated user roles by completing and submitting Form 900, Selling System Authorized User Identification and Certification Form. Effective **June 1, 2009**, any person or persons designated to perform the Setup Manager Role on the Seller's behalf must be designated by the Seller as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable. See Section 16.10.1 for additional information regarding Certificate of Incumbency requirements.

In order for the Fixed-Rate Guarantor Contract to enter the Settlement Cycle, wiring instructions must be completed in the Selling System no later than 8:00 p.m. Eastern time on the Final Delivery Date. If changes need to be made to the wire instructions, the Seller must provide the revised wire transfer instructions in the Selling System no later than 8:00 p.m. Eastern time on the last Business Day before the Settlement Date.

In addition, if the Mortgages allocated to a contract are pledged to a Warehouse Lender, either the Seller or the Warehouse Lender must submit a properly completed Form 996E, Warehouse Lender Release of Security Interest (available only through the Selling System), executed by a duly authorized officer of the Warehouse Lender, to Freddie Mac via fax transmission to the number on the form or by sending the original paper Form 996E via regular mail or overnight delivery service to the address contained in the Form 996E. This form must be received no later than 8:00 p.m. Eastern time on the Final Delivery Date. However, a Seller may revise and resubmit the Form 996E by 12:30 p.m. Eastern time the last Business Day before the Settlement Date, if the wire instructions change.

The Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, is not required to be completed and delivered to Freddie Mac as part of the Guarantor execution in the Selling System. The Seller is responsible to Freddie Mac for the accuracy of information provided by the Seller in the Selling System, including but not limited to the security wire instructions it transmits electronically through any mode of transmission (Section 11.13). In addition, Freddie Mac shall not be liable for errors in the delivery of PCs, provided that Freddie Mac delivered the PCs pursuant to information (provided by the Seller) that was not modified in accordance with the requirements of the Purchase Documents.

B15.12: Loan Purchase Statements and disclosure requirements (03/01/09)

(a) Loan Purchase Statement

The Freddie Mac Form 15, Loan Purchase Statement (Form 15A for Gold PC®s), will be accessible to the Seller in the Selling System by the first day of the Settlement Cycle.

(b) Disclosure for PCs formed under the fixed-rate Guarantor program

For each PC Pool formed under the fixed-rate Guarantor program, Freddie Mac will provide a Pool Supplement on its web site (**www.freddiemac.com/mbs/**) and via a link in the Selling System to the Form 15 (Form 15A for Gold PCs), which will be available on the first day of the Settlement Cycle. The Pool Supplement contains information about the Mortgages in the PC Pool as of the Settlement Date. The Seller may also obtain a copy of the Pool Supplement by contacting Investor Inquiry at (800) 336-3672.

Refer to Section 11.20(a) for additional information regarding the Pool Supplement and other information Freddie Mac makes available on its web site and through information vendors about the Mortgages in a PC Pool.

(c) Additional Supplements for Prepayment Penalty Mortgages

Seller must prepare and distribute an Additional Supplement as described in Section 11.20(d) for any PC Pool with fixed-rate various Prepayment Penalty Mortgages. The Additional Supplement must be in the form set forth in Exhibit 22, Form of Additional Supplement — Prepayment Penalty Mortgages.

B15.13: Other fixed-rate (including Balloon/Reset) Mortgage- and fixed-rate Guarantor program-related information (09/01/10)

Other fixed-rate (including Balloon/Reset) Mortgage- and fixed-rate Guarantor program-related information is located elsewhere in this Guide:

Topic	Location
General Purchase Program Requirements and Characteristics	Chapter 8
Guarantor and MultiLender Swap Programs	Chapter 11
Pooling and Disclosure Requirements for Fixed-Rate and Balloon/Reset Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs	Chapter 13
Mortgage Delivery and Settlement Processing	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
Special Eligibility Requirements for Balloon/Reset Mortgages	Chapter 33
Prepayment Penalty Mortgages	Chapter B33
Super conforming Mortgages	Chapter L33
Home Possible® Mortgages	Chapter A34
Matrix of Remittance Cycle Options	Exhibit 6
Delivery Balance Examples for MIDANET® and the Selling System	Exhibit 8
Mortgage Products Available Through the Selling System	Exhibit 17S

Chapter C15: WAC ARM Guarantor Program Through the Selling System

C15.1: Overview (04/25/06)

Sellers may sell certain eligible conventional adjustable-rate Mortgages (ARMs) to Freddie Mac in exchange for WAC ARM PCs under the Weighted Average Coupon (WAC) ARM Guarantor program through the Freddie Mac Selling System (Selling System) in accordance with the terms and conditions set forth in the Purchase Documents, including Chapter A1, and this chapter.

In addition, unless specified otherwise in this chapter, the provisions set forth in Chapter 11 regarding the Guarantor program, as well as the provisions set forth in Chapter A13 regarding pooling and disclosure requirements for ARMs under the WAC ARM Guarantor program, apply to Mortgages sold to Freddie Mac under the WAC ARM Guarantor program through the Selling System.

This chapter is organized by the following topics:

Topic	Section
Defined terms	C15.2
Eligible Sellers	C15.3
Eligible and ineligible ARMs	C15.4
Purchase requirements	C15.5
Offer procedures/amounts/optional delivery/contract cancellation	C15.6
Purchase and sale obligations and Master Commitment Contract Amounts	C15.7
Providing loan data	C15.8
Remittance cycle options and Servicing Spreads	C15.9
Buyup/buydown options	C15.10
Wire transfer instructions/delivery of PCs	C15.11
Loan Purchase Statements and disclosure requirements	C15.12
Other ARM- and WAC ARM Guarantor program-related information	C15.13

C15.2: Defined terms (06/22/07)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the WAC ARM Guarantor program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Seasoned Mortgage for a Newly Constructed Home (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should be familiar with the following terms as they relate to the sale of adjustable-rate Mortgages (ARMs) sold to Freddie Mac under WAC ARM Guarantor through the Selling System:

- **Minimum Required Servicing Spread** — For Mortgages sold to Freddie Mac under the WAC ARM Guarantor program through the Selling System, Minimum Required Servicing Spread shall mean Minimum Contract Servicing Spread as that term is defined in the Guide.

- **WAC ARM Guarantor Contract** — A WAC ARM Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible ARMs to Freddie Mac under the WAC ARM Guarantor program through the Selling System. The WAC ARM Guarantor Contract replaces the Form 3, Summary Agreement (Guarantor), and any confirmation form.

  A WAC ARM Guarantor Contract is a Purchase Contract as defined in the Glossary of the Guide.

C15.2: Defined terms (01/01/11)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the WAC ARM Guarantor program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should be familiar with the following terms as they relate to the sale of adjustable-rate Mortgages (ARMs) sold to Freddie Mac under WAC ARM Guarantor through the Selling System:

- **Minimum Required Servicing Spread** — For Mortgages sold to Freddie Mac under the WAC ARM Guarantor program through the Selling System, Minimum Required Servicing Spread shall mean Minimum Contract Servicing Spread as that term is defined in the Guide.

- **WAC ARM Guarantor Contract** — A WAC ARM Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible ARMs to Freddie Mac under the WAC ARM Guarantor program through the Selling System. The WAC ARM Guarantor Contract replaces the Form 3, Summary Agreement (Guarantor), and any confirmation form.

  A WAC ARM Guarantor Contract is a Purchase Contract as defined in the Glossary of the Guide.

C15.3: Eligible Sellers (04/25/06)

In addition to meeting the requirements of Chapter 11, a Seller must receive access to the WAC ARM Guarantor program functionality in the Selling System from Freddie Mac before the Seller can submit offers under the WAC ARM Guarantor program through the Selling System (see Section A1.1).

C15.4: Eligible and ineligible adjustable-rate Mortgages (ARMs) (09/01/10)

(a) Eligible ARMs

Under the WAC ARM Guarantor program through the Selling System, Freddie Mac will purchase whole ARM products that adjust using either the 1-Year Weekly Constant Maturity Treasury (CMT) Index or the 6-Month and 1-Year London Interbank Offered Rate (LIBOR) Index.

See Section 30.7 for information regarding Initial Caps, Periodic Caps and Life Caps for ARMs sold under the WAC ARM Guarantor program through the Selling System.

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for ARMs sold under the WAC ARM Guarantor program through the Selling System.

(b) Ineligible ARMs

Under the WAC ARM Guarantor program through the Selling System, Freddie Mac will not purchase the following ARM products:

- Convertible ARMs
- ARMS that adjust based on the 11th District Cost of Funds Index (COFI)
- ARMs that do not have the original Note Rate, Margin and Lifetime Ceiling divisible by one-eighth of 1% (0.125%)

C15.5: Purchase requirements (12/14/05)

ARMs eligible for sale to Freddie Mac under the WAC ARM Guarantor program through the Selling System must be first lien Mortgages that fully amortize with an original maturity not exceeding 30 years. See Chapter 30 for additional information regarding the eligibility requirements for ARMs sold to Freddie Mac.

In addition, ARMs eligible for sale under the WAC ARM Guarantor program through the Selling System:

- May only be sold on a whole loan basis
- Must be sold in accordance with the WAC ARM Guarantor Contract
- Must have a Margin that is at least the sum of the Required Spread plus the Minimum Contract Servicing Spread, which includes, for Mortgages with annual- or monthly premium lender-paid mortgage insurance, the amount necessary to pay the lender-paid mortgage insurance premium when due

C15.6: Offer procedures/amounts/optional delivery/contract cancellation (12/14/05)

A Seller may take out one or more WAC ARM Guarantor Contracts in the Selling System each Business Day. When taking out a WAC ARM Guarantor Contract, the information that the Seller must provide includes, but is not limited to, the Settlement Date and the Settlement Cycle:

- The Seller must select a Settlement Date that is a Business Day on or before the Required Delivery Date of the applicable Master Commitment
- The Seller must select a 3, 4- or 5-day Settlement Cycle

The Seller may change the Settlement Date provided that the Settlement Cycle has not commenced. The new Settlement Date must be a Business Day on or before the Required Delivery Date of the applicable Master Commitment. It is also possible to change the Final Delivery Date.

The Seller cannot change the Settlement Date if the Settlement Cycle has commenced.

If the Seller selects a 3- or 4-day Settlement Cycle, the Seller will be assessed a Gold Rush fee, to be paid in accordance with Section 17.2.

Gold Rush fee rates are:

- Expressed in basis points
- Applied to the aggregate unpaid principal balance (UPB) of the Mortgages allocated to the WAC ARM Guarantor Contract funded by Freddie Mac on the requested Settlement Date
- Subject to change on a monthly basis
- Posted at the following web site:
  http://www.freddiemac.com/singlefamily/goldrush-fees.html

The underlying Mortgages allocated to a WAC ARM Guarantor Contract must have an aggregate UPB of at least $500,000. See Chapter A13 for additional information on aggregate UPB limitations for specific types of ARMs.

Delivery under a WAC ARM Guarantor Contract is optional. A Seller may cancel a WAC ARM Guarantor Contract in the Selling System until 8:00 p.m. Eastern time on the Business Day immediately preceding the Settlement Date.

C15.7: Purchase and sale obligations and Master Commitment Contract Amounts (02/17/05)

A Seller makes an offer to sell Mortgages to Freddie Mac when the Seller enters the required data into the Selling System to take out a WAC ARM Guarantor Contract. A binding contract is created when the Seller accepts the WAC ARM Guarantor Contract's terms and conditions made available to the Seller by Freddie Mac in the Selling System.

A Seller must monitor the aggregate unpaid principal balance (UPB) of all Mortgages they deliver to Freddie Mac under a Master Commitment to ensure that the Master Commitment Contract Amount tolerance is not exceeded. A Seller is responsible for tracking the UPB of Mortgages they deliver outside the Selling System.

C15.8: Providing loan data (02/17/05)

A Seller must provide the data for all loans sold under the WAC ARM Guarantor program through the Selling System by:

- Importing the data from the Form 13SF, Mortgage Submission Voucher, into the Selling System or
- Importing the relevant Loan Prospector® data, based on the Key Number, into the Selling System or
- Manually entering the loan data for each Mortgage into the Selling System

The Seller must then allocate those loans to a WAC ARM Guarantor Contract in the Selling System.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the WAC ARM Guarantor program through the Selling System.

C15.9: Remittance cycle options and Servicing spreads (04/25/06)

(a) Remittance cycle options

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to adjustable-rate Mortgages (ARMs) sold under the WAC ARM Guarantor program through the Selling System are those set forth in Chapter 11 as amended or supplemented by this Chapter C15 or the Selling System.

The two remittance cycles that are available for Mortgages delivered under a WAC ARM Guarantor Contract in the Selling System are the accelerated remittance cycle (ARC) and the first Tuesday remittance cycle.

(b) Servicing Spreads

1. The Minimum Contract Servicing Spread for each ARM in a WAC ARM Guarantor Contract may not be less than 25 basis points (0.250%) but may not exceed 2.00% (200 basis points). For non-convertible ARMs with lender-paid mortgage insurance that have annual- or monthly renewal premiums, the Minimum Contract Servicing Spread must include the amount necessary to pay the mortgage insurance premium when due.

2. For ARMs under the WAC ARM Guarantor program through the Selling System, a Seller selects three discrete Minimum Contract Servicing Spreads:

   - Minimum coupon servicing spread
   - Minimum margin servicing spread
   - Minimum lifetime ceiling servicing spread

   Subject to the requirements of Section 8.2.2, a Seller may select the same or a different value for any of the three discrete Minimum Contract Servicing Spreads. When a Seller selects a different value for any of the three discrete Minimum Contract Servicing Spreads, the affected ARMs are referred to as having variable servicing spreads.

C15.10: Buyup/buydown options (06/10/05)

When a Seller takes out a WAC ARM Guarantor Contract, the Selling System will automatically default to either buyups or buydowns. The Seller can then make one of the following choices:

- Allow buyups
- Allow buydowns

(a) Buyup options

If the buyup option is selected for a WAC ARM Guarantor Contract through the Selling System, the Seller can enter a value, expressed in basis points, into the buyup maximum field. The Required Spread for each Mortgage allocated to that contract will be bought up, or increased, by that amount.

If the Seller does not enter a value into the buyup maximum field, the system will use the buyup maximum for that Mortgage product that is specified in the Seller's applicable Master Commitment. If a buyup maximum has not been specified in the

Master Commitment, the system will use the buyup maximum for adjustable-rate Mortgages (ARMs) (as established by Freddie Mac from time to time in its sole discretion) in effect as of the date of the WAC ARM Guarantor Contract.

For each basis point by which the Required Spread of the Mortgage is bought up, Freddie Mac will pay the Seller or credit to the Seller's account, in accordance with Section 17.2, a payment in an amount equal to a fixed percentage, or buyup ratio, of the unpaid principal balance (UPB) of the Mortgage. The applicable buyup ratio will depend on the highest Note Rate of Mortgages (ARMs) within the WAC ARM Contract and the WARM of all loans within the contract.

(b) Buydown options

If the buydown option is selected for a WAC ARM Guarantor Contract through the Selling System, the Seller can enter a value, expressed in basis points, into the buydown amount field, and the Required Spread for each Mortgage allocated to that contract will be bought down, or reduced, by that amount. If the Seller does not enter a value into the buydown amount field, the buydown amount will default to the amount of the Required Spread.

For each basis point by which the Required Spread is bought down, the Seller must remit, in accordance with Section 17.2, an amount equal to a fixed percentage, or buydown ratio, of the UPB of the Mortgage. The applicable buydown ratio will depend on the lowest Note Rate of Mortgages (ARMs) within the WAC ARM Guarantor Contract and the Weighted Average Remaining Maturity (WARM) of all loans within the contract.

The buyup/buydown grids listing the buyup and buydown ratios for the WAC ARM Guarantor program are available at **http://www.freddiemac.com/sell/secmktg/bubdgrids.htm**.

C15.11: Wire transfer instructions/delivery of PCs (02/20/09)

A Seller must assign and manage their wire instructions for Mortgages sold under the WAC ARM Guarantor program through the Freddie Mac Selling System (Selling System).

Pursuant to Section A1.12, a Seller must provide information to Freddie Mac regarding authorized Selling System users and their designated user roles by completing and submitting Form 900, Selling System Authorized User Identification and Certification Form. Effective **June 1, 2009**, any person or persons designated to perform the Setup Manager Role on the Seller's behalf must be designated by the Seller as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages

to Freddie Mac on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable. See Section 16.10.1 for additional information regarding Certificate of Incumbency requirements.

In order for the WAC ARM Guarantor Contract to enter the Settlement Cycle, wiring instructions must be completed in the Selling System no later than 8:00 p.m. Eastern time on the Final Delivery Date. If changes need to be made to the wire instructions, the Seller must provide the revised wire transfer instructions in the Selling System no later than 8:00 p.m. Eastern time on the last Business Day before the Settlement Date.

In addition, if the Mortgages allocated to a contract are pledged to a Warehouse Lender, either the Seller or the Warehouse Lender must submit a properly completed Form 996E, Warehouse Lender Release of Security Interest (available through the Selling System), executed by a duly authorized officer of the Warehouse Lender, to Freddie Mac via fax transmission to the number on the form, or by sending the original paper Form 996E via regular mail or overnight delivery service to the address contained in the Form 996E. This form must be received no later than 8:00 p.m. Eastern time on the Final Delivery Date. However, a Seller may revise and resubmit the Form 996E by 12:30 p.m. Eastern time the last Business Day before the Settlement Date, if the wire instructions change.

The Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, is not required to be completed and delivered to Freddie Mac as part of the WAC ARM Guarantor execution in the Selling System. The Seller is responsible to Freddie Mac for the accuracy of information provided by the Seller in the Selling System, including but not limited to the security wire instructions it transmits electronically through any mode of transmission (see Section 11.13). In addition, Freddie Mac shall not be liable for errors in the delivery of WAC ARM PCs, provided that Freddie Mac delivered the WAC ARM PCs pursuant to information (provided by the Seller) that was not modified in accordance with the requirements of the Purchase Documents.

C15.12: Loan Purchase Statements and disclosure requirements (09/01/10)

(a) Loan Purchase Statement

The Form 15, Loan Purchase Statement (Form 15C for WAC ARM PC®s), will be accessible to the Seller in the Selling System by the first day of the Settlement Cycle.

(b) Disclosure for PCs formed under the WAC ARM Guarantor program

For each PC Pool formed under the WAC ARM Guarantor program, Freddie Mac will provide a Pool Supplement on its web site (**www.freddiemac.com/mbs/**) and via a link in the Selling System to the Form 15C, which will be available on the first day of the Settlement Cycle. The Pool Supplement contains information about the Mortgages

in the WAC ARM PC Pool as of the Settlement Date. The Seller may also obtain a copy of the Pool Supplement by contacting Investor Inquiry at (800) 336-3672.

Refer to Section A13.3 for additional information regarding the Pool Supplement and other information Freddie Mac makes available on its web site and through information vendors about the Mortgages in a PC Pool.

(c) Additional Supplements for Prepayment Penalty Mortgages

Seller must prepare and distribute an Additional Supplement as described in Section 11.20(d) for all WAC ARM PC Pools with Prepayment Penalty Mortgages. The Additional Supplement must be in the form set forth in Exhibit 22, Form of Additional Supplement — Prepayment Penalty Mortgages.

C15.13: Other ARM- and WAC ARM Guarantor program-related information (09/01/10)

Other ARM- and WAC ARM Guarantor program-related information is located elsewhere in this Guide:

Topic	Location
General Purchase Program Requirements and Characteristics	Chapter 8
Guarantor and MultiLender Swap Programs	Chapter 11
Pooling and Disclosure Requirements for Adjustable-Rate Mortgages Under the WAC ARM Guarantor Program	Chapter A13
Mortgage Delivery and Settlement Processing	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
Special Eligibility Requirements for ARMs	Chapter 30
Prepayment Penalty Mortgages	Chapter B33
Home Possible® Mortgages	Chapter A34
Special Servicing and Reporting Requirements for ARMs	Chapter 80
Matrix of Remittance Cycle Options	Exhibit 6
Mortgage Products Available Through the Selling System	Exhibit 17S

Chapter D15: MultiLender Swap Program Through the Selling System

D15.1: Overview (04/25/06)

Sellers may sell eligible 15-, 20- and 30-year fixed-rate (including Balloon/Reset) Mortgages to Freddie Mac in exchange for a Mortgage Participation Certificate security as set forth in this Section D15.1 under the MultiLender Swap program through the Freddie Mac Selling System (Selling System) in accordance with the terms and conditions set forth in the Purchase Documents, including Chapter A1, and this chapter.

- Conventional 20-year fixed-rate Mortgages, Balloon/Reset Mortgages and nonassumable Section 502 GRH Mortgages may be sold to Freddie Mac in exchange for a Gold PC® representing an undivided interest in the same Mortgages.
- All other 15- and 30-year conventional fixed-rate Mortgages that are eligible for the MultiLender Swap program through the Selling System may be sold to Freddie Mac in exchange for a Giant PC® backed by PCs representing an undivided interest in the same Mortgages and, in some cases, Mortgages sold to Freddie Mac by one or more other Sellers. In addition, eligible conventional 20-year fixed-rate Mortgages may be sold to Freddie Mac in exchange for a Giant PC if they are pooled together with conventional 30-year fixed-rate Mortgages.

Unless specified otherwise in this chapter, the provisions set forth in Chapter 11 regarding the MultiLender Swap program, as well as the provisions set forth in Chapter 13 regarding pooling and disclosure requirements for fixed-rate and Balloon/Reset Mortgages, apply to Mortgages sold to Freddie Mac under the MultiLender Swap program through the Selling System.

This chapter is organized by the following topics:

Topic	Section
Defined terms	D15.2
Eligible Sellers	D15.3
Eligible fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program	D15.4
Purchase and pooling requirements	D15.5
Offer procedures/amounts/optional delivery/contract cancellation	D15.6
Purchase and sale obligations and Master Commitment Contract Amounts	D15.7

Providing loan data	D15.8
Remittance cycle options, Required Spread and Servicing Spread	D15.9
Buyup/buydown options	D15.10
Wire transfer instructions/delivery of PCs	D15.11
Loan Purchase Statements and disclosure requirements	D15.12
Other fixed-rate (including Balloon/Reset) Mortgage- and MultiLender Swap program-related information	D15.13

D15.2: Defined terms (06/22/07)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the MultiLender Swap program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Seasoned Mortgage for a Newly Constructed Home (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should also be familiar with the following terms as they relate to the sale of Mortgages under the MultiLender Swap program through the Selling System.

- **MultiLender Swap Contract** — A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate and Balloon/Reset Mortgages to Freddie Mac under the MultiLender Swap program through the Selling System. The MultiLender Swap Contract replaces the Form 5, Summary Agreement (MultiLender Swap) and any confirmation form.

A MultiLender Swap Contract is a Purchase Contract as defined in the Glossary of the Guide.

- **Settlement Month** — For Mortgages sold to Freddie Mac under the MultiLender Swap program through the Selling System, Settlement Month shall mean the month when Freddie Mac issues a MultiLender Swap pool.
- **Final Settlement Date** — For Mortgages sold under MultiLender Swap Contracts, the Final Settlement Date is the date on which the PC Pool or Giant PC Pool settles.

D15.2: Defined terms (01/01/11)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to the sale of Mortgages under the MultiLender Swap program through the Selling System:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Delivery Date (as it applies to the Selling System)
- Seasoned Mortgage (as it applies to the Selling System)
- Security Coupon
- Security Product
- Settlement Cycle

Definitions for these terms are located in the Glossary of this Guide.

In addition, Sellers should also be familiar with the following terms as they relate to the sale of Mortgages under the MultiLender Swap program through the Selling System.

- **MultiLender Swap Contract** — A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate and Balloon/Reset Mortgages to Freddie Mac under the MultiLender Swap program through the Selling System. The MultiLender Swap Contract replaces the Form 5, Summary Agreement (MultiLender Swap) and any confirmation form.

  A MultiLender Swap Contract is a Purchase Contract as defined in the Glossary of the Guide.

- **Settlement Month** — For Mortgages sold to Freddie Mac under the MultiLender Swap program through the Selling System, Settlement Month shall mean the month when Freddie Mac issues a MultiLender Swap pool.
- **Final Settlement Date** — For Mortgages sold under MultiLender Swap Contracts, the Final Settlement Date is the date on which the PC Pool or Giant PC Pool settles.

D15.3: Eligible Sellers (04/25/06)

In addition to meeting the requirements of Chapter 11, a Seller must receive access to the MultiLender Swap program functionality in the Selling System from Freddie Mac before the Seller can submit offers under the MultiLender Swap program through the Selling System (see Section A1.1).

D15.4: Eligible fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program (06/22/07)

Under the MultiLender Swap program through the Selling System, Freddie Mac will purchase:

- All 5- and 7-year Balloon/Reset Mortgages
- All fixed-rate Mortgages except:
  - Seasoned Mortgages
  - Mortgages for Newly Constructed Homes with an Effective Date of Permanent Financing that is more than 12 months prior to the Settlement Date
  - Biweekly Mortgages
  - Prepayment Penalty Mortgages
  - Mortgages that require an Additional Supplement

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for fixed-rate (including Balloon/Reset) Mortgages sold under the MultiLender Swap program through the Selling System.

D15.4: Eligible fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program (01/01/11)

Under the MultiLender Swap program through the Selling System, Freddie Mac will purchase:

- All 5- and 7-year Balloon/Reset Mortgages
- All fixed-rate Mortgages except:
  - Seasoned Mortgages
  - Biweekly Mortgages
  - Prepayment Penalty Mortgages
  - Mortgages that require an Additional Supplement

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information regarding eligibility and coding requirements for fixed-rate (including Balloon/Reset) Mortgages sold under the MultiLender Swap program through the Selling System.

D15.5: Purchase and pooling requirements (02/17/05)

Freddie Mac will purchase conventional fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program:

- On a whole loan basis and
- That have a Note Rate (as adjusted for remittance cycle, buyup or buydown, and inclusive of any annual- or monthly lender-paid mortgage insurance premium) within the specified posted Note Rate range for that program

Mortgages sold under the MultiLender Swap program must have Note Rates at least 25 basis points above the Security Coupon (or PC Coupon), but no greater than 125 basis points above the Security Coupon.

Refer to Chapter 13 for pooling requirements for fixed-rate and Balloon/Reset Mortgages under the MultiLender Swap program.

Under the MultiLender Swap program, the minimum dollar amount for a commitment is $1,000.

D15.6: Offer procedures/amounts/optional delivery/contract cancellation (12/14/05)

A Seller may take out one or more MultiLender Swap Contracts in the Selling System each Business Day. When taking out a MultiLender Swap Contract, the information that the Seller must provide includes, but is not limited to, the Settlement Month, the PC Pool or Giant PC Pool, the Settlement Date and the Settlement Cycle:

- The Seller must select a Settlement Month within the term of the applicable Master Commitment
- The Seller must select a PC Pool or Giant PC Pool with a Final Settlement Date on or before the last day of the selected Settlement Month
- The Seller must select a Settlement Date that is on or before the Final Settlement Date of the selected PC Pool or Giant PC Pool
- The Seller must select a 1-, 3-, 4- or 5-day Settlement Cycle

The Seller may change the Settlement Date regardless of whether the Settlement Cycle has commenced or not. In addition:

- The new Settlement Date must be on or before the Final Settlement Date of the selected PC Pool or Giant PC Pool
- If the Settlement Cycle has not commenced, it is also possible to change the Final Delivery Date
- If the Settlement Cycle has commenced, the Final Delivery Date cannot change

If the Seller selects a 1-, 3-, or 4-day Settlement Cycle:

- The requirements of Section 17.6(j) must be met
- The Seller will be assessed a Gold Rush® fee, to be paid in accordance with Section 17.2

Gold Rush fee rates are:

- Expressed in basis points
- Applied to the aggregate unpaid principal balance (UPB) of the Mortgages allocated to the MultiLender Swap Contract funded by Freddie Mac on the requested Settlement Date
- Subject to change on a monthly basis
- Posted at the following web site:
  http://www.freddiemac.com/singlefamily/goldrush-fees.html

Delivery under a MultiLender Swap Contract is optional. A Seller may cancel a MultiLender Swap Contract in the Selling System until 8:00 p.m. Eastern time on the Business Day immediately preceding the Settlement Date.

D15.7: Purchase and sale obligations and Master Commitment Contract Amounts (02/17/05)

A Seller makes an offer to sell Mortgages to Freddie Mac when the Seller enters the required loan data into the Selling System to take out a MultiLender Swap Contract. A binding contract is created when the Seller accepts the contract's terms and conditions made available to the Seller by Freddie Mac in the Selling System.

A Seller must monitor the aggregate unpaid principal balance (UPB) of all Mortgages the Seller delivers to Freddie Mac under a Master Commitment to ensure that the Master Commitment Contract Amount tolerance is not exceeded. A Seller is responsible for tracking the UPB of Mortgages the Seller delivers outside the Selling System.

D15.8: Providing loan data (02/17/05)

A Seller must provide the data for all loans sold under the MultiLender Swap program through the Selling System by:

- Importing the data from the Form 11, Mortgage Submission Schedule, into the Selling System or
- Importing the relevant Loan Prospector® data, based on the Key Number, into the Selling System or
- Manually entering the loan data for each Mortgage into the Selling System

The Seller must then allocate those loans to a MultiLender Swap Contract in the Selling System.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the MultiLender Swap program through the Selling System.

D15.9: Remittance cycle options, Required Spread and Servicing Spread (02/17/05)

(a) Remittance cycle options

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to fixed-rate (including Balloon/Reset) Mortgages sold under the MultiLender Swap program through the Selling System are those set forth in Chapter 11 as amended or supplemented by this Chapter D15 or the Selling System.

The following remittance cycle options are available under the MultiLender Swap program through the Selling System:

- The Gold remittance cycle
- The first Tuesday remittance cycle
- Super Accelerated Remittance Cycle (Super ARC)

(b) Required Spread

For the MultiLender Swap program, the Required Spread is as specified in a Seller's Master Commitment Contract.

(c) Servicing Spread

The Minimum Contract Servicing Spread is 0.250% (25 basis points) but must not exceed 1.250% (125 basis points) for Mortgages sold under the MultiLender Swap program.

D15.10: Buyup/buydown options (02/17/05)

Information and requirements relating to buyup/buydown options applicable to fixed-rate (including Balloon/Reset) Mortgages sold under the MultiLender Swap program through the Selling System are those set forth in Chapter 11 as amended or supplemented by this Chapter D15 or the Selling System.

When a Seller takes out a MultiLender Swap Contract, the Selling System will automatically default to the buyup/buydown option. The Seller can then make one of the following choices:

- Turn off both buyups and buydowns (no loans will be bought up or bought down)
- Allow buydowns, but not buyups
- Allow buyups, but not buydowns

If the Seller does not enter a value into the buyup maximum field for a MultiLender Swap Contract, the Selling System will apply the buyup maximum for that Mortgage product that is specified in the Seller's applicable Master Commitment. If a buyup maximum has not been specified in the Master Commitment, the buyup maximum (as established by Freddie Mac from time to time in its sole discretion) in effect as of the date of the MultiLender Swap Contract will apply. The Seller may also enter a lower buyup maximum to be applied to the MultiLender Swap Contract.

Freddie Mac will use the formula described in Section 11.11(d) to determine the amount of the increase or decrease in the Required Spread for each Mortgage, based on the following information:

- PC Coupon specified in the MultiLender Swap Contract
- Minimum Contract Servicing Spread specified in the MultiLender Swap Contract
- Note Rate of each Mortgage
- Required Spread, as set forth in the MultiLender Swap Contract
- The buyup maximum field applicable to the MultiLender Swap Contract

The buyup/buydown grids that list the buyup and buydown ratios for the MultiLender program are available at **http://www.freddiemac.com/sell/secmktg/bubdgrids.htm**.

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Note:
The buyup maximum can range from the maximum buyup amount applicable to the Seller's MultiLender Contract down to zero.

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D15.11: Wire transfer instructions/delivery of PCs (02/20/09)

A Seller must assign and manage their wire instructions for Mortgages sold under the MultiLender Swap program through the Freddie Mac Selling System (Selling System).

Pursuant to Section A1.12, a Seller must provide information to Freddie Mac regarding authorized Selling System users and their designated user roles by completing and submitting Form 900, Selling System Authorized User Identification and Certification Form. Effective **June 1, 2009**, any person or persons designated to perform the Setup Manager Role on the Seller's behalf must be designated by the Seller as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable. See Section 16.10.1 for additional information regarding Certificate of Incumbency requirements.

In order for the MultiLender Swap Contract to enter the Settlement Cycle, wiring instructions must be completed in the Selling System no later than 8:00 p.m. Eastern time on the Final Delivery Date. If changes need to be made to the wire instructions, the Seller must provide the revised wire transfer instructions in the Selling System no later than 8:00 p.m. Eastern time on the last Business Day before the Settlement Date.

In addition, if the Mortgages allocated to a contract are pledged to a Warehouse Lender, either the Seller or the Warehouse Lender must submit a properly completed Form 996E, Warehouse Lender Release of Security Interest (available through the Selling System), executed by a duly authorized officer of the Warehouse Lender, to Freddie Mac via fax transmission to the number on the form, or by sending the original paper Form 996E via regular mail or overnight delivery service to the address contained in the Form 996E. This form must be received no later than 8:00 p.m. Eastern time on the Final Delivery Date. However, a Seller may revise and resubmit the Form 996E by 12:30 p.m. Eastern time the last Business Day before the Settlement Date, if the wire instructions change.

The Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, is not required to be completed and delivered to Freddie Mac as part of the MultiLender Swap execution in the Selling System. The Seller is responsible to Freddie Mac for the accuracy of information provided by the Seller in the Selling System, including but not limited to the security wire instructions it transmits electronically through any mode of transmission (see Section 11.13). In addition, Freddie Mac shall not be liable for errors in the delivery of Gold PC®s or Giant PCs, provided that Freddie Mac delivered the Gold PCs or Giant PCs pursuant to information (provided by the Seller) that was not modified in accordance with the requirements of the Purchase Document.

D15.12: Loan Purchase Statements and disclosure requirements (06/10/05)

(a) Loan Purchase Statement

The Form 15, Loan Purchase Statement (Form 15A for Gold PC®s), will be accessible to the Seller in the Selling System by the first day of the Settlement Cycle for Mortgages sold under the MultiLender Swap program through the Selling System.

(b) Disclosure for PCs and Giant PCs formed under the MultiLender Swap program

For each PC Pool or Giant PC Pool formed under the MultiLender Swap program, Freddie Mac will make available on its website (**www.freddiemac.com/mbs/**), and via a link in the Selling System to the Form 15 (Form 15A for Gold PCs), a Pool Supplement containing information about the Mortgages in a PC Pool or a Giant Offering Circular Supplement containing information about the PCs underlying the Giant PC Pool as of the Settlement Date. The Pool Supplement and Giant PC Offering Circular Supplement are available on the first Business Day following the Bond Market Association (BMA) Class D Monthly Securities Settlement Date. The Seller may also obtain a copy of the Pool Supplement and the Giant Offering Circular Supplement by contacting Investor Inquiry at (800) 336-3672.

Refer to Section 11.13 or 11.20(b) for additional information regarding the Pool Supplement, the Giant Offering Circular Supplement and other information Freddie Mac makes available on its web site and through information vendors about the Mortgages in the PC Pools or Giant PC Pool.

D15.13: Other fixed-rate (including Balloon/Reset) Mortgage- and MultiLender Swap program-related information (09/01/10)

Other fixed-rate (including Balloon/Reset) Mortgage- and MultiLender Swap program-related information is located elsewhere in this Guide:

Topic	Location
General Purchase Program Requirements and Characteristics	Chapter 8
Guarantor and MultiLender Swap Programs	Chapter 11
Pooling and Disclosure Requirements for Fixed-Rate and Balloon/Reset Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs	Chapter 13
Mortgage Delivery and Settlement Processing	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
Special Eligibility Requirements for Balloon/Reset Mortgages	Chapter 33
Home Possible® Mortgages	Chapter A34
Matrix of Remittance Cycle Options	Exhibit 6
Delivery Balance Examples for MIDANET® and the Selling System	Exhibit 8
Mortgage Products Available Through the Selling System	Exhibit 17S

Chapter 16: Documentation Delivery

16.1: Home Mortgage delivery (03/20/00)

The Seller agrees, at its own expense and within the delivery period required under the purchase program, to deliver to Freddie Mac, or its designee, the documents required under the Purchase Documents, subject to Freddie Mac's approval regarding proper form and execution.

The Seller should plan for a reasonable processing and review period before the Funding Date. The amount of the purchase price is adjusted for interest accrued through the day before the Funding Date.

16.2: Contract delivery summary (03/20/00)

Each delivery of Mortgages must include an electronically transmitted Form 381, Contract Delivery Summary, which:

- Identifies the contract and purchase program for the Mortgages being delivered
- Lists purchase control reconciliation totals

For each delivery, the Form 381 information must be transmitted via MIDANET®.
Each delivery may contain either participation interests or whole loans; one delivery may not include both types.

16.3: Warehouse Mortgage delivery (03/20/00)

Mortgages delivered that are subject to a security interest of a Warehouse Lender must be submitted as required by Chapter 19.

16.4: Endorsement of Notes (02/26/10)

(a) Without recourse

For each Mortgage delivered to Freddie Mac (except for Mortgages sold with recourse under the Guarantor or MultiLender Swap program, pursuant to Section 11.10(a) of this Guide), the original of the Note must be delivered pursuant to the requirements of this chapter; and the Note must bear the following endorsement signed by the Seller's duly authorized representative:

PAY TO THE ORDER OF

_____

WITHOUT RECOURSE

(Name of Seller-endorser)

(Signature of duly authorized representative)

(Typed name and title of signatory)

This endorsement "without recourse" will in no way affect the Seller/Servicer's repurchase obligations under the Purchase Documents. If the Seller is a corporation, the person endorsing the Notes must be a duly authorized officer of the Seller. If the Seller is a partnership or other type of organization that is not a corporation, the person endorsing the Notes must be duly authorized by the Seller, in accordance with the organization's constituent documents and applicable law, to take such action on behalf of the Seller. Endorsement may not be made pursuant to a power of attorney.

(b) With recourse

For each Mortgage sold with recourse under the Guarantor or MultiLender Swap program, the original of the Note must be delivered bearing the following endorsement signed by the Seller's duly authorized representative:

PAY TO THE ORDER OF

(Name of Seller-endorser)

(Signature of duly authorized representative)

(Typed name and title of signatory)

If the Seller is a corporation, the person endorsing the Notes must be a duly authorized officer of the Seller. If the Seller is a partnership or other type of organization that is not a corporation, the person endorsing the Notes must be duly authorized by the Seller, in accordance with the organization's constituent documents and applicable law, to take such action on be half of the Seller. Endorsement may not be made pursuant to a power of attorney.

(c) Chain of endorsement

If the Seller is not the original payee on the Note, the chain of endorsements must be proper and complete from the original payee shown on the Note to the Seller. At the time the Mortgage is sold to Freddie Mac, the Seller must endorse the Note in blank, in accordance with (a) or (b) above. When a Transfer of Servicing occurs, the

Transferor Servicer may not complete the blank endorsement or further endorse the Note.

(d) Facsimile signature

Notes may be endorsed by use of a facsimile signature stamp if the following conditions are met:

- The signature is that of a corporate officer of the Seller who has authority pursuant to a resolution of the Seller's Board of Directors
- The corporate officer whose signature is imprinted on the stamp authenticates his signature by affidavit which will be made available to Freddie Mac upon request
- Before the Delivery Date, the Seller must obtain an opinion of the Seller's counsel that the use of a facsimile signature constitutes a valid signature for an endorsement on each Note so endorsed. The Seller must furnish this opinion to Freddie Mac upon request.

(e) Use of an Allonge for the endorsement of a Note

Seller may use an Allonge to endorse a Note if the following conditions are met:

- The Allonge is permanently affixed to the Note
- The Allonge references the Borrower's name, the property address and the original principal balance of the Note
- The form of the Allonge, and its use, complies with all applicable laws
- The use of the Allonge does not impair Freddie Mac's status as a "holder in due course" or any of Freddie Mac's rights under the Purchase Documents

16.5: Power of attorney (10/01/09)

In a hardship or emergency situation, Freddie Mac will permit the Note, the Security Instrument and other closing documents to be executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under a power of attorney (POA). The person acting as attorney-in-fact should have a familial, personal or fiduciary relationship with the Borrower. If a POA is used, the Mortgage must be covered by a title insurance policy in accordance with Section 39.1.

If a POA is used, the original POA must be attached to and delivered to the Document Custodian with the Note, unless it is recorded with the Security Instrument. If the original POA is sent for recordation with the Security Instrument, a copy of the POA must be delivered with the Note. When the POA is returned from the recording office, either the original or a copy with recording information must be delivered to the Document Custodian and filed with the original Note.

16.6: Modifying instrument or assumption of indebtedness agreement (06/22/07)

The Seller must deliver the following documents with the original Note:

- If a Mortgage has been modified or converted from an adjustable-rate Mortgage (ARM) to a fixed-rate Mortgage: the original modification or conversion agreement, unless it is recorded with the Security Instrument. If the original modification or conversion agreement is recorded with the Security Instrument, a copy of the modification or conversion agreement must be delivered.
- For a Construction Conversion Mortgage or a Renovation Mortgage that uses Modification Construction Conversion Documentation, the original Construction Conversion Modification Agreement, unless it is recorded with the Security Instrument. If the original Construction Conversion Modification Agreement is recorded with the Security Instrument, a copy of the Construction Conversion Modification Agreement must be delivered.
- If the ownership of the Mortgaged Premises has been transferred in any way: the ownership transfer instrument and assumption of indebtedness agreement

The Seller need not submit a modifying instrument that by its terms ceases to be effective upon purchase of the modified Mortgage by Freddie Mac.

16.7: Accuracy and preparation of Mortgage data submitted (04/25/06)

The Seller warrants that the Mortgage data provided on Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, are true, complete and accurate. Erroneous data or omissions discovered may result in rejection of the Mortgage(s) involved when discovered before purchase or repurchase of the Mortgage(s) involved when discovered after purchase.

Forms 11 and 13SF contain the essential accounting data for each Mortgage, which must agree with the underlying documents and the Seller's individual mortgagor accounting records.

Freddie Mac purchases Mortgage balances as reflected in the Seller's individual Mortgage accounts. The records or accounts used for Mortgages to be sold to Freddie Mac must be updated within 10 days before delivery of Mortgage documents to Freddie Mac **(see Directory 8)**.

Using the most recent Mortgage trial balance or updated Mortgage records, the Seller must indicate the unpaid principal balance (UPB) and Negative Amortization of the Mortgage and provide the remaining information required on the Form 13SF. It should not be assumed that payments due as of or before the date the balances are taken from the

detailed Mortgage record have been paid. An installment that was due as of or before the date the balances are taken from the individual Mortgage records, but is unpaid, is considered delinquent. For example, a payment that was due on the first of a month, and is unpaid on the second or thereafter, is delinquent for this purpose.

16.8: Completion of delivery (10/01/09)

Settlement cannot occur until delivery is complete. Delivery will be considered complete when all of the following have been completed:

- The delivery to, and acceptance by, Freddie Mac of all loan data and other information and documentation required by the Purchase Documents
- The delivery of the Notes and all other required documentation to, and certification of the Notes by, the Document Custodian

Prior to certification, the Seller must identify and track the Notes and other loan documents on its computerized servicing system as Mortgages to be sold to Freddie Mac. In addition, Freddie Mac may require that, at the Seller's expense, the Freddie Mac loan number be affixed to the face of each Note.

(a) Delivery and certification

The requirements of Sections 18.2 and 18.3 must be met, in addition to the following requirements:

- The Document Custodian must have received and certified, as required by Sections 18.4, 18.5 and 18.6, the following:

  - For Mortgages sold through the Freddie Mac Selling System (Selling System), the Form 1034E, Custodial Certification Schedule, or the "Note Delivery Cover Sheet." The Form 1034E and the Note Delivery Cover Sheet are available only through the Selling System. The Seller is not required to maintain a copy of the Form 1034E or the Note Delivery Cover Sheet.

  - For Mortgages sold through MIDANET®, a signed Form 1034, Fixed-Rate Custodial Certification Schedule, or Form 1034A, ARM Custodial Certification Schedule. The Seller/Servicer must retain a copy of the Form 1034 or 1034A for 30 days after it has been signed and returned by the Document Custodian.

    In addition, if the Mortgages are delivered using MIDANET and if the Seller/Servicer uses the Designated Custodian for custodial services, the Seller/Servicer must also provide a separate Excel data file containing all of the data that must be certified for each Mortgage in the delivery. The data file should be provided to the Designated Custodian in accordance with the Designated Custodian's requirements (see Exhibit 33, MIDANET Data

Delivery Requirements for Documents to be Certified by the Designated Custodian).

- The original Notes, endorsed as required by Section 16.4, along with the originals of any addenda or other modifying instruments to the Notes. (NOTE: The Notes for Mortgages sold through the Selling System Servicing Released Sales Process must be delivered to the Designated Custodian. See Section 9.9 for additional information.)

- Any documentation, if applicable, that the Mortgages were closed with MERS as original mortgagee of record

- The original assignments of the Security Instruments, prepared and completed as required by Section 22.14, unless the Mortgage is registered with MERS and the Seller/Servicer has elected to retain all required assignments in the Mortgage files

- The following documents, if applicable:

  1. The original Freddie Mac Multistate Agreement to Convert, Form 3180
  2. The original assumption agreement
  3. The original addendum, such as for Balloon/Reset Mortgages and convertible ARMs
  4. The original or a copy of the power of attorney, if original is sent for recordation
  5. The original, or a certified copy if the original is sent for recordation, of the Multistate Loan Modification Agreement (to a Fixed Interest Rate), Form 5161, or comparable modification agreement that complies with the Guide
  6. The original or a certified copy of Form 3172, New York Consolidation, Extension and Modification Agreement (NY CEMA), if original was sent for recordation. See Section 6.8.1 for additional documentation delivery requirements for Mortgages originated using a NY CEMA.
  7. For a Construction Conversion Mortgage or a Renovation Mortgage that uses Modification Construction Conversion Documentation, the original, or a certified copy if the original is sent for recordation, of the Construction Conversion Modification Agreement

- Any other documentation that Freddie Mac, at its discretion, may require

- Freddie Mac's Mortgage Purchase Department **(see Directory 8)** must have received the following by the Delivery Date:
  - For Mortgages subject to a security interest of a Warehouse Lender: the forms required by Sections 19.4, 19.5 and 19.6
  - Any other documentation that Freddie Mac, at its discretion, may require

- Freddie Mac **(see Directory 9)** must have received the following:
  - For Mortgages delivered through MIDANET®, Form 1034S, Custodian Certification Schedule Summary, or at the Document Custodian's option, Form 1034SM, Custodian Certification Schedule Summary for Multiple Purchase Contracts, if multiple Purchase Contracts are being certified for the Seller/Servicer, which shall be considered and relied upon by Freddie Mac as the Seller/Servicer and Document Custodian's "signature," and correction pages if applicable
  - Any other documentation that Freddie Mac, at its discretion, may require

(b) Additional Seller, Servicer, and Document Custodian Responsibilities

Prior to or immediately after settlement, the Seller must enter the Freddie Mac loan numbers assigned to the Mortgages into the Seller's computerized servicing system and associate such numbers with the Mortgages so that Seller can identify, track and service the Mortgages for Freddie Mac. If Servicing is concurrently transferred, the Transferee Servicer must enter the Freddie Mac loan numbers assigned to the Mortgages by Freddie Mac into the Transferee Servicer's computerized servicing system and associate such numbers with the Mortgages so that the Transferee Servicer may identify, track and service the Mortgages for Freddie Mac.

For all Mortgages, Seller, Servicer, and Document Custodian must comply with all requirements in the Guide and other Purchase Documents.

Seller, Servicer, Document Custodian, and/or their successors, assigns and servicing transferees, as applicable, are fully responsible, on an ongoing basis, for the proper delivery, certification, identification and tracking of all Notes for Mortgages sold to Freddie Mac.

16.9: Substitutions (10/01/09)

To substitute a Mortgage for another Mortgage previously delivered to Freddie Mac for sale, as permitted or required by Freddie Mac, the Seller must submit the documents required by Section 16.8.

Upon confirmation of Freddie Mac's acceptance of a substitute Mortgage, the Seller/Servicer may obtain the Note and related documents for the previously delivered Mortgage from the Document Custodian in accordance with Section 18.6(e).

If Freddie Mac requires substitution for a Mortgage, the Seller will deliver a Mortgage that meets all of the requirements of the Purchase Documents and has an outstanding principal balance that enables the Seller to fulfill the contract commitment amount. The Seller can change the terms of the contract to increase the commitment amount, by executing a contract change request; Seller will be required to pay a fee, if Freddie Mac

deems this necessary. The Seller will be required to pay Freddie Mac any differential between the outstanding principal balance of the Mortgage being purchased by Freddie Mac and the Mortgage for which it is being substituted.

The Seller must deliver such substitute Mortgage by the contract Due Date. If a substitute Mortgage has a different Note Rate from that of the previously delivered Mortgage, it must be within the Note Rate range established for the contract. If a detail contract was executed, the Seller will not know the price until the Mortgage funds. With a summary contract, the price will be listed in eighths for the allowable Note Rate range.

16.10: Purchase and settlement procedures (06/01/09)

(a) Preparation of Freddie Mac Form 15/A/C, Loan Purchase Statement

After reviewing the submitted Mortgages, Freddie Mac will generate Form 15/A/C, Loan Purchase Statement, which will summarize the pertinent data from Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, and will include a computation of the amount to be funded to the Seller and a statement of the Percentage of Participation purchased by Freddie Mac.

Depending on the type of purchase, Freddie Mac will generate one of the following forms:

1. Form 15/A/C for Cash sales
2. Form 15A for fixed-rate Guarantor
3. Form 15C for WAC ARM PC

(b) Wire transfers

Wire transfers made in connection with the purchase of Mortgages will be made only to the account of the Seller maintained with an eligible banking institution, such as a Federal Home Loan Bank, a commercial bank or a Federal Reserve Bank. The Seller may maintain an account with the Federal Reserve Bank for clearing checks only or for receiving and disbursing of wire transfers. Before instructing Freddie Mac to make a wire transfer to an account at a Federal Reserve Bank, a Seller must ensure that the account is eligible to receive direct wire transfers and must also ensure that the Seller has submitted to Freddie Mac a Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), that designates a person who is or persons who are authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac. See Chapter 19 regarding wire transfer instructions for the purchase by Freddie Mac of Mortgages subject to a security

interest of a Warehouse Lender. Freddie Mac will not wire transfer funds for the credit of an approved Servicing Agent.

For Mortgages sold through MIDANET®, Freddie Mac will advise the Seller of a scheduled Settlement Date. Although Freddie Mac initiates wire transfers in sufficient time to be credited to the Seller's account on the scheduled Settlement Date, it is the Seller's responsibility to call its bank to follow up on the receipt of funds. If the funds have not been credited to the account by the morning of the next Business Day, the Seller should contact Freddie Mac **(see Directory 3)**.

16.10.1: Certificate of Incumbency requirements (06/01/09)

Each Seller/Servicer must provide Freddie Mac with a Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship or Partnership Certificate), as applicable, with a board of directors resolution ("Board Resolution") or other governing body resolution that designates the person or persons that are authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities by wire transfer, Automated Clearing House (ACH) or other payment system approved by Freddie Mac in connection with the sale of Mortgages to Freddie Mac by the Seller/Servicer. The Certificate of Incumbency must contain specimens of the original signatures (pen and ink signatures, i.e., "wet signatures") of all persons designated as "Authorized Persons." The resolution must be in the form attached to Form 988SF and Form 989SF as Exhibit A, unless applicable law requires another form of resolution.

By executing Form 988SF or Form 989SF, the Seller/Servicer represents and warrants that Freddie Mac may rely conclusively on the accuracy, genuineness and good faith of any (i) Record submitted to Freddie Mac bearing an original signature of any one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable, or (ii) when permitted, facsimile transmission of a Record submitted to Freddie Mac bearing a copy of an original signature of any one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable, that contains or communicates instructions (or modifies previous instructions) to transfer funds or securities by wire transfer, ACH or other payment system approved by Freddie Mac. The Seller/Servicer is responsible for any and all penalties, losses, liabilities and claims that result from Freddie Mac's reliance on any instruction provided to Freddie Mac by the Seller/Servicer's authorized representatives or any other person who has (or obtains) access to information or documents that compromise the security of Freddie Mac's wire transfer operations.

Freddie Mac will rely on the information on an executed and submitted Form 988SF or Form 989SF, as applicable, until such time as the Seller/Servicer requests that it be modified or an authorized signatatory be removed. To add, remove or change an

authorized signatory, a Seller/Servicer must submit a new Form 988SF or Form 989SF, as applicable, to Freddie Mac with a new Board Resolution or other governing body resolution. Freddie Mac requires at least 10 Business Days to process a change to the Form.

Although Freddie Mac reserves the right to verify or authenticate any request for a change, the Seller/Servicer may not consider our failure to do so an act of negligence.

In an emergency, the Seller/Servicer may instruct Freddie Mac to remove the name of a person who is designated as one of the "Authorized Persons" from the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac by delivering a facsimile transmission of a copy of (i) a cover letter signed by the Seller/Servicer's authorized representative directing Freddie Mac to remove the person's name, and (ii) the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac with the person's name struck through (**see Directory 8**). The Seller should submit a new Form 988SF or Form 989SF as soon as possible, together with any new wire transfer, ACH or other payment instructions if necessary. Freddie Mac will make every effort to promptly act on requests for emergency removal of the name(s) of "Authorized Persons," but cannot guarantee that it will be able to prevent wire transfers of funds or securities made in accordance with instructions previously provided to Freddie Mac by any of the "Authorized Persons."

Any instructions for the transfer of funds or securities provided by "Authorized Persons" on the Seller/Servicer's behalf remain in effect and are valid until modified by another "Authorized Person". The Seller/Servicer is solely responsible for any and all cash and security wire transfer instructions. In the event a Seller/Servicer has requested that Freddie Mac remove an "Authorized Person" from the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac, the Seller/Servicer should review all existing cash and wire transfer instructions to determine if changes are necessary.

In the event a Seller/Servicer has requested that Freddie Mac remove from the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac the only person assigned the Selling System user role of Setup Manager, the Seller/Servicer must also submit a new Form 900, Selling System Authorized User Identification and Certification Form, which assigns the role of Setup Manager to another person who is one of the "Authorized Persons" on the most recent Certificate of Incumbency provided to Freddie Mac. In addition, in the event the Seller/Servicer has requested that Freddie Mac remove from the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac the person or persons who executed the most recent Form 483, Wire Transfer Instructions; Form 987E, Wire Transfer Authorization for a Cash Warehouse Delivery; and/or Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH), provided to Freddie Mac; the Seller/Servicer must submit new Forms 483, 987E and/or 1132, as applicable, signed by a person who continues to be one of the "Authorized Persons" on the Seller/Servicer's most recent Certificate of Incumbency provided to Freddie Mac.

16.11: Establishing and maintaining wire transfer instructions for cash proceeds (06/01/09)

In order to make timely and accurate wire transfers of cash proceeds for the purchase of Mortgages, Freddie Mac maintains a centralized database containing individual wire instructions as provided by the Seller on Form 483, Wire Transfer Authorization. This file is maintained and controlled in the Freddie Mac office in McLean, Virginia.

Freddie Mac will not wire transfer any cash proceeds for the purchase of Mortgages unless and until the Seller has submitted to us a Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable, that designates person(s) authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac. See Section 16.10.1 for additional information regarding Certificate of Incumbency requirements.

Freddie Mac accepts wire transfer instructions only if submitted to Freddie Mac **(see Directory 8)** on Form 483 signed by an authorized officer of the Seller. The officer's signature on Form 483 must be acknowledged by a notary public and the officer executing Form 483 must be designated as one of the "Authorized Persons" on the Seller's Form 988SF or Form 989SF, as applicable. (Wire transfer instructions will not be accepted over the telephone.)

Any questions concerning Form 988SF and Form 989SF, and wire transfer instructions may be directed to Freddie Mac **(see Directory 8)**.

Form 483 represents the Seller's legal authorization to allow Freddie Mac to wire transfer funds to a designated bank. Settlements cannot be made if wire transfer instructions are not on file. The Seller must ensure that the wire transfer instructions on file at the time of Mortgage delivery are complete and correct. Once instructions are on file, all future settlements will be transferred according to the same instructions. The Seller can change the wire transfer instructions only by submitting a newly executed and authorized Form 483 to Freddie Mac **(see Directory 8)**. At least five Business Days are required by Freddie Mac to process a change. Wire transfer instructions given in connection with the purchase of Mortgages subject to a security interest of a Warehouse Lender must comply with Chapter 19.

If the Seller desires to use multiple wire transfer instructions, the Seller must complete and execute a new Form 483 for each set of wire transfer instructions. In each instance, the original signed paper Form 483 must be submitted to Freddie Mac at the address on the form and the authorized officer executing the Form 483 must be designated as one of the "Authorized Persons" on the Seller's Form 988SF or Form 989SF, as applicable.

The Seller agrees to indemnify, defend and hold Freddie Mac, its successors, assigns and transfer agents harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be made against or be incurred by Freddie Mac as a result of any of the following:

- Seller's failure to provide Form 988SF or Form 989SF, as applicable, that designates the person or persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac in accordance with Guide requirements

- Seller's failure to provide Freddie Mac with a board of directors resolution or other governing body resolution that authorizes and empowers the persons identified as "Authorized Persons" in the Form 988SF or Form 989SF, as applicable

- Freddie Mac's transfer of any cash proceeds from the sale of Mortgages to Freddie Mac in accordance with the Purchase Documents and Seller's wire transfer instructions on Form 483 and the Seller's designation of the person or persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac on the Seller's Form 988SF or Form 989SF, as applicable

- Seller's failure to provide complete, accurate and authorized wire transfer instructions

- Seller's failure to notify Freddie Mac of any necessary or desired changes to the authorized wire transfer instructions in accordance with the Guide

- Security interests, claims or encumbrances of any third party, including a Warehouse Lender, if any

16.12: Purchase Adjustments (04/25/06)

Generally, purchase balances cannot be adjusted after settlement because the Mortgages have been pooled for resale. After settlement and before pooling has taken place, however, it may be possible to adjust a purchase balance. If the Seller has any question regarding purchase balances before funding, the Seller should contact Freddie Mac's Mortgage Purchase Department immediately **(see Directory 8)**. Thereafter, any questions must be directed to the Seller's accounting representative at Freddie Mac **(see Directory 8)**. In any event, the Percentage of Participation stated on Form 381, Contract Delivery Summary, and Form 15/A/C, Loan Purchase Statement, will not be changed for differences of $1,000 or less.

Chapter 17: Mortgage Delivery and Settlement Processing

17.1: Overview (09/01/10)

In addition to complying with the document delivery requirements set forth in Chapter 16, Mortgages sold to Freddie Mac must comply with the delivery requirements of this chapter.

Included in this chapter are general delivery requirements for Mortgages sold under the Cash, MultiLender Swap and Guarantor programs, as well as special instructions applicable to certain Mortgages that have specific characteristics.

This chapter is organized by the following topics:

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17.2: Provisions for the payment of fees and proceeds and application of delivery fee credits (07/01/09)

In connection with the delivery of certain Mortgages:

- The Seller may be required to pay Freddie Mac delivery fees and/or other types of fees (including buydown fees or Yield Maintenance fees), or
- Freddie Mac may:
  - Be required to pay the Seller proceeds (such as buyup proceeds or Yield Maintenance fees), or
  - Apply a delivery fee credit to the Seller's monthly invoice.

The fees and proceeds will be calculated and paid, and delivery fee credits will be applied as described in this section.

(a) Postsettlement delivery fees (delivery fees)

1. Calculation of delivery fees and delivery fee credits

For Mortgages that are subject to delivery fees or credits that are based on a percentage of the unpaid principal balance (UPB), the delivery fees or delivery fee credits, as applicable, are calculated by multiplying the UPB of the Mortgage on the Funding/Settlement Date by Freddie Mac's participation interest in the Mortgage, then multiplying that product by the delivery fee rate(s) or delivery fee credit specified in Exhibit 19, Postsettlement Delivery Fees, and/or the delivery fee matrix provided to the Seller.

Additional information on certain Exhibit 19 fees and how they are assessed is detailed below.

Credit Score/Loan-to-Value (CS/LTV) (A-minus) delivery fees
For Credit Score/Loan-to-Value (CS/LTV) (A-minus) delivery fees applicable to Loan Prospector® Mortgages, the following information is used from the last Loan Prospector Feedback Certificate dated on or before the Note Date of the Mortgage to determine the fee amount, if any:

- The Risk Classification is used to determine whether the Mortgage is subject to a CS/LTV (A-minus) delivery fee
- If the Mortgage is subject to such a fee, the CS/LTV Fee Level is used to determine the applicable delivery fee rate

All Caution Mortgages, including those identified as A-minus eligible, are subject to a CS/LTV (A-minus) delivery fee.

For Non-Loan Prospector Mortgages, CS/LTV (A-minus) delivery fees are assessed based on the Indicator Score, Credit Score Type (CST), loan purpose, property type, number of units as delivered to Freddie Mac and the loan-to-value (LTV) ratio calculated by Freddie Mac in conjunction with the sale of Mortgages. Freddie Mac's LTV ratio calculation is based on data delivered by the Seller. If the Seller does not deliver an Indicator Score for Non-Loan Prospector Mortgages, the Mortgages will be assessed the highest CS/LTV (A-minus) fee.

Indicator Score/Loan-to-Value delivery fees
For Indicator Score/Loan-to-Value delivery fees applicable to Loan Prospector Mortgages, the applicable delivery fee will be based on the LTV ratio calculated by Freddie Mac based on data delivered by the Seller, and either the Indicator Score delivered by Seller or, if the Seller does not deliver the Indicator Score, the Indicator Score found on the last Loan Prospector Feedback Certificate dated on or before the Note Date of the Mortgage. If Seller does not deliver an Indicator Score or the Key Number for a Loan Prospector Mortgage, that Mortgage will be assessed the 620 Indicator Score/Loan- to-Value fee.

For Non-Loan Prospector Mortgages, Indicator Score/Loan-to-Value delivery fees are assessed based on the Indicator Score delivered to Freddie Mac and the LTV ratio calculated by Freddie Mac in conjunction with the sale of Mortgages. Freddie Mac's LTV ratio calculation is based on data delivered by the Seller. If the Seller does not deliver the Indicator Score for Non-Loan Prospector Mortgages, the Mortgages will be assessed the 620 Indicator Score/Loan-to-Value fee.

For Mortgages with delivery fees that are based on a flat dollar amount, the delivery fee will be as specified in Exhibit 19 and/or the delivery fee matrix provided to the Seller.

2. Notification of changes to delivery fees

Freddie Mac reserves the right to change an existing delivery fee rate, (including delivery fee credits), to change the process used to determine whether a Mortgage is subject to a delivery fee or eligible for a delivery fee credit, or to implement a delivery fee or delivery fee credit on any Mortgage product and/or Mortgage attribute that is not subject to a delivery fee or eligible for a delivery fee credit, upon prior written notice to the Seller.

(b) Payment of buyup proceeds and buydown fees

All buyup proceeds and buydown fees will be determined in accordance with the provisions of Section 11.11(b), 11.11(c) or 11.11(d), as applicable. Delivery fees applicable to the Mortgage will be:

- Deducted from the amount of any buyup proceeds applicable to the Mortgage, or
- Added to the amount of any buydown fees, applicable to the Mortgage.

(c) Gold Rush® fees

For Sellers using the Selling System to take out Guarantor or MultiLender Swap Contracts, Gold Rush fees will be determined in accordance with the following sections:

- Section B15.6 for Fixed-Rate Guarantor Contracts
- Section C15.6 for WAC ARM Guarantor Contracts
- Section D15.6 for MultiLender Swap Contracts

For Master Commitment Conversions under MultiLender Swap for Mortgages delivered through MIDANET®, Gold Rush fees will be determined in accordance with the provisions of Section 11.12.

Gold Rush fees appear on the invoice submitted to the Seller each calendar month.

(d) Yield Maintenance Fees

Yield Maintenance Fees will be determined in accordance with provisions of Section 10.7. A Yield Maintenance Fee may be due from a Seller to Freddie Mac or may result in proceeds being paid by Freddie Mac to a Seller.

(e) Invoices and account activity statements

1. Invoices

For all Mortgages sold to Freddie Mac under Cash Purchase Contracts under the Cash program through the Freddie Mac Selling System (Selling System), Freddie Mac will net the amount of delivery fees and delivery fee credits against the amount paid to the Seller. All other types of fees applicable to Mortgages sold under the Cash program (for example, pairoff fees and Yield Maintenance Fees) will be assessed on the Seller's monthly invoice.

For Mortgages sold to Freddie Mac under the Cash program through MIDANET®, and Mortgages sold to Freddie Mac under the Guarantor and MultiLender Swap programs through both the Selling System and MIDANET, the

net of all fees, delivery credits and proceeds will be assessed on the Seller's monthly invoice.

2. Account activity statements

In addition to the invoice of the most recent month's activity, each calendar month Freddie Mac will submit to the Seller a statement reflecting all open account activity and the total amount due on the Seller's account. The statement will include late fees as described in Section 8.8.1 for accounts past due and any account adjustments or credits received for previous months' activities.

If the total amount due to (or from) Freddie Mac shown on the statement is different from the invoice amount, the Seller may remit to (or receive from) Freddie Mac the amount shown on the statement in accordance with the procedures for payment described in Section 17.2(g).

(f) Refunding delivery fees and repayment of delivery fee credits; recalculating delivery fees, delivery fee credits and proceeds

1. Refunding delivery fees and repayment of delivery fee credits in connection with repurchases

During the first 12 months after funding/settlement, Freddie Mac may refund to the Seller all or a portion of the delivery fees attributable to any Mortgage that:

- Freddie Mac deems ineligible for purchase
- The Seller is required to repurchase from Freddie Mac
- The Seller requests and is approved to repurchase voluntarily from Freddie Mac

With respect to any Mortgage that is deemed ineligible for purchase or that the Seller is required to repurchase from Freddie Mac, the Seller must reimburse Freddie Mac for any delivery fee credit Freddie Mac has applied to the Seller's monthly invoice or the purchase price paid to the Seller for a Mortgage sold under the Cash program through the Selling System, as applicable.

With respect to delivery fee refunds, Freddie Mac may deduct a processing fee from any refund amount. The processing fee will be in an amount equal to the product of (i) 0.5% of the unpaid principal balance (UPB) of the Mortgage on the Funding/Settlement Date, multiplied by (ii) Freddie Mac's participation interest in the Mortgage, except that in no event will the processing fee exceed the refund amount.

2. **Recalculating delivery fees, delivery fee credits and proceeds**

If, during the first six months after the month of funding/settlement, Freddie Mac or the Seller determines that for a particular Mortgage Seller has not delivered the required data or the correct data to accurately calculate the delivery or funding fee, delivery fee credit or the amount of any proceeds paid by Freddie Mac for that Mortgage, Freddie Mac will recalculate the delivery or funding fee, delivery fee credit or the proceeds for the Mortgage using the correct data identified by Freddie Mac. In that event, the Seller may be assessed an additional delivery fee or may receive a delivery fee refund, may receive a delivery fee credit or be required to repay a delivery fee credit, may receive additional proceeds or be required to repay proceeds received from Freddie Mac. Adjustments to fees and proceeds will be included on a subsequent monthly invoice. Any other recalculation of delivery or funding fees, credits or proceeds will be at Freddie Mac's discretion.

(g) Fee payment and reimbursement

Freddie Mac will draft an Automated Clearing House (ACH) account designated by the Seller for payment of all monthly billed fees associated with the sale of Mortgages to Freddie Mac. Freddie Mac will draft the designated account on the due date for payment of the monthly statement in the amount of the statement. If the monthly statement indicates a net amount payable by Freddie Mac, Freddie Mac will remit to the Seller's designated ACH account such amount due by last Business Day of the month in which the statement is dated.

To establish ACH payment of monthly billed fees, a Seller must execute and return to Freddie Mac Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH). The person authorized to execute Form 1132 on the Seller's behalf must be designated as one of the "Authorized Persons" on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable.

The account identified in Form 1132 for the payment of monthly billed fees must be a Demand Deposit Account that is separate from any Custodial Account required to be maintained pursuant to any of the Purchase Documents.

The Seller agrees to notify Freddie Mac immediately of any changes to the status of the account designated for ACH payment of monthly billed fees.

In the event that funds in the designated account are insufficient to cover the statement amount, the designated account shall be invalid, or if Freddie Mac is unable to draft the account for any reason, the statement will be subject to the late payment fees described in Section 8.8.1. In that event, the Seller must remit the amount due in accordance with instructions provided by Freddie Mac.

17.3: Delivery requirements for all Mortgages (02/26/10)

In the following sections of this chapter, beginning with Section 17.10, eligibility of a Mortgage Product or offering for sale under a particular execution is indicated as follows:

- Eligibility indicated as "Cash" means the Mortgage Product or offering is eligible under Gold Cash, RNY Cash, ARM Cash, fixed-rate Cash and WAC ARM Cash. If only a specific type of Cash execution is available for that Mortgage Product or offering, it is indicated by the following, individually or in combination:

  - Fixed-rate Cash
  - WAC ARM Cash
  - RNY Cash
  - Gold Cash®
  - ARM Cash

- Eligibility indicated as "Guarantor" means the Mortgage Product or offering is eligible under the fixed-rate Guarantor and WAC ARM Guarantor programs through both MIDANET and the Selling System. If only a specific type of Guarantor execution is available for a Mortgage Product or offering, it is indicated by the following, individually or in combination:

  - Fixed-rate Guarantor through MIDANET (available through MIDANET only)
  - WAC ARM Guarantor through MIDANET (available through MIDANET only)
  - Fixed-rate Guarantor (indicates availability both in MIDANET and the Selling System)
  - WAC ARM Guarantor (indicates availability both in MIDANET and the Selling System)
  - Fixed-rate Guarantor through the Selling System (available through the Selling System only)
  - WAC ARM Guarantor through the Selling System (available through the Selling System only)

- Eligibility indicated as "MultiLender Swap" means the Mortgage Product or offering is eligible under the MultiLender Swap program through MIDANET and the Selling System. Eligibility of a Mortgage Product or offering under the MultiLender Swap program may also be indicated as follows:

  - "MultiLender Swap through MIDANET" (available through MIDANET only)
  - "MultiLender Swap through the Selling System" (available through the Selling System only)

Sellers should refer to the Selling System Availability Matrix for servicing released product eligibility under the Cash program through the Selling System. The matrix is located at: **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**

(a) General

For each Mortgage sold to Freddie Mac, the Seller must deliver all documentation and Mortgage data required by the Guide prior to:

- The delivery due date of each Purchase Contract for Mortgages sold through MIDANET, or
- For Mortgages sold through the Selling System:
  - The Purchase Contract Expiration Date for Mortgages sold under the Cash program or
  - The Final Delivery Date for Mortgages sold under the Guarantor or MultiLender Swap program

Delivery documentation includes the Delivery of Note(s) as described in Section 18.5 and Wire Transfer Instructions, if applicable, as described in Sections B15.11, C15.11, D15.11, 16.11, 19.4 and 19.5.

With respect to each Mortgage, the Seller must provide the Mortgage data specified on:

- Either the:
  - Form 11, Mortgage Submission Schedule, for fixed-rate Mortgages and Balloon/Reset Mortgages, or
  - Form 13SF, Mortgage Submission Voucher, for adjustable-rate Mortgages (ARMs), and
- Form 381, Contract Delivery Summary, for Mortgages delivered through MIDANET (For Mortgages sold through the Selling System, the Form 381 is not required.)

By delivering the required Mortgage data to Freddie Mac, the Seller warrants that the data is true, complete and accurate. Incorrect or missing loan or delivery information may result in rejection of the Mortgage(s) involved if discovered before purchase, or repurchase of the Mortgage(s) involved if discovered after purchase. Additionally, Freddie Mac may pursue all other remedies available to it under the Guide.

(b) Mandatory SCC Codes

For each Mortgage sold to Freddie Mac, the Seller must insert one of the following in the special characteristics code field:

- **Effective for Mortgages delivered on or before August 3, 2008:**

  Regarding who originated the Mortgage:

  - 002 — if the Mortgage is a Wholesale Home Mortgage, or
  - 018 — if the Mortgage is not a Wholesale Home Mortgage

- **Effective for Mortgages delivered on or after August 4, 2008:**

  - 018 – if the Mortgage is a Retail Mortgage, or
  - 211 – if the Mortgage is a Correspondent Third Party Origination Mortgage, or
  - 212 – if the Mortgage is a Mortgage Broker Third Party Origination Mortgage.

Regarding compliance with flood insurance requirements:

- 170 — if the Mortgaged Premises are in a Special Flood Hazard Area (SFHA) and have flood insurance coverage, or
- 185 — if the Mortgaged Premises are in a SFHA and do not have flood insurance coverage,* or
- 175 — if the Mortgaged Premises are not in a SFHA and have flood insurance coverage, or
- 180 — if the Mortgaged Premises are not in a SFHA and do not have flood insurance coverage

* SCC 185 is used only if the community participates in the National Flood Insurance Program (NFIP), the dwelling is not covered by flood insurance and the Mortgage file contains a Federal Emergency Management Agency (FEMA) Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA.

(c) Indicator Score delivery requirements

For Loan Prospector Mortgages, the Seller must deliver either the Indicator Score or the Loan Prospector Key Number on the Form 11 or 13SF, as applicable.

Note: If the Seller does not deliver the Loan Prospector Key Number, the Mortgage will not qualify as a Loan Prospector Mortgage. See Section 2.2.1 for additional information.

If Exhibit 25, Mortgage Products with Risk Class and/or Minimum Indicator Score Requirements, requires a minimum Indicator Score for Loan Prospector Mortgages, the Indicator Score delivered by the Seller will be used to assess whether or not the minimum Indicator Score requirements have been met. If, however, the Seller does not deliver an Indicator Score, then the Indicator Score determined by Loan Prospector will be used to assess whether or not the minimum Indicator Score requirements have been met.

The Seller must deliver the Indicator Score and Indicator Score selection method for all Non-Loan Prospector® Mortgages using the Credit Score Value (CSV) and Credit Score Type (CST) fields of Form 11 or Form 13SF, as applicable.

(d) Living trusts and Illinois land trust delivery requirements

For Mortgages with a Borrower that is a living trust or an Illinois land trust, each as described in Section 22.10, the Seller must complete the personal information fields (Borrower and Co-Borrower social security number, race, ethnicity, gender, age, date of birth and first-time homebuyer) on the Form 11 or Form 13SF, as applicable, based on the personal data of:

1. For a living trust, the settlor of the trust (grantor and creator of the trust)
2. For an Illinois land trust, the beneficiary of the trust

The codes intended for use when the Borrower is an entity rather than an individual should not be used when the Borrower is a living trust or Illinois land trust.

(e) Mortgages with secondary financing other than Affordable Seconds®

For each Mortgage with secondary financing sold to Freddie Mac, the Seller must deliver the following information on the Form 11 or 13SF, as applicable. See Section 17.13.1 for instructions on coding Home Possible® Mortgages with Affordable Seconds:

Secondary financing sources for secondary financing other than Affordable Seconds	Enter: Blank = no secondary financing 20 = HELOC 30 = Source other than HELOC

Amount (up to two sources or loans) The dollar amount attributable to the corresponding secondary financing source code, up to two loans or sources.	If there are one or two secondary financing loans, enter the source and amount of each loan. For example: If there is one HELOC in the amount of $10,000 and one other secondary financing loan in the amount of $5,000, enter each separately: 1:20/10000 and 2:30/5000 If there are two loans that are not HELOCs, one in the amount of $10,000 and the other in the amount of $5,000, aggregate the two loans and enter the aggregate: 1:30/15000 If there are more than two loans: Enter the aggregate amount from HELOCs and the aggregate amount from other sources.

17.4: Cash program delivery instructions (04/25/06)

(a) General

Under Cash through MIDANET® (which includes RNY Cash, Gold Cash® and ARM Cash), the Seller may deliver Mortgages after receiving a contract number from Freddie Mac under the commitment process described in Chapters A9, B9 and A10. The contract number will be confirmed on the applicable Cash Purchase Contracts, which are:

- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash), for fixed-rate Mortgages sold under RNY Cash
- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation, for adjustable-rate Mortgages (ARMs) sold under ARM Cash, and
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®), for fixed-rate Mortgages sold under Gold Cash

A Seller may deliver eligible fixed-rate (including Balloon/Reset) Mortgages after taking out a Cash Contract through the Selling System, as described in Sections 9.5 and 9.6, or eligible ARMs after taking out a WAC ARM Cash contract through the Selling System as described in Section 10.6.

For Mortgages sold under the Cash program through the Selling System, a contract number will be available to a Seller immediately upon taking out a Cash Contract through the Selling System. Freddie Mac does not issue a Form 1, Form 2 or Form 9 to confirm Cash Contracts taken out through the Selling System.

Delivery is mandatory unless the contract is a Best Efforts Contract taken out through the Selling System. See Section 9.6 for additional information regarding Best Efforts Contracts.

The Contract Commitment Amount specified on each Purchase Contract Confirmation must be at least $1,000.

(b) Purchase tolerance

The purchase tolerance for Mortgages delivered under the Cash program through MIDANET or the Selling System is equal to the Contract Commitment Amount specified in the Cash Purchase Contract, plus or minus the greater of $10,000 or 2.5% of the Contract Commitment Amount specified in the Cash Purchase Contract.

See Section 8.7 for pairoff instructions if the delivery does not meet the Contract Commitment Amount less the purchase tolerance.

(c) Delivery form instructions

1. Form 11, Mortgage Submission Schedule, instructions for Mortgages delivered under fixed-rate Cash through the Selling System and under Gold Cash through MIDANET

For Mortgages purchased by Freddie Mac under fixed-rate Cash through the Selling System and Gold Cash through MIDANET:

- The Form 11 must state the "current UPB" of each Mortgage as the scheduled unpaid principal balance (UPB) of the Mortgage in the month of funding. The scheduled UPB must include reductions for:
  - The principal due in the month of settlement (even if not collected) and all prior months
  - The principal portion of any advanced (prepaid) installments received prior to the Settlement Date
  - Any partial prepayments (curtailments) received on or before the Delivery Date

- The "interest paid to" date on the Form 11 must state the date through which interest is scheduled to be paid in the month of funding, or, if there has been an advanced (prepaid) installment of interest, the date through which advanced (prepaid) installments of interest have been made

2. Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions for fixed-rate Mortgages and ARMs delivered under the Cash program where the lender credits the Borrower interest at closing

For Mortgages where a lender credits a Borrower interest at closing in an amount equal to the interest due from the first day of the month through the day before the Note Date, the Borrower's first monthly principal and interest payment is due the first day of the month immediately following the Mortgage closing. For such Mortgages, the Seller:

- May deliver an "interest paid to" date that:
  - For fixed-rate Mortgages, is the same as the Note Date or an "interest paid to" date that is the first day of the month of closing, and
  - For ARMs, is the first day of the month of closing
- Represents and warrants that the lender credited the Borrower with interest at closing

See Exhibit 8, Delivery Balance Examples for MIDANET® and the Selling System, for delivery balance examples.

3. Special Form 11, Mortgage Submission Schedule, instructions for Mortgages sold servicing released under fixed-rate Cash through the Selling System

For fixed-rate (including Balloon/Reset) Mortgages sold servicing released under fixed-rate Cash through the Selling System, the following Form 11, Mortgage Submission Schedule instructions apply:

a. "Current UPB" and "interest paid to" date

For Mortgages sold servicing released when the Settlement Date is no more than 10 days past the "interest paid to" date, and when the "interest paid to" date and the Settlement Date are in the same month:

- The "current UPB" of each Mortgage must be the scheduled UPB of the Mortgage in the month of funding. The scheduled UPB must include reductions for:
  - The principal due in the month of settlement (even if not collected) and all prior months
  - The principal portion of any advanced (prepaid) installments received prior to the Settlement Date

- Any partial prepayments (curtailments) received on or before the Delivery Date
- The "interest paid to" date of the Mortgage must be the date through which interest is scheduled to be paid in the month of funding, or if there has been an advanced (prepaid) installment of interest, the date through which advanced (prepaid) installments of interest have been made

For Mortgages sold servicing released when the Settlement Date is more than 10 days after the "interest paid to" date, and when the "interest paid to" date and the Funding Date are in the same month:

- The "current UPB" of each Mortgage must be the scheduled UPB of the Mortgage in the month after funding. The scheduled UPB must include reductions for:
  - The principal due in the month after settlement, the principal due in the month of settlement (even if not collected) and all prior months
  - The principal portion of any advanced (prepaid) installments received prior to the Settlement Date
  - Any partial prepayments (curtailments) received on or before the Delivery Date
- The "interest paid to" date of the Mortgage must be the date through which interest is scheduled to be paid in the month after funding, or if there has been an advanced (prepaid) installment of interest, the date through which advanced (prepaid) installments of interest have been made

See Exhibit 8, Delivery Balance Examples for MIDANET® and the Selling System, for delivery balance examples.

b. Form 11 — Additional mandatory data fields

Additional mandatory data fields are required for Mortgages sold under the Cash program sold servicing released. See Form 11, Mortgage Submission Schedule, for the complete list of required delivery data fields.

(d) Form 381, Contract Delivery Summary, requirements and instructions

The Form 381 is not required for Mortgages sold through the Selling System.

For Gold Cash, RNY Cash and ARM Cash through MIDANET, the Seller may deliver more than one Form 381 under each Cash Purchase Contract if each Form 381 specifies the same Purchase Contract number as the applicable Cash Purchase Contract. Each Form 381 may be dated on different days provided each one is delivered no later than the Delivery Date specified on the Cash Purchase Contract.

For Mortgages sold under Gold Cash, RNY Cash or ARM Cash with a request for a Concurrent Transfer of Servicing, the section of Form 381 titled "Assignment of

Servicing" must be completed, provided that the Seller has first complied with the guidelines relating to Concurrent Transfer of Servicing set forth in Section 56.5.

For Convertible ARMs sold under ARM Cash, the Seller must complete additional fields on the Form 381 as follows:

Field Title	Completion Instructions
Conversion Period Begin	First eligible date in MM/DD/YY format that the Mortgages may convert to a fixed interest rate
Conversion Period End	Last eligible date in MM/DD/YY format that the Mortgages may convert to a fixed interest rate

(e) Form 381 instructions regarding participation interests

The Form 381 is not required for Mortgages sold through the Selling System.

For Mortgages sold on a participation basis under RNY Cash, the Mortgages included in each Form 381 must have the same Percentage of Participation. Mortgages may not be sold on a participation basis under Gold Cash or ARM Cash through MIDANET or under any programs through the Selling System.

The Seller must insert in the field on Form 381 titled "Freddie Mac's interest if participation," the participation interest in the Mortgages being delivered to Freddie Mac. By doing so, the Seller offers to assign, transfer and convey to Freddie Mac the stated percentage of undivided interest in all or any portion of Mortgages delivered to and accepted by Freddie Mac for purchase. Freddie Mac will accept the Seller's offer in accordance with Section A9.6. If the Seller believes there is an error in either the Percentage of Participation or the UPB used to determine the amount due to the Seller, the Seller must advise Freddie Mac prior to the Settlement Date.

(f) Delinquent or satisfied Mortgages

The Seller must notify Freddie Mac immediately if any delivered Mortgage is delinquent, has been delinquent at any time during the 12-month period preceding the Delivery Date or Funding Date, or is paid in full prior to the Funding Date. These Mortgages will be withdrawn from purchase without reducing the Seller's obligation to deliver the aggregate UPB of the Mortgages required under Section 17.4(b). Any such withdrawal may necessitate a postponement of the related Funding Date.

17.5: Guarantor delivery instructions (06/01/09)

(a) Guarantor program requirements and instructions

Under the Guarantor program through MIDANET®, which includes the fixed-rate Guarantor program and the Weighted Average Coupon (WAC) ARM Guarantor program, the Seller may begin to deliver Mortgages to Freddie Mac as soon as it receives a contract number from Freddie Mac's commitment offer line under the process described in Section 11.5. The contract number will be confirmed in writing on Form 3 issued by Freddie Mac. The Seller must complete delivery of all Mortgages, with all required documentation, on or before the Delivery Date specified on Form 3.

The Contract Commitment Amount specified in each Form 3 must be in an amount at least equal to the minimum pool size for the applicable PC Pool as specified in Sections 13.4(c) and A13.4(b), as applicable.

For Mortgages sold under the Guarantor program through the Selling System, a contract number will be made available to a Seller immediately upon taking out a Guarantor Contract through the Selling System. Freddie Mac does not issue a Form 3 to confirm Guarantor Contracts taken out through the Selling System. For more information, see Sections B15.2 and C15.2.

(b) Purchase tolerance

For Master Commitment Conversions for Mortgages delivered through MIDANET or Guarantor Contracts taken out through the Selling System, any part of the Contract Commitment Amount specified in the Form 3 or Guarantor Contract, as applicable, may be delivered, provided the minimum pool size is met. For Mortgages delivered through MIDANET, the maximum amount that Freddie Mac will purchase is the Contract Commitment Amount specified in the Form 3 plus the greater of $100,000 or 5% of the Contract Commitment Amount.

In the Selling System, a Seller can increase a Guarantor Contract amount up to the maximum amount of the Seller's Master Commitment Contract plus the applicable tolerance.

(c) Delivery form instructions

1. **Form 11, Mortgage Submission Schedule, instructions for the fixed-rate Guarantor program**

   For Mortgages purchased by Freddie Mac under the fixed-rate Guarantor program through MIDANET and the Selling System:

   - The Form 11 must state the "current UPB" of each Mortgage as the scheduled unpaid principal balance (UPB) of the Mortgage in the month of funding. The scheduled UPB must include reductions for:
     - The principal due in the month of settlement (even if not collected) and all prior months

- The principal portion of any advanced (prepaid) installments received prior to the Settlement Date
- Any partial prepayments (curtailments) received on or before the Delivery Date, and

- The "interest paid to" date on the Form 11 must state the date through which interest is scheduled to be paid in the month of funding, or if there has been an advanced (prepaid) installment of interest, the date through which advanced (prepaid) installments of interest have been made

2. Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions for the fixed-rate Guarantor program and the WAC ARM Guarantor program where the lender credits the Borrower interest at closing

For Mortgages where a lender credits a Borrower interest at closing in an amount equal to the interest due from the first day of the month through the day before the Note Date, the Borrower's first monthly principal and interest payment is due the first day of the month immediately following the Mortgage closing. For such Mortgages, the Seller:

- May deliver an "interest paid to" date that:
  - For fixed-rate Mortgages, is the same as the Note Date or an "interest paid to" date that is the first day of the month of closing, and
  - For ARMs, is the first day of the month of closing
- Represents and warrants that the lender credited the Borrower with interest at closing

See Exhibit 8, Delivery Balance Examples for MIDANET® and the Selling System, for delivery balance examples.

(d) Form 381, Contract Delivery Summary, requirements and instructions

The Form 381 is not required for Mortgages sold through the Selling System.

The Seller may deliver more than one Form 381 under each Form 3 if each Form 381 specifies the same Purchase Contract number as the applicable Form 3. Each Form 381 may be dated on different days provided each one is delivered prior to the Delivery Date specified on the Form 3.

For Mortgages sold under the WAC ARM Guarantor program, the section of the Form 381 titled "Complete for ARM Guarantor deliveries only" need not be completed except that a zero must be entered in the field titled "Coupon Rate of PC."

For Mortgages sold with a request for a Concurrent Transfer of Servicing, the section of Form 381 titled "Assignment of Servicing" must be completed, provided that the

Seller has first complied with the guidelines relating to Concurrent Transfer of Servicing set forth in Section 56.5.

(e) Form 381 instructions regarding participation interests

The Form 381 is not required for Mortgages sold through the Selling System. Mortgages may not be sold on a participation basis through the Selling System at this time.

For Mortgages sold on a participation basis under the fixed-rate Guarantor program through MIDANET, the Mortgages included in each Form 381 must have the same Percentage of Participation. Mortgages may not be sold on a participation basis under the WAC ARM Guarantor program through MIDANET.

The Seller must insert in the field on Form 381 titled "Freddie Mac's interest if participation" the participation interest in the Mortgages being delivered to Freddie Mac. By doing so, the Seller offers to assign, transfer and convey to Freddie Mac the stated percentage of undivided interest in all or any portion of Mortgages delivered to and accepted by Freddie Mac for purchase. Freddie Mac will accept the Seller's offer in accordance with Section 11.14. If the Seller believes there is an error in either the Percentage of Participation or the UPB used to determine the amount due to the Seller, the Seller must advise Freddie Mac prior to the Settlement Date.

(f) Form 381 information and PC Pool formation

The Form 381 is not required for Mortgages sold through the Selling System.

Freddie Mac may, at its sole discretion, form separate PC Pools or a single PC Pool composed of Mortgages delivered through MIDANET under one or more Form 381s. Generally, Freddie Mac forms PC Pools on the basis of Mortgages identified to a Form 381 rather than Mortgages identified to a Form 3.

At the Seller's option, all Mortgages delivered through MIDANET under more than one Form 381 may comprise a single pool, if:

- Each Form 381 has the same specified Settlement Date and PC Pool information, and
- At least six Business Days before the Settlement Date, the Seller directs Freddie Mac to compose a single PC Pool from Mortgages delivered under the identified Form 381s

Alternatively, the Seller may request, at least six Business Days before the Settlement Date, that different Settlement Dates be assigned to Mortgages that would otherwise be eligible for inclusion in a single PC Pool.

(g) Pooling requirements

Refer to Chapter 13 for pooling requirements for fixed-rate Mortgages and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

Refer to Chapter A13 for pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

(h) Security wire instructions

Security wire instructions are required for all PC Pools. See Section 16.10.1 for information regarding Certificate of Incumbency requirements. See Section 11.13(a) for information about security wire instructions for Mortgages sold through MIDANET and Sections B15.11 and C15.11 for information about security wire instructions for Mortgages sold through the Selling System. See also Section A1.12 for information regarding authorized Selling System users and their designated user roles and completion and submission of Form 900, Selling System Authorized User Identification and Certification Form.

(i) Delinquent or satisfied Mortgages

The Seller must notify Freddie Mac immediately if any delivered Mortgage is delinquent, has been delinquent at any time during the 12-month period preceding the Delivery Date or Settlement Date, or is paid in full prior to the Settlement Date. These Mortgages will be withdrawn from purchase without reducing the Seller's obligation to deliver the aggregate UPB of the Mortgages required under Section 17.5(b). Any withdrawal may necessitate a postponement of the related Settlement Date. If, as a result of any withdrawal, a proposed PC Pool would have an original UPB of less than the minimum PC Pool size specified in Sections 13.4(c) and A13.4(b), as applicable, the Seller must promptly deliver to Freddie Mac other Mortgages which, together with the remaining Mortgages in the proposed PC Pool, would permit formation of a PC Pool in accordance with the Purchase Documents.

17.6: MultiLender Swap delivery instructions (10/01/09)

(a) General

Under the MultiLender Swap program, the Seller may begin to deliver Mortgages to Freddie Mac through MIDANET® as soon as a contract number is received from Freddie Mac's commitment line under the process described in Section 11.5. The contract number will be confirmed in writing on Form 5, Summary Agreement (MultiLender Swap).

For Mortgages sold under the MultiLender Swap program through the Selling System, a contract number will be made available to a Seller immediately upon taking out a MultiLender Swap Contract through the Selling System. Freddie Mac does not issue a Form 5 to confirm a MultiLender Swap Contract taken out through the Selling System. For more information, see Section D15.2.

The Seller must complete delivery of all Mortgages, with all required documentation, on or before the Delivery Date specified on the Form 5 through MIDANET, or on or before the Final Delivery Date as provided in the MultiLender Swap Contract through the Selling System.

The Contract Commitment Amount specified in Form 5 for Mortgages delivered through MIDANET or in the MultiLender Swap Contract for Mortgages sold through the Selling System must be in an amount at least equal to the minimum commitment amount specified in Section 17.6(g).

(b) Purchase tolerance

The purchase tolerance for Mortgages delivered under the MultiLender Swap program is:

For Master Commitment Conversions for Mortgages delivered through MIDANET, or MultiLender Swap Contracts taken out through the Selling System, any part of the Contract Commitment Amount specified in the Form 5 or MultiLender Swap Contract, as applicable, may be delivered, provided the minimum commitment amount is met. The maximum amount that Freddie Mac will purchase is the Contract Commitment Amount specified in the Form 5 or MultiLender Swap Contract, plus the greater of $100,000 or 5% of the Contract Commitment Amount.

In the Selling System, a Seller can increase a MultiLender Swap Contract amount up to the maximum amount of the Seller's Master Commitment Contract plus the applicable tolerance.

(c) Form 11, Mortgage Submission Schedule, instructions for MultiLender Swap deliveries

For Mortgages purchased by Freddie Mac under the MultiLender Swap program through MIDANET or the Selling System:

- The Form 11 must state the "current UPB" of each Mortgage as the scheduled unpaid principal balance (UPB) of the Mortgage in the month of funding. The scheduled UPB must include reductions for:
  - The principal due in the month of settlement (even if not collected) and all prior months
  - The principal portion of any advanced (prepaid) installments received prior to the Settlement Date

- Any partial prepayments (curtailments) received on or before the Delivery Date
- The "interest paid to" date on the Form 11 must state the date through which interest is scheduled to be paid in the month of funding, or if there has been an advanced (prepaid) installment of interest, the date through which advanced (prepaid) installments of interest have been made

For Mortgages where a lender credits a Borrower interest at closing in an amount equal to the interest due from the first day of the month through the day before the Note Date, the Borrower's first monthly principal and interest payment is due the first day of the month immediately following the Mortgage closing. For such Mortgages, the Seller:

- May deliver an "interest paid to" date that is the same as the Note Date or an "interest paid to" date that is the first day of the month of closing, and
- Represents and warrants that the lender credited the Borrower with interest at closing

See Exhibit 8, Delivery Balance Examples for MIDANET® and the Selling System, for delivery balance examples.

(d) Form 381, Contract Delivery Summary, requirements and instructions

The Form 381 is not required for Mortgages sold through the Selling System.

Generally, the Seller will deliver one Form 381 under each Form 5. However, the Seller may deliver more than one Form 381 under each Form 5 if each such Form 381 specifies the same Purchase Contract number as the applicable Form 5; and the various Form 381s may be dated on different days provided each one is delivered prior to the Delivery Date specified on the Form 5.

On the Form 381, the Seller must enter the posted PC Coupon of the Mortgages being sold.

For Mortgages sold with a request for a Concurrent Transfer of Servicing, the section of Form 381 titled "Assignment of Servicing" must be completed, provided that the Seller has first complied with the guidelines relating to Concurrent Transfer of Servicing set forth in Chapter 56.

(e) Form 381 instructions regarding participation interests

The Form 381 is not required for Mortgages sold through the Selling System.

Mortgages may not be sold on a participation basis through the Selling System.

For Mortgages sold on a participation basis through MIDANET, the Mortgages included in each Form 381 must have the same Percentage of Participation.

The Seller must insert in the field on Form 381 titled "Freddie Mac's interest if participation," the participation interest in the Mortgages being delivered to Freddie Mac. By doing so, the Seller offers to assign, transfer and convey to Freddie Mac the stated percentage of undivided interest in all or any portion of Mortgages delivered to and accepted by Freddie Mac for purchase. Freddie Mac will accept the Seller's offer in accordance with Section 11.14. If the Seller believes there is an error in either the Percentage of Participation or the UPB used to determine the amount due to the Seller, the Seller must advise Freddie Mac prior to the Settlement Date.

(f) Form 381 information and PC Pool and Giant PC Pool formation

The Form 381 is not required for Mortgages sold through the Selling System.

As a general rule, the Mortgages identified on different Form 381s that have the same specified Settlement Date will be included in a single PC Pool or Giant PC Pool. The Seller's interests in such a PC Pool or Giant PC Pool will be designated as percentages equal to the percentage interests of each separate Form 381. However, the Seller's interest in a PC Pool or Giant PC Pool may be shown as the combined percentage interest of all Form 381s included in the PC Pool or Giant PC Pool, if:

- Each such Form 381 has the same specified Settlement Date and posted PC Coupon, and
- At least six Business Days before the Settlement Date, the Seller directs Freddie Mac to designate its interest in the PC Pool or Giant PC Pool as a single percentage interest of all Form 381s included in the PC Pool or Giant PC Pool

(g) Minimum commitment amount

The minimum dollar amount for a commitment entered into under the MultiLender Swap program through MIDANET or the Selling System is $1,000.

(h) Security wire instructions

Security wire instructions are required for all MultiLender pools. See Section 16.10.1 for information regarding Certificate of Incumbency requirements. See Section 11.13(a) for information about security wire instructions for Mortgages sold through MIDANET or Section D15.11 for Mortgages sold through the Selling System. See also Section A1.12 for information regarding authorized Selling System users and their designated user roles and completion and submission of Form 900, Selling System Authorized User Identification and Certification Form.

(i) Delinquent or satisfied Mortgages

The Seller must notify Freddie Mac immediately if any delivered Mortgage is delinquent, has been delinquent at any time during the 12-month period preceding the Delivery Date or Settlement Date, or is paid in full prior to the Settlement Date. These Mortgages will be withdrawn from purchase without reducing the Seller's obligation to deliver the aggregate UPB of the Mortgages required under Section 17.6(b). Any such withdrawal may necessitate a postponement of the related Settlement Date.

(j) Use of a Settlement Cycle of less than five days for MultiLender Swap deliveries

For Mortgages delivered to Freddie Mac through the Freddie Mac Selling System or MIDANET with a Settlement Cycle of less than five days, the requirements for completion of delivery set forth in Section 16.8 must be satisfied as follows:

- For Mortgages sold through the Selling System, by no later than 8:00 p.m. Eastern time on the Final Delivery Date, the Document Custodian must certify the Mortgages in the Selling System. Refer to Section 16.8(a) for additional requirements.

- For Mortgages delivered through MIDANET, by no later than 12:30 p.m. Eastern time of the Business Day prior to the proposed Settlement Date, Freddie Mac **(see Directory 9)** must receive either the Form 1034S, Custodian Certification Schedule Summary, or at the Document Custodian's option, Form 1034SM, Custodian Certification Schedule Summary for Multiple Purchase Contracts, if multiple Purchase Contracts are being certified for the Seller, complying with the requirements of Section 16.8(a)

17.7: Delivery requirements for fixed-rate Mortgages (03/01/09)

(a) Form 11, Mortgage Submission Schedule, instructions

When delivering fixed-rate Mortgages to Freddie Mac, the Seller must transmit, via the appropriate medium, the individual Mortgage data as required by the Purchase Documents.

See Form 11 for specific instructions for delivering fixed-rate Mortgage data. See Section 17.4(c), (number 3) for specific instructions for delivering data on Form 11 for Mortgages sold servicing released under fixed-rate Cash through the Selling System.

See also Section 17.3 for general delivery requirements for all Mortgages.

(b) Eligibility

15-, 20- and 30-year fixed-rate Mortgages may be sold to Freddie Mac under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap
- RNY Cash
- Gold Cash®

40-year fixed-rate Mortgages may only be Home Possible Mortgages that are secured by 1-unit Primary Residences (other than Manufactured Homes) and may be sold to Freddie Mac under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

(c) Pooling requirements for Gold PCs and Giant PCs

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages sold under the fixed-rate Guarantor or MultiLender Swap programs.

17.8: Delivery requirements for Balloon/Reset Mortgages (04/25/06)

(a) Form 11, Mortgage Submission Schedule, instructions

When delivering Balloon/Reset Mortgages to Freddie Mac, the Seller must transmit, via the appropriate medium, the individual Mortgage data as required by the Purchase Documents. In completing the Form 11, Seller must enter the Balloon Maturity Date in the field titled "Note Maturity Date."

See Form 11 for specific instructions for delivering Balloon/Reset Mortgage data. See also Section 17.3 for general delivery requirements for all Mortgages and Chapter 33 for special eligibility requirements for Balloon/Reset Mortgages. See Section 17.4(c), (number 3) for specific instructions for delivering data on Form 11 for Mortgages sold servicing released under fixed-rate Cash through the Selling System.

(b) Eligibility

Balloon/Reset Mortgages may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap
- RNY Cash
- Gold Cash®

(c) Pooling requirements for Gold PCs

Refer to Chapter 13 for pooling requirements for Balloon/Reset Mortgages under the fixed-rate Guarantor and MultiLender Swap programs.

17.9: Delivery requirements for adjustable-rate Mortgages (ARMs) (04/25/06)

(a) General requirements

Refer to Chapter 30 for special eligibility requirements for ARMs.

Refer to Exhibit 17, Offer Product and Offer Program Numbers, for the applicable eligible ARM products delivered to Freddie Mac through MIDANET®. Refer to Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for ARM products sold under WAC ARM Cash and the WAC ARM Guarantor program through the Selling System.

(b) Form 13SF, Mortgage Submission Voucher, instructions

When delivering ARMs to Freddie Mac, the Seller must transmit, via the appropriate medium, the individual Mortgage data as required by the Purchase Documents.

See Form 13SF for specific instructions for delivering ARM data. See also Section 17.3 for general delivery requirements for all Mortgages.

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Note:
ARMs with Lifetime Floors are not eligible for sale to Freddie Mac, unless otherwise provided for in the Purchase Documents. If the ARM has no Lifetime Floor, the LOL Floor field on the Form 13SF must be left blank; the Margin value must not be inserted in the LOL Floor field.

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(c) General delivery instructions

Each eligible ARM product delivered through MIDANET must be delivered pursuant to a separate Form 3, Summary Agreement (Guarantor); additionally, nonconvertible ARMs and convertible ARMs must be delivered pursuant to a separate Form 3. As an exception to this requirement, if at time of delivery the Conversion Window is expired, Convertible ARMs may be delivered with nonconvertible ARMs under the same Form 3.

For Mortgages sold under the Guarantor program through the Selling System, a contract number will be made available to a Seller immediately upon taking out a WAC ARM Guarantor Contract through the Selling System. Freddie Mac does not issue a Form 3 to confirm WAC ARM Guarantor Contracts taken out through the Selling System. For more information, see Section C15.2.

(d) Special Interest Change Date delivery instructions for WAC ARM Guarantor program

- For ARMs delivered under the WAC ARM Guarantor program that have had at least one Interest Change Date before the Settlement Date, the Seller must complete the following fields on the Form 13SF:
  - Date of first rate adjustment
  - Current interest rate
  - Current principal and interest (P&I) payment
- For ARMs delivered under the WAC ARM Guarantor program through MIDANET or the Selling System, if the next Interest Change Date for an ARM is during the month in which the Settlement Date occurs, the Seller must complete Form 13SF as if such Interest Change Date had already occurred

  For example, if the Seller delivers an annually adjusting ARM on February 27, for settlement on March 23, and the Interest Change Date occurs on March 1, the Seller must complete the Form 13SF as follows:

Field Title	Insert
Next rate adjustment date	March 1 of the following year
Next payment adjustment date	April 1 of the following year
Date of 1st rate adjustment	March 1 of the current year
Current interest rate	The Note Rate in effect as of March 1 of the current year
Current P&I payment	The amount of the P&I payment due as of March 1 of the current year

(e) WAC ARM Cash Contracts and ARM Cash conversions

Refer to Chapter 10 for specific requirements for selling ARMs under WAC ARM Cash through the Selling System. Refer to Chapter A10 for specific requirements for selling ARMs under ARM Cash through MIDANET.

Sellers should refer to Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for ARM products sold under WAC ARM Cash through the Selling System. In connection with each ARM Cash conversion, the Seller must specify to Freddie Mac's Cash Desk the offer product number for the applicable ARM product as set forth in Exhibit 17.

(f) WAC ARM Guarantor conversions through MIDANET and WAC ARM Guarantor Contracts through the Selling System

Refer to Section 11.1(b) for the eligible ARM products that may be sold under the WAC ARM Guarantor program through MIDANET and Sections 11.1(b) and C15.3 for eligible ARM products that may be sold under the WAC ARM Guarantor program through the Selling System. Refer to Chapter 11 for specific requirements for selling ARMs under the WAC ARM Guarantor program through MIDANET and the Selling System.

In connection with each WAC ARM Guarantor conversion through MIDANET, the Seller must specify to Freddie Mac's commitment line the offer product number and offer program number for the applicable ARM product as set forth in Exhibit 17. Refer to Exhibit 17S, Mortgage Products Available Through the Selling System for more information about eligibility and coding requirements for ARM products sold under the WAC ARM Guarantor program through the Selling System.

As an exception to the offer product and offer program number requirement for ARMs delivered through MIDANET, if ARMs that are past the first Interest Change Date are delivered with ARMs that are not past the first Interest Change Date, the offer product number and offer program number are based on the product type of the ARMs that are not past the first Interest Change Date. Offer product numbers and offer program numbers are not required for ARMs sold through the Selling System, but ARMs that are past the first Interest Change Date may be delivered with ARMs that are not past the first Interest Change Date.

As an example, a 5/1 2% Initial Cap, 2% Periodic Cap, 5% Life Cap (5/1 2-2-5) ARM delivered prior to the first Interest Change Date may be pooled with a 5/1 5% Initial Cap, 2% Periodic Cap, 5% Life Cap (5/1 5-2-5) ARM delivered after the first Interest Change Date. The Note Rate adjustment cap in effect at time of delivery for both ARMs is 2% — 2% Initial Cap for the 5/1 2-2-5 ARM and 2% Periodic Cap for the 5/1 5-2-5 ARM. Refer to the Initial Cap pooling exception described in Section A13.4(l).

For all WAC ARM Guarantor conversions through MIDANET that include Convertible ARMs, the Seller must notify Freddie Mac's commitment line that the conversion includes Convertible ARMs that require an Additional Supplement. Refer to Section 11.20 and Exhibit 22A, Form of Additional Supplement — Convertible Adjustable-Rate Mortgages (ARMs), for the requirements regarding the Additional Supplement.

Convertible ARMs are not eligible under WAC ARM Cash or the WAC ARM Guarantor program through the Selling System unless Freddie Mac advises the Seller otherwise in writing or by electronic means.

(g) Pooling requirements for WAC ARM PCs

Refer to Chapter A13 for pooling requirements for ARMs under the WAC ARM Guarantor program.

17.10: Special requirements for FHA/VA Mortgages (08/21/06)

(a) General requirements

See Section 35.5 for special eligibility requirements for FHA/VA Mortgages.

See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages delivered through MIDANET®. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for fixed-rate Mortgages sold under fixed-rate Cash through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each FHA/VA Mortgage, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions
Loan Feature Code for: FHA Mortgages VA Mortgages	 F V
MI Code	Leave blank
MI Loss Coverage %	Leave blank
MI Certificate #	Leave blank

(c) Eligibility

FHA/VA Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs®

Refer to Chapter 13 for pooling requirements for FHA/VA Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.11: Special requirements for Section 184 Native American Mortgages (10/06/06)

(a) General requirements

See Section 35.4 for special eligibility requirements for Section 184 Native American Mortgages. See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages sold through MIDANET®.

See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for fixed-rate Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Section 184 Native American Mortgage, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	**Completion Instructions**
Loan Feature Code for Section 184 Native American Mortgages	N
Special Characteristic Code for: • Fee simple • Allotted Land • Tribal Trust Land	Required only if applicable: 128 130 218
MI Code	Leave blank
MI Loss Coverage %	Leave blank
MI Certificate #	Leave blank
Loan Prospector® Key # (AUS)	Leave blank
For Eligible Borrowers That Are Not Individuals:	
Purpose of Loan	3, indicating purchase (investment property)
Borrower First Name	Leave blank
Co-Borrower First Name	Leave blank
Borrower Middle Name	Leave blank
Co-Borrower Middle Name	Leave blank
Borrower Last Name	Name of entity
Co-Borrower Last Name	Leave blank
Borrower Social Security Number	Entity tax identification number
Co-Borrower Social Security Number	Leave blank
Credit Value Score (CSV)	Leave blank
Credit Score Type (CST)	Leave blank
Borrower Race	7, indicating not applicable

Co-Borrower Race	7, indicating not applicable
Borrower Ethnicity	4, indicating not applicable
Co-Borrower Ethnicity	4, indicating not applicable
Borrower Gender	8, indicating not applicable (Use for Native American tribes or tribal organizations only)
Co-Borrower Gender	5, indicating no Co-Borrower
Primary Borrower Age	Leave blank
Co-Borrower Age	Leave blank
Borrower Date of Birth	Leave blank
Co-Borrower Date of Birth	Leave blank
Number of Borrowers	1
First-Time Homebuyer	Leave blank
Monthly Housing Expense	Monthly PITI payment of the Mortgage
Gross Monthly Rent	Rent payment to be paid by the tenant
Monthly Debt Payment	Total monthly expense for the Borrower based on the Borrower's income statement
Monthly income	Income stated on Borrower's income statement

(c) Eligibility

Section 184 Native American Mortgages may be sold under the following:

- Fixed-rate Cash
- Gold Cash®
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs®

Refer to Chapter 13 for special pooling requirements for Section 184 Native American Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.12: Special requirements for Prepayment Penalty Mortgages (03/01/09)

(a) General requirements

See Chapter B33 for special eligibility requirements for Prepayment Penalty Mortgages.

(b) Eligibility

Fixed-rate Prepayment Penalty Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Guarantor

Under Gold Cash, the Seller represents and warrants that each Prepayment Penalty Mortgage has a Note Date that is not more than 12 months prior to the Delivery Date.

Adjustable-rate Prepayment Penalty Mortgages may be sold under WAC ARM Guarantor through the Selling System.

See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages sold through MIDANET.

(c) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Prepayment Penalty Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code for Prepayment Penalty Mortgages	113

(d) Gold Cash sales

In connection with each Gold Cash conversion of Prepayment Penalty Mortgages, the Seller must specify to Freddie Mac's commitment line the offer product number corresponding to each Prepayment Penalty Mortgage as set forth in Exhibit 17.

(e) Guarantor sales

- **Fixed-rate Guarantor Contracts through the Selling System**

  In connection with each fixed-rate Guarantor Contract through the Selling System, the Seller must select the appropriate Security Product for the Prepayment Penalty Mortgages.

- **Fixed-rate Guarantor conversions through MIDANET**

  In connection with each fixed-rate Guarantor conversion of Prepayment Penalty Mortgages through MIDANET, the Seller must specify to Freddie Mac's commitment line the applicable offer product number for Prepayment Penalty Mortgages as set forth in Exhibit 17.

- **WAC ARM Guarantor Contracts through the Selling System**

  In connection with each WAC ARM Guarantor Contract through the Selling System, the Seller must select the WAC ARM Security Product for the Prepayment Penalty Mortgages based on the characteristics of the ARM and must identify the Mortgage as having a prepayment penalty.

(f) Additional Supplement requirements

Seller must provide an Additional Supplement for:

- All 15-, 20- and 30-year fixed-rate Prepayment Penalty Mortgages that are various Prepayment Penalty Mortgages or that are various Prepayment Penalty Mortgages pooled together with 3-year Prepayment Penalty Mortgages
- All Prepayment Penalty ARMs

For fixed-rate various Prepayment Penalty Mortgages sold under the Guarantor program through MIDANET, the Seller must notify Freddie Mac's commitment line that the conversion includes Prepayment Penalty Mortgages that require an Additional Supplement.

See Section 11.20 and Exhibit 22, Form of Additional Supplement — Prepayment Penalty Mortgages, for the requirements regarding the Additional Supplement.

(g) Pooling requirements

Refer to Chapter 13 for pooling requirements for Prepayment Penalty Mortgages under the fixed-rate Guarantor program.

Refer to Chapter A13 for pooling requirements for Prepayment Penalty Mortgages under the WAC ARM Guarantor program.

17.13: Special requirements for Affordable Gold® Mortgages (11/24/08)

Effective August 21, 2006, this section is deleted.

Sellers should refer to Section 17.13.1 for special delivery instructions for Home Possible® Mortgages.

17.13.1: Home Possible® Mortgages (04/23/09)

(a) General requirements

See Chapter A34 for special eligibility requirements for Home Possible Mortgages. See Section 17.15 for special delivery requirements for Home Possible Mortgages with RHS Leveraged Seconds.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Home Possible Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code (SCC) for Affordable Housing Initiative Mortgages	071
SCC for:	
• Home Possible 97	G00
• Home Possible Neighborhood Solution® 97	G01
• Home Possible 3% Cash	G20
• Home Possible Neighborhood Solution 3% Cash	G21

SCC for purchase transaction Mortgage where either the income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income	140
SCC for Noncredit Payment References	532
SCC for TLTV ratio greater than 100%	535
SCC for cash on hand used as Borrower Personal Funds	547
SCC for RHS Leveraged Second	582
SCC for Affordable Seconds®	583
SCC for Affordable Seconds entered into Loan Prospector® in the Total Gift Fund field	G18
Secondary Financing Source codes for Affordable Seconds®	See instructions for the Forms 11 and 13SF. If there are more than two sources, code the sources for the two largest second loan amounts.
Secondary Financing Amounts	See instructions for Forms 11 and 13SF. If there are more than two Affordable Seconds, code the source with the largest aggregate amount as the first subordinate loan. If all the remaining Affordable Seconds are from the same secondary financing source, code the aggregate of all other Affordable Seconds as from that source; otherwise code the aggregate of all remaining Affordable Seconds as secondary financing source code 10.
Monthly P&I Payment	For Mortgages with Mortgage Credit Certificates (MCCs), insert the actual monthly PITI payment, not the subsidized amount
AUS # (Key Number)	For all Home Possible Mortgages, including those that receive an invalid, ineligible or incomplete evaluation status report, the AUS # (Key Number) must be reported

Additionally, the following fields on the Form 11 or Form 13SF must be completed for all Home Possible Mortgages:

- Down Payment Sources
- Down Payment Amounts
- Closing Cost Sources
- Closing Cost Amounts
- Borrower Education Counseling Codes

(c) Eligibility

40-year fixed-rate Home Possible Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Home Possible Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- ARM Cash
- WAC ARM Cash
- Guarantor
- MultiLender Swap

See Section A34.5 for requirements for Home Possible Mortgages with Limited Buydown and Extended Buydown features.

Home Possible Neighborhood Solution Mortgages that are Extended Buydown Mortgages are ineligible for sale under Gold Cash through MIDANET, in accordance with Section 17.20(c).

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Home Possible Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

Refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

17.14: Special requirements for Section 502 GRH Mortgages (08/21/06)

(a) General requirements

See Section 35.2 for special eligibility requirements for Section 502 GRH Mortgages.

See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages sold through MIDANET®. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for fixed-rate Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Section 502 GRH Mortgage, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions
Loan Feature Code for: Section 502 GRH Mortgages — nonassumable only Section 502 GRH Mortgages — assumable	 H H
MI Code (only needed for MIDANET)	89
MI Loss Coverage %	Leave blank
MI Certificate #	Leave blank

(c) Eligibility

Assumable and nonassumable Section 502 GRH Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Delivery requirements for Gold Cash

In addition to delivering the Feature Code H, Section 502 GRH Mortgages also have the following delivery requirements:

- For nonassumable Section 502 GRH Mortgages, use offer product number 593
- For assumable Section 502 GRH Mortgages delivered under Gold Cash, use the following:
  - Offer product code 594 for 30-year fixed-rate Mortgages
  - Offer product code 595 for 20-year fixed-rate Mortgages and
  - Offer product code 596 for 15-year fixed-rate Mortgages

(e) Delivery requirements for fixed-rate Guarantor and MultiLender Swap programs

Section 502 GRH Mortgages delivered through MIDANET may be either assumable or nonassumable:

- Assumable Section 502 GRH Mortgages delivered under the fixed-rate Guarantor or MultiLender Swap programs must be sold using the following offer product numbers:
  - 423 for 15-year Mortgages and 421 for 30-year Mortgages sold under the fixed-rate Guarantor program
  - 834 for 15-year Mortgages and 833 for 30-year Mortgages sold under the MultiLender Swap program
- Nonassumable Section 502 GRH Mortgages delivered under the fixed-rate Guarantor or MultiLender Swap programs must be sold with fixed-rate conventional Mortgages

Nonassumable Section 502 GRH Mortgages sold through the Selling System under the fixed-rate Guarantor or MultiLender Swap programs must be sold with fixed-rate conventional Mortgages.

(f) Pooling requirements for Gold PCs

Refer to Chapter 13 for pooling requirements for assumable Section 502 GRH Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

There are no special pooling requirements for nonassumable Section 502 GRH Mortgages. Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.15: Special requirements for Home Possible® Mortgages with RHS leveraged seconds (03/01/09)

(a) General requirements

See Section 35.3 for special eligibility requirements for Home Possible Mortgages with RHS Leveraged Seconds.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Home Possible Mortgage with an RHS Leveraged Second, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions
Special Characteristics Code for:	
• Affordable Housing Initiative Mortgages	071
• Mortgages with an RHS Leveraged Second	582
• Home Possible Mortgages (one of the following as applicable):	
• Home Possible 97	G00
• Home Possible Neighborhood Solution® 97	G01
• Home Possible 3% Cash	G20
• Home Possible Neighborhood Solution 3% Cash	G21
Loan Feature Code	H
Secondary Financing Sources indicating federal government plan	03

(c) Eligibility

Home Possible Mortgages with RHS Leveraged Seconds may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Home Possible Mortgages with RHS Leveraged Seconds.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.16: Special requirements for A-minus Mortgages (01/02/03)

This section has been deleted.

17.17: Special requirements for Alt 97® Mortgages (03/01/09)

(a) General requirements

See Chapter D33 for special eligibility requirements for Alt 97 Mortgages.

See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages delivered through MIDANET®. Refer to Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for fixed-rate Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Alt 97 Mortgage, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions
Offering Code for Alt 97 Mortgages	210

(c) Eligibility

Alt 97 Mortgages may be sold under the following:
- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Special delivery requirements for Gold Cash

Alt 97 Mortgages delivered under Gold Cash must use offer product numbers 583, 565 and 563 for 30-, 20- and 15-year Alt 97 Mortgages, respectively.

(e) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Alt 97 Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages sold under the fixed-rate Guarantor or MultiLender Swap programs.

17.18: Special requirements for refinance Mortgages (02/01/10)

(a) General requirements

See Chapter 24 for special eligibility requirements for refinance Mortgages. For more information regarding expanded loan-to-value (LTV) /total LTV (TLTV)/Home Equity TLTV (HTLTV) ratios for Freddie Mac-owned "no cash-out" refinance Mortgages, see Section 24.5(c).

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each refinance Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. For certain types of refinance Mortgages, the Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions	Reference Code	Selling System Abbreviated Reference Title
For all refinance Mortgages:			
Special Characteristics Code for:			
• Cash-out refinance Mortgages	003		
• "No cash-out" refinance Mortgages	007		
• Texas Equity Section 50(a)(6) Mortgages	221		

For special purpose cash-out refinance Mortgages:			
Special Characteristics Code for: • Cash-out refinance Mortgages • Special purpose cash-out refinance Mortgages	 003 203		
For Freddie Mac-owned streamlined refinance Mortgages:			
Monthly Income Special Characteristics Code for: • "No cash-out" refinance Mortgages • Streamlined refinance of a Freddie Mac-Owned Mortgage • Texas Equity Section 50(a)(6) Mortgages	Insert the monthly amount of Stated Income 007 288 221		
Assoc FHLMC Loan #	Insert the 9-digit Freddie Mac loan number of the existing Mortgage		
Ref Code (Reference Code) for Freddie Mac-Owned streamlined refinance Mortgages		0007	FRE Streamline Refin Mrtg
Condo/PUD Class	Insert project type “3” indicating streamlined review		

For Freddie Mac-owned "no cash-out" refinance Mortgages with expanded LTV/TLTV/HTLTV Ratios:			
Special Characteristics Code for: ■ "No cash-out" refinance Mortgages ■ Freddie Mac-owned "no cash-out" refinance Mortgages with expanded LTV/TLTV/HTLTV ratios	 007 D99		

For Freddie Mac-owned streamlined refinance Mortgages, the use of the appropriate reference code and special characteristics code is required.

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages that are refinance Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other refinance Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for refinance Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for refinance Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.19: Special requirements for fixed-rate relocation Mortgages (03/01/09)

(a) General requirements

See Section 13.4(f) for the definition of a relocation Mortgage. A 15-, 20- or 30-year fixed-rate Mortgage that complies with the definition must be sold to Freddie Mac as a relocation Mortgage, according to the terms of this Section 17.19 and Section 13.4(f).

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each fixed-rate relocation Mortgage, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions
Special Characteristics Code for fixed-rate relocation Mortgages	013

(c) Eligibility

Fixed-rate relocation Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Delivery requirements for Gold Cash Contracts

In connection with each delivery under a Gold Cash Contract, the aggregate unpaid principal balance (UPB) of all relocation Mortgages must be 10% or less of the aggregate UPB of all fixed-rate Mortgages included in the delivery.

(e) Pooling requirements for Gold PCs® and Giant PCs

Refer to Section 13.4(f), number 5, for pooling requirements for fixed-rate relocation Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.20: Special requirements for subsidy buydown Mortgages (03/01/09)

(a) General requirements

See Section 25.4 for special eligibility requirements for Mortgages with temporary subsidy buydowns. See also Section A34.5 for eligibility requirements for Home Possible® Mortgages with temporary subsidy buydowns.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each temporary subsidy buydown Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	**Completion Instructions**
Note Interest Rate	Insert Note Rate
Loan Feature Code for: • Buydown plan Mortgages • Premium financing funded temporary subsidy buydown	 B R
Special Characteristics Code for:	
• Limited Buydown Mortgages with buydown plans that extend 2 years or less, and effective interest rates that are not more than 2% below the Note Rates	009
• Extended Buydown Mortgages with buydown plans that extend more than 2 years, but not more than 3 years, and effective interest rates that are more than 2%, but not more than 3%, below the Note Rates	014
• Extended Buydown Mortgages with buydown plans that extend more than 2 years, but not more than 3 years, and effective interest rates that are not more than 2% below the Note Rates	206

• Extended Buydown Mortgages with buydown plans that extend 2 years or less, and effective interest rates that are more than 2%, but not more than 3%, below the Note Rates	207
Monthly Housing Expense	Insert the monthly housing expense calculated using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac
Monthly Debt Payment	Insert the monthly debt payment calculated using the monthly housing expense determined using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) that are Extended Buydown Mortgages may be sold under the following, subject to the requirements in Section A34.5:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Extended Buydown Mortgages may be sold under the following:

- Fixed-rate Cash
- WAC ARM Cash
- ARM Cash
- Guarantor
- MultiLender Swap

40-year fixed-rate Home Possible Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) that are Limited Buydown Mortgages may be sold under the following, subject to the requirements in Section A34.5:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Limited Buydown Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

Refer to Chapter 13 for pooling requirements for fixed-rate or Balloon/Reset Mortgages with temporary subsidy buydowns under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

Refer to Chapter A13 for pooling requirements for adjustable-rate Mortgages (ARMs) with temporary subsidy buydowns under the WAC ARM Guarantor program.

17.21: Special requirements for Seller-Owned Converted Mortgages (06/10/05)

(a) General requirements

See Chapter 32 for special eligibility requirements for Seller-Owned Converted Mortgages. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Seller-Owned Converted Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Seller-Owned Converted Mortgage, the Seller must deliver all the Mortgage data required by Form 11 using Mortgage data as of the date that the adjustable interest rate was converted to a fixed interest rate. The Seller must also complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions	Reference Code	Selling System Abbreviated Reference Title
Date of Note	Insert the original Note Date		
Ref Code (Reference Code) for Seller-Owned Converted Mortgages		0005	Seller Owned Convert Mrtg
Mod/Conv Date	Insert date conversion documentation was effective		

(c) Eligibility

Seller-Owned Converted Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Seller-Owned Converted Mortgages. Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.22: Special requirements for Condominium Unit Mortgages (07/16/10)

(a) General requirements

See Chapter 42 for special eligibility requirements for Condominium Unit Mortgages.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Condominium Unit Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	**Completion Instructions**
Property Type	Insert "1"
Condo/PUD Name	Insert the name of the condominium
Condo/PUD Class	Insert the Project type as follows: **Project or Review Type:** **Insert:** **Full Seller Condominium Project Warranties** New Condominium Project 1 Established Condominium Project 2 2- to 4-Unit Condominium Project 2 **Limited/reduced Seller Condominium Project Warranties** Streamlined review 3 Reciprocal review 3 Detached Condominium Project 3
Special Characteristics Code for: ■ Condominiums with PERS Approval ■ Streamlined Condo Review Allowed for Established Projects	 H09 H10
For Condominium Unit Mortgages that meet the requirements of 42.7(e)	
Condominium Unit – Freddie Mac Owned Mortgages or Freddie Mac Real Estate Owned	H24

Associated FHLMC Loan # – Freddie Mac Owned Mortgages or Freddie Mac Real Estate Owned	Insert the Freddie Mac loan number of the previous Freddie Mac Owned Mortgage

See Section 42.12 for information on the relationship between the Condominium Project classification system used for completion of the Form 11 and Form 13SF and the one used for completion of Form 1077, Uniform Underwriting and Transmittal Summary.

Field Title	**Completion Instructions**
For California Condominium Unit Mortgages Only:	
Special Characteristics Code for:	
• Mortgage with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	257
• Mortgage with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	259
• Mortgage evaluated — earthquake insurance is not necessary and delivery fee is waived	261

If a Mortgage secured by a California condominium unit is delivered to Freddie Mac without SCC 257, 259 or 261, the Seller will be assessed a 1% delivery fee. For more information, see Section 42.8(c).

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) that are Condominium Units may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Condominium Unit Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Condominium Unit Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Condominium Unit Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.23: Special requirements for streamlined purchase Mortgages (03/11/10)

Effective June 1, 2008, this section is deleted.

17.24: Special requirements for financed mortgage insurance Mortgages (03/01/09)

(a) General requirements

See Section 27.1.1(a) for special eligibility requirements for Mortgages with financed mortgage insurance premiums.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage with financed mortgage insurance premiums, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code	6 followed by the Base LTV ratio

The loan-to-value (LTV) ratio (gross LTV ratio) is calculated by Freddie Mac's delivery system.

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) with financed mortgage insurance premiums may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Mortgages with financed mortgage insurance premiums may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages with financed mortgage insurance premiums.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for adjustable-rate Mortgages (ARMs) with financed mortgage insurance premiums.

Refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

17.25: Special requirements for lender-paid mortgage insurance Mortgages (03/01/09)

(a) General requirements

See Section 27.1.1(b) for special eligibility requirements for Mortgages with lender-paid mortgage insurance. Seller must obtain Freddie Mac's approval to sell Mortgages with annual- or monthly-premium lender-paid mortgage insurance.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage with lender-paid mortgage insurance, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code for lender funded mortgage insurance program	019

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) with monthly or annual- premium lender-paid mortgage insurance may be sold under the fixed-rate Guarantor program through the Selling System.

All other Mortgages with monthly or annual-premium lender-paid mortgage insurance may be sold under the following:

- Guarantor
- MultiLender Swap

40-year fixed-rate Home Possible Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) with single-premium lender-paid mortgage insurance may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Mortgages with single-premium lender-paid mortgage insurance may be sold under the following:

- Gold Cash®
- ARM Cash
- Fixed-rate Cash
- WAC ARM Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages with lender-paid mortgage insurance.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages with lender-paid mortgage insurance.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.26: Special requirements for Mortgages with capitalized balances (04/23/09)

(a) General requirements

Refer to Chapter I33 for special eligibility requirements for Mortgages with capitalized balances.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage with a capitalized balance, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as appropriate.

For Mortgages with capitalized balances, the Seller must complete certain fields of Form 11 and Form 13SF as follows:

Field Title	Completion Instructions
Loan Feature Code for Capitalized Mortgages	K
Original Loan Amount	Insert the unpaid principal balance (UPB) of the Mortgage rounded up to the next dollar, including all capitalized amounts, as of the date of the most recent monthly payment on the Mortgage
Date of First Payment	Insert the current "interest paid to" date of the Mortgage
Note Maturity Date	Insert the actual recomputed maturity date based on the actual principal and interest payment currently applicable

(c) Eligibility

Mortgages with capitalized balances may be sold under the Guarantor program.

(d) Pooling requirements for Gold PCs®

There are no special pooling requirements for Mortgages with capitalized balances.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor program.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages with capitalized balances.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages under the WAC ARM Guarantor program.

17.27: Special requirements for energy conservation Mortgages (03/01/09)

(a) General requirements

See Section 23.8 for special eligibility requirements for energy conservation Mortgages.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each energy conservation Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Date of Note	Insert the date of Mortgage funding, and not the anticipated date of final disbursement of the Escrow Funds

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) that are energy conservation Mortgages may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other energy conservation Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs®

There are no special pooling requirements for energy conservation Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor program.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for energy conservation Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.28: Seasoned Mortgages (01/02/09)

This section has been deleted. Seasoned Mortgages are eligible for sale under negotiated contracts through our bulk sales unit only.

17.29: Special requirements for Affordable Merit Rate® Mortgages (06/10/05)

(a) General requirements

See Chapter E33 for special eligibility requirements for Affordable Merit Rate Mortgages. See Exhibit 17, Offer Product and Offer Program Numbers, for applicable offer product numbers for Mortgages sold through MIDANET®. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Affordable Merit Rate Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Affordable Merit Rate Mortgage, the Seller must complete all the Mortgage data required by the Form 11.

(c) Eligibility

Affordable Merit Rate Mortgages may be sold under the following:

- Gold Cash®
- Fixed-rate Cash

17.30: Special requirements for Financed Permanent Buydown Mortgages (03/01/09)

(a) General requirements

See Chapter F33 for special eligibility requirements for Financed Permanent Buydown Mortgages.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Financed Permanent Buydown Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Note Interest Rate	Insert Note Rate
LTV ratio	Insert Gross LTV ratio (calculated by system)

(c) Eligibility

Financed Permanent Buydown Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Financed Permanent Buydown Mortgages that meet the requirements of Chapter F33.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Financed Permanent Buydown Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.31: Special requirements for Freddie Mac 100 Mortgages (06/01/08)

Effective June 1, 2008, this section is deleted.

17.32: Special requirements for Alternative Stated Income Mortgages (01/02/09)

Effective January 2, 2009, this section is deleted.

17.33: Special requirements for Mortgages secured by Manufactured Homes (03/01/08)

(a) General requirements

See Chapter H33 for eligibility requirements for Mortgages secured by Manufactured Homes.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

Whenever a Mortgage is secured by a Manufactured Home, the Seller must indicate that the Property Type is a Manufactured Home by delivering Property Type Code 4, whether or not the Manufactured Home is located in a project such as a Planned Unit Development. For Mortgages secured by Manufactured Homes, the Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Property Type Code for Manufactured Homes	4
Special Characteristics Code for: • Manufactured Homes, single-wide • Manufactured Homes, multi-wide	 951 952

(c) Eligibility

Mortgages secured by Manufactured Homes may be sold under the following:
- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages secured by Manufactured Homes, and they may be combined with other Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages secured by Manufactured Homes sold in exchange for WAC ARM PCs.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.34: Loan Prospector® Mortgages originated using the Home Value Models (03/01/09)

(a) General requirements

See Chapter 44 for special eligibility requirements for Mortgages originated using the Home Value Models (Form 2070 and the Property Inspection Alternative [PIA]). When Loan Prospector Home Value Models support the transaction, the Seller may obtain an inspection report or opt to have no appraisal or inspection of the Mortgaged Premises.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage originated using the Home Value Models, the Seller must complete certain data fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Total Appraised Value for:	
• Purchase transactions	Insert the amount of the purchase price
• Refinance transactions	Insert the Borrower's estimate of value

Special Characteristics Code for:	
• Loan Prospector Mortgages originated using PIA	357
• Loan Prospector Mortgages originated using Form 2070 with an exterior-only inspection	903
• Loan Prospector Mortgages originated using the Fannie Mae Form 2075 as an allowable substitute for the Form 2070	904

(c) Eligibility

Loan Prospector Mortgages originated using Home Value Models may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages originated using the Home Value Models.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages originated using the Home Value Models.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.35: Special requirements for Mortgages sold servicing released through the Selling System (04/25/06)

For information on selling fixed-rate (including Balloon/Reset) Mortgages servicing released under the Cash program through the Selling System, see Section 9.9.

For special Form 11, Mortgage Submission Schedule, delivery instructions for Mortgages sold servicing released, see Section 17.4(c) (number 3).

For a list of fixed-rate (including Balloon/Reset) Mortgages eligible for sale under Best Efforts Contracts servicing released, see the Selling System Availability Matrix at **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**

17.36: Special requirements for Loan Prospector® Mortgages originated using Form 2070, Loan Prospector® Condition and Marketability Report (11/01/05)

This section has been deleted.

17.37: Special requirements for Seller-Owned Modified Mortgages (06/10/05)

(a) General requirements

See Chapter 32 for special eligibility requirements for Seller-Owned Modified Mortgages. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Seller-Owned Modified Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Seller-Owned Modified Mortgage, the Seller must deliver all the Mortgage data required by the Form 11 or Form 13SF using the Mortgage data as of the effective date of the modification, and the Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions	Reference Code	Selling System Abbreviated Reference Title
Date of Note	Insert the original Note Date		
Ref Code (Reference Code) for Seller-Owned Modified Mortgages		0003	Seller Owned Mod Mortgages
Mod/Conv Date	Insert the date modification documentation was effective		

(c) Eligibility

Seller-Owned Modified Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Seller-Owned Modified Mortgages.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Seller-Owned Modified Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.38: Special requirements for construction to permanent Mortgages (11/24/08)

Effective May 1, 2007, Freddie Mac retired the underwriting and documentation provisions for the origination of construction to permanent Mortgages in Section 23.6 and replaced them with the provisions for Construction Conversion Mortgages in Chapter

K33. See Section 17.38.1 for delivery instructions for Construction Conversion Mortgages.

17.38.1: Special requirements for Mortgages for Newly Constructed Homes (07/10/09)

(a) General requirements

See Chapter K33 for special eligibility requirements for Mortgages for Newly Constructed Homes.

See also the Glossary definitions for a complete description of the following terms used with Mortgages for Newly Constructed Homes:

- **Integrated Construction Conversion Documentation (Integrated Documentation);** the documentation used when the Interim Construction Financing is integrated into Permanent Financing. A new Note, Security Instrument or Construction Conversion Modification Agreement is not executed.

- **Separate Construction Conversion Documentation (Separate Documentation);** the documentation used when the Permanent Financing is a new separate Mortgage. A new Note and Security Instrument are executed.

- **Modification Construction Conversion Documentation (Modification Documentation);** the documentation used when the Permanent Financing is a modification of Interim Construction Financing. A Construction Conversion Modification Agreement is executed and a new Note is executed in certain circumstances.

- **Effective Date of Permanent Financing;** the date of the closing on the Permanent Financing; for Construction Conversion Mortgages and Renovation Mortgages, it is the date when the Interim Construction Financing is modified or converted to, and replaced by, Permanent Financing

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage for a Newly Constructed Home, the Seller must deliver all the Mortgage data required by the Form 11 or Form 13SF using the Mortgage data from the Permanent Financing as of the Effective Date of the Permanent Financing, and the Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Newly Built Home Mortgages	
Field Title	**Completion Instructions**
Special Characteristics Code for: One of the following, as applicable:	
Newly Built Home Mortgage-site-built:	D49
Newly Built Home Mortgage-Manufactured Home:	D50
In addition:	
Date of Note:	Note Date of the Mortgage
Mod/conv Date:	Leave blank

Construction Conversion Mortgages and Renovation Mortgages	
Field Title	**Completion Instructions**
Special Characteristics Code for: One of the following, as applicable:	
Construction Conversion Mortgage-site-built:	D51
Renovation Mortgage-site-built:	D51 and D69 (both SCCs must be delivered)
Construction Conversion Mortgage-Manufactured Home:	D52
In addition:	
Reference Code for: **Construction Conversion or Renovation Mortgages with Integrated or Modification Documentation:**	0013
Date of Note for: **Integrated Documentation**	Original Note Date of the integrated Interim Construction Financing and Permanent Financing documentation
Separate Documentation	Note Date of the Permanent Financing documentation

Modification Documentation	Original Note Date of the Interim Construction Financing documentation
Mod/conv Date for: **Integrated Documentation**	Due Date of the first principal and interest (P&I) payment of the Permanent Financing
Separate Documentation	Leave blank
Modification Documentation	Date on which the Construction Conversion Modification Agreement was effective or the Note Date of the new Note for the Permanent Financing if required

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages that are Newly Built Home Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Freddie Mac Selling System (Selling System)

All other Mortgages for Newly Constructed Homes may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap, provided the Effective Date of Permanent Financing is not more than 12 months prior to the Settlement Date, for Mortgages sold through the Selling System, or Delivery Date for Mortgages delivered through MIDANET

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages for Newly Constructed Homes.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the Fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages for Newly Constructed Homes.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.39: Special requirements if Mortgaged Premises are completed after application (03/01/09)

Effective May 1, 2007, Freddie Mac retired the underwriting and documentation provisions in Sections 37.5(b), 37.10(i), 37.20(d) and 44.7(d) for the origination of Mortgages when the Mortgaged Premises were completed after the loan application and replaced them with the provisions for Newly Built Home Mortgages in Chapter K33. However, Mortgages originated when the Mortgaged Premises were completed after the loan application prior to May 1, 2007, may be delivered in accordance with the delivery instructions in this Section 17.39. See Section 17.38.1 for delivery instructions for Newly Built Home Mortgages.

(a) General requirements

See Sections 37.5(b), 37.10(i), 37.20(d) and 44.7(d) of the Guide in effect on April 30, 2007 for requirements regarding the age of credit and collateral documentation when the Mortgaged Premises are completed after the Borrower applies for the Mortgage, but before delivery of the Mortgage to Freddie Mac.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage where construction of the Mortgaged Premises is completed after the Borrower applies for the Mortgage, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code for Mortgaged Premises that are completed after application	916

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) where the Mortgaged Premises are completed after application may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Mortgages where the Mortgaged Premises are completed after application may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages where the Mortgaged Premises are completed after application.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages where the Mortgaged Premises are completed after application.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.40: Special requirements for Freddie Mac-Owned Converted Mortgages subject to repurchase and resale (06/10/05)

(a) General requirements

Refer to Sections 30.11 and 80.4.3 for the requirements regarding the repurchase and resale of Convertible ARMs owned by Freddie Mac that the Borrower elects to convert to a fixed interest rate (Freddie Mac-Owned Converted Mortgages).

Refer to Exhibit 17, Offer Product and Offer Program Numbers, for applicable fixed-rate offer product numbers for Mortgages sold through MIDANET®. See Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Freddie Mac-Owned Converted Mortgages sold through the Selling System.

(b) Special Form 11, Mortgage Submission Schedule, instructions

In connection with the delivery of each Freddie Mac-Owned Converted Mortgage that is resold to Freddie Mac, the Seller must deliver all the Mortgage data required by Form 11. The Seller must complete certain fields of the Form 11 as follows:

Field Title	Completion Instructions	Reference Code	Selling System Abbreviated Reference Title
Date of Note	Insert the original Note Date		
Ref Code (Reference Code) for resale of Freddie Mac-Owned Converted Mortgages		0004	Convert ARM — FRE ACARM
Assoc FHLMC Loan #	Insert Freddie Mac loan number of Convertible ARM that was converted to fixed interest rate		
Mod/Conv Date	Insert Conversion Date of Converted Mortgage		

Both the reference code and special characteristics code fields must be completed for Freddie Mac-Owned Converted Mortgages.

(c) Eligibility

- Gold Cash®
- Fixed-rate Cash

Freddie Mac-Owned Converted Mortgages must be resold to Freddie Mac at the then-current price offered by Freddie Mac under Gold Cash through MIDANET or fixed-rate Cash through the Selling System.

17.41: Initial Interest℠ Mortgages (09/01/10)

This section has been deleted.

17.42: Special requirements for Mortgages with Employer Assisted Homeownership (EAH) Benefits (03/01/09)

(a) General requirements

See Section 26.6.2 and the sections referenced in that section for requirements regarding the use of Employer Assisted Homeownership (EAH) Benefits as a source of funds for down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the sale of each Mortgage where EAH Benefits are used as a source of funds, the Seller must deliver all the Mortgage data required by Form 11 or Form 13SF. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code for Employer Assisted Homeownership Benefit	D25

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) where EAH Benefits are used as a source of funds may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Mortgages where the EAH Benefits are used as a source of funds may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages where EAH Benefits are used as a source of funds.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages through the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages where EAH Benefits are used as a source of funds.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) through the WAC ARM Guarantor program.

17.43: Mortgages where Borrower uses credit card, cash advance or unsecured line of credit to pay fees (03/01/09)

(a) General requirements

See Section 26.2 (number 12) and Section 26.6.4 for requirements regarding Mortgages where Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage where Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report, Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Field Title	Completion Instructions
Special Characteristics Code	921

(c) Eligibility

40-year fixed-rate Home Possible® Mortgages secured by 1-unit Primary Residences (other than Manufactured Homes) where Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report may be sold under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor through the Selling System

All other Mortgages where Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages where a Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report.

See Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(e) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages where a Borrower uses a credit card or a cash advance on a revolving charge account or unsecured line of credit to pay fees associated with the Mortgage application process or for the credit report or appraisal report.

See Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.44: Super conforming Mortgages (11/22/10)

(a) General requirements

See Chapter L33 for special eligibility requirements for super conforming Mortgages.

(b) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each super conforming Mortgage, the Seller must deliver all the Mortgage data required by the Form 11 or Form 13SF, as applicable. The Seller must complete certain fields of the Form 11 or Form 13SF as follows:

Super conforming Mortgages	
Field Title	**Completion Instructions**
Appraised Value/Total Appraised Value	Insert lower of the appraised value or the field review (Form 1032) value for super conforming Mortgages as indicated in Section L33.6. Insert appraised value for all other super conforming Mortgages.

(c) Eligibility

Super conforming Mortgages may be sold under the following:

- Fixed-rate Cash
- WAC ARM Cash
- Guarantor program through the Selling System only
- MultiLender Swap through the Selling System only

Super conforming Mortgages are not eligible for sale under Best Efforts Contracts through the Selling System.

(d) Delivery requirements for fixed-rate Cash Contracts

In connection with deliveries of 15-, 20- and/or 30-year fixed-rate Mortgages under fixed-rate Cash Contracts, the aggregate unpaid principal balance (UPB) of all super conforming Mortgages delivered by the Seller during any month must not exceed the greater of (i) $2 million, or (ii) 10% of the aggregate UPB of all fixed-rate Mortgages delivered by the Seller under fixed-rate Cash Contracts during such month.

(e) Pooling requirements for Gold PCs® and Giant PCs

Refer to Section 13.4(f), number 7, for pooling requirements for fixed-rate super conforming Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(f) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for super conforming adjustable-rate Mortgages.

Refer to Chapter A13 for general pooling requirements for adjustable-rate Mortgages (ARMs) under the WAC ARM Guarantor program.

17.45: Special requirements for Mortgages with principal curtailments (09/01/10)

(a) Special Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, instructions

In connection with the delivery of each Mortgage with a principal curtailment, the Seller must deliver all the Mortgage data required by Form 11 and Form 13SF as follows:

Field title	Completion instructions for Mortgages - curtailment without recalculation of monthly payment
Date of Note	The original Note Date
Original Loan Amount	The original principal amount of the loan as indicated on the Note
Note Interest Rate/ Original Interest Rate	The original interest rate as indicated on the Note
Monthly P&I Payment/ Original Monthly P&I Payment	The amount of the first full monthly P&I payment as indicated on the Note (excluding any taxes and insurance)

Field title	Completion instructions for Mortgages - curtailment without recalculation of monthly payment
Date of First P&I Payment	The Due Date of the first full monthly P&I payment as indicated on the Note
Note Maturity Date/Maturity Date	The date of the final monthly P&I payment as indicated on the Note disregarding the effect of any curtailment
Current UPB See Guide Sections 17.4(c), 17.5(c), and 17.6(c)	The scheduled UPB of the Mortgage in the month of funding including reductions for principal due in month of settlement, prepaid installments and curtailments
Interest Paid to Date See Guide Sections 17.4(c), 17.5(c), and 17.6(c)	The Due Date of the most recent monthly P&I payment made by the borrower as of the Settlement Date
Ref code	None
Mod/conv date	None

Mortgages with principal curtailments that result in modifications to recalculate the monthly payments must be delivered as Seller-owned Modified Mortgages in accordance with Section 17.37.

(b) Eligibility

Mortgages with principal curtailments may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

(c) Pooling requirements for Gold PCs® and Giant PCs

There are no special pooling requirements for Mortgages with principal curtailments.

Refer to Chapter 13 for general pooling requirements for fixed-rate and Balloon/Reset Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

(d) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for Mortgages with principal curtailments.

Refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

Chapter 18: Document Custody

18.1: Custody of Notes and assignments (10/01/09)

A Seller/Servicer selling Mortgages in whole or in part to Freddie Mac must deliver the original Notes for such Mortgages to a Document Custodian, which may be the Designated Custodian or another approved Document Custodian, chosen by the Seller/Servicer in accordance with the requirements of Sections 18.2 and 18.3. However, Freddie Mac may in special instructions, program announcements or individual Mortgage Purchase Contracts, require the Notes to be delivered to the Designated Custodian. For example, the Notes for Mortgages sold through the Freddie Mac Selling System (Selling System) Servicing Released Sales Process must be delivered to the Designated Custodian.

For purposes of delivering Notes to a Document Custodian, the term "Note" includes the Note evidencing the indebtedness along with any power of attorney or any applicable modifying instrument, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement. The term "assignment" refers to the Intervening Assignment and to the instrument necessary to assign the Security Instrument to Freddie Mac, as described in Section 22.14.

When delivering Notes to the Document Custodian, the Seller/Servicer must also deliver all original assignments as described in Sections 22.14(a) through 22.14(c), unless the Mortgage is registered with MERS and the Seller/Servicer has elected to retain all assignments for MERS-registered Mortgages in the Mortgage files. If the Seller has so elected for MERS-registered Mortgages, the Seller/Servicer must provide its Document Custodian with documentation that will enable the Document Custodian to verify that the Seller/Servicer has elected to hold assignments in the Mortgage files for MERS-registered Mortgages.

Seller/Servicers may be required to deliver Notes to the Designated Custodian when required in special instructions, program announcements or individual Mortgage Purchase Contracts that Freddie Mac may issue from time to time.

The requirements for custody of the Notes and assignments is set forth generally in Sections 18.1 through 18.6 and also in the Form 1035, Custodial Agreement, Single-Family Mortgages, and Form 1035DC, Designated Custodial Agreement, Single-Family Mortgages, as more fully described in Section 18.3.

The Seller/Servicer must use a single Document Custodian for all Home Mortgages sold to or serviced for Freddie Mac. However, if the Seller/Servicer has established a relationship with the Designated Custodian, the Seller/Servicer, at any time and at its option, may elect to use the Designated Custodian instead of its elected Document Custodian, for any delivery of Mortgages to Freddie Mac. If the Seller/Servicer

terminates a custodial relationship with a Document Custodian, then all Notes and assignments for Mortgages serviced for Freddie Mac and held by the terminated Document Custodian must be transferred to a new Document Custodian within 30 days of Freddie Mac's approval of the transfer of custody as evidenced by an executed Form 1035, or if using the Designated Custodian, an executed Form 1035DC. Custody of the Notes and assignments must be transferred in accordance with Section 18.7. Compensation for the Document Custodian's or Designated Custodian's services is the sole responsibility of the Seller/Servicer.

18.2: Document Custodian eligibility (10/15/10)

(a) General requirements

The Seller/Servicer must choose a Document Custodian that will:

- Enter into a custodial agreement with the Seller/Servicer and Freddie Mac (see Section 18.3)
- Meet and maintain all applicable eligibility requirements of this section
- Comply with:
  - All Guide requirements pertaining to Notes and assignments held for Freddie Mac, including but not limited to, Chapters 16 through 18, Sections 22.13 and 56.9 and other requirements for Notes, assignments and related loan documents, as amended from time-to-time. If the requirements are amended in the Guide, then the custodial agreement will be deemed amended to the extent necessary to conform with such amended Guide requirements.
  - All terms of the custodial agreement
  - Any other requirements which Freddie Mac may choose to specify in order to ensure the safety and security or enforceability of the Notes and assignments held by the Document Custodian
  - Such standards, including custodial performance, and such fiduciary responsibilities as may be prescribed by Freddie Mac, in its discretion, from time-to-time
- Notify Freddie Mac and the Seller/Servicer if, at any time, it fails to meet any applicable eligibility requirement

(b) Basic eligibility requirements

An eligible Document Custodian must:

1. Be one of the following types of institutions:
   - A financial institution that is supervised and regulated by the Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency (OCC), or Office of Thrift Supervision (OTS), or

- A subsidiary of a supervised and regulated financial institution listed above, authorized to perform trust services under applicable law, or
- A Federal Home Loan Bank chartered pursuant to the Federal Home Loan Bank Act

2. Not be in receivership, conservatorship or liquidation and have no federally-regulated parent that is in receivership, conservatorship or liquidation
3. Effective October 15, 2010, the following must have an investment-grade rating by a nationally recognized statistical rating organization or have an Acceptable Net Worth of at least $500,000,000:
   - Entities applying to be Document Custodians, and
   - Document Custodians entering into new custodial relationships with Freddie Mac Seller/Servicers

   Document Custodians approved prior to October 15, 2010 in existing relationships with Seller/Servicers must have an Acceptable Net Worth of $1,000,000 or greater, and beginning June 30, 2011, must comply with the investment-grade rating/Acceptable Net Worth requirement described above.
4. Be equipped with secure, fire-resistant storage facilities with adequate controls on access to ensure the safety and security of the Notes and assignments in its custody. Effective **October 28, 2009**, for eligible Document Custodians and for entities applying to be a Document Custodian, the vault must provide a minimum of two hours fire protection, provided, however, that a Document Custodian approved prior to **October 28, 2009** with a vault that does not provide this minimum level of fire protection has until **November 1, 2010** to bring the vault into compliance with this requirement. If a Document Custodian's regulator requires a higher standard of fire protection, then that higher standard shall apply.
5. Maintain the Note and assignments in such a manner as to ensure security and confidentiality and prohibit unauthorized access to or use of information contained in the Notes and assignments
6. Use employees who are knowledgeable in the handling of Notes and assignments and of the functions and duties of a Document Custodian as required by Freddie Mac, including access to and use of the Freddie Mac Selling System. (See Section A1.12 for information on obtaining Selling System access and user roles.)
7. Access the electronic version of the *Single-Family Seller/Servicer Guide* (Guide) through the link on **http://www.freddiemac.com/singlefamily/** or arrange for a current subscription to the electronic Guide via AllRegs®
8. Maintain the following insurance coverages, at a minimum:
   - Financial institution bond, or equivalent insurance, covering any loss resulting from:
     - Employee dishonesty
     - Physical damage or destruction to, or loss of, any Notes and assignments while such documents are located on the Document Custodian’s premises

- Physical damage or destruction to, or loss of, any Notes and assignments while such documents are in transit between the Document Custodian's premises and anywhere, regardless of the means by which they are transported, if the Document Custodian has contractually agreed with the Seller/Servicer to assume liability for Notes and assignments while in transit

- If the Document Custodian has not contractually agreed with the Seller/Servicer to assume liability for the Notes and assignments while in transit, the Seller/Servicer must obtain insurance as described in Section 18.4(c)
- Errors and omissions insurance covering claims resulting from the Document Custodian's breach of duty, neglect, errors or omissions, misstatement, misleading statement or other wrongful acts committed in the conduct of document custodial services

For the purpose of these insurance coverages, the Notes are to be defined as "Negotiable Instruments" per Section 3-104 of the Uniform Commercial Code (UCC).

Freddie Mac's insurance requirements as stated in this subsection do not diminish, restrict or otherwise limit the Document Custodian's responsibilities and obligations as stated in any Form 1035.

The required insurance coverages must:

- Be underwritten by an insurer that has an A- (A minus) or better rating according to the A.M. Best Company
- Be maintained in amounts that are deemed adequate for the number of Notes held in custody and that are deemed appropriate based on prudent business practice
- Each have a deductible amount no more than the greater of 5% of the Document Custodian's generally accepted accounting principles (GAAP) net worth or $100,000, but in no case greater than $10,000,000

In the event that a Document Custodian is covered under its parent's insurance program rather than maintaining its own insurance:

- The acceptable deductible amount for each insurance coverage may be no more than the greater of 5% of the parent's GAAP net worth or $100,000, but in no case greater than $10,000,000
- The Document Custodian must be a named insured
- The parent's insurance policy(ies) must meet the Document Custodian insurance requirements as stated in this section

In the event of cancellation or non-renewal of any of the required insurance coverages, the Document Custodian or its insurer, insurance broker or agent must

provide the Seller/Servicer and Freddie Mac's Counterparty Credit Risk Management Department **(see Directory 1)** 30 days advance written notice thereof.

9. Have and maintain a document tracking and reporting system that, at minimum:
   - Provides, in an electronic format acceptable to Freddie Mac, an accounting of all Notes held for Freddie Mac identified by Freddie Mac loan number and the Servicer's six-digit Seller/Servicer number
   - Monitors the receipt of Notes and assignments, including related documentation (for example, modifying instruments or powers of attorney)
   - Monitors the release of Notes and assignments requested by the Servicer
   - Tracks the physical location of the Note and related documents
   - Cross references the Freddie Mac loan number for each Mortgage with the loan number assigned by the Servicer
   - Accurately accounts for documents transferred or released

   The Document Custodian must provide screen prints of its document tracking system to Freddie Mac together with its request for initial approval, and thereafter, annually as part of its eligibility certification, and otherwise, upon request.

10. Have and maintain a disaster recovery plan that documents, at a minimum:
    - The process by which the physical recovery/restoration of documents will occur
    - The recovery of tracking system data, including any electronically maintained information
    - The relocation/restoration of the facilities to ensure continuing ability to perform required custodial functions
    - Provisions for the testing and maintenance of the plan
    - A provision to notify Freddie Mac **(see Directory 9)** of a disaster within 24 hours of the disaster according to the requirement in Section 18.6(d)

11. Have and implement written procedures that ensure compliance with Freddie Mac requirements and prudent practices in performing the duties of a Document Custodian with respect to the Notes and associated documents, including, at minimum:
    - Certification and maintenance
    - Release and transfer
    - Access
    - Tracking and reporting

(c) Eligibility requirements for a Seller/Servicer acting as its own Document Custodian

Subject to Freddie Mac's approval and in Freddie Mac's sole discretion, a Seller/Servicer may act as its own Document Custodian if it satisfies all requirements in Sections 18.2(a) and 18.2(b) and if the Notes and assignments for Mortgages serviced for Freddie Mac in its custody are entrusted to a department that:

1. Is established and operated under trust powers granted by the Seller/Servicer's primary regulator
2. Has custodial officers who are duly authorized to act on behalf of the Document Custodian in its trust capacity and empowered to enter into a custodial agreement with the Seller/Servicer and Freddie Mac
3. Is subject to periodic review, examination and inspection by the regulator granting trust powers
4. Is independently and separately managed from any functional area that performs Mortgage origination, selling or servicing
5. Maintains separate records, files and operations
6. Uses personnel not engaged in the functions of Mortgage origination, selling or servicing to perform the custodial function

(d) Eligibility requirements for a third-party Document Custodian that is not an affiliate of the Seller/Servicer

An institution that is not an affiliate of a Seller/Servicer may act as a Document Custodian if:

- It satisfies all requirements in Sections 18.2(a) and 18.2(b)
- Within the institution, the document custodial function:
  - Is independently and separately managed from any functional area that performs Mortgage origination, selling or servicing
  - Maintains separate records, files and operations
  - Is performed by personnel not engaged in the functions of Mortgage origination, selling or servicing

(e) Eligibility requirements for a third-party Document Custodian that is an affiliate of the Seller/Servicer

Subject to Freddie Mac's approval and in Freddie Mac's sole discretion, a third-party that is an affiliate of the Seller/Servicer may act as a Document Custodian if:

- It meets all the requirements in Sections 18.2(a) and 18.2(b)
- It is independently and separately managed from the Seller/Servicer. The third-party Document Custodian may occupy the same premises as the Seller/Servicer, as long as the Seller/Servicer is not involved in the management or operations of the third-party custodian.
- Within the institution, the document custodial function:
  - Is independently and separately managed from any functional area that performs Mortgage origination, selling or servicing
  - Maintains separate records, files and operations

- Is performed by personnel not engaged in the functions of Mortgage origination, selling or servicing

(f) Additional eligibility requirements for a Document Custodian that is an affiliate of a warehouse lender

Freddie Mac recognizes that there may be instances where, for operational efficiency, the document custodial function shares personnel with the institution's warehouse lending function. This sharing of personnel will be allowed only when the document custodial function has:

- A separate tracking and reporting system that provides a clear distinction between Freddie Mac's assets and the collateral held for the warehouse lender
- Separate record keeping from other functional areas, including warehouse lending
- Operating controls that provide a clear distinction between:
  - Activities that an employee performs for the benefit of the warehouse lender and activities performed for Freddie Mac
  - Management decisions that apply to collateral held as security for the warehouse line and those that apply to Notes that are held in trust for the sole benefit of Freddie Mac

18.3: Contracting with a Document Custodian (10/01/09)

As outlined in Section 18.1, a Seller/Servicer selling Mortgages in whole or in part to Freddie Mac must deliver the original Notes and Intervening Assignments for such Mortgages to either the Designated Custodian or another Freddie-Mac-approved Document Custodian, in accordance with the requirements of Section 18.2 and this section.

(a) Contracting with a Document Custodian other than the Designated Custodian

Before delivering any Notes and assignments to a Document Custodian other than the Designated Custodian, the Seller/Servicer must deliver a Form 1035, Custodial Agreement: Single-Family Mortgages, executed by the Seller/Servicer and the Document Custodian to Freddie Mac **(see Directory 1)**. (The application requirements may be obtained from Freddie Mac **(see Directory 1)**.) Seller/Servicers may not make a delivery pursuant to Section 16.8 until Freddie Mac has approved the Document Custodian application as evidenced by Freddie Mac's execution of Form 1035.

After reviewing the request, Form 1035 and any other required documentation, and determining that the Document Custodian meets the eligibility requirements, Freddie

Mac will assign a Document Custodian number to the Document Custodian and assign a custodial agreement number to Form 1035. Freddie Mac will execute Form 1035, provide the Seller/Servicer and the Document Custodian each with a copy of the Freddie Mac-executed Form 1035 and inform the respective parties of the Document Custodian number and the Document Custodian agreement number.

The Document Custodian will be assigned only one Document Custodian number for all Seller/Servicers whose Freddie Mac Notes and assignments are entrusted to its custody. It must, however, complete a separate application, including Form 1035, executed by the Seller/Servicer and the Document Custodian, for each Seller/Servicer that wishes to use its custodial services. If Freddie Mac has already assigned the Document Custodian a Document Custodian number, the Document Custodian must insert its preassigned number in the appropriate space when it completes the application package and executes Form 1035. Freddie Mac will review each application.

Form 1035 is an agreement governing the custody of all Notes for Mortgages serviced for Freddie Mac that the Seller/Servicer elects to have held by the Document Custodian. Freddie Mac will keep on file the original Form 1035 for the Seller/Servicer and the Document Custodian.

In executing Form 1035, Freddie Mac is relying on the representations and warranties of the Seller/Servicer and the Document Custodian that the Document Custodian satisfies the eligibility requirements in Section 18.2. Freddie Mac and/or its auditors may perform, with or without prior notice, an on-site audit of all records and documents held by the Document Custodian that relate to the Notes and assignments held for Freddie Mac. Freddie Mac also reserves the right to perform an on-site audit at any time to evaluate the Document Custodian's compliance with Freddie Mac requirements and to assess its internal controls. Freddie Mac's execution of Form 1035 will not be deemed to be an approval of the Document Custodian or a waiver of its rights to enforce the eligibility conditions.

(b) Contracting with the Designated Custodian

Servicers may use Freddie Mac's Designated Custodian, The Bank of New York Mellon Trust Company, N.A., (BNYM) to hold the Notes for Mortgages they service for Freddie Mac.

Sellers electing to sell Mortgages to Freddie Mac through the Selling System Servicing Released Sales Process must use the Designated Custodian for this process, and must establish a relationship with the Designated Custodian.

In order to establish a custodial relationship with the Designated Custodian, the Servicer must complete the Freddie Mac Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages (available at **http://www.freddiemac.com/cim/forms.html**), as well as other forms available from

the Designated Custodian (**see Directory 4**). (Note that the Form 1035DC is a different form from the Form 1035.)

Freddie Mac has assigned the Designated Custodian a Document Custodian number, which the Designated Custodian will insert in the appropriate space when it completes the application package and executes Form 1035DC. Freddie Mac will review each application and, if approved, will notify the Servicer of the effective date of its agreement with the Designated Custodian.

Questions specific to the Form 1035DC should be directed to Freddie Mac at **institutional_eligibility@freddiemac.com**, or by calling (571) 382-3434, Option 2.

Questions regarding the Designated Custodian Registration Forms should be directed to the Designated Custodian via e-mail at **FreddiemacCustodian@bnymellon.com**, or by calling the Designated Custodian Document Custody Support Line (800) 211-2677.

18.4: Seller/Servicer responsibilities (10/01/09)

(a) Responsibility for documents and Document Custodian compliance

The Seller/Servicer agrees to indemnify Freddie Mac and hold Freddie Mac harmless for any loss, damage or expense (including court costs and reasonable attorney fees) that Freddie Mac may incur as a result of the Seller/Servicer's Document Custodian holding Notes and any other documents.

The Seller/Servicer is responsible for ensuring that its Document Custodian complies with all applicable Freddie Mac requirements regarding Note custody. Freddie Mac's Document Custody Procedure Handbook is available to Seller/Servicers and Document Custodians on AllRegs, or at **http://www.freddiemac.com/cim/handbook.html**. Seller/Servicers and Document Custodians will find this handbook to be a useful resource in fulfilling these requirements.

(b) Monitoring the eligibility status of the Document Custodian

The Seller/Servicer is responsible for monitoring its Document Custodian for compliance with Freddie Mac's Document Custodian eligibility requirements, and must ensure that its Document Custodian is in compliance with all eligibility requirements at all times, provided, however, that Freddie Mac will perform this monitoring for the Designated Custodian.

If, at any time, the Document Custodian fails to comply with any eligibility requirement, the Seller/Servicer must contact Freddie Mac **(see Directory 1)** in writing within one day of the Seller/Servicer learning of the noncompliance. Freddie

Mac, at its discretion, may allow the Seller/Servicer a period of time to work with its Document Custodian to ensure that the Document Custodian takes all necessary steps to meet the requirements. However, Freddie Mac reserves the right to immediately terminate a custodial agreement. Further, Freddie Mac may direct the Seller/Servicer to transfer the Notes to the Designated Custodian or a new Document Custodian pursuant to Sections 18.1 through 18.3, and transfer all Notes and assignments for Mortgages serviced for Freddie Mac from the old Document Custodian to the new Document Custodian, pursuant to the requirements of Section 18.6.

(c) Transit insurance requirements

If the Seller/Servicer has not contractually agreed with the Document Custodian to have the Document Custodian assume liability for Notes and assignments while in transit, the Seller/Servicer must obtain insurance covering physical damage or destruction to, or loss of, any Notes and assignments while such documents are in transit between the Document Custodian's vault and anywhere, regardless of the means by which they are transported. For the purpose of this insurance, Mortgage Notes are to be defined as "Negotiable Instruments" per Section 3-104 of the Uniform Commercial Code (UCC).

At a minimum, the required insurance coverage must:

- Be underwritten by an insurer that has an A- (A minus) or better rating according to the A.M. Best Company
- Be maintained in amounts that are deemed adequate for the number of Notes and assignments held in custody and that are deemed appropriate based on prudent business practice
- Each have a deductible amount no more than the greater of 5% of the Seller/Servicer's GAAP net worth or $100,000, but in no case greater than $10,000,000

In the event that a Seller/Servicer is covered under its parent's insurance program rather than by its own insurance:

- The acceptable deductible amount for each insurance coverage may be no more than the greater of 5% of the parent's GAAP net worth or $100,000, but in no case greater than $10,000,000
- The Seller/Servicer must be a named insured
- The parent's insurance policy(ies) must meet requirements as stated in this subsection

In the event of cancellation or non-renewal of any of the required insurance coverages, the Seller/Servicer or the Seller/Servicer's insurer, insurance broker or agent must provide Freddie Mac **(see Directory 1)** a minimum of 30 days advance written notice thereof.

Freddie Mac's insurance requirements as stated in this subsection do not diminish, restrict or otherwise limit the Seller/Servicer's responsibilities and obligations as stated in the Form 1035, Form 1035DC, or otherwise in the Purchase Documents.

(d) Transfers of Servicing

For Transfers of Servicing pursuant to Chapter 56, the Seller/Servicer must meet the document custody requirements of Section 18.7 and Section 56.9, including the transfer of the Notes from the Transferor Servicer's Document Custodian to the Transferee Servicer's Document Custodian.

(e) Obtaining documents

Seller/Servicers may need to request the Note or other documents held by a Document Custodian to take appropriate action in conjunction with the payoff, foreclosure, repurchase substitution, conversion, modification or assumption of a Mortgage or the recordation of the assignment of a Security Instrument to Freddie Mac.

- To obtain a Note and/or other documents from the Designated Custodian, the Seller/Servicer must make an electronic request ("Web Release Request") using the Designated Custodian's Web portal. Contact the Designated Custodian for further information **(see Directory 4)**. Unless the related Mortgage was repurchased or paid in full, the Seller/Servicer must promptly return the Note and documents when they are no longer required for servicing to the Designated Custodian. Seller/Servicers using the Designated Custodian's internet website Asset Repository and Collateral System (ARK) to request release of Notes and other documents must include a copy of the 1036 Release Receipt Report when returning such items to the Designated Custodian. The Release Receipt Report can be electronically generated from the Designated Custodian's ARK web site.

- To obtain a Note and/or other documents from a Document Custodian other than the Designated Custodian, the Seller/Servicer must complete Form 1036, Request for Release of Documents, and send the form to the Document Custodian. Unless the related Mortgage was repurchased or paid in full, the Seller/Servicer must promptly return the Notes and documents and Form 1036 when they are no longer required for servicing to the Document Custodian.

Seller/Servicers must follow prudent business practices in protecting and safeguarding all Notes and documents released to them by the Document Custodian until these documents are returned to the Document Custodian. These practices include protection from external elements, such as fire, and identification as a Freddie Mac asset and segregation from other non-related documents.

18.5: Delivery of Notes and assignments to a Document Custodian (10/01/09)

In accordance with Section 16.8, the Seller/Servicer must deliver the following items to the Document Custodian:

- **Form 1034E, Form 1034 and Form 1034A**

  For Mortgages delivered through the Freddie Mac Selling System (Selling System), the Seller/Servicer must deliver the Form 1034E, Custodial Certification Schedule, or the Note Delivery Cover Sheet, to the Document Custodian.

  For Mortgages delivered through MIDANET®, an original, completed and executed Form 1034, Fixed-Rate Custodial Certification Schedule, or Form 1034A, ARM Custodial Certification Schedule, as applicable. The Seller/Servicer must execute the Seller/Servicer Certification before delivering Form 1034 or Form 1034A, as applicable, to the Document Custodian. The Document Custodian number must be identified on Form 1034 or Form 1034A, as applicable. In addition, if the Seller/Servicer uses the Designated Custodian for custodial services, the Seller/Servicer must also provide a separate Excel data file containing all of the data that must be certified for each Mortgage in the delivery. The data file should be sent to the Designated Custodian in accordance with the Designated Custodian's requirements, and Section 16.8.

- **Mortgage Documents**

  The original Notes, endorsed as required in Section 16.4, along with the originals of any riders or other modifying instruments to the Notes. The information on each Note must match the corresponding information on the Form 1034 or Form 1034A delivered to the Document Custodian, or the information for the corresponding Mortgages in the Selling System.

- **Assignments**

  All original Intervening Assignments of the Security Instruments prepared and completed as required in Sections 22.14 and 56.7.

- **Trailing Documents**

  If a Note is subsequently modified, pursuant to the requirements of this Guide, the original modifying instrument must be delivered to the Document Custodian holding the original Note.

18.6: Document Custodian's functions and duties (11/15/10)

(a) General duties

Each Document Custodian is responsible for:

1. Maintaining custody and control of the original Notes and assignments on behalf of Freddie Mac. If the Seller/Servicer delivers supplemental documents, such as original modifying instruments, the Document Custodian must place the supplemental documents with the related original Notes.
2. Holding the Notes and assignments in secure, fire-resistant facilities as described in Section 18.2(b)
3. Affixing the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. If the Note for a Mortgage contains the Freddie Mac loan number, changing the Freddie Mac loan number on a Note if advised in writing by the Seller/Servicer that Freddie Mac has changed the Freddie Mac loan number for the related Mortgage.
4. Making available for review by Freddie Mac (or its designee), at any time during normal business hours, with or without prior notice, the Notes and assignments and related storage facilities, maintenance and release procedures, and control and tracking mechanisms, and other evidence of compliance with eligibility requirements as requested
5. Making the custodial staff available for interview by Freddie Mac or its designee, at any time during normal business hours, with or without prior notice, for an assessment of the staff's familiarity with and adherence to Freddie Mac's custodial requirements and the Document Custodian's internal controls
6. Indemnifying Freddie Mac for such losses as may occur as a result of any negligence by the Document Custodian in the performance of its duties under the Guide pertaining to Notes and assignments held for Freddie Mac and Form 1035, Custodial Agreement: Single-Family Mortgages, and Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages
7. Providing, in an electronic format acceptable to Freddie Mac, an accounting of all Notes held for Freddie Mac as described in Section 18.2(b)

Freddie Mac may, at any time, and in its sole discretion, require a Document Custodian to segregate the Notes it holds for Freddie Mac from those held for other investors.

(b) Verifications

Upon receiving the Notes from the Seller/Servicer, the Document Custodian must verify that the following requirements have been met:

- Note: The information on each Note matches all corresponding information for the related Mortgage contained in the Freddie Mac Selling System (Selling System), on the Form 1034, Fixed-Rate Custodial Certification Schedule, or the Form 1034A, ARM Custodial Certification Schedule, as applicable. The Document Custodian is not required to verify the Seller/Servicer number.
- Note endorsement: Each Note is endorsed as required by Section 16.4. If the Seller/Servicer delivering the Note is not the original payee on a Note, the Document Custodian must verify that the chain of endorsements is proper and complete from the original payee on the Note to the Seller delivering the Note to Freddie Mac — not to the Servicer.
- Assignments: The assignments of the Security Instruments from the original Mortgagee to the Seller/Servicer or to MERS are prepared, executed and recorded where required, in accordance with Sections 22.14 and 56.7. The Seller/Servicer must provide its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments for Mortgages registered with MERS in the Mortgage files, as provided in Section 22.14.

(c) Certification

The Document Custodian must comply with the applicable requirements of the Purchase Documents whenever the Document Custodian is completing the certification process for Mortgages sold to Freddie Mac using the Selling System.

For MIDANET® deliveries, to complete the certification that the verifications required in Section 18.6(b) have been performed, the Document Custodian must:

- Complete and execute the Custodian Certification on one original Form 1034 or Form 1034A, as applicable
- Complete Form 1034S, Custodian Certification Schedule Summary, or at the Custodian's option, Form 1034SM, Custodian Certification Schedule Summary for Multiple Purchase Contracts, if multiple Purchase Contracts are being certified for the Seller/Servicer
- Retain the original or an imaged copy of the Form 1034 or Form 1034A, as applicable, and the Form 1034S or Form 1034SM, as applicable, on behalf of Freddie Mac for at least three months from the date the certification is completed. See Section 18.6(g) for additional information on imaging and retention requirements.
- Return one copy of the signed Form 1034 or Form 1034A, as applicable, and a copy of the Form 1034S or Form 1034SM, as applicable, to the Seller/Servicer
- On behalf of itself and the Seller/Servicer, send a copy of the Form 1034S or Form 1034SM, as applicable, to Freddie Mac **(see Directory 9)** via facsimile transmission or e-mail

In accordance with Section 1.3, the Seller adopts as its signature its Freddie Mac Seller/Servicer number, which is stated in the Form 1034S and Form 1034SM. In addition, in accordance with the Form 1035 and the immediately following paragraph, the Document Custodian adopts as its signature its Freddie Mac Document Custodian number, which is also stated in the Form 1034S and Form 1034SM.

The Document Custodian consents to conduct electronic transactions with the Seller/Servicer and Freddie Mac in connection with its functions, duties and obligations under this Section 18.6 and the Form 1035. The Document Custodian shall comply with the requirements of Section 1.3 of the Guide as if each reference to the word "Seller/Servicer" were a reference to the "Document Custodian."

By submitting the Form 1034S or Form 1034SM, as applicable, to Freddie Mac **(see Directory 9)**, the Seller/Servicer and the Document Custodian are representing and warranting to Freddie Mac that they have made the certifications contained in the Form 1034 or Form 1034A, and that each of them shall be bound by the information and their respective certifications contained in the Form 1034 or Form 1034A that is delivered to the Document Custodian. Freddie Mac relies on the representations and warranties of the Seller/Servicer and the Document Custodian that they have made in the certifications contained in the Form 1034 or Form 1034A.

The Document Custodian must not execute the Custodian Certification if any of the information or documentation required to be verified does not match the specifications in Section 18.6(b) or if any discrepancy is not sufficiently justified. The Document Custodian must inform the delivering Seller/Servicer of any discrepancy for corrective action. The Seller/Servicer must ensure that any corrections to the data on the Form 1034 or Form 1034A are clearly identified on the Form 1034S or Form 1034SM, as applicable, sent via facsimile transmission or e-mail to Freddie Mac **(see Directory 9)**. Freddie Mac will make the necessary corrections to the loan data.

(d) Duties to Freddie Mac

Upon certification of the Notes and assignments, the Document Custodian must hold the Notes and assignments in trust for the sole benefit of Freddie Mac. The Document Custodian may not enter into any understanding, agreement, or relationship with any party by which any such party would obtain, retain or claim any interest (including an ownership or security interest) in such documents or the underlying Mortgages, unless otherwise specifically approved by Freddie Mac.

If the Document Custodian's facilities are affected by a disaster, the Document Custodian must notify Freddie Mac **(see Directory 9)** within 24 hours of the disaster.

(e) Release of documents to a Seller/Servicer

A Seller/Servicer may require Notes and related documents in conjunction with the maturity, prepayment, foreclosure, repurchase, substitution, conversion, modification or assumption of a Mortgage or the recordation of the assignment of a Security Instrument to Freddie Mac.

The Document Custodian will release to the Seller/Servicer any Note and related documents in the Document Custodian's custody upon receiving from the Seller/Servicer a properly completed and executed Form 1036, Request for Release of Documents, (or its equivalent, each such form, a "Request for Release"), (or in the case of the Designated Custodian, a request via its web portal (see section 18.4(e)). To use an electronic or system-generated version of the Form 1036, the Seller/Servicer must enter into an agreement with the Document Custodian that:

- Defines electronic signatures and the type of electronic transmission permitted
- States the Document Custodian's requirements for accepting electronic signatures
- States the Seller/Servicer's requirements for maintaining and controlling access to electronic signature information
- Clearly assigns liability when the terms of the agreement are violated

In addition, the Seller/Servicer must provide, and the Document Custodian must retain, a list of the individuals designated to request the release of documents electronically. The list must be signed by an authorized officer of the Seller/Servicer and contain the notarized signatures of the designees.

An electronic or system-generated Form 1036 must contain all of the information required on the paper form. A single electronic form can be used to request multiple Notes provided that the Note list is attached.

See Section 18.6(g) for additional information on imaging and retention requirements. If a document is no longer needed for the reason originally cited on the request, the Seller/Servicer must return the Note and related documents and a copy of the Form 1036 to the Document Custodian, or return the Note and any other documentation required by the Designated Custodian, which will resume its custody and update its note tracking system to reflect receipt of the documents.

See Section 18.4(e) for additional information on returning documents to the Document Custodian or Designated Custodian. Seller/Servicers must follow prudent business practices in protecting and safeguarding all documents released to them while those documents are in their possession. These practices include protection from destructive elements, such as fire, identification as Freddie Mac assets, and segregation from other non-related documents.

(f) Release of documents to designated counsel

Designated counsel may require Notes in conjunction with the foreclosure of a Mortgage. The Document Custodian must release to the designated counsel any Note

in the Document Custodian's custody upon receipt of a properly completed and executed Form 1036DC, Designated Counsel's Request for Release of Documents, from the designated counsel.

Prior to releasing the documents, the Document Custodian must:

- Verify that the designated counsel requesting the documents using Form 1036DC is in fact Freddie Mac's designated counsel by using the list (Guide Exhibit 79, Designated Counsel/Trustee) on our web site at **http://www.freddiemac.com/service/msp/desig_counsel.html**, or by calling (800) FREDDIE.
- Verify that the information provided for each Mortgage is correct, for example, that the named Borrower corresponds to the Freddie Mac loan number. If the Document Custodian has reason to believe the information provided is incorrect, contact the Servicer or Freddie Mac's Settlement Operations at **fmmdm@freddiemac.com**, and do not release the documents.
- Fax or e-mail a copy of the Form 1036DC that accompanies any documents that are released to designated counsel to the Servicer indicated on the form and obtain "in transit" insurance coverage for the documents released to the designated counsel.
- Retain the Form 1036DC as required by Form 1035.

The Seller/Servicer will be responsible for any release fees and delivery expenses with respect to documents that the Document Custodian releases to the designated counsel.

If the foreclosure is not completed, the designated counsel will return the Note with a copy of the Form 1036DC to the Document Custodian, which will resume its custody and update its note tracking system to reflect receipt of the documents.

(g) Imaging and retention requirements

The Document Custodian must retain either the original or an imaged copy of each Form 1034, Form 1034A, Form 1034B, Form 1034S, Form 1034SM and Form 1034T (collectively, the "Certification Schedules") for at least three months after the date of certification and each Form 1036 (or its equivalent, each such form, a "Request for Release") for at least three months after the date that the Mortgage is paid off or the Note is returned to the Document Custodian. The Document Custodian need not retain a Form 1034E, or Note Delivery Cover Sheet, after the related Mortgages have been certified through the Selling System.

Imaged copies of the forms are permitted, provided that:

- Such copies were made in the regular course of business pursuant to Document Custodian's written policy

- Each imaged copy accurately reproduces or forms a durable medium for reproducing the original document
- There is equipment to view or read and to reproduce the imaged copies into legible documents at the location where the imaged copies are maintained

The Document Custodian may destroy:

- Original Certification Schedules after making imaged copies that meet the above criteria
- Requests for Release after making imaged copies that meet the above criteria and updating Document Custodian's note tracking system to indicate the date of release of the related documents and the reason for their release
- All original or imaged copies of Certification Schedules and Requests for Release after expiration of the retention period

In disposing of such documents, Document Custodian must have in place and follow procedures to ensure the confidentiality of Borrowers' private personal information and must use disposal methods that safeguard such confidentiality.

18.7: Subsequent Transfer of Servicing and Transfer of Custody (10/01/09)

(a) Subsequent Transfer of Servicing

If the Seller/Servicer transfers the Servicing for the Mortgages and such transfer will result in a transfer of custody, the Transferor Document Custodian must cooperate in the transfer of the custody of the Notes and assignments to the Transferee Document Custodian pursuant to Section 56.9.

No later than 30 days after the Effective Date of Transfer of Servicing, the Transferor Document Custodian must deliver to the Transferee Document Custodian:

- Notes and related documents
- Assignments, unless the Seller/Servicer has elected to retain all assignments in the Mortgage file for Mortgages registered with MERS
- Documentation that identifies any MERS-registered Mortgage and any Mortgage closed with MERS as the original mortgagee of record
- Form 1034T, Subsequent Transfer Custodial Certification Schedule, executed by the Transferor Servicer related to the Mortgages for which Servicing was transferred

On behalf of itself and the Transferee Servicer, the Transferee Document Custodian must deliver Form 1034T, executed by the Transferor Servicer and the Transferee

Document Custodian, to Freddie Mac **(see Directory 9)** no later than 180 days after the Effective Date of Transfer. By submitting Form 1034T to Freddie Mac, the Transferee Servicer and the Transferee Document Custodian represent and warrant to Freddie Mac that they have made the certifications contained in Form 1034T, and that each of them shall be bound by the information and certifications contained in the Form 1034T.

(b) Transfer of custody

- **Transfers initiated by Freddie Mac**

  At its sole discretion, Freddie Mac may terminate the custodial agreement without cause, following 30 days written notice to the Seller/Servicer and the Document Custodian, and require the transfer of all Notes and assignments held by the Document Custodian within 30 days to another Document Custodian or to the Designated Custodian (**see Directory 4**).

  As set forth in the Custodial Agreement, Single-Family Mortgages (Form 1035), and the Designated Custodial Agreement, Single-Family Mortgages (Form 1035DC), Freddie Mac may immediately terminate any custodial agreement between Freddie Mac, a Seller/Servicer and a Document Custodian and require that all Notes and assignments be immediately transferred to another Document Custodian or as directed by Freddie Mac, upon the occurrence of any of the following:

  - Disqualification or suspension of a Seller/Servicer pursuant to Section 5.2
  - Failure of the Document Custodian to meet the eligibility requirements pursuant to Section 18.2
  - Freddie Mac's determination that the performance of the Document Custodian has been unsatisfactory
  - Any other circumstance with respect to the Document Custodian, the Notes or assignments that might adversely affect the Notes or assignments or the interests of Freddie Mac

- **Transfers initiated by Seller/Servicers**

  If a Seller/Servicer elects to change Document Custodians and terminate an existing Form 1035 or Form 1035DC, as applicable, an application for the new Document Custodian must be completed, which includes the execution of a new Form 1035 or Form 1035DC, and must be delivered in accordance with Section 18.3 to Freddie Mac **(see Directory 1)**. Arrangements must be made to move all Notes and assignments held for Freddie Mac to the new Document Custodian, no later than 30 days after Freddie Mac's approval of the new custodial relationship, as evidenced by an executed Form 1035 or Form 1035DC. Freddie Mac may require that the Notes and assignments be transferred immediately.

- **Transfers initiated by Document Custodians**

  A Document Custodian may terminate its custodial agreement with the Seller/Servicer and Freddie Mac following 30 days written notice to the Seller/Servicer and to Freddie Mac **(see Directory 1)**. The Seller/Servicer must ensure the Notes and assignments held by the Document Custodian are moved to a new Freddie Mac-approved Document Custodian or to Freddie Mac's Designated Custodian **(see Directory 4)**, no later than 30 days after Freddie Mac's approval of the new custodial relationship, as evidenced by an executed Form 1035 or Form 1035DC. Freddie Mac may require that the Notes and assignments be transferred immediately.

The terminated Document Custodian may not refuse, or fail to fulfill, its custodial obligations until the Notes and assignments have been transferred to the Transferee Document Custodian.

On behalf of itself and the Transferee Servicer, the Transferee Document Custodian must deliver Form 1034T, executed by the Transferor and the Transferee Document Custodian, to Freddie Mac **(see Directory 9)** no later than 180 days after the Effective Date of Transfer. By submitting Form 1034T to Freddie Mac, the Transferee Servicer and the Transferee Document Custodian are representing and warranting to Freddie Mac that they have made the certifications contained in Form 1034T, and that each of them shall be bound by the information and certifications contained in the Form 1034T.

(c) Transferor Document Custodian's Responsibilities

The Transferor Document Custodian must verify that Freddie Mac has approved the transfer of custody, and that evidence (such as a copy of an executed Form 1035 or Form 1035DC) of the change of Document Custodian accompanies the Seller/Servicer's request to transfer the Notes and assignments. The Transferor Document Custodian and the Transferee Document Custodian must cooperate to ensure a smooth and orderly transfer to the Transferee Document Custodian of the Notes, all required assignments and all related documents, and the Form 1034T must be executed by the Transferor Document Custodian.

Notes and related documents may be transported only by a nationally recognized commercial or bonded carrier or courier service.

The Transferor Document Custodian and the Seller/Servicer requesting the transfer of custody must work with the Transferee Document Custodian to cure all document deficiencies that are not resolved prior to recertification of the Notes by the Transferee Document Custodian.

(d) Transferee Document Custodian's Responsibilities

The Transferee Document Custodian must perform the verifications specified in Section 18.6(b) with respect to each Note and assignment for which custody is being transferred, and must execute the Form 1034T as required by Section 18.6(c); however, upon a Subsequent Transfer of Servicing, the Transferee Document Custodian need only verify that the following information on the Note matches the corresponding information about the related Mortgage contained on the Form 1034T:

- Freddie Mac loan number, if present on the Note; otherwise, the Document Custodian must validate the Freddie Mac loan number against data in electronic files or records provided by the Transferee Servicer
- Borrower's name, and
- Property address (excluding zip code)

On behalf of itself and the Transferee Servicer, the Transferee Document Custodian must deliver the Form 1034T, executed by the Transferor Servicer and the Transferee Document Custodian, to Freddie Mac **(see Directory 9)** no later than 180 days after the Effective Date of Transfer. By submitting the Form 1034T to Freddie Mac, the Transferee Servicer and the Transferee Document Custodian represent and warrant to Freddie Mac that they have made the certifications contained in the Form 1034T, and that each of them is bound by the information and certifications contained in the Form 1034T.

See Section 18.6(g) for information on imaging and retention.

In addition, the Transferee Document Custodian must update its document tracking system in accordance with the requirements of Section 18.2(b) with respect to each Mortgage for which custody of the Note is being transferred.

18.8: Document custody program fees and service charges (10/01/09)

This section has been deleted.

18.9: Balloon/Reset Mortgages (09/10/01)

See Chapter 83 for the document delivery requirements when a Borrower exercises the Reset Option on Balloon/Reset Mortgage.

Chapter 19: Warehouse Lending Arrangements

19.1: Overview (03/20/00)

This chapter addresses arrangements between the Seller and Freddie Mac, where the Seller has entered into a loan agreement with a Warehouse Lender and, as security for the payment in full by the Seller to the Warehouse Lender of the Indebtedness, has granted that Warehouse Lender a security interest in certain Mortgages that are subsequently offered for sale, in whole or in part, to Freddie Mac. In these situations, the Warehouse Lender that has the security interest also holds the Note and, at times, Other Mortgage Documents for those Mortgages, and delivers the Note (and, at times, Other Mortgage Documents) to Freddie Mac pursuant to the Seller's Purchase Contract with Freddie Mac. Subject to certain conditions, Freddie Mac will act as the Custodian of those instruments for the Warehouse Lender prior to purchasing the Mortgages or determining not to purchase them. This chapter sets forth and explains the relationship between the Seller, the Warehouse Lender and Freddie Mac, and the conditions under which Freddie Mac will act as the Custodian of those Mortgages in which the Warehouse Lender holds a security interest.

The procedures for delivery in this chapter apply to the Pledged Mortgages of a Seller/Servicer even when the Seller/Servicer utilizes a Custodian as permitted in Section 18.1.

19.2: Defined terms for warehouse lending arrangements (03/20/00)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to warehouse lending arrangements:

- Federal Reserve Bank
- Funding Date
- Indebtedness
- Mortgage Warehousing Loan Agreement
- Other Mortgage Documents
- Pledged Mortgages
- Purchase Proceeds
- Warehouse Lender

Definitions for these terms may be found in the Glossary of this *Single-Family Seller/Servicer Guide* (Guide).

19.3: Delivery of Pledged Mortgages and acceptance as Custodian (03/20/00)

For cash transactions, Pledged Mortgages may not be delivered to Freddie Mac in the same delivery with Mortgages that are not Pledged Mortgages or with Mortgages that are pledged to another Warehouse Lender.

All of the Notes and Other Mortgage Documents for the Pledged Mortgages delivered to Freddie Mac for purchase will be received by Freddie Mac, subject to the lien and security interest in favor of the Warehouse Lender created under the Mortgage Warehousing Loan Agreement, if the requirements of this chapter have been met. Until Freddie Mac has purchased a Pledged Mortgage (or part thereof) or has determined not to purchase a Pledged Mortgage (or part thereof), Freddie Mac will hold the Notes and Other Mortgage Documents for the Pledged Mortgage for and on behalf of the Warehouse Lender as its Custodian, subject to the lien and security interest of the Warehouse Lender. Freddie Mac recognizes no other statement of the condition of its receipt of these documents, including any trust receipt, bailee letter or other purported statement of a continuing security interest.

19.4: Wire transfer instructions (02/11/10)

(a) Cash through MIDANET®

With each delivery of Pledged Mortgages to be purchased by Freddie Mac for cash, the Seller must include a completed Form 987, Wire Transfer Authorization for a Cash Warehouse Delivery, attached to a properly completed and executed Form 996, Warehouse Lender Release of Security Interest, giving Freddie Mac complete and accurate wire transfer instructions, so that Freddie Mac may credit the Purchase Proceeds of the Pledged Mortgages (including applicable refunds) to the proper account.

The person authorized to execute Form 987 on the Seller's behalf must be designated as one of the "Authorized Persons" on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable (see Section 16.10.1 for additional information regarding Certificate of Incumbency requirements). If the person executing Form 987 is not designated as one of the "Authorized Persons," Freddie Mac will postpone the Settlement Date until it receives and processes the appropriate Form 988SF or Form 989SF or a new Form 987 executed by a person designated as one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable.

In addition, if Freddie Mac does not receive such wire transfer instructions on Form 987 in sufficient time to process payments, Freddie Mac may, in its sole discretion, postpone the Settlement Date until it receives and has processed Form 987. The instructions contained on Form 987 shall be considered to be final for that particular Mortgage delivery and binding on the Seller and on Freddie Mac. The name of the bank to which Purchase Proceeds are to be transferred may be changed only by submitting a new Form 987 and Form 996 fully executed by the Warehouse Lender and the Seller.

(b) Cash through the Freddie Mac Selling System (Selling System)

For Mortgages allocated to a contract that are pledged to a Warehouse Lender, the Seller must:

- Submit a completed, executed and duly authorized Form 987E, Wire Transfer Authorization for Warehouse Delivery, which is a one-time wire transfer authorization Freddie Mac will use for all contracts under which Pledged Mortgages are offered for sale using the Selling System. A separate Form 987E is not required for each contract, but the Seller must:
  - Execute a Form 987E for each Warehouse Lender the Seller uses
  - Provide Freddie Mac with a new Form 987E whenever the Seller is required or desires to make changes to the wire transfer instructions
  - Execute and send the original paper Form 987E to Freddie Mac in accordance with the mailing instructions contained in the Form 987E

- Print, complete and deliver to the Warehouse Lender a Form 996E, Warehouse Lender Release of Security Interest. The Form 996E is available only through the Selling System, and fax transmission is expressly permitted. The Warehouse Lender must complete and execute a duly authorized Form 996E and either the Warehouse Lender or the Seller must submit it to Freddie Mac either via fax transmission to the number on the form or by sending the original paper Form 996E via regular mail or overnight delivery service to the address contained in the Form 996E. For cash transactions through the Selling System, the Form 996E must be received by Freddie Mac by 5:30 p.m. Eastern Time the day before the Settlement Date, but no later than 12:30 p.m. Eastern Time the day before the Purchase Contract Expiration Date.

The person authorized to execute Form 987E on the Seller's behalf must be designated as one of the "Authorized Persons" on the Seller's Form 988SF or Form 989SF, as applicable (see Section 16.10.1 for additional information regarding Certificate of Incumbency requirements). If the person executing Form 987E is not designated as one of the "Authorized Persons," Freddie Mac will postpone the Settlement Date until it receives and processes the appropriate Form 988SF or Form 989SF or a new Form 987E executed by a person designated as one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable.

In addition, if Freddie Mac does not receive such wire transfer instructions on Forms 987E and 996E in sufficient time to process payments, Freddie Mac may, in its sole discretion, postpone the Settlement Date until it receives and has processed Forms 987E and 996E.

19.5: PC delivery instructions (06/01/09)

(a) Mortgages sold through MIDANET®

With each delivery of Pledged Mortgages to be purchased by Freddie Mac in exchange for PCs under the Guarantor program, the Seller must complete the "For Warehouse Lending Arrangements Only" section in the electronically transmitted security wire instructions or when providing modified security wire instructions on Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, as applicable, and must submit a properly completed Form 996, Warehouse Lender Release of Security Interest, executed by a duly authorized officer of the Warehouse Lender, so that Freddie Mac may deliver the PCs to the proper accounts. If the Seller is submitting a Form 939, the Seller must attach the completed Form 939 to the properly completed and executed Form 996 so that Freddie Mac may deliver the PCs to the proper accounts. For a Mortgage delivery using a Settlement Cycle of less than five days, electronically transmitted security wire instructions or Form 939 with the "For Warehouse Lending Arrangements Only" section completed, together with the properly completed and executed Form 996, must be received by Freddie Mac no later than noon Eastern time the Business Day before the proposed Settlement Date.

For electronically transmitted security wire instructions, the contact person(s) identified in the security wire instructions must be designated as one of the "Authorized Persons" on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable (see Section 16.10.1 for additional information regarding Certificate of Incumbency requirements). If the contact person identified in the electronically transmitted security wire instructions is not designated as one of the "Authorized Persons," the Seller must retransmit the instructions with a contact person that is designated as one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable.

The Seller must also designate the person(s) executing Form 939 as one of the "Authorized Persons" on the Seller's Form 988SF or 989SF, as applicable. If the person executing Form 939 is not designated as one of the "Authorized Persons," Freddie Mac will postpone the Settlement Date until it receives and processes the appropriate Form 988SF or Form 989SF or a new Form 939 is executed by a person designated as one of the "Authorized Persons" on Form 988SF or Form 989SF, as applicable.

Freddie Mac may confirm with the Seller before noon Eastern standard time on or before the second Business Day before settlement by telephone the wire instructions and following information:

1. Total unpaid principal balance (UPB)
2. Number of loans
3. PC Coupon Rate
4. Pool number
5. CUSIP Number
6. Settlement Date

PC delivery instructions may be changed only if the Seller provides Freddie Mac revised Form 939 and Form 996 prior to security issuance and provided that the person executing Form 939 is designated on the Seller's Form 988SF or Form 989SF, as applicable, as one of the "Authorized Persons."

(b) Mortgages sold through the Selling System

For Mortgages allocated to a Selling System Guarantor or MultiLender Swap Contract that are pledged to a Warehouse Lender, the Seller must:

- Insert all requested wire transfer information and instructions in the applicable screens in the Selling System in lieu of completing a Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization

- Print, complete and deliver to the Warehouse Lender a Form 996E, Warehouse Lender Release of Security Interest. The Form 996E is available only through the Selling System, and fax transmission is expressly permitted. The Warehouse Lender must complete and execute a duly authorized Form 996E and either the Warehouse Lender or the Seller must submit it to Freddie Mac either via fax transmission to the number on the form or by sending the original paper Form 996E via regular mail or overnight delivery service to the address contained in the Form 996E.

The person authorized to perform the Setup Manager role (to approve wire transfer information and instructions in the applicable Selling System screens on Seller's behalf) on the Seller's Form 900, Selling System Authorized User Identification and Certification Form, must also be designated as one of the persons authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac on the Seller's Form 988SF or Form 989SF, as applicable (see Section 16.10.1 for additional information regarding Certificate of Incumbency requirements). If the person(s) performing the Setup Manager role is not designated as one of the "Authorized Persons" on the Seller's Form 988SF or Form 989SF, as applicable, Freddie Mac will postpone the Settlement Date until it receives the appropriate documentation.

See Section A1.12 regarding completion and submission of Form 900. See Sections B15.11, C15.11 and D15.11 for additional instructions for delivery of Forms 988SF and 989SF, and Forms 996E for Selling System fixed-rate Guarantor, WAC ARM Guarantor and MultiLender Swap Contracts, respectively.

19.6: Delivery procedures (03/20/00)

In addition to the documentation (including Form 996, Warehouse Lender Release of Security Interest) required for delivery under a Purchase Contract, the Seller must include or cause to be included in the delivery an Appendix I to Form 996 showing, for each Mortgage delivered, the Freddie Mac loan number, the Borrower's name and the property address.

In lieu of the Appendix I, copies of the actual Freddie Mac loan submission forms (Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher) may be submitted attached to the Form 996.

19.7: Acceptance for purchase or rejection of Pledged Mortgages (03/20/00)

Upon receiving a delivery of Pledged Mortgages, Freddie Mac, pursuant to its normal purchase activities, will review the Pledged Mortgages and may find it necessary to return certain Mortgage documents to the Seller in order for the Seller to correct any deficiency in those documents. In such cases, Freddie Mac will deliver to the Seller any documents that are deficient, as appropriate, except the Note. If Freddie Mac determines that a Note is deficient, it will deliver the Note to the Warehouse Lender indicated on Form 996 and will advise the Seller of such deficiency so that the Seller may cure the defect.

If Freddie Mac determines not to purchase a Pledged Mortgage, it will deliver the Note for the Pledged Mortgage to the Warehouse Lender specified on Form 996 and will notify the Seller of such determination and delivery.

19.8: Warehouse Lender's security interest (03/20/00)

No Pledged Mortgage will be accepted for purchase by Freddie Mac if the Seller has assigned the Mortgage to the Warehouse Lender and/or if any assignment of the Pledged Mortgage has been recorded in the public records in any jurisdiction unless the Seller obtains from the Warehouse Lender an assignment of the Mortgage in favor of the Seller executed by the Warehouse Lender, in recordable form, to be effective on or before the Funding Date of the Pledged Mortgage. Such assignment in favor of the Seller is to be recorded in the public records of the appropriate jurisdiction by the Seller after the Funding Date if an assignment of the Pledged Mortgage to the Warehouse Lender has been or is recorded. If the assignment of the Mortgage to the Warehouse Lender has not been recorded, the return of that unrecorded assignment to the Seller will satisfy the requirements of this paragraph.

No Pledged Mortgage will be accepted for purchase by Freddie Mac if the Warehouse Lender has filed a financing statement relating to the Pledged Mortgage in the public records of any jurisdiction unless:

- The Seller obtains from the Warehouse Lender a termination statement, executed by the Warehouse Lender, or
- The security interest in the Pledged Mortgage is released automatically upon the purchase of the Pledged Mortgage by Freddie Mac

The termination statement must be filed in the public records of the appropriate jurisdiction by the Seller after the Funding Date.

19.9: Representations and warranties (06/01/09)

The Seller represents and warrants with respect to any Pledged Mortgage Purchased in Whole or in Part by Freddie Mac pursuant to any Purchase Contract, that, as of the Funding Date or the Settlement Date, whichever may be applicable, the Pledged Mortgage purchased by Freddie Mac is free and clear of any and all security interests, claims and encumbrances of any third party, including the Warehouse Lender. The Seller agrees to take or to cause the Warehouse Lender to take all such further action, including, without limitation, the preparation, execution and filing of additional documents and instruments, as may be reasonably necessary to assure and confirm to Freddie Mac that the Pledged Mortgages purchased by Freddie Mac are free and clear of any and all security interests as of the Funding Date or the Settlement Date. The Seller also represents and warrants that the wire transfer or PC delivery instructions delivered to Freddie Mac are in accordance with the Seller's agreement with the Warehouse Lender and that the person(s) providing the wire transfer or PC delivery instructions on Seller's behalf is authorized to do so pursuant to the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable.

19.10: Freddie Mac's obligations (06/01/09)

If the Funding Date or the Settlement Date is postponed as a result of the Seller's failure to deliver wire transfer instructions (Form 987 or Form 987E, Wire Transfer Authorization for a Cash Warehouse Delivery), PC delivery instructions (electronically transmitted security wire instructions or Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, as applicable, or security wire instructions inserted into the applicable Selling System screens) or Form 996 or Form 996E, Warehouse Lender Release of Security Interest, as required, or because the person(s) executing Form 987/987E or 939, the contact person on the electronically transmitted security wire transfer instructions or the person performing the Selling System Setup Manager role is not designated as one of the "Authorized Persons" on the Seller's Form 988SF, Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable, Freddie Mac will not be liable to the Seller or the Warehouse Lender for any losses, costs, expenses or damages that may be incurred by the Seller or the Warehouse Lender as a result of such postponement.

19.11: Indemnification (06/01/09)

The Seller agrees to indemnify and hold Freddie Mac, its successors, assigns and transfer agents harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be made against or be incurred by Freddie Mac as a result of any of the following:

- Freddie Mac's role as Custodian of the Note and Other Mortgage Documents pursuant to the purchase of the Mortgages or the determination not to purchase certain Mortgages (and the subsequent return of those rejected Notes and other Mortgages documents to the Warehouse Lender)

- Freddie Mac's or its transfer agent's delivering or transferring any PC or Purchase Proceeds to any person if:

  - Such PC is delivered or transferred in accordance with the terms of the Purchase Documents and electronically transmitted security wire instructions, Form 939, Guarantor Program: Security Settlement Information and Delivery Authorization, for modified security wire instructions, or security wire instructions inserted in Selling System screens, as applicable, or

  - Such Purchase Proceeds are delivered or transferred in accordance with the Purchase Documents and the Seller's wire transfer instructions on Form 987 or Form 987E, Wire Transfer Authorization for a Cash Warehouse Delivery

- Seller's failure to provide Form 988SF,Certificate of Incumbency (Corporation or Limited Liability Company Certificate), or Form 989SF, Certificate of Incumbency (Sole Proprietorship and Partnership Certificate), as applicable, that designates the person(s) authorized to provide Freddie Mac with instructions (or modify instructions) to transfer funds or securities on the Seller's behalf in connection with the sale of Mortgages to Freddie Mac in accordance with Guide requirements

- Seller's failure to provide complete, accurate and authorized wire transfer instructions

- Seller's failure to notify Freddie Mac of any necessary or desired changes to the authorized wire transfer instructions in accordance with the Guide

- Security interests, claims, encumbrances of any third party, including the Warehouse Lender

- Seller's or Warehouse Lender's failure to deliver to Freddie Mac a valid and enforceable Form 996 or Form 996E, Warehouse Lender Release of Security Instrument duly executed by an authorized representative of Warehouse Lender

19.12: Reimbursement by the Seller (03/20/00)

No fees, in addition to those associated with specific Mortgage programs described elsewhere in this Guide, are charged pursuant to a delivery of Pledged Mortgages. However, the Seller agrees to reimburse Freddie Mac for any reasonable expenses incurred by Freddie Mac in connection with the delivery of Pledged Mortgages by Warehouse Lenders to Freddie Mac. The nature and amount of such expenses will be specified in a written notice to the Seller from Freddie Mac. The Seller must reimburse Freddie Mac for the amount of any such expenses within 10 Business Days of request by Freddie Mac.

19.13: Special Warehouse Lender acknowledgements and agreements (10/07/04)

The Warehouse Lender acknowledges and agrees that, in connection with its warehouse loan arrangement with a Seller, either the Warehouse Lender or the Seller shall deliver or transmit a Form 996, Warehouse Lender Release of Security Instrument, or, for Sellers approved to sell Mortgages using the Freddie Mac Selling System, a Form 996E to Freddie Mac as:

- A paper Form 996 or Form 996E that has been properly completed and contains the original written signature of the Warehouse Lender's authorized corporate officer, via regular mail or overnight delivery service to the address on the applicable form

- A fax copy of the Form 996 or Form 996E that has been properly completed and contains the copy or representation of the signature of the Warehouse Lender's authorized corporate officer, via fax transmission using the fax telephone number indicated on the form for receipt of the fax copy of the Form 996 or Form 996E or such other fax telephone number designated by Freddie Mac from time to time

The Warehouse Lender further acknowledges and agrees that, in the event Freddie Mac receives a fax copy of a properly completed Form 996 or Form 996E via the Freddie Mac designated fax telephone number and there is a copy or representation of the Warehouse Lender's authorized officer's signature or Electronic Signature attached to, logically associated with or contained on the fax copy of the Form 996 or Form 996E, the Warehouse Lender shall be deemed to have:

- Consented to conduct electronic transactions with Freddie Mac and Seller using fax copies of Records, Electronic Records, Electronic Signatures and/or signatures in connection with the delivery of the Form 996 or Form 996E
- Adopted as its signature or Electronic Signature, as applicable, the copy or representation of the signature or Electronic Signature of its duly authorized officer as it appears on the fax copy of the Form 996 or Form 996E transmitted to Freddie Mac
- Agreed that its authorized officer intended to sign the Form 996 or Form 996E and to legally bind Warehouse Lender to the terms and conditions contained therein
- Agreed that, except for Section 1.3(c) of the Guide, it shall comply with and be legally bound by Section 1.3 of the Guide as if all references to the words "Seller/Servicer" and "Seller/Servicer's" had been replaced with the words "Warehouse Lender" and "Warehouse Lender's", respectively

Chapter 20: Reserved

{Chapter 20 is reserved.}

Chapter 21: Reserved

{Chapter 21 is reserved.}

Chapter 22: General Mortgage Eligibility

22.1: Overview (10/01/09)

This chapter sets forth general eligibility requirements for Home Mortgages offered for sale to Freddie Mac. In addition, specific requirements may apply as set forth elsewhere in the Purchase Documents. The requirements in this chapter are organized by the following topics:

Topic	Section(s)
Terms of the Mortgage	22.2-22.12
Security Instrument	22.13-22.14
Third-party originations	22.15
Property securing the Mortgage	22.16-22.18, 22.19-22.26
State Anti-Predatory Lending Laws and Regulations	22.18.1
Other requirements	22.27-22.30
Credit insurance	22.31
Predatory lending practices	22.32-22.33
Mandatory Arbitration	22.34
Higher-Priced Mortgage Loans	22.35

22.2: Investment quality Mortgage (10/07/02)

(a) Definition of an investment quality Mortgage

An investment quality Mortgage is a Mortgage that is made to a Borrower from whom repayment of the debt can be expected, is adequately secured by real property and is originated in accordance with the requirements of the Purchase Documents. The Seller warrants that all Mortgages sold to Freddie Mac have the characteristics of an investment quality Mortgage.

22.3: Mortgage valid First Lien; no prior liens; Mortgage not modified (06/22/07)

The Mortgage must be a valid First Lien on the Mortgaged Premises. The Mortgaged Premises must be free and clear of all prior liens and encumbrances and no rights or condition may exist that could give rise to such liens, except for:

- Liens for real estate taxes and special assessments not yet due and payable
- Rights and conditions specified in Section 39.4

The Mortgage must be a legal, valid and binding obligation of the Borrower, enforceable according to its terms and conditions, and free from any right of setoff, counterclaim or other claim or defense. No part of the Mortgaged Premises may have been released from the Mortgage.

The terms of the Mortgage may not in any material manner have been modified, amended or in any way waived or changed, except as permitted by Freddie Mac for Mortgages eligible for sale as Construction Conversion Mortgages or Renovation Mortgages which use Modification Construction Conversion Documentation, Seller-Owned Converted Mortgages, Seller-Owned Modified Mortgages or refinance Mortgages secured by property in New York State that are documented using a New York Consolidation, Modification and Extension Agreement.

22.4: Amortization (05/05/00)

The Note must provide for full amortization by maturity through regular monthly payments. Except as provided for flexible payment loans, amortization must begin no later than 62 days after final disbursement of the Mortgage proceeds.

22.5: Term (03/01/09)

Unless otherwise expressly permitted by the Guide, the original maturity of all Mortgages delivered to Freddie Mac must not exceed 30 years from the Origination Date. For the 15-year program, the original maturity of the Mortgage must not exceed 15 years from the Origination Date. For the 20-year program, the original maturity must be greater than 15 years and must not exceed 20 years from the Origination Date. For the 30-year program, the original maturity of the Mortgage must be greater than 15 years and must not exceed 30 years from the Origination Date. For the 40-year fixed-rate program, which is only eligible for Home Possible® Mortgages secured by 1-unit Primary Residences, the original maturity of the Mortgage must be greater than 30 years and must not exceed 40 years from the Origination Date.

For Construction Conversion Mortgages or Renovation Mortgages, the term must start no later than the Effective Date of Permanent Financing.

22.6: Origination (02/01/10)

(a) General requirements

The Mortgage must be closed before delivery to Freddie Mac. Final disbursement of the Mortgage proceeds constitutes closing of the Mortgage. The Mortgage must be closed in the Seller's name as lender or validly assigned and endorsed to the Seller as a holder-in-due-course.

The Seller is fully liable for all warranties and representations made to Freddie Mac, regardless of whether the Seller originated the Mortgage.

The Delivery Date for Mortgages sold through MIDANET®, or the Settlement Date for Mortgages sold through the Selling System, as applicable, must occur no more than 12 months after the Note Date unless:

- The Mortgage is a Mortgage for a Newly Constructed Home. See Sections K33.9(b) and K33.10 for special eligibility requirements for the purchase of Mortgages for Newly Constructed Homes; or
- The Mortgage is a Seller-Owned Modified Mortgage or Seller-Owned Converted Mortgage with a Delivery Date or Settlement Date, as applicable, that is not more than 12 months after the modification or conversion date (Mod/Conv [modification/conversion] Date field on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable). See Chapter 32 for special eligibility requirements for the purchase of these Mortgage.

(b) Seasoned and Restructured Mortgages

Seasoned and Restructured Mortgages may only be sold to Freddie Mac through a negotiated sales transaction through our bulk sales unit.

(c) Collateral documentation: Settlement Dates more than 120 days after the Note Date

If the Settlement Date is more than 120 days after the Note Date, the Seller must obtain a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements. The effective date of the new appraisal must be no more than 60 days prior to the Settlement Date.

If the value of the Mortgaged Premises has declined since the effective date of the underlying appraisal, the Mortgage is eligible for sale only through a negotiated sales transaction through our bulk sales unit.

For Seller-Owned Converted and Seller-Owned Mortgages, see Section 32.3(a).

22.6: Origination (01/01/11)

(a) General requirements

The Mortgage must be closed before delivery to Freddie Mac. Final disbursement of the Mortgage proceeds constitutes closing of the Mortgage. Mortgages for Newly Constructed Homes must be delivered after the Effective Date of Permanent Financing. The Mortgage must be closed in the Seller's name as lender or validly assigned and endorsed to the Seller as a holder-in-due-course.

The Seller is fully liable for all warranties and representations made to Freddie Mac, regardless of whether the Seller originated the Mortgage.

The Delivery Date for Mortgages sold through MIDANET®, or the Settlement Date for Mortgages sold through the Selling System, as applicable, must occur no more than 12 months after the Note Date or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, unless the Mortgage is a Seller-Owned Modified Mortgage or Seller-Owned Converted Mortgage with a Delivery Date or Settlement Date, as applicable, that is not more than 12 months after the modification or conversion date (Mod/Conv [modification/conversion] Date field on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable). See Chapter 32 for special eligibility requirements for the purchase of these Mortgages.

(b) Seasoned and Restructured Mortgages

Seasoned and Restructured Mortgages may only be sold to Freddie Mac through a negotiated sales transaction through our bulk sales unit.

(c) Collateral documentation: Settlement Dates more than 120 days after the Note Date

If the Settlement Date is more than 120 days after the Note Date, or for Mortgages for Newly Constructed Homes, more than 120 days after the Effective Date of Permanent Financing, the Seller must obtain a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements. The effective date of the new appraisal must be no more than 60 days prior to the Settlement Date.

If the value of the Mortgaged Premises has declined since the effective date of the underlying appraisal, the Mortgage is eligible for sale only through a negotiated sales transaction through our bulk sales unit.

For Seller-Owned Converted and Seller-Owned Mortgages, see Section 32.3(a).

22.7: Mortgage insurance premiums (09/10/01)

This section has been deleted. Refer to Section 27.1.1 for information on mortgage insurance premiums.

22.8: Principal amount advanced; no mandatory future advances; outstanding balance (09/10/01)

The full principal amount of the Mortgage must have been disbursed or advanced to the Borrower or disbursed or advanced according to the direction of the Borrower. The Borrower may not have an option under the Security Instrument to borrow additional funds secured by the Security Instrument. The outstanding principal balance of the Mortgage must be as represented by the Seller to Freddie Mac and must be fully secured by the Security Instrument.

22.9: Mortgage not in default (10/07/02)

As of the Freddie Mac Funding Date and during the immediate 12 months before the Delivery Date,

- No part of the Borrower's monthly installment of principal and interest (and, if applicable, monthly Escrow payment) may have been 30 days or more delinquent, as defined in the Glossary of this Guide.
- There may not have been any other default under the terms and conditions of the Mortgage that remained uncured for 30 days or more after notice of the default to the Borrower

All costs, fees and expenses incurred in making, closing and recording the Mortgage must have been paid. Before the Delivery Date, there must not have been any advance of funds by the Seller or any prior holder of the Mortgage, nor by another at the request of the Seller or any prior holder of the Mortgage, to or on behalf of the Borrower to be used by the Borrower for the payment of any monthly installment, principal, interest or other charge payable under the terms of the Mortgage.

22.10: Living trusts and Illinois land trusts (02/26/10)

(a) Conditions for eligibility

A living (or inter vivos) trust is an eligible Borrower for a Home Mortgage if it meets all of the following conditions:

1. The settlor:
   - Is the trustee or one of the co-trustees
   - Occupies the property either as a Primary Residence or as a second home
   - Is the primary beneficiary of the trust
2. The Mortgage applicants are the settlor in the settlor's individual capacity and the trustee on behalf of the trust
3. The loan documents are executed as follows:
   - The Note is executed by both the settlor individually and the trustee on behalf of the trust, indicating the complete legal name of the trust
   - The Mortgage is executed by the trustee on behalf of the trust and acknowledged by the settlor using the form prescribed in Exhibit 9
4. The title to the property is vested in the trustee on behalf of the trust (or such other manner as is customary in the jurisdiction for living trusts)
5. The title insurance policy does not list any exceptions arising from the trust ownership of the property
6. The Seller must:
   - **Review the trust agreement:** The Seller must examine either the trust agreement for the living trust or, if required by the applicable jurisdiction, an abstract or summary of the trust agreement and determine that:
     - The trustee is specifically authorized to:
       - Borrow money
       - Purchase, construct or encumber realty
     - The settlor has retained power to revoke or alter the trust
     - There is no unusual risk or impairment of lenders' rights (such as distributions required to be made in specified amounts from other than net income)
     - The beneficiary need not grant written consent for the trust to borrow money or, if such consent is required, it has been granted in writing for purposes of the Mortgage

        - If the trust agreement requires more than one trustee to borrow money or to purchase, construct or encumber realty, that the requisite number of trustees have signed the loan documents
    - **Review the deed**: The Seller must review the deed conveying the Mortgaged Premises to the trustee or trust to ensure that title is vested in the trustee on behalf of the trust (or is vested in such other manner as is customary in the jurisdiction for living trusts)
7. The Mortgage file must contain either:
    - A complete copy of the trust documents
    - In jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreement, a copy of the abstract or summary
8. The Seller must comply with the delivery instructions in Section 17.3(d)

(b) Illinois Land Trusts

An Illinois land trust is an eligible Borrower for a Home Mortgage if it meets all of the following conditions:

- The land trustee is an institutional corporate entity; individuals are not acceptable as trustees
- The land trust beneficiaries must execute the Note and guarantee payment of the Mortgage
- The Seller complies with the delivery instructions in Section 17.3(d)

22.10.1: Permanent and nonpermanent resident aliens (09/10/01)

A non-U.S. citizen who is lawfully residing in the U.S. as a permanent or nonpermanent resident alien is eligible for a Mortgage on the same terms as a U.S. citizen.

A Mortgage to a non-U.S. citizen who has no lawful residency status in the United States is not eligible for sale to Freddie Mac.

22.11: Mortgage previously sold to GNMA (09/10/01)

A Mortgage previously sold to the Government National Mortgage Association (GNMA) and repurchased from GNMA, or a Mortgage on which a GNMA price differential has been paid, is eligible for purchase by Freddie Mac, provided it meets all of the requirements of the Purchase Documents at the time it is offered for sale to Freddie Mac.

22.12: Biweekly Mortgages and payment plans (09/10/01)

A biweekly Mortgage is a Mortgage on which the Borrower makes a principal and interest payment every two weeks pursuant to either the terms of the Note, a rider or a separate agreement.

A Mortgage originated with a biweekly payment schedule is eligible for sale to Freddie Mac only on a negotiated basis as a biweekly Mortgage.

The Seller/Servicer may offer a biweekly payment plan to a Borrower as part of the Seller/Servicer's origination process. If the plan is in effect or the Borrower has agreed to accept the plan, then the Mortgage is eligible for sale to Freddie Mac only on a negotiated basis as a biweekly Mortgage.

If the Seller/Servicer enters into a biweekly payment plan with the Borrower after the Mortgage has been sold to Freddie Mac, then the Seller/Servicer must comply with the requirements set forth in Section 51.25.

22.13: Execution, acknowledgment and recordation of the Security Instrument (12/16/02)

The Security Instrument must be properly executed, acknowledged, delivered and recorded in all places necessary to perfect a First Lien security interest in the Mortgaged Premises in favor of the mortgagee.

If a Mortgage is registered with the Mortgage Electronic Registration Systems Inc. (MERS) and is originated naming MERS as the original mortgagee of record, solely as nominee for the lender named in the Security Instrument and the Note, and the Lender's successors and assigns, the Seller must ensure that the Security Instrument is properly executed, acknowledged, delivered and recorded in all places necessary to perfect a First Lien security interest in the Mortgaged Premises in favor of MERS, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns.

22.14: Assignment of Security Instrument (10/01/09)

The Seller/Servicer is not required to prepare an assignment of the Security Instrument to the Federal Home Loan Mortgage Corporation (Freddie Mac). However, Freddie Mac may, at its sole discretion and at any time, require a Seller/Servicer, at the Seller/Servicer's expense, to prepare, execute and/or record assignments of the Security Instrument to Freddie Mac.

If an assignment of the Security Instrument to Freddie Mac has been prepared, Seller/Servicer must not record it unless directed to do so by Freddie Mac. Any statement in the assignment to the effect that the assignment is made without recourse will in no way affect the Seller/Servicer's repurchase obligations under the Purchase Documents.

Intervening Assignments must be prepared as required in Sections 22.14(a), 22.14(b) or 22.14(c) below.

Special provisions for preparing assignments for Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title are set forth in Section H33.7(c), paragraph 3. Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title may not be registered with MERS.

(a) Preparation and completion of assignments for Mortgages not registered with MERS

For a Mortgage not registered with MERS, the Seller/Servicer must ensure that the chain of assignments is complete and recorded from the original mortgagee on the Security Instrument to the Seller. If the Seller concurrently or subsequently transfers the Servicing, an assignment to the new Servicer must be completed and recorded where required, thus keeping the chain complete.

If a State does not accept assignments for recordation, the Seller must so state in an affidavit maintained with the unrecorded assignment.

(b) Preparation and completion of assignments for Mortgages registered with MERS

For a Mortgage registered with MERS, if MERS is not the original mortgagee of record, the Seller/Servicer must ensure that:

- An assignment to MERS has been prepared, duly executed and recorded
- The chain of assignments is complete and recorded from the original mortgagee to MERS

If the Seller/Servicer concurrently or subsequently transfers the Servicing of a Mortgage registered with MERS, no further assignments are required if the Transferee Servicer is a MERS member. If the Transferee Servicer is not a MERS member, or if the Mortgage has not been, or is no longer, registered with MERS, the Seller/Servicer must complete the assignments in accordance with the requirements in Section 22.14(a).

(c) Mortgages registered with MERS naming MERS as original mortgagee of record

No assignments are required for a Mortgage registered with MERS if:

- The Mortgage is originated naming MERS as the original mortgagee of record, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns, and
- The Seller/Servicer has ensured that the Security Instrument is properly executed, acknowledged, delivered and recorded in all places necessary to perfect a First Lien security interest in the Mortgaged Premises in favor of MERS, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns

(d) Concurrent Transfers of Servicing

If the Mortgage is registered with MERS, and the Transferee Seller/Servicer is not a MERS Member, then the requirements for Mortgages not registered with MERS in the first paragraph of Section 22.14(a) must be followed.

For a Concurrent Transfer of Servicing when a Mortgage is registered with MERS:

- The Transferor Seller must notify MERS of the Transfer of Servicing
- The Transferee Seller/Servicer must follow the document custodial procedures in Section 56.9, and deliver the assignments to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 18.5, unless the Transferee Seller/Servicer has elected to retain all assignments for MERS-registered Mortgages in the Mortgage files. The Transferee Seller/Servicer must also supply its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments in the Mortgage files

For a Concurrent Transfers of Servicing when a Mortgage is not registered with MERS:

- The Transferor Seller must record any Intervening Assignments to complete the chain of assignments from the original mortgagee to the Transferor Seller, in accordance with Section 22.14(a)
- The Transferor Servicer must then assign the Security Instruments to the Transferee Servicer and record the assignments
- The Transferee Servicer must follow the document custodial procedures set forth in Section 56.9, and deliver the assignments to the Transferee Document Custodian, to be verified and certified in accordance with the requirements of Section 18.5

Special provisions for Concurrent Transfers of Servicing of Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title are set forth in Section H33.7(c), paragraph 3.

(e) Delivery to a Document Custodian

The Seller/Servicer must deliver all Intervening Assignments for each Mortgage to the Document Custodian, unless the Mortgage is registered with MERS and the Seller/Servicer has elected to retain all assignments for MERS-registered Mortgages in the Mortgage files. The Seller/Servicer must also supply its Document Custodian with any documentation necessary for the Document Custodian to determine if it should expect to receive assignments for MERS-registered Mortgages.

If a recorder's office has not yet returned a recorded Intervening Assignment to the Seller/Servicer, the Seller/Servicer must deliver a certified copy of the assignment sent for recordation to the Document Custodian.

The original recorded assignment must be delivered to the Document Custodian immediately after the Seller/Servicer receives it from the recorder's office. If a jurisdiction does not accept assignments for recordation, the Seller/Servicer must so indicate in an affidavit delivered to the Document Custodian with the unrecorded Intervening Assignment.

(f) Transfer or assignment of Freddie Mac's interests

For transfer or assignment of Freddie Mac's interest in the Mortgage, the Seller/Servicer shall prepare at its own expense any assignment necessary to transfer the Security Instrument to Freddie Mac's assignee, designee or transferee.

(g) Transfer of Servicing

See Sections 56.7 and 56.9.

22.15: Wholesale Home Mortgages (08/04/08)

Freddie Mac will purchase Wholesale Home Mortgages under the terms of the Purchase Documents and this section.

(a) Representations and Warranties

A Seller must represent and warrant with respect to each Wholesale Home Mortgage it sells to Freddie Mac that the Seller has management controls in place that:

- Ensure the Mortgage complies with the terms of the Purchase Documents

- Correspond to the scope and types of risks associated with its wholesale business. Factors to be considered include, but are not limited to, the:
  - Number of Correspondents and Mortgage Brokers the Seller uses
  - Length of time the business relationship has been established
  - Types of services provided by the Correspondent or Mortgage Broker

(b) Wholesale originations best practices

Freddie Mac offers *Discover Gold Through Quality*, which includes best business practices for wholesale lending, quality control and fraud prevention. *Discover Gold Through Quality* is a useful, on-line resource in fulfilling Freddie Mac's requirements for Wholesale Home Mortgages stated in this section. Sellers can access this on-line manual, or any of its three components — Wholesale originations best practices, quality control best practices and fraud prevention best practices — on Freddie Mac's website at **http://www.freddiemac.com/dgtq**

(c) Delivery Instructions

The Seller is required to deliver the SCC code of 211 (Correspondent Third Party Origination Mortgage) or 212 (Broker Third Party Origination Mortgage), as applicable, on the Form 11 or 13SF for each Wholesale Home Mortgage.

22.15: Wholesale Home Mortgages (01/01/11)

Freddie Mac will purchase Wholesale Home Mortgages under the terms of the Purchase Documents and this section.

(a) Representations and Warranties

A Seller must represent and warrant with respect to each Wholesale Home Mortgage it sells to Freddie Mac that the Seller has management controls in place that:

- Ensure the Mortgage complies with the terms of the Purchase Documents
- Correspond to the scope and types of risks associated with its wholesale business. Factors to be considered include, but are not limited to, the:
  - Number of Correspondents and Mortgage Brokers the Seller uses
  - Length of time the business relationship has been established
  - Types of services provided by the Correspondent or Mortgage Broker

(b) Wholesale originations best practices

Freddie Mac offers *Discover Gold Through Quality*, which includes best business practices for wholesale lending, quality control and fraud prevention. *Discover Gold Through Quality* is a useful, on-line resource in fulfilling Freddie Mac's requirements

for Wholesale Home Mortgages stated in this section. Sellers can access this on-line manual, or any of its three components – Wholesale originations best practices, quality control best practices and fraud prevention best practices – on Freddie Mac's website at **http://www.freddiemac.com/dgtq**. See Chapter 7 for more information about Seller/Servicer's requirements relating to fraud prevention, detection and reporting.

(c) Delivery Instructions

The Seller is required to deliver the SCC code of 211 (Correspondent Third Party Origination Mortgage) or 212 (Broker Third Party Origination Mortgage), as applicable, on the Form 11 or 13SF for each Wholesale Home Mortgage.

22.16: Occupancy (12/16/02)

A Mortgage will not qualify to be an owner-occupied property Mortgage unless, to the best of the Seller's knowledge and belief, the Borrower is an individual or individuals, and at least one of the Borrowers is, as of the Delivery Date, occupying all or part of the Mortgaged Premises as a Primary Residence. For Manually Underwritten Mortgages and A-minus Mortgages, when the LTV ratio is greater than 90 percent, each Borrower whose income or financial strength was used for qualification purposes must, as of the Delivery Date, occupy all or part of the Mortgaged Premises as a Primary Residence. When the LTV ratio is equal to or less than 90 percent, a nonoccupying Borrower is permitted, but the occupant Borrower must be able to qualify for the Mortgage in accordance with Sections 37.15 and 37.16. Freddie Mac requires that the occupant Borrower make a down payment in accordance with Section 26.7. For Accept Mortgages, a nonoccupying Borrower is permitted when the LTV ratio is equal to or less than 95 percent and the occupant Borrower makes a down payment in accordance with Section 26.7. Freddie Mac does not require a specific room/person ratio for the Mortgaged Premises.

If the Mortgaged Premises is a second home, the Mortgage must conform to the requirements set forth in Section 22.22.

22.17: Type and condition of structure (08/10/05)

The requirements previously contained in this section have moved to Section 44.2(b).

22.18: Location of the Mortgaged Premises (11/07/02)

The Mortgaged Premises must be located in a State, as defined in the Glossary of this Guide.

22.18.1: State Anti-Predatory Lending Laws and Regulations (10/28/09)

Mortgages secured by Mortgaged Premises in the following States that are designated as "high-cost," "high-risk" or similar Mortgages are not eligible for purchase by Freddie Mac:

- **Arkansas**: Mortgages with Note Dates on or after July 17, 2003 that are "high-cost home loans" under the Arkansas Home Loan Protection Act, A.C.A. § 23-53-101 et seq.
- **Colorado**: Mortgages with Note Dates on or after January 1, 2003 that are "covered loans" under the Consumer Equity Protection Act, C.R.S. 5-3.5-101 et seq.
- **Georgia**: Mortgages with Note Dates between October 1, 2002 and March 7, 2003 that are governed by the Georgia Fair Lending Act, O.C.G.A. § 7-6A-1 et seq., and Mortgages with Note Dates on and after March 7, 2003 that are "high-cost home loans"
- **Illinois**: Mortgages with Note Dates on or after January 1, 2004 that are "high-risk home loans" under the High-Risk Home Loan Act, 815 ILCS 137/1 et seq.
- **Indiana**: Mortgages with Note Dates on or after January 1, 2005 that are "high cost home loans" under Article 9 (Home Loan Practices) of the Indiana Code concerning trade regulations; consumer sales and credit, Burns Ind. Code Ann. § 24-9-1-1 et seq.
- **Kentucky**: Mortgages with Note Dates on or after June 25, 2003 that are "high-cost home loans" under the Kentucky Revised Statutes Chapter 360, KRS § 360.100
- **Maine**: Mortgages with Note Dates on or after September 13, 2003 that are "high rate, high fee mortgages" under Article VIII (Truth-in-Lending) of the Maine Consumer Credit Code, 9-A M.R.S. § 8-101 et seq.
- **Massachusetts**: Mortgages with Note Dates on or after November 7, 2004 that are "high cost home mortgage loans" under the Predatory Home Loan Practices Act, ALM GL ch. 183C, § 1 et seq.
- **New Jersey**: Mortgages with Note Dates on or after November 27, 2003 that are "high-cost home loans" under the New Jersey Home Ownership Security Act of 2002, N.J. Stat. § 46:10B-22 et seq.
- **New Mexico**: Mortgages with Note Dates on or after January 1, 2004 that are "high-cost home loans" under the Home Loan Protection Act, N.M. Stat. Ann. § 58-21A-1 et seq.
- **New York**: Mortgages with initial application dates after April 1, 2003 that are "high-cost home loans" under the New York Banking Law, NY CLS Bank § 6-l. In

addition, Mortgages with Note Dates on or after September 1, 2008 that are "subprime home loans" under the New York Banking Law, NY CLS Bank § 6-m.

- **Oklahoma**: Mortgages with Note Dates on or after January 1, 2004 that are "subsection 10 mortgages" under Article 1, Part 3 of the Consumer Credit Code, 14A Okl. St. § 1-301

- **Rhode Island**: Mortgages with Note Dates on or after December 31, 2006 that are "high-cost home loans" under the Rhode Island Home Loan Protection Act, R.I. Gen. Laws § 34-25.2-1 et seq.

- **Tennessee**: Mortgages with Note Dates on or after January 1, 2007 that are "high-cost home loans" under the Tennessee Home Loan Protection Act, Tenn. Code Ann. § 45-20-101 et seq.

Such Mortgages are ineligible for purchase by Freddie Mac regardless of whether the lender and/or Seller/Servicer enjoys preemption based on its charter or whether the law provides for an exemption for particular lenders and/or Seller/Servicers based on their charters or for particular Mortgages based on their purchase by Freddie Mac or another entity.

In addition, the Seller/Servicer represents and warrants that:

- It has in place policies and procedures based on the requirements of each law identified above to ensure that it does not inadvertently deliver an ineligible Mortgage to Freddie Mac for purchase,

- It has received representations and warranties from any person or entity from which the Seller purchased the Mortgage that they are not "high-cost," "high-risk" or similar Mortgages under the laws identified above, and

- No person, with the intent to avoid the application or evade the provisions of one of the laws identified above, divided a loan transaction into separate parts (by creating a concurrent subordinate lien or otherwise) or performed any other subterfuge.

The provisions of this section are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

22.19: General property insurance requirements (10/06/06)

The requirements of Sections 58.1 through 58.9 for property and casualty (including rent loss) insurance must be met at the time a Mortgage is sold to Freddie Mac and continually thereafter for as long as Freddie Mac owns an interest in the Mortgage.

Rent loss insurance is required for:

- Mortgages secured by 2- to 4-unit owner-occupied properties, when rental income from the subject property is used to qualify the Borrower, and
- Investment Property Mortgages when rental income from the subject property is used to qualify the Borrower.

22.20: No circumstances adversely affecting value of Mortgage (11/07/02)

No proceeding may be pending for condemnation of all or any part of the Mortgaged Premises. There may be no circumstances or conditions of which the Seller is aware involving the Mortgage, the Mortgaged Premises or the creditworthiness of the Borrower that would adversely affect the value or marketability of the Mortgage.

22.21: Manufactured Homes (01/02/04)

Refer to Chapter H33 for requirements for Mortgages secured by Manufactured Homes.

22.22: Second home Mortgages (07/01/09)

Freddie Mac will purchase Mortgages secured by second homes under the terms of the Purchase Documents and this section.

(a) Eligible and ineligible Mortgages

To be eligible, second home Mortgages must:

- Comply with Section 23.4 or the maximum loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratio requirements for certain Mortgage products or offerings found in other Guide chapters
- Be secured by a 1-unit property owned by an individual who is also the Borrower, occupied by the Borrower for some portion of the year and the property must be:
  - In such a location as to function reasonably as a second home. (i.e., remote in distance from the Borrower's Primary Residence)
  - Suitable for year-round occupancy
  - Available for the Borrower's exclusive use and enjoyment

The property must not be:

- Subject to any timesharing or other shared ownership arrangement
- An ineligible property (e.g., a unit in a Condominium Hotel)
- Subject to any rental pools or agreements that require the Borrower to rent the property, give a management company control over the occupancy of the property, or involve revenue sharing between any owners and the developer or another party.

Freddie Mac's determination of whether a property is a second home is conclusive. A 2-unit property used as a second home is considered an Investment Property and must meet all of the requirements of Section 22.22.1.

A Mortgage secured by a second home must be an Accept Mortgage, an A-minus Mortgage or a Manually Underwritten Mortgage with a minimum Indicator Score as set forth in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, to be eligible for delivery.

(b) Special underwriting requirements

In addition to meeting Freddie Mac's underwriting criteria for a Mortgage secured by a Primary Residence, each second home Mortgage must meet the following requirements:

1. The Borrower may not be affiliated in any way with the builder, developer or the property seller.

2. Each Borrower individually and all Borrowers collectively must not have individual and/or joint ownership in more than four 1- to 4-unit properties that are financed, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation.

3. The ability to deliver second home Mortgages to Freddie Mac when the Borrower owns more than one financed 1- to 4-unit property is a Discretionary Provision as described in Section 12.13 and Exhibit 26, Discretionary Provisions, of the Guide.

4. Rental income from the Borrower's second home or 1-unit Primary Residence may not be considered as stable monthly income in the credit qualification analysis.

5. The housing expenses related to a Borrower's current Primary Residence must be used in computing the Borrower's monthly housing expense-to-income ratio.

6. The monthly housing expense on the second home must be considered in calculating the Borrower's monthly debt payment-to-income ratio.

(c) Other requirements

Form 3890, Multistate Second Home Rider, is required for all Mortgages secured by second homes.

22.22: Second home Mortgages (02/01/11)

Freddie Mac will purchase Mortgages secured by second homes under the terms of the Purchase Documents and this section.

(a) Eligible and ineligible Mortgages

To be eligible, second home Mortgages must:

- Comply with Section 23.4 or the maximum loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratio requirements for certain Mortgage products or offerings found in other Guide chapters
- Be secured by a 1-unit property owned by an individual who is also the Borrower, occupied by the Borrower for some portion of the year and the property must be:
  - In such a location as to function reasonably as a second home. (i.e., remote in distance from the Borrower's Primary Residence)
  - Suitable for year-round occupancy
  - Available for the Borrower's exclusive use and enjoyment

The property must not be:

- Subject to any timesharing or other shared ownership arrangement
- An ineligible property (e.g., a unit in a Condominium Hotel)
- Subject to any rental pools or agreements that require the Borrower to rent the property, give a management company control over the occupancy of the property, or involve revenue sharing between any owners and the developer or another party.

Freddie Mac's determination of whether a property is a second home is conclusive. A 2-unit property used as a second home is considered an Investment Property and must meet all of the requirements of Section 22.22.1.

A Mortgage secured by a second home must be an Accept Mortgage, an A-minus Mortgage or a Manually Underwritten Mortgage with a minimum Indicator Score as set forth in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, to be eligible for delivery.

(b) Special underwriting requirements

In addition to meeting Freddie Mac's underwriting criteria for a Mortgage secured by a Primary Residence, each second home Mortgage must meet the following requirements:

1. The Borrower may not be affiliated in any way with the builder, developer or the property seller.

2. Each Borrower individually and all Borrowers collectively must not own and/or be obligated on more than four 1- to 4-unit financed properties, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation.

3. The ability to deliver second home Mortgages to Freddie Mac when the Borrower owns more than one financed 1- to 4-unit property is a Discretionary Provision as described in Section 12.13 and Exhibit 26, Discretionary Provisions, of the Guide.

4. Rental income from the Borrower's second home or 1-unit Primary Residence may not be considered as stable monthly income in the credit qualification analysis.

5. The housing expenses related to a Borrower's current Primary Residence must be used in computing the Borrower's monthly housing expense-to-income ratio.

6. The monthly housing expense on the second home must be considered in calculating the Borrower's monthly debt payment-to-income ratio.

7. The Borrower must have:
   - Reserves equal to two monthly payments of principal, interest, taxes and insurance (PITI) for the Mortgaged Premises, and
   - Reserves equal to two monthly payments of PITI for each other financed second home and 1- to 4-unit Investment Property in which the Borrower has an ownership interest or on which the Borrower is obligated

(c) Other requirements

Form 3890, Multistate Second Home Rider, is required for all Mortgages secured by second homes.

22.22.1: Investment Property Mortgages (07/01/09)

Freddie Mac will purchase Investment Property Mortgages under the terms of the Purchase Documents and this section.

(a) Eligible Mortgages

- Each Investment Property Mortgage must comply with Section 23.4.

- Each Investment Property Mortgage must be an Accept Mortgage, an A-minus Mortgage or a Manually Underwritten Mortgage with a minimum Indicator Score as set forth in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

- Mortgages with temporary subsidy buydowns are not eligible for delivery as Investment Property Mortgages.

(b) Special underwriting requirements

An Investment Property Mortgage delivered to Freddie Mac must meet the following special underwriting requirements:

- The Borrower may not be affiliated in any way with the builder, developer or property seller.

- The expenses related to the Borrower's current Primary Residence must be used in calculating the Borrower's monthly housing expense-to-income ratio.

- Regardless of whether rental income from the Investment Property is used in qualifying the Borrower for the Investment Property Mortgage, the Borrower must have reserves equal to six monthly payments of PITI that could be used to supplement payments during vacancies and make regular and emergency repairs to the subject property as necessary.

- The aggregate negative rental income from all rental properties must be treated as an obligation and considered in calculating the Borrower's monthly debt payment-to-income ratio.

- Borrower Funds must not include gifts from a Related Person or gifts or grants from an Agency as described in Section 26.2.

- Whenever rental income is to be used in qualifying, the Borrower must have rent loss insurance on the Investment Property for at least six months of gross monthly rent.

- If rental income is not used for qualifying, the Mortgaged Premises PITI plus operating expenses must be used in calculating the monthly debt payment-to-income ratio.

For Manually Underwritten Mortgages, a bankruptcy, foreclosure or conveyance of a deed-in-lieu of foreclosure within the last seven years that is disclosed on a credit report, disclosed by the Borrower on the application or contained elsewhere in the Mortgage file must always be considered significant derogatory information and must be attributable to extenuating circumstances as defined in Section 37.7. The Mortgage is ineligible for sale to Freddie Mac when the bankruptcy, foreclosure or conveyance of a deed-in-lieu of foreclosure is attributed to financial mismanagement. The requirements for extenuating circumstances and reestablishment of an acceptable credit reputation in Section 37.7 must be met.

(c) Borrowers owning more than one financed Investment Property

Freddie Mac will purchase Investment Property Mortgages made to Borrowers who own more than one financed Investment Property, provided that the following additional requirements are met:

- Each Borrower individually and all Borrowers collectively on the Investment Property Mortgage being sold to Freddie Mac has individual and/or joint ownership of no more than four 1- to 4-unit properties that are financed, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation.

- The Investment Property Mortgage being sold to Freddie Mac is:
  - An eligible fixed-rate, level-payment Mortgage or
  - A 7/1 or 10/1 ARM, or a 7/6-month or 10/6-month ARM
  - Not an A-minus Mortgage

The ability to deliver Investment Property Mortgages to Freddie Mac when the Borrower owns more than one Investment Property will be a Discretionary Provision as described in Section 12.13 and Exhibit 26 of the Guide.

(d) Additional documentation requirement

An Investment Property Mortgage must be originated using the 1-4 Family Rider, Form 3170. See Exhibit 5, Section VIII for authorized changes to the 1-4 Family Rider for Investment Property Mortgages.

For 5- and 7-year Balloon/Reset Investment Property Mortgages, the occupancy requirement in the Balloon/Reset Addendum and Rider must be deleted.

(e) Postsettlement delivery fees (delivery fees) for Investment Property Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of Investment Property Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Investment Property Mortgages delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

22.22.1: Investment Property Mortgages (02/01/11)

Freddie Mac will purchase Investment Property Mortgages under the terms of the Purchase Documents and this section.

(a) Eligible Mortgages

- Each Investment Property Mortgage must comply with Section 23.4.
- Each Investment Property Mortgage must be an Accept Mortgage, an A-minus Mortgage or a Manually Underwritten Mortgage with a minimum Indicator Score as set forth in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.
- Mortgages with temporary subsidy buydowns are not eligible for delivery as Investment Property Mortgages.

(b) Special underwriting requirements

An Investment Property Mortgage delivered to Freddie Mac must meet the following special underwriting requirements:

- The Borrower may not be affiliated in any way with the builder, developer or property seller.
- The expenses related to the Borrower's current Primary Residence must be used in calculating the Borrower's monthly housing expense-to-income ratio.
- Regardless of whether rental income from the Mortgaged Premises is used in qualifying, the Borrower must have:
  - Reserves equal to six monthly payments of principal, interest, taxes and insurance (PITI) for the Mortgaged Premises that could be used to supplement payments during vacancies and make regular and emergency repairs to the subject property as necessary, and
  - Reserves equal to two monthly payments of PITI for each other financed second home and 1- to 4-unit Investment Property in which the Borrower has an ownership interest or on which the Borrower is obligated
- The aggregate negative rental income from all rental properties must be treated as an obligation and considered in calculating the Borrower's monthly debt payment-to-income ratio.
- Borrower Funds must not include gifts from a Related Person or gifts or grants from an Agency as described in Section 26.2.

- Whenever rental income is to be used in qualifying, the Borrower must have rent loss insurance on the Investment Property for at least six months of gross monthly rent.

- If rental income is not used for qualifying, the Mortgaged Premises PITI plus operating expenses must be used in calculating the monthly debt payment-to-income ratio.

(c) Additional requirements for Borrowers owning more than one financed Investment Property

Freddie Mac will purchase Investment Property Mortgages made to Borrowers who own more than one financed Investment Property, provided that the following additional requirements are met:

- Each Borrower individually and all Borrowers collectively must not own and/or be obligated on more than four 1- to 4-unit financed properties, including the subject property. Ownership of commercial or multifamily (five or more units) real estate is not included in this limitation.

- The Investment Property Mortgage being sold to Freddie Mac is:
  - An eligible fixed-rate, level-payment Mortgage or
  - A 7/1 or 10/1 ARM, or a 7/6-month or 10/6-month ARM
  - Not an A-minus Mortgage

The ability to deliver Investment Property Mortgages to Freddie Mac when the Borrower owns more than one Investment Property will be a Discretionary Provision as described in Section 12.13 and Exhibit 26 of the Guide.

(d) Additional documentation requirement

An Investment Property Mortgage must be originated using the 1-4 Family Rider, Form 3170. See Exhibit 5, Section VIII for authorized changes to the 1-4 Family Rider for Investment Property Mortgages.

For 5- and 7-year Balloon/Reset Investment Property Mortgages, the occupancy requirement in the Balloon/Reset Addendum and Rider must be deleted.

(e) Postsettlement delivery fees (delivery fees) for Investment Property Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of Investment Property Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Investment Property Mortgages delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

22.23: Inclusionary zoning (09/09/02)

Freddie Mac considers "inclusionary zoning" to cover any subdivision or project where deed restrictions are placed on a specified number or percentage of the units as a condition of securing zoning approval, density approval, building permits or conversion approval. Such deed restrictions may limit the rights of a Mortgage lender or subject the unit to sale or resale controls. Freddie Mac considers properties subject to such restrictions to be "restricted units." Noncontrolled properties are considered "nonrestricted units."

Freddie Mac will purchase Mortgages secured by units in a subdivision or project covered by inclusionary zoning if the requirements in Section 22.25 are met. By submitting such Mortgages for purchase, the Seller warrants that the requirements have been met.

22.24: Purchase requirements for Mortgages secured by nonrestricted units (09/09/02)

(a) General purchase requirements

Freddie Mac purchase requirements, including all applicable condominium and PUD warranties, must be met.

(b) Presale requirement

If the unit is in a Condominium Project, the Freddie Mac presale requirement described in Chapter 42 applies separately to the nonrestricted and restricted units in the project. Freddie Mac will not purchase Mortgages secured by either nonrestricted or restricted units until the presale requirement is met for both categories.

(c) Market data analysis

In the market data analysis section of the appraisal form, the appraiser must show analysis of three comparable sales, two of which are outside the subdivision or project if it is in the initial-sale stage. The three comparable sales must be sales of units with similar property rights.

(d) Homeowners association assessment

If the unit is in a condominium or PUD project, the homeowners association assessment must be based on the size of the unit or on the ratio of one to the total number of units in the entire project, but may not be based on the sale price of the unit. Exterior maintenance must be the responsibility of the homeowners association and the charges for maintenance must be included in the monthly assessment.

(e) Property insurance payment or condemnation award

The mortgagee must have first claim to any property insurance payment or condemnation award.

22.25: Purchase requirements for Mortgages secured by restricted units (06/22/07)

(a) Previous requirements

The requirements in Section 22.24 must be met.

(b) Right of first refusal

Any right of first refusal must run to the enabling authority or jurisdiction that imposed the inclusionary zoning requirement, with a time period not exceeding 90 days from the date of written notice to the authority or jurisdiction that the restricted unit is being offered for sale.

(c) Ratio restricted/total number of units

The number or percentage of restricted units in the subdivision or project must not exceed 30 percent of the total number of units.

(d) Resale controls

The restricted units must have effective resale controls for a fixed period of time. The controls must be administered by a duly authorized authority of State, local or municipal government or an agent of the authority that has established mechanisms to provide applicant screening and processing on an ongoing basis. The controls may not be administered by the developer.

(e) Property insurance

Property insurance coverage in the amount of the replacement cost is required.

(f) Notice of default or foreclosure

The mortgagee is not required to send notice of default or foreclosure to any third party.

(g) Public land records

Agreements or requirements, i.e., enacted ordinances, statutes, published policies or imposed restrictions, must appear in the public land records for the project in a manner discoverable by a routine title search.

(h) Effect of foreclosure or deed-in-lieu of foreclosure

In the event of foreclosure or deed-in-lieu of foreclosure, any resale restrictions must cease to be effective for the mortgagee and subsequent purchasers of the property.

(i) Payment of financial obligations

Any requirement in the deed restrictions requiring the owner of the property to make payments under certain circumstances or requiring repayment of financial subsidies must state that the payment obligation is subordinate to the lien of the First Lien Mortgage.

22.26: Impact of Contaminated Sites (09/09/02)

If the Seller knows of the existence of a Contaminated Site in the neighborhood where the property is located, it must do all of the following:

- Inform the appraiser of such a site when ordering the appraisal (see Section 44.3)
- Form an opinion on the impact that such a site may have on the investment quality of the Mortgage
- Document the Mortgage file with a description of the site and its location relative to the property and the Seller’s opinion on the investment quality of the Mortgage

22.27: Seller authorized to sell Mortgage; Purchase Documents authorized (02/20/08)

The Seller must have the full legal authority, must have taken all action required by law and by its organizational documents and must have obtained any consents required, to sell, transfer and assign a Mortgage to Freddie Mac free and clear of all claims, security interests or other encumbrances.

The Note and the Security Instrument must be enforceable by the Seller. Transfer of the Note and the Security Instrument in whole or in part to any subsequent purchaser must not detract from their enforceability. The Purchase Contract must have been duly authorized, executed and delivered by the Seller and must be valid, binding and enforceable according to its terms and conditions.

Compliance with the terms and conditions of the Purchase Documents by the Seller or the Servicer must not conflict with, result in a breach of or default under or be adversely affected by any terms and conditions of the charter or bylaws or other type of organization constituent documents of the Seller or the Servicer, any agreement or instrument to which the Seller or the Servicer is a party, or any judgment, order or regulation to which the Seller or the Servicer is subject.

Each Seller that is an "insured depository institution," as that term is defined in Section 1813(c)(2) of Title 12 of the United States Code, as amended, acknowledges, agrees, covenants, represents and warrants to Freddie Mac that the Seller's Master

Agreements and other applicable Purchase Documents entered into by and between the Seller and Freddie Mac:

- Are in writing or are "records" or "electronic records" as those terms are defined in Section 1.3(a) of the Guide),
- Were executed or authenticated by the Seller and Freddie Mac contemporaneously with the agreement reached by the Seller and Freddie Mac for sale of Mortgages by the Seller to Freddie Mac in return for cash and/or PCs received by the Seller,
- Were approved by the Seller’s board of directors or the Seller's officers or employees who were duly authorized by the board of directors to enter into such agreements and board approvals, resolutions and/or delegations of authority are reflected in the minutes of the board, and
- Have been, continuously, from the time of their execution or authentication, official records of the Seller.

22.28: Compliance with law (02/20/08)

The Mortgage and the Servicing of the Mortgage, Mortgage transaction and the Mortgaged Premises must be in compliance with all requirements of all federal, State and local laws, rules and regulations, including, without limitations, truth-in-lending laws, licensing laws, doing-business laws, usury laws and anti-predatory lending and similar laws. Any right of rescission involving the Mortgage under such laws, rules or regulations must have expired.

22.29: Consistency of legal description (06/07/02)

The Mortgage, title insurance policy (or substitute evidence of title), survey, lease, mortgage insurance policy, property insurance policies and all other documents pertaining to the Mortgage or the Mortgaged Premises must each have a legal description consistent with that in the other documents.

22.30: Blanket Mortgages (06/07/02)

When the Mortgaged Premises consist of more than one parcel of real estate, the parcels must be adjoining and the Mortgage must be a valid First Lien on each parcel. In addition, only one parcel may contain a residence. For example, the Mortgage may be secured by one parcel of real estate with a residence and an adjoining parcel which contains either vacant land or a garage; but the adjoining parcel cannot contain another residence.

22.31: Credit insurance (06/07/02)

Freddie Mac will not purchase or securitize any Mortgage if the Borrower obtained a prepaid single-premium credit-life, credit disability, credit unemployment or credit property insurance policy in connection with the origination of the Mortgage, regardless of whether the premium was financed in the Mortgage amount or paid from the Borrower's funds. This prohibition does not apply to credit insurance products where premiums are calculated, earned and paid on a monthly or other regular periodic basis or to prepaid hazard, flood or mortgage insurance policies.

22.32: Predatory lending practices (04/23/09)

Freddie Mac actively opposes predatory lending and has implemented a number of policies designed to combat it. Freddie Mac-approved Seller/Servicers should have policies designed to identify and avoid predatory lending practices.

To further implement certain Freddie Mac anti-predatory lending policies, when selling a Mortgage to Freddie Mac, a Seller represents and warrants that:

- For Mortgages secured by a Primary Residence, points and fees charged in connection with the Mortgage sold to Freddie Mac do not exceed 5% of the original loan amount. For loans with a balance not exceeding $20,000, a maximum of $1,000 may be used in lieu of the 5% limitation.

  For purposes of this representation and warranty, points and fees include:

  - Origination fees
  - Underwriting fees
  - Broker fees
  - Finder's fees
  - Charges that a Seller imposes as a condition of making the loan, whether they are paid to the Seller or to a third party

  For purposes of this representation and warranty, points and fees do not include:

  - Bona fide discount points
  - Fees paid for actual services rendered in connection with the Mortgage origination, such as attorney's fees, notary's fees, and fees paid for property appraisals, credit reports, surveys, title examinations and extracts, flood and tax certifications and home inspections
  - The cost of mortgage insurance or credit-risk price adjustments
  - The costs of title, property and flood insurance policies
  - State and local transfer fees and taxes
  - Escrow deposits for the future payment of taxes and insurance premiums, and
  - Miscellaneous fees and charges that, in total, do not exceed one-quarter of 1% (0.25%) of the loan amount

In addition to the foregoing and in accordance with Guide requirements, for all Mortgages sold to Freddie Mac, Sellers must represent and warrant compliance with the requirements of Sections 6.2, 22.18.1, 22.28 and 22.34.

- For all Prepayment Penalty Mortgages eligible for sale to Freddie Mac, the Seller must represent and warrant compliance with the requirements of Section B33.4.1

- No Borrower who qualified for a lower-cost loan product has been "steered" to a higher-cost loan product. A Seller should offer or direct applicants who seek financing through the Seller's higher-priced subprime or non-prime lending channel toward its standard Mortgage line if the applicants qualify for one of the standard products.

For additional information regarding Freddie Mac anti-predatory lending requirements, see the following locations:

Topic	Location
Compliance With Applicable Law	Section 6.2
Anti-Predatory Lending Laws and Regulations	Sections 22.18.1
Credit Insurance — Single-Premium Credit Insurance	Section 22.31
Home Ownership and Equity Protection Act of 1994 (HOEPA)/Purchase Transaction Mortgages	Section 22.33
Mandatory Arbitration	Section 22.34
General Requirements for All Refinance Mortgages — Mortgages Subject to the HOEPA are Ineligible for Purchase	Section 24.2
General Requirements for Prepayment Penalty Mortgages	Chapter B33
Underwriting the Borrower	Chapter 37
Credit Reporting Requirements	Section 55.4

22.33: HOEPA/Purchase transaction Mortgages (01/01/07)

For Primary Residences, purchase transaction Mortgages with annual percentage rates or total points and fees that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 (HOEPA) and its implementing regulations are ineligible for purchase by Freddie Mac.

Refinance Mortgages subject to HOEPA are also not eligible for sale to Freddie Mac (see Section 24.2).

22.34: Mandatory Arbitration (02/20/08)

Freddie Mac will not purchase any Mortgage if any of the Mortgage documents – including the Note, any Note addendum, the Security Instrument or any Security Instrument rider – contain a "mandatory arbitration" clause, that is, a clause that obligates the Borrower to submit to arbitration any dispute arising out of or relating in any way to the mortgage transaction.

Freddie Mac's Uniform Instruments do not provide for mandatory arbitration, and the addition of a mandatory arbitration clause is not an authorized change to the Uniform Instruments. No ancillary Mortgage document may contain a mandatory arbitration provision.

22.35: Higher-Priced Mortgage Loans (09/01/10)

Effective for applications dated on or after October 1, 2009, Freddie Mac will purchase Higher-Priced Mortgage Loans, as defined in the Glossary of this Guide, under the terms of the Purchase Documents and this section.

Higher-Priced Mortgage Loans eligible for sale to Freddie must be one of the following Mortgage Products:

- A fixed-rate Mortgage
- A 7/1 or 10/1 ARM, or a 7/6-month or 10/6-month ARM
- A 7-year Balloon Reset Mortgage

Higher-priced Mortgage Loans sold to Freddie Mac must not be:

- A Prepayment Penalty Mortgage
- A Freddie Mac-owned streamlined refinance Mortgage
- An ARM with an Initial Period less than seven years
- A 5-year Balloon Reset Mortgage

For additional information regarding Freddie Mac Higher-Priced Mortgage Loan requirements, see the following locations:

Topic	**Location**
Compliance with applicable law	Section 22.28
General Requirements for all refinance Mortgages	Section 24.2
Freddie Mac-Owned streamlined refinance Mortgages	Section 24.4
Eligible adjustable-rate Mortgages (ARMs)	Section 30.3
Eligibility Requirements for Balloon/Reset Mortgages	Section 33.2
General Requirements for Prepayment Penalty Mortgages	Section B33.2
Origination and Servicing Requirements for Prepayment Penalty Mortgages	Section B33.5

Chapter 23: Maximum Loan Amounts and LTV, TLTV and HTLTV Ratios

23.1: Value (06/22/07)

(a) Loan Prospector® Mortgages

For a purchase transaction Loan Prospector Mortgage, "value" is either:

- The purchase price of the Mortgaged Premises, if supported* by Freddie Mac's Home Value Models, or
- The lesser of the appraised value of the Mortgaged Premises on the Note Date or the purchase price of the Mortgaged Premises

For a refinance Loan Prospector Mortgage, "value" is either

- The Borrower's estimate of value if supported* by Freddie Mac's Home Value Models, or
- The appraised value of the Mortgaged Premises on the Note Date

* The purchase price or the Borrower's estimate of value is supported if the Feedback Certificate includes the following message:

"Model supports the transaction — value warranty is not required"

(b) Non-Loan Prospector Mortgages

For a purchase transaction Non-Loan Prospector Mortgage, "value" is the lesser of the appraised value of the Mortgaged Premises on the Note Date or the purchase price of the Mortgaged Premises.

For a refinance Non-Loan Prospector Mortgage, "value" is the appraised value of the Mortgaged Premises on the Note Date.

(c) New York State mortgage insurance requirements

Solely for the purpose of determining whether mortgage insurance is required or should be canceled, for Loan Prospector and Non-Loan Prospector Mortgages, the "value" of Mortgaged Premises located in the State of New York, is the appraised value of the Mortgage Premises on the Note Date.

(This definition of the "value" of Mortgaged Premises located in the State of New York applies only to the above-stated mortgage insurance requirements, and is not applicable for any other purposes under the terms of the Purchase Documents.)

(d) Mortgages for Newly Constructed Homes

Value used to determine the loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios for Mortgages for Newly Constructed Homes, must be determined in accordance with the requirements in Section K33.12.

23.2: Calculating LTV, TLTV and HTLTV ratios (04/22/08)

Loan Prospector® calculates the loan-to-value (LTV) ratio, total LTV (TLTV) ratio, and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio based on the data submitted by the Seller.

For Non-Loan Prospector Mortgages:

- The LTV ratio is obtained by dividing the First Lien Mortgage amount by value, as defined in Section 23.1
- The TLTV ratio is obtained by dividing the sum of the First Lien Mortgage amount and the disbursed amount of the HELOC and any other secondary financing by value, as defined in Section 23.1
- The HTLTV is obtained by dividing the sum of the First Lien Mortgage amount and the total HELOC credit line limit and any other secondary financing by value, as defined in Section 23.1

To determine if a Mortgage meets minimum LTV, TLTV or HTLTV ratio requirements, round each ratio up to the next whole number.

Freddie Mac will calculate the LTV ratio for each Mortgage it purchases based on data delivered by the Seller. Freddie Mac will calculate the LTV ratio to two decimal places and round the result of that calculation up to the next whole number. For example, 94.01% will be rounded up to 95%.

23.3: Maximum original loan amounts for Home Mortgage purchases (08/16/10)

The following maximum original loan amounts* apply to Home Mortgages delivered on or after January 1, 2010, or for Mortgages sold to Freddie Mac using the Freddie Mac Selling System (Selling System), Home Mortgages with Funding or Settlement Dates on or after January 1, 2010. Except for the Mortgage Products, offerings and characteristics listed below, the loan amount used to determine compliance with the original loan amount limits is the original loan amount stated in the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher:

Number of Units	**Maximum Original Loan Amount**	**Properties in Alaska, Guam, Hawaii or U.S. Virgin Islands**
1	$417,000	$625,500
2	$533,850	$800,775
3	$645,300	$967,950
4	$801,950	$1,202,925

* Mortgages with higher loan amounts may be eligible for sale provided they meet the requirements of Guide Chapter L33, Super Conforming Mortgages.

For the Mortgage Product, offering or characteristic listed below, the loan amount used to determine compliance with the original loan amount limits is stated in the following chart:

Mortgage Product, offering or characteristic	**Loan amount to be used to determine compliance with maximum loan amounts**
Seller-Owned Modified Mortgages (as described in Chapter 32 and Section 17.37)	The loan amount of the Mortgage as stated in the original Note
Seller-Owned Converted Mortgages (as described in Chapter 32 and Section 17.21)	The loan amount of the Mortgage as stated in the adjustable-rate Mortgage (ARM) Note
Freddie Mac-Owned Converted Mortgages (as described in Section 30.11 and Section 17.40)	The loan amount of the Mortgage as stated in the ARM Note

Mortgage Product, offering or characteristic	Loan amount to be used to determine compliance with maximum loan amounts
Construction Conversion Mortgages and Renovation Mortgages originated using Integrated Documentation (as described in Chapter K33 and Section 17.38.1)	The loan amount of the Interim Construction Financing as stated in the integrated Note for the Interim Construction Financing and Permanent Financing
Construction Conversion Mortgages and Renovation Mortgages originated using Modification Documentation (as described in Chapter K33 and Section 17.38.1)	The higher of (i) the loan amount of the Interim Construction Financing as stated in the Note for the Interim Construction Financing or (ii) the loan amount of the Permanent Financing as stated in the Construction Conversion Modification Agreement
Construction Conversion Mortgages and Renovation Mortgages originated using Separate Documentation (as described in Chapter K33 and Section 17.38.1)	The loan amount of the Permanent Financing as stated in the Note for the Permanent Financing
Mortgages with future advances made before the Delivery Date consolidated with the outstanding principal amount (as described in Section 2.7)	The loan amount of the Mortgage as stated in the original Note (which must be equal to or greater than the consolidated principal amount)
Mortgages with a principal curtailment made before the Delivery Date (as described in Section 17.45)	The loan amount of the Mortgage as stated in the Note

For the Mortgage Products, offerings and characteristics listed in the chart above, the loan amount for purposes of determining compliance with the maximum loan amount limits provided in this section may be different from the loan amount reported as the "original loan amount" on Form 11 or Form 13SF and from the amount used to calculate the LTV ratio on Form 11. See the instructions for Form 11 and Form 13SF for information on how to complete these fields.

23.3: Maximum original loan amounts for Home Mortgage purchases (01/01/11)

The following maximum original loan amounts* apply to Home Mortgages delivered on or after January 1, 2011, or for Mortgages sold to Freddie Mac using the Freddie Mac Selling System (Selling System), Home Mortgages with Funding or Settlement Dates on or after January 1, 2011. Except for the Mortgage Products, offerings and characteristics listed below, the loan amount used to determine compliance with the original loan amount limits is the original loan amount stated in the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher:

Number of Units	**Maximum Original Loan Amount**	**Properties in Alaska, Guam, Hawaii or U.S. Virgin Islands**
1	$417,000	$625,500
2	$533,850	$800,775
3	$645,300	$967,950
4	$801,950	$1,202,925

* Mortgages with higher loan amounts may be eligible for sale provided they meet the requirements of Guide Chapter L33, Super Conforming Mortgages.

For the Mortgage Product, offering or characteristic listed below, the loan amount used to determine compliance with the original loan amount limits is stated in the following chart:

Mortgage Product, offering or characteristic	**Loan amount to be used to determine compliance with maximum loan amounts**
Seller-Owned Modified Mortgages (as described in Chapter 32 and Section 17.37)	The loan amount of the Mortgage as stated in the original Note
Seller-Owned Converted Mortgages (as described in Chapter 32 and Section 17.21)	The loan amount of the Mortgage as stated in the adjustable-rate Mortgage (ARM) Note
Freddie Mac-Owned Converted Mortgages (as described in Section 30.11 and Section 17.40)	The loan amount of the Mortgage as stated in the ARM Note

Mortgage Product, offering or characteristic	Loan amount to be used to determine compliance with maximum loan amounts
Construction Conversion Mortgages and Renovation Mortgages originated using Integrated Documentation (as described in Chapter K33 and Section 17.38.1)	The loan amount of the Interim Construction Financing as stated in the integrated Note for the Interim Construction Financing and Permanent Financing
Construction Conversion Mortgages and Renovation Mortgages originated using Modification Documentation (as described in Chapter K33 and Section 17.38.1)	The higher of (i) the loan amount of the Interim Construction Financing as stated in the Note for the Interim Construction Financing or (ii) the loan amount of the Permanent Financing as stated in the Construction Conversion Modification Agreement
Construction Conversion Mortgages and Renovation Mortgages originated using Separate Documentation (as described in Chapter K33 and Section 17.38.1)	The loan amount of the Permanent Financing as stated in the Note for the Permanent Financing
Mortgages with future advances made before the Delivery Date consolidated with the outstanding principal amount (as described in Section 2.7)	The loan amount of the Mortgage as stated in the original Note (which must be equal to or greater than the consolidated principal amount)
Mortgages with a principal curtailment made before the Delivery Date (as described in Section 17.45)	The loan amount of the Mortgage as stated in the Note

For the Mortgage Products, offerings and characteristics listed in the chart above, the loan amount for purposes of determining compliance with the maximum loan amount limits provided in this section may be different from the loan amount reported as the "original loan amount" on Form 11 or Form 13SF and from the amount used to calculate the LTV ratio on Form 11. See the instructions for Form 11 and Form 13SF for information on how to complete these fields.

23.4: Maximum LTV, TLTV and HTLTV ratios (09/01/10)

The maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios for the following may differ from those ratios identified in this section and may be found in the Sections listed below:

- Alt 97® Mortgages – Section D33.2
- Mortgages secured by a Manufactured Home – Section H33.3(e)
- Home Possible® Mortgages – Section A34.10
- Super conforming Mortgages – Section L33.3(c)
- Mortgages to Borrowers with a credit history that includes a previous Mortgage foreclosure or a conveyance of a deed-in-lieu of foreclosure – Section 37.7(d)
- Mortgages that use a Streamlined Project Review – Section 42.4

Mortgages requiring payment of postsettlement delivery fees (delivery fees)

Delivery fees will be assessed and billed to the Seller in conjunction with the sale of Mortgages with certain loan attributes, including 2- to 4-unit properties. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Number of Units delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions in Section 17.2.

Delivery fees will also be assessed and billed to the Seller in conjunction with the sale of all Mortgages with certain Indicator Score/Loan-to-Value combinations and certain Loan Prospector® A-minus Mortgages, other Caution Mortgages and Non-Loan Prospector Mortgages with certain Credit Score and LTV ratio combinations.

The Market Condition delivery fee will be assessed in connection with the sale of all Mortgages under flow Purchase Contracts, including Mortgages sold with recourse. This delivery fee applies in addition to any other applicable delivery fees.

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES (Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages)** ** See chart below titled *"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* for LTV/TLTV/HTLTV ratios and other requirements for a "no cash-out" refinance of a Mortgage currently owned or securitized by Freddie Mac.				
Mortgage Purpose and Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1-unit Primary Residence	95%	90%	95%	95%
2- to 4-unit Primary Residence	80%	75%	80%	80%
Second home	85%	80%	85%	85%
Purchase transaction Mortgage secured by 1-unit Investment Property	85%	80%	85%	85%
"No cash-out" refinance Mortgage secured by 1-unit Investment Property	75%	70%	75%	75%
Purchase transaction Mortgage secured by 2- to 4-unit Investment Property	75%	70%	75%	75%
"No cash-out" refinance Mortgage secured by 2- to 4-unit Investment Property	75%	70%	75%	75%

CASH-OUT REFINANCE MORTGAGES (Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages)				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1-unit Primary Residence	80 %	75 %	80 %	80 %
2- to 4-unit Primary Residence	75%	70%	75%	75%
Second home	75%	70%	75%	75%
1-unit Investment Property	75%	70%	75%	75%
2- to 4-unit Investment Property	70%	65%	70%	70%

FREDDIE MAC-OWNED STREAMLINED REFINANCE MORTGAGES (15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs)				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1- to 2-unit Primary Residence or second home	95%	90%	95%	95%

"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* (Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages) * The LTV/TLTV/HTLTV ratios in this chart are only allowed with Mortgages originated in accordance with Section 24.5(c) of the Guide.				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1- to 2-unit Primary Residence	95%	90%	95%	95%
3- to 4-unit Primary Residence	80%	75%	80%	80%
Second home	95%	90%	95%	95%
1- to 4-unit Investment Property	75%	70%	75%	75%

Note: The minimum Indicator Score requirements for Mortgages sold to Freddie Mac can be found in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

23.4: Maximum LTV, TLTV and HTLTV ratios (02/01/11)

The maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios for the following may differ from those ratios identified in this section and may be found in the Sections listed below:

- Alt 97® Mortgages – Section D33.2
- Mortgages secured by a Manufactured Home – Section H33.3(e)
- Home Possible® Mortgages – Section A34.10
- Super conforming Mortgages – Section L33.3(c)
- Mortgages to Borrowers with a credit history that includes a previous Mortgage foreclosure, a conveyance of a deed-in-lieu of foreclosure, or a short sale – Section 37.7(b)
- Mortgages that use a Streamlined Project Review – Section 42.4

Mortgages requiring payment of postsettlement delivery fees (delivery fees)

Delivery fees will be assessed and billed to the Seller in conjunction with the sale of Mortgages with certain loan attributes, including 2- to 4-unit properties. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Number of Units delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions in Section 17.2.

Delivery fees will also be assessed and billed to the Seller in conjunction with the sale of all Mortgages with certain Indicator Score/Loan-to-Value combinations and certain Loan Prospector® A-minus Mortgages, other Caution Mortgages and Non-Loan Prospector Mortgages with certain Credit Score and LTV ratio combinations.

The Market Condition delivery fee will be assessed in connection with the sale of all Mortgages under flow Purchase Contracts, including Mortgages sold with recourse. This delivery fee applies in addition to any other applicable delivery fees.

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES**
(Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages)
** See chart below titled *"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* for LTV/TLTV/HTLTV ratios and other requirements for a "no cash-out" refinance of a Mortgage currently owned or securitized by Freddie Mac.

Mortgage Purpose and Property Type	Max. LTV w/o Sec. Fin.	Max. LTV w/Sec. Fin.	Max. TLTV w/Sec. Fin.	Max. HTLTV w/Sec. Fin.
1-unit Primary Residence	95%	90%	95%	95%
2- to 4-unit Primary Residence	80%	75%	80%	80%
Second home	85%	80%	85%	85%
Purchase transaction Mortgage secured by 1-unit Investment Property	85%	80%	85%	85%
"No cash-out" refinance Mortgage secured by 1-unit Investment Property	75%	70%	75%	75%
Purchase transaction Mortgage secured by 2- to 4-unit Investment Property	75%	70%	75%	75%

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES **(Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages)** ** See chart below titled *"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* for LTV/TLTV/HTLTV ratios and other requirements for a "no cash-out" refinance of a Mortgage currently owned or securitized by Freddie Mac.				
Mortgage Purpose and Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
"No cash-out" refinance Mortgage secured by 2- to 4-unit Investment Property	75%	70%	75%	75%

CASH-OUT REFINANCE MORTGAGES **(Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages)**				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1-unit Primary Residence	80 %	75 %	80 %	80 %
2- to 4-unit Primary Residence	75%	70%	75%	75%
Second home	75%	70%	75%	75%
1-unit Investment Property	75%	70%	75%	75%
2- to 4-unit Investment Property	70%	65%	70%	70%

FREDDIE MAC-OWNED STREAMLINED REFINANCE MORTGAGES **(15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs)**				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1- to 2-unit Primary Residence or second home	95%	90%	95%	95%

"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* (Fixed-Rate, ARMs and 5- or 7-Year Balloon/Reset Mortgages) * The LTV/TLTV/HTLTV ratios in this chart are only allowed with Mortgages originated in accordance with Section 24.5(c) of the Guide.				
Property Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
1- to 2-unit Primary Residence	95%	90%	95%	95%
3- to 4-unit Primary Residence	80%	75%	80%	80%
Second home	95%	90%	95%	95%
1- to 4-unit Investment Property	75%	70%	75%	75%

Note: The minimum Indicator Score requirements for Mortgages sold to Freddie Mac can be found in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

23.5: Maximum financing (06/01/08)

Effective June 1, 2008, Section 23.5 is deleted.

23.6: Conversion of construction financing to permanent Mortgages (03/11/10)

For information about construction financing that is replaced by permanent financing, see Chapter K33, Mortgages for Newly Constructed Homes.

See Section 17.38 for conversion, delivery and pooling requirements for special requirements for Mortgages for Newly Constructed Homes.

23.7: Land contract; contract for deed (10/07/02)

A Mortgage in which the proceeds are used to pay the outstanding balance under a land contract or contract for deed may be considered as either:

- A purchase transaction, provided all of the loan proceeds are used to pay the outstanding balance under the contract, and no loan proceeds are disbursed to the Borrower, or
- A refinance transaction

If the transaction is treated as a purchase, the LTV ratio must be computed based on the lower of the following:

- The appraised value at the time the Mortgage is closed, or
- The total acquisition cost (that is, the purchase price indicated in the original land contract or contract for deed, plus any cost the Borrower has expended for rehabilitation, renovation, refurbishment or energy conservation improvements.) The Seller's Mortgage file must contain sufficient documentation on which to calculate the total acquisition cost.

If the transaction is treated as a refinance, the LTV ratio must be computed based on the appraised value at the time the Mortgage is closed. (See Section 24.1 for requirements applicable to "cash-out" and "no cash-out" refinance Mortgages.)

23.8: Energy conservation and rehabs (06/22/07)

A Mortgage may finance the purchase of a property that is to be retrofitted, refurbished or improved with energy conservation components. If the Seller considers the cost of such energy conservation improvements in setting the terms of the Mortgage, the purchase price may be considered the price paid for the Mortgaged Premises by the purchaser plus the actual cost of the energy conservation improvements. The appraisal must state the estimated market value after completion of the improvements and be supported by a satisfactory completion certificate. (See Form 442, Appraisal Update and/or Completion Report, for suggested format.)

(a) Energy retrofit not completed before Mortgage delivery

Unless Escrows are established in accordance with the requirements of this Section 23.8(a), all improvements must be completed before delivery of the Mortgage to Freddie Mac. If the energy retrofit has not been completed before delivery of the Mortgage to Freddie Mac, the Seller/Servicer must disburse the funds required for the completion of the improvements into an Escrow account (meeting the requirements of Section 23.8(b)) in the Borrower's name and then deliver the Mortgage to Freddie Mac.

(b) Seller warranties

By delivering a Mortgage secured by a property that has an incomplete energy retrofit (as described above), the Seller warrants that the following requirements are met:

1. The improvements will be satisfactorily completed within 120 days after the Delivery Date
2. An Escrow account in the Borrower's name has been established, and disbursements from that account are controlled by the Seller or the Servicer
3. The amount of the Escrow account is not less than the funds required to complete the improvements and not more than 10% of the original amount of the Mortgage

4. An Escrow agreement exists in the Seller's file which includes a description of the energy work to be completed and a provision stating that, in the event of default or if the improvements are not completed within 120 days after the Delivery Date, the Seller or the Servicer must either close the Escrow account and apply the remaining balance in the Escrow account to curtail the Mortgage if the work on the improvements has not begun, or complete the improvements if the work has begun
5. Upon completion of the improvements, the Seller or the Servicer will have the property inspected and will retain in the Mortgage file a Form 442 certifying completion of the improvements

When completing Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, the Seller should enter the date of Mortgage funding for "Date of Note," not the anticipated date of final disbursement of the Escrow Funds.

Chapter 24: Refinance Mortgages

24.1: Introduction to refinance Mortgages (03/11/10)

A refinance Mortgage is either:

1. A Mortgage the proceeds of which are used to pay off an existing Mortgage or Mortgages secured by the Mortgaged Premises with the cancellation of the existing promissory note(s) and the execution of a new promissory note and a new Security Instrument, or

2. A Mortgage secured by Mortgaged Premises previously owned free and clear by the Borrower.

A Mortgage the proceeds of which are used to pay off an Interim Construction Financing must meet requirements of Chapter K33 for Construction Conversion and Renovation Mortgages, including, but not limited to, how the transaction type (purchase or refinance) is determined.

Freddie Mac will purchase refinance Mortgages under the terms of the Purchase Documents and this chapter.

Freddie Mac offers four types of refinance Mortgages:

- A Freddie Mac-owned streamlined refinance
- A "no cash-out" refinance
- A cash-out refinance
- A special purpose cash-out refinance

Within these types, Freddie Mac has special requirements for refinancing certain Mortgages currently owned by Freddie Mac.

This chapter is organized as follows:

Topic	Section
Introduction to refinance Mortgages	24.1
General requirements for all refinance Mortgages	24.2
Requirements for Freddie Mac-owned streamlined refinance Mortgages	24.4
General Requirements for "no cash-out" refinance Mortgages	24.5

General Requirements for cash-out refinance Mortgages	24.6
Requirements for special purpose cash-out refinance Mortgages	24.7
Requirements for Texas Equity Section 50(a)(6) Mortgages	24.8

The Seller should be familiar with the definitions in the Glossary for the following terms that are used in this chapter:

- Accept Mortgage
- A-Minus Mortgage
- Affiliate
- Borrower
- Closing Costs
- Discretionary Provisions
- Financing Costs
- First Lien
- Higher-priced Mortgage Loan
- Indicator Score
- Prepaids/Escrows
- Primary Residence
- Property Inspection Alternative
- Restructured Mortgage
- Related Person
- Security Instrument

24.2: General requirements for all refinance Mortgages (10/09/09)

For all refinance Mortgages:

- The refinance Mortgage must comply with Section 23.4
- For refinance Mortgages, verification of funds is not required with the exception of the following:
  - Reserves entered into Loan Prospector®
  - Higher-Priced Mortgage Loans
- When an existing Mortgage will be satisfied as a result of a refinance transaction, one of the following requirements must be met:
  - At least one Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; or

- At least one Borrower on the refinance Mortgage held title to and resided in the Mortgaged Premises as a Primary Residence for at least 12 months and the Mortgage file contains documentation evidencing that the Borrower, either:
  - Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period; or
  - Is a Related Person to a Borrower on the Mortgage being refinanced; or
- At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership

A Restructured Mortgage may only be sold to Freddie Mac through a negotiated sales transaction through our bulk sales unit.

In addition, the refinance Mortgage must not be subject to the Home Ownership and Equity Protection Act of 1994.

See Section 17.18 for conversion, delivery and pooling requirements for refinance Mortgages sold to Freddie Mac.

See Section 8.10 for acceptable and unacceptable refinance practices.

24.3: General requirements for all streamlined refinance Mortgages (02/01/10)

This section has been deleted

24.4: Requirements for Freddie Mac-owned streamlined refinance Mortgages (09/01/10)

The provisions of either Freddie Mac Relief Refinance Mortgages -Same Servicer (Chapter A24) or Freddie Mac Relief Refinance Mortgages—Open Access (Chapter B24) do not apply to Freddie Mac-owned streamlined refinance Mortgages.

In addition to the requirements of Section 24.2 and the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio requirements in Sections 23.4 and L33.3(c), Freddie Mac-owned streamlined refinance Mortgages must meet the following requirements:

(a) Eligibility requirements, eligible Mortgages and ineligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac
- Be serviced by the Seller, or an Affiliate of the Seller, originating the Freddie Mac-owned streamlined refinance Mortgage
- Be seasoned for at least three months (that is, the Note Date of the Mortgage being refinanced must be at least three months prior to the Note Date of the Freddie Mac-owned streamlined refinance Mortgage)
- Have a payment history indicating the Mortgage being refinanced has been current for the most recent 90 days and has not been 30 days delinquent more than once in the most recent 12 months, or if the Mortgage being refinanced is seasoned for less than 12 months, since the Mortgage Note Date
- Have met Freddie Mac's eligibility requirements in the Guide as of the Note Date, including, but not limited to, credit, underwriting, collateral and appraisal requirements and was:
  - An Accept Mortgage, or
  - A Mortgage that was a Manually Underwritten Mortgage and conformed to Freddie Mac underwriting guidelines as set forth in this Guide, and
  - Not an A-minus Mortgage

  Freddie Mac may perform a postfunding quality control review of the Mortgage file for the Mortgage being refinanced, and reserves its rights to exercise any of its remedies, including the right to require repurchase of the Freddie Mac-owned streamlined refinance Mortgage, in the event that the Mortgage being refinanced failed to meet Freddie Mac’s eligibility requirements as stated in the Guide.

  The Seller of the Freddie Mac-owned streamlined refinance Mortgage must have the Mortgage file, containing the original underwriting documentation, for the Mortgage being refinanced.

Freddie Mac-owned streamlined refinance Mortgage

- A Freddie Mac-owned streamlined refinance Mortgage must be secured by:
  - A 1- to 2-unit Primary Residence, or

- A second home, provided that the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home Mortgage.

The Seller is responsible for determining whether the proposed refinance of a Mortgage secured by the Borrower's homestead in the State of Texas is a Mortgage that must be originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to Section 24.8 for additional information regarding Texas Equity 50(a)(6) Mortgages.

- A Freddie Mac-owned streamlined refinance Mortgage must be one of the following:
  - A 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage
  - A 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM)

  If the Mortgage being refinanced is a fixed-rate Mortgage, the Freddie Mac-owned streamlined refinance Mortgage may not be an ARM.

- A Freddie Mac-owned streamlined refinance Mortgage must be originated for one or more of the following purposes:
  - A reduction in the interest rate of the First Lien Mortgage
  - A reduction in the amortization term of the First Lien Mortgage
  - To replace an adjustable-rate Mortgage (ARM), an Initial Interest^{SM} Mortgage or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage

- The Borrower on the Freddie Mac-owned streamlined refinance Mortgage must be the same as the Borrower on the Mortgage being refinanced except that:
  - A Borrower who contributed no qualifying income, assets or reserves to the Mortgage being refinanced may be omitted
  - For Mortgages that are being refinanced and are seasoned at least 12 months, a Borrower may be omitted due to divorce or death, provided the Seller:
    - Obtains and retains in the Mortgage file documentation of the death or divorce, and
    - Obtains evidence that the remaining Borrower has been making the Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period.

- The proceeds from the Freddie Mac-owned streamlined refinance Mortgage may be used only to:

- Pay off the first Mortgage (i.e., the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off)
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows
- Disburse cash out to the Borrower (or any other payee) up to 2% of the new refinance Mortgage or $2,000, whichever is less

In the event there are remaining proceeds from the Freddie Mac-owned streamlined refinance Mortgage after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the new refinance Mortgage at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.

Under no circumstances may cash disbursed to the Borrower (or any other payee) exceed the maximum permitted for Freddie Mac-owned streamlined refinance Mortgages.

The proceeds of the Freddie Mac-owned streamlined refinance Mortgage may not be used to pay off or pay down any junior lien.

- The Freddie Mac-owned streamlined refinance Mortgage amount may not exceed the original Mortgage amount of the Mortgage being refinanced

- An existing junior lien must be subordinated to the Freddie Mac-owned streamlined refinance Mortgage and must meet requirements for secondary financing set forth in Guide Chapter 25. An increase in the current unpaid principal amount of any junior lien is not permitted, and no new secondary financing is permitted.
- An existing junior lien may be refinanced simultaneously with the First Lien Mortgage being refinanced if the junior lien is being refinanced for one of the following purposes:

  - A reduction in the interest rate of the junior lien
  - To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien
  - A reduction in the amortization term of the junior lien

  The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.

  The new junior lien must be subordinated to the Freddie Mac-owned streamlined refinance Mortgage and must meet requirements for secondary financing set forth in Guide Chapter 25.

If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.

- The principal and interest payment on the Freddie Mac-owned streamlined refinance Mortgage must not be more than 20% greater than the principal and interest payment most frequently made by the Borrower during the most recent 12 months, or since the Note Date of the Mortgage being refinanced if the Mortgage is seasoned for less than 12 months

- The Freddie Mac-owned streamlined refinance Mortgage must not be:
  - A Balloon/Reset Mortgage
  - A cash-out refinance Mortgage
  - A special purpose cash-out refinance Mortgage
  - A Loan Prospector Mortgage
  - A Home Possible® Mortgage
  - A Mortgage with negative amortization
  - A Mortgage secured by a Manufactured Home
  - A Mortgage secured by a 3- to 4-unit property
  - An Investment Property Mortgage
  - A Mortgage for a Newly Constructed Home
  - A Mortgage with a temporary subsidy buydown plan
  - An FHA Mortgage
  - A VA Mortgage
  - A Section 502 GRH Mortgage
  - A Section 184 Native American Mortgage
  - A Higher-Priced Mortgage Loan
  - A Restructured Mortgage

(b) Underwriting requirements

The Seller must manually underwrite the Freddie Mac-owned streamlined refinance Mortgage and must not submit the Mortgage to Loan Prospector® for evaluation. Each Freddie Mac-owned streamlined refinance Mortgage must have an Indicator Score. A Mortgage that does not have an Indicator Score may not be delivered as a Freddie Mac-owned streamlined refinance Mortgage.

A Borrower will be presumed to be creditworthy under Chapter 37 for the Freddie Mac-owned streamlined refinance Mortgage if all of the following conditions are met:

- The Seller has reviewed the original underwriting file and has determined that the Mortgage being refinanced conformed to Freddie Mac eligibility requirements in the Guide on the Note Date

- The Seller has manually underwritten the Freddie Mac-owned streamlined refinance Mortgage in accordance with the requirements of this section and has determined that the Mortgage is eligible for sale to Freddie Mac

  Any previous representation and warranty relief relating to submission of the Mortgage being refinanced to Loan Prospector will not apply to the Freddie Mac-owned streamlined refinance Mortgage.

- The minimum Indicator Score, as identified in accordance with Section 37.5, is 620 or greater

  Super conforming manually underwritten Mortgages must meet the minimum Indicator Score requirements in L33.5 (b).

The special underwriting requirements for Mortgages secured by a second home in Section 22.22(b) do not apply to Freddie Mac-owned streamlined refinance Mortgages.

(c) Documentation requirements

Verification of income and employment is not required.

(d) Collateral valuation and Condominium requirements

The Seller must have the appraisal used to originate the Mortgage being refinanced or the Last Feedback Certificate evidencing that the Mortgage being refinanced was eligible for the Form 2070 or the Property Inspection Alternative (PIA).

The appraisal, Form 2070 or PIA for the Mortgage being refinanced must have met the requirements of the Guide.

The Seller retains all the representations and warranties for the appraisal, Form 2070 or PIA for the Mortgage being refinanced, in accordance with the Guide.

For the Freddie Mac-owned streamlined refinance Mortgage, the Seller must provide either of the following:

- The appraisal used to originate the Mortgage being refinanced or the Last Feedback Certificate from the Mortgage being refinanced evidencing that the Mortgage was eligible for the Form 2070 or PIA plus any supporting documentation (e.g. Form 2070).

When using the appraisal, Form 2070 or PIA from the Mortgage being refinanced, the Seller warrants that the value of the Mortgaged Premises as of the Settlement Date of the Freddie Mac-owned streamlined refinance Mortgage has not declined from the value used to originate the Mortgage being refinanced.

- A new appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

  The Seller warrants that the value of the Mortgaged Premises as of the Settlement Date of the Freddie Mac-owned streamlined refinance Mortgage has not declined from the value as determined using the new appraisal.

For super conforming Mortgages, the special appraisal and collateral requirements in Section L33.6 do not apply to Freddie Mac-owned streamlined refinance Mortgages.

With respect to Mortgages secured by units in a Condominium Project, the Seller does not need to again represent and warrant that the Condominium Project meets Freddie Mac eligibility requirements as of the Settlement Date of the Freddie Mac-owned streamlined refinance Mortgage. Refer to Section 17.18 for delivery requirements for Freddie Mac-owned streamlined refinance Mortgages secured by units in a Condominium Project.

(e) Postfunding quality control requirements

If the Mortgage is selected by Freddie Mac for postfunding quality control review, the Seller must provide both the Mortgage file for the Mortgage being refinanced and the new refinance Mortgage.

(f) Delivery and pooling

See Section 17.18 for conversion, delivery and pooling requirements for Freddie Mac-owned streamlined refinance Mortgages.

(g) Related provisions

In addition to the requirements in this section, other requirements related to Freddie Mac-owned streamlined refinance Mortgages are described in the following locations:

Topic	Location
Unacceptable refinance practices	Section 8.10(b)
Mortgage Delivery and Settlement Processing	Chapter 17
Indicator Score delivery requirements	Section 17.3(c)

Special requirements for Mortgages with principal curtailments	Section 17.45
Maximum original loan amounts for Home Mortgage purchase	Section 23.3
Section 50(a)(6) Texas Equity Mortgages	Section 24.8
Credit Scores	Section 37.5
Documenting and delivering Underwriting and Indicator Scores	Section 37.5(f)
Maximum original loan amounts for super conforming Mortgages	Section L33.2
Maximum LTV/TLTV/HTLTV ratios for super conforming Mortgages	Section L33.3(c)
Postsettlement Delivery Fees	Exhibit 19

24.5: Requirements for "no cash-out" refinance Mortgages (08/16/10)

A "no cash-out" refinance Mortgage must meet the applicable requirements in Sections 24.2 and 23.4.

A "no cash-out" refinance Mortgage is a Mortgage for which the proceeds may be used only to:

- Pay off the first Mortgage, regardless of its age; for Construction Conversion Mortgages and Renovation Mortgages, the amount of the Interim Construction Financing secured by the Mortgaged Premises is considered an amount used to pay off the first Mortgage. However, paying off unsecured liens or construction costs paid by the Borrower outside of the secured Interim Construction Financing is considered cash out to the Borrower, if above the $2,000 or 2% of loan amount limit.
- Pay off any junior liens secured by the Mortgaged Premises, that were used in their entirety to acquire the subject property
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows and
- Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the new refinance Mortgage or $2,000, whichever is less

In the event there are remaining proceeds from the “no cash-out” refinance Mortgage after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the new refinance Mortgage at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.

Under no circumstances may cash disbursed to the Borrower (or any other payee) exceed the maximum permitted for “no cash-out” refinance Mortgages.

(a) Subordinate financing

The Borrower is not required to satisfy outstanding junior liens, provided that:

- The junior liens remain subordinate to the lien of the new refinance Mortgage
- The junior liens meet the requirements of Section 25.2 pertaining to secondary financing, and
- A copy of the subordination agreement is maintained in the Mortgage file

(b) Special documentation requirements

If a junior lien was paid off as part of the "no cash-out" refinance transaction, the Seller must maintain documentation in the Mortgage file demonstrating that the full amount of the lien was used for the purchase of the subject property.

(c) Special requirements for Freddie Mac–owned “no cash-out” refinance Mortgages

If the Mortgage being refinanced is a First Lien, conventional Mortgage currently owned by Freddie Mac in whole or in part or securitized by Freddie Mac, the “no cash-out” refinance Mortgage may be eligible for higher loan-to-value (LTV)/ total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios as provided in Section 23.4, provided that the requirements of this section and Section 24.2, as applicable, are met and:

- The proceeds of the new refinance Mortgage may not pay off a junior lien secured by the Mortgaged Premises, and

- Proof of the Freddie Mac loan number of the existing Mortgage is provided in the Mortgage file.

Super conforming Mortgages that are Freddie Mac-owned “no cash-out” refinance Mortgages are not eligible for the higher LTV/TLTV/HTLTV ratios permitted by this section.

(d) Delivery and pooling

See Section 17.18 for conversion, delivery and pooling requirements for “no cash-out” refinance Mortgages.

See Section 17.45 for conversion, delivery and pooling requirements if a principal curtailment is applied to the “no cash-out” refinance Mortgage at closing.

24.6: Requirements for cash-out refinance Mortgages (10/09/09)

A cash-out refinance Mortgage must meet the applicable requirements in Sections 23.4 and 24.2.

A cash-out refinance Mortgage must be an Accept Mortgage, an A-minus Mortgage or a Manually Underwritten Mortgage with a minimum Indicator Score set forth in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, to be eligible for delivery.

A cash-out refinance Mortgage is a Mortgage in which the use of the loan amount is not limited to specific purposes.

At least one Borrower must have been on the title to the subject property for at least six months prior to the Note Date.

A Mortgage placed on a property previously owned free and clear by the Borrower is always considered a cash-out refinance Mortgage.

(a) Postsettlement delivery fees (delivery fees) for cash-out refinance Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain cash-out refinance Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Cash-Out Refinance Mortgages Indicator Score/Loan-to-Value delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(b) Delivery and pooling

See Section 17.18 for conversion, delivery and pooling requirements for cash-out refinance Mortgages.

24.7: Requirements for special purpose cash-out refinance Mortgages (02/01/10)

A cash-out refinance Mortgage where the owner of a property uses the proceeds of the refinance transaction to buy out the equity of a co-owner is a special purpose cash-out refinance Mortgage. A special purpose cash-out refinance Mortgage must meet the applicable requirements of Section 24.2, the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio requirements for cash-out refinance Mortgages in Sections 23.4, H33.3, and L33.3, and the minimum Indicator

Score requirements in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

The loan amount of a special purpose cash-out refinance Mortgage is limited to amounts used to buy out the equity of the co-owner, which may include:

- Paying off the first Mortgage, regardless of age
- Paying off junior liens secured by the Mortgaged Premises
- Paying related Closing Costs, Financing Costs and Prepaids

In addition, the following conditions must be met:

- The Borrower and the co-owner receiving the buy-out proceeds must have jointly owned the property for a minimum of 12 months prior to the initial loan application (parties who inherited an interest in the property are exempt from this requirement)
- The Borrower and the co-owner receiving the buy-out proceeds must provide evidence that they occupied the subject property as their Primary Residence (parties who inherited an interest in the property are exempt from this requirement)
- The Borrower and the co-owner receiving the buy-out proceeds must provide a written agreement, signed by all parties, stating the terms of the property transfer and the disposition of the proceeds from the refinancing transaction
- The Borrower who retains sole ownership of the property may not receive any of the proceeds from the refinance transaction

A special purpose cash-out refinance Mortgage is not eligible to be a streamlined refinance Mortgage.

(a) Subordinate financing

The Borrower is not required to satisfy outstanding junior liens secured by the Mortgaged Premises provided that:

- The junior lien remains subordinate to the lien of the new refinance Mortgage
- The junior lien meets the requirements of Section 25.2 pertaining to secondary financing, and
- A copy of the subordination agreement is maintained in the Mortgage file

(b) Special documentation requirements

The Seller must retain the following in the Mortgage file:

- Documentation evidencing that the Borrower and the co-owner jointly occupied the Mortgaged Premises as their Primary Residence, if applicable
- A copy of the written agreement stating the terms of property transfer and the disposition of the refinance proceeds

(c) Postsettlement delivery fee

The cash-out refinance delivery fee indicated on Exhibit 19, Postsettlement Delivery Fees, will not be assessed or billed to a Seller for a special purpose cash-out refinance Mortgage.

(d) Delivery and pooling

See Section 17.18 for conversion, delivery and pooling requirements for special purpose cash-out refinance Mortgages.

24.8: Requirements for Texas Equity Section 50(a)(6) Mortgages (09/01/10)

(a) Overview; limitations

This section details requirements for Texas Equity Section 50(a)(6) Mortgages.

The provisions of this section are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

Unless otherwise notified in writing, Sellers are eligible to deliver Texas Equity Section 50(a)(6) Mortgages.

The Servicer must be eligible to service Texas Equity Section 50(a)(6) Mortgages in accordance with Sections 51.3(d), 51.11(c) and related Servicing provisions. If a Seller does not have either a Tier 1 or Tier 2 rating on its Servicer Performance Profile in both the investor reporting and remitting and default management categories at the time the Mortgage is sold to Freddie Mac, it must enter into a Concurrent Transfer of Servicing with an eligible Servicer in accordance with Chapter 56.

(b) Eligible Mortgages

Texas Equity Section 50(a)(6) Mortgages must have the following characteristics:

- 15-, 20- or 30-year terms
- First Lien
- Fixed interest rate, fully amortizing, with a level payment
- Conventional whole Mortgages

Texas Equity Section 50(a)(6) Mortgages may not be Balloon/Reset Mortgages or ARMs.

A Texas Equity Section 50(a)(6) Mortgage must be one of the following, depending on the applicable facts:

- A cash-out refinance Mortgage, as described in Section 24.6, or
- A "no cash-out" refinance Mortgage as described in Section 24.5, or
- A Freddie Mac-owned streamlined refinance Mortgage, as described in Section 24.4.

A Texas Equity Section 50(a)(6) Mortgage may not be a special purpose cash-out refinance Mortgage.

The generally accepted commercial terms used to describe Mortgages originated under Article XVI of the Texas Constitution ("cash-out refinance", "rate-term refinance") may not correspond to the meaning given the same or comparable terms when used in Chapter 24. Sellers must understand the distinctions between Freddie Mac's refinance definitions in Chapter 24 and the provisions of Section 50(a)(6) and determine when Section 50(a)(6) applies, regardless of the definitions of cash-out and "no cash out" refinance transactions used in Chapter 24.

The Seller is responsible for determining whether the proposed refinance of a Mortgage secured by the Borrower's homestead in the State of Texas is a Mortgage that must be originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution.

(c) Mortgaged Premises; appraisal; fair market value

Each Mortgage must be secured by a Mortgaged Premises that is:

- A 1-unit Primary Residence,
- Located in the State of Texas,
- The Borrower's homestead, and
- A residential property, not a farm, ranch or used for any agricultural purposes.

The Seller must provide an appraisal that meets Freddie Mac requirements and complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution. In the event the new refinance Mortgage is a streamlined refinance Mortgage, the Seller must obtain a new appraisal and may not use the appraisal from the Mortgage being refinanced.

The Seller and the owner of the homestead must execute a written acknowledgment of the "fair market value" of the homestead property as of the date the extension of credit is made. The appraisal report must be attached to the acknowledgment.

(d) Loan-to-value (LTV) and total loan-to-value (TLTV) ratios

The maximum LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages must not exceed 80% and must be lower if necessary to comply with the provisions of Sections 23.4 and 24.5 for "no cash out" and cash out refinances, as applicable.

(e) Texas Equity Uniform Instruments and other documents

Texas Equity Section 50(a)(6) Mortgages must be originated using the most recent version of the following special Fannie Mae/Freddie Mac Texas Home Equity Uniform Instruments:

1. **Security Instrument**
   Texas Home Equity Security Instrument (Texas Equity - First Lien) Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3044.1 01/01 (rev. 10/03)

2. **Note**
   Texas Home Equity Note (Texas Equity - Fixed Rate - First Lien) Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3244.1 01/01 (rev. 10/03)

3. **Borrower Affidavit**
   Texas Home Equity Affidavit and Agreement (Texas Equity - First Lien) Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3185 01/01 (rev. 12/07). The affidavit must be recorded together with the Security Instrument and any applicable riders.

4. **Condominium Rider**
   Texas Home Equity Condominium Rider (Texas Equity - First Lien) Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3140.44 01/01, if the property is a Condominium Unit

5. **Planned Unit Development (PUD) Rider**
   Texas Home Equity Planned Unit Development Rider (Texas Equity - First Lien) Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3150.44 01/01, if the property is in a PUD

   Seller may access the Fannie Mae/Freddie Mac Texas Home Equity Uniform Instruments via the Internet at **http://www.freddiemac.com/uniform**.

   The Seller must prepare, obtain and/or provide any and all other documentation that the Seller determines is necessary to originate Texas Equity Section 50(a)(6) Mortgages in compliance with all applicable laws.

(f) Special representations and warranties

Seller represents and warrants that:

1. Neither the Seller nor its Correspondents or Mortgage Brokers has been found by any federal regulatory agency to have engaged in the practice of refusing to make loans because the applicants for the loans reside in a certain area or the property proposed to secure the loans is located in a certain area

2. All refinance Mortgages that fall within the provisions of Section 50(a)(6) of the Article XVI of the Texas Constitution have been originated as Texas Equity Section 50(a)(6) Mortgages and comply with Section 50(a)(6) of Article XVI and related provisions of the Texas Constitution, as amended, and all other applicable laws

   In connection with this representation and warranty, Freddie Mac recommends that the Seller obtain advice from Texas legal counsel that confirms that the Seller's lending and servicing policies, procedures, and practices are in compliance with Section 50(a)(6) of Article XVI of the Texas Constitution, all other applicable Texas Constitutional provisions, statutes, court decisions, regulations and rules and applicable State and federal law.

3. The estate or interest in the Mortgaged Premises is vested in the Borrower. There is no defect in the Borrower's title to the Mortgaged Premises

4. The Mortgage is a valid and enforceable First Lien on the Mortgaged Premises

(g) Specific remedies

Any action taken, or not taken, in connection with the origination of a Texas Equity Section 50(a)(6) Mortgage that results in any of the following (even if such action is a result of lender's effort to cure a failure to comply with the provision of the Section 50(a)(6)) is a breach of the representations and warranties in this Section 24.8 and Freddie Mac shall be entitled to any of the remedies stated in Section 6.12, including the right to require the Seller to repurchase the Mortgage immediately upon Freddie Mac's request, at a price determined in accordance with Section 72.3 of the Guide:

- A forfeiture of any principal or interest due under the Mortgage
- The invalidation of the Mortgage as a First Lien
- The abatement of accrual of interest and the Borrower's obligations under the Mortgage
- A reduction in the principal amount of the Mortgage
- Any modification of the amount, interest rate, term or other provision of the Mortgage

(h) Delivery and pooling

See Section 17.18 for conversion, delivery and pooling requirements for Texas Equity Section 50(a)(6) Mortgages.

(i) Related provisions

In addition to the requirements in this section, other requirements related to Texas Equity Section 50(a)(6) Mortgages are described in the following locations:

Topic	Location
Delivery Requirements	Section 17.18
Refinance Mortgages	Chapter 24
Title Insurance	Section 39.1, 39.3 and 39.5
Special Servicing	Sections 51.3(d), 51.11, 59.1, 66.15, 67.15

Chapter A24: Freddie Mac Relief Refinance Mortgages℠ – Same Servicer

A24.1: Overview (03/11/10)

This chapter details the requirements for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer (Relief Refinance Mortgages – Same Servicer).

Relief Refinance Mortgages – Same Servicer must be sold through the Freddie Mac Selling System and:

- Have Note Dates on or after March 4, 2009 and on or before June 30, 2011
- Have Freddie Mac Settlement Dates on or after April 1, 2009
- Be delivered no more than 120 days after the Note Date

The Freddie Mac-owned streamlined refinance provisions of Guide Section 24.4 do not apply to Relief Refinance Mortgages – Same Servicer.

Negotiated underwriting provisions, and special negotiated Mortgage products or offerings stated in the Purchase Documents are permitted, unless:

- The provisions, products or offerings conflict with the requirements of this Chapter, in which case, the requirements of this Chapter will apply
- The provisions, products, or offerings are related to Freddie Mac-owned streamlined refinance Mortgages or Freddie Mac Relief Refinance Mortgages – Open Access

The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

A24.2: Defined terms (09/01/09)

(a) Terms defined in the Glossary

Sellers should be familiar with the following Freddie Mac definitions in the Glossary as they relate to Relief Refinance Mortgages℠ – Same Servicer:

- Affiliate
- Affordable Second®
- Automated Valuation Model (AVM)
- Borrower
- Closing Costs
- Minimum Assessment Feedback
- Prepaids/Escrows
- Restructured Mortgage

(b) Terms not defined in the Glossary

The following additional terms are used in this chapter:

- **Conforming Jumbo Mortgages**: Conforming Jumbo Mortgages are conventional Mortgages sold to Freddie Mac under negotiated Purchase Contracts only that were originated between July 1, 2007 and December 31, 2008, with original unpaid principal balances that exceed Freddie Mac's base conforming loan limits ($417,000 for a 1-unit property). The original unpaid principal balance of a Conforming Jumbo Mortgage may not exceed the lesser of:
  - 125% of the "area median house price" (as determined at a County level) of a residence of applicable size, or
  - 175% of the base conforming loan limit - $729,750 for a 1-unit property (except in Alaska, Hawaii, Guam and the U.S. Virgin Islands, where the limit is higher). The Conforming Jumbo loan limits were enacted as part of the Economic Stimulus Act of 2008

  The Conforming Jumbo loan limits were enacted as part of the Economic Stimulus Act of 2008.
- **Home Value Explorer® (HVE):** HVE is part of Freddie Mac's Home Value Suite of tools that automate collateral valuation. HVE is a Freddie Mac AVM tool that provides a point value estimate for a property with a Confidence Score and Forecast Standard Deviation, indicating the accuracy of the estimated value. HVE Forecast Deviation scores of 0.20 and lower indicate that the degree of confidence in the valuation estimate is of a high or medium level. Forecast Standard Deviation scores above 0.20 indicate that the degree of confidence in the valuation estimate is low.

A24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer (09/01/10)

(a) Eligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Freddie Mac Settlement Date on or before May 31, 2009
- Be serviced by the Seller, or an Affiliate of the Seller, originating the Relief Refinance Mortgage℠ – Same Servicer. The Seller originating the Relief Refinance Mortgage – Same Servicer must have the Mortgage file of the Mortgage being refinanced.
- Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac

- Have met Freddie Mac's eligibility requirements as stated in the Seller's Purchase Documents on the Note Date of the Mortgage being refinanced
- Be seasoned for at least three months (that is, the Note Date of the Mortgage being refinanced must be at least three months prior to the Note Date of the Relief Refinance Mortgage – Same Servicer)
- Have a Mortgage payment history that indicates the Mortgage has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

If the Mortgage being refinanced was sold to Freddie Mac with:

- Mortgage insurance, it is eligible for refinancing under the provisions of this chapter; refer to Section A24.3(i)

- Recourse or indemnification, it is eligible for refinancing under the provisions of this chapter; refer to Section A24.3(k)

- Mortgage pool insurance or another negotiated credit enhancement, the Seller must contact its Freddie Mac representative for additional instructions for eligibility and delivery of these Mortgages

Mortgages sold to Freddie Mac through our bulk sales unit, including but not limited to Alternative A Mortgages, are eligible for refinancing under the provisions of this Chapter unless Freddie Mac notifies the Seller, in writing, that they are ineligible.

If the Mortgage being refinanced was a Restructured Mortgage, it is ineligible to be refinanced as a Relief Refinance Mortgage – Same Servicer.

The Seller represents and warrants that the Mortgage being refinanced met the Freddie Mac eligibility requirements in its Purchase Documents including, but not limited to, credit, underwriting, collateral, and appraisal requirements. Freddie Mac may perform a postfunding quality control review of the Mortgage file for the Mortgage being refinanced, and reserves its rights to exercise any of its remedies, including the right to require repurchase of the Relief Refinance Mortgage – Same Servicer, in the event that the Mortgage being refinanced failed to meet Freddie Mac's eligibility requirements as stated in the Seller's Purchase Documents.

Relief Refinance Mortgage – Same Servicer

Relief Refinance Mortgages – Same Servicer must be one of the following Mortgage Products:

- A conventional 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage

- A conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM), provided the ARM has a loan-to-value (LTV) ratio not exceeding 105%

As provided in subparagraph (f) below, the maximum LTV ratio of Relief Refinance Mortgages – Same Servicer is:

- 105% for ARMs
- 125% for fixed-rate Mortgages

Notwithstanding the foregoing, the maximum LTV ratio for Texas Equity Section 50(a)(6) Mortgages is 80%.

The Relief Refinance Mortgage – Same Servicer may be a super conforming Mortgage.

If the Mortgage being refinanced is a fixed-rate Mortgage the Relief Refinance Mortgage – Same Servicer may not be an ARM.

The Relief Refinance Mortgage – Same Servicer must be originated for one of the following purposes:

- A reduction in the interest rate of the First Lien Mortgage
- To replace an ARM, Initial Interest℠ Mortgage or any Mortgage with an interest-only period, or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage
- A reduction in the amortization term of the First Lien Mortgage.

The Relief Refinance Mortgage – Same Servicer must not be subject to the Home Ownership and Equity Protection Act of 1994.

The Seller is responsible for determining whether the proposed refinance of a Mortgage secured by the Borrower's homestead in the State of Texas is a Mortgage that must be originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to Section 24.8 for additional information regarding Texas Equity 50(a)(6) Mortgages.

Relief Refinance Mortgages – Same Servicer must not be submitted to Loan Prospector® or any other automated underwriting system. The Seller must manually underwrite the Relief Refinance Mortgage – Same Servicer in accordance with the requirements of this chapter and determine that the Mortgage is acceptable for sale to Freddie Mac. Any previous representation and warranty relief relating to submission of the Mortgage being refinanced to Loan Prospector or to any other automated underwriting system remains for the Mortgage being refinanced but is of no further force and effect for the Relief Refinance Mortgage – Same Servicer.

Mortgage Proceeds

The proceeds of the Relief Refinance Mortgage – Same Servicer must be used only to:

- Pay off the first Mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off)
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows not to exceed the lesser of 4% of the current unpaid principal balance (UPB) of the Mortgage being refinanced or $5,000
- Disburse cash to the Borrower not to exceed $250

In the event there are remaining proceeds from the Relief Refinance Mortgage – Same Servicer after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the Relief Refinance Mortgage – Same Servicer at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.

Under no circumstances may cash disbursed to the Borrower exceed $250.

The proceeds may not be used to pay off or pay down any junior liens.

Secondary Financing

An existing junior lien:

- Must be subordinate to the Relief Refinance Mortgage – Same Servicer and must meet requirements for secondary financing set forth in Guide Chapter 25. An increase in the current unpaid principal amount of any junior lien is prohibited to curtail the Relief Refinance Mortgage – Same Servicer or to pay related Closing Costs, Financing Costs or Prepaids/Escrows, and no new secondary financing is permitted.

  Existing secondary financing may be an Affordable Second® meeting the requirements of the Seller's Purchase Documents. The Affordable Second must be subordinate to the Relief Refinance Mortgage – Same Servicer. Refer to Section A24.4 for special delivery requirements for Relief Refinance Mortgages – Same Servicer with an Affordable Second.

- May be refinanced simultaneously with the existing First Lien if the junior lien is being refinanced for one of the following purposes:

  - A reduction in the interest rate of the junior lien

- To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien
- A reduction in the amortization term of the junior lien

The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.

If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.

The Borrower(s) obligated on the Note on the Relief Refinance Mortgage – Same Servicer must be the same as the Borrower(s) obligated on the Note on the Mortgage being refinanced, except that a Borrower obligated on the Note of the Mortgage being refinanced may be omitted from the Note of the Relief Refinance Mortgage – Same Servicer, provided that:

- The Mortgage file contains evidence that the remaining Borrower has been making the Mortgage payments, including the payments for any secondary financing, for the most recent 12-month period
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death; the 12-month payment history stated above is not required
- The Borrower(s) being omitted is also removed from the deed and retains no ownership interest in the Mortgaged Premises
- At least one Borrower(s) from the Mortgage being refinanced is retained

(b) Mortgages ineligible for purchase as Relief Refinance Mortgages – Same Servicer

Relief Refinance Mortgages – Same Servicer must not be:

- Balloon/Reset Mortgages
- ARMs having LTV ratios exceeding 105%
- Convertible ARMs
- Cash-out refinance Mortgages
- Special purpose cash-out refinance Mortgages
- Mortgages with a potential for negative amortization or an Option ARM
- Mortgages originated under Chapter K33 of the Guide and any other Mortgage that converts interim construction financing to permanent financing
- Mortgages subject to a temporary subsidy buydown
- FHA Mortgages
- VA Mortgages
- Section 502 GRH Mortgages
- Section 184 Native American Mortgages
- Home Possible® Mortgages, and any affordable Mortgage, including Mortgages originated under a Seller's proprietary affordable program

- Affordable Merit Rate® Mortgages
- Mortgages only eligible for sale through MIDANET®
- Mortgages submitted to Loan Prospector or any other automated underwriting system
- Conforming Jumbo Mortgages
- Prepayment Penalty Mortgages
- Restructured Mortgages
- Freddie Mac Relief Refinance Mortgages – Open Access

(c) Required use of Form 65, Uniform Residential Loan Application

Form 65 must be completed for all Relief Refinance Mortgages – Same Servicer. Form 65A, Statement of Assets and Liabilities, may be used to supplement the Form 65, if needed. The final Form 65 and Form 65A, if used, must be complete, legible, dated and signed by all Borrowers signing the Note.

Refer to Section 37.8 for additional requirements regarding Form 65.

(d) Mortgaged Premises; determination of property value

Each Relief Refinance Mortgage – Same Servicer must be secured by Mortgaged Premises that are:

- 1- to 4-unit Primary Residences

  If the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home or Investment Property Mortgage, and the property is now a Primary Residence and the Borrower(s) obligated on the Note is now an Owner-Occupant, the Relief Refinance Mortgage – Same Servicer is eligible for sale to Freddie Mac as a Primary Residence Mortgage, provided it meets all of the other requirements in this chapter.

- Second homes, provided that the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home Mortgage

- 1- to 4-unit Investment Properties, provided that the Mortgage being refinanced was underwritten and sold to Freddie Mac as an Investment Property Mortgage

The Mortgaged Premises must be an attached or detached dwelling, a Manufactured Home, unit in a Condominium Project or PUD, or, if permitted by the Seller's Purchase Documents, a Cooperative Unit.

With respect to Mortgages secured by units in a Condominium Project or Cooperative Share Mortgages, the Seller does not need to again represent and warrant that the Project meets Freddie Mac eligibility requirements as of the Settlement Date of the Relief Refinance Mortgage – Same Servicer. Refer to Section A24.4 for delivery requirements for Mortgages secured by units in a Condominium Project.

Property valuation requirements for the Mortgage being refinanced

With respect to the Mortgage being refinanced, the following property value requirements apply:

- The Seller of the Relief Refinance Mortgage – Same Servicer must have the appraisal used to originate the Mortgage being refinanced or the Last Feedback Certificate evidencing that the Mortgage being refinanced was eligible for the Property Inspection Alternative (PIA), or, if the Seller's Purchase Documents permitted the use of an AVM in lieu of an appraisal for the Mortgage being refinanced, the Seller must have the requisite AVM documentation, in the Mortgage file for the Mortgage being refinanced
- The appraisal, PIA or AVM, as applicable, for the Mortgage being refinanced must meet the requirements of the Seller's Purchase Documents
- The Seller retains all the representations and warranties for the appraisal or AVM, as applicable, for the Mortgage being refinanced, in accordance with the Seller's Purchase Documents

The Seller must retain the appraisal used to originate the Mortgage being refinanced and all other related documentation (e.g., Form 2070, Loan Prospector Condition and Marketability Report) or, if applicable, AVM documentation required by the Seller's Purchase Documents, as applicable, for the Mortgage being refinanced in the Mortgage file for the Mortgage being refinanced and must provide such documentation to Freddie Mac's Quality Control upon request.

Property valuation requirements for the Relief Refinance Mortgage – Same Servicer

With respect to the determination of property value for a Relief Refinance Mortgage – Same Servicer, the Seller has the three options identified below. The Seller's regulatory agency may require an appraisal report in instances where Freddie Mac does not; in such event the Seller must comply with any relevant requirements of regulatory agencies that mandate an appraisal.

Option One: New Appraisal (or if permitted by the Seller's Purchase Documents, AVM)

The Seller must:

- Obtain a new appraisal or, if the Seller's Purchase Documents permit the use an AVM in lieu of an appraisal for the Relief Refinance Mortgage – Same Servicer, a new AVM, together with the appraisal or, if permitted by the Seller's Purchase Documents, the AVM for the Mortgage being refinanced. If the Loan Prospector Minimum Assessment Feedback (MAF) for the Mortgage being refinanced permitted a Form 2070 or PIA and the Seller chose to obtain no appraisal or

inspection for that Mortgage, the Seller must obtain a new appraisal or, if permitted by the Seller's Purchase Documents, a new AVM for the Mortgaged Premises and must retain the Feedback Certificate in the file of the Mortgage being refinanced.

- For Texas Equity Section 50(a)(6) Mortgages, the Seller must obtain an appraisal that meets Freddie Mac requirements and complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution. The Seller must obtain a new appraisal and may not use the appraisal used to originate the Mortgage being refinanced.

Option Two: Appraisal (or if permitted by the Seller's Purchase Documents, AVM) for the Mortgage being refinanced

The Seller must provide the appraisal used to originate the Mortgage being refinanced if an appraisal was performed or, if the Seller's Purchase Documents permitted the use of an AVM in lieu of an appraisal for the Mortgage being refinanced, the AVM, as applicable, for the Mortgage being refinanced.

For Options One and Two
With respect to Options One and Two, the appraisal or AVM, as applicable, whether for the Mortgage being refinanced or for the Relief Refinance Mortgage – Same Servicer, must meet the requirements of the Seller's Purchase Documents.

In addition, the Seller must represent and warrant that as of the Settlement Date of the Relief Refinance Mortgage – Same Servicer, the value of the Mortgaged Premises is at least equal to the value of the Mortgaged Premises as determined using an appraisal or, if permitted by the Seller's Purchase Documents, the AVM, with the most recent effective date before the Settlement Date of the Relief Refinance Mortgage – Same Servicer. The Seller also represents and warrants condition and marketability of the Mortgaged Premises.

Option Three: Home Value Explorer®

The Seller may determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer (HVE). For detailed information on HVE please visit **http://www.freddiemac.com/hve/hve.html**.

A Seller that receives a point value estimate and other data generated by HVE (HVE data) directly from Freddie Mac (as opposed to an authorized HVE distributor or reseller) to originate Relief Refinance Mortgages – Same Servicer will be deemed to have agreed to the terms and conditions relating to use of data generated by Home Value Explorer set forth in the Terms Relating to Use of Data Generated by Home Value Explorer®, included in this Guide as Exhibit 32, Terms Relating to Use of Data Generated by Home Value Explorer®.

The following requirements must be met for the Seller to use an HVE point value estimate to determine property value for the Relief Refinance Mortgage – Same Servicer:

- The property must be a 1-unit attached or detached dwelling, or a unit in a Condominium Project or PUD
- The property must not be a Manufactured Home, dwelling on a leasehold estate, or if a Seller is permitted to deliver Cooperative Share Mortgages under its Purchase Documents, a Cooperative Unit
- The HVE point value estimate must have a Forecast Standard Deviation that is no greater than 0.20 (corresponding to a Confidence Score of "H" (high) or "M" (medium)) as reported by the HVE report
- The Seller must retain a written copy of the HVE point value estimate in the Mortgage file for the Relief Refinance Mortgage – Same Servicer. If the Seller receives HVE point value estimates for a group of Mortgages in one report, the Seller must make a screen print of the applicable HVE point value estimate that includes the point value estimate, Forecast Standard Deviation, Confidence Score and date of the estimate for each Mortgage and retain it in the Mortgage file for that Relief Refinance Mortgage – Same Servicer.
- As of the Settlement Date of the Relief Refinance Mortgage – Same Servicer, the HVE point value estimate may not be more than 180 days old

If the above requirements are met and Seller uses the HVE point value estimate to determine value:

- The Seller is relieved of representations and warranties regarding the value, internal and external condition and marketability of the Mortgaged Premises for the Relief Refinance Mortgage – Same Servicer, provided that if the Seller, as of the Settlement Date, is aware of any circumstances or conditions that would adversely affect the value, condition or marketability of the Mortgaged Premises, the refinance Mortgage is not eligible for sale to Freddie Mac under Option Three and the Seller must determine the value of the Mortgaged Premises in accordance with Option One or Option Two described above
- The Seller represents and warrants that all information provided by the Seller for the purpose of obtaining the HVE point value estimate, including the address of the Mortgaged Premises, is true, complete and accurate

The Seller is responsible for the original appraisal or AVM value used to originate the Mortgage being refinanced and the original representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the Mortgage being refinanced.

If the above requirements for use of the HVE point value estimate are not met, the Seller must determine the value of the Mortgaged Premises in accordance with Option One or Option Two described above.

For special delivery instructions related to the delivery of Mortgages for which the Seller determines property value using the HVE point value estimate refer to Section A24.4

(e) Delivery Date requirement

All Relief Refinance Mortgages – Same Servicer must be delivered to Freddie Mac no more than 120 days after the Note Date.

(f) Loan-to-value, total loan-to-value, and Home Equity Line of Credit total loan-to-value ratios

Except as set forth below in this section and regardless of any maximum loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios identified for specific offerings in the Guide or Seller's other Purchase Documents:

- For adjustable-rate Relief Refinance Mortgages – Same Servicer, the maximum LTV ratio is 105%
- For fixed-rate Relief Refinance Mortgages – Same Servicer, the maximum LTV ratio is 125%
- There are no maximum TLTV and HTLTV ratios

Notwithstanding the foregoing, the maximum LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages is 80%.

(g) Borrower creditworthiness/minimum Indicator Score

A Borrower will be presumed to be creditworthy for the Relief Refinance Mortgage – Same Servicer under Chapter 37, Chapter H33, Chapter L33 and additionally under the underwriting requirements of Chapter 22, for Mortgages secured by a second home or an Investment Property, including the requirements regarding number of financed properties, if all of the requirements of this chapter are met.

The Mortgage payment history for the Mortgage being refinanced must indicate that the Mortgage has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date.

Verification of funds is not required.

Except as set forth in Section A24.3(h), there is no minimum Indicator Score required for eligibility of the Relief Refinance Mortgage – Same Servicer. However, the Seller must identify and deliver an Indicator Score for all Relief Refinance Mortgages – Same Servicer in accordance with the requirements of Section 37.5(e). Unless a minimum Indicator Score is required (see Section A24.3(h)), if the Seller determines that there is no usable Credit Score due to insufficient information or inaccurate information, the Mortgage is eligible for purchase as a Relief Refinance Mortgage – Same Servicer (refer to Sections 37.5(f) and 17.3(c) for Indicator Score delivery requirements).

(h) Principal and Interest payment increase

When the principal and interest payment increases by more than 20% of the principal and interest payment most frequently made by the Borrower during the most recent 12 months, or since the Note Date of the Mortgage being refinanced if the Note Date is less than 12 months prior to the application date of the Relief Refinance Mortgage – Same Servicer, the following requirements must be met:

- New credit report
- Minimum Indicator Score of 620
- Verification of income source and amount (at a minimum, verifications must meet the Streamlined Accept Documentation Level requirements for verification of employment and income of Section 37.22(a) of the Guide). Verification of funds is not required.
- Debt-to-income ("DTI") ratio must be calculated using the new credit report and verified income. The maximum DTI is 45%.

Since a minimum Indicator Score is required in this instance, if no Borrower has a usable Credit Score so the Mortgage does not have an Indicator Score, the Mortgage is not eligible for purchase as a Relief Refinance Mortgage – Same Servicer.

There is no limitation on the amount of the increase in the Borrower's principal and interest payment.

(i) Mortgage insurance

The following provisions apply for a Relief Refinance Mortgage – Same Servicer that has an LTV ratio greater than 80%:

- If the Mortgage being refinanced has mortgage insurance coverage, then the same percentage of mortgage insurance coverage must be maintained for the Relief Refinance Mortgage – Same Servicer on the entire unpaid principal balance

- If the Mortgage being refinanced does not have mortgage insurance coverage, then no mortgage insurance coverage is required for the Relief Refinance Mortgage – Same Servicer

Seller/Servicers must comply with any requirements established by the applicable mortgage insurer to transfer and maintain the existing mortgage insurance coverage.

Refer to Section A24.4 for special delivery requirements for Relief Refinance Mortgages – Same Servicer related to mortgage insurance.

(j) Special documentation requirements

The Seller of the Relief Refinance Mortgage – Same Servicer must have the Mortgage file(s) for the Mortgage being refinanced, and must provide both the original Mortgage file(s) and the Mortgage file for the Relief Refinance Mortgage – Same Servicer to Freddie Mac Quality Control upon request.

(k) Mortgages with recourse and indemnification

Relief Refinance Mortgages – Same Servicer that are refinances of Mortgages with recourse or indemnification must be delivered to Freddie Mac with recourse or indemnification, and must meet the following requirements:

(i) If the Mortgage being refinanced was sold to Freddie Mac with recourse or indemnification for the life of the Mortgage, or the Mortgage was credit enhanced with recourse or indemnification for the life of the Mortgage after it was sold to Freddie Mac, the Relief Refinance Mortgage – Same Servicer must be sold to Freddie Mac with recourse or indemnification, as applicable, for the life of the Mortgage.

(ii) If the Mortgage being refinanced was sold to Freddie Mac with recourse or indemnification for a term that is less than the life of the Mortgage, or the Mortgage was credit enhanced with recourse or indemnification for a term that is less than the life of the Mortgage after it was sold to Freddie Mac, the Relief Refinance Mortgage – Same Servicer must be sold to Freddie Mac with recourse or indemnification, as applicable, that extends for three years after the Settlement Date of the Relief Refinance Mortgage – Same Servicer.

(iii) If any Relief Refinance Mortgage – Same Servicer sold to Freddie Mac with recourse or indemnification that extends for three years after the Settlement Date, as required in (ii) above, is 30 days or more delinquent on the date that is three years after the Settlement Date, the Seller's recourse or indemnification obligation with respect to the delinquent Mortgage will not expire and will continue until the earliest of:

- The date on which the delinquent Mortgage becomes and remains current for a period of 12 consecutive scheduled monthly payments from the date of the last Delinquency

- The final sale or disposition of any real property securing a delinquent Mortgage (including, delivery of the property to the Seller or retention of the property by the Borrower pursuant to Freddie Mac's loss mitigation activities), and payment in full to Freddie Mac upon its sale or disposition

- The payment in full of the delinquent Mortgage

- The repurchase of the delinquent Mortgage by the Seller according to the repurchase procedures in the Guide. The repurchase price of each delinquent Mortgage will be calculated in accordance with Section 72.3 of the Guide.

A24.4: Delivery and pooling requirements (02/22/10)

(a) Delivery programs for fixed-rate and adjustable-rate Relief Refinance Mortgages℠ – Same Servicer with loan-to-value (LTV) ratios less than or equal to 105%

Relief Refinance Mortgages – Same Servicer having LTV ratios less than or equal to 105% must be sold through the Freddie Mac Selling System (Selling System) only under the following:

- Fixed-rate Cash
- Weighted Average Coupon (WAC) adjustable-rate Mortgage (ARM) Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

(b) Delivery programs for fixed-rate Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 105% and less than or equal to 125%

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% and less than or equal to 125% must be sold through the Selling System only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor

(c) Mortgage data delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer, the Seller must deliver all the Mortgage data required by Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable, and must complete certain fields of the forms as follows:

Delivery Instructions			
Field Title	**Completion Instructions**	**Reference Code**	**Selling System Abbreviated Reference Title**
Monthly Income	If less than or equal to a 20% P&I increase: Insert the monthly amount of Stated Income If greater than a 20% P&I increase: Insert documented monthly income		
Assoc FHLMC Loan #	Insert the 9-digit Freddie Mac loan number of the original Mortgage		
Ref Code (Reference Code) for Freddie Mac-owned Streamlined Refinance Mortgages		0007	FRE Streamline Refin Mrtg
Special Characteristics Code (SCC) for: "No cash-out" refinance Mortgage Relief Refinance Mortgages – Same Servicer Home Value Explorer (HVE) point value estimate used to determine value Texas Equity Section 50(a)(6)	 007 H06 H03 221		

Delivery Instructions			
Field Title	**Completion Instructions**	**Reference Code**	**Selling System Abbreviated Reference Title**
Mortgages Mortgage with an Affordable Second® Mortgages with life-of-loan recourse Mortgages with life-of-loan indemnification	 583 001 033		
Appraised value field	For Mortgages with HVE point value estimate delivered with SCC H03: Insert the HVE point value estimate in this field. For all other Mortgages, insert the appraised value or AVM value, if permitted, for the Mortgaged Premises		
Year Built	For Mortgages with HVE point value estimate delivered with SCC H03: Leave blank		
Number of Bedrooms (by unit)	For Mortgages with HVE point value estimate delivered with SCC H03: Leave blank		
Condo/PUD Class	Insert project type “3”		

Delivery Instructions			
Field Title	**Completion Instructions**	**Reference Code**	**Selling System Abbreviated Reference Title**
	indicating streamlined review		
MI Loss Coverage %	If the Mortgage being refinanced has mortgage insurance and the LTV ratio of the Relief Refinance Mortgage – Same Servicer is greater than 80%, insert the same percentage of loss coverage		
MI Code For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% requiring mortgage insurance in accordance with Section A24.3 and Settlement Dates on or after May 1, 2009	Freddie Mac-approved mortgage insurer that is insuring the Mortgage (see Exhibit 10)		
MI Certificate	The certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Same Servicer or the replacement certificate number		

When delivering Relief Refinance Mortgages – Same Servicer, the Seller must deliver the following Special Characteristics Codes in one of the first five positions:

"007" = "no cash-out" refinance Mortgage
"H06" = Relief Refinance Mortgage – Same Servicer.

If applicable, "H03" = HVE point value estimate used to determine value

(d) Special mortgage insurance delivery requirements

For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80%, the Seller should complete the MI Code field on the Form 11 or 13SF only if the Mortgage has mortgage insurance coverage. For such Mortgages, the Seller must deliver the MI code that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in the MI Code field, as well as completing the other mortgage insurance-related data fields.

Triad Guaranty Insurance Corporation and Freddie Mac approved affiliates (collectively, "Triad")

If the Mortgage being refinanced has a certificate of insurance from Triad, that coverage may be maintained for the Relief Refinance Mortgage – Same Servicer and that Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Same Servicer with Triad mortgage. Sellers should deliver MI code "24" in the Form 11 and Form 13SF.

If the Relief Refinance Mortgage – Same Servicer is being delivered without mortgage insurance in accordance with the requirements of Section A24.3(i), the Seller is not required to deliver any mortgage insurance data.

(e) Delivery of Mortgages with recourse or indemnification

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer where the Mortgage being refinanced was sold to Freddie Mac with recourse as described in Section A24.3 (k):

- The Seller must insert "001" (indicating the Mortgage is sold with recourse) in one of the special characteristics code fields of the Form 11, or Form 13SF, if the Mortgage being refinanced was sold with recourse for the life of the Mortgage or the Mortgage was credit enhanced with recourse for the life of the Mortgage after it was sold to Freddie Mac

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer where the Mortgage being refinanced was sold to Freddie Mac with indemnification as described in Section A24.3 (k):

- The Seller must insert "033" (indicating the Mortgage is sold with indemnification) in one of the special characteristic code fields of the Form 11 or Form 13SF, as applicable, if the Mortgage being refinanced was sold with

indemnification for the life of the Mortgage or the Mortgage was credit enhanced with indemnification for the life of the Mortgage after it was sold to Freddie Mac

If the Mortgage being refinanced was sold or the Mortgage being refinanced was credit enhanced after it was sold to Freddie Mac, with indemnification or recourse for less than the life of the Mortgage, the Seller may deliver the Mortgage without any special characteristic code to indicate that the Relief Refinance Mortgage – Same Servicer is subject to recourse or indemnification. In this instance, Freddie Mac will manage the transfer of the credit enhancement from the Mortgage being refinanced to the Relief Refinance Mortgage – Same Servicer.

(f) Special Delivery requirements for Cash Contracts

For fixed-rate and adjustable-rate Relief Refinance Mortgages - Same Servicer with LTV ratios less than or equal to 105%, there are no special delivery requirements.

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios greater than 105% and less than or equal to 125%:

- All Mortgages in a particular Cash contract must have LTV ratios either:
  - Greater than 105% and less than or equal to 115%; or
  - Greater than 115% and less than or equal to 125%.

Mortgages with LTV ratios greater than 105% must not be included in fixed-rate Cash contracts that include Mortgages with LTV ratios less than or equal to 105%. The Cash contract may include both Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access with the applicable LTV ratios.

- Sellers must identify fixed-rate Cash contracts for Relief Refinance Mortgages with LTV ratios greater than 105% by selecting the appropriate "LTV Range for the contract" on the Take Out a Cash Contract screen in the Selling System:
  - For LTV ratios greater than 105% and less than or equal to 115%: select ">105% - <=115%"
  - For LTV ratios greater than 115% and less than or equal to 125%: select ">115%"

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(g) Pooling requirements for Gold PCs® and Giant PCs

For fixed-rate and adjustable-rate Relief Refinance Mortgages - Same Servicer with LTV ratios less than or equal to 105%:

There are no special pooling requirements for the Mortgages.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., Cooperative Share Mortgages, super conforming Mortgages), and refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor and MultiLender Swap programs, and to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios greater than 105% and less than or equal to 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than or equal to 105%. Instead, the Mortgages must be pooled in PC Pools with a prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 105%. The PC Pool may include both Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access, and all the Mortgages in the PC Pool must have LTV ratios greater than 105%.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., Cooperative Share Mortgages, super conforming Mortgages) and refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor program.

Sellers should refer to Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% and less than or equal to 125% which are sold under the fixed-rate Guarantor program through the Selling System.

(h) Pooling requirements for WAC ARM PCs

Only Relief Refinance Mortgages – Same Servicer which have LTV ratios less than or equal to 105% may be ARMs. There are no special pooling requirements for such Relief Refinance Mortgages – Same Servicer.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., super conforming Mortgages) and refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

A24.5: Postsettlement delivery fees and other assessments and credits (09/01/09)

(a) Postsettlement delivery fees (delivery fees)

Delivery fees are applicable to Relief Refinance Mortgages[SM] – Same Servicer. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on delivery fees and delivery fee rates.

Freddie Mac will not assess Exhibit 19 delivery fees, except for the Market Condition delivery fee, for Relief Refinance Mortgages – Same Servicer sold with full recourse for the life of the Mortgage or indemnification for the life of the Mortgage.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

(b) Cash Adjustor under fixed-rate Cash

For fixed-rate Relief Refinance Mortgages – Same Servicer which have loan-to-value (LTV) ratios greater than 105% and less than or equal to 125% and which are sold under fixed-rate Cash, Freddie Mac will apply a cash adjustor. The cash adjustor value may change from time to time at Freddie Mac's discretion; the current cash adjustor value may be obtained by calling (800) FREDDIE. The cash adjustor applicable to a particular Mortgage will be determined as of the commitment date and will be reflected in the cash pricing shown in the Selling System once the Seller allocates Mortgages to the contract. Sellers may allocate these Mortgages to fixed-rate Cash contracts.

Freddie Mac will net the cash adjustor amount against the amount paid to the Seller.

(c) Reduced term incentive

For fixed-rate Relief Refinance Mortgages – Same Servicer that have LTV ratios greater than 105% and less than or equal to 125%, a reduced term incentive will be applied if:

- The term of the original Mortgage being refinanced was 30 years or greater; and
- The term of the Relief Refinance Mortgage – Same Servicer is greater than 15 years and less than or equal to 25 years.

The reduced term incentive will be applied by reducing the Relief Refinance Mortgage Delivery Fee Cap applicable to such Mortgages to the amount specified in Exhibit 19.

A24.6: Related provisions (08/16/10)

In addition to the requirements in this chapter, other requirements are described in the following locations:

Topic	Location
Pooling and Disclosure requirements for fixed-rate and Balloon/Reset Mortgages under the Fixed-rate Guarantor or MultiLender Swap Programs	Chapter 13
Pooling and Disclosure requirements for Adjustable-Rate Mortgages (ARMS) under the Weighted Average Coupon ARM Guarantor Program	Chapter A13
Mortgage Delivery and Settlement Processing	Chapter 17
Indicator Score delivery requirements	Section 17.3(c)
Special requirements for Mortgages with principal curtailments	Section 17.45
Maximum original loan amounts for Home Mortgage purchase	Section 23.3
Section 50(a)(6) Texas Equity Mortgages	Section 24.8
Credit Scores	Section 37.5
Documenting and delivering Underwriting and Indicator Scores	Section 37.5(f)
Streamlined Accept documentation requirements	Section 37.22(a)
Maximum original loan amounts for super conforming Mortgages	Section L33.2
Mortgage Products Available Through the Selling System	Exhibit 17S
Postsettlement Delivery Fees	Exhibit 19
Terms Related to Use of Data generated by Home Value Explorer®	Exhibit 32

Chapter B24: Freddie Mac Relief Refinance Mortgages^{SM} – Open Access

B24.1: Overview (03/11/10)

This chapter details the requirements for Freddie Mac Relief Refinance Mortgages^{SM} - Open Access (Relief Refinance Mortgages – Open Access).

Relief Refinance Mortgages – Open Access must be sold through the Freddie Mac Selling System and:

- Have Note Dates on or after October 1, 2009 and on or before June 30, 2011
- Have Freddie Mac Settlement Dates on or after October 1, 2009
- Be delivered no more than 120 days after the Note Date

Negotiated underwriting provisions, and special negotiated Mortgage products or offerings stated in the Purchase Documents are permitted, unless:

- The provisions, products or offerings conflict with the requirements of this chapter, in which case, the requirements of this chapter will apply
- The provisions, products, or offerings are related to Freddie Mac-owned refinance Mortgages, Freddie Mac-owned Streamlined Refinance Mortgages or Freddie Mac Relief Refinance Mortgages – Same Servicer

The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

B24.2: Eligibility requirements, eligible Mortgages and ineligible Mortgages (09/01/10)

(a) Eligibility of the Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Freddie Mac Settlement Date on or before May 31, 2009
- Be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac
- Be seasoned for at least three months (that is, the Note Date of the Mortgage being refinanced must be at least three months prior to the Note Date of the Relief Refinance Mortgage – Open Access)
- Have a Mortgage payment history that indicates the Mortgage has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

If the Mortgage being refinanced was a Restructured Mortgage, it is ineligible to be refinanced as a Relief Refinance Mortgage – Open Access.

If the Mortgage being refinanced was sold to Freddie Mac with mortgage insurance, it is eligible for refinancing under the provisions of this chapter. Refer to Section B24.3(h) for additional requirements regarding delivery of Relief Refinance Mortgage – Open Access with mortgage insurance.

If the Mortgage being refinanced was sold to Freddie Mac with recourse, indemnification, Mortgage pool insurance or another negotiated credit enhancement, it is ineligible for refinancing as a Relief Refinance Mortgage – Open Access.

The Seller is responsible for determining whether the proposed refinance of a Mortgage secured by the Borrower's homestead in the State of Texas is a Mortgage that must be originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution. Refer to Section 24.8 for additional information regarding Texas Equity 50(a)(6) Mortgages.

(b) Eligibility of the Relief Refinance Mortgage – Open Access

(i) Product eligibility

A Relief Refinance Mortgage – Open Access must be one of the following:

- A conventional 15-, 20- or 30-year fixed-rate, fully amortizing Mortgage
- A conventional nonconvertible 5/1, 7/1 or 10/1 fully amortizing adjustable-rate Mortgage (ARM), provided the ARM has a loan-to-value (LTV) ratio not exceeding 105%

The Relief Refinance Mortgage – Open Access may be a super conforming Mortgage. See Section L33.2, for the maximum original loan amounts for super conforming Mortgages

If the Mortgage being refinanced is a fixed-rate Mortgage the Relief Refinance Mortgage – Open Access may not be an ARM.

(ii) Occupancy and the Mortgaged Premises

Each Relief Refinance Mortgage – Open Access must be secured by Mortgaged Premises that are:

- 1- to 4-unit Primary Residences
- Second homes

- 1- to 4-unit Investment Properties

The Mortgaged Premises must be an attached or detached dwelling, a Manufactured Home, unit in a Condominium Project or PUD, or, if permitted by the Seller's Purchase Documents, a Cooperative Unit

Except as modified by this chapter, the Relief Refinance Mortgage – Open Access must meet all of the eligibility, underwriting and documentation requirements and provisions of the *Single-Family Seller/Servicer Guide* (Guide) as of the Note Date, including the following requirements:

- Second homes must meet the requirements of Section 22.22
- Investment Properties must meet the requirements of 22.22.1

Cooperative Share Mortgages must meet the requirements of the Seller's Purchase Documents and this chapter.

For Mortgages secured by Condominium Units, the Seller must evaluate the Condominium Project, and based on such evaluation must represent and warrant that the Condominium Unit complies with the requirements for an eligible Condominium Unit set forth in Chapter 42. Refer to Section 17.22 for special delivery requirements related to Condominium Unit Mortgages.

(c) Borrower eligibility and benefit

(i) Eligible Borrowers

The Borrower(s) obligated on the Note on the Relief Refinance Mortgage – Open Access must be the same as the Borrower(s) obligated on the Note on the Mortgage being refinanced, except that a Borrower obligated on the Note of the Mortgage being refinanced may be omitted from the Note of the Relief Refinance Mortgage – Open Access, provided that, the Borrower(s) being omitted is also removed from the deed and retains no ownership interest in the Mortgaged Premises, and at least one Borrower(s) from the Mortgage being refinanced is retained.

A Borrower(s) may be added to the Note of the Relief Refinance Mortgage – Open Access provided that at least one Borrower(s) from the Mortgage being refinanced is retained. A non-occupying Borrower may not be added to a Mortgage secured by a Primary Residence.

(ii) Borrower benefit

The Relief Refinance Mortgage – Open Access must be originated for one of the following purposes:

- A reduction in the interest rate of the First Lien Mortgage

- To replace an ARM, Initial Interest℠ Mortgage or any Mortgage with an interest-only period, or a Balloon/Reset Mortgage with a fixed-rate, fully amortizing Mortgage
- A reduction in the amortization term of the First Lien Mortgage.

There is no limitation on the amount of the increase in the Borrower's principal and interest payment.

The Relief Refinance Mortgage – Open Access must not be subject to the Home Ownership and Equity Protection Act of 1994.

(d) Ineligible Relief Refinance Mortgage – Open Access

Relief Refinance Mortgages – Open Access must not be:

- Balloon/Reset Mortgages
- ARMs having LTV ratios exceeding 105%
- Convertible ARMs
- Cash-out refinance Mortgages
- Special purpose cash-out refinance Mortgages
- Mortgages with a potential for negative amortization or an Option ARM
- Mortgages originated under Chapter K33 of the Guide and any other Mortgage that converts interim construction financing to permanent financing
- Mortgages subject to a temporary subsidy buydown
- FHA Mortgages
- VA Mortgages
- Section 502 GRH Mortgages
- Section 184 Native American Mortgages
- Freddie Mac Relief Refinance Mortgages - Same Servicer
- Home Possible® Mortgages, and any affordable Mortgage, including Mortgages originated under a Seller's proprietary affordable program
- Affordable Merit Rate® Mortgages
- Mortgages only eligible for sale through MIDANET®
- Mortgages submitted to any other automated underwriting system excluding Loan Prospector
- Prepayment Penalty Mortgages
- Restructured Mortgages
- Mortgages with original loans amounts greater than $1,000,000

B24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Open Access (08/16/10)

(a) Maximum LTV/TLTV/HTLTV ratios

Except as set forth below in this section and regardless of any maximum loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios identified for specific offerings in the *Single-Family Seller/Servicer Guide* (Guide) or Seller's other Purchase Documents:

- The maximum LTV ratio for fixed-rate Relief Refinance Mortgages – Open Access is 125%
- The maximum LTV ratio for adjustable-rate Relief Refinance Mortgages – Open Access is 105%
- There are no maximum TLTV and HTLTV ratios

The LTV and TLTV ratios for Texas Equity Section 50(a)(6) Mortgages must not exceed 80%.

(b) Mortgage Proceeds

The proceeds of the Relief Refinance Mortgage – Open Access must be used only to:

- Pay off the first Mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off)
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows not to exceed the lesser of 4% of the current unpaid principal balance (UPB) of the Mortgage being refinanced or $5,000
- Disburse cash to the Borrower not to exceed $250

In the event there are remaining proceeds from the Relief Refinance Mortgage – Open Access after the proceeds are applied as described above:

- The Mortgage amount must be reduced, or
- The excess amount must be applied as a principal curtailment to the Relief Refinance Mortgage – Open Access at closing and must be clearly reflected on the HUD-1 form or other equivalent closing statement.

Under no circumstances may cash disbursed to the Borrower exceed $250.

The proceeds may not be used to pay off or pay down any junior liens.

(c) Secondary Financing

An existing junior lien:

- Must be subordinate to the Relief Refinance Mortgage – Open Access and must meet requirements for secondary financing set forth in Guide Chapter 25. An increase in the current unpaid principal amount of any junior lien is prohibited to curtail the Relief Refinance Mortgage – Open Access or to pay related Closing Costs, Financing Costs or Prepaids/Escrows, and no new secondary financing is permitted.

Existing secondary financing may be an Affordable Second® meeting the requirements of the Seller's Purchase Documents. The Affordable Second must be subordinate to the Relief Refinance Mortgage – Open Access. Refer to Section B24.4 for special delivery requirements for Relief Refinance Mortgage – Open Access with an Affordable Second.

- May be refinanced simultaneously with the First Lien Mortgage being refinanced if the junior lien is being refinanced for one of the following purposes:

  - A reduction in the interest rate of the junior lien
  - To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien
  - A reduction in the amortization term of the junior lien

  The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.

  If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.

(d) Borrower creditworthiness and minimum Indicator Score

Except as modified by this chapter, the Relief Refinance Mortgage – Open Access must meet all of the underwriting requirements in the Guide as of the Note Date of the new refinance Mortgage.

All Relief Refinance Mortgage – Open Access must be submitted to Loan Prospector® in accordance with the requirements of Section 2.2.1. Regardless of the Risk Class the Seller must verify that the Mortgage payment history for the Mortgage being refinanced has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date.

If the Mortgage receives a Loan Prospector evaluation status of invalid, ineligible or incomplete, the Seller must take all steps possible in accordance with Section 2.2.1 to correct the information and resubmit the Mortgage to Loan Prospector.

A Relief Refinance Mortgage – Open Access receiving an evaluation status of invalid, ineligible or incomplete is ineligible for sale to Freddie Mac.

The Seller must deliver the Key Number (Loan Prospector AUS Key Number) on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable. Refer to Section B24.4 for delivery requirements.

(i) Loan Prospector Accept and A-minus Mortgages

The Borrower's credit reputation is acceptable if:

- The Mortgage receives a Risk Class of Accept, or

- The Mortgage receives a Risk Class of Caution, with an evaluation status of eligible for A-minus. For all A Minus Mortgages, the requirements in Chapter C33 must be met except that the Mortgage payment history for the Mortgage being refinanced must indicate the Mortgage has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date.

(ii) Loan Prospector Caution Manually Underwritten Mortgages

Relief Refinance Mortgages – Open Access with a Risk Class of Caution and no A-minus eligible purchase eligibility message must be manually underwritten in accordance with Guide Chapter 37 and this Chapter. The Seller is not relieved of any warranties regarding Borrower creditworthiness.

Noncredit Payment References are prohibited and may not be used to establish an acceptable credit reputation for a Relief Refinance Mortgage – Open Access.

To be eligible for sale to Freddie Mac, the Manually Underwritten Relief Refinance Mortgage – Open Access must comply with the minimum Indicator Score requirements in the following chart:

Minimum Indicator Scores Manually Underwritten Relief Refinance Mortgage – Open Access		
Property Type	**LTV**	**Minimum Indicator Score**
1- to 4-unit Primary Residence	>75%	660
	≤75%	620
Second home	>75%	720
	≤75%	620
1-unit Investment Property	>75%	720
	≤75%	620
2- to 4-unit Investment Property	>75%	720
	≤75%	660

The Seller must identify and deliver an Indicator Score for all Relief Refinance Mortgages – Open Access in accordance with the requirements of Section 37.5(e). If the Seller determines that there is no usable Credit Score due to insufficient information or inaccurate information, the Mortgage is not eligible for sale to Freddie Mac.

Employment and income Standard Documentation requirements in 37.23(a) apply to all Manually Underwritten Relief Refinance Mortgage – Open Access.

Refer to Sections 37.5(f) and 17.3(c) for Indicator Score delivery requirements.

(e) Monthly debt payment-to-income ratio

For LP Mortgages, Loan Prospector calculates and assesses the Borrower's qualifying ratios. For Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that the Borrower's qualifying ratios are acceptable.

For Caution Mortgages that are Manually Underwritten Mortgages, the debt payment-to-income ratio must be underwritten in accordance with Section 37.16 of the Guide.

(f) Documentation requirements

Unless modified in this chapter, the Relief Refinance Mortgage – Open Access must meet all of Freddie Mac's documentation requirements as of the Note Date of the refinance Mortgage.

For Loan Prospector Mortgages, the Seller must use the minimum Documentation Level per the Loan Prospector Feedback Certificate.

Except for reserves entered into Loan Prospector, verification of funds is not required.

(g) Property valuation requirements

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

For Texas Equity Section 50(a)(6) Mortgages, the Seller must obtain an appraisal that meets Freddie Mac requirements and complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution.

The Seller represents and warrants:

- That as of the Settlement Date of the Relief Refinance Mortgage – Open Access, the value of the Mortgaged Premises is at least equal to the value of the Mortgaged Premises as determined by the appraisal with the most recent effective date before the Settlement Date of the Relief Refinance Mortgage – Open Access

- The value, interior and exterior condition and marketability of the Mortgaged Premises

The special appraisal and collateral requirements in Section L33.6 apply for super conforming Relief Refinance Mortgages – Open Access.

(h) Mortgage insurance

For each Relief Refinance Mortgage – Open Access with an LTV ratio greater than 80%:

- If the Mortgage being refinanced has mortgage insurance coverage, then the same percentage of mortgage insurance coverage must be maintained for the new refinance Mortgage on the entire unpaid principal balance
- If the Mortgage being refinanced does not have mortgage insurance coverage, then no mortgage insurance coverage is required for the new refinance Mortgage

Seller/Servicers must comply with any requirements established by the applicable mortgage insurer to transfer and/or maintain the existing mortgage insurance coverage.

Refer to Section B24.4 for special delivery requirements for Relief Refinance Mortgage – Open Access related to mortgage insurance.

B24.4: Delivery and pooling requirements (02/22/10)

(a) Eligibility and Pooling requirements

Delivery programs for fixed-rate and adjustable-rate Relief Refinance Mortgages - Open Access with LTV ratios less than or equal to 105%:

Relief Refinance Mortgages – Open Access having LTV ratios less than or equal to 105% must be sold through the Freddie Mac Selling System (Selling System) only under the following:

- Fixed-rate Cash
- Weighted Average Coupon (WAC) adjustable-rate Mortgage (ARM) Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

(b) Delivery programs for fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 105% and less than or equal to 125%:

Relief Refinance Mortgages – Open Access having LTV ratios greater than 105% and less than or equal to 125% must be sold through the Selling System only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor

(c) Delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Open Access, the Seller must deliver all the Mortgage data required by Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable, and must complete certain fields of the forms as follows:

Delivery Instructions			
Field Title	**Completion Instructions**	**Reference Code**	**Selling System Abbreviated Reference Title**
AUS # (Key Number)	For all Relief Refinance Mortgage – Open Access the AUS # (Key Number) must be reported		
Assoc FHLMC Loan #	Insert the 9-digit Freddie Mac loan number of the original Mortgage		
Ref Code (Reference Code) for Freddie Mac-owned Streamlined Refinance Mortgages		0007	FRE Streamline Refin Mrtg
Special Characteristics Code (SCC) for: "No cash-out" refinance Mortgage Relief Refinance Mortgage – Open Access Texas Equity Section 50(a)(6) Mortgages Mortgage with an Affordable Second®	 007 H08 221 583		

Delivery Instructions			
Field Title	**Completion Instructions**	**Reference Code**	**Selling System Abbreviated Reference Title**
MI Loss Coverage %	If the Mortgage being refinanced has mortgage insurance and the LTV ratio of the Relief Refinance Mortgage – Open Access is greater than 80%, insert the same percentage of loss coverage		
MI Code	Freddie Mac-approved mortgage insurer that is insuring the Mortgage (see Exhibit 10)		
MI Certificate	The certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Open Access or the replacement certificate number		

When delivering a Relief Refinance Mortgage – Open Access, the Seller must deliver the following Special Characteristics Codes in one of the first five positions:

"007" = "no cash-out" refinance Mortgage
"H08"= Relief Refinance Mortgage – Open Access

The Feedback Certificate returned by Loan Prospector for a Relief Refinance Mortgage – Open Access will contain the existing nine digit Freddie Mac loan number for the Mortgage being refinanced.

(d) Special Mortgage insurance delivery requirements

For Relief Refinance Mortgage – Open Access with mortgage insurance being transferred from the Mortgage being refinanced, the Seller must enter the existing mortgage insurance certificate number or, if applicable, the replacement certificate number and existing percent of coverage for the mortgage being refinanced for the Relief Refinance Mortgage – Open Access.

For Relief Refinance Mortgages – Open Access with LTV ratios greater than 80%, the Seller should complete the MI Code field on the Form 11 or Form 13SF if the Mortgage has mortgage insurance coverage. The Seller must deliver the MI code that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in

the MI Code field, as well as completing the other mortgage insurance-related data fields.

The Feedback Certificate returned by Loan Prospector for a Relief Refinance Mortgage Open Access will contain the mortgage insurance loss coverage percentage, the mortgage insurance certificate number, and mortgage insurer name as applicable. Refer to Exhibit 10, Freddie Mac Approved Mortgage Insurers, for the applicable MI Code.

The Seller must deliver Special Characteristics Code "H08" for Relief Refinance Mortgages – Open Access with LTV ratios greater than 80% where no mortgage insurance coverage is required for the new refinance Mortgage.

Triad Guaranty Insurance Corporation and Freddie Mac approved affiliates (collectively, "Triad")

If the Mortgage being refinanced has a certificate of insurance from Triad, that coverage may be maintained for the Relief Refinance Mortgage – Open Access and that Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Open Access with Triad mortgage insurance only, Sellers should deliver MI code "24" in the Form 11 and Form 13SF.

If the Relief Refinance Mortgage – Open Access is being delivered without mortgage insurance in accordance with the requirements of Section B24.3(h), the Seller is not required to deliver any mortgage insurance data.

(e) Special Delivery requirements for Cash Contracts

For fixed-rate and adjustable-rate Relief Refinance Mortgages – Open Access with LTV ratios less than or equal to 105%, there are no special delivery requirements for the Mortgages.

For fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 105% and less than or equal to 125%:

- All Mortgages in a particular Cash contract must have LTV ratios either:
  - Greater than 105% and less than or equal to 115%; or
  - Greater than 115% and less than or equal to 125%

Mortgages with LTV ratios greater than 105% must not be included in fixed-rate Cash contracts that include Mortgages with LTV ratios less than or equal to 105%. The Cash contract may include both Relief Refinance Mortgages – Open Access and Relief Refinance Mortgages – Same Servicer with the applicable LTV ratios.

- Sellers must identify fixed-rate Cash contracts for Relief Refinance Mortgages with LTV ratios greater than 105% by selecting the appropriate "LTV Range for the contract" on the Take Out a Cash Contract screen in the Selling System:

- For LTV ratios greater than 105% and less than or equal to 115%: select ">105% - <=115%"
- For LTV ratios greater than 115% and less than or equal to 125%: select ">115%"

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(f) Pooling requirements for Gold PCs® and Giant PCs

For fixed-rate and adjustable-rate Relief Refinance Mortgages – Open Access with LTV ratios less than or equal to 105%:

There are no special pooling requirements for the Mortgages.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., Cooperative Share Mortgages, super conforming Mortgages) and refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs, and to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

For fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 105% and less or equal to 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than or equal to 105%. Instead, the Mortgages must be pooled in PC Pools with a prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 105%. The PC Pool may include both Relief Refinance Mortgages – Open Access and Relief Refinance Mortgages – Same Servicer, and all the Mortgages in the PC Pool must have LTV ratios greater than 105%.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., Cooperative Share Mortgages, super conforming Mortgages) and refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor program.

Sellers should refer to Exhibit 17S, Mortgage Products Available Through the Selling System, for more information about eligibility and coding requirements for Relief Refinance Mortgages – Open Access having LTV ratios greater than 105% and less than or equal to 125% which are sold under the fixed-rate Guarantor program through the Selling System.

(g) Pooling requirements for WAC ARM PCs

Only Relief Refinance Mortgages – Open Access which have LTV ratios less than or equal to 105% may be ARMs. There are no special pooling requirements for such Relief Refinance Mortgages – Open Access.

Sellers should refer to Chapter 17 and their other Purchase Documents for delivery and pooling requirements related to specific Mortgages (e.g., super conforming Mortgages) and refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

B24.5: Postsettlement delivery fees and other assessments and credits (10/01/09)

(a) Postsettlement delivery fees (delivery fees)

Special delivery fees are applicable to Relief Refinance Mortgages – Open Access. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on delivery fees and delivery fee rates.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

(b) Cash Adjustor under fixed-rate Cash

For fixed-rate Relief Refinance Mortgages – Open Access which have loan-to-value (LTV) ratios greater than 105% and less than or equal to 125% and which are sold under fixed-rate Cash, Freddie Mac will apply a cash adjustor. The cash adjustor value may change from time to time at Freddie Mac's discretion; the current cash adjustor value may be obtained by calling (800) FREDDIE. The cash adjustor applicable to a particular Mortgage will be determined as of the commitment date and will be reflected in the cash pricing shown in the Selling System once the Seller allocates Mortgages to the contract. Sellers may allocate these Mortgages to fixed-rate Cash contracts beginning **October 1, 2009**.

Freddie Mac will net the cash adjustor amount against the amount paid to the Seller.

(c) Reduced Term Incentive

For fixed-rate Relief Refinance Mortgages – Open Access that have LTV ratios greater than 105% and less than or equal to 125%, a reduced term incentive will be applied if:

- The term of the original Mortgage being refinanced was 30 years or greater; and
- The term of the Relief Refinance Mortgage – Open Access is greater than 15 years and less than or equal to 25 years.

The reduced term incentive will be applied by reducing the Relief Refinance Mortgage Delivery Fee Cap applicable to such Mortgages to the amount specified in Exhibit 19.

B24.6: Related provisions (08/16/10)

In addition to the requirements in this chapter, other requirements are described in the following locations:

Topic	Location
Introduction to Loan Prospector	Section 2.2.1
Pooling and Disclosure requirements for fixed-rate and Balloon/Reset Mortgages under the Fixed-rate Guarantor or MultiLender Swap Programs	Chapter 13
Pooling and Disclosure requirements for Adjustable-Rate Mortgages (ARMs) under the Weighted Average Coupon ARM Guarantor Program	Chapter A13
Mortgage Delivery and Settlement Processing	Chapter 17
Indicator Score delivery requirements	Section 17.3(c)
Special requirements for Mortgages with principal curtailments	Section 17.45
Second home Mortgages	Section 22.22
Investment Property Mortgages	Section 22.22.1
Maximum original loan amounts for Home Mortgage purchase	Section 23.3
Section 50(a)(6) Texas Equity Mortgages	Section 24.8
Underwriting the Borrower	Chapter 37
Credit Scores	Section 37.5
Documenting and delivering Underwriting and Indicator Scores	Section 37.5(f)
Maximum original loan amounts for super conforming Mortgages	Section L33.2
Mortgage Products Available Through the Selling System	Exhibit 17S
Postsettlement Delivery Fees	Exhibit 19

Chapter 25: Secondary Financing and Other Financing Agreements

25.1: Purchase Mortgages with secondary financing (04/23/09)

Freddie Mac will purchase first lien Mortgages with secondary financing under the terms of the Purchase Documents and this chapter.

(a) Maximum LTV, TLTV and HTLTV ratios

Mortgages with secondary financing must comply with the loan-to-value (LTV), total loan-to-value (TLTV), and Home Equity Line of Credit (HELOC) total loan-to-value (HTLTV) ratio limits specified in Section 23.4 or as specified for a particular product.

(b) Maturity date

For financing other than HELOCs, the maturity date or amortization basis of the junior lien must not be less than five years after the Note Date of the first lien Mortgage delivered to Freddie Mac, unless the junior lien is fully amortizing. If the junior lien contains a balloon or call provision within the five-year period, the first lien Mortgage is ineligible for purchase.

If the secondary financing is an Employer Assisted Homeownership (EAH) Benefit, the terms of the secondary financing must permit the Borrower to continue making payments on the loan in the event the Borrower no longer works for the employer and may not require repayment in full unless:

- The Borrower terminates his or her employment for any reason, or
- The employer terminates the Borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force

Refer to Section 25.1(d) if the secondary financing is a Home Equity Line of Credit (HELOC).

(c) Scheduled payments

The terms of the secondary financing must provide for regular monthly payments sufficient to meet the interest due; interest may not accrue.

If the secondary financing is an EAH Benefit and the monthly payment of principal and interest or interest only begins on or after the 61st monthly payment under the first lien Mortgage or if repayment of the principal is due only upon sale or default, the

amount of the monthly payment may be excluded from the monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. Otherwise, the required monthly payment must be included in both the ratios.

(d) Home Equity Line of Credit (HELOC)

Secondary financing that is a HELOC must meet the requirements set forth below. See Section 23.2 for directions on calculating TLTV and HTLTV.

With respect to the maturity date for Mortgages with a HELOC, the terms of the HELOC may provide for a balloon or call option within the first five years after the Note Date of the First Lien Mortgage.

For Loan Prospector® Mortgages, the Seller must submit both the limit of the Home Equity Line of Credit and the disbursed amount of the Home Equity Line of Credit to Loan Prospector.

For Alt 97® Mortgages, the secondary financing cannot be a Home Equity Line of Credit.

(e) Postsettlement delivery fees (delivery fees) and other delivery instructions for Mortgages with secondary financing

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain Mortgages with secondary financing. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Secondary Financing delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

See Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, for delivery instructions.

The Secondary Financing delivery fee will not be assessed on a Mortgage with an Affordable Second®. Affordable Seconds are described in Section 25.1(g).

For each Mortgage sold to Freddie Mac with secondary financing, the Seller must deliver the source and amount of the secondary financing on Form 11 or Form 13SF, as applicable, in accordance with Section 17.3(e) for secondary financing other than an Affordable Second, and Section 17.13.1 for Affordable Seconds.

(f) General requirements

Terms of any secondary financing must be disclosed to the appraiser and to the MI. The terms of the secondary financing that must be disclosed include, but are not limited to, the Note Rate and the institution or individual providing the financing.

The Seller may not indicate a value needed to support the transaction, or provide any information to the appraiser about an expected loan-to-value ratio.

Payments on the secondary financing must be included in the Borrower's monthly housing expense.

(g) Affordable Seconds

Secondary financing secured by a lien junior to a Home Possible Mortgage, or evidenced by Land Use Restrictions or other recorded documentation is permitted if the secondary financing meets all of the following requirements:

- **Source**

  The Affordable Second must be provided by an Agency under an established, ongoing, documented secondary financing or financial assistance program.

- **Maturity Date**

  The terms of the Affordable Second must not require balloon payments due before the maturity or payment in full of the first lien Mortgage.

  If the Affordable Second is an EAH Benefit, the terms of the secondary financing must permit the Borrower to continue making payments on the loan in the event the Borrower no longer works for the employer and may not require repayment in full unless:

  i. The Borrower terminates his or her employment for any reason, or

  ii. The employer terminates the Borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force

- **Scheduled Payments**

  The interest rate applicable to the Affordable Second must not be higher than the interest rate applicable to the first lien Mortgage. Interest accruals, which are added to principal, may not increase the TLTV ratio beyond the maximum TLTV ratio allowed for the first lien Mortgage at any time during the term of the first lien Mortgage.

  If monthly payments on the Affordable Second are required and begin before the 61st monthly payment under the first lien Mortgage, such monthly payments must be included in the Borrower's monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. If monthly payments on the Affordable Second begin on or after the 61st monthly payment under the first lien Mortgage or

if repayment of the entire Affordable Second amount is due only upon sale or default, the amount of the Affordable Second monthly payment may be excluded from both ratios.

- **Participation in appreciation**

  If the Affordable Second documents provide for the Agency or its designee to participate in the appreciation of the Mortgaged Premises, the Agency's share of appreciation, as a p ercentage, must not exceed the principal amount of the Affordable Second divided by the value of the Mortgaged Premises on the Note Date. For example, if the Affordable Second amount is 5% of value, the maximum appreciation share is 5%.

- **Land use**

  Any Land Use Restrictions included in the Affordable Second documentation must:
  - Be subject to and subordinate to the first lien Mortgage, and
  - Either terminate upon payment in full of the Affordable Second or satisfy the requirements of Section 22.25.

- **Financing Structure**

  The Affordable Second financing cannot be a HELOC.

25.2: Refinance Mortgages with secondary financing (12/15/06)

Freddie Mac will purchase first lien refinance Mortgages with existing junior liens (including home equity lines of credit) that are not paid off from the proceeds of the refinance Mortgage if the following requirements are met:

- The existing junior lien must be subordinated to the first Mortgage established by the refinance
- The junior lien must have scheduled payments sufficient to meet the interest due
- Junior liens subordinated to Home Possible® refinance Mortgages must meet the requirements for Affordable Seconds in Section 25.1(g)
- The requirements of Section 23.4 must be met

Refer to Sections 25.1(e) and 25.1(f) for delivery and general requirements. Refer to Chapter 24 for other specific requirements pertaining to refinance Mortgages.

New junior liens created at the time of the refinance Mortgage must comply with the requirements of Section 25.1.

25.3: Interested party contributions (06/15/10)

(a) Types of interested party contributions and eligibility requirements

Freddie Mac will purchase Mortgages that include interested party contributions under the terms of the Purchase Documents and this section.

Interested parties include, but are not limited to, the builder, developer, seller of the property and real estate agent.

Interested party contributions may include either financing and/or sales concessions. Freddie Mac considers the following to be interested party contributions:

- Funds from the Seller, originating lender, an employer, a municipality, a nonprofit organization and, except as stated below, a Related Person are subject to the interested party contributions requirements if the contributing party is affiliated with any of the interested parties as stated in the paragraph above

- Funds from an interested party that flow through a third-party organization or a nonprofit agency to the Borrower

- Funds from an interested party, including a third-party organization or a nonprofit agency, used to pay costs associated with the Mortgage transaction on the Borrower's behalf

- Funds that are donated to a third party, which in turn provides the funds to pay some or all of the Borrower's Closing Costs, Financing Costs and/or Prepaids/Escrows

A gift, including a gift of Equity, from a Related Person who is also the seller of the subject property is not subject to the requirements of this section, provided that:

- The Related Person is not, and has no affiliation with, the builder, real estate agent or any other interested party to the transaction and
- All of the requirements pertaining to gifts as stated in Sections 26.2 and 37.20 are met.

Funds from Premium Financing may be used by the lender to pay the Borrower's Closing Costs, Financing Costs and Prepaids/Escrows, but may not be used to fund a temporary subsidy buydown plan on a "no cash-out" refinance Mortgage. Funds from Premium Financing are not included in the maximum financing concession limitations above.

If a temporary subsidy buydown plan is involved, the plan also must meet the requirements of Section 25.4.

(b) Financing concessions

Financing concessions are funds that originate from an interested party to the transaction, as described in 25.3(a), that are used to:

- Reduce permanently the interest rate on the Mortgage
- Fund a buydown plan to temporarily subsidize the Borrower's monthly payment on the Mortgage (see Section 25.4)
- Make contributions in any way related to the Mortgage Financing Costs, Closing Costs, or Prepaids/Escrows

Based on "value" as defined in Section 23.1, the maximum financing concessions allowed for Mortgages secured by Primary Residences and second homes are:

- 9% of value for Mortgages with LTV ratios or, if there is secondary financing, TLTV ratios less than or equal to 75%
- 6% of value for Mortgages with LTV ratios or, if there is secondary financing, TLTV ratios greater than 75% up to and including 90%
- 3% of value for Mortgages with LTV ratios or, if there is secondary financing, TLTV ratios greater than 90%

For Mortgages secured by Investment Properties, the maximum financing concession allowed is 2% of value regardless of the LTV ratio.

The amount of any financing concessions in excess of the limitations set forth above will be considered a sales concession.

Funds paid by the property seller that are fees or costs customarily paid by the property seller according to local convention are not subject to the maximum financing concession limitations above.

Mortgages with any abatement (that is, funds provided to a lender or third party by an interested party to pay or reimburse in whole or in part a certain number of monthly payments of principal, interest, taxes, insurance and other assessments on the Borrower's behalf in excess of Prepaids/Escrows associated with the Mortgage closing) are not eligible for sale to Freddie Mac.

(c) Sales concessions

Sales concessions include financing concessions in excess of the maximum financing concession limitations in Section 25.3(b) and/or any contributions such as vacations, furniture, automobiles, securities or other give-aways granted by any interested party to the transaction.

For purposes of determining the value of the Mortgaged Premises, the dollar amount of any excess financing concessions and/or the value of any contributions granted by an interested party to the transaction must be deducted from the purchase price. The LTV ratio is then calculated using the lower of the reduced purchase price (after the reduction for all sales concessions has been made) or the appraised value (use the reduced appraised value, if necessary, in accordance with the special underwriting requirements below) of the Mortgaged Premises.

(d) Unplanned buydowns

In calculating the total value of financing concessions, Freddie Mac does not include amounts paid as an "unplanned buydown."

An unplanned buydown is comprised of any funds paid at closing by an interested party to reduce the effective interest rate on the Borrower's Mortgage to a rate closer to or equal to the rate specified in the sales contract. Unplanned buydowns arise from an increase in Mortgage market interest rates between the date of the sales contract and the Note Date. Typically, unplanned buydowns arise in transactions involving properties that are newly constructed. For example, if prevailing interest rates in the Mortgage market rise during construction, the builder may increase the amount of his financing concessions, using funds from his profit margin to maintain the sales contract financing terms.

In order for a financing concession to be considered an unplanned buydown, the following conditions must be met:

- The sale price of the property must be fixed in the sales contract and the transaction must be closed at that price
- The terms of the financing must be specified in the sales contract. The interest rate must be either specified in the contract or sufficiently identified so as to be fixed (for example, prevailing VA rate) in the contract
- The amount paid as an unplanned buydown must have been caused by an increase in Mortgage market interest rates between the date of the sales contract and the Note Date
- Any unplanned buydown that is a temporary subsidy buydown plan must comply with the provisions of Section 25.4

The following items are not unplanned buydowns and must not exceed the limitations specified in Section 25.3(b) above:

- Costs and charges to which the property seller agreed in the sales contract
- Costs and charges resulting from financing terms contained in the sales contract that were more favorable to the Borrower than market conditions that existed as of the date of the sales contract

(e) Special underwriting requirements

For Loan Prospector® Mortgages, the Seller must ensure that the data submitted to Loan Prospector accurately reflects the presence of any financing and sales concessions.

The appraisal report must demonstrate the effect any financing or sales concessions have on the final estimate of market value for the subject property. Comparable property sales that are affected by financing or sales concessions must be adjusted to reflect the market at the time of the comparable sale, regardless of whether the subject property is being sold with similar financing.

In cases where the appraisal report does not clearly and adequately reflect the presence and effect of any financing and/or sales concessions, the Seller must deduct the cost of these contributions from the value provided by the appraiser. The LTV ratio is then calculated using the lower of the reduced appraised value (after the downward adjustment has been made) or the purchase price (use the reduced purchase price, if necessary, in accordance with Section 25.3(c)).

(f) Special documentation requirements

The amount and the source of all interested party contributions must be documented in the Mortgage file and be clearly shown on the HUD-1 form or settlement statements, as appropriate.

Mortgages with interested party contributions paid outside of closing and not disclosed on the HUD-1 form or settlement statements are not eligible for sale to Freddie Mac.

When the HUD-1 closing statement discloses financing concessions that exceed Freddie Mac's limits and an unplanned buydown was involved, the Mortgage file must contain a written analysis and documentation evidencing that the unplanned buydown met each of the conditions in Section 25.3(d).

25.4: Temporary subsidy buydown plans (09/01/10)

Freddie Mac will purchase Mortgages with temporary subsidy buydown plans (buydown plans) under the terms of the Purchase Documents and this section. Buydown plans allow the Borrower to benefit from temporary subsidies of the monthly payment of principal and interest.

(a) Eligibility

Buydown plans are not permitted for Mortgages with the following characteristics:

- 6-month adjustable-rate Mortgages (ARMs); 3/6-month and 5/6-month ARMs; 1-year ARMs; and 3/1 ARMs
- Cash-out refinance Mortgages
- "No cash-out" refinance Mortgages with a buydown plan funded from Premium Financing
- Investment Property Mortgages
- Alt 97® Mortgages
- Mortgages secured by Manufactured Homes
- Freddie Mac-owned streamlined refinance Mortgages

Home Possible® Mortgages may have buydown plans in accordance with Section A34.5.

For any Mortgage with a buydown plan, the initial interest rate may not be more than three percentage points below the Note Rate. Also, the buydown plan may not extend for more than three years after the first scheduled payment date.

(b) Special underwriting requirements for Limited Buydown Mortgages

For a Limited Buydown Mortgage, the initial interest rate is:

- Temporarily reduced to no more than two percentage points below the Note Rate
- Increased by no more than one percentage point annually for no more than two years

Eligible Mortgage/Property Types			
Property Type	**5-Year Balloon/ Reset Mortgages**	**Fixed-Rate, 7/1 and 10/1 ARMs, 7/6-Month and 10/6-Month ARMs and 7-Year Balloon/ Reset Mortgages**	**5/1, 3-Year and 5-Year ARMs**
1-unit Primary Residence and second home	Yes	Yes	Yes
2-unit Primary Residence	No	Yes	Yes
3-4 unit Primary Residence	No	Yes	No

Borrower qualification:

- For fixed-rate Mortgages, including Balloon/Reset Mortgages, the Borrower must be qualified using monthly payments calculated at the Note Rate
- For ARMs, the Borrower must be qualified using monthly payments calculated at the higher of the Note Rate or the fully-indexed rate as defined in Section 30.16(a)
- If reserves are required, the reserves must be calculated using the Note Rate

See Section A34.5 for special underwriting requirements for Home Possible Mortgages that are Limited Buydown Mortgages.

(c) Special underwriting requirements for Extended Buydown Mortgages

Freddie Mac will purchase Extended Buydown Mortgages with initial interest rates that are:

- Temporarily reduced no more than three percentage points below the Note Rate
- Increased by no more than one percentage point annually for more than two but no more than three years

Eligible Mortgage/Property Types			
Property Type	**5-Year Balloon/ Reset Mortgages**	**Fixed-Rate, 7/1 and 10/1 ARMs, 7/6-Month and 10/6-Month ARMs and 7-Year Balloon/ Reset Mortgages**	**5/1 and 5-Year ARMs**
1-unit Primary Residence and second home	Yes	Yes	Yes
2-unit Primary Residence	No	Yes	Yes
3-4 unit Primary Residence	No	Yes	No

Borrower qualification:

- For fixed-rate Mortgages, including Balloon/Reset Mortgages, the Borrower must be qualified using monthly payments calculated at the Note Rate
- For ARMs, the Borrower must be qualified using monthly payments calculated at the higher of the Note Rate or the fully-indexed rate as defined in Section 30.16(a)
- If reserves are required, the reserves must be calculated using the Note Rate

See Section A34.5 for special underwriting requirements for Home Possible Neighborhood Solution® Mortgages that are Extended Buydown Mortgages.

(d) Delivery requirements for Mortgages with a buydown plan

See Section 17.20 for information on the delivery and pooling requirements for Mortgages with a buydown plan.

(e) Special documentation requirements for Mortgages with temporary subsidy buydown plans:

1. Application of buydown funds

The Borrower must agree in writing that the buydown funds in the buydown account will be automatically applied each month to reduce the monthly payment of principal and interest to the extent provided under the subsidy buydown

agreement. The buydown agreement must provide that the Borrower will not be relieved of the obligation to make the full monthly Mortgage payments required by the terms of the Mortgage Note if, for any reason, the buydown funds are not available or the buydown funds are not paid.

The Mortgage file must contain a copy of the buydown plan and must clearly show the Seller's calculations of the total cost of the temporary subsidy buydown, any interested party contribution and the annual percentage increase in the Borrower's monthly principal and interest payment.

2. Custodial Account requirements for buydowns

Each subsidy buydown must be fully funded at origination. See Sections 77.6(b) and 77.14(b) for Custodial Account requirements for temporary subsidy buydown plans.

The buydown plan must state that the Borrower will not assign, transfer or close the account, or withdraw buydown funds, except as permitted by the terms of the buydown plan.

3. References

No references to the buydown plan are permitted in the Note and Security Instruments.

4. Interest rate and monthly payments

The interest rate and monthly payments shown in the Note must be calculated without reference to the temporary buydown subsidy. In no e vent may the temporary subsidy buydown plan change the terms of the Note or Mortgage.

5. Servicing requirements

If the Mortgage is foreclosed, the funds in the buydown account must be used to reduce the Mortgage debt. If the Mortgage is paid in full, the funds must be distributed in accordance with the buydown agreement. If the property is sold and the Mortgage is assumed by the purchaser, the funds may continue to be used to reduce the Mortgage payments under the original terms of the buydown plan.

25.5: Shared equity plans (10/06/00)

Freddie Mac does not approve individual shared equity plans. Freddie Mac will, however, consider purchasing Mortgages using such plans if the following requirements are met:

- The Seller must obtain a Mortgage application, financial statements and credit reports for both the Owner-Occupant and owner-investor
- The Freddie Mac credit guidelines are satisfied
- The shared equity plan is a written agreement, a copy of which is retained in the Mortgage file

The Seller warrants the following:

1. A minimum down payment of at least 5% was made from the Owner-Occupant's cash or other equity
2. The owner-investor made an additional down payment of at least 5%
3. Both the Owner-Occupant and owner-investor signed the Note and Security Instrument
4. Both the Owner-Occupant and owner-investor are individuals, i.e., not corporations, limited partnerships, partnerships or trusts
5. No agreement requiring sale of the property or buyout of either owner's interest may be in effect within seven years of the date of the Note and Security Instrument
6. The seller of the property or other interested party to the transaction (such as a builder or a real estate broker or agent) is not a party to the agreement
7. The Seller or the Servicer is able to service the Mortgage according to all the requirements of Volume 2

Chapter 26: Equity and Cash

26.1: Borrower Funds (09/09/02)

All funds paid by the Borrower in connection with the property purchase or Mortgage financing must be from cash or other equity.

26.2: Cash (04/01/10)

"Cash" is considered an acceptable source of Borrower Funds and includes any of the following (see Sections 37.20 through 37.23 for documentation requirements):

1. Funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account. Other depository accounts may also include Personal IRA and SEP-IRA accounts that are owned by the Borrower, 401(k), KEOGH, 403(b) and other Internal Revenue Service (IRS)-qualified employer retirement plan accounts that are identified in Section 26.5.
2. A gift or gift of equity that is from a Related Person of the Borrower that does not have to be repaid is allowed provided it meets the requirements of this section. If a gift from a Related Person is used with a Mortgage with a loan-to-value (LTV) ratio greater than 80%, the gift is permitted only if the Borrower has made a down payment of at least 5% from other sources of cash or other Equity unless provided for otherwise in this *Single-Family Seller/Servicer Guide* (Guide). Gifts are not an acceptable source of Borrower Funds for Investment Property Mortgages.
3. A gift or grant from an Agency that does not have to be repaid, is given pursuant to an established program provided the agency is not an interested party (as described in Section 25.3) and the funds were not obtained from an interested party either directly or through a third party. This source of gift does not require a 5% down payment from other sources of cash or other Equity. Gifts and grants are not acceptable sources of Borrower Funds for Investment Property Mortgages.
4. Proceeds of a loan fully secured by the Borrower's owned assets
5. Proceeds from the sale of the Borrower's assets. In addition to other Borrower's assets, proceeds from the sale of Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities, cash value of life insurance, and savings bonds, as identified in Section 26.5 are considered an acceptable source of Borrower's funds.
6. A cash deposit toward the purchase, the source of which is verifiable
7. Funds disbursed from a trust
8. Funds on de posit in an Individual Development Account (IDA) meeting the requirements of Section 26.6 and matching funds provided by an Agency
9. Funds on deposit in a Community Savings System that are deposited by the Borrower

10. Pooled funds on deposit from Related Persons who reside with the Borrower meeting the requirements of Section 26.4
11. For purchase transactions, proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit meeting the requirements of Sections 26.6.1 and 26.6.2. If an unsecured loan is used with a Mortgage with a loan-to-value (LTV) ratio greater than 80%, the unsecured loan is permitted only if the Borrower has made a down payment of at least 5% from other sources of cash or other Equity unless provided for otherwise in this Guide.
12. The amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application, credit report and appraisal reports, or a cash advance taken by the Borrower on a revolving credit card account or an unsecured line of credit to pay these fees, subject to the requirements in Section 26.6.4

See Section 37.13 (b) for additional information and requirements if business assets are used for the down payment or Closing Costs, Financing Costs and Prepaids/Escrows.

Proof of liquidation must be provided for any non-liquid asset that is used for the down payment or Closing Costs, Financing Costs and Prepaids/Escrows.

All assets that are entered into Loan Prospector® or used in the evaluation of the Mortgage must be verified in accordance with the requirements of this chapter and documented in the Mortgage file according to the documentation requirements in Sections 37.20 through 37.23.

None of the following are considered Cash and are, therefore, not acceptable sources of Borrower Funds:

1. Proceeds of a personal or unsecured loan, except for an unsecured loan that is an EAH Benefit as described in Section 26.2 (number 11) and Section 26.6.1
2. A gift that must be repaid in full or in part
3. A cash advance on a revolving charge account or unsecured line of credit, except as provided in Section 26.2 (number 12)
4. Cash for which the source cannot be verified (cash on hand), except for Home Possible® Mortgages as described in Section 26.6.3

26.3: Other equity (04/01/10)

"Other equity" may be an acceptable source of Borrower Funds, if permitted for the specific Mortgage product or offering. Check the product requirements for eligibility. “Other equity” includes:

- The current appraised value of the lot owned by the Borrower on which the improvement was constructed

- The net proceeds of the trade-in of the Borrower's previously owned home documented by an appraisal of the Borrower's previously owned residence and a copy of the trade-in contract. The Borrower's equity in the previously owned home is determined by subtracting any outstanding liens on the previously owned residence, plus any transfer costs, from the lesser of the appraised value of the previously owned residence or its trade-in price as shown in the trade-in contract, or
- Sweat Equity is credit for labor performed or material furnished by the Borrower on the Mortgaged Premises. Credit will not be given for Sweat Equity unless there is at least a 5% down payment in cash or one of the types of other Equity described in this subsection. Such credit must be fully explained and verifiable. Any labor performed or any material furnished must be completed in a skillful, workmanlike manner in order to support the appraised value. Completion in a skillful, workmanlike manner must be certified by the appraiser.
- The portion of prior rental payments credited toward the purchase price under a documented rental/purchase agreement, not to exceed the difference between the market rent and actual rent paid. In such cases, the appraiser must determine the market rent. This form of other equity does not require a 5% cash down payment by the Borrower. The Seller's file must contain a copy of the rental/purchase agreement and evidence of rent paid. (See Section 37.11.)

26.4: Pooled funds (04/01/10)

Pooled funds are considered an acceptable source of Borrower Funds and must be documented in accordance with the requirements of this chapter. Pooled funds are funds on deposit provided by the Borrower and other member(s) of a group of Related Persons who:

- Have resided together for at least one year, and
- Will continue residing together in the new residence, and
- Are "pooling" their funds to buy a home

Pooled funds must be verified and documented by the Seller in accordance with the requirements of Sections 37.20 through 37.23.

Funds provided by Related Persons who do not reside with the Borrower are subject to the requirements for gifts in Section 26.2.

In addition, the Borrower must attest, by an affidavit executed at application, to the:

- Source of pooled funds
- Fact that the pooled funds are not borrowed

- Relationship between the contributing Related Person and the Borrower (For example, the affidavit might state that the Related Person is the Borrower's uncle or that the Related Person is the cousin of the Borrower's spouse.)

The Borrower must also attest that the Related Person:

- Has resided with the Borrower for the past year
- Intends to continue residing with the Borrower in the new residence for the foreseeable future

The affidavit need not be notarized or acknowledged but must be kept in the Mortgage file.

26.5: Reserves (04/01/10)

"Reserves" are those assets remaining after Borrower Funds have been paid and may include assets eligible as "Cash" (refer to Section 26.2) and the following asset types (see Sections 37.20 through 37.23 for documentation requirements).

Of the following assets, 100% may be used to calculate Borrower reserves:

- Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (such as the NYSE, NASDAQ, Midwest SE, CBOT, or OTC) provided that the value of the funds or securities can be readily verified through financial publications. The Seller must verify that the security is owned by the Borrower.
- Cash Value Life Insurance (rather than face value) that is verified. The Borrower must be the owner of the policy and not the beneficiary
- The Borrower's portion of undistributed trust funds

The following assets may be used for reserves subject to certain considerations:

- Personal IRA and SEP-IRA accounts that are owned by the Borrower, 401(k), KEOGH, 403(b) and other Internal Revenue Service (IRS)-qualified employer retirement plans up to 70% of the vested amount less any outstanding loans secured by the account funds. In lieu of the 70% requirement, the vested amount less outstanding loans secured by the account funds may be reduced by the minimum federal income tax withholdings required by the IRS. The lender need not reduce the vested amount less outstanding loans secured by the account funds by any IRS penalty (sometimes called "excise tax")
- Savings Bonds may be counted at 100% of face value if mature. If the bonds are not mature, the amount counted toward reserves is based on the redeemable value at the time of underwriting. Schedules showing redeemable value are available from the

U.S. Treasury or most financial institutions that redeem U.S. Savings Bonds and the schedule used to determine value must be retained in the Mortgage file.

Examples of assets that are not eligible to be reserves include:

- Nonfinancial assets such as collectibles, coins, stamps, and art work that would require appraisal and/or liquidation
- Stocks issued by, or notes/loans receivable from, a privately held company

26.6: Individual Development Account (IDA) (04/01/10)

If Individual Development Accounts (IDA) meet the definition contained in the Glossary and the following requirements of either Option A or Option B they may be considered an acceptable source of Borrower Funds.

- **Option A** (no Recapture):
  - Matching funds may be counted as cash for the partial or total of the down payment, Closing Costs, Financing Costs and Prepaids/Escrows
  - Document the savings plan and regular payments made by the Borrower and the matching organization according to the requirements of Sections 37.20 through 37.23
  - Allow for up to a 4-to-1 match by an Agency's funds
  - Borrower must satisfy any vesting requirements of the matching IDA program
- **Option B** (used when there is a Recapture provision):
  - Allow the matching funds to be included as a gift or grant after the Borrower has made the initial down payment from Borrower Funds as required by the specific Mortgage product
  - Document the savings plan and regular payments made by the Borrower and the matching organization according to the requirements of Sections 37.20 through 37.23
  - Allow for up to a 3-to-1 match by an Agency's funds
  - Borrower must satisfy any vesting requirements of the matching IDA program

26.6.1: Unsecured loans (04/01/10)

(a) Requirements

The Seller must determine whether an unsecured loan is an eligible source of Borrower Funds based on the requirements specific to the Mortgage product or offering.

An unsecured loan is a loan that meets all of the following:

1. Is not documented in the local jurisdiction's land records and is not secured by the Mortgaged Premises
2. Does not contain provisions that allow or could result in negative amortization
3. Has a maturity date that:
    a. Does not exceed the maturity date of the Mortgage, and
    b. Is at least five years after the Note Date of the Mortgage, unless the unsecured loan is fully amortizing
4. Has an interest rate that is no greater than the Note Rate on the Mortgage
5. Is not a cash advance from a credit card or unsecured line of credit
6. Has its source, terms and conditions documented on the Form 65, Uniform Residential Loan Application
7. Has its terms documented in the Mortgage file
8. For purchase transactions, the required minimum down payment or Borrower Contribution from Borrower Funds or from Borrower Personal Funds, as applicable, is satisfied
9. If used in connection with a purchase transaction, the lender is not an interested party to the transaction (as described in Section 25.3), and did not obtain funds from an interested party to the transaction
10. If the loan is an Employer Assisted Homeownership (EAH) Benefit, its terms permit the Borrower to continue making payments on the loan in the event the Borrower no longer works for the employer and may not require repayment in full unless:
    a. The Borrower terminates his or her employment for any reason, or
    b. The employer terminates the Borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force

Funds from a Community Savings System above the amount the Borrower has contributed may be considered an unsecured loan if the conditions above are satisfied.

(b) Underwriting; documentation

For purchase transactions, if the monthly payment of principal and interest or interest only begins on or after the 61st monthly payment under the first lien Mortgage or if repayment of the loan is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly debt payment-to-income ratio; otherwise, the required monthly payments must be included in calculating the monthly debt payment-to-income ratio. For refinance transactions, see Section 37.16 for instructions on calculating the monthly debt payment-to-income ratio.

For purchase transactions, the Mortgage file must contain written evidence of the transfer of the unsecured loan proceeds, if they are not verified in the Borrower's account.

26.6.2: Employer Assisted Homeownership (EAH) Benefit (04/01/10)

(a) General requirements

An EAH Benefit may be used as a source of funds for down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves if the terms of the EAH Benefit comply with Section 26.6.1 and the following:

1. The EAH Benefit is provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided (i) the employer is not an interested party (as described in Section 25.3) and (ii) the funds were not obtained from an interested party either directly or through a third party
2. The Mortgage is secured by a 1- to 4-unit Primary Residence

(b) Types of benefits

The EAH Benefit may be any of the following structures:

1. A grant, meeting the requirements in Section 26.2 (number 3)
2. Matching funds from a Individual Development Account (IDA) meeting the requirements in Section 26.2 (number 8) and Section 26.6
3. A fully repayable, deferred payment or forgivable unsecured loan meeting the requirements of Section 26.2 (number 11) and Section 26.6.1
4. Fully repayable, deferred payment or forgivable secondary financing meeting the requirements in Sections 25.1(a), 25.1(b), 25.1(c), 25.1(e) and 25.1(f)
5. A fully repayable, deferred payment or forgivable Affordable Second meeting the requirements of Sections 25.1(a) and 25.1(g)

(c) Related provisions

In addition to the requirements in this Section 26.6.2, other requirements related to EAH Benefits are described in the following locations:

Topic	Location
Delivery Requirements	Section 17.42
Alt 97® Mortgages	Section D33.3
Home Possible® Mortgages	Sections A34.2(b) and A34.10

26.6.3: Cash on hand (12/15/06)

For Home Possible® Mortgages, cash on hand may be used as Borrower Personal Funds if the following conditions are met:

- The Seller reasonably concludes, and can support, that the Borrower is a cash-basis individual and that the cash on hand is not borrowed and could have been saved by the Borrower. A cash-basis individual is an individual who does not use checking, savings or other similar accounts but may be a limited user of credit (i.e., revolving or installment debt).

  The following support the Seller's conclusion:

  - The alternative documentation or monthly receipts do not indicate that the Borrower has checking, savings or similar accounts
  - The credit report does not show more than three Tradelines for the Borrower
  - The updated credit report does not show any new accounts or a substantial increase to an existing account that approximates, or exceeds, the amount of cash on hand provided by the Borrower
  - The Monthly Budget and Residual Income Analysis Form (Exhibit 23, Monthly Budget and Residual Analysis Form) confirms that the total monthly residual income available for savings is a positive number

- The Mortgage file contains the following documents:

  - A completed Monthly Budget and Residual Analysis Form or another document containing the same information
  - Copies of six months' cash receipts (such as rent or utility receipts) or other alternative documentation (e.g., direct verifications, money order receipts, wire transfers) meeting the requirements of Section 37.11(c) to verify that all recurring obligations, including the payment of revolving and installment debt, are paid in cash
  - A credit report, obtained at the time of loan application, meeting the requirements of Section 37.10
  - Copies of three months' statements for any open revolving account that reveal cash advances are not the source of Borrower Funds. Any cash advances must be explained and documented (i.e., a cash advance used in an emergency situation)

- An updated credit report, obtained approximately one week before closing, that reveals no new accounts or substantial increases to balances on already existing accounts

26.6.4: Credit card charges, cash advances or unsecured line of credit (04/01/10)

The amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application, credit report and appraisal reports, or a cash advance taken by the Borrower on a revolving credit card account or an unsecured line of credit to pay these fees may be used as an acceptable source of funds and may be considered Borrower Funds if the following conditions are met:

- The maximum amount charged or advanced may not exceed 1% of the Mortgage amount. While charges for the credit report and appraisal are not required to be included in the 1% limitation, the total amount charged by the Borrower on a credit card or taken as a cash advance for the credit report and appraisal may not exceed $500.00
- The amount charged or advanced must be included in the Borrower's total outstanding debt and the repayment of such amount must be included when determining the Borrower's monthly debt payment-to-income ratio as described in Section 37.16
- The Borrower has sufficient funds to pay these fees; however, the Borrower is not required to pay off these charges at closing

Refer to Section 17.43 for instructions on delivering Mortgages where Borrower uses a credit card, cash advance or unsecured line of credit to pay fees associated with the Mortgage application process.

26.7: Required Funds (07/10/00)

The documentation for each Mortgage file must verify sufficient cash or other Equity to meet the Borrower Funds required, including:

- Down payment (including earnest deposit)
- Prepaids/Escrow items, if paid by the Borrower
- Closing Costs, if paid by the Borrower
- Financing Costs, if paid by the Borrower

When a Mortgage includes a non-occupying Borrower, and the LTV ratio is greater than 80%, the occupant Borrower must make the first 5% down payment from the occupant Borrower Funds.

When someone other than the Borrower is paying any of the items listed above, the file must contain documentation showing the amount being paid and who paid it. If the payments are made by an interested party to the transaction, the source and dollar amount must satisfy the requirements of Section 25.3.

Chapter 27: Mortgage Insurance and Late Charges

27.1: Mortgage insurance (01/02/09)

Mortgage insurance issued by a mortgage insurer (MI) that, as of the Delivery Date, is a Freddie Mac-approved MI (see Exhibit 10, Freddie Mac-Approved Mortgage Insurers) is required on each conventional Mortgage Freddie Mac purchases that has a loan-to-value (LTV) ratio of more than 80%. The LTV ratio is obtained by dividing the original loan amount by the value, as defined in Section 23.1. The "value" of Mortgaged Premises located in the State of New York, as used solely for the purpose of determining whether mortgage insurance is required or should be canceled, is the appraised value of the Mortgaged Premises on the Note Date of the Mortgage. (This definition of the "value" of Mortgaged Premises located in the State of New York applies only to the above-stated mortgage insurance requirements, and is not applicable for any other purposes under the terms of the Purchase Documents. In particular, this definition of "value" is not applicable in determining the LTV ratios for the required percentage of mortgage insurance coverage.)

The required mortgage insurance must be in full force and effect as of the Delivery Date. Mortgage insurance coverage must not be subject to any exclusion besides those exclusions stated in the MI's master policy. Coverage must run to the benefit of Freddie Mac for a whole loan or a participation loan insured under a participation policy, or to the Seller for any other insured participation loan. No action may have been taken, or no action may have failed to be taken, that would impair the rights of Freddie Mac or the Seller. Participation policies with provisions inconsistent with this section or that impose premium payment or reporting requirements on Freddie Mac are not acceptable.

The insurance must remain in force until canceled in accordance with the requirements of Sections 61.2 through 61.4.3 or pursuant to applicable law. The Seller warrants that the Borrower has been given all disclosures required by law, including, but not limited to, the Homeowners Protection Act of 1998 (HPA), as amended, relating to the terms on which Borrower-paid mortgage insurance may be canceled. This includes all disclosures required by the HPA at loan origination to describe the Borrower's mortgage insurance cancellation rights under the HPA.

Mortgage insurance coverage must continue to be carried with the MI that insured the Mortgage when it was delivered to Freddie Mac, except as provided for in Section 61.7.

Freddie Mac's mortgage insurance coverage level options

Certain Mortgages require MI coverage levels that are different than those listed below. Those requirements are indicated in the individual sections where they apply.

(a) Standard mortgage insurance coverage

The standard required coverage levels for mortgage insurance are listed below.

For All Mortgages, Except 15- and 20-Year Fixed-Rate Mortgages:	
LTV Ratio*	**Mortgage Insurance Coverage**
Greater than 80% up to 85%	12%
Greater than 85% up to 90%	25%
Greater than 90%	30%

* If the mortgage insurance premium is financed, see Section 27.1.1 for the LTV ratio calculation.

For 15- and 20-Year Fixed-Rate Mortgages:	
LTV Ratio*	**Mortgage Insurance Coverage**
Greater than 80% up to 85%	6%
Greater than 85% up to 90%	12%
Greater than 90%	25%

* If the mortgage insurance premium is financed, see Section 27.1.1 for the LTV ratio calculation.

(b) Flexible mortgage insurance options

Freddie Mac's flexible mortgage insurance options provide alternatives to standard mortgage insurance coverage. These options include:

- Custom mortgage insurance (Custom MI)
- Reduced mortgage insurance (Reduced MI)

Flexible mortgage insurance is available only for Accept Mortgages. The premiums for flexible mortgage insurance may not be financed as part of the principal amount of the Mortgage. The lender-paid mortgage insurance option may not be used in conjunction with a flexible mortgage insurance option. Flexible mortgage insurance options may not be used for 40-year fixed-rate Mortgages.

The flexible mortgage insurance options are not permitted for super conforming Mortgages.

A special postsettlement delivery fee (delivery fee) will be assessed and billed to the Seller in conjunction with the sale of Mortgages with certain flexible mortgage insurance options. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Flexible Mortgage Insurance Options delivery fee and other delivery fees. Postsettlement delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

All Mortgages sold to Freddie Mac with flexible mortgage insurance may be delivered through the Cash, Guarantor or MultiLender Swap programs and may be pooled with other conventional/conforming loans.

1. **Custom mortgage insurance**

   Freddie Mac will purchase an Accept Mortgage with the applicable Custom MI coverage level if:

   - The Feedback Certificate indicates the Mortgage is eligible for Custom MI
   - The Mortgage is secured by a Primary Residence or second home

   The following minimum coverage levels apply regardless of the Mortgage term:

LTV Ratio	Mortgage Insurance Coverage
Greater than 85% up to 90%	12%
Greater than 90% up to 95%	18%

2. **Reduced mortgage insurance**

   Freddie Mac will purchase an Accept Mortgage with Reduced MI coverage if:

   - The Feedback Certificate indicates the Mortgage is eligible for Reduced MI
   - The Mortgage is:
     - level-payment, fully amortizing fixed-rate
     - amortizing over a period greater than 20 years
     - secured by a 1-2 unit Primary Residence
     - either a purchase money transaction, or a "no cash-out" refinance with respect to which the Mortgage being refinanced was owned by Freddie Mac

   The following minimum coverage levels apply:

LTV Ratio	Mortgage Insurance Coverage
Greater than 85% up to 90%	17%
Greater than 90% up to 95%	25%

27.1.1: Mortgage insurance premiums (09/01/10)

Mortgage insurance premiums may be paid as follows:

- Monthly, annually, as a single premium, or a combination of these
- Financed premiums as described below
- Lender-paid premiums as described below

For Borrower-paid mortgage insurance premiums, the Borrower must pay the mortgage insurance premium by a single payment at closing or through monthly Escrow payments. A Mortgage that includes a Borrower-paid mortgage insurance premium in the Note Rate is not eligible for sale to Freddie Mac.

Lender-paid mortgage insurance premiums for annual- and monthly premium programs must be included in the Servicing Spread included in the Note Rate on the Mortgage (see Section 27.1.1(b)). Mortgages with single-premium lender-paid mortgage insurance do not require an adjustment to the Minimum Servicing Spread.

(a) Financed premiums

For purposes of this section, the following definitions apply:

- **Base LTV ratio:** The LTV ratio calculated using the Mortgage amount without the financed mortgage insurance premium
- **Gross (higher) LTV ratio:** The LTV ratio calculated using the Mortgage amount which includes the financed mortgage insurance premium

Mortgages for which the mortgage insurance premium is included as part of the principal amount of the Mortgage (that is, a financed premium) are eligible for purchase using the Base LTV ratio provided the Mortgage complies with the requirements below.

Financed mortgage insurance premiums are not permitted for super conforming Mortgages.

1. For Accept Mortgages, all of the following apply:

- The Base LTV ratio must not exceed the lesser of 95% or the LTV ratio specified in Section 23.4
- The Gross LTV ratio must not exceed 95%
- The Mortgaged Premises must be a 1-unit Primary Residence or second home
- The Mortgage is a fixed-rate, fully amortizing Mortgage, 7-year Balloon/Reset Mortgage or an adjustable-rate Mortgage (ARM)
- The amount of coverage meets the standard coverage level requirements in Section 27.1 using the Base LTV ratio

- The mortgage insurance premium must be paid with a single-premium payment, (i.e., monthly premium payments are not eligible)

2. **For Caution Mortgages and Non-Loan Prospector® Mortgages, all of the following apply:**

   - The Base LTV ratio must not exceed the lesser of 90% or the LTV ratio specified in Section 23.4
   - The Gross LTV ratio must not exceed 95%
   - The Mortgage Premises is a 1-unit Primary Residence or second home
   - The Mortgage is a fixed-rate, fully amortizing Mortgage, 7-year Balloon/Reset Mortgage or an ARM
   - The amount of coverage meets the standard coverage level requirements in Section 27.1 using the Base LTV ratio
   - The mortgage insurance premium must be paid by a single premium payment (that is, monthly premium payments are not eligible)

   Financed mortgage insurance premium endorsement
   The mortgage insurance policy must include an endorsement, generally referred to as the "financed mortgage insurance premium endorsement." This endorsement states that adjustments will be made to the claim calculation to meet the required exposure level for the Base LTV ratio.

   Delivery requirements for Mortgages with financed mortgage insurance premium
   See Section 17.24 for delivery requirements.
   Any applicable postsettlement delivery fees will be assessed based on the Mortgage's Gross LTV ratio and the unpaid principal balance (UPB), which includes the financed mortgage insurance premium.

(b) Lender-paid mortgage insurance

Freddie Mac will purchase Mortgages with single-, annual- or monthly premium lender-paid mortgage insurance as follows:

1. **For annual and monthly premiums:**

   - The Mortgage is a fixed-rate, fully amortizing Mortgage (other than a Balloon/Reset Mortgage) or a non-convertible ARM
   - The Mortgage is not a super conforming Mortgage
   - For monthly and annual-premium programs, premium payments are made from the Servicing Spread compensation. To ensure that the Servicer receives sufficient Servicing compensation after premium payments are made, the Minimum Contract Servicing Spread must be no less than the sum of the Minimum Servicing Spread plus the amount necessary to pay the mortgage insurance premium when due.

- Coverage will be maintained for the life of the Mortgage. A change in mortgage insurer may be allowed if approved by Freddie Mac (see Chapter 61).
- The Mortgage is sold under the Guarantor or MultiLender Swap program

On and after **March 1, 2009**, the Seller must obtain Freddie Mac's approval to sell Mortgages with annual or monthly premium lender-paid mortgage insurance to Freddie Mac. The Seller should request this approval by calling its account manager or (800) FREDDIE.

2. **For single premiums:**

- The Mortgage is a Mortgage eligible for purchase under the Purchase Documents
- Coverage will be maintained for the life of the Mortgage. A change in mortgage insurer may be allowed if approved by Freddie Mac (see Chapter 61).
- The originating lender or the Seller must pay the entire mortgage insurance premium prior to the Delivery Date

See Section 17.25 for delivery requirements for Mortgages with lender-paid mortgage insurance.

27.2: Commissions, fees or other compensation on insurance (06/07/01)

The Seller warrants that in connection with the placement or renewal of any mortgage insurance, including insurance on a ny other Mortgages it owns, to the Seller's knowledge, the insurer (including its parent company or any affiliate thereof) has not caused or permitted any consideration or thing of value (other than the protection provided by its mortgage insurance) to be paid to or received by any of the following:

- The Mortgage lender
- Any officer, director or employee of the lender or any member of their immediate families
- Any insurance agency, corporation (other than the insurer), partnership, trust or other business entity (including any service corporation, whether organized for profit or otherwise) in which the lender or any of its officers, directors, employees or their immediate family members have financial interest, or
- Any designee, trustee, nominee or other agent or representative of any of the foregoing

This requirement applies to any commission, fee or other compensation on all mortgage insurance presently in force or to be placed in the future.

27.3: Late charges (06/07/01)

The Uniform Single Family Note provides blanks for inserting the amounts of late charges and the grace period after which such charges are assessable. Any amount and period stated must be permissible under applicable law.

For Mortgages purchased by Freddie Mac, the Seller agrees to collect late charges only on monthly installments more than 15 days late. If the 15-day period ends on a weekend or holiday, it is extended to the next Business Day. The Seller also agrees not to collect late charges of more than 5% of the late principal and interest payment. The Seller may retain any late charge collected as additional Servicing compensation.

If the late charge stated in the Note is more than 5% of the principal and interest payment and/or is to be assessed on a monthly installment late 15 days or less, the Seller agrees to notify the Borrower in writing of Freddie Mac's late charge and grace period requirements and to retain a copy of the written notification in the Mortgage file for each Mortgage purchased by Freddie Mac.

27.4: Prepayment charges (06/07/01)

This section has been deleted.

Chapter 28: Reserved

{Chapter 28 is reserved.}

Chapter 29: Special Eligibility Requirements for Guarantor/MultiLender Swap Loans

Effective June 28, 2004, Chapter 29 was deleted.

Chapter 30: Special Eligibility Requirements for Adjustable-Rate Mortgages (ARMs)

30.1: Overview (08/21/06)

Freddie Mac will purchase rate-capped adjustable-rate Mortgages (ARMs) under the terms of the Purchase Documents and this chapter.

The requirements in this chapter are organized by the following topics:

Topic	Section
Defined ARM terms	30.2
Eligible ARMs	30.3
Eligible ARM products	30.4
Eligible ARM Index and Lookback Period	30.5
General requirements	30.6
Note Rate change requirements	30.7
Due-on-sale provisions	30.8
Convertible ARMs	30.9
Eligible conversion processes for Convertible ARMs	30.10
Special requirements for Freddie Mac-Owned Converted Mortgages resold under the repurchase/resale process	30.11
Mortgage instruments	30.12
Instructions for completing Section 4(D) of an ARM Note	30.13
Mortgage insurance requirements	30.14
Title insurance requirements	30.15
Underwriting requirements	30.16
Postsettlement delivery fees	30.17
Other information related to ARMs	30.18

Many of the sections of this chapter have charts that set forth specific requirements for eligible ARM products, such as the Index and Lookback Period applicable to each ARM product, the Initial Cap and Periodic Cap of each ARM product and the Uniform

Instruments to be used in connection with the origination of each ARM product. Exhibit 17, Offer Product and Offer Program Numbers, and Exhibit 17S, Mortgage Products Available Through the Selling System, provide a consolidated summary of certain information contained in the charts of this chapter regarding eligible ARM products sold through MIDANET® and through the Selling System, respectively.

30.2: Defined adjustable-rate Mortgage (ARM) terms (10/01/09)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to ARMs:

- 11th District Cost of Funds Index (11th District COFI)
- Constant Maturity Treasury (CMT) Index
- Conversion Date
- Conversion Formula
- Conversion Window
- Converted Mortgage
- Convertible ARM
- Freddie Mac-Owned Converted Mortgage
- Higher-Priced Mortgage Loan
- Index
- Initial Cap
- Initial Period
- Interest Change Date
- LIBOR Index
- Life Cap
- Lifetime Ceiling
- Lifetime Floor
- Lookback Period
- Margin
- Note Rate
- Payment Change Date
- Periodic Cap
- Prepayment Penalty Mortgage

Definitions for these terms are located in the Glossary of this Guide.

30.3: Eligible adjustable-rate Mortgages (ARMs) (10/01/09)

ARMs eligible for purchase by Freddie Mac must be First Lien Mortgages that are fully amortizing with an original maturity not exceeding 30 years. ARMs with Initial Periods less than seven years that are Higher-Priced Mortgage Loans are ineligible for purchase by Freddie Mac. See the Glossary and Section 22.35.

30.4: Eligible adjustable-rate Mortgage (ARM) products (08/21/06)

ARMs eligible for purchase by Freddie Mac have an Initial Period followed by subsequent Note Rate adjustments that occur on a periodic basis, as specified in the Note. The following chart shows, for each eligible ARM product, the applicable Initial Period and the subsequent adjustment period.

Eligible ARM Product	**Initial Period***	**Periodic Adjustments (Subsequent to the Initial Period)**
6-month ARM	6 months	6 months
3/6-month ARM	36 months	6 months
5/6-month ARM	60 months	6 months
7/6-month ARM	84 months	6 months
10/6-month ARM	120 months	6 months
1-year ARM	12 months	12 months
3-year ARM	36 months	36 months
5-year ARM	60 months	60 months
3/1 ARM	36 months	12 months
5/1 ARM	60 months	12 months
7/1 ARM	84 months	12 months
10/1 ARM	120 months	12 months

* The Initial Period may be shorter or longer than the number of months specified. See Section 30.7(a) for the time frame within which the first Interest Change Date must occur.

30.5: Eligible adjustable-rate Mortgage (ARM) Index and Lookback Period (06/22/07)

ARMs eligible for purchase by Freddie Mac are subject to periodic Note Rate adjustments based on the value of an Index at a specified time, as set forth in the Note.

The time interval for establishing the Index value is referred to as the Lookback Period. The following chart shows the Indices applicable to each eligible ARM product and the Lookback Period used to establish the Index values.

Eligible ARM Product	Index	Lookback Period
6-month ARM	6-Month LIBOR*	First Business Day (FBD) of the month immediately preceding the month in which the Interest Change Date occurs
	11th District COFI	45 days
	3/6-Month LIBOR	FBD
	5/6-Month LIBOR	FBD
	7/6-Month LIBOR	FBD
	10/6-Month LIBOR	FBD
1-year ARM	1-Yr Weekly CMT**	45 days
	1-Yr LIBOR	45 days or FBD
	11th District COFI	45 days
3-year ARM	3-Yr Weekly CMT	45 days
5-year ARM	5-Yr Weekly CMT	45 days
3/1 ARM	1-Yr Weekly CMT	45 days
	1-Yr LIBOR	45 days or FBD
5/1 ARM	1-Yr Weekly CMT	45 days
	1-Yr LIBOR	45 days or FBD
7/1 ARM	1-Yr Weekly CMT	45 days
	1-Yr LIBOR	45 days or FBD
10/1 ARM	1-Yr Weekly CMT	45 days
	1-Yr LIBOR	45 days or FBD

* LIBOR = London Interbank Offered Rate

** CMT = Constant Maturity Treasury

30.6: General requirements (10/01/09)

(a) Payment Due Date

The payment Due Date, as stated in the Note, must occur on the first day of the month.

(b) Payment Change Date

The Payment Change Date must occur on the first day of the month following each Interest Change Date.

(c) Calculation of monthly payment amount

The monthly payment amount that is calculated following each Interest Change Date must be sufficient to fully amortize the unpaid principal balance (UPB) over the remaining term of the adjustable-rate Mortgage (ARM).

(d) Margin

For 6-month ARMs, 3/6-month ARMs, 1-year ARMs, 3/1 ARMs and 3-year ARMs, the Margin must be less than 400 basis points. For all other ARMs, there is no maximum Margin. For more information on Margins, refer to:

- Section 10.5 for ARMs sold under WAC ARM Cash through the Freddie Mac Selling System (Selling System)
- Section A10.5 for ARMs sold under ARM Cash through MIDANET and
- Section 11.4.1 for ARMs sold under WAC ARM Guarantor.

(e) Lifetime Ceiling

The Lifetime Ceiling must equal the sum of the Note Rate at origination plus the Life Cap specified in Section 30.7(c).

(f) Lifetime Floor

ARMs with Lifetime Floors are not eligible for sale to Freddie Mac unless specifically provided for in the Purchase Documents.

(g) Prepayment Penalty Mortgages

An ARM eligible to be sold under the WAC ARM Guarantor program through the Selling System may be a Prepayment Penalty Mortgage, provided that it is not a Higher-Priced Mortgage Loan.

30.7: Note Rate change requirements (09/01/10)

Adjustable-rate Mortgages (ARMs) eligible for purchase by Freddie Mac must comply with the requirements of this Section 30.7 regarding when an Interest Change Date may occur, how the Note Rate is calculated at an Interest Change Date and how much the Note Rate may increase or decrease at an Interest Change Date. In all cases, Note Rate changes must comply with the terms of the Note and with applicable law.

(a) Interest Change Date

The Interest Change Date, as stated in the Note, must occur on the first day of the month.

The following chart shows the timeframe within which the first Interest Change Date must occur, and the number of months between all subsequent Interest Change Dates:

Eligible ARM Product	**1st Interest Change Date** Period Between 1st Payment Due Date and 1st Interest Change Date	**Subsequent Interest Change Dates** Period Between Interest Change Dates After 1st Interest Change Date
6-month ARM	3-9 months	6 months
3/6-month ARM	30-42 months	6 months
5/6-month ARM	54-66 months	6 months
7/6-month ARM	78-90 months	6 months
10/6-month ARM	114-126 months	6 months
1-year ARM	6-18 months	12 months
3-year ARM	30-42 months	36 months
5-year ARM	54-66 months	60 months
3/1 ARM	30-42 months	12 months
5/1 ARM	54-66 months	12 months
7/1 ARM	78-90 months	12 months
10/1 ARM	114-126 months	12 months

(b) Calculation of changes

The Note Rate must be calculated in accordance with the terms of the Note. Additionally, the following requirements must be met:

- Due to the fractional nature of the LIBOR Index, the Index value must be truncated to the third decimal place before adding the Margin

- The sum of the current Index value plus the Margin must be rounded to the nearest one-eighth of 1% (0.125%)
- For LIBOR-Indexed ARMs, Seller must inform the Borrower in writing on or before the Note Date and in each Note Rate adjustment notice that the LIBOR Index used to calculate the new Note Rate for each Interest Change Date is the average of the London interbank offered rates for six-month or one-year US dollar denominated deposits, as applicable, as published in the print edition of *The Wall Street Journal*

(c) Limits on Note Rate changes

The ARM must have limitations on the amount that the Note Rate may increase or decrease at each Interest Change Date.

1. The Note Rate at the first Interest Change Date is subject to a maximum and minimum Note Rate, as specified in the Note:
   - The maximum Note Rate at the first Interest Change Date is determined by adding the Initial Cap to the Note Rate at the time of origination.
   - The minimum Note Rate at the first Interest Change Date is determined by subtracting the Initial Cap from the Note Rate at the time of origination; however, the minimum Note Rate may not be less than the Margin.

2. The Note Rate at subsequent Interest Change Dates is subject to a Periodic Cap, as specified in the Note

3. The Note Rate at each Interest Change Date may not exceed the Lifetime Ceiling, as specified in the Note. The Lifetime Ceiling is determined by adding the Life Cap to the Note Rate in effect at time of origination.

(d) Applicable Caps for eligible ARM products

The following chart shows the applicable Initial Cap, Periodic Cap and Life Cap for ARM products eligible under ARM Cash through MIDANET® and WAC ARM Cash through the Selling System:

Eligible ARM Product	Index	Initial Cap	Periodic Cap	Life Cap	
				ARM Cash	WAC ARM Cash
1-year ARM	1-Yr Weekly CMT*	1%	1%	6%	6%
	1-Yr Weekly CMT	2%	2%	6%	6%
	1-Yr LIBOR**	2%	2%	6%	6%

	1-Yr LIBOR	3%	3%	6%	6%
3/1 ARM	1-Yr Weekly CMT	2%	2%	6%	6%
	1-Yr LIBOR	2%	2%	5 or 6%	5 or 6%
	1-Yr LIBOR	3%	2%	6%	6%
5/1 ARM	1-Yr Weekly CMT	2%	2%	5%	5%
	1-Yr Weekly CMT	5%	2%	Ineligible	5%
	1-Yr LIBOR	2%	2%	5 or 6%	5 or 6%
	1-Yr LIBOR	3%	2%	6%	6%
	1-Yr LIBOR	5%	2%	5%	5%
7/1 ARM	1-Yr Weekly CMT	5%	2%	5%	5%
	1-Yr LIBOR	5%	2%	5%	5%
10/1 ARM	1-Yr Weekly CMT	5%	2%	5%	5%
	1-Yr LIBOR	5%	2%	5%	5%

* CMT = Constant Maturity Treasury

** LIBOR = London Interbank Offered Rate

The following chart shows the applicable Initial Cap, Periodic Cap and Life Cap for ARM products eligible under the WAC ARM Guarantor program through MIDANET and the Selling System:

Eligible ARM Product	**Index**	**Initial Cap**	**Periodic Cap**	**Life Cap**	
				MIDANET	**Selling System**
6-month ARM	6-Month LIBOR	1%	1%	Less than or equal to 6%	Less than or equal to 6%
	11th District COFI	1%	1%	Less than or equal to 6%	Ineligible
3/6-month ARM	6-Month LIBOR*	3%	1%	Ineligible	Less than or equal to 6%
	6-Month LIBOR	6%	2%	Ineligible	6%

5/6-month ARM	6-Month LIBOR	5%	1%	Ineligible	Less than or equal to 6%
	6-Month LIBOR	5%	2%	Ineligible	Less than or equal to 6%
	6-Month LIBOR	6%	2%	Ineligible	6%
7/6-month ARM	6-Month LIBOR	5%	1%	Ineligible	Less than or equal to 6%
10/6-month ARM	6-Month LIBOR	5%	1%	Ineligible	Less than or equal to 6%
1-year ARM	1-Yr Weekly CMT**	1%	1%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%	Less than or equal to 6%
	11th District COFI	2%	2%	Less than or equal to 6%	Ineligible
	1-Yr LIBOR	2%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	3%	3%	Less than or equal to 6%	Less than or equal to 6%
3-year ARM	3-Yr Weekly CMT	2%	2%	Less than or equal to 6%	Less than or equal to 6%
5-year ARM	5-Yr Weekly CMT	2%	2%	Less than or equal to 6%	Less than or equal to 6%
3/1 ARM	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%	Less than or equal to 6%

	1-Yr Weekly CMT	3%	2%	Ineligible	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	3%	2%	Less than or equal to 6%	Less than or equal to 6%
5/1 ARM	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr Weekly CMT	3%	2%	Ineligible	Less than or equal to 6%
	1-Yr Weekly CMT	5%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	3%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	5%	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr LIBOR	6%	2%	Ineligible	6%
7/1 ARM	1-Yr Weekly CMT	Same as Life Cap	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Ineligible	Less than or equal to 6%
	1-Yr Weekly CMT	3%	2%	Ineligible	Less than or equal to 6%

	1-Yr Weekly CMT	5%	2%	Ineligible	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Ineligible	Less than or equal to 6%
	1-Yr LIBOR	5%	2%	Less than or equal to 6%	Less than or equal to 6%
10/1 ARM	1-Yr Weekly CMT	Same as Life Cap	2%	Less than or equal to 6%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Ineligible	Less than or equal to 6%
	1-Yr Weekly CMT	3%	2%	Ineligible	Less than or equal to 6%
	1-Yr Weekly CMT	5%	2%	Ineligible	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Ineligible	Less than or equal to 6%
	1-Yr LIBOR	5%	2%	Less than or equal to 6%	Less than or equal to 6%

* LIBOR = London Interbank Offered Rate

** CMT = Constant Maturity Treasury

30.8: Due-on-sale provisions (08/21/06)

The Uniform Instruments used in connection with the origination of adjustable-rate Mortgages (ARMs) contain due-on-sale provisions governing whether the loan will be accelerated if the Borrower sells or transfers the Mortgaged Premises or any interest in the Mortgaged Premises, or whether instead the loan may be assumed by a third party who acquires the Mortgaged Premises or any interest in the Mortgaged Premises. Refer to Section 8.1.2 for additional information about due-on-sale clauses.

With respect to ARMs and Convertible ARMs, there are four different types of assumability provisions:

1. Assumable during the life of the loan
2. For Convertible ARMs, assumable until the conversion option is exercised, then nonassumable
3. Nonassumable during the Initial Period, then assumable after the Initial Period
4. For Convertible ARMs, nonassumable during the Initial Period, then assumable until the conversion option is exercised, then nonassumable

All 3- and 5-Year Constant Maturity Treasury (CMT)-Indexed ARMs should be originated on Uniform Instruments that provide for the Mortgage to be assumable during the life of the Mortgage and all 6-Month LIBOR-Indexed Convertible ARMs and all Convertible ARMs with a first through fifth Change Date Conversion Window should be originated on Uniform Instruments that provide for the Mortgage to be assumable during the life of the loan, until the fixed-rate conversion is exercised.

All 1-Year CMT-Indexed and all 6-Month and 1-Year LIBOR-Indexed ARMs may be originated on Uniform Instruments that provide either for the Mortgage to be assumable during the life of the Mortgage or for the Mortgage to be nonassumable during the Initial Period and then assumable thereafter. In either case, for Convertible ARMs, regardless of the assumability during the Initial Period, the Mortgage is nonassumable after the fixed-rate conversion option is exercised.

ARMs and Convertible ARMs must be assumable either for the life of the loan or after the Initial Period; ARMs and Convertible ARMs that are not assumable for the entire term of the loan are not eligible for sale to Freddie Mac.

30.9: Convertible ARMs (08/21/06)

To determine which ARM products are eligible for sale to Freddie Mac as Convertible ARMs, refer to Exhibit 17, Offer Product and Offer Program Numbers.

ARMs with the following Indices are not eligible to be Convertible ARMs:
- 3-Year Weekly Constant Maturity Treasury (CMT)
- 5-Year Weekly CMT
- 6-Month London Interbank Offered Rate (LIBOR)

Convertible ARMs purchased by Freddie Mac must meet the following requirements:
- The fee, if any, to exercise the conversion option, may not exceed $250
- The Borrower has not exercised the conversion option as of the Delivery Date. If the Borrower has exercised the conversion option as of the Delivery Date, refer to Chapter 32 for special eligibility requirements for Seller-Owned Converted Mortgages

- The Convertible ARM must have a Conversion Window of:

Eligible ARM Product	Conversion Window
1-year ARM	1st through 5th Interest Change Date
3/1 ARM	1st, 2nd or 3rd Interest Change Date
5/1 ARM	1st, 2nd or 3rd Interest Change Date
7/1 ARM	1st, 2nd or 3rd Interest Change Date
10/1 ARM	1st, 2nd or 3rd Interest Change Date

- The Conversion Formula applicable to Convertible ARMs must be either:
  - Freddie Mac's 60-day RNY plus 0.375% (37.5 basis points), for Convertible ARMs originated on the Freddie Mac Convertible ARM Notes and riders
  - Fannie Mae's 60-day RNY plus 0.625% (62.5 basis points), for Convertible ARMs originated on the Fannie Mae Convertible ARM Notes and riders

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Note:
An Additional Supplement is required in connection with the delivery of Convertible ARMs sold under the WAC ARM Guarantor program. The Additional Supplement must describe the Conversion Formula, the Conversion Window and the first/last conversion dates of the applicable Convertible ARMs. Refer to Section 11.20 for Additional Supplement disclosure requirements. The Additional Supplement must be in the form set forth in Exhibit 22A, Form of Additional Supplement — Convertible Adjustable-Rate Mortgages (ARMs).

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30.10: Eligible conversion processes for Convertible ARMs (06/28/04)

If the Borrower exercises the option to convert the adjustable interest rate of a Convertible ARM owned by Freddie Mac to a fixed interest rate:

- The Borrower and the Servicer must execute the Freddie Mac Multistate Agreement to Convert, Form 3180
- The Servicer must comply with the requirements of Sections 80.4 and 80.4.1

When converting the adjustable interest rate of a Convertible ARM to a fixed interest rate, the Servicer must comply with one of the following processes:

- The automated process
- The repurchase/resale process

(a) Differences between automated and repurchase/resale processes

Under the automated process, following appropriate notice by the Servicer, Freddie Mac will automatically convert the adjustable interest rate on the Convertible ARM to a fixed interest rate. Under the repurchase/resale process, the Servicer must repurchase the Converted Mortgage and must subsequently resell the Converted Mortgage to Freddie Mac as a Freddie Mac-Owned Converted Mortgage no later than 60 days following the Conversion Date.

The automated process and the repurchase/resale process are described in detail in Sections 80.4 through 80.4.3.

(b) Applicability of automated and repurchase/resale processes

The applicable conversion process is determined at the time the Convertible ARM is sold to Freddie Mac, and is dependent on the offer product and offer program numbers the Seller selected at time of commitment. The following chart shows the conversion process that is available for each eligible Convertible ARM product:

Eligible ARM product	Index	Purchase program	Conversion process
1-year ARM	1-Yr Weekly CMT*	Cash	Automated
1-year ARM	1-Yr Weekly CMT	Guarantor	Automated or repurchase/resale
3/1 ARM	1-Yr Weekly CMT	Guarantor	Repurchase/resale
5/1 ARM	1-Yr Weekly CMT	Guarantor	Repurchase/resale
7/1 ARM	1-Yr Weekly CMT	Guarantor	Repurchase/resale
10/1 ARM	1-Yr Weekly CMT	Guarantor	Repurchase/resale
1-year ARM	1-Yr LIBOR	Guarantor	Repurchase/resale
3/1 ARM	1-Yr LIBOR	Guarantor	Repurchase/resale
5/1 ARM	1-Yr LIBOR	Guarantor	Repurchase/resale
7/1 ARM	1-Yr LIBOR	Guarantor	Repurchase/resale
10/1 ARM	1-Yr LIBOR	Guarantor	Repurchase/resale

* CMT = Constant Maturity Treasury

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Note:
For the purposes of this chart, a purchase program of "Guarantor" refers to WAC ARM Guarantor and "Cash" refers to ARM Cash.

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30.11: Special requirements for Freddie Mac-Owned Converted Mortgages resold under the repurchase/resale process (06/28/04)

(a) Delivery requirement under repurchase/resale process

The Servicer must notify Freddie Mac that the adjustable interest rate of a Convertible ARM has been converted to a fixed interest rate within five Business Days after the Conversion Date. The Servicer must repurchase the Converted Mortgage from Freddie Mac pursuant to the procedures set forth in Section 80.4.3; and no later than 60 days following the Conversion Date, the Servicer must resell the Freddie Mac-Owned Converted Mortgage to Freddie Mac.

See Section 17.40 for delivery requirements for Freddie Mac-Owned Converted Mortgages.

(b) No re-underwriting of Freddie Mac-Owned Converted Mortgages delivered under repurchase/resale process

Because the Borrower was qualified at the time of origination of the Convertible ARM, Freddie Mac-Owned Converted Mortgages resold to Freddie Mac under the repurchase/resale process are eligible for purchase by Freddie Mac without additional underwriting.

(c) Reports regarding repurchase/resale process

At Freddie Mac's request, the Servicer must provide to Freddie Mac such reports as Freddie Mac may require in order to evidence that the Servicer has resold to Freddie Mac all Freddie Mac-Owned Converted Mortgages.

(d) Obligation of Freddie Mac to purchase under repurchase/resale process

Freddie Mac will purchase all Freddie Mac-Owned Converted Mortgages delivered and resold by the Servicer under the repurchase/resale process, provided that Freddie Mac has statutory authority to do so at such time.

(e) Right to change process

Freddie Mac reserves the right to require a Servicer, at such time as Freddie Mac deems appropriate, to use the automated process described in Section 80.4.2 or such other automated process as Freddie Mac may require at such time, instead of the repurchase/resale process.

(f) Postsettlement delivery fees in connection with repurchase/resale process

For Mortgages sold to Freddie Mac as Freddie Mac-Owned Converted Mortgages under the repurchase/resale process, postsettlement delivery fees (delivery fees) indicated in Exhibit 19, Postsettlement Delivery Fees, are not assessed.

30.12: Mortgage instruments (06/22/07)

(a) Required ARM Uniform Instruments

Adjustable-rate Mortgages (ARMs) must be closed on the Uniform Instruments for the applicable ARM and Convertible ARM product described in the charts below.

The Uniform Instruments for an ARM or a Convertible ARM consist of an ARM or Convertible ARM Note, the Fannie Mae/Freddie Mac Security Instrument and any applicable property type riders, and an ARM or Convertible ARM rider to the Security Instrument. The Seller must use the most current version of the State-specific Fannie Mae/Freddie Mac Single Family Security Instrument prepared for use in the jurisdiction in which the Mortgaged Premises are located and the most current version of any applicable property type riders. The Seller must also use the most current version of the ARM or Convertible ARM Note and ARM or Convertible ARM rider.

The most current version of the Uniform Instruments is the version in effect as of the Note Date of the Mortgage. See Exhibit 4, Single-Family Uniform Instruments, for the current dates of revisions of all Uniform Instruments. See Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, for authorized changes to the Uniform Instruments.

The ARM or Convertible ARM Note and ARM or Convertible ARM rider must be completed in accordance with the terms of the applicable ARM or Convertible ARM product.

For certain ARM products, State-specific versions of the ARM Note have been prepared for Alaska, Florida, New Hampshire, Puerto Rico, Vermont, Virginia, West Virginia and Wisconsin. If a State-specific version of an ARM Note has been prepared, it must be used for ARMs secured by Mortgaged Premises located in that State. The multistate version of the ARM Note, with the required changes stated in Exhibit 5, must be used in all other States.

Freddie Mac makes available Uniform Instruments for use with ARM products with various features.

The Uniform Instruments have the following features embedded in the form itself (hard-coded):

- Index
- Lookback Period
- Assumability

- Conversion Window
- Conversion Formula

The Uniform Instruments have blanks to be completed by the Seller for the following features (soft-coded):

- Maturity Date (determines the term)
- First Interest Change Date (determined by the Initial Period)
- Maximum interest rate at the first Interest Change Date (determined by the Initial Cap)
- Maximum increase or decrease in the interest rate at each adjustment after the first Interest Change Date (Periodic Cap); the Periodic Cap is hard-coded 1% or 2% for 1-Year Weekly Constant Maturity Treasury (CMT)-Indexed Assumable Life of Loan with 45 day Lookback Period
- Maximum interest rate for the life of the loan (Lifetime Ceiling; determined by the Life Cap)

In determining which Uniform Instrument to use with each ARM product, the Seller must select the form with the applicable hard-coded information and complete the soft-coded information as appropriate. Because many of the features of an ARM product are soft-coded, the same Uniform Instrument may be used for different ARM products. For example, the 1-Year LIBOR-Indexed ARM Note and rider may be used with a 1-Year, 3/1, 5/1, 7/1 and 10/1 LIBOR-Indexed ARM with the same Lookback Period and assumability period.

The Uniform Instruments may be used for ARM products that do not meet the eligibility requirements for sale to Freddie Mac. For example, a 1-Year LIBOR-Indexed ARM Note and rider could be used to originate a 40-Year 4/1 LIBOR-Indexed ARM with a cap structure of 7/3/7, although this ARM product would not be eligible for sale to Freddie Mac. Freddie Mac encourages Sellers to use Uniform Instruments, if available, for originating ARM loans even if the ARM product is not eligible for sale.

The following charts describe the Uniform Instruments available for different hard-coded features for ARM products:

	Non-Convertible ARMs											
	11th District COFI		Weekly Treasury Constant Maturity (CMT)						LIBOR			
			1-Year		3-Year		5-Year		6-Month		1-Year	
	Note	Rider	Note	Rider	Note	Rider	Note	Rider	Note	Rider	Note	Rider
Lookback = 45 Days Preceding the Interest Change Date												
Assumable for life of loan	3510	3120	3501* 3502**	3108* 3111**	3504	3114	3514	3131	5522	5122	5530	5130
Assumable after Initial Period	N/A	N/A	5510+	5110+	N/A	N/A	N/A	N/A	5524	5124	5531	5131
Lookback = First Business Day of the Month Immediately Preceding the Interest Change Date												
Assumable for life of loan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5520	5120	5541	5141
Assumable after Initial Period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5523	5123	5542	5142

* Hard-coded with a 1% Periodic Cap
** Hard-coded with a 2% Periodic Cap
\+ Periodic Cap not hard-coded, must be completed by Seller

	Convertible ARMs			
	1-Year Weekly CMT		1-Year LIBOR	
	Note	Rider	Note	Rider
Lookback = 45 Days Preceding the Interest Change Date				
Conversion Window = 1st Through 5th Change Date				
Assumable for life of loan	5511	5111	5532	5132
Assumable after Initial Period	N/A	N/A	N/A	N/A
Conversion Window = 1st, 2nd, 3rd Change Date				
Assumable for life of loan	5512	5112	5533	5133
Assumable after Initial Period	5513	5113	5534	5134

All ARM Uniform Instruments are available on Freddie Mac's web site at **http://www.freddiemac.com/uniform/**.

(b) Use of Fannie Mae ARM instruments

A Seller may use Fannie Mae's ARM instruments only in accordance with the provisions of this subparagraph. A Seller must consult its own legal counsel when using a Fannie Mae instrument for a particular Freddie Mac ARM product.

A Seller originating ARMs on Fannie Mae instruments represents and warrants that the Fannie Mae instrument, when completed, is appropriate for the applicable Freddie Mac ARM product and can be serviced in accordance with the Guide.

30.13: Instructions for completing Section 4(D) of an ARM Note (06/28/04)

The Seller must complete the blanks in Section 4(D), Limits on Interest Rate Changes, of an ARM Note as follows:

1. Insert in the first blank of the first sentence, referring to the maximum interest rate on the first Interest Change Date, the interest rate that is equal to the sum of the initial Note Rate for the Mortgage, plus the applicable Initial Cap for that adjustable-rate Mortgage (ARM) program
2. Insert in the second blank of the first sentence, referring to the minimum interest rate on the first Interest Change Date, the interest rate that is equal to the initial Note Rate for the Mortgage, minus the applicable Initial Cap. If this difference is less than the specified Margin, insert the specified Margin in the second blank of the first sentence
3. If the second sentence has blanks for the Periodic Cap, insert in the blanks in the second sentence the applicable Periodic Cap for that ARM product in words followed by numerals in parentheses (for example, "two percentage points (2.0%)")
4. Insert in the blank in the last sentence, referring to the maximum interest rate during the life of the Mortgage (Lifetime Ceiling), the Note Rate in effect at time of origination plus the applicable Life Cap for that ARM product

30.14: Mortgage insurance requirements (06/28/04)

The Seller must provide mortgage insurance on all adjustable-rate Mortgages (ARMs) in accordance with Section 27.1.

30.15: Title insurance requirements (06/28/04)

The Seller must provide title insurance in accordance with Chapter 39.

30.16: Underwriting requirements (09/01/10)

(a) Special adjustable-rate Mortgage (ARM) qualifications

For 6-month ARMs, 1-year ARMs, 3-year ARMs, 5-year ARMs, 3/1 ARMs, 5/1 ARMs, 3/6-month and 5/6-month ARMs that are less than one year old at the time of delivery, the initial Note Rate cannot be more than three percentage points below the fully indexed rate. For purposes of this Section 30.16, the fully indexed rate is the sum of the Margin plus a value of the applicable Index at any time within 90 days preceding the Note Date, rounded to the nearest one-eighth of 1% (0.125%).

(b) Calculating Borrower ratios for ARMs

The Seller must calculate the Borrower ratios and apply the guidelines set out in Sections 37.15 and 37.16.

For all ARMs, the Borrower must be qualified as follows:

ARM Type and Characteristics	Borrower Qualified at
6-month ARM — No special characteristics 6-month ARM — With all the following special characteristics: • Initial Cap of 1% • Periodic Cap of 1% • Mortgage term greater than 15 years • LTV ratio greater than 80% • Initial Note Rate more than two percentage points below the fully indexed rate described in Section 30.16(a)	No less than the Note Rate No less than the Note Rate plus two percentage points
3/6-month ARM and 5/6 month ARM — No special characteristics 3/6-month ARM and 5/6 month ARM — With all the following special characteristics: • Initial Cap greater than 3% • LTV ratio greater than 80%	No less than the Note Rate No less than the Note Rate plus two percentage points
7/6-month ARM and 10/6-month ARM	No less than the Note Rate

ARM Type and Characteristics	Borrower Qualified at
1-year ARM — No special characteristics 1-year ARM — With all the following special characteristics: • Initial Cap of either 2% or 3% • Periodic Cap of 3% • Mortgage term greater than 15 years • LTV ratio greater than 80% • Initial Note Rate more than two percentage points below the fully indexed rate described in Section 30.16(a)	No less than the Note Rate No less than the Note Rate plus two percentage points
3/1 ARM	No less than the Note Rate
5/1 ARM — No special characteristics 5/1 ARM — With all the following special characteristics: • Initial Cap of 5% or 6% • Periodic Cap of 2% • Mortgage term greater than 15 years • LTV ratio greater than 80% • Initial Note Rate more than 1.5 percentage points below the fully indexed rate described in Section 30.16(a)	No less than the Note Rate No less than the Note Rate plus two percentage points
7/1 ARM and 10/1 ARM	No less than the Note Rate
3-year ARM and 5-year ARM	No less than the Note Rate

(c) Buydowns

For buydown provisions related to ARMs, refer to Section 25.4 for ARMs with temporary subsidy buydown plans and Chapter F33 for Financed Permanent Buydown Mortgages.

30.17: Postsettlement delivery fees (delivery fees) (06/10/05)

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain adjustable-rate Mortgages (ARMs). The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Adjustable-Rate Mortgages delivery fee and other delivery fees.

Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2

30.18: Other information related to adjustable-rate Mortgages (ARMs) (08/21/06)

Topic	Location
Due-on-Sale Provisions	Section 8.1.2
Servicing Spread Requirements	Section 8.2.2
WAC ARM Cash Through the Selling System	Chapter 10
ARM Cash Through MIDANET®	Chapter A10
Guarantor and MultiLender Swap Programs	Chapter 11
Pooling and Disclosure Requirements for ARMs Under the WAC ARM Guarantor Program	Chapter A13
WAC ARM Guarantor Program Through the Selling System	Chapter C15
Delivery Requirements for ARMs	Section 17.9
Specific Delivery Instructions for Freddie Mac-Owned Converted Mortgages	Section 17.40
Prepayment Penalty Mortgages	Chapter B33
Special Servicing and Reporting Requirements for ARMs	Chapter 80
Eligible ARM Programs — Offer Product and Offer Program Numbers	Exhibit 17
Standard ARM Index Descriptions	Exhibit 30

Chapter 31: Special Eligibility Requirements for Convertible ARMs

Effective June 28, 2004, Chapter 31 will be deleted. On and after this date, refer to Chapter 30 for Convertible ARM information.

Chapter 32: Special Eligibility Requirements for Seller-Owned Converted and Seller-Owned Modified Mortgages

32.1: Overview (06/28/04)

Freddie Mac will purchase Seller-Owned Converted Mortgages and Seller-Owned Modified Mortgages that comply with the terms of the *Single-Family Seller/Servicer Guide* (Guide) and this chapter.

32.2: Common requirements (09/01/10)

(a) Eligible Mortgages

- **Requirements related to the Mortgage prior to conversion or modification**

  Prior to conversion or modification, the Mortgage must have had the following characteristics:

  - The Mortgage must have been secured by a First Lien on a 1- to 4-unit Primary Residence or a 1-unit second home
  - The occupancy type of the Mortgage Premises must not have changed since the Note Date or since the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
  - The Mortgage met all Freddie Mac's eligibility and underwriting requirements on the Note Date or on the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
  - The LTV, TLTV and HTLTV ratios did not exceed the limits in Section 23.4 as of the Note Date or as of the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
  - The principal balance of the Mortgage has not increased since the Note Date, or since the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home, and the loan amount of the Mortgage prior to modification did not exceed the maximum loan amount in Section 23.3 in effect on the Note Date (The Mortgage may not be a super conforming Mortgage)
  - The Mortgage was not in default and otherwise meets the requirements in Section 22.9
  - The Mortgage was a conventional, fully amortizing Mortgage and the Mortgage had an original amortization term no greater than 30 years from the

Note Date or from the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home

- The Mortgage was not a Restructured Mortgage prior to conversion or modification
- The Mortgage was not an interest-only Mortgage prior to conversion or modification

2. Eligibility of the Seller-Owned Converted or Seller-Owned Modified Mortgage

A Seller-Owned Converted or Seller-Owned Modified Mortgage must have the following characteristics:

- The Mortgage meets all Freddie Mac's eligibility and underwriting requirements in effect on the Delivery Date
- The current LTV, TLTV and HTLTV ratios do not exceed the limits in Section 23.4 as of the Delivery Date. The current ratios are calculated by dividing the unpaid principal balance (UPB) of the Mortgage as of the Delivery Date by the value as defined in Section 23.1.
- The Mortgage must comply with the maximum original loan amounts stated in Section 23.3 in effect on the Delivery Date (The Mortgage may not be a super conforming Mortgage)
- The Seller may not have assessed a prepayment penalty in connection with the conversion or modification of the Mortgage
- The Borrowers are the same as the Borrowers on the Mortgage prior to conversion or modification, except that a Borrower who contributed no qualifying income, assets or reserves to the Mortgage may have been removed
- The Mortgage is a conventional, fully amortizing Mortgage and the Mortgage term may not extend beyond 30 years from the Note Date or from the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
- The Seller-Owned Converted or Seller-Owned Modified Mortgage is not a Restructured Mortgage

A Mortgage originated as a Mortgage for a Newly Constructed Home is a Seller-Owned Modified Mortgage if:

- The terms of the Permanent Financing have been modified or if an ARM, converted to a fixed-rate Mortgage, after the Effective Date of Permanent Financing; and
- It meets the requirements of this Chapter 32, and

- It is not a Home Possible® Mortgage or a Mortgage secured by a Manufactured Home.

(b) Special underwriting requirements

- Except as modified by this chapter, the Seller is required to manually underwrite and requalify each Borrower using Freddie Mac's eligibility and underwriting requirements in accordance with Chapter 37 as in effect as of the Delivery Date. In addition, Mortgages secured by second homes must meet the requirements of Section 22.22.

- The Mortgage must comply with the minimum Indicator Score requirements set forth in Exhibit 25 f or an applicable Mortgage product, and must meet the requirements of Guide Chapter 37. If no Borrower has a usable Credit Score and as a result, the Mortgage does not have an Indicator Score, the Mortgage is not eligible for purchase
- A Seller-Owned Converted or Seller-Owned Modified Mortgage is not eligible to be submitted to Loan Prospector® for evaluation
- The Seller-Owned Converted or Seller-Owned Modified Mortgage will not receive any representation and warranty relief relating to the evaluation of the Mortgage through Loan Prospector and any previous relief provided is of no force and effect in connection with the Mortgage
- The Seller-Owned Converted or Seller-Owned Modified Mortgage eligibility and underwriting requirements must be based on the loan purpose as of the Note Date

(c) Special documentation requirements

The Seller must maintain in the Mortgage file:

- All documentation required by the Purchase Documents as of the Note Date or as of the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
- All documentation associated with the conversion or modification of the Mortgage
- The Mortgage payment history of the Mortgage for the 12-month period prior to the Delivery Date (or the full length of Mortgage payment history, if less than 12 months) documented by a new credit report or a Servicer generated payment history
- Credit, employment and income documentation required to requalify each Borrower in accordance with the Standard Documentation requirements in Section 37.23 f or the Seller-Owned Converted or Seller-Owned Modified Mortgage including but not limited to:
  - New Uniform Residential Loan Application
  - New credit report meeting the requirements of Section 37.10
  - Verification of income and employment

- Any other documentation required as of the Delivery Date (e.g., the Indicator Score). If Freddie Mac required a minimum Indicator Score for the Mortgage at time of origination, the Seller must note this Indicator Score in addition to the Indicator Score required for delivery under this chapter on the Form 1077, Uniform Underwriting and Transmittal Summary.

Underwriting documentation must be obtained within 120 days prior to the modification or Conversion Date.

32.3: Other common requirements (02/01/10)

(a) Property value warranty requirements

The Seller must provide a new appraisal with an effective date no more than 120 days prior to the modification or Conversion Date. The appraisal must meet Freddie Mac requirements. The Seller warrants that the property value has not declined since the effective date of the most recent appraisal if the Mortgage was originated as a Mortgage for a Newly Constructed Home. The new appraisal must not be used to determine the original loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios for the Mortgage or the current LTV, TLTV and HTLTV ratios as of the Delivery Date.

(b) Planned Unit Development, Leasehold Estate and Condominium warranty requirements

For Mortgages secured by Condominium Units, the Seller must underwrite the Condominium Project, and based on such evaluation, must represent and warrant that the Condominium complies with the requirements set forth in Chapter 42.

Mortgages secured by leasehold estates must meet the special warranties set forth in Chapter 41 as applicable.

Mortgages secured by Planned Unit Developments must meet the special warranties set forth in Chapter 43 as applicable.

(c) Mortgage insurance requirements

- For a Mortgage that had an LTV ratio greater than 80% on the Note Date or on the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home, and has a current LTV ratio greater than 80%, the required level of mortgage insurance coverage will be determined by the requirements in this Guide as of the Note Date or as of the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home
- The Seller is not required to increase existing mortgage insurance coverage to comply with Section 27.1 if Freddie Mac's minimum coverage amounts have

increased between the (i) Note Date or the Effective Date of Permanent Financing if the Mortgage was originated as a Mortgage for a Newly Constructed Home, and (ii) the Delivery Date

- The Seller/Servicer must warrant that conversion or modification has not altered or impaired the coverage under the mortgage insurance policy. If the Seller/Servicer cannot warrant that the insurance policy has not been impaired, the Seller/Servicer must obtain an endorsement which brings the policy into compliance with the requirements of Section 27.1.
- Lender-paid mortgage insurance is permitted
- The flexible mortgage insurance options described in Section 27.1(b) and financed mortgage insurance premiums described in Section 27.1.1(a) are not permitted

(d) Form 1077, Uniform Underwriting and Transmittal Summary

On Form 1077, or on another document in the Mortgage file, the Seller must state that the loan is a Seller-Owned Converted Mortgage or a Seller-Owned Modified Mortgage. If applicable, Seller must state that the Mortgage was originated as a Mortgage for a Newly Constructed Home.

(e) Title insurance

The Mortgage must meet the title insurance requirements of Chapter 39. The Seller/Servicer must warrant that conversion or modification has not altered or impaired coverage under the title insurance policy or attorney's opinion of title.

(f) Quality control

If the Mortgage is selected for Freddie Mac's post funding quality control, the Seller/Servicer must provide the original underwriting file and the underwriting file required to requalify the Borrower at the time of conversion or modification.

32.4: Special requirements for Seller-Owned Converted Mortgages (02/01/10)

(a) Overview

Credit related waivers to Guide requirements negotiated elsewhere in the Purchase Documents may apply to Seller-Owned Converted Mortgages unless the credit related waivers, provisions, products or offerings conflict with the requirements of this Chapter, in which case, the requirements of this Chapter will apply unless expressly stated otherwise in the Purchase Documents.

(b) Eligible Mortgages

- A Seller-Owned Converted Mortgage may be secured by a 1- to 4-unit Investment Property
- A Mortgage with a temporary subsidy buydown plan is not eligible for sale as a Seller-Owned Converted Mortgage. If the original Mortgage included a temporary subsidy buydown, any remaining funds in the buydown account at time of conversion must be distributed in accordance with the buydown agreement
- The Seller must warrant that all the original Note and Security Instrument terms for converting the Mortgage to a fixed rate of interest have been met
- The Seller-Owned Converted Mortgage Note must be negotiable, and the entire indebtedness must be fully enforceable against the Borrower and secured by a First Lien on the Mortgaged Premises
- The Seller-Owned Converted Mortgage Note must have a fixed rate of interest with level monthly principal and interest payments
- A fully enforceable due-on-sale clause, such as contained in Freddie Mac's current fixed-rate Uniform Instruments, must be in effect after conversion to fixed-rate

(c) Special underwriting requirements

In addition to the underwriting requirements in 32.2(b), a Seller-Owned Converted Mortgage secured by a 1- to 4-unit Investment Property must meet the requirements of Section 22.22.1.

(d) Delivery requirements

See Section 17.21 of the Guide for conversion, delivery and pooling requirements for Seller-Owned Converted Mortgages.

32.5: Uniform Instruments and nonstandard documents for Seller-Owned Converted Mortgages (04/17/08)

The original convertible adjustable-rate Mortgage (ARM) may have been originated using Uniform Instruments in accordance with Section 6.7 or nonstandard documents. Documentation for the Seller-Owned Converted Mortgage should consist of the following:

- The original Security Instrument and Convertible Adjustable Rate Rider; and
- A document evidencing the conversion of the ARM to a fixed-rate Mortgage; the conversion document must be recorded if necessary to establish that the Seller-Owned Converted Mortgage is a First Lien. Seller may use the Freddie Mac Multistate Agreement to Convert, Freddie Mac Uniform Instrument Form 3180, to evidence the ARM conversion. If the Seller uses a loan instrument other than the Agreement to Convert, Seller represents and warrants that the instrument, when

completed, contains substantially identical provisions to the Freddie Mac Agreement to Convert and is appropriate for use to evidence the conversion of the Convertible ARM; and

- Either:
  - The original Convertible Adjustable Rate Note with the document evidencing the conversion attached, or
  - A new fixed-rate Note

If a new Note is executed, the Seller must use the Fannie Mae/Freddie Mac Fixed-Rate Note as required by Section 6.7.

If the Seller-Owned Converted Mortgage is documented with the original documents and a document evidencing the ARM conversion, the following requirements apply:

(a) Original Security Instrument and Convertible Adjustable Rate Rider

The original Security Instrument and Convertible Adjustable Rate Rider must be either:

- The version of the Fannie Mae/Freddie Mac Uniform Security Instrument for the State in which the Mortgaged Premises are located in effect on the Note Date, with either the Fannie Mae or Freddie Mac Uniform Convertible Adjustable Rate Rider, or
- A nonstandard document that contains provisions comparable to the provisions of the version of the Fannie Mae/Freddie Mac Uniform Security Instrument in effect on the Note Date for the State in which the Mortgaged Premises are located, including the provisions relating to:
  - Default and foreclosure rights
  - The use of hazard insurance proceeds, condemnation, and hazardous waste
  - No waivers of homestead rights, dower or similar marital rights
  - Matters that affect the security for the Mortgage, including charges and liens and property preservation
  - Borrower Mortgage payment and escrow obligations
  - Rights of the lender in the event of Borrower bankruptcy

(b) Original Convertible Adjustable Rate Note

The original Convertible Adjustable Rate Note must be either:

- The applicable version of the Fannie Mae or Freddie Mac Uniform Convertible Adjustable Rate Note in effect on the Note Date, or
- A nonstandard Convertible Adjustable Rate Note, provided the Convertible Adjustable Rate Note contains provisions that are consistent with the provisions in the Fannie Mae or Freddie Mac Convertible Adjustable Rate Note for ARMs originated on the Note Date. The Seller must review the Convertible Adjustable

Rate Note for consistency, including the provisions relating to the following, and determine that:

- The late payment fee does not exceed the maximum fee allowed by State law and this Guide
- There are no provisions allowing skipped payments, a grace period following a partial payment or a grace period for other hardship or other reasons
- There are no waivers of homestead rights, dower or similar marital rights

(c) Seller-Owned Converted Mortgages originated as a Mortgage for a Newly Constructed Home

For a Seller-Owned Converted Mortgage that was originated as a Mortgage for a Newly Constructed Home, the conversion of Interim Construction Financing to Permanent Financing must have occurred prior to the conversion from a Convertible ARM to a fixed-rate Mortgage and must have been documented in accordance with Section K33.4. The conversion from a Convertible ARM to a fixed-rate Mortgage must be documented in accordance with this Section 32.5.

32.5.1: Uniform Instruments for Seller-Owned Modified Mortgages (06/22/07)

Documentation for a Seller-Owned Modified Mortgage should consist of all of the following:

(a) Security Instrument

The Security Instrument with all applicable riders. The Security Instrument must be either:

- The version of the Fannie Mae/Freddie Mac Uniform Security Instrument for the State in which the Mortgaged Premises are located in effect on the Note Date, or
- A nonstandard document that has been modified to conform to the current Fannie Mae/Freddie Mac Uniform Security Instrument for the State in which the Mortgaged Premises are located.

(b) Note

The promissory note must be either:

- The original Fannie Mae/Freddie Mac Uniform Fixed-Rate Note with the loan modification agreement attached, or
- A new Note; a new Note must be used if the Seller-Owned Modified Mortgage is not a fixed-rate Mortgage. If a new Note is executed, Seller must use the

applicable Uniform Instrument Note as required by Section 6.7 for the modified Mortgage Product.

(c) Loan Modification Agreement

A document evidencing the loan modification. The loan modification agreement must be recorded if necessary to establish that the Seller-Owned Modified Mortgage is a First Lien.

The loan modification agreement must contain the following information with respect to the modifications on the Seller-Owned Modified Mortgage:

- The effective date of the loan modification
- The current outstanding principal balance on the Seller-Owned Modified Mortgage
- Whether the interest rate on the Seller-Owned Modified Mortgage is a fixed or adjustable interest rate
- The yearly interest rate on the Seller-Owned Modified Mortgage
- Amount of monthly payments on the Seller-Owned Modified Mortgage
- Date the monthly payments on the Seller-Owned Modified Mortgage begin
- The maturity date of the Seller-Owned Modified Mortgage

If the original Mortgage is either (i) a fixed-rate Mortgage originated on the Fannie Mae/Freddie Mac Uniform Fixed-Rate Note and after modification will remain a fixed-rate Mortgage, or (ii) a Mortgage that is being modified to a fixed-rate Mortgage using the Fannie Mae/Freddie Mac Uniform Fixed-Rate Note, the Seller may use the Freddie Mac Multistate Loan Modification to a Fixed Interest Rate, Freddie Mac Uniform Instrument Form 5161 as the loan modification agreement. If Seller uses a different instrument to evidence the loan modification for a fixed-rate Seller-Owned Modified Mortgage, Seller represents and warrants that the instrument, when completed, contains substantially identical provisions to the Freddie Mac Loan Modification to a Fixed Interest Rate and is appropriate for use to evidence the modification of the Mortgage.

(d) Seller-Owned Modified Mortgages originated as a Mortgage for a Newly Constructed Home

For a Seller-Owned Modified Mortgage that was originated as a Mortgage for a Newly Constructed Home, the conversion of Interim Construction Financing to Permanent Financing must have occurred prior to the modification and must have been documented in accordance with Section K33.4. The modification of the Permanent Financing that occurs after the Effective Date of Permanent Financing must be documented in accordance with this Section 32.5.

32.6: Special requirements for Seller-Owned Modified Mortgages (02/01/10)

(a) Overview

Credit-related waivers to the Guide requirements negotiated elsewhere in the Purchase Documents shall not apply to Seller-Owned Modified Mortgages.

(b) Ineligible Mortgages

A Seller-Owned Modified Mortgage may not have been originated as:

- An Alt 97® Mortgage
- A Home Possible® Mortgage
- An Affordable Merit Rate® Mortgage
- A Mortgage using the Home Value Models

(c) Special requirements

The Mortgage must only be modified for the purpose of a reduction in interest rate of the First Lien Mortgage.

(d) Delivery requirements

See Section 17.37 of the Guide for conversion, delivery and pooling requirements for Seller-Owned Modified Mortgages.

Chapter 33: Special Eligibility Requirements for Balloon/Reset Mortgages

33.1: Overview (10/01/09)

Freddie Mac will purchase Balloon/Reset Mortgages under the terms of the Purchase Documents and this chapter.

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Balloon/Reset Mortgages:

- Balloon Loan Modification
- Balloon Maturity Date
- Balloon Note
- Balloon Note Addendum
- Balloon Payment
- Balloon Rider
- Eligible Borrower
- Higher-Priced Mortgage Loan
- Ineligible Borrower
- Reset Conditions
- Reset Mortgage
- Reset Note Rate
- Reset Option
- Seasoned Mortgage
- Seasoned Mortgage for a Newly Constructed Home

Definitions for these terms are located in the Glossary of this Guide.

33.1: Overview (01/01/11)

Freddie Mac will purchase Balloon/Reset Mortgages under the terms of the Purchase Documents and this chapter.

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Balloon/Reset Mortgages:

- Balloon Loan Modification
- Balloon Maturity Date
- Balloon Note
- Balloon Note Addendum
- Balloon Payment
- Balloon Rider
- Eligible Borrower
- Higher-Priced Mortgage Loan

- Ineligible Borrower
- Reset Conditions
- Reset Mortgage
- Reset Note Rate
- Reset Option
- Seasoned Mortgage

Definitions for these terms are located in the Glossary of this Guide.

33.2: Eligibility requirements (02/01/10)

A Balloon/Reset Mortgage must comply with Section 23.4.

In addition, to be eligible for purchase by Freddie Mac a Balloon/Reset Mortgage must meet the following:

- The Mortgage may not be a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home
- The Mortgage must be offered as a whole loan. Participations are not eligible for purchase
- The monthly payment Due Date and the Balloon Maturity Date must be the first day of the month
- The Mortgage must be a First Lien, conventional Mortgage

A 5-year Balloon/Reset Mortgage must not be:

- A Higher-Priced Mortgage Loan
- An A-minus Mortgage

A Balloon/Reset Mortgage must not be a Freddie Mac-owned streamlined refinance Mortgage.

Balloon/Reset Mortgages with secondary financing as of the Delivery Date that otherwise comply with Section 25.1 are eligible for purchase if the:

- Maturity date of the secondary financing is at least 12 months prior to the Balloon Maturity Date, or
- Secondary financing recorded security instrument contains language clearly subordinating the lien of the secondary financing to the Balloon/Reset Mortgage and the Reset Mortgage after reset

33.2: Eligibility requirements (01/01/11)

A Balloon/Reset Mortgage must comply with Section 23.4.

In addition, to be eligible for purchase by Freddie Mac a Balloon/Reset Mortgage must meet the following:

- The Mortgage may not be a Seasoned Mortgage
- The Mortgage must be offered as a whole loan. Participations are not eligible for purchase
- The monthly payment Due Date and the Balloon Maturity Date must be the first day of the month
- The Mortgage must be a First Lien, conventional Mortgage

A 5-year Balloon/Reset Mortgage must not be:

- A Higher-Priced Mortgage Loan
- An A-minus Mortgage

A Balloon/Reset Mortgage must not be a Freddie Mac-owned streamlined refinance Mortgage.

Balloon/Reset Mortgages with secondary financing as of the Delivery Date that otherwise comply with Section 25.1 are eligible for purchase if the:

- Maturity date of the secondary financing is at least 12 months prior to the Balloon Maturity Date, or
- Secondary financing recorded security instrument contains language clearly subordinating the lien of the secondary financing to the Balloon/Reset Mortgage and the Reset Mortgage after reset

33.3: Mortgage document requirements (04/25/06)

A Balloon/Reset Mortgage must be originated on all of the following:

- The current Fannie Mae/Freddie Mac Uniform Security Instrument (1-4 Family) for the jurisdiction where the Mortgaged Premises are located
- Either the Freddie Mac Uniform Instrument Multistate Balloon Fixed-Rate Note — Single Family (Form 3290, 1/01) or the Fannie Mae Uniform Instrument Multistate Balloon Fixed-Rate Note — Single Family (Form 3260, 1/01)
- Any acceptable combination of Balloon Note Addendum and Balloon Rider, as set forth in the following paragraph

For each Balloon/Reset Mortgage, one of the following combinations of Balloon Note Addendum and Balloon Rider must be used:

- Freddie Mac Uniform Instrument Multistate Balloon Note Addendum (Refinance) (Form 3292, 1/01) and Freddie Mac Uniform Instrument Multistate Balloon Rider (Refinance) (Form 3191, 1/01), or
- Freddie Mac Uniform Instrument Multistate Balloon Note Addendum (Conditional Modification and Extension of Loan Terms) (Form 3291, 1/01) and Freddie Mac Uniform Instrument Multistate Balloon Rider (Conditional Modification and Extension of Loan Terms) (Form 3190, 1/01), or
- Fannie Mae Uniform Instrument Multistate Balloon Note Addendum — Single Family (Form 3266, 1/01 — no revision date) and Multistate Balloon Rider — Single Family (Form 3180, 1/01 — no revision date). Balloon/Reset Mortgages originated on the Fannie Mae Note Addendum and Balloon Rider with the tagline "1/01 (rev. 9/01)" are not eligible for sale to Freddie Mac. When using the Fannie Mae Balloon Note Addendum and Balloon Rider, a Seller must make the following change in Paragraph 5, fourth sentence: Insert "no earlier than 60 calendar days and" before "no later than 45 days" as follows:

    > If I meet the conditions of Section 2 above, I may exercise the Conditional Refinance Option by notifying the Note Holder no earlier than 60 calendar days and no later than 45 calendar days prior to the Maturity Date.

For Balloon/Reset Mortgages secured by an Investment Property, the occupancy requirement (but not the ownership requirement) in the Balloon Note Addendum and Balloon Rider must be deleted.

For Balloon/Reset Mortgages with secondary financing as of the Delivery Date that complies with Section 33.2, the "no other liens or encumbrances" requirement in the Balloon Note Addendum and Balloon Rider may be revised as follows: "(c) except for the secondary financing in existence on the date of this [Rider] [Note Addendum] which meets the Lender's requirements, there are no liens, defects, or encumbrances against the Property, or other adverse matters affecting title to the Property (except for taxes and special assessments not yet due and payable) arising after the Security Instrument was recorded;"

Freddie Mac does not promulgate or print versions of the Balloon Note for use in the various jurisdictions. A Seller must make changes to the Balloon Note as set forth in part IV of Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, of the Guide when the Balloon Note will be used for Mortgaged Premises located in the jurisdictions listed in Exhibit 5. If any other changes are necessary to comply with the applicable law of the jurisdiction where the Mortgaged Premises are located, a Seller must make these other changes, as provided in Section 22.28, after obtaining the approval of Freddie Mac's Legal Division. **(see Directory 1)**

33.4: Reset Conditions (04/05/02)

The Reset Conditions are the conditions set forth in paragraph 2 of both the Balloon Note Addendum and the Balloon Rider that must be met for the Borrower to exercise the Reset Option.

These conditions are:

1. The Borrower must still be the owner and occupant of the Mortgaged Premises, however, if the Balloon/Reset Mortgage was sold to Freddie Mac as an Investment Property Mortgage, the Borrower need not be the occupant of the Mortgaged Premises
2. The Borrower must be current in monthly Mortgage payments and cannot have been more than 30 days late on any of the 12 scheduled monthly payments immediately preceding the Balloon Maturity Date
3. There are no liens, defects or encumbrances against the Mortgaged Premises, or other adverse matters affecting title to the Mortgaged Premises (except for real estate taxes and special assessments not yet due and payable) arising after the Security Instrument was recorded unless the Balloon/Reset Mortgage was sold to Freddie Mac with secondary financing meeting the requirements of Section 33.2
4. The Reset Note Rate cannot be more than five percentage points above the original Balloon Note rate
5. The Borrower must make a written request complying with the requirements of the Balloon Note Addendum and Balloon Rider to the Servicer to exercise the Reset Option

33.5: Other requirements (04/05/02)

The following apply to Balloon/Reset Mortgages:

(a) Payment in full

The Borrower may pay a Balloon/Reset Mortgage in full, on or before the Balloon Maturity Date, without penalty at any time during the term of the Balloon/Reset Mortgage.

(b) Mortgage insurance

Mortgage insurance in compliance with the requirements of Section 27.1 is required on each Balloon/Reset Mortgage on the Delivery Date and is also required on the Reset Mortgage.

(c) Title insurance

Title insurance, in compliance with the requirements of Chapter 39, is required on each Balloon/Reset Mortgage at time of delivery of the Mortgage to Freddie Mac.

For each Reset Mortgage, the Servicer must obtain one of the following ensuring titles to the Reset Mortgage as a valid First Lien:

- A modification title endorsement to the existing policy
- A new title policy that complies with the provisions of Chapter 39
- Special Reset Mortgage title insurance coverage that complies with the provisions of Section 83.11

(d) Servicing

Refer to Chapter 83 for the additional Servicing requirements that must be met as a Balloon/Reset Mortgage approaches its Balloon Maturity Date.

33.6: Postsettlement delivery fees (delivery fees) for Balloon/Reset Mortgages (06/10/05)

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain Balloon/Reset Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Balloon/Reset Mortgages delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

Chapter A33: Streamlined Purchase for Homeowners

A33.1: Overview (06/01/08)

Effective June 1, 2008, Chapter A33 is deleted. However, with respect to Sellers with Master Agreements dated prior to February 21, 2008, F reddie Mac will purchase streamlined purchase for homeowners Mortgages that comply with the terms of Chapter A33, Section 17.23 and related sections in effect on February 21, 2008 until the earlier of (i) the expiration of their Master Agreements or (ii) February 28, 2009. For reference purposes, Freddie Mac has attached Chapter A33 and Section 17.23 as Exhibit A to our April 22, 2008 Bulletin.

Chapter B33: Prepayment Penalty Mortgages

B33.1: Overview (08/21/06)

Freddie Mac will purchase Prepayment Penalty Mortgages that comply with the terms of the Purchase Documents and this chapter.

B33.2: Eligible Mortgages (09/01/10)

Most fixed-rate Mortgages and certain adjustable-rate Mortgages (ARMs) are eligible for purchase as Prepayment Penalty Mortgages. See Section 30.6(g) for ARMs that may be Prepayment Penalty Mortgages.

Prepayment Penalty Mortgages are not permitted to be:

- A-minus Mortgages
- Non-Loan Prospector® Mortgages subject to CS/LTV postsettlement delivery fees (A-minus fees), and
- Affordable Merit Rate® Mortgages
- Home Possible® Mortgages
- Balloon/Reset Mortgages
- Higher-Priced Mortgage Loans

B33.3: Eligibility requirements (09/01/10)

All Prepayment Penalty Mortgages must meet the *Single-Family Seller/Servicer Guide* (Guide) requirements applicable to fixed-rate Mortgages and adjustable-rate Mortgages (ARMs), except as specifically modified in this chapter.

Mortgages that obligate the Borrower to pay a prepayment penalty upon principal prepayment by the Borrower during a specified prepayment penalty period are considered Prepayment Penalty Mortgages even after the prepayment penalty period has expired.

Freddie Mac will purchase the following Prepayment Penalty Mortgages:

- **3-year Prepayment Penalty Mortgage**

  A 3-year Prepayment Penalty Mortgage is a type of Prepayment Penalty Mortgage with respect to which a Borrower is obligated to pay a prepayment penalty of 2% of the amount by which principal prepayments made by the Borrower during the first three years of the Mortgage (beginning on the Note Date) exceed 20% of the original principal balance of such Mortgage.

- **Various Prepayment Penalty Mortgage**

  A various Prepayment Penalty Mortgage is a Prepayment Penalty Mortgage, other than a 3-year Prepayment Penalty Mortgage, with respect to which a Borrower is obligated to pay a prepayment penalty in a specified amount upon certain specified principal prepayments made by the Borrower during a specified prepayment penalty period beginning on the Note Date. The prepayment penalty must be at least 1% of the prepaid principal amount and the prepayment penalty period must be at least one year but not more than three years.

B33.4: Requirements of prepayment penalty Note addendum (08/21/06)

Prepayment Penalty Mortgages must be originated on the most current version of Uniform Instruments, together with a Note addendum prepared by the Seller, which must specify at least the following terms:

- The amount of the prepayment penalty due from the Borrower to the Seller for the prepaid amount, and
- The prepaid amount, which is the amount of the principal prepayment that gives rise to the prepayment penalty, and
- The prepayment penalty period, beginning on the Note Date, during which the prepayment penalty may be assessed, and
- Whether or not the prepayment penalty is assessed upon a sale of the Mortgaged Premises

The Note addendum prepared by the Seller must not include any provision that would permit the assessment of a prepayment penalty if the payoff of the Mortgage is received in connection with the workout of a delinquent Mortgage or due to a Borrower default under the terms of the Security Instrument. Additionally, if the Note addendum permits the assessment of a prepayment penalty in the event of a sale of the Mortgaged Premises, the prepayment penalty period must not exceed three years.

B33.4.1: Origination representations and warranties (01/01/07)

With respect to each Prepayment Penalty Mortgage eligible for sale to Freddie Mac, the Seller represents and warrants compliance with the following requirements:

- The terms of the prepayment penalty were adequately disclosed to the Borrower; and
- There is no penalty assessed in the event of a Borrower default.

In addition to the above representations and warranties, for a Prepayment Penalty Mortgage secured by a Primary Residence eligible for sale to Freddie Mac, the Seller represents and warrants that:

- The Mortgage provided a benefit to the Borrower, such as a rate or fee reduction, for accepting the prepayment penalty; and
- The Borrower was offered the choice of another Mortgage that did not include the prepayment penalty.

B33.5: Origination and Servicing Requirements (10/01/09)

Each Prepayment Penalty Mortgage must comply with the following origination and Servicing requirements:

1. The prepayment penalty provisions of each Prepayment Penalty Mortgage must comply, and the Seller must service the Prepayment Penalty Mortgages to comply, with the requirements of all applicable federal, State and local laws, rules and regulations pertaining to prepayment penalties. In some jurisdictions, the penalty applies only to principal prepayments that exceed 20% of the original principal balance in any 12-month period. Many jurisdictions impose other conditions and prohibitions on t he origination and implementation of Prepayment Penalty Mortgages. In addition, the Seller must service Prepayment Penalty Mortgages in accordance with Section 51.19.
2. The prepayment penalty must be at least 1% of the prepaid principal amount and the prepayment penalty period must be at least one year but not more than three years. Mortgages with prepayment penalties of less than 1% of the prepaid amount and/or prepayment penalty periods of less than one year are not considered to be Prepayment Penalty Mortgages and may be sold to Freddie Mac without the special conditions set forth in this chapter, except that Higher-Priced Mortgage Loans are not permitted to have prepayment penalties of any amount or prepayment penalty periods of any length. Mortgages with prepayment penalty periods that are more than three years are not eligible for purchase by Freddie Mac.
3. The prepayment penalty provisions of each Prepayment Penalty Mortgage must be enforced by the holder of the Mortgage Note, according to the original prepayment penalty and prepayment penalty period set forth in the Note addendum. Refer to Section 51.19. The Seller must maintain in the Mortgage file evidence of collection of the prepayment penalty.
4. If the Prepayment Penalty Mortgage is secured by a Primary Residence, the source of payment of the prepayment penalty must not be from a refinance of the Primary Residence by the Seller or its Affiliate.
5. Any prepayment penalty paid by a Borrower must be retained by the Seller, and must not be remitted to Freddie Mac or passed through to the security investors.
6. Upon Freddie Mac’s request pursuant to its loss mitigation efforts, the Seller must waive its right to prepayment penalties due with respect to any prepayment made on a

delinquent Mortgage or any payments received from any person (including insurance payments) in connection with the workout of a delinquent Mortgage or a foreclosure. Refer to Section 51.19.

B33.6: Delivery procedures and Additional Supplement requirements (12/15/06)

See Section 17.12 of the Guide for conversion, delivery and pooling requirements for Prepayment Penalty Mortgages sold to Freddie Mac.

The Seller must prepare and distribute an Additional Supplement as described in Section 11.20 for any of the following PC Pools:

- 40-year fixed-rate PC Pools with Prepayment Penalty Mortgages
- 15- and 30-year fixed-rate PC Pools with various Prepayment Penalty Mortgages
- WAC ARM PC Pools with Prepayment Penalty Mortgages

The Additional Supplement must be in the form set forth in Exhibit 22, Form of Additional Supplement — Prepayment Penalty Mortgages.

Chapter C33: A-minus Mortgages

C33.1: Overview (01/02/03)

Freddie Mac will purchase A-minus Mortgages under the terms of the Purchase Documents and this chapter. A-minus Mortgages are designed for Borrowers who have a weak credit reputation and/or questionable capacity and for Mortgages where excessive layering of risk indicates that the Mortgage is unlikely to be acceptable according to Chapter 37. The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

C33.2: Eligibility requirements (09/01/10)

An A-minus Mortgage must have the following characteristics:

- The Mortgage must be a conventional Mortgage
- The Mortgage must be a Loan Prospector® Mortgage with a Risk Class of Caution and evaluation results of eligible for A-minus
- The Mortgage must not be:
  - A 5-year Balloon/Reset Mortgage
  - A Prepayment Penalty Mortgage
  - A Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home*

* Effective on or after January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

A Caution Mortgage that receives loan evaluation results of eligible for A-minus, but that does not meet the requirements of this chapter, is not eligible for delivery to Freddie Mac as an A-minus Mortgage, but may be eligible for delivery as a Caution Mortgage in accordance with the requirements of Chapter 37. A Caution Mortgage that receives loan evaluation results of eligible for A-minus, and that meets the requirements of this chapter, may be eligible for sale as an Affordable Merit Rate® Mortgage if the requirements of Chapter E33 are met.

C33.3: Special underwriting requirements (07/01/09)

Loan Prospector® has determined the creditworthiness of the Borrower is acceptable if all Mortgage payment histories for each qualifying Borrower are verified on the Loan Prospector credit reports.

If all Mortgage payment histories for each qualifying Borrower are not verified on the Loan Prospector credit reports, the Seller must directly verify and document any Mortgage payment histories in accordance with the requirements of Section 37.11(c)(1). The Seller must warrant that during the prior 12-month period, each Borrower was not 30 days or more delinquent more than once and was never 60 days or more delinquent on any directly verified Mortgage or combination of directly verified Mortgages. If this warranty cannot be made, the Mortgage is ineligible for delivery to Freddie Mac.

In addition, for all Borrowers without usable Credit Scores, the requirements in Section 37.4(a) must be met. Any debt that is not reported to the credit repositories must be verified to have a satisfactory payment history and the payment must be included in the monthly debt payment-to-income ratio.

C33.4: Other requirements (06/10/05)

(a) Documentation

The Mortgage must be documented in accordance with the requirements in Section 37.23 for Standard Documentation.

(b) Quality control

An A-minus Mortgage is subject to the quality control requirements for a Loan Prospector® Accept Mortgage as described in Chapter 48 of this Guide.

(c) Servicing

A-minus Mortgages must be serviced in accordance with Section 51.11(c) of the *Single-Family Seller/Servicer Guide* (Guide), including Servicer eligibility requirements for certain products.

(d) Delivery requirements

There are no special requirements for delivery of A-minus Mortgages.

(e) Postsettlement delivery fees (delivery fees) for A-minus Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of A-minus Mortgages. The Credit Score/Loan-to-Value (CS/LTV) Fee Level found on the Last Feedback Certificate will determine the applicable CS/LTV (A-minus) delivery fee rate.

The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the CS/LTV (A-minus) delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(f) Posted Gold Cash® coupon ranges

Fixed-rate and 7-year Balloon/Reset A-minus Mortgages are eligible for sale into the three highest Mortgage coupon ranges posted under Gold Cash.

Chapter D33: Alt 97® Mortgages

D33.1: Overview (06/10/05)

Freddie Mac will purchase Alt 97® Mortgages under the terms of the Purchase Documents and this chapter. The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

D33.2: Eligibility requirements (09/01/10)

An Alt 97® Mortgage must have the following characteristics:

- The Mortgage must be a fixed-rate, fully amortizing purchase transaction or "no cash-out" refinance Mortgage with a loan-to-value (LTV) ratio equal to or greater than 90% but not greater than 95% and a total loan-to-value (TLTV) ratio less than or equal to 95%
- The Mortgage must be secured by a 1-unit Primary Residence
- All Borrowers must occupy the Mortgaged Premises
- Temporary subsidy buydowns are not permitted
- Mortgage insurance coverage must be equal to 35%
- Home Possible® Mortgages are not permitted

D33.3: Special underwriting requirements (06/01/08)

(a) Credit reputation

Each Alt 97® Mortgage must be:

- An Accept Mortgage, or
- A Manually Underwritten Mortgage with a minimum Indicator Score of 700

(b) Borrower Funds

The requirements for Alt 97 Mortgages permit the Borrower to use alternative sources of funds not permitted for other Mortgages purchased by Freddie Mac and do not require a minimum down payment from Borrower Funds.

Borrower Funds for both purchase transaction and "no cash-out" refinance Mortgages may come from cash or other Equity, as defined in Sections 26.2 and 26.3, with the exception that sweat equity is not permitted. In addition, Borrower Funds must be

documented in accordance with the requirements of Sections 37.21, 37.21.1, 37.22 and 37.23, as applicable, for both purchase transaction and "no cash-out" refinance Mortgages.

In addition, Borrower Funds for an Alt 97 Mortgage may be obtained from the following sources:

1. **Unsecured loan**
   The Borrower may obtain an unsecured loan from a Related Person or an Agency if the unsecured loan meets the requirements in Section 26.6.1.

2. **Secondary financing**
   Secondary financing secured by a lien junior to the Alt 97 Mortgage cannot include a Home Equity Line of Credit (HELOC) and:

   - Must meet the requirements of:
     - Sections 25.1(a) through 25.1(c) for a purchase transaction Alt 97 Mortgage, or
     - Section 24.5(a) for a "no cash-out" refinance Alt 97 Mortgage
   - Must have the following maximum loan-to-value (LTV) and total LTV (TLTV) ratios:
     - The LTV ratio must not exceed 90%, and
     - The TLTV ratio must not exceed 95%, and

D33.4: Other requirements (06/01/08)

(a) Appraisal requirements

The Seller must obtain an appraisal report with an interior and exterior inspection that meets the requirements of Chapter 44.

(b) Postsettlement delivery fees (delivery fees) for Alt 97® Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of Alt 97 Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Alt 97 Mortgages delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(c) Quality Control

For purposes of Seller's Quality Control Review, Alt 97 Mortgages shall be considered to have high risk characteristics under Section 48.4 of the Guide.

(d) Delivery requirements

See Section 17.17 for delivery requirements for Alt 97 Mortgages.

Chapter E33: Affordable Merit Rate Mortgages

E33.1: Overview (02/17/05)

Freddie Mac will purchase Affordable Merit Rate® Mortgages that comply with the *Single-Family Seller/Servicer Guide* (Guide) and this chapter. Waivers to Guide requirements negotiated elsewhere in the Purchase Documents will not apply to Affordable Merit Rate Mortgages.

Affordable Merit Rate Mortgages are designed for Borrowers who have a weak credit reputation and/or questionable capacity and for Mortgages where excessive layering of risk exists. Although the Affordable Merit Rate Mortgage may have a higher initial interest rate, the Borrower will benefit from a 1% interest rate reduction for making Mortgage payments on time for 24 consecutive months during the period ending on the fourth anniversary of the first payment date.

E33.2: Eligible Mortgages (09/01/10)

Affordable Merit Rate® Mortgages must be:

- A Loan Prospector® Mortgage with a Risk Class of Caution and evaluation results of eligible for A-minus
- A purchase or "no cash-out" refinance Mortgage
- Secured by a 1- or 2-unit Primary Residence, and
- A fixed-rate Mortgage that fully amortizes over a 30-year period

Affordable Merit Rate Mortgages must not be:

- A Mortgage with a temporary subsidy buydown plan
- A Seasoned Mortgage
- A Prepayment Penalty Mortgage
- A Seasoned Mortgage for a Newly Constructed Home*

* Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

E33.3: Special underwriting requirements (01/02/03)

Loan Prospector® has determined the creditworthiness of the Borrower is acceptable if all Mortgage payment histories for each qualifying Borrower are verified on the Loan Prospector in-file credit reports.

If all Mortgage payment histories for each qualifying Borrower are not verified on the Loan Prospector credit reports, the Seller must directly verify and document in the Mortgage file any Mortgage payment histories during the last 12-month period in accordance with the requirements of Section 37.11(c)(2).

If the Borrower was 30 or more days delinquent more than twice, or was 60 or more days delinquent on any Mortgage or combination of Mortgages, the Mortgage is ineligible for delivery to Freddie Mac.

A Caution Mortgage that receives loan evaluation results of eligible for A-minus and that does not meet the requirements of this chapter may be eligible for sale as an A-minus Mortgage if the requirements of Chapter C33 are met.

E33.4: Other requirements (01/02/03)

(a) Loan instruments

The Mortgages must be originated using both the Security Instrument and Note executed on the FNMA/Freddie Mac Uniform Instruments (1-4 Family) for the jurisdiction where the Mortgaged Premises are located and either:

- The Freddie Mac Uniform Instrument Multistate Affordable Merit Rate® Addendum To Note (Form 3294, 4/00) and Multistate Affordable Merit Rate Rider (Form 3194, 4/00); or

- The Fannie Mae Uniform Instrument Multistate Timely Payment Rewards Addendum to Note (Form 1410, 6/00) and Multistate Timely Payment Rewards Rider (Form 1412, 6/00), provided that with respect to Affordable Merit Rate Mortgages originated using the Fannie Mae instruments, the Seller represents and warrants that, pursuant to applicable law, the Mortgages can be serviced in accordance with Freddie Mac's servicing requirements.

(b) Quality control

An Affordable Merit Rate Mortgage is subject to the quality control requirements for a Loan Prospector Accept Mortgage as described in Chapter 48.

(c) Servicing

Affordable Merit Rate Mortgages must be serviced in accordance with Sections 51.11(c) and 78.33 of the Guide. Refer to Bulletin 2000-3 for more details.

(d) Delivery requirements

See Section 17.29 for conversion and delivery requirements for Affordable Merit Rate Mortgages.

(e) Postsettlement delivery fee

A Caution Mortgage that receives evaluation results of eligible for A-minus will not be assessed a Credit Score/Loan-to-Value (CS/LTV) postsettlement delivery fee if it meets the requirements of this chapter and is delivered as an Affordable Merit Rate Mortgage.

Chapter F33: Financed Permanent Buydown Mortgages

F33.1: Overview (11/07/00)

Freddie Mac will purchase Financed Permanent Buydown Mortgages under the terms of the Purchase Documents and this chapter. A Financed Permanent Buydown Mortgage allows the Borrower to increase the loan amount to finance discount points that are paid to the lender to permanently reduce the interest rate.

F33.2: Eligible Mortgages (03/01/09)

Financed Permanent Buydown Mortgages must have the following characteristics:

- The Mortgage must be an eligible fixed-rate, level payment Mortgage, a 5 /1 adjustable-rate Mortgage (ARM); a 7/1 ARM or a 10/1 ARM; or a 5/6-month ARM, a 7/6-month ARM or a 10/6-month ARM
- The Mortgage must not be a Balloon/Reset Mortgage
- The Mortgage must not be an A-minus Mortgage
- The Mortgage must not be a Prepayment Penalty Mortgage
- The Mortgage must not be a Home Possible® Mortgage
- The Mortgage must not be an Affordable Merit Rate® Mortgage
- The Mortgage must not be an FHA Mortgage, a VA Mortgage, a Section 502 GRH Mortgage, or a Section 184 Native American Mortgage
- Temporary subsidy buydowns are not permitted

F33.3: Underwriting Financed Permanent Buydown Mortgages (06/28/04)

For purposes of this chapter, the following definitions apply:

Base Mortgage Amount: The Mortgage amount without the financed discount points.

Gross LTV, TLTV and HTLTV ratios: The loan-to-value (LTV), total-loan-to-value (TLTV), or Home Equity Line of Credit (HELOC) total loan-to-value (HTLTV) ratio calculated using the Mortgage amount, which includes the financed discount points.

Eligibility of Financed Permanent Buydown Mortgages is determined using the Gross LTV, TLTV, and HTLTV ratios.

Financed Permanent Buydown Mortgages must comply with the following requirements:

1. The Gross LTV, TLTV and HTLTV ratios must not exceed the LTV, TLTV, or HTLTV ratios specified in Section 23.4 or, if an Alt 97® Mortgage, the LTV, TLTV and HTLTV ratios applicable to Alt 97 Mortgages described in Chapter D33
2. The amount of the mortgage insurance coverage must meet the coverage level requirements in Section 27.1, using the Gross LTV ratio
3. The maximum amount a Borrower can finance for a permanent buydown is three discount points, calculated based upon the Base Mortgage Amount
4. Borrower qualification is based on the monthly housing expense-to-income ratio calculated using the monthly payment at the permanent bought down Note Rate
5. For adjustable-rate Mortgages (ARMs), the permanent buydown is in effect for the initial Note Rate and each Note Rate adjustment for the entire term of the Mortgage. The Lifetime Ceiling will be calculated using the permanent bought down initial Note Rate. The permanent buydown does not affect the Margin, Initial Cap or Periodic Cap.
6. Freddie Mac does not purchase refinance Mortgages that are subject to the Home Ownership and Equity Protection Act of 1994. See Chapter 24. Pursuant to Section 6.2, Sellers must adhere to all applicable laws, regulations and orders, including those laws and regulations regarding Borrower disclosure.

F33.4: Other requirements (11/07/00)

(a) Delivery requirements

See Section 17.30 for conversion, pooling and delivery requirements for Financed Permanent Buydown Mortgages.

(b) Calculation of applicable postsettlement delivery fees

Any applicable postsettlement delivery fees will be assessed and billed based on the unpaid principal balance of the Mortgage (including the financed permanent buydown points) and the Gross LTV ratio.

Chapter G33: Freddie Mac 100 Mortgages

Effective June 1, 2008, Chapter G33 is deleted.

Chapter H33: Manufactured Homes

H33.1: Overview (10/09/09)

Freddie Mac will purchase Mortgages secured by Manufactured Homes under the terms of the Guide and this chapter.

Unless specifically made applicable to Mortgages secured by Manufactured Homes, negotiated underwriting provisions stated in the Purchase Documents will not apply to such Mortgages. In addition, unless specifically permitted, the special negotiated Mortgage products described in the Purchase Documents may not be used with Mortgages secured by Manufactured Homes.

Sellers should be familiar with the following terms used in this chapter.

HUD Codes for Manufactured Homes (HUD Codes)

The HUD Codes for Manufactured Homes (HUD Codes) refer to a series of regulations that establish requirements for Manufactured Homes in compliance with the National Manufactured Home Construction and Safety Standards Act of 1974, 42 U.S.C. 5401-5426. The codes are administered by the U.S. Department of Housing and Urban Development (HUD) and include but are not necessarily limited to:

- Federal Manufactured Home Construction and Safety Standards (MHCSS; 24 C.F.R. Part 3280)
- Manufactured Home Procedural and Enforcement Regulations (24 C.F.R. Part 3282)
- Model Manufactured Home Installation Standards (MIS; 24 C.F.R. Part 3285 or 3286)
- Other codes incorporated by reference, e.g. FEMA 85, Manufactured Home Installation in Flood Hazard Areas

New Manufactured Home

A New Manufactured Home is a Manufactured Home that is purchased directly from a retailer or a developer, has never been occupied, and has never been affixed to a permanent foundation on another site.

The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

Unless otherwise notified in writing, Sellers are eligible to deliver Mortgages secured by Manufactured Homes.

H33.2: Property eligibility (10/09/09)

(a) A Manufactured Home must have the following characteristics:

- The Manufactured Home must be built on a permanent chassis in compliance with the applicable HUD Codes for Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed
- A "HUD Certification Label" must be permanently affixed to each transportable section of the Manufactured Home evidencing compliance with the HUD Codes. If the HUD Certification Label has been removed, compliance may be evidenced using the HUD Data Plate located near the main electrical panel or in another readily accessible and visible location. The HUD certification number appears on each HUD Certification Label on each section of the Manufactured Home, and all HUD certification numbers for the Manufactured Home are found on the HUD Data Plate."
- The Manufactured Home must be legally classified as real property; it must be a 1-unit dwelling that is permanently affixed to a permanent foundation in a way that makes it part of the real property
- The anchoring system must comply with the HUD Codes.

  If the Manufactured Home was installed prior to October 20, 2008, the anchoring system must comply with the manufacturer's design or a design by a licensed (registered) professional engineer.

  Anchoring systems refer to all components of the anchoring and support systems such as piers, footings, ties, anchoring equipment, anchoring assemblies, and any other equipment, materials, and methods of construction that support and secure the Manufactured Home to the ground.
- The permanent foundation must be designed for the site conditions, home design features, and the loads the home was designed to withstand in accordance with the manufacturer’s instructions or a design by a licensed (registered) professional engineer. The foundation must meet all local, State or federal codes, as applicable.
- The Manufactured Home must be at least 12 feet wide and have a minimum of 600 square feet of gross living area
- The Manufactured Home must have been built on or after June 15, 1976

(b) A Manufactured Home must meet the following requirements:

- The Manufactured Home must be a 1-unit dwelling comprised of a single section (a "single-wide Manufactured Home") or multiple sections (a "multiwide Manufactured Home")
- The wheels, axles, and towing hitches must be removed from the Manufactured Home
- The land on which the Manufactured Home is situated must be owned by the Borrower in fee simple. Mortgages secured by Manufactured Homes located in a Condominium Project are eligible for sale to Freddie Mac if project eligibility is determined through a reciprocal review. See Section 42.9. A Mortgage secured

by a Manufactured Home located on a leasehold estate is not eligible for sale to Freddie Mac.

- A multiwide Manufactured Home may be located on an individual lot or in a subdivision or Planned Unit Development. A Mortgage secured by a single-wide Manufactured Home is eligible for sale to Freddie Mac only if the Manufactured Home is located in a Planned Unit Development or if located in a Condominium Project, and project eligibility is determined through a reciprocal review. See Section 42.9.
- The Manufactured Home must be permanently connected to utilities in compliance with the HUD Codes. Utilities include power, water, and a sewage disposal system.
- The Mortgaged Premises must conform to all applicable use restrictions and must be zoned for residential use, and not commercial or business uses
- The square footage and room dimensions must be acceptable to typical purchasers in the market area
- The Manufactured Home must be permanently affixed to the permanent foundation, in compliance with the HUD Codes.

  If the installation was prior to October 20, 2008, the foundation must be designed for the site conditions, home design features, and the loads the home was designed to withstand in accordance with the manufacturer's instructions or a design by a licensed (registered) professional engineer. The foundation must meet all applicable local, State or federal codes. Any structural modifications to an existing Manufactured Home must be approved by a licensed professional engineer or the local, State or federal authority

- Any improvements, modifications or repairs that affect the safety, soundness or habitability of the Manufactured Home must be completed prior to the sale of the Mortgage to Freddie Mac.

(c) Other types of factory-built housing

Freddie Mac does not include other types of factory-built housing not subject to the National Manufactured Construction and Safety Standards Act, such as modular or panelized housing, in the definition of Manufactured Homes. Freddie Mac will purchase a Mortgage secured by one of those other types of factory-built housing, as long as Freddie Mac's Mortgage and property eligibility requirements are met.

H33.3: General eligibility requirements (09/01/10)

(a) Eligible Mortgages

A Mortgage secured by a Manufactured Home must be submitted to Loan Prospector®. The following Mortgages are eligible:

- An Accept Mortgage, or
- An A-minus Mortgage, or
- A Mortgage that was submitted to Loan Prospector and received:
  - An evaluation status of invalid, ineligible or incomplete, or
  - A Risk Class of Caution and was not eligible as an A-minus Mortgage
- A purchase transaction Newly Built Home Mortgage or a purchase transaction or "no cash-out" refinance Construction Conversion Mortgage

And

- A fully amortizing 15-, 20- or 30-year fixed-rate Mortgage, or
- A 7/1 adjustable-rate Mortgage (ARM), or
- A 10/1 ARM

(b) Ineligible Mortgages

A Mortgage secured by a Manufactured Home must not be:

- A Balloon/Reset Mortgage
- An ARM, other than those listed in Section H33.3(a)
- A Non-Loan Prospector Mortgage that has never been submitted to Loan Prospector
- A Mortgage subject to a temporary subsidy buydown
- A Renovation Mortgage
- A streamlined refinance Mortgage
- A Seller-Owned Converted Mortgage
- A Seller-Owned Modified Mortgage
- An Investment Property Mortgage
- An Alt 97® Mortgage
- A Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home*
- A leasehold Mortgage

* Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

(c) Occupancy

A Manufactured Home must be a Primary Residence or a second home.

An Investment Property Mortgage secured by a Manufactured Home is ineligible for delivery.

(d) Maximum loan term

For a purchase or "no cash-out" refinance transaction secured by a Primary Residence that is an Accept Mortgage, the maximum loan term is:

- 30 years, for Mortgages with loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios less than or equal to 95%

For a purchase or "no cash-out" refinance transaction secured by a Primary Residence that is an A-minus Mortgage, or a Mortgage that was submitted to Loan Prospector and received an evaluation status of invalid, ineligible or incomplete, or a Risk Class of Caution and was not eligible as an A-minus Mortgage, the maximum loan term is:

- 20 years, for Mortgages with LTV/TLTV/HTLTV ratios greater than 90% and less than or equal to 95%
- 30 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 90%

For a purchase or "no cash-out" refinance transaction secured by a second home, the maximum loan term is:

- 30 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 85%

For a cash-out refinance transaction secured by a Primary Residence, the maximum loan term is:

- 20 years, for Mortgages with LTV/TLTV/HTLTV ratios less than or equal to 65%

(e) Maximum LTV/TLTV/HTLTV ratios

The maximum LTV/TLTV/HTLTV ratios for a Mortgage secured by a Manufactured Home are as follows:

PURCHASE AND "NO CASH-OUT" REFINANCE TRANSACTIONS				
ACCEPT MORTGAGES (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	**Max. LTV w/o sec. fin.**	**Max. LTV w/sec. fin.**	**Max. TLTV w/sec. fin.**	**Max. HTLTV w/sec. fin.**
Primary Residence	95%	90%	95%	95%

A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	**Max. LTV w/o sec. fin.**	**Max. LTV w/sec. fin.**	**Max. TLTV w/sec. fin.**	**Max. HTLTV w/sec. fin.**
Primary Residence	90%	85%	90%	90%

A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy type	**Max. LTV w/o sec. fin.**	**Max. LTV w/sec. fin.**	**Max. TLTV w/sec. fin.**	**Max. HTLTV w/sec. fin.**
Primary Residence	95%	90%	95%	95%

ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 30-year loan term)				
Occupancy type	**Max. LTV w/o sec. fin.**	**Max. LTV w/sec. fin.**	**Max. TLTV w/sec. fin.**	**Max. HTLTV w/sec. fin.**
Second home	85%	80%	85%	85%

CASH-OUT REFINANCE TRANSACTIONS

ACCEPT MORTGAGES, A-MINUS MORTGAGES, CAUTION MORTGAGES AND MORTGAGES THAT WERE SUBMITTED TO LOAN PROSPECTOR AND RECEIVED AN EVALUATION STATUS OF INVALID, INELIGIBLE OR INCOMPLETE (Fixed-rate, 7/1 ARM and 10/1 ARM with a maximum 20-year loan term)				
Occupancy Type	**Max. LTV w/o Sec. Fin.**	**Max. LTV w/Sec. Fin.**	**Max. TLTV w/Sec. Fin.**	**Max. HTLTV w/Sec. Fin.**
Primary Residence	65%	60%	65%	65%

(f) Mortgage insurance requirements

A Mortgage secured by a Manufactured Home must have mortgage insurance coverage as follows:

LTV Ratio	<20-Year Loan Term	>20-Year Loan Term and <30-Year Loan Term
Primary Residence		
Greater than 80% up to 85%	12%	17%
Greater than 85% up to 90%	25%	30%
Greater than 90%	30%	35%
Second Home		
Greater than 80% up to 85%	12%	17%

The Mortgage can include Borrower-paid mortgage insurance premiums as provided for in Section 27.1.1. The Mortgage is not eligible for the flexible mortgage insurance options described in Section 27.1.

H33.4: Eligible transaction types (06/22/07)

A Mortgage secured by a Manufactured Home may be a purchase transaction, "no cash-out" refinance transaction or a cash-out refinance transaction.

(a) Purchase transactions

A purchase transaction is one in which the loan proceeds are used to finance the purchase of the Manufactured Home. The proceeds may also be used to purchase the land, or the Borrower may separately own the land. The purchase price may include documented costs for delivery and setup, site development, installation, and permanent utility connections, including well and/or septic systems. Credits for wheels and axles, and any Manufactured Home retailer rebates, must be deducted from the purchase price along with any sales concessions in accordance with Section 25.3. Financing of any forms of insurance, except for mortgage insurance, or other costs is not allowed for purchase transactions.

The maximum LTV ratio (and TLTV/HTLTV ratio, if applicable) for a purchase transaction Mortgage secured by a newly built Manufactured Home (i.e., not previously owned) and/or not affixed to a permanent foundation as of the application date, is based on value calculated as the lower of:

- The purchase price of the Manufactured Home, and
  - If the land was purchased less than 12 months prior to the application date, the lowest purchase price at which the land was sold during that 12-month period, or
  - If the land was purchased 12 months or more prior to the application date, the current appraised value of the land, or
- The current appraised value of the Manufactured Home and land

The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a purchase transaction Mortgage secured by a Manufactured Home that is affixed to a permanent foundation prior to the application date will be based on value calculated as the lowest of:

- The purchase price of the Manufactured Home and land, or
- The current appraised value of the Manufactured Home and land, or
- If the Manufactured Home was affixed to a permanent foundation less than 12 months prior to the application date, the lowest price at which the Manufactured Home was previously sold during that 12-month period, and the lower of:
  - The current appraised value of the land, or
  - The lowest price at which the land was sold during that 12-month period (provided there was such a sale)

For a new Manufactured Home, whether it is affixed to a permanent foundation prior to or after the application date, the Seller must obtain a copy of the manufacturer's invoice and Manufactured Home Purchase Agreement.

See Chapter K33 for the requirements for purchase transaction Newly Built Home Mortgages and Construction Conversion Mortgages secured by a Manufactured Home as well as for calculation of value used to determine the LTV ratio (and TLTV/HTLTV ratio, if applicable) for those Mortgages.

(b) "No cash-out" refinance transactions

A "no cash-out" refinance transaction involves the payoff of an existing Mortgage secured by the Manufactured Home and land. The loan amount is limited to the amounts used to:

- Pay off the first Mortgage secured by the Manufactured Home and the land (or the existing Mortgages if the home and land were encumbered by separate first Mortgages) that was obtained by the Borrower, regardless of age
- Pay off any junior lien(s) secured by the Manufactured Home and/or land that was used in its entirety to purchase the Manufactured Home and/or land that was obtained by the Borrower
- Pay related Closing Costs, Financing Costs and Prepaids/Escrows
- Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the new refinance Mortgage or $2,000, whichever is less

A "no cash-out" refinance Mortgage must also meet the requirements in Section 24.5(a) and 24.5(b) except that the loan amount is limited to the amounts described in this Section H33.4(b).

The LTV ratio (and TLTV/HTLTV ratio, if applicable) for a "no cash-out" refinance transaction is based on value calculated as follows:

- If the Borrower has owned the Manufactured Home and land for 12 months or more prior to the application date, the value is the current appraised value
- If the Borrower has owned the Manufactured Home for less than 12 months prior to the application date, and if the Manufactured Home and land are secured by separate liens, the value is the lower of:
  - The current appraised value of the Manufactured Home and land

    OR

  - The lowest price at which the Manufactured Home was previously sold during the 12-month period preceding the application date, and
  - The lower of the current appraised value of the land or the lowest purchase price at which the land was sold during the 12-month period preceding the application date (provided there was such a sale)

- If the Borrower has owned the Manufactured Home and land for less than 12 months prior to the application date, and the Manufactured Home and land are secured by a single lien, value is the lower of:
  - The purchase price at which the Manufactured Home and land were previously sold during the 12-month period preceding the application date, or
  - The current appraised value of the Manufactured Home and land

For a new Manufactured Home, whether it is affixed to a permanent foundation prior to or after the application date, the Seller must obtain a copy of the manufacturer's invoice and Manufactured Home Purchase Agreement.

See Chapter K33 for the requirements for "no cash-out" refinance transaction Construction Conversion Mortgages secured by a Manufactured Home as well as for calculation of value used to determine the LTV ratio (and TLTV/HTLTV ratio, if applicable) for those Mortgages.

(c) Cash-out refinance transactions

A cash-out refinance transaction involves the payoff of an existing Mortgage secured by the Manufactured Home and land (or existing liens if the Manufactured Home and land were encumbered by separate first Mortgages), or enables the property owner to obtain a Mortgage on a property that does not already have a Mortgage against it, and permits the Borrower to take equity out of the property in the form of Mortgage proceeds. To be eligible for a cash-out refinance, the Borrower must have owned both the Manufactured Home and land for 12 months or more prior to the application date.

The value for a cash-out refinance Mortgage is based on the current appraised value of the Manufactured Home and land.

H33.5: Underwriting requirements (03/01/09)

(a) Loan Prospector® Mortgages

All Mortgages secured by Manufactured Homes must be submitted to Loan Prospector.

Non-Loan Prospector Mortgages secured by Manufactured Homes that have never been submitted to Loan Prospector are not eligible for delivery.

Mortgages that are submitted to Loan Prospector and receive a Risk Class of Caution, not eligible for A-minus, or an evaluation status of invalid, ineligible or incomplete, must be manually underwritten in accordance with the requirements of Chapter 37 and must have the Minimum Indicator Scores required on Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements.

(b) Borrower funds

A minimum down payment of 5% must come from Borrower Funds.

(c) Land

If the Borrower owns the land on w hich the Manufactured Home is being permanently attached, the land may be used as an equity contribution. In such event, the Borrower's equity contribution is equal to:

- The current appraised value of the land if the Borrower has owned the land for 12 months or more prior to the application date, or
- The lower of the current appraised value of the land or the purchase price of the land if the Borrower has owned the land for less than 12 months

If the Borrower purchased the land less than 12 months prior to the application date, the Seller must document the Borrower's equity contribution with:

- A certified copy of the HUD-1 Settlement Statement or similar Mortgage closing statement, and
- A copy of the warranty deed evidencing there are no liens against the subject property, or a copy of the release for any prior lien(s)

If the Borrower acquired the land as a gift, an inheritance or by some other non-purchase transaction less than 12 m onths prior to the application date, the Seller must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land. In such event, the value of the land will be its current appraised value.

(d) Trade equity

If the subject transaction involves trade equity from the Borrower's existing Manufactured Home, the requirements of this subsection must be met.

The maximum equity contribution from the traded Manufactured Home must be determined as follows:

- If the Borrower has owned the traded Manufactured Home for 12 m onths or more prior to the application date, 90% of the retail value based on the N.A.D.A. Manufactured Housing Appraisal Guide®, or
- If the Borrower has owned the traded Manufactured Home for less than 12 months prior to the application date, the maximum equity contribution is the lesser of 90% of the retail value or the lowest price at which the Manufactured Home was sold during that 12-month period

Any costs resulting from the removal of the Manufactured Home or any outstanding indebtedness secured by liens on the Manufactured Home must be deducted from the maximum equity contribution.

The trade equity must be documented by a lien search in the appropriate real property or personal property records to verify ownership and existence of liens on the Manufactured Home and land, if included. The seller of the new Manufactured Home must provide proof of title transfer and satisfaction of any existing liens on the traded Manufactured Home.

(e) Layering of risk

A Manufactured Home adds a layer of collateral risk that must be considered when evaluating the overall risk of the Mortgage using the three Cs of underwriting (credit reputation, capacity and collateral). The Seller must consider this high-risk characteristic in evaluating the overall risk of the Mortgage and avoid combining a Manufactured Home with weaknesses in the components of capacity and credit reputation. See Section 37.1(c) for more information on evaluating layering of risk and how to document that the overall risk of the Mortgage is acceptable.

For example, a Mortgage secured by a Manufactured Home with maximum financing is acceptable if the Borrower has a strong credit reputation and strong capacity to offset the high risk within the collateral component. However, if the Borrower has weaknesses in credit reputation, such as a credit history of short duration or derogatory credit information, the layering of risk across credit reputation and collateral is excessive and would make the Mortgage unacceptable.

H33.6: Appraisal requirements (10/09/09)

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements, including the following requirements:

(a) Additional appraiser qualifications for appraisals of Manufactured Homes

In addition to the appraiser qualifications stated in Section 44.4, the Seller must determine that the appraiser demonstrates the knowledge and experience to perform quality appraisals for Manufactured Homes. The appraiser must:

- Have adequate experience and must have previously completed real property appraisals of Manufactured Homes
- Have adequate education and/or training related to the appraisal of Manufactured Homes
- Understand the unique features that affect the quality of Manufactured Homes and the factory construction techniques for Manufactured Homes

- Understand the manufacturers' and federal, State and local requirements for the installation of Manufactured Homes

- Be knowledgeable concerning the local Manufactured Home market, and

- Have access to appropriate data sources to establish an opinion of value

  Traditional appraisal data sources may not provide sufficient quality Manufactured Home data for the appraiser to develop a supportable and well-documented appraisal. Although the Multiple Listing Service and public records information remain an important source of data, the appraiser must develop other sources such as Manufactured Home retailers and builders experienced in the installation of Manufactured Homes.

  The N.A.D.A. Manufactured Housing Appraisal Guide® and Marshall & Swift® Residential Cost Handbook may also be used to provide support for the appraiser's quality adjustments and value conclusions.

(b) Contract for sale of a Manufactured Home provided to appraiser

In addition to the requirements in Section 44.5, the Seller must provide the appraiser with:

- A complete copy of the executed contract for sale of the Manufactured Home and the land, or if the Manufactured Home and land have separate contracts, the executed contract for each is required. If the Borrower has owned the land for 12 months or more, a copy of the executed contract for the land is not required.

- A copy of the manufacturer's invoice and the Manufactured Home Purchase Agreement when:

  - The Manufactured Home is a new Manufactured Home; or

  - The Mortgage is either:

    1. A Newly Built Home Mortgage that is a purchase transaction, or

    2. A Construction Conversion Mortgage that is either a purchase transaction or "no cash-out" refinance transaction

- The appraiser must analyze the contract for sale and other documents for the transaction, including, if required, the manufacturer's invoice and Manufactured Home Purchase Agreement.

- If the Manufactured Home was installed after October 20, 2008, the Seller must provide the appraiser with a copy of the Certification of Installation or the

comparable State-specific form, and any additional information the appraiser may need as part of the ordering of the completion report or appraisal update.

(c) Appraisal requirements for a Manufactured Home

The appraiser must, at a minimum:

- Perform a complete visual inspection of the interior and exterior areas of the Manufactured Home
- Inspect the neighborhood
- Inspect each of the comparable sales from at least the street
- Research, verify, and analyze data from reliable public and/or private sources
- Develop an opinion of the market value of the Manufactured Home based on the sales comparison approach to value. Non-realty items, such as insurance, warranties or furniture must be excluded from the value conclusion
- Develop the cost approach to value as support for the sales comparison approach
- Report his or her analyses, opinions, and conclusions on Form 70B, *Manufactured Home Appraisal Report*
- Match the manufacturer's serial number(s) and the HUD Certification Label number(s) on the dwelling to the number(s) on the contract for sale, manufacturer's invoice, and any other documentation provided. If the numbers do not match, the appraisal report must clearly state that the Manufactured Home is not the same dwelling referenced on the contract for sale or other applicable documentation
- Complete the Form 70B in its entirety

(d) Sales comparison approach for Manufactured Homes

- The appraiser must state the specific number of manufactured home sales and listings as well as the respective price ranges that were used in the analysis.
- The appraisal report for the Manufactured Home must contain at least two comparable manufactured home sales of similar configuration (i.e., single-wide comparable sales for a single-wide subject property and multiwide comparable sales for a multiwide subject property) and similar quality.

The appraiser may use either site-built housing or a different type of factory built-housing as the third comparable sale if the appraiser explains the reason for selecting the comparable and makes and supports the appropriate adjustments in the appraisal

report. More than three comparable sales may be used if needed to adequately support the appraiser's opinion of value.

If the Manufactured Home is in a controlled market (such as a new subdivision or project, a newly converted project or an area where the property seller owns a substantial number of units), at least one comparable sale must be outside the influence of the developer, builder or property seller. Resales from within the subject project or subdivision may be used to meet this requirement. When comparable sales from outside the subject project or subdivision are used, they must also be outside the influence of the subject property's developer, builder or property seller.

The appraiser must not create comparable sales by combining vacant land sales with the contract purchase price of the Manufactured Home. If the appraiser is unable to develop an appraisal based on at least two comparable sales of similar Manufactured Homes, the Mortgage is not eligible for sale to Freddie Mac.

(e) Cost approach for Manufactured Homes

The cost approach and sales comparison approach are complementary for the valuation of manufactured housing and must support the final value conclusion. A detailed cost approach to value based on published sources and supported by market data is required for all Manufactured Home appraisals. It must, at a minimum, provide the information indicated on Form 70B, and provide sufficient information and data to allow the Seller and other reviewers to replicate the cost figures and calculations.

The cost figures must come directly from a published cost service without modification by the appraiser. The appraiser must report the source of the cost data and the effective date of cost data.

The appraiser must provide a quality rating from the cost service used. The appraiser's quality rating must be based on objective criteria.

The appraiser must provide his or her opinion of site value supported by a summary of comparable land sales or other methods used for estimating site value.

(f) Income Approach for Manufactured Homes

The income approach to value is not required; however, the appraiser must consider the income approach to value and develop it if applicable and necessary to develop a credible report.

(g) Completion documentation for Manufactured Homes

If the appraisal is performed before the Manufactured Home is delivered and installed on a permanent foundation, the Seller must document that the Manufactured Home is

complete. If a new appraisal is required, the appraiser must provide an analysis of previously unavailable information. If the new appraisal is an appraisal update that also acts as documentation of completion, the appraiser must state that the conditions of the underlying appraisal have been satisfied.

H33.7: Title issues and lien requirements (04/25/07)

(a) Real property requirements

To be eligible for delivery to Freddie Mac, a Mortgage must be secured by a perfected First Lien on real estate that consists of the Manufactured Home and the land on which the Manufactured Home is permanently affixed, and the Manufactured Home must be legally classified as real property under applicable State law, including relevant statutes, regulations and judicial decisions.

The Seller must be:

- Familiar with, and comply with, all State laws and regulations and complete all steps necessary to ensure that all of the property securing the Mortgage, including the Manufactured Home, is real property
- Aware of all State laws relating to titling the Manufactured Home and creating and perfecting liens on the Manufactured Home

If a State has laws, regulations or administrative policies that establish procedures allowing for the surrender and cancellation of the certificate of title, Seller must comply with these procedures.

If a State does not have procedures allowing for the surrender and cancellation of the certificate of title, the Seller must comply with requirements for evidencing and perfecting a lien on the Manufactured Home on the certificate of title.

For example, if a State has laws, regulations or administrative policies that establish procedures allowing for the surrender and cancellation of the certificate of title, the Borrower may have to file an evidence of intent or affidavit of affixture for a Manufactured Home to be converted to real property. Or, a State may require a foundation form to be recorded in the land records and filed with the agency governing manufactured housing to complete the process for converting it to real property.

A Mortgage secured by a real estate lien on a Manufactured Home evidenced and perfected using a certificate of title is eligible for delivery only if a State has no statutory, regulatory or formal administrative process for surrendering and canceling a certificate of title or exemption of a Manufactured Home from the certificate of title requirements.

(b) Real property classification

Generally, a State will classify or recognize a Manufactured Home as real property using one of the following approaches:

1. **Non-certificate of title States**

   The Manufactured Home is classified as real property when it meets the requirements imposed by the State, including but not limited to, the permanent attachment of the Manufactured Home to the land. The State does not require that the owner of the Manufactured Home obtain a certificate of title for the Manufactured Home ("non-certificate of title States").

   In non-certificate of title States, title to the Manufactured Home is evidenced and conveyed by deed and the lien on the Manufactured Home and the land is created and perfected by a recorded Security Instrument.

2. **Certificate of title surrender States**

   The Manufactured Home is classified as real property when it meets the requirements imposed by the State, including but not limited to:

   - The Manufactured Home is permanently affixed to the land
   - The certificate of title is surrendered to the appropriate State agency, and
   - The certificate of title is cancelled by the State agency ("certificate of title surrender States")

   Some certificate of title surrender States also provide for an exemption from the issuance of a certificate of title upon the surrender of the manufacturer's statement of origin if the Manufactured Home is permanently affixed to the land and meets the other requirements for a surrender and cancellation of a certificate of title.

   In certificate of title surrender States, after the certificate of title has been cancelled or otherwise exempted, title to the Manufactured Home is evidenced and conveyed by deed and the lien on the Manufactured Home and the land is created and perfected by a recorded Security Instrument.

3. **Certificate of title States**

   The Manufactured Home is recognized as part of the real property when it meets the requirements imposed by the State, including but not limited to:

   - The Manufactured Home is permanently affixed to the land, and
   - The Manufactured Home meets all other conditions to be legally recognized as real property when a certificate of title has been issued by the State but not surrendered ("certificate of title States")

In a certificate of title State, the State does not have procedures allowing for the surrender and cancellation of the certificate of title.

In a certificate of title State:

- Ownership of the Manufactured Home is shown on the certificate of title and ownership of the land is shown on the recorded deed to the real property
- Transfer of ownership of the Manufactured Home is either noted on the certificate of title or by the issuance of a new certificate of title showing the purchaser as the owner, and transfer of ownership of the land is done through a recorded deed of transfer
- The lien on the land is created by the Security Instrument and is evidenced and perfected by recording the Security Instrument in the land records. The lien on the Manufactured Home is created by the same Security Instrument but is evidenced and perfected by its notation on the certificate of title to the Manufactured Home and/or filing with the appropriate State agency, or another specified method.

(c) Documentation requirements

In all cases, notwithstanding the different processes required by State law, the Seller must maintain in the Mortgage file documentation evidencing that:

- The Manufactured Home is legally classified as real property, and
- The Manufactured Home is properly titled, and
- The lien on the Manufactured Home and the land on which it is permanently affixed has been properly created, evidenced and perfected

The documentation must include the serial number(s)/VIN number(s) for each section of the Manufactured Home.

1. Special requirements for non-certificate of title States

The Seller must maintain the following in the Mortgage file:

- Information stating the legal basis (statutory or common law) for determining that the Manufactured Home is real property that is exempt from certificate of title requirements. This information may be included in the documentation from the title insurance company that the Manufactured Home is real property, and
- Evidence that a certificate of title has not been issued such as the manufacturer's statement of origin (provided that the manufacturer's statement of origin is not required to be surrendered to a State agency)

2. Special requirements for certificate of title surrender States

The Seller must provide documentation from the appropriate State authority to evidence that the certificate of title has been surrendered and cancelled (or in the case of a new Manufactured Home, the manufacturer's statement of origin has been surrendered and no certificate of title was issued). The Seller must provide as evidence:

- A certificate of cancellation, notification letter or other acknowledgement from the Department of Motor Vehicles (DMV) or the appropriate State agency to which the certificate of title was surrendered, or

- A copy of the documents submitted in connection with the surrender, along with evidence that the documents were delivered and received by the appropriate State agency

  And

- Copies of documents recorded in the land records as part of the title surrender procedures to show the Manufactured Home has been converted to real property, such as an affidavit of affixture

3. Special requirements for certificate of title States

The Seller must comply with the following special requirements for Mortgages secured by Manufactured Homes located in certificate of title States:

- In addition to the requirements for perfecting a lien on the land to which the Manufactured Home is permanently affixed, the Seller must take all necessary action to perfect the lien on the Manufactured Home. This may include adding a notation of the Seller's security interest in the Manufactured Home on the certificate of title in the name of Seller and its successors in interest and assigns, and/or recording its lien with the State motor vehicles administration or other authorized agency.
- The Seller must verify that ownership of the Manufactured Home as shown on the certificate of title and ownership of the land as shown on the deed are identical, and that the owner of the Manufactured Home and the land is the Borrower under the Note and Security Instrument.
- The Seller/Servicer is not required to note the assignment of the security interest in the Manufactured Home to the Federal Home Loan Mortgage Corporation (Freddie Mac) on the certificate of title. However, if it deems necessary to protect its interests, at its sole discretion and at any time, Freddie Mac may require a Seller/Servicer, at the Seller/Servicer's expense, to note the assignment of its security interest in the Manufactured Home to Freddie Mac in one or more of the following ways, depending on State law:
  - Notation on the certificate of title, and/or

- Recording the assignment to Freddie Mac with the State motor vehicles administration or other authorized agency

- For assignments of the lien on the Manufactured Home, the Seller/Servicer must ensure that the chain of assignments as noted on the certificate of title is complete from the original mortgagee on the certificate of title to the Seller, and the full chain of assignments noted on the certificate of title is recorded in the State motor vehicles administration or other authorized agency, if required. If the Seller concurrently or subsequently transfers the Servicing rights, an assignment to the new Servicer must be noted on the certificate of title and/or must be recorded in the State motor vehicles administration or other authorized agency, if required.

The following requirements must be completed by the Seller when preparing and completing assignments of the security interest in the Manufactured Home for Concurrent or Subsequent Transfers of Servicing in a certificate of title State:

- If the Borrower holds the original certificate of title, and the original certificate of title must be produced to note the assignment, the Seller/Servicer must obtain the original certificate of title from the Borrower and follow the applicable procedures to note the assignment on the certificate of title
- The Transferor must note any intervening assignments from the original mortgagee to the Transferor on the certificate of title and, if required, record the complete chain of assignments from the original mortgagee to the Transferor with the State motor vehicles administration or other authorized agency
- The Transferor must note the assignment of its interest in the Manufactured Home to the Transferee on the original certificate of title and, if required, record the assignment with the State motor vehicles administration or other authorized agency
- If the Borrower holds the original certificate of title, the Transferor must retain a copy of the original certificate with the noted assignments before returning the original certificate of title with the noted assignments to the Borrower in accordance with applicable procedures
- The Transferor must deliver the certificate of title (or, if applicable, a copy of the certificate of title) evidencing the complete chain of title to the Transferee who must retain the certificate of title or a copy of the certificate of title, as applicable, in the Mortgage file

The Seller must maintain the following documents in the Mortgage file for certificate of title States.

- The original certificate of title showing all intervening assignments and ending with the Seller and its successors in interests and assigns as lienholder if State law does not require the original certificate of title to be held by the Manufactured Home owner, or

- A copy of the certificate of title showing all intervening assignments and ending showing the Seller and its successors in interests and assigns as lienholder if State law requires the original certificate of title to be held by the Manufactured Home owner, and
- Evidence on the certificate of title (original or copy, as applicable) of the assignment of the security interest in the Manufactured Home from the Transferor to the Transferee Servicer if there has been a Transfer of Servicing

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Note:
Mortgages secured by Manufactured Homes in certificate of title States are not eligible for registration with the Mortgage Electronic Registration Systems Inc. (MERS).

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(d) Borrower and Seller affidavit

The Borrower and, if required, the Seller, must sign an affidavit that acknowledges their intent for the Manufactured Home to be permanently part of the real property that secures the Mortgage and that contains any specific language that may be required by applicable law. The affidavit must be recorded, if permitted, and either a copy of the affidavit showing the record location or the original after its return from recordation must be maintained in the Mortgage file.

(e) Uniform Instruments

The financing of the Manufactured Home and the land must be evidenced by a valid and enforceable single real estate First Lien Security Instrument that includes the Manufactured Home as part of the real property collateral and is recorded in the land records.

Mortgages secured by Manufactured Homes must be evidenced by:

- The current Fannie Mae/Freddie Mac Uniform fixed-rate Note or acceptable ARM Note, and
- The current Fannie Mae/Freddie Mac State-specific Security Instrument
- The Note or the Security Instrument may not contain any statement that provides for the waiver of the rights of holders of due course or provides that an assignee Note holder may be held liable for claims the Borrower may have against other parties.

A Manufactured Home must be described in the Security Instrument and the description must include the year, make, model and serial number(s)/VIN number(s) for each section of the Manufactured Home and any other information required by applicable law to identify the Manufactured Home.

(f) Title insurance

The Mortgage must be covered under a standard real estate title insurance policy that complies with Chapter 39, and that identifies the Manufactured Home located on the real property and insures against any loss if the Manufactured Home is not real property.

The Seller must provide one of the following title policy endorsements for each Manufactured Home:

- An ALTA Form 7.1, where available, or ALTA Form 7 endorsement, or
- An endorsement required in the applicable jurisdiction that insures that the Manufactured Home constitutes real property, such as the T-31 endorsement in the State of Texas

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Note:
The ALTA Form 7 endorsement does not insure the Manufactured Home has been properly converted to real property. If the State has statutory, regulatory or formal administrative process for surrendering and canceling a certificate of title, the Seller is responsible for ensuring that all steps necessary to convert the Manufactured Home to real property have been completed and documentation evidencing the conversion is in the Mortgage file.

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(g) Closing instructions

The Seller must provide its closing agents closing instructions that instruct the agent to obtain the required documentation evidencing that the Manufactured Home is affixed to a permanent foundation on the land.

In non-certificate of title States, the closing instructions must instruct the closing agent to provide documentation for retention in the Mortgage file showing that the Manufactured Home is real property that does not require a certificate of title, including documentation that the Manufactured Home has been permanently installed.

In certificate of title surrender States, the closing instructions must instruct the closing agent to perform all necessary procedures to assure that the certificate of title to the Manufactured Home is properly cancelled (or the manufacturer's statement of origin properly surrendered), and provide the Seller with supporting documentary evidence for retention in the Mortgage file.

Except for States where insured closing protection letters are not allowed under State law or regulations, the Seller must obtain an insured closing protection letter for each Mortgage that is secured by a Manufactured Home. If any of the documentation related to the conversion of the Manufactured Home to real property cannot be obtained until after closing, the Seller should obtain a properly circumscribed power of attorney from the Borrower that may be used to complete the post-closing items as intended.

H33.8: Property taxes (01/02/04)

If State law or the local taxing authority, as of the Origination Date, requires or permits the Mortgaged Premises to be taxed as real estate, the Mortgaged Premises must be taxed as real estate by the jurisdiction where it is located.

If State law or the local taxing authority, as of the Origination Date, requires the Mortgaged Premises to be taxed as personal property, the Mortgaged Premises may be taxed as personal property by the jurisdiction where it is located provided:

- The taxation does not affect the status of the property as real property, and
- The Servicer's escrow systems are adjusted to escrow for both real estate and personal property taxes, and
- If the taxing authority has provisions for notifying secured lenders of tax delinquencies, the Seller has taken all necessary action to ensure that the Seller/Servicer will receive any applicable notice of tax delinquency

All of our requirements relating to real estate taxes apply equally to personal property taxes applicable to a Mortgage secured by a Manufactured Home.

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Note:
The taxation of the Mortgaged Premises as real property is not evidence that all the appropriate steps to convert a Manufactured Home to real property have been completed or that a Manufactured Home is legally classified as real property.

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H33.9: Other requirements (06/10/05)

(a) Delivery requirements

See Section 17.33 for additional special delivery requirements for Mortgages secured by Manufactured Homes.

(b) Servicing

Mortgages secured by Manufactured Homes must be serviced in accordance with Section 51.11(c), including Servicer eligibility requirements for certain products.

(c) Postsettlement delivery fee (delivery fee)

A special delivery fee will be assessed and billed to Seller in conjunction with the sale of Mortgages secured by Manufactured Homes. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Manufactured Homes delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

Chapter I33: Mortgages With Capitalized Balances

I33.1: Mortgages with capitalized balances (09/01/06)

(a) Overview

Mortgages having principal balances that include capitalization of interest, taxes, hazard insurance premiums and/or late charges are eligible for purchase under certain conditions.

(b) General requirements

By delivery of Mortgages with capitalized balances, the Seller represents and warrants the following requirements have been met as of the Delivery Date:

1. Capitalization is permitted under the Mortgage documents and applicable State law
2. The Note is negotiable, and the entire indebtedness, including all amounts capitalized, is fully enforceable against the Borrower and secured by a First Lien
3. The unpaid principal balance (UPB) of the Mortgage, including all amounts capitalized, does not exceed the original loan amount as reflected in the Note
4. No capitalization will occur after the Purchase Contract Date of Acceptance
5. The Mortgage is fully amortizing in substantially equal monthly installments of principal and interest over a period of up to 15, 20, 30 or 40 years, respectively (depending on whether the Mortgage is to be included in a 15-, 20-, 30- or 40-year PC Pool) following the Delivery Date. If, as a result of the capitalization, the Note maturity date could have exceeded the maximum term to maturity for the related PC Pool after delivery to Freddie Mac or could have resulted in a balloon payment at maturity, the Seller must have reamortized the Mortgage before delivery to Freddie Mac. For each Mortgage that has been reamortized or for which the stated maturity date has been extended, the Seller makes the following additional representations and warranties:
   - Each affected Borrower has been informed of the capitalization, and
   - If such Borrower's Mortgage contains a stated maturity date, that capitalization will result in installments becoming due after such stated maturity date or an increase in the monthly payment
6. All computations of maturity dates are correct

(c) Delivery requirements

Refer to Section 17.26 for delivery requirements for Mortgages with capitalized balances.

Chapter J33: Initial Interest℠ Mortgages

As of September 1, 2010, Chapter J33 has been deleted.

Chapter K33: Mortgages for Newly Constructed Homes

K33.1: Overview (03/11/10)

This chapter details the requirements for the three types of Mortgages for Newly Constructed Homes:

- Newly Built Home Mortgages
- Construction Conversion Mortgages
- Renovation Mortgages

A transaction where Mortgage proceeds are used to replace Interim Construction Financing must meet requirements of this chapter to be eligible for sale to Freddie Mac.

K33.2: Defined terms (11/20/06)

Sellers should be familiar with the following Freddie Mac definitions provided in the Glossary:

- Mortgages for Newly Constructed Homes
- Newly Built Home Mortgage
- Construction Conversion Mortgage
- Renovation Mortgage
- Interim Construction Financing
- Permanent Financing
- Effective Date of Permanent Financing
- Integrated Construction Conversion Documentation (Integrated Documentation)
- Separate Construction Conversion Documentation (Separate Documentation)
- Modification Construction Conversion Documentation (Modification Documentation)
- Construction Conversion Modification Agreement
- Credit/Construction/Settlement Period
- Seasoned Mortgage for a Newly Constructed Home

K33.2: Defined terms (01/01/11)

Sellers should be familiar with the following Freddie Mac definitions provided in the Glossary:

- Mortgages for Newly Constructed Homes
- Newly Built Home Mortgage

- Construction Conversion Mortgage
- Renovation Mortgage
- Interim Construction Financing
- Permanent Financing
- Effective Date of Permanent Financing
- Integrated Construction Conversion Documentation (Integrated Documentation)
- Separate Construction Conversion Documentation (Separate Documentation)
- Modification Construction Conversion Documentation (Modification Documentation)
- Construction Conversion Modification Agreement

K33.3: Eligible and ineligible Mortgages (09/01/10)

Mortgages for Newly Constructed Homes that are eligible for purchase must be First Lien Mortgages and may be any Mortgage Product or offering eligible under this Guide unless specifically described as ineligible in this chapter.

Type Product or Offering	Newly Built Home Mortgages	Construction Conversion Mortgages	Renovation Mortgages
FHA and VA Mortgages	Ineligible	Ineligible	Ineligible
Section 502 GRH Mortgages	Ineligible	Ineligible	Ineligible
Section 184 Native American Mortgages	Ineligible	Ineligible	Ineligible
Home Possible® Mortgages	Ineligible if secured by a Manufactured Home	Ineligible	Ineligible
Super conforming Mortgages	Eligible for Mortgages with applications dated on and after June 13, 2010	Eligible for Mortgages with applications dated on and after June 13, 2010	Eligible for Mortgages with applications dated on and after June 13, 2010

Certain types of refinance Mortgages and certain property types may also be ineligible with a Mortgage for a Newly Constructed Home. See Sections K33.6(b) and K33.8 for additional restrictions on the eligible Mortgage purpose and property types.

K33.4: Documentation of Permanent Financing (11/20/06)

For a Newly Built Home Mortgage, there is no Interim Construction Financing to be replaced by or converted to Permanent Financing; the documentation is for the Permanent Financing.

With a Construction Conversion Mortgage or a Renovation Mortgage, conversion of the Interim Construction Financing to Permanent Financing may be accomplished using one of the following structures:

- Integrated Construction Conversion Documentation (not permitted with a Construction Conversion Mortgage secured by a Manufactured Home)
- Separate Construction Conversion Documentation
- Modification Construction Conversion Documentation (not permitted with a Construction Conversion Mortgage secured by a Manufactured Home)

(a) Required Uniform Instruments; Uniform Security Instrument

The Permanent Financing of Mortgages for Newly Constructed Homes must be closed on the Uniform Instruments permitted under this Guide to be used with the applicable Mortgage Product being used for the Permanent Financing.

The Seller must use the most current version of the State-specific Fannie Mae/Freddie Mac Single-Family Security Instrument prepared for use in the jurisdiction in which the Mortgaged Premises are located and the most current version of any applicable property type riders. The most current version of the Uniform Instruments is the version in effect as of the date the Security Instrument for the Permanent Financing is executed. See Exhibit 4, Single-Family Uniform Instruments, for the current dates of revisions of all Uniform Instruments. See Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, for authorized changes to the Uniform Instruments.

(b) Types of Documentation of Permanent Financing

The Interim Construction Financing and Permanent Financing of Mortgages for Newly Constructed Homes must be documented as follows:

Type Mortgage	Documentation Structure	Closings	Required Documentation
Newly Built Home Mortgages	Single set of Mortgage loan instruments	Single closing to execute the Mortgage loan instruments	• Uniform Security Instrument • Uniform Note applicable to the Mortgage Product
Construction Conversion and Renovation Mortgages: Integrated Documentation	Single set of Mortgage loan instruments with construction financing terms incorporated into the Note for the Permanent Financing No change to the Note at conversion of Interim Construction Financing except to reduce the principal balance No modification agreement	Single closing at time of Interim Construction Financing to execute the Mortgage loan instruments	• Uniform Security Instrument • Uniform Note applicable to the Permanent Financing Mortgage Product with changes needed for terms of the Interim Construction Financing. Interim Construction Financing terms should be in an addendum to the Note
Construction Conversion and Renovation Mortgages: Separate Documentation	Two sets of Mortgage loan instruments: one set for the Interim Construction Financing and a second set for the Permanent Financing No modification agreement	Two closings: (i) to execute the Interim Construction Financing loan instruments, and (ii) to execute the Permanent Financing loan instruments	• Interim Construction Financing may be documented using non-Uniform Instruments • Uniform Security Instrument for Permanent Financing • Uniform Note applicable to the Mortgage Product for Permanent Financing

Construction Conversion and Renovation Mortgages: Modification Documentation	(i) One Security Instrument for both Interim Construction and Permanent Financing, (ii) the Note for Interim Construction Financing, and (iii) a modification agreement, which may include a new Note for Permanent Financing if different from the Interim Construction Financing, the Note used for the Interim Construction Financing was a non-Uniform Instrument or was for a different Mortgage Product Construction Conversion Modification Agreement used at time of conversion of Interim Construction Financing to Permanent Financing	Two closings: (i) at the time of the Interim Construction Financing, to execute the Mortgage loan instruments, and (ii) at the time of Permanent Financing, to execute the Construction Conversion Modification Agreement and if necessary, a new Note	• Uniform Security Instrument • Uniform Note applicable to Mortgage Product for Interim Construction Financing; non-Uniform Note may be used but must execute new Uniform Note with modification agreement • Construction Conversion Modification Agreement (see subsection (c) below for version of Construction Conversion Modification Agreement to be used) • New Uniform Note applicable to Mortgage Product for Permanent Financing if the Note used for the Interim Construction Financing was a non-Uniform Note or was for a different Mortgage Product • Additional riders to the Security Instrument if needed for the Permanent Financing Mortgage Product (for example, an ARM Rider may be needed)

(c) Construction Conversion Modification Agreements to be used under special circumstances

The following requirements apply in these circumstances when using Modification Documentation:

Interim Construction Financing is on Uniform Note for same Mortgage Product as the Permanent Financing	Borrower must execute Construction Conversion Modification Agreement applicable to the Mortgage Product; new Uniform Note not required. • As examples, see Freddie Mac Multistate Construction Conversion Modification Agreement - Fixed-Interest Rate (Modification of Note) (Form 5162), or Freddie Mac Construction Conversion Modification Agreement - Adjustable Interest Rate (Modification of Note) (Form 5163)
Interim Construction Financing is on Uniform Note for different Mortgage Product from that used for Permanent Financing	Borrower must execute Construction Conversion Modification Agreement and new Uniform Note and any necessary Riders appropriate for the Mortgage Product being used for the Permanent Financing • As an example, see Freddie Mac Multistate Construction Conversion Modification Agreement (New Note) (Form 5164) As an alternative, if the Interim Construction Financing was on a Uniform Note for a Mortgage Product other than a fixed-rate Mortgage and the Permanent Financing is fixed-rate financing, the Borrower may execute a Construction Conversion Modification Agreement with fixed-rate terms incorporated into the modification. • As an example, see Freddie Mac Multistate Construction Conversion Modification Agreement - Fixed Interest Rate (Embedded Fixed-rate Financing Terms for use with modification into a Fixed Interest Rate) (Form 5165)
Interim Construction Financing is not on a Uniform Note	Borrower must execute Construction Conversion Modification Agreement and new Uniform Note and any necessary Riders appropriate for the Mortgage Product being used for the Permanent Financing. • As an example, see Freddie Mac Multistate Construction Conversion Modification Agreement (New Note) (Form 5164)

The Seller may use the applicable Freddie Mac Construction Conversion Modification Agreement(s) described in the chart above or develop its own modification agreement using Freddie Mac's examples. However, the Seller's modification agreement must not incorporate the terms of the Note for the Permanent Financing in those situations where Freddie Mac requires that a new Uniform Note be used.

If the Seller uses a different Construction Conversion Modification Agreement than those described above to evidence the terms of the Permanent Mortgage, Seller represents and warrants that the instrument, when completed:

- Contains substantially identical provisions to the comparable Freddie Mac Construction Conversion Modification Agreement form, and
- Is appropriate for use to evidence the conversion of Interim Construction Financing to Permanent Financing

K33.5: Mortgage term (03/01/09)

Newly Built Home Mortgages that are fixed-rate Home Possible® Mortgages secured by a 1-unit Primary Residence other than a Manufactured Home must have an original maturity not greater than 40 years. All other eligible fixed-rate and adjustable-rate Mortgages for Newly Constructed Homes must have an original maturity not greater than 30 years.

Newly Built Home Mortgages and Construction Conversion Mortgages secured by Manufactured Homes must have a maximum original maturity not greater than that specified in Section H33.3(d).

Newly Built Home Mortgages that are Home Possible Mortgages® with Rural Housing Service Leveraged Seconds must have a maximum original maturity not greater than that specified in the first bullet in Section 35.3(b).

For Construction Conversion Mortgages and Renovation Mortgages, the term of the Permanent Financing begins on the Effective Date of Permanent Financing.

K33.6: Mortgage purpose (02/01/10)

(a) Purchase or Refinance

Newly Built Home Mortgages must be for purchase transactions.

Construction Conversion Mortgages and Renovation Mortgages may be for purchase transactions, "no cash-out" or cash-out refinance transactions as shown in the chart below. A Construction Conversion Mortgage or a Renovation Mortgage may not be used for the purpose of making a single disbursement of funds to a builder or contractor or for the assumption of an existing Mortgage.

If, prior to the closing of the Interim Construction Financing, the Borrower is . . .	Then the transaction is a . . .	And proceeds from the Interim Construction Financing may be used to. . .
Not the owner of record of the land, or If the site-built home is on a leasehold estate, not the lessee of the leasehold estate	Purchase transaction	• Purchase the land, or for a site-built home, acquire a leasehold interest in the land • For Renovation Mortgages, purchase the site-built home • Pay construction or renovation costs of the site-built home • For a Manufactured Home, acquire the Manufactured Home and pay construction costs, including costs to install and anchor the Manufactured Home on a permanent foundation system
The owner of record of the land, or If the site-built home is on a leasehold estate, the lessee of the leasehold estate	Refinance transaction	• Pay off any existing liens on the land and on the improvements, if a Renovation Mortgage • Pay all transaction costs, such as Closing Costs, Financing Costs and/or Prepaids/Escrows • Pay construction or renovation costs of the site-built home • For a Manufactured Home, acquire the Manufactured Home and pay construction costs, including costs to install and anchor the Manufactured Home on a permanent foundation system on land owned by the Borrower

(b) Special Considerations for Refinance Mortgages

The following special considerations apply to Construction Conversion Mortgages and Renovation Mortgages that are refinance Mortgages:

Type refinance	Eligibility; Property type limits
"No cash-out" refinance as described in Section 24.5	Eligible; property may be either site-built or Manufactured Home
Cash-out refinance as described in Section 24.6	Eligible; property must be site-built home
Freddie Mac-Owned streamlined refinance Mortgages as described in Section 24.4	Ineligible
Special purpose cash-out refinance Mortgages as described in Section 24.7	Ineligible

Construction Conversion and Renovation Mortgages are "no cash-out" refinance transactions if the requirements in Section 24.5 are met. For purposes of Section 24.5, the amount of the Interim Construction Financing secured by the Mortgaged Premises is considered an amount used to pay off the first Mortgage as described in Section 24.5 second paragraph, first bullet. However, paying off unsecured liens or construction costs paid by the Borrower outside of the secured Interim Construction Financing is considered cash out to the Borrower, if above the $2000 or 2% percent of loan amount limit.

K33.7: Eligible Borrowers for Construction Conversion and Renovation Mortgages (03/11/10)

The Borrower on a Construction Conversion Mortgage or a Renovation Mortgage must satisfy the following requirements:

- The Borrower on the Permanent Financing must be the Borrower on, and obligated to repay, the Interim Construction Financing, and any other outstanding prior financing, including installation financing or outstanding prior Mortgages; however a co-borrower may be deleted in the event of death or divorce, or a Related Person may be added, provided that all borrowers on the Permanent Financing are owner-occupants of the Mortgaged Premises, and
- The builder/developer must not be obligated to repay the Interim Construction Financing or any Mortgage on the land or the improvements.

K33.8: Eligible property (03/11/10)

(a) Newly Built Home Mortgages

A Newly Built Home Mortgage must be secured by:

- A new 1- to 4-unit site-built home that is proposed construction or under construction at the time of the loan application; or
- A new 1-unit Manufactured Home that has been proposed to be purchased or purchased at the time of the loan application but not yet permanently affixed to the site and converted to real property.

Mortgages secured by existing site-built homes or existing Manufactured Homes (including resale, repossessed, relocated, or refurbished Manufactured Homes) are not eligible to be Newly Built Home Mortgages.

The Borrower must not have owned the land prior to closing and must not have secured any Interim Construction Financing or be obligated to pay off any Interim Construction Financing with the Mortgage proceeds.

(b) Construction Conversion Mortgages and Renovation Mortgages

Construction Conversion Mortgages and Renovation Mortgages must be secured by Mortgaged Premises that satisfy the following requirements.

- The Mortgaged Premises must be:

Construction Conversion Mortgage	A newly built or constructed 1- to 4-unit site-built home, or A newly purchased Manufactured Home that has never been attached to a foundation.
Renovation Mortgage	An existing 1- to 4-unit site-built home

- Prior to the start of construction or renovation work, the Borrower must own the land in fee simple or, for a site-built home, have a leasehold estate meeting the requirements of Chapter 41. The Borrower may have acquired the land through a purchase, inheritance, gift or divorce settlement.

(c) Completion Status as of sale of the Mortgage to Freddie Mac

All improvements must be fully completed before the sale of the Mortgage to Freddie Mac except for Mortgages secured by site-built homes meeting the requirements in

Section 44.2(b) and for which completion escrows are established in accordance with the requirements of Section 44.2(b).

For a Manufactured Home, the installation must be fully complete, including permanent utility connections and construction of any site-built improvements such as garages, decks, or porches, before the Mortgage can be sold to Freddie Mac as evidenced by a satisfactory completion report.

For both site-built homes and Manufactured Homes, Sellers must provide evidence that the property is complete. See the requirements in Section 44.14.

K33.9: Loan origination process and age of credit and capacity documentation (10/09/09)

(a) Completion Status as of sale of the Mortgage to Freddie Mac

All improvements must be fully completed before the sale of the Mortgage to Freddie Mac except for Mortgages secured by site-built homes meeting the requirements in Section 44.2(b) and for which completion escrows are established in accordance with the requirements of Section 44.2(b).

For a Manufactured Home, the installation must be fully complete, including permanent utility connections and construction of any site-built improvements such as garages, decks, or porches, before the Mortgage can be sold to Freddie Mac as evidenced by a satisfactory completion report.

For both site-built homes and Manufactured Homes, Sellers must provide evidence that the property is complete. See the requirements in Section 44.14.

(b) Loan process and age of credit documentation

Verification of credit, employment, income, sources of funds and payment history must be completed and dated prior to the Effective Date of Permanent Financing and must be within 18 months of the Settlement Date, for sales through the Freddie Mac Selling System (Selling System), or the Delivery Date for sales through MIDANET®.

See K33.11 for appraisal requirements.

(c) Sale to Freddie Mac

The Settlement Date, for sales through the Selling System, or the Delivery Date, for sales through MIDANET, must be on or before the last day of the 18-month Credit/ Construction/ Settlement Period.

The Settlement Date or the Delivery Date, as applicable, must be after the Effective Date of Permanent Financing.

(d) Maximum loan amounts

The Mortgage must comply with the maximum loan amounts stated in Section 23.3 in effect on the Delivery Date.

K33.9: Loan origination process and age of credit and capacity documentation (01/01/11)

This section has been deleted. See Chapter 2, *General Freddie Mac Policies*, and Chapter 37, *Underwriting the Borrower*.

K33.10: Underwriting (03/11/10)

(a) Original and Subsequent Underwriting

The Seller is required to underwrite the Mortgage for the Permanent Financing that will be sold to Freddie Mac prior to the Effective Date of the Permanent Financing. For Construction Conversion Mortgages and Renovation Mortgages, underwriting may occur prior to or after closing of the Interim Construction Financing.

Changes in the terms of the financing or in the Mortgage Product are permitted prior to the Effective Date of the Permanent Financing. A change in Borrowers is permitted provided that requirements of Section K33.7 are met. If there are changes in the terms of the Permanent Financing or if the property value has declined after the Mortgage has been underwritten then:

- If a Non-Loan Prospector® Mortgage, it must be re underwritten, or
- If a Loan Prospector Mortgage, it may require resubmission of the Mortgage to Loan Prospector as described in Section K33.10(b).

(b) Resubmission of Loan Prospector Mortgages

For Loan Prospector Mortgages, the final Risk Class and Documentation Level must be based on the submission of accurate data for the Permanent Financing to Loan Prospector prior to the Effective Date of the Permanent Financing.

- Resubmission of a Mortgage to Loan Prospector prior to the Effective Date of the Permanent Financing is required if:

  - Information on the previous submission was not true, complete or accurate
  - For Mortgages with applications dated prior to June 13, 2010, and Settlement Dates no later than December 31, 2010, the most recent submission (including the date of the Loan Prospector credit report(s)) will be older than 18 months as of the Delivery Date or Settlement Date, as applicable
  - For Mortgages with applications dated on or after June 13, 2010, and/or Settlement Dates on or after January 1, 2011, the most recent submission (including the date of the Loan Prospector credit report(s)) will be older than 120 days as of the Effective Date of Permanent Financing
  - Any information used by Loan Prospector changes, except when the change from the previous submission involves one of the exceptions in Section 2.2.1(k) that does not require resubmission to Loan Prospector

- Resubmission of a Mortgage to Loan Prospector prior to the Effective Date of the Permanent Financing is not required for:

  - A change from the previous submission if the change involves one of the exceptions in Section 2.2.1(k)
  - A decrease in the loan amount, provided the Permanent Financing complies with the following conditions:

    (i) When there is an increase in the down payment, all funds used to reduce the loan amount must meet the requirements of Chapter 26

    (ii) Any reduction in the verified reserve amount is no more than 10% or the Borrower has verified liquid reserves (i.e., funds in checking, savings and money market accounts) equal to or greater than 12 monthly payments of principal, interest, taxes and insurance (PITI)

    (iii) The decrease in the loan amount does not change the level of Mortgage insurance coverage. For example if the property value is $120,000 and the loan amount is $114,000 (which equals a 95% loan-to-value (LTV)), the loan amount may decrease to $109,200 (91% LTV). However, if the loan amount decreases to $108,000 (90% LTV) the loan must be resubmitted.

- A change from an adjustable-rate Mortgage (ARM) to a fixed-rate Mortgage, provided the Permanent Financing complies with the following conditions:

  (i) The Permanent Financing may not be subject to a temporary subsidy buydown plan
  (ii) In the prior submission, the Borrower was qualified with an ARM monthly housing expense payment equal to or greater than the fixed-rate monthly housing expense
  (iii) The Mortgage term of the fixed-rate Mortgage is the same as the Mortgage term for the ARM
  (iv) Neither the ARM nor the fixed-rate Mortgage is an Initial Interest Mortgage*

* Initial Interest Mortgages and other interest only Mortgages with applications dated on or after June 13, 2010, and/or Settlement Dates on or after September 1, 2010 are ineligible for delivery.

- A decrease in the asset/reserve amount, provided the amount of verified reserves decreases by no more than 10% or the Borrower has verified liquid reserves (i.e., funds in checking, savings and money market accounts) equal to or greater than 12 monthly payments of PITI.

K33.11: Appraisal requirements (10/09/09)

Regardless of any Loan Prospector® Minimum Assessment Feedback to the contrary, the Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements. Mortgages for Newly Constructed Homes are not eligible for Loan Prospector's Form 2070, Condition and Marketability Report or Property Inspection Alternative (PIA).

The Seller represents and warrants that the originating lender provided the appraiser with all the appraisal information required in Chapter 44, including plans and specifications.

The appraiser's opinion of value must provide the "as completed" value.

The effective date of the appraisal must be prior to the Effective Date of Permanent Financing and must meet the requirements of Chapter 44, including Section 44.7. For Mortgages with Settlement Dates prior to February 1, 2010, the appraisal may be updated if the effective date of the underlying appraisal is no more than 18 months prior to the effective date of the appraisal update.

K33.11: Appraisal requirements (01/01/11)

Regardless of any Loan Prospector® Minimum Assessment Feedback to the contrary, the Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements. Mortgages for Newly Constructed Homes are not eligible for

Loan Prospector's Form 2070, Condition and Marketability Report or Property Inspection Alternative (PIA).

The Seller represents and warrants that the originating lender provided the appraiser with all the appraisal information required in Chapter 44, including plans and specifications.

The appraiser's opinion of value must provide the "as completed" value.

The effective date of the appraisal must be prior to the Effective Date of Permanent Financing and must meet the requirements of Chapter 44, including Section 44.7.

K33.12: Calculation of value (11/20/06)

Value used to determine the loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must be determined as follows:

Purchase Transaction Newly Built Home Mortgages, Construction Conversion Mortgages and Renovation Mortgages			
Property Type	**Value**		
	Newly Built Home Mortgages	**Construction Conversion Mortgages**	**Renovation Mortgages**
1- to 4-unit site-built home	Value is the lesser of: • The purchase price of the Mortgaged Premises, or • Appraised value of the Mortgaged Premises, as completed.	Value is the lesser of: • The purchase price of the Mortgaged Premises (cost of land and total construction costs), or • Appraised value of the Mortgaged Premises, as completed.	Value is the lesser of: • The purchase price of the Mortgaged Premises prior to the renovation plus the renovation costs (costs of demolition and reconstruction), or • Appraised value of the Mortgaged Premises, as completed.

1-unit Manufactured Home	Value is the lesser of: • The purchase price of the Manufactured Home, plus the lowest purchase price at which the land was sold during the most recent 12-month period, or • Appraised value of the Manufactured Home and land.	Value is the lesser of: • The purchase price of the Manufactured Home, plus the lowest purchase price at which the land was sold during the most recent 12-month period, or • Appraised value of the Manufactured Home and land.	Not eligible

No Cash-out Refinance Transactions Construction Conversion Mortgages and Renovation Mortgages		
	Value	
Property Type	**Land owned 12 months or more**	**Land owned less than 12 months**
1- 4-unit site-built home	When the land has been owned by the Borrower for 12 or more months at the time of the closing date of the Interim Construction Financing, the value is: • Appraised value of the Mortgaged Premises, as completed	When the land has been owned by the Borrower for less than 12 months at the time of the closing date of the Interim Construction Financing, the value is the lesser of: • Appraised value of the Mortgaged Premises, as completed (**see note below**), or • For Construction Conversion Mortgages, the cost of the land and total construction costs, or • For Renovation Mortgages, the purchase price of the Mortgaged Premises prior to the renovation and the total renovation costs, including, if applicable, costs of demolition.

1-unit Manufactured Home	When the land has been owned by the Borrower 12 or more months at the time of the closing date of the Interim Construction Financing, the value is the lesser of: • The purchase price of the Mortgaged Premises (cost of the Manufactured Home and appraised value of the land), or • Appraised value of the Mortgaged Premises, as completed (**see note below**).	When the land has been owned by the Borrower for less than 12 months at the time of the closing date of the Interim Construction Financing, the value is the lesser of: • The purchase price of the Mortgaged Premises (cost of the Manufactured Home and the lowest purchase price of the land within the most recent 12-month period, or • Appraised value of the Mortgaged Premises, as completed (**see note below**).

Cash-out Refinance Transactions		
	Value	
Property Type	**Land owned 12 months or more**	**Land owned less than 12 months**
1- 4-unit site-built home	When the land has been owned by the Borrower for 12 or more months at the time of the closing date of the Interim Construction Financing, the value is: • Appraised value of the Mortgaged Premises, as completed	When the land has been owned by the Borrower for less than 12 months at the time of the closing date of the Interim Construction Financing, the value is the lesser of: • Appraised value of the Mortgaged Premises, as completed (**see note below**), or • For Construction Conversion Mortgages, the cost of the land and total construction costs, or • For Renovation Mortgages, the purchase price of the Mortgaged Premises prior to the renovation and the total renovation costs, including, if applicable, costs of demolition.

Note: See the "Temporary Requirements" section of the November 20, 2006 Guide Bulletin for instructions on how to determine value on a temporary basis.

If the Borrower acquired the land as a gift or by inheritance, the value of the land (regardless of the date of acquisition) will be the current appraised value of the land as reported on the appraisal.

Any item that is included in the calculation of cost to construct or renovate the home must be commonly and customarily included in the cost to construct other homes in the area where the Mortgaged Premises is located. The cost to construct must not include items such as furniture, electronic and home entertainment equipment or other personal items.

K33.13: Seasoned Mortgages for Newly Constructed Homes; Seller-Owned Modified and Seller-Owned Converted Mortgages (01/02/09)

(a) Seasoned Mortgages for Newly Constructed Homes

Seasoned Mortgages for Newly Constructed Homes are eligible for sale only under negotiated sales contracts through Freddie Mac's bulk sales unit.

(b) Seller Owned Modified and Seller-Owned Converted Mortgages

The Seller-Owned Modified and Seller-Owned Converted Mortgage offering described in Chapter 32 may not be used to convert or modify the Interim Construction Financing to Permanent Financing.

After the Effective Date of Permanent Financing, if the terms of the Permanent Financing have been modified or if an adjustable-rate Mortgage (ARM), converted to a fixed-rate Mortgage, the resulting Mortgage is a Seller-Owned Modified or Seller-Owned Converted Mortgage that must meet the requirements of Chapter 32 and other provisions related to these Mortgages, including requirements excluding the Home Possible Mortgages and Mortgages secured by Manufactured Homes from eligibility as Seller-Owned Modified or Seller-Owned Converted Mortgages.

K33.13: Seller-Owned Modified and Seller-Owned Converted Mortgages (01/01/11)

The Seller-Owned Modified and Seller-Owned Converted Mortgage offering described in Chapter 32 may not be used to convert or modify the Interim Construction Financing to Permanent Financing.

After the Effective Date of Permanent Financing, if the terms of the Permanent Financing have been modified or if an adjustable-rate Mortgage (ARM), converted to a fixed-rate Mortgage, the resulting Mortgage is a Seller-Owned Modified or Seller-Owned Converted Mortgage that must meet the requirements of Chapter 32 and other provisions related to these Mortgages, including requirements excluding the Home Possible Mortgages and Mortgages secured by Manufactured Homes from eligibility as Seller-Owned Modified or Seller-Owned Converted Mortgages.

K33.14: Mortgage file documentation (11/20/06)

(a) Mortgage file documentation for all Mortgages for Newly Constructed Homes

The Mortgage file for Mortgages for Newly Constructed Homes must contain:

- Documentation that the Mortgage is a Mortgage for a Newly Constructed Home and evidence supporting its classification as a Newly Built Home Mortgage, a Construction Conversion Mortgage or a Renovation Mortgage, and
- Sufficient documentation (for example: purchase contracts, plans and specifications, receipts, invoices, lien waivers etc.) on which to validate the purchase price calculated for Newly Built Home Mortgages or to calculate the actual cost to construct or renovate the home for Construction Conversion Mortgages and Renovation Mortgages, and
- A document that clearly shows the Seller's calculation of the purchase price and/or cost to construct, and
- For a Manufactured Home, the Manufacturer's invoice and the Manufactured Home Purchase Agreement, and
- Appropriate documentation to verify the acquisition and transfer of ownership of the land if the Borrower acquired the land as a gift or by inheritance.

(b) Mortgage file documentation for Construction Conversion and Renovation Mortgages

In addition to the requirements in Section K33.14(a), the Mortgage file for Construction Conversion Mortgages and Renovation Mortgages must contain:

- All HUD-1 forms or other Mortgage closing statements for the Construction Conversion Mortgage and the Renovation Mortgage signed by all parties to the transaction and evidencing all costs (including Closing Costs) to homebuyer and property seller at closing of the Interim Construction Financing and the closing of the Permanent Financing, and
- If the land or Mortgaged Premises has been owned for less than 12 months as of the closing of the Interim Construction Financing, the complete and fully executed purchase contract for the land or Mortgaged Premises, as applicable, or other documentation to establish acquisition, or
- If the land or Mortgaged Premises has been owned for 12 months or more as of the closing of the Interim Construction Financing, evidence that the Borrower has been the owner of record for at least 12 months

K33.15: Residential loan application and uniform underwriting and transmittal summary forms (11/20/06)

The Seller must code the Purpose of Loan on Form 65, Uniform Residential Loan Application, as either Purchase or Refinance (as applicable) and not as Construction or Construction-Permanent.

The Seller must code the Loan Purpose on Form 1077, Uniform Underwriting and Transmittal Summary as either Purchase, Cash-out Refinance or No Cash-Out Refinance (as applicable) and not as Home Improvement or Construction to Permanent. The Seller must indicate in the Underwriter Comments if the Mortgage is a Newly Built Home Mortgage, Construction Conversion Mortgage or Renovation Mortgage.

K33.16: Delivery requirements (11/20/06)

See Section 17.38.1 for conversion, delivery and pooling requirements for Mortgages for Newly Constructed Homes.

K33.17: Postsettlement delivery fees (03/01/09)

The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on Mortgages for Newly Constructed Home delivery fees and on other delivery fees.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

K33.18: Related provisions (04/23/09)

In addition to the requirements in this chapter, other requirements related to Mortgages for Newly Constructed Homes are described in the following locations:

Topic	**Location**
MultiLender Swap	Chapter 11
Delivery Requirements	Section 17.38.1
Maximum Loan Amounts	Section 23.3
Seller-Owned Modified and Seller-Owned Converted Mortgages	Chapter 32
Manufactured Homes	Chapter H33
Home Possible® Mortgages	Chapter A34
Postsettlement Delivery Fees	Exhibit 19

Chapter L33: Super Conforming Mortgages

L33.1: Overview (01/01/10)

Freddie Mac will purchase super conforming Mortgages secured under the terms of the Guide and this chapter. Super conforming Mortgages are Mortgages that are secured by properties located in designated high-cost areas and have original loan amounts meeting the loan limits in Section L33.2.

The provisions of this chapter are Discretionary Provisions under Section 12.13 a nd Exhibit 26, Discretionary Provisions.

Unless specifically prohibited, the special negotiated Mortgage underwriting provisions, products and offerings described in the Purchase Documents may be used with super conforming Mortgages provided that the more restrictive provisions of this Chapter or the Seller's other Purchase Documents apply.

Unless otherwise notified in writing, Sellers are eligible to deliver super conforming Mortgages.

L33.2: Maximum original loan amounts for super conforming Mortgages (11/19/10)

The loan limits for Mortgages with Note Dates between October 1, 2008 and September 30, 2011 secured by properties located in designated high-cost areas are the higher of the temporary limits established by the *Economic Stimulus Act of 2008* (ESA) (maximum of $729,750 for 1-unit single-family properties) and the permanent limits established by the *Housing and Economic Recovery Act of 2008* (HERA) (maximum of $625,500 for 1-unit single-family properties). The maximum loan limits for 2- to 4-unit properties and properties located in Alaska, Hawaii, Guam and the U.S. Virgin Islands, where applicable, are higher.

These temporary higher loan limits only apply to super conforming Mortgages with Note Dates on or after October 1, 2008, and on or before September 30, 2011.

The following minimum and maximum original loan amounts apply to super conforming Mortgages sold to Freddie Mac:

Units	Minimum/Maximum Original Loan Amount		Properties in Alaska, Hawaii, Guam and the U.S Virgin Islands	
	Minimum Loan Amount	Maximum Loan Amount	Minimum Loan Amount	Maximum Loan Amount
		Temporary*		Temporary*
1	>$417,000	$729,750	>$625,500	$1,094,625
2	>$533,850	$934,200	>$800,775	$1,401,350
3	>$645,300	$1,129,250	>$967,950	$1,693,900
4	>$801,950	$1,403,400	>$1,202,925	$2,105,100

* These are the maximum potential loan limits for designated high-cost areas. Actual loan limits are established for each county (or equivalent) and the loan limits for specific high-cost areas may be lower. The original principal balance of a Mortgage must not exceed the maximum loan limit for the specific area in which the Mortgaged Premises is located. For specific loan limits for each high cost area, as released by the Federal Housing Finance Agency, visit: **http://www.fhfa.gov/webfiles/19485/FullCountyLoanLimitList_FY2011_PL111-242.xls**.

Note: The loan limits in high-cost areas are derived from median home values determined by the Federal Housing Administration of the Department of Housing and Urban Development. There is a 30-day appeals period, which may result in increases in the loan limits in these areas.

For super conforming Mortgages, the Seller must use the loan amount of the Mortgage stated in the Note to determine compliance with the maximum loan limits stated above.

L33.3: General eligibility requirements (09/01/10)

(a) Eligible Mortgages

Super conforming Mortgages with original loan amounts of $1,000,000 or less must have been submitted to Loan Prospector®. Super conforming Mortgages with loan amounts greater than $1,000,000 must be manually underwritten.

A super conforming Mortgage must be a:

- Fully amortizing 15-, 20- or 30-year fixed-rate Mortgage, or
- 5/1, 7/1 or 10/1, fully amortizing adjustable-rate Mortgage (ARM)

Freddie Mac Relief Refinance Mortgages℠ may be super conforming Mortgages provided the Mortgage meets the applicable requirements for that offering in Chapter A24.

Super conforming Mortgages may be any of the following provided the Mortgage meets the applicable requirements for that offering and this chapter. If there is a conflict between any of the requirements for the following products or offerings, the more restrictive requirements will apply:

- Texas Equity Section 50(a)(6) Mortgages originated in accordance with Section 24.8
- Prepayment Penalty Mortgages originated in accordance with Chapter B33
- A-minus Mortgages originated in accordance with Chapter C33

Refer to Section 24.4 for requirements for super conforming Freddie Mac-owned streamlined refinance Mortgages.

(b) Ineligible Mortgages

Super conforming Mortgages must not be:

- Balloon/Reset Mortgages
- ARMs with Initial Periods of less than five years
- Convertible ARMs
- Alt 97® Mortgages
- Mortgages secured by a Manufactured Home
- Home Possible® Mortgages, and any affordable Mortgage, including Mortgages originated under a Seller's proprietary affordable program
- Seller-Owned Converted Mortgages
- Seller-Owned Modified Mortgages
- FHA/VA Mortgages
- Rural Housing Service Section 502 GRH Mortgages
- Section 184 Native American Mortgages
- Affordable Merit Rate® Mortgages
- Mortgages using the Home Value Models
- Participation Mortgages
- Mortgages sold through MIDANET®
- Mortgages with flexible mortgage insurance options
- Mortgages with financed mortgage insurance premiums
- Mortgages with annual or monthly lender-paid mortgage insurance premiums
- Mortgages with applications dated before June 13, 2010 that are:
  - Renovation Mortgages
  - Newly Built Home Mortgages
  - Construction Conversion Mortgages

(c) Maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios

(i.) The maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios for super conforming 1-unit Mortgages with original loan amounts greater than $417,000 to $625,500 and for all 2- to 4-unit properties are as follows:

PURCHASE TRANSACTION MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin./ w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1-unit Primary Residence	90/85/90/90%
	2- to 4-unit Primary Residence	75/70/75/75%
	Second home	80/75/80/80%
	1-unit Investment Property	
	2- to 4-unit Investment Property	70/65/70/70%

"NO CASH-OUT" REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1-unit Primary Residence	90/85/90/90%
	2- to 4-unit Primary Residence	75/70/75/75%
	Second home	80/75/80/80%
	1-unit Investment Property	75/70/75/75%
	2- to 4-unit Investment Property	70/65/70/70%

FREDDIE MAC-OWNED STREAMLINED REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1- unit Primary Residence	90/85/90/90%
	2 –unit Primary Residence	75/70/75/75%
	Second home	80/75/80/80%

"CASH-OUT" REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1- unit Primary Residence	75/70/75/75%
	2 – to 4-unit Primary Residence	65/60/65/65%
	Second home	
	1- to 4-unit Investment Property	

(ii.) The maximum LTV/TLTV/HTLTV ratios for super conforming 1-unit Mortgages with original loan amounts greater than $625,500 are as follows:

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1-unit Primary Residence	80/75/80/80%
	Second home	70/65/70/70%
	1-unit Investment Property	

FREDDIE MAC-OWNED STREAMLINED REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1- unit Primary Residence	80/75/80/80%
	Second home	70/65/70/70%

"CASH-OUT" REFINANCE MORTGAGES		
Product	**Property Type**	**Max. LTV w/o Sec. Fin. / w/Sec. Fin. / Max. TLTV w/Sec. Fin./Max. HTLTV/ w/Sec. Fin.**
15-, 20- or 30-year fixed-rate and 5/1, 7/1, 10/1 amortizing ARMs	1-unit Primary Residence	65/60/65/65%
	Second home	
	1-unit Investment Property	

(d) Mortgage insurance requirements

Standard Mortgage insurance coverage is required in accordance with Section 27.1(a). Lender-paid mortgage insurance with single premiums is permitted.

The flexible mortgage insurance options described in Section 27.1(b) and financed mortgage insurance premiums described in Section 27.1.1(a) are not permitted.

(e) Monthly debt payment-to-income ratio

The maximum monthly debt payment-to-income ratio for super conforming Manually Underwritten Mortgages is 45%.

For Manually Underwritten Mortgages, the debt-to-income ratio must be underwritten in accordance with Section 37.16 of the Guide.

L33.4: Special requirements for Cash-out refinance transactions (12/04/09)

This section has been deleted.

L33.5: Underwriting requirements (05/04/09)

(a) Loan Prospector® Mortgages

All super conforming Mortgages with original loan amounts of $1,000,000 or less must be submitted to Loan Prospector.

The Borrower's credit reputation is acceptable if:

- The Mortgage receives a Risk Class of Accept, or
- The Mortgage receives a Risk Class of Caution-eligible for A-minus and if all requirements in Chapter C33 for A-minus Mortgages are met

If the Mortgage receives a risk evaluation status of invalid, ineligible or incomplete, the Seller must take all steps possible in accordance with Section 2.2.1 to correct the information and resubmit the Mortgage.

Super conforming Mortgages with original loan amounts of $1,000,000 or less that have never been submitted to Loan Prospector are not eligible for delivery.

The Seller must deliver the Key Number (Loan Prospector AUS Key Number) for all super conforming Mortgage transactions with original loan amounts of $1,000,000 or less on Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable.

(b) Non-Loan Prospector Mortgages

Super conforming Mortgages with original loan amounts greater than $1,000,000 or a Risk Class or Evaluation Status of invalid, ineligible, or incomplete, Caution-ineligible for A-minus must be manually underwritten in accordance with Guide Chapter 37 and this chapter.

Noncredit Payment References are prohibited to establish an acceptable credit reputation for super conforming Mortgages.

To be eligible for sale to Freddie Mac, a minimum Indicator Score is required for super conforming Manually Underwritten Mortgages:

Minimum Indicator Scores for super conforming Manually Underwritten Mortgages

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES		
Property Type	**Maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV)**	**Minimum Indicator Score**
1- unit Primary Residence	>75%	660
	≤75%	620
2- to 4-unit Primary Residence	≤75%	620
Second home	>75%	720
	≤75%	620
1-unit Investment Property	>75%	720
	≤75%	620
2- to 4-unit Investment Property	≤70%	660

"CASH-OUT" REFINANCE MORTGAGES		
Property Type	**Maximum LTV/ TLTV/HTLTV**	**Minimum Indicator Score**
1-unit Primary Residence	>70%	720
	≤70%	620
2- to 4-unit Primary Residence	≤65%	680
Second home and Investment Property	≤65%	700

L33.6: Special Appraisal and Collateral requirements (10/09/09)

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

For super conforming Mortgages, Form 1032, One-Unit Residential Appraisal Field Review Report, is required when the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio is greater than 75% and the value is $1,000,000 or greater.

When the Field Review Report results in a different value, the lower of the appraised value, field review value or sales price must be used to calculate the LTV/TLTV/HTLTV ratio.

The appraiser performing the appraisal must be qualified to perform appraisals without oversight or supervision by a “supervisory” appraiser and must be experienced with the types of properties being appraised, and with higher value properties.

In addition to meeting the requirements of Chapter 42, S pecial Warranties for Condominiums, when the subject property is an attached condominium, the appraiser must provide at least two comparable sales from outside the subject project and outside the influence of the developer, builder or property seller.

Super conforming Mortgages secured by Condominium Unit Mortgages are not eligible for Streamlined Reviews outlined in Section 42.4.

L33.7: Other requirements (01/02/09)

(a) Delivery and pooling requirements

See Section 17.44 for delivery and pooling requirements for super conforming Mortgages

(b) Servicing

Super conforming Mortgages that are one of the products identified in Section 51.11(c) must be serviced in accordance with Section 51.11(c), including Servicer eligibility requirements for certain products.

(c) Postsettlement delivery fee (delivery fee)

A special delivery fee will be assessed and billed to Seller in conjunction with the sale of super conforming Mortgages. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

Chapter 34: Special Eligibility Requirements for Affordable Gold® Mortgages

Effective August 21, 2006, Chapter 34 is deleted. However, on and before December 31, 2006, Freddie Mac will purchase Affordable Gold Mortgages originated in accordance with the terms of Chapter 34, Section 17.13 and related sections in effect on August 18, 2006. For reference purposes, Freddie Mac has attached Chapter 34 and Section 17.13 as exhibits to our June 26, 2006, Bulletin.

On and after August 18, 2006, r efer to Chapter A34 for information about Home Possible® Mortgages.

Chapter A34: Home Possible® Mortgages

A34.1: Overview; limits; origination (03/01/09)

This chapter details requirements for (i) Home Possible® Mortgages, including Home Possible 3% Cash, Home Possible 97 and (ii) Home Possible Neighborhood Solution® Mortgages, including Home Possible Neighborhood Solution 3% Cash and Home Possible Neighborhood Solution 97 Mortgages.

The provisions of this chapter are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

Unless specifically made applicable to Home Possible Mortgages, negotiated underwriting provisions stated in the Purchase Documents will not apply to these Mortgages. In addition, unless specifically permitted, the special negotiated Mortgage products or offerings described in the Purchase Documents may not be used with Home Possible Mortgages.

As provided in Section 2.3, bullet four, Freddie Mac in its sole discretion may establish maximum purchase amounts for an individual Seller, or in the aggregate, for Home Possible Mortgages.

The Servicer must be eligible to service Home Possible Mortgages in accordance with Section 51.11(c). If Seller does not have either a Tier 1 or Tier 2 rating on its Servicer Performance Profile in both the investor reporting and remitting and default management categories at the time the Home Possible Mortgage is sold to Freddie Mac, it must enter into a Concurrent Transfer of Servicing with an eligible Servicer in accordance with Chapter 56.

A34.2: Defined terms (09/01/10)

(a) Terms defined in the Glossary

Sellers should be familiar with the following Freddie Mac definitions in the Glossary as they relate to Home Possible® Mortgages:

- Affordable Second
- Agency
- Borrower Contribution
- Extended Buydown Mortgage
- First-Time Homebuyer
- Home Possible Mortgage
- Home Possible Neighborhood Solution® Mortgage
- Limited Buydown Mortgage
- Underserved Area

(b) Terms defined in this chapter

The following additional capitalized terms are used in this chapter:

- **Borrower with No Credit History** — A Borrower:

  1. Who is an occupant of a 1-unit Primary Residence

  2. When at least one other occupying Borrower whose income and assets are used for qualification, has either:

     i. A minimum Credit Score of:

Total loan-to-value (TLTV) ratio greater than 97%	
All eligible Primary Residences	700
Loan-to-value (LTV) ratio and TLTV ratio less than or equal to 97%	
Mortgages secured by 1-unit Primary Residences (other than fixed-rate Mortgages with a term of 40 years, adjustable-rate Mortgages (ARMs), or “no cash-out” refinance Mortgages)	660
Mortgages secured by 1-unit Primary Residences that are fixed-rate Mortgages with a term of 40 years, ARMs or “no cash-out” refinance Mortgages	680
Mortgages secured by 2- to 4-unit Primary Residences	700
Mortgages secured by Manufactured Homes (other than a Mortgage secured by a Manufactured Home with a term greater than 20 years and LTV/TLTV ratios greater than 90% and less than or equal to 95%)	720

     OR

     ii. At least three Tradelines or a total of four Tradelines and Noncredit Payment References, indicating acceptable credit as described in Section 37.4(b), and

  3. For whom the Seller cannot document either at least one Tradeline currently open or closed or at least one Noncredit Payment Reference currently open or closed, and

  4. For whom there is no evidence of any derogatory credit such as a lien, judgment or collection, paid or unpaid, reflected on the Credit Report or elsewhere in the Mortgage file.

  5. Qualifying income is not more than described in Section A34.9 (c)

- **Borrower Personal Funds**
  1. Funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account (Section 26.2 [number 1])
  2. Proceeds of a loan fully secured by the Borrower's owned assets (Section 26.2 [number 4])
  3. Proceeds from the sale of the Borrower's assets (Section 26.2 [number 5])
  4. Verifiable cash deposit towards purchase (Section 26.2 [number 6])
  5. Funds disbursed from a trust meeting the requirements of Section 26.2 (number 7)
  6. Funds on deposit in a Community Savings System that are deposited by the Borrower meeting the requirements of Section 26.2 (number 9)
  7. Current appraised value of Borrower-owned lot on which the improvement was constructed (Section 26.3 [1st bullet])
  8. Prior rental payments credited toward the purchase price under a documented rental/purchase agreement meeting the requirements of Section 26.3 (4th bullet)
  9. Funds representing the payments of the Borrower into an Individual Development Account (IDA) under either Option A or Option B meeting the applicable requirements of Section 26.2 (number 8) and Section 26.6
  10. Funds representing the matching funds provided by an Agency to an IDA, meeting the requirements of Section 26.2 (number 8), if the IDA satisfied the requirements of Section 26.6 Option A
  11. Cash on hand meeting the requirements of Section 26.6.3

- **Other Borrower Funds**

  1. Gifts from a Related Person meeting the requirements of Section 26.2 (number 2) except that there is no requirement that there be a down payment of 5% from other sources of cash or other Equity
  2. Gifts or grants from an Agency meeting the requirements of Section 26.2 (number 3)
  3. Gift or grant from the Seller as the originating lender meeting the requirements of Section 26.2 (number 3) except that the Seller may be the source of the gift or grant
  4. Net proceeds of trade-in of Borrower's previously owned home documented by an appraisal of the Borrower's previously owned residence and a copy of the trade-in contract and meeting the requirements of Section 26.3 (2nd bullet)
  5. Sweat equity credit that is fully explained and verifiable for labor performed or material furnished by the Borrower on the Mortgaged Premises meeting the requirements in Section 26.3 third bullet, including the requirement that the Borrower have at least a 5% down payment in cash or other types of other Equity
  6. Funds pooled by a group of Related Persons meeting the requirements of Section 26.2 (number 10)

7. Funds representing the matching funds provided by an Agency to an IDA, meeting the requirements of Section 26.2 (number 8), if the IDA satisfied the requirements of Section 26.6 Option B
8. Proceeds from an unsecured loan from an Agency meeting the requirements of Section 26.6.1
9. Proceeds from an unsecured loan from a Related Person meeting the requirements of Section 26.6.1
10. Proceeds from an unsecured loan from the Borrower's employer that is an Employer Assisted Homeownership (EAH) Benefit meeting the requirements of Section 26.2 (number 11) and Section 26.6.1
11. Proceeds from an Affordable Second meeting the requirements of Section 25.1(g)

- **Flexible Sources of Funds**

  1. Financing concessions as described in Section 25.3(b) meeting the applicable requirements of Section 25.3
  2. Premium Financing meeting the requirements of the Glossary definition
  3. Proceeds from an unsecured loan from Seller as originating lender meeting the requirements of Section 26.6.1

- **Gift Funds**

  1. Gifts from a Related Person meeting the requirements of Section 26.2 (number 2) except that there is no requirement that there be a down payment of 5% from other sources or cash or other Equity
  2. Gifts or grants from an Agency meeting the requirements of Section 26.2 (number 3)
  3. Gift or grant meeting the requirements of Section 26.2 (number 3) except that the Seller, as the originating lender, may be the source of the gift or grant

- **Credit Report** — A Credit Report is one or more in-file credit reports, or merged credit reports or a Residential Mortgage Credit Report that includes information from at least two repositories for each Borrower.

A34.3: Eligible and ineligible Mortgages (09/01/10)

(a) Eligible Mortgages

Home Possible® Mortgages eligible for purchase must be First Lien Mortgages that are fully amortizing.

Home Possible Mortgages secured by a 1-unit Primary Residence, other than a Manufactured Home, must have an original maturity date not greater than 40 years for fixed-rate Mortgages and not greater than 30 years for adjustable-rate Mortgages (ARMs).

All other Home Possible Mortgages must have an original maturity date not greater than 30 years for fixed-rate Mortgages and ARMs.

Home Possible Mortgages secured by a Manufactured Home and Home Possible Mortgages with a Rural Housing Service (RHS) Leveraged Second must have a maximum original maturity not greater than that specified in Sections H33.3(d) and 35.3(b)(1st bullet), respectively.

Home Possible Mortgages must be the following Mortgage products:

- Conventional fixed-rate Mortgages
- Convertible and nonconvertible 7/1 and 10/1 ARMs if secured by a 1- or 2-unit Primary Residence
- Convertible and nonconvertible 5/1 ARMs with an Initial Cap of 2%, a Periodic Cap of 2% and a Life Cap of 5% if secured by a 1- or 2-unit Primary Residence other than a Manufactured Home

Home Possible Mortgages may be one of the following provided the Mortgage meets the applicable requirements for that offering and this chapter:

- Home Possible Mortgages with RHS Leveraged Seconds originated in accordance with Section 35.3

(b) Ineligible Mortgages

Mortgages with the following characteristics are not eligible for purchase as Home Possible Mortgages:

- Affordable Merit Rate Mortgages
- Balloon/Reset Mortgages
- ARMs other than those listed in Section A34.3(a)
- A-minus Mortgages
- Loan Prospector® evaluation status of invalid or ineligible
- Caution Risk Class except as described in Section A34.8 (b)
- Seasoned Mortgages and Seasoned Mortgages for Newly Constructed Homes
- Financed Permanent Buydown Mortgages
- Construction Conversion Mortgages and Renovation Mortgages
- Newly Built Home Mortgages secured by a Manufactured Home
- Prepayment Penalty Mortgages
- Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages
- Mortgages with capitalized balances as described in Chapter I33
- Alt 97® Mortgages
- FHA and VA Mortgages
- Section 502 GRH Mortgages
- Section 184 Native American Mortgages
- Super conforming Mortgages as described in Chapter L33

A34.4: Loan purpose; refinance requirements (06/01/08)

(a) Loan purpose

A Home Possible® Mortgage must be either a purchase transaction or "no cash-out" refinance Mortgage. A Home Possible Mortgage may not be a cash-out refinance or a streamlined refinance Mortgage.

(b) Refinance requirements

"No cash-out" refinance Mortgages must comply with the requirements of Sections 24.2 and 24.5 with the following exceptions:

- **1- to 4-unit Primary Residences**
  - Any secondary financing that is not satisfied and is resubordinated to the lien of the new refinance Mortgage must meet the requirements of Section 25.1(g) for Affordable Seconds® or Section 35.3 for RHS Leveraged Seconds
  - All sources of funds must be documented in accordance with the requirements of Sections 37.21, 37.21.1, 37.22 and 37.23, as applicable

- **2-, 3- and 4-unit Primary Residences**
  - The new loan amount is limited to the outstanding unpaid principal balance of the existing first Mortgage (rounded up to the nearest $100 increment), and
  - Any existing secondary financing must be paid off from verified Borrower Personal Funds and Other Borrower Funds or resubordinated to the new refinance Mortgage and the new refinance Mortgage must meet the eligibility criteria for Mortgages subject to secondary financing.

A34.5: Temporary subsidy buydown plan (07/01/09)

Home Possible® and Home Possible Neighborhood Solution® Mortgages may have temporary subsidy buydown plans (buydown plans) as described in Section 25.4 in accordance with the terms of this section.

(a) Types of buydown plans

Two types of buydown plans may be used with Home Possible Mortgages:

Name of Buydown Plan	Description	Offering Eligibility	Eligible Property	Calculation of Monthly Housing Expense-to-Income Ratio
Extended Buydown	An initial interest rate that is: • Temporarily reduced to no more than one and a half percentage points below the Note Rate, and • Increased by no more than one-half percentage point annually for no more than three years	Home Possible Neighborhood Solution Mortgages only	1-unit and 2-unit Primary Residences other than a Manufactured Home	Use the monthly payment at the Note Rate for fixed-rate Mortgages Use the monthly payment at the higher of the Note Rate or fully-indexed rate as defined in Section 30.16(a) for adjustable-rate Mortgages (ARMs)
Limited Buydown	An initial interest rate that is: • Temporarily reduced to no more than two percentage points below the Note Rate, and • Increased by no more than one percentage point annually for no more than two years	Home Possible and Home Possible Neighborhood Solution Mortgages	1-unit Primary Residences other than a Manufactured Home	Use the monthly payment at the Note Rate for fixed-rate Mortgages Use the monthly payment at the higher of the Note Rate or fully-indexed rate as defined in Section 30.16(a) for ARMs

(b) Requirements applicable to buydown plans

The following conditions must be satisfied for all Home Possible Mortgages with buydown plans:

1. The terms of the buydown plan and the Mortgage must comply with the provisions of the chart above
2. Mortgages with temporary subsidy buydown plans must comply with the requirements in Section 25.4 (except for the underwriting requirements of Section 25.4(b) and 25.4(c)) and other related provisions of the Guide
3. If the Mortgage is a "no cash-out" refinance Mortgage, the buydown plan is not funded from Premium Financing
4. The buydown plan is documented in accordance with the documentation requirements of Section 25.4(e)
5. Mortgage Credit Certificates (MCCs) are not being used

A34.6: Eligible property and appraisal requirements (03/01/09)

(a) Property/occupancy type

Home Possible® Mortgages must be secured by:

Home Possible 3% Cash and Home Possible Neighborhood Solution® 3% Cash Mortgages	**Home Possible 97 Mortgages other than Home Possible Neighborhood Solution 97 Mortgages**	**Home Possible Neighborhood Solution 97 Mortgages**
1-unit Primary Residences Manufactured Homes are not eligible	1- to 4-unit Primary Residences Manufactured Homes are eligible subject to the special provisions in Section A34.6(b)	1- and 2-unit Primary Residences Manufactured Homes are eligible subject to the special provisions in Sections A34.5 and A34.6(b)

(b) Special provisions for Home Possible Mortgages secured by Manufactured Homes

Home Possible Mortgages secured by Manufactured Homes must comply with all requirements of Chapter H33 and this chapter. Where the requirements of Chapter H33 and this chapter conflict, the following will apply:

1. Sections H33.3(d) and H33.3(e). The LTV, TLTV and maximum loan term requirements in Sections H33.3(d) and H33.3(e) apply.
2. Sections H33.3(a) and H33.3(e). A Home Possible Mortgage secured by a Manufactured Home with a term greater than 20 years and LTV/TLTV ratios greater than 90% and less than or equal to 95% must be an Accept Mortgage.
3. Section A34.6(a). Second homes are not eligible.
4. Section A34.4(a). Cash-out refinance transactions are not eligible.
5. Section A34.8(b). A Home Possible Mortgage secured by a Manufactured Home with a term of 20 years or less or an LTV/TLTV ratio of 90% or less must be an Accept Mortgage or must be a Manually Underwritten Mortgage in accordance with the requirements of Section A34.8.
6. Section A34.10(c). The eligible sources of funds for down payment, Closing Costs, Financing Costs, Prepaids/Escrows, and reserves are those permitted for Home Possible Mortgages.
7. Section H33.3(f). Mortgage insurance coverage levels must be those used for Mortgages secured by a Manufactured Home.

(c) Appraisal requirements

Regardless of any Loan Prospector Feedback to the contrary, the Seller must obtain an appraisal with an interior and exterior inspection that meets the requirements of Chapter 44.

(d) Property in declining markets

Effective June 1, 2008, Section A34.6(d) is deleted.

A34.7: Eligible Borrowers (06/01/08)

(a) Income limits

The income used to qualify the Borrower converted to an annual basis must not exceed 100% of the area median income or the percentages (income multipliers) in the designated high-cost areas listed below. There is no income limit if the Mortgaged Premises are located in an Underserved Area.

State	County	Income Multiplier
California	All Counties	140%
Hawaii	All Counties	170%

Massachusetts	Essex County Middlesex County Norfolk County Plymouth County Suffolk County	135% 135% 135% 135% 135%
New Hampshire	Rockingham County Strafford County	135% 135%
New Jersey	Bergen County Essex County Hudson County Hunterdon County Middlesex County Monmouth County Morris County Ocean County Passaic County Somerset County Sussex County Union County	165% 165% 165% 165% 165% 165% 165% 165% 165% 165% 165% 165%
New York	Bronx County Duchess County Kings County Nassau County New York County Orange County Putnam County Queens County Richmond County Rockland County Suffolk County Ulster County Westchester County	165% 165% 165% 165% 165% 165% 165% 165% 165% 165% 165% 165% 165%
Oregon	Clackamas County Columbia County Multnomah County Washington County Yamhill County	120% 120% 120% 120% 120%
Pennsylvania	Pike County	165%

Washington	Clark County King County Pierce County Skamania County Snohomish County	120% 120% 120% 120% 120%

For Loan Prospector® Mortgages, Loan Prospector will determine the income eligibility of the Mortgage; for Non-Loan Prospector Mortgages, the Seller should use the Income & Property Eligibility tool on **http://www.freddiemac.com**.

When determining whether or not the Borrower satisfied the income limits, income must be calculated as described in Section A34.9(e).

(b) Ownership of other property; occupancy

The Borrower must not have an individual or joint ownership interest in any other residential property as of the Note Date.

All Borrowers must occupy the Mortgaged Premises as their Primary Residence.

(c) Employment status

Home Possible Neighborhood Solution® Mortgages must be originated to an employee who satisfies one of the following descriptions:

1. An employee of an accredited or state-recognized private or public school; a certified teacher or administrator in an education agency; or an employee of a post-secondary level educational institution; or
2. An employee of a law enforcement agency or fire department administered by an agency or subdivision of a state or local government; or a sworn law enforcement officer responsible for crime prevention and detection, law enforcement, or criminal incarceration; or a sworn member of a fire department involved in fire suppression or prevention, emergency medical response, hazardous materials incident response, or management or response to terrorism; or
3. A certified, accredited, or licensed health care worker who is a medical resident or fellow; a nurse, nursing assistant, pharmacist, pharmacy technician, physician's assistant or medical technician, technologist or therapist; or
4. A member of the United States Armed Forces (United States Army, Navy, Air Force, Marine Corps, and Coast Guard) who is on full-time active duty; a member of a reserve component of the United States Armed Forces (the Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve) or a former member of the United States Armed Forces or a reserve component of the United States Armed Forces who has

been separated or retired from either active duty or a reserve component for no more than two years at the time of the loan application.

The Seller must maintain in the Mortgage file, written documentation that the Borrower meets the employment requirements for a Home Possible Neighborhood Solution Mortgage, such as a paystub, W-2, letter from the Borrower's employer, Defense Department Form 214 (Form DD214), or other documentation that provides comparable information.

A34.8: Credit underwriting (09/01/10)

(a) Loan Prospector®

All Home Possible® Mortgages, except Home Possible Mortgages with a Rural Housing Service (RHS) Leveraged Second, must be submitted to Loan Prospector. Home Possible Mortgages with an RHS Leveraged Second may be submitted to Loan Prospector or may be Manually Underwritten Mortgages.

The Borrower's credit reputation is acceptable if the Mortgage received a Risk Class of Accept.

For all Home Possible Mortgages with a total loan-to-value (TLTV) ratio greater than 97%, the Mortgage must have an Indicator Score of 700 or greater to be eligible for delivery to Freddie Mac.

If the Mortgage receives a risk evaluation status of invalid, ineligible or incomplete, the Seller must take all steps possible in accordance with Section 2.2.1 to correct the information and resubmit the Mortgage.

A Home Possible Mortgage that is secured by a Manufactured Home and has a term greater than 20 years and a loan-to-value (LTV)/TLTV ratio greater than 90% and less than or equal to 95% must receive a Risk Class of Accept.

When submitting a Home Possible Mortgage with an Affordable Second to Loan Prospector, the Seller may enter the amount of the Affordable Second in the "Total Gift Fund" field of Loan Prospector instead of entering it into the "Subordinate Amount" field; provided that the Affordable Second does not require a payment before the Due Date of the 61st monthly payment under the Home Possible Mortgage and that it meets all the other requirements for an Affordable Second stated in Section 25.1(g). Except for entering the Affordable Second amount into Loan Prospector as a gift, the Seller must include the Affordable Second as secondary financing in all circumstances including:

- Calculating the TLTV ratio for delivery,
- Complying with the delivery requirements in Section 17.13.1, including providing details of the Affordable Second on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable, such as the source of the Affordable Second and applicable special characteristics codes (SCCs), and
- Documenting the Affordable Second in the Mortgage file

(b) Manually Underwritten Mortgages

If a Home Possible Mortgage does not receive a Risk Class of Accept, the Mortgage may be eligible as a Manually Underwritten Mortgage if Loan Prospector returns:

- An evaluation status of incomplete
- A Risk Class of Caution, but the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c)

The Seller must determine that each Borrower individually, and that all Borrowers collectively, have acceptable credit reputations. For Manually Underwritten Mortgages where the Borrower(s) has usable Credit Scores, this determination must be made using Indicator Scores as described in A34.8 (c). If none of the Borrowers have a useable Credit Score, this determination must be made without Indicator Scores as described in A34.8 (d).

The Seller must deliver the Key Number (Loan Prospector AUS Key Number) for all Home Possible Mortgage transactions, including those with a Risk Class of Caution where the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c) or an evaluation status of incomplete on the Form 11 or Form 13SF, as applicable.

Home Possible Mortgages with an RHS Leveraged Second may be Manually Underwritten according to the requirements in Chapter A34 and 35.3.

Home Possible Mortgages secured by a Manufactured Home:

- With a term of 20 years or less, or an LTV/TLTV ratio of 90% or less, may be Manually Underwritten Mortgages
- With a term of more than 20 years and an LTV/TLTV ratio of greater than 90% and less than or equal to 95% may not be Manually Underwritten Mortgages

(c) Manually Underwritten Mortgages using Indicator Scores

Seller must:

1. Confirm that there is at least one usable Credit Score.
2. Calculate an Indicator Score using the middle/lower then lowest method as described in Section 37.5(e).
3. Manually underwrite the Mortgage using the Indicator Score.

The minimum Indicator Scores for Manually Underwritten Mortgages are:

Type Property	Minimum Indicator Score Home Possible 97 Mortgages
TLTV ratio greater than 97%*	
All eligible Primary Residences	700
LTV and TLTV ratio equal to or less than 97%	
1-unit Primary Residence (other than a fixed-rate term of 40 years, an ARM or a "no cash-out" refinance)	660
1-unit Primary Residence that is a fixed rate term of 40 years, an ARM or a no cash-out refinance	680
2- to 4-unit Primary Residences**	700
Manufactured Homes (other than a Mortgage secured by a Manufactured Home with a term greater than 20 years and LTV/TLTV ratios greater than 90% and less than or equal to 95%)	720

* All Home Possible Mortgages with a TLTV ratio greater than 97%, must have a minimum Indicator Score of 700 to be eligible for delivery to Freddie Mac (a higher minimum Indicator Score is required for Mortgages secured by Manufactured Homes). Manually Underwritten Mortgages without an Indicator Score are not permitted.

** 3- and 4-unit Primary Residences are not permitted with Home Possible Neighborhood Solution 97 Mortgages

4. In addition to complying with the minimum Indicator Score, establish that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7. An individual Borrower with No Credit History (as defined in Section A34.2(b), first bullet) is considered to have an acceptable credit reputation.

(d) Manually Underwritten Mortgages without an Indicator Score

For Mortgages where Loan Prospector returned an evaluation status of "incomplete," the Seller must:

1. Verify that the Loan Prospector Feedback Certificate contains the feedback message "No usable credit reports were received for Borrower(s)." The Feedback Certificate must be retained in the Mortgage file.
2. Verify the accuracy of the name, Social Security number, and current address for all Borrowers for whom no usable credit reports were received, and if any errors are found in the data submitted to Loan Prospector, correct the errors and resubmit the Mortgage to Loan Prospector.
3. Obtain a Credit Report.
4. Using information on the Credit Report, verify that none of the Borrowers has a usable Credit Score as described in Section 37.5(c). If at least one Borrower has a usable Credit Score, the Mortgage must be underwritten using the Indicator Score as described above in Section A34.8(c).
5. Document that at least one Borrower has a minimum number of payment references and that all other Borrowers have a minimum amount of credit history, each as described in Sections 37.4(b) and 37.11(c).
6. Establish that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7. An individual Borrower with No Credit History (as defined in Section A34.2(b), first bullet) is considered to have an acceptable credit reputation.

If the Seller determines there is no usable credit score in the Mortgage file due to insufficient credit information or significant inaccurate credit information, the Seller must indicate the type code of "T" in the CST field on Form 11 or Form 13SF, as applicable.

For Mortgages where Loan Prospector returned a Caution Risk Class but the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c), the following conditions must be met:

- The Mortgage file must contain written documentation from the credit repository or the creditor reporting the inaccurate information as required in Section 37.5(c)

- The Mortgage must be manually underwritten in accordance with the requirements for Manually Underwritten Mortgages found in Chapter 37 based on the Borrowers' accurate credit information

In addition to the requirements in Sections 37.6, 37.7 and 37.9, the Seller must underwrite the Borrower's credit reputation as follows:

- Each Borrower's credit history in the most recent 24 months must show all of the following:
  - No public records for bankruptcy, foreclosure, unpaid judgments, or collections
  - No payments 60 days or more past due
  - No more than two payments 30 days past due
  - No housing payments past due

- The Seller must perform a cautious review of the Mortgage as defined in Section 37.6(c) of the Guide

The Seller is strongly encouraged to inform the Borrower that, pursuant to rights granted under the federal Fair Credit Reporting Act, the Borrower has a right to contact both the consumer reporting agency (repository) from which the inaccurate FICO score was obtained and the furnisher of the inaccurate credit information to require the disputed credit information to be reinvestigated and corrected.

The Seller is not relieved of any warranties regarding Borrower creditworthiness or capacity.

A34.8: Credit underwriting (02/01/11)

(a) Loan Prospector®

All Home Possible® Mortgages, except Home Possible Mortgages with a Rural Housing Service (RHS) Leveraged Second, must be submitted to Loan Prospector. Home Possible Mortgages with an RHS Leveraged Second may be submitted to Loan Prospector or may be Manually Underwritten Mortgages.

The Borrower's credit reputation is acceptable if the Mortgage received a Risk Class of Accept.

For all Home Possible Mortgages with a total loan-to-value (TLTV) ratio greater than 97%, the Mortgage must have an Indicator Score of 700 or greater to be eligible for delivery to Freddie Mac.

If the Mortgage receives a risk evaluation status of invalid, ineligible or incomplete, the Seller must take all steps possible in accordance with Section 2.2.1 to correct the information and resubmit the Mortgage.

A Home Possible Mortgage that is secured by a Manufactured Home and has a term greater than 20 years and a loan-to-value (LTV)/TLTV ratio greater than 90% and less than or equal to 95% must receive a Risk Class of Accept.

When submitting a Home Possible Mortgage with an Affordable Second® to Loan Prospector, the Seller may enter the amount of the Affordable Second in the "Total Gift Fund" field of Loan Prospector instead of entering it into the "Subordinate Amount" field; provided that the Affordable Second does not require a payment before the Due Date of the 61st monthly payment under the Home Possible Mortgage and that it meets all the other requirements for an Affordable Second stated in Section 25.1(g). Except for entering the Affordable Second amount into Loan Prospector as a gift, the Seller must include the Affordable Second as secondary financing in all circumstances including:

- Calculating the TLTV ratio for delivery,
- Complying with the delivery requirements in Section 17.13.1, including providing details of the Affordable Second on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable, such as the source of the Affordable Second and applicable special characteristics codes (SCCs), and
- Documenting the Affordable Second in the Mortgage file

(b) Manually Underwritten Mortgages

If a Home Possible Mortgage does not receive a Risk Class of Accept, the Mortgage may be eligible as a Manually Underwritten Mortgage if Loan Prospector returns:

- An evaluation status of incomplete
- A Risk Class of Caution, but the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c)

The Seller must determine that each Borrower individually, and that all Borrowers collectively, have acceptable credit reputations. For Manually Underwritten Mortgages where the Borrower(s) has usable Credit Scores, this determination must be made using Indicator Scores as described in A34.8 (c). If none of the Borrowers have a useable Credit Score, this determination must be made without Indicator Scores as described in A34.8 (d).

The Seller must deliver the Key Number (Loan Prospector AUS Key Number) for all Home Possible Mortgage transactions, including those with a Risk Class of Caution where the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c) or an evaluation status of incomplete on the Form 11 or Form 13SF, as applicable.

Home Possible Mortgages with an RHS Leveraged Second may be Manually Underwritten according to the requirements in Chapter A34 and 35.3.

Home Possible Mortgages secured by a Manufactured Home:

- With a term of 20 years or less, or an LTV/TLTV ratio of 90% or less, may be Manually Underwritten Mortgages
- With a term of more than 20 years and an LTV/TLTV ratio of greater than 90% and less than or equal to 95% may not be Manually Underwritten Mortgages

(c) Manually Underwritten Mortgages using Indicator Scores

The Seller must:

1. Confirm that there is at least one usable Credit Score.
2. Calculate an Indicator Score using the middle/lower then lowest method as described in Section 37.5(e).
3. Manually underwrite the Mortgage using the Indicator Score.

The minimum Indicator Scores for Manually Underwritten Mortgages are:

Type Property	**Minimum Indicator Score** **Home Possible 97 Mortgages**
TLTV ratio greater than 97%*	
All eligible Primary Residences	700
LTV and TLTV ratio equal to or less than 97%	
1-unit Primary Residence (other than a fixed-rate term of 40 years, an adjustable-rate Mortgage (ARM) or a “no cash-out” refinance)	660
1-unit Primary Residence that is a fixed rate term of 40 years, an ARM or a no cash-out refinance	680
2- to 4-unit Primary Residences**	700
Manufactured Homes (other than a Mortgage secured by a Manufactured Home with a term greater than 20 years and LTV/TLTV ratios greater than 90% and less than or equal to 95%)	720

* All Home Possible Mortgages with a TLTV ratio greater than 97%, must have a minimum Indicator Score of 700 to be eligible for delivery to Freddie Mac (a higher minimum Indicator Score is required for Mortgages secured by Manufactured Homes). Manually Underwritten Mortgages without an Indicator Score are not permitted.

** 3- and 4-unit Primary Residences are not permitted with Home Possible Neighborhood Solution 97 Mortgages

4. In addition to complying with the minimum Indicator Score, establish that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7. An individual Borrower with No Credit History (as defined in Section A34.2(b), first bullet) is considered to have an acceptable credit reputation.

(d) Manually Underwritten Mortgages without an Indicator Score

For Mortgages where Loan Prospector returned an evaluation status of “incomplete,” the Seller must:

1. Verify that the Loan Prospector Feedback Certificate contains the feedback message "No usable credit reports were received for Borrower(s)." The Feedback Certificate must be retained in the Mortgage file.
2. Verify the accuracy of the name, Social Security number, and current address for all Borrowers for whom no usable credit reports were received, and if any errors are found in the data submitted to Loan Prospector, correct the errors and resubmit the Mortgage to Loan Prospector.
3. Obtain a Credit Report.
4. Using information on the Credit Report, verify that none of the Borrowers has a usable Credit Score as described in Section 37.5(c). If at least one Borrower has a usable Credit Score, the Mortgage must be underwritten using the Indicator Score as described above in Section A34.8(c).
5. Document that at least one Borrower has a minimum number of payment references and that all other Borrowers have a minimum amount of credit history, each as described in Sections 37.4(b) and 37.11(c).
6. Establish that each Borrower individually, and all Borrowers collectively, have an acceptable credit reputation as described in Sections 37.3 through 37.7. An individual Borrower with No Credit History (as defined in Section A34.2(b), first bullet) is considered to have an acceptable credit reputation.

If the Seller determines there is no usable credit score in the Mortgage file due to insufficient credit information or significant inaccurate credit information, the Seller must indicate the type code of “T” in the CST field on Form 11 or Form 13SF, as applicable.

For Mortgages where Loan Prospector returned a Caution Risk Class but the repository file used to create the Selected Borrower's credit report contains significant inaccurate credit information as specified in Section 37.5(c), the following conditions must be met:

- The Mortgage file must contain written documentation from the credit repository or the creditor reporting the inaccurate information as required in Section 37.5(c)

- The Mortgage must be manually underwritten in accordance with the requirements for Manually Underwritten Mortgages found in Chapter 37 based on the Borrowers' accurate credit information

In addition to the requirements in Sections 37.6, 37.7 and 37.9, the Seller must underwrite the Borrower's credit reputation as follows:

- Each Borrower's credit history in the most recent 24 months must show all of the following:
  - No public records for bankruptcy, foreclosure, unpaid judgments, or collections
  - No payments 60 days or more past due
  - No more than two payments 30 days past due
  - No housing payments past due

- The Seller must perform a review of the Mortgage as defined in Section 37.6 of the Guide

The Seller is strongly encouraged to inform the Borrower that, pursuant to rights granted under the federal Fair Credit Reporting Act, the Borrower has a right to contact both the consumer reporting agency (repository) from which the inaccurate FICO score was obtained and the furnisher of the inaccurate credit information to require the disputed credit information to be reinvestigated and corrected.

The Seller is not relieved of any warranties regarding Borrower creditworthiness or capacity.

A34.9: Borrower income; qualifying ratios (03/01/09)

(a) Rental income from 1-unit Primary Residence

Rental income from a 1-unit Primary Residence may be considered as stable monthly income (as defined in Section 37.13) if:

- Connection with Borrower. The person providing the rental income and the Borrower:
  - Have resided together for at least one year
  - Will continue residing together in the new residence, and

- The person providing the rental income provides appropriate documentation to evidence residency with the Borrower (i.e., copy of a driver's license, bill, bank statement, etc., that shows the address of that person to be the same as the Borrower's address)

- Rental payment. Rental income from the person residing in the Mortgaged Premises:
  - Has been paid to the Borrower for the past 12 months on a regular basis
  - Can be verified by the Borrower with evidence showing receipt of regular payments of rental income to the Borrower for the past 12 months (i.e., copies of cancelled checks)
  - Does not exceed 30% of total income used to qualify for the Mortgage
- Affidavit and other documentation. The Borrower must attest, by affidavit executed at application, to the:
  - Source of the rental income
  - Fact that the person providing the rental income has resided with the Borrower for the past year and intends to continue residing with the Borrower in the new residence for the foreseeable future

The affidavit need not be notarized or acknowledged but must be kept in the Mortgage file.

(b) Rental income from 2-, 3- and 4-unit Primary Residences

Rental income from a 2-, 3- or 4-unit Primary Residence that meets the requirements of Section 37.14(b) may be considered as stable monthly income; however, the reserve requirement stated in Section 37.14(b) is reduced to two months.

(c) Contribution to total qualifying income from Borrowers with No Credit History

For Manually Underwritten Mortgages, the Seller may consider as qualifying income, the income contributed by a Borrower with No Credit History, provided the amount contributed by the Borrower with No Credit History is not more than 30% of the total qualifying income.

(d) Qualifying ratios

There is no maximum monthly housing expense-to-income ratio.

The maximum monthly debt payment-to-income ratio is:

Type of Underwriting Approach	Debt Payment-to-Income Ratio
For Loan Prospector® Mortgages	Determined by Loan Prospector
For Manually Underwritten Home Possible Mortgages	43%
For Manually Underwritten Home Possible Neighborhood® Solution Mortgages	45%

(e) Calculation of qualifying income

The Seller must attempt to verify all income reported on the Form 65, Uniform Residential Loan Application, in accordance with Sections 37.20 through 37.23. Any discrepancies, including underreported income, must be corrected before submitting the Mortgage to Loan Prospector. All income reported on the Form 65 that has been verified and that meets the criteria for stable monthly income as described in Section 37.13 must be submitted to Loan Prospector and used to qualify the Borrower.

(f) Mortgage Credit Certificates (MCCs)

MCCs may be used with Home Possible Mortgages if:

- The Seller performs an analysis to determine the amount of the tax credit stated in the MCC that the occupying Borrower is actually entitled to use in the current tax year calculated on a monthly basis, and
- The Seller deducts the adjusted amount of the tax credit from the actual monthly housing expense payment and uses the adjusted monthly housing expense to compute the monthly debt payment-to-income ratio and the monthly housing expense-to-income ratio, and
- The Seller documents its calculations of the adjusted monthly housing expense, including the analysis of the amount of the mortgage tax credit to be used, using either the MCC Worksheet developed by Freddie Mac (see Exhibit 21, Mortgage Credit Certificate Worksheet) or a worksheet containing substantially similar information and calculations

The Mortgage file must contain a copy of the:

- MCC
- W-4 and W-4 Worksheet
- MCC Worksheet

MCCs may not be used with Affordable Seconds® derived from federal tax-exempt financing or with Mortgages with a temporary subsidy buydown plan.

A34.10: LTV/TLTV ratios, Borrower contribution, down payment, reserves (03/01/09)

(a) Loan-to-value (LTV)/ total LTV (TLTV) ratios, Borrower contribution, down payment

There is no minimum LTV ratio.

The chart below provides the following requirements for purchase transactions and "no cash-out" refinance transactions subject to the following:

- Maximum TLTV ratio with secondary financing; Mortgages with a TLTV ratio greater than 97% require an Indicator Score of 700 or greater
- Minimum Borrower Contribution from Borrower's Personal Funds expressed as a percentage of value; there is no minimum Borrower Contribution required from Borrower Personal Funds for "no cash-out" refinance transactions for Home Possible® 97 and Home Possible Neighborhood Solution® 97 Mortgages
- Minimum down payment from Borrower Personal Funds and Other Borrower Funds (if stated as a percent, is a percentage of value); the Borrower must have at least 3% Equity and/or Borrower Personal Funds for "no cash-out" refinance transactions for Home Possible 3% Cash and Home Possible Neighborhood Solution 3% Cash Mortgages

Number of Units	Maximum LTV Ratio	Maximum TLTV Ratio	Minimum Borrower Contribution from Borrower Personal Funds for Purchase Transactions	Minimum Down Payment or Equity
Home Possible 3% Cash and Home Possible Neighborhood Solution 3% Cash				
1-unit*	97%	105%	3%	3%
1- unit**	95%	105%	3%	5%
1 – unit ***	95%	97%	3%	5%
Home Possible 97 and Home Possible Neighborhood Solution 97 Mortgages				
1-unit*	97%	105%	None	3%
1-unit**	95%	105%	None	5%
1-unit ***	95%	97%	None	5%
2-units	95%	100%	3%	5%
3-units****	95%	100%	3%	5%
4-units****	95%	100%	3%	5%
Manufactured Home	See Sections H33.3(d) and H33.3(e)	See Sections H33.3(d) and H33.3(e)	5%	5%

* Mortgages that receive a Risk Class of Accept

** Manually Underwritten Mortgages with an Indicator Score

*** Manually Underwritten Mortgages without an Indicator Score

**** 3- and 4-unit Primary Residences are not permitted with Home Possible Neighborhood Solution 97 Mortgages

(b) Reserves

The Borrower must have reserves as follows:

	1-unit	2-units	3- and 4-units
Home Possible 97 Mortgages (Other than Home Possible Neighborhood Solution 97 Mortgages)	None required	Two months	Two months
Home Possible Neighborhood Solution 97 Mortgages	One month	One month	Not permitted
Home Possible 3% Cash Mortgages	None required	Not permitted	Not permitted
Home Possible Neighborhood Solution 3% Cash Mortgages	One month	Not permitted	Not permitted

(c) Sources of funds

The following sources of funds are permitted:

Use	Permitted Sources of Funds
Borrower Contribution	Borrower Personal Funds
Down Payment for purchase transaction	Borrower Personal Funds Other Borrower Funds (Other Borrower Funds are not permitted to satisfy the 3% requirement for Home Possible 3% Cash and Home Possible Neighborhood Solution 3% Cash Mortgages.)
Additional Equity if needed for a "no cash-out" refinance transaction	Borrower Personal Funds Other Borrower Funds (Other Borrower Funds are not permitted to satisfy the 3% requirement for Home Possible 3% Cash and Home Possible Neighborhood Solution 3% Cash Mortgages.)

Closing Costs, Financing Costs, Prepaids/Escrows	Borrower Personal Funds Other Borrower Funds Flexible Sources of Funds
Reserves for Home Possible Mortgages other than Home Possible Neighborhood Solution Mortgages	Borrower Personal Funds Other Borrower Funds excluding Gift Funds Borrower reserves (as described in Section 26.5)
Reserves for Home Possible Neighborhood Solution Mortgages	Borrower Personal Funds Other Borrower Funds including Gift Funds Borrower reserves (as described in Section 26.5)

A34.11: Mortgage insurance (03/01/09)

The required coverage levels for mortgage insurance for Home Possible® Mortgages are:

1- to 4-Unit Primary Residences Other Than Manufactured Homes with the Following LTV Ratios	**Mortgage Insurance Coverage**
Greater than 95% up to and including 97%	18%
Greater than 90% up to and including 95%	16%
Greater than 85% up to and including 90%	12%
Greater than 80% up to and including 85%	6%
Manufactured Homes	As required by Section H33.3(f)

The flexible mortgage insurance options described in Section 27.1(b) are not permitted. Lender-paid and financed mortgage insurance premiums described in Section 27.1.1 are permitted. See Section H33.3(f) for mortgage insurance options available for Mortgages secured by Manufactured Homes.

A34.12: Homeownership education and landlord education (06/01/08)

(a) Homeownership education

For purchase transaction Home Possible® Mortgages when all the Borrowers are First-Time Homebuyers, at least one qualifying Borrower must participate in a homeownership education program before the Note Date.

Homeownership education must be provided by a party not involved in the sale or financing of the property; if provided by the originating lender or by the Seller, the homeownership education must be conducted by someone not directly involved in the loan origination, processing or approval process.

Homeownership education programs may use different formats and require different lengths of time to complete. The following are acceptable:

- Internet (on-line) homeownership education programs that have been developed by mortgage insurance companies
- Homeownership education programs that meet the standards of the National Industry Standards for Homeownership Education and Counseling (**www.homeownershipstandards.com**)
- Programs using Freddie CreditSmart® provided Module 1 (Your Credit and Why It is Important), Module 2 (Managing Your Money), Module 7 (Thinking Like a Lender), Module 11 (Becoming a Homeowner), and Module 12 (Preserving Homeownership: Protecting Your Investment) are included

A copy of Exhibit 20, Homeownership Education Certification, or another document containing comparable information must be retained in the Mortgage file.

(b) Borrower disclosure

The Seller must comply with all Borrower disclosure requirements under all applicable law, including (without limitation) the Real Estate Settlement Procedures Act and the Truth in Lending Act.

There must be a disclosure and consent document signed by the Borrower at closing that permits a Seller/Servicer to refer the Borrower's information to a non-profit third-party homeownership counseling agency (counseling agency) if the Borrower becomes delinquent in his or her Mortgage payments.

The disclosure and consent document must:

- Be valid and comply with applicable laws and regulations
- Specify that Seller/Servicer, at its discretion, may select a counseling agency to provide delinquent loan counseling or use the counseling agency that provided the pre-purchase homeownership education
- Be retained in the Mortgage file

(c) Landlord education (2- to 4-unit Primary Residences)

- Purchase Transactions — At least one qualifying Borrower must participate in a landlord education program before the Note Date. A copy of a certificate evidencing successful completion of the landlord education program must be retained in the Mortgage file.
- Refinance Transactions — Landlord education is not required but is recommended for Borrowers who have not previously attended a program.

(d) Post-purchase and Early Delinquency Counseling

Seller, as Servicer, must provide (at no cost to the Borrower) Early Delinquency Counseling to all Borrowers who experience problems meeting their Mortgage obligations, in accordance with Section 64.4.

A34.13: Delivery and pooling (12/15/06)

See Section 17.13.1 for conversion, delivery and pooling requirements for Home Possible® Mortgages.

A34.14: Postsettlement delivery fees (03/01/09)

Special postsettlement delivery fees (delivery fees) are applicable to Home Possible® Mortgages. In addition, special delivery fee rates apply to Home Possible Mortgages for the Number of Units delivery fee.

The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on Home Possible Mortgage delivery fees and on other delivery fees.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

Home Possible Mortgages that meet the requirements of this chapter and that are delivered as Home Possible Mortgages will not be assessed the following postsettlement delivery fees:

- Adjustable-rate Mortgages (ARMs), if a 7/1 or 10/1 ARM
- Indicator Score/Loan-to-Value

In addition, Home Possible Mortgages with Affordable Seconds® meeting the requirements of Section 25.1(g) will not be assessed a Secondary Financing delivery fee.

A34.15: Related provisions (06/01/08)

In addition to the requirements in this chapter, other requirements related to Home Possible® Mortgages are described in the following locations:

Topic	Location
Delivery Requirements	Section 17.13.1
Temporary Subsidy Buydown Plans	Section 25.4
Affordable Seconds®	Section 25.1(g)
Home Possible Mortgages® with Rural Housing Service (RHS) Leveraged Seconds	Section 35.3 and Section 17.15
Special Servicing	Sections 51.11, 59.1 and 64.4
Postsettlement Delivery Fees	Exhibit 19

Chapter 35: Eligibility Requirements for Special Housing Initiatives

35.1: General (12/15/06)

This chapter details the eligibility requirements for the following types of Mortgages:

Topic	Section
Section 502 Guaranteed Rural Housing (GRH) Mortgages	35.2
Home Possible® Mortgages with Rural Housing Service (RHS) Leveraged Seconds	35.3
HUD-Guaranteed Section 184 Native American Mortgages	35.4
FHA/VA Mortgages	35.5

35.2: Rural Housing Service (RHS) Section 502 Guaranteed Rural Housing Mortgages (09/01/10)

(a) Overview

Freddie Mac will purchase Section 502 GRH Mortgages in accordance with the provisions of this chapter and the Purchase Documents.

The Seller should be familiar with Freddie Mac's definitions in the Glossary for:

- Section 502 GRH Mortgage
- Rural Housing Service (RHS)

The following additional terms apply for purposes of this section:

- **Lender Agreement:** The current RHS Agreement for Participation in Single Family Guaranteed/Insured Loan Programs of the United States Government Lender Agreement — Form RD 1980-16 executed by the Seller
- **Guaranteed Regulations:** The RD Instructions 1980D of Title 7, Part 1980, Subpart D of the Code of Federal Regulations, collectively with the forms, agreements, manuals and other material and documents issued by RHS, as may be modified by RHS from time to time
- **Conditional Commitment:** The current Conditional Commitment for Single Family Housing Loan Guarantee — Form RD 1980-18

- **Lender Record Change:** The current Guaranteed Rural Housing Lender Record Change — Form RD 1980-11
- **Loan Guarantee:** The current RHS guarantee issued on Form RD 1980-17

Each Section 502 GRH Mortgage must be originated in compliance with all of the requirements of the Guaranteed Regulations and the Lender Agreement, unless these requirements are either:

- Modified or waived in writing by RHS, and Freddie Mac has approved those modifications or waivers, or
- Specifically restricted or modified by this chapter

(b) Eligible Mortgages

A Section 502 GRH Mortgage must be:

- A first-lien secured by a Primary Residence
- A purchase transaction or "no cash-out" refinance of existing Section 502 GRH Mortgage
- A 30-year fully amortizing fixed-rate Mortgage that is not a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home*
- A Non-Loan Prospector® Mortgage

*Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

An assumable Section 502 Mortgage must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a) of the *Single-Family Seller/Servicer Guide* (Guide).

A non-assumable Section 502 Mortgage must have a minimum Indicator Score of 620, or if no Borrower has a usable credit score, the Mortgage is eligible without meeting the minimum Indicator Score requirement when underwritten using nontraditional credit.

The Seller must obtain Freddie Mac's approval to sell assumable Section 502 GRH Mortgages. The Seller should request this approval by calling its account manager or (800) FREDDIE.

A Section 502 GRH Mortgage may not be a Mortgage for a Newly Constructed Home but may be a construction/permanent Mortgage originated under the terms of the RHS Guaranteed Regulations provided the interim construction loan has converted to the permanent financing on or before the Delivery Date.

(c) Loan Limits

No Section 502 GRH Mortgage may have an original principal balance in excess of the maximum principal loan amount allowed under the RHS Guaranteed Regulations, or in excess of the maximum loan amounts for conventional Mortgages stated in Section 23.3, whichever is less. A Section 502 GRH Mortgage may not be a super conforming Mortgage.

(d) Requirements

Each Section 502 GRH Mortgage must comply with the provisions of the Guide, except that if there are Guaranteed Regulations applicable to the following matters, the Guaranteed Regulations will apply:

1. Borrower underwriting, except that all non-assumable Section 502 GRH Mortgages must meet the minimum Indicator Score requirement in Section 35.2(b) or the Mortgages must be underwritten using nontraditional credit when no Borrower has a usable credit score
2. Loan to value (LTV) ratios and total loan to value (TLTV) ratios
3. Sources of funds for down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves
4. Financing concessions and temporary subsidy buydown plans
5. Secondary financing
6. Property eligibility
7. Title insurance
8. Property insurance, and
9. Mortgage insurance

For Mortgages with application dates on or after June 13, 2010 and/or Settlement Dates on or after September 1, 2010, each Section 502 GRH Mortgage must comply with the Guaranteed Regulations for LTV/TLTV ratios, and the LTV/TLTV ratios must not exceed 115%, as calculated under the requirements in Guide Section 23.2.

(e) Special RHS documentation instructions

- Loan Guarantee:
  - Freddie Mac will purchase Section 502 GRH Mortgages that are construction/permanent Mortgages only after the Seller has received the Loan Guarantee. Freddie Mac will purchase all other Section 502 GRH Mortgages prior to the receipt of the Loan Guarantee if:
  - RHS has issued its Conditional Commitment and the conditions precedent to the issuance of the Loan Guarantee stated in the Guaranteed Regulations and the Conditional Commitment have been satisfied
  - The Seller has delivered the Guaranteed Loan Closing Report, current Form RD 1980-19, to RHS and has paid the RHS Loan Guarantee fee
  - As of the Delivery Date, the Seller represents and warrants that there is no basis for RHS to fail to issue the Loan Guarantee and that it has not been notified by RHS that the Loan Guarantee has been denied

- Lender Record Change

  The Seller must complete and execute the Lender Record Change and submit it to the appropriate RHS Servicing Office within 15 calendar days after the Delivery Date of each Section 502 GRH Mortgage. For purposes of completing the Lender Record Change, the Seller is the "Selling Lender," Freddie Mac is the "Purchasing (Holding) Lender," and the Seller is the "Lender's Servicing Agent." Freddie Mac's lender identification number is 52-0904874. Leave the "Purchasing Lender Agency Assigned Branch No." blank.

(f) Mortgage file contents

In addition to the documents required in Chapters 46 and 47, the Mortgage file for each Section 502 GRH Mortgage must contain:

- A Conditional Commitment
- A Loan Guarantee
- A Lender Record Change

(g) Special Seller warranties

The Seller warrants to Freddie Mac, as of the Delivery Date of each Section 502 GRH Mortgage, that the:

- Seller has obtained a determination from RHS that the Seller is eligible to participate as an originating lender for Section 502 GRH Mortgages
- Seller has executed the Lender Agreement that is and will remain in full force and effect
- Loan Guarantee by RHS of the Section 502 GRH Mortgage is in full force and in effect as of the Delivery Date
- Seller has complied and will continue to comply with the RHS Guaranteed Regulations, the RHS Lender Agreement and all other applicable RHS guidelines, regulations and requirements

(h) Mortgage instruments

If the Section 502 GRH Mortgage is assumable, it must be originated on Mortgage instruments approved by the FHA for FHA-insured assumable fixed-rate Mortgages with all applicable riders and addenda required by FHA.

If a Section 502 GRH Mortgage is not assumable, it must be originated on the then current Fannie Mae/Freddie Mac Uniform Instruments including all applicable riders required in Section 6.7 for the jurisdiction in which the Mortgaged Premises are located.

For all Section 502 GRH Mortgages, the monthly payment due date stated in the Note must be the first day of the month.

(i) Delivery instructions

See Section 17.14 for conversion, delivery and pooling requirements for Section 502 GRH Mortgages sold to Freddie Mac.

(j) Postsettlement delivery fee

Sellers must refer to Exhibit 19, Postsettlement Delivery Fees, for information on non-assumable Section 502 GRH Mortgage postsettlement delivery fees ("delivery fees").

An assumable Section 502 GRH Mortgage must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a) of the Guide. Sellers must refer to Exhibit 19, Postsettlement Delivery Fees, and/or their negotiated terms of business for postsettlement delivery fees applicable to these Mortgages.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

35.3: Home Possible® Mortgages with Rural Housing Service (RHS) Leveraged Seconds (08/16/10)

(a) Overview

Freddie Mac will purchase a Home Possible Mortgage with a Rural Housing Service (RHS) Leveraged Second in accordance with the provisions of this chapter and the Purchase Documents. Freddie Mac will not purchase the Leveraged Second.

The Seller should be familiar with Freddie Mac's definition in the Glossary for RHS Leveraged Seconds. The following additional terms apply for the purposes of this section:

- Second Loan Documents are all of the following RHS documents:

  1. Promissory Note, Form RD 1940-16 (Rev. 10-96)
  2. Real Estate [Deed of Trust] or [Mortgage] for [the State in which the Mortgaged Premises are located], Form RHS 3550-14 (Rev. 10-96)
  3. Subsidy Repayment Agreement, Form RD 3550-12 (Rev.10-96)
  4. Interest Credit Agreement (Section 502 RHS Loans), Form FmHA 1944-6 (Rev. 12-95), and

5. Agreement with Prior Lienholder, Form FmHA 1927-8 (Rev. 1-92)

- Second Loan Regulations are the provisions applicable to:

  Section 502 direct leveraged Mortgages originated by RHS contained in Part 3550 of Title 7 of the Code of Federal Regulations and the RHS Direct Single Family Housing Loans and Grants Field Service Handbook and Centralized Servicing Center Handbook collectively with the forms, agreements, manuals and other material and documents issued by RHS, as may be modified by RHS from time to time.

(b) Eligible Mortgages

The Home Possible Mortgage purchased by Freddie Mac must be:

- A first-lien, purchase transaction, 30-year fully amortizing fixed-rate Mortgage
- Secured by a 1-unit Primary Residence

(c) Maximum LTV and TLTV ratio limits

The maximum LTV ratio of the Home Possible Mortgage is 50% and the maximum TLTV ratio, including the RHS Leveraged Second and all other secondary financing, is the lesser of 100% or the maximum allowed under the second loan regulations.

As an exception, the LTV ratio may exceed 50% and the TLTV ratio may exceed 100% (if permitted by the RHS Second Loan Regulations), provided all of the following conditions are satisfied:

- The amount of the Home Possible Mortgage does not exceed 50% of the sum of:
  - The lesser of the purchase price or the appraised value, plus
  - The Closing Costs and escrowed items permitted by the Second Loan Regulations
- The LTV ratio of the Home Possible Mortgage does not exceed 55%
- The proceeds from the Home Possible Mortgage and the RHS Leveraged Second in excess of the purchase price are used solely for Closing Costs and Escrows actually incurred and do not result in any cash to the Borrower

(d) Additional documentation

In addition to documentation required for the Home Possible Mortgage, the Mortgage file must contain:

- A Borrower's Certification of Eligibility, Form RD 1944.59 (Rev. 10-96)
- Copies of the executed Second Loan Documents and any other documents executed by the Borrower in connection with the RHS Leveraged Second

(e) RHS requirements

The Seller must comply with all Freddie Mac requirements for Home Possible Mortgages. Freddie Mac may allow the Borrower underwriting and qualification flexibilities with Home Possible Mortgages that are not permitted for the first Mortgage under the Second Loan Regulations. In the following areas, the Seller must comply with the provisions of the Second Loan Regulations pertaining to the first Mortgage even in situations where the underwriting and qualification requirements for Home Possible Mortgages are more flexible.

- Maximum allowable TLTV ratio
- Temporary subsidy buydown plans
- Maximum allowable qualifying ratios
- Borrower income limits
- Amount and source of funds for the down payment, Closing Costs and Prepaids/Escrows
- Borrower reserves
- Rural designation as defined by RHS
- Property inspection
- Homeownership education

Financing concessions, if used as a source of funds, must be limited to such Closing Costs and Prepaids/Escrows as are customary in the market where the Mortgaged Premises are located.

(f) Special Seller warranties

The Seller warrants that the RHS Leveraged Second:

- Has been closed and all proceeds advanced to the Borrower or at the Borrower's designation, prior to the Delivery Date of the Home Possible Mortgage
- At all times after the Note Date of the Home Possible Mortgage, the debt obligation and lien or other restriction on the Mortgaged Premises, of the RHS Leveraged Second and any recorded Second Loan Document are subordinate to the Home Possible Mortgage
- Was originated on the Second Loan Documents. Any changes or modifications to the Second Loan Documents must be approved by Freddie Mac
- Was originated by RHS pursuant to the Second Loan Regulations in effect on the closing date of the RHS Leveraged Second. Any waivers or modifications to the RHS Second Loan Regulations with respect to an individual Borrower must be approved by Freddie Mac.
- Was originated by a Seller approved by RHS

In addition, the Borrower must be underwritten and approved by the RHS Field Office for the RHS Leveraged Second.

(g) Delivery instructions

See Section 17.15 for conversion, delivery and pooling requirements for Home Possible Mortgages with RHS Leveraged Seconds sold to Freddie Mac.

(h) Postsettlement delivery fee

Sellers must refer to Exhibit 19, Postsettlement Delivery Fees, for information on postsettlement delivery fees for a Home Possible Mortgage with an RHS Leveraged Second. Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

See Section A34.14 for information regarding delivery fees applicable to Home Possible Mortgages.

35.4: HUD-Guaranteed Section 184 Native American Mortgages (08/16/10)

(a) Overview

Freddie Mac will purchase HUD-Guaranteed Section 184 Native American Mortgages (Section 184 Native American Mortgages) in accordance with the provisions of this chapter and the Purchase Documents.

The Seller should be familiar with Freddie Mac's definition in the Glossary for Section 184 Native American Mortgages. Additionally, the following terms apply for purposes of this section:

- An Indian is any person recognized as being Indian or Alaska Native by an Indian Tribe, the federal government or any State and includes the term "Native American"
- An Indian Tribe is any Indian or Alaska Native tribe, band, rancheria, colony, pueblo, nation or other organized group or community of Indians or Alaska Natives recognized as eligible for services provided to Indians or Alaska Natives by the U.S. Secretary of the Interior because of its status as such an entity, or that is an eligible recipient under Chapter 67 of Title 31, of the U.S. Code
- The Section 184 Regulations are the Indian Housing Loan Guarantee Program Processing Guidelines, dated July 1997, collectively with the forms, agreements, manuals and other material and documents issued by HUD, and as may be modified in writing by HUD from time to time

(b) Eligible Mortgages and ineligible Mortgages

Each Section 184 Native American Mortgage must:

- Be a first-lien, purchase transaction, 15-, 20- or 30-year fully amortizing, assumable, fixed-rate Mortgage
- Have an original unpaid principal balance (UPB) within the maximum loan amount allowed under the Section 184 Regulations, or the maximum loan amount for conventional Mortgages stated in Section 23.3, whichever is less
- Be a Non-Loan Prospector® Mortgage

Each Section 184 Native American Mortgage must not be:

- A Seasoned Mortgage
- A Mortgage for a Newly Constructed Home
- Originated in connection with other FHA/VA programs, such as Section 203(k) of the National Housing Act
- A super conforming Mortgage

Each Section 184 Native American Mortgage must be: sold to Freddie Mac with recourse, within the meaning of Section 11.10(a) of the Guide.

The Seller must obtain Freddie Mac's approval to sell Section 184 Native American Mortgages. The Seller should request this approval by calling its account manager or (800) FREDDIE.

(c) Compliance with Freddie Mac's requirements

Each Section 184 Native American Mortgage must comply with the provisions of this Guide, except that if there are Section 184 Regulations applicable to the following matters, the Section 184 Regulations apply:

1. Eligible Borrowers
2. Borrower underwriting
3. LTV ratio and TLTV ratio
4. Source of funds for the down payment, Closing Costs and Prepaids/Escrows
5. Reserves
6. Secondary financing
7. Temporary subsidy buydown plans
8. Interested party contributions
9. Appraisals
10. Mortgage and property insurance
11. Mortgage instruments

(d) Title status report

When the title to the Mortgaged Premises is an unrestricted fee simple, the provisions of Chapter 39 apply. When title to the Mortgaged Premises is other than unrestricted fee simple, the Seller must obtain a title status report and any other documentation

required by the Section 184 Regulations. The Seller must record the Security Instrument, and all other Mortgage documents required to be recorded, in accordance with the terms of the Section 184 Regulations.

(e) Mortgage file documentation

In addition to the documents required by Chapters 46 and 47, the Mortgage file must contain the following documents:

- Documentation of the land status and court system that has jurisdiction over the property
- The Indian Loan Guarantee Certificate (HUD Form 53039).

(f) Special Seller warranties

The Seller represents and warrants with respect to each Section 184 Native American Mortgage that:

1. The HUD guarantee on each Section 184 Native American Mortgage is in full force and effect as of the Delivery Date and will not be canceled while Freddie Mac has an ownership interest in the Mortgage
2. Each Section 184 Native American Mortgage was originated in compliance with all the requirements of the Section 184 Regulations, unless those requirements were modified or waived in writing by HUD and the Bureau of Indian Affairs and Freddie Mac approved the modifications and waivers
3. The Borrower's Indian Tribe received authorization from HUD to participate in the Mortgage loan program described in the Section 184 Regulations and adopted, and is enforcing, a legal and administrative framework and procedures for foreclosure, evictions, establishing priority of liens and leasing, that meets the requirements of the Section 184 Regulations
4. The HUD guarantee fee was paid
5. The Seller received the Indian Loan Guarantee Certificate (HUD Form 53039) endorsed for guarantee by an authorized agent of the Assistant Secretary for Public and Indian Housing

(g) Postsettlement delivery fees

Each Section 184 Native American Mortgage must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a) of the Guide. Sellers should refer to Exhibit 19, Postsettlement Delivery Fees, and/or their negotiated terms of business for postsettlement delivery fees applicable to these Mortgages.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

(h) Delivery instructions

See Section 17.11 for conversion, delivery and pooling requirements for Section 184 Native American Mortgages sold to Freddie Mac.

35.5: FHA/VA Mortgages (08/16/10)

(a) General requirements

FHA/VA Mortgages eligible for purchase must have the following characteristics:

1. Each Mortgage is a fixed-rate, level payment, fully amortizing, first-lien FHA Mortgage or VA Mortgage
2. No graduated-payment Mortgages, adjustable-rate Mortgages (ARMs), super conforming Mortgages, Home Improvement Loans, Multifamily Mortgages or Second Mortgages may be delivered
3. Freddie Mac's Percentage of Participation with respect to participation loans must be between 50% and 95%, in 5% increments
4. Each Mortgage meets all requirements applicable to the program under which it is insured or guaranteed
5. Each Mortgage meets the requirements set forth in this Guide, except to the extent that (i) the requirements of this Guide are inconsistent with the requirements of the program under which the Mortgage is insured or guaranteed or (ii) the requirements of this Guide are specifically modified by this chapter
6. Each Mortgage is sold to Freddie Mac with recourse, within the meaning of Section 11.10(a)
7. See Section 17.10 for conversion, delivery and pooling requirements for FHA/VA Mortgages sold to Freddie Mac

Seller must file a Mortgage Record Change (Form HUD-92080) with HUD to report the sale of an FHA Mortgage and provide HUD with required information on the Seller or selling mortgagee, on Freddie Mac or purchase or holding mortgagee, and on the Servicer. The HUD Mortgagee number for Freddie Mac is 92304-0999-4.

The Seller must obtain Freddie Mac's approval before selling FHA/VA Mortgages to Freddie Mac by calling either its Freddie Mac representative or (800) FREDDIE.

(b) Additional requirements

Notwithstanding any requirements applicable to the program under which an FHA/VA Mortgage is insured or guaranteed:

1. No Mortgage may have an original maturity in excess of 30 years

2. No FHA Mortgage may have an original principal balance in excess of the maximum principal amount as determined under the National Housing Act or in excess of the maximum loan amounts for conventional Mortgages in Section 23.3, whichever is less
3. The original principal balance of a VA Mortgage may not exceed the maximum loan amount for a conventional 1-unit Home Mortgage as described in Section 23.3
4. Each Mortgage must be covered by a paid-up Mortgage title insurance policy written by a title insurer and in a form acceptable to the Secretary of Housing and Urban Development (HUD) or the VA Administrator, as applicable. Such policy may not be subject to any exceptions other than those previously approved by the Secretary of HUD or the VA Administrator. The protection and benefits of such policy in the amounts required by HUD and the VA must run to Freddie Mac and to the Secretary of HUD or the VA Administrator, as applicable. With respect to any FHA Mortgage on a property formerly held by HUD, a title insurance policy is not required if the Secretary of HUD is obligated to:
   - Waive any objection to title by reason of any lien or other adverse interest that was senior to the FHA Mortgage on the date such FHA Mortgage was filed for record, or
   - Accept an assignment of the FHA Mortgage if the mortgagee is unable to complete foreclosure because of a defect in the FHA Mortgage instrument, a defect in the FHA Mortgage transaction or a defect in the title which existed at or before the time the FHA Mortgage was filed for record

Prior encumbrances on the Mortgaged Premises are not acceptable unless such encumbrances were previously approved by the FHA or VA and, as determined by Freddie Mac, do not detract from the value of the Mortgaged Premises or affect the First Lien priority or the marketability of the Mortgage or the Mortgaged Premises.

Notwithstanding any requirements applicable to Mortgages generally under this Guide, the following classes of requirements do not apply to FHA or VA Mortgages offered for sale to Freddie Mac:

- Property appraisal
- Credit underwriting
- Mortgage insurance
- Owner-occupancy

All Mortgages must be originated on Mortgage instruments approved by the FHA or the VA, as applicable.

Notwithstanding the modification made in this section with respect to the document delivery requirements of this Guide, the Seller must submit such other documents as Freddie Mac may request for any FHA or VA Mortgage delivered pursuant to the Purchase Documents.

(c) Mortgage file requirements

In addition to the documentation specified in this Guide, the Mortgage file retained by the Seller for FHA/VA Mortgages must contain the following documents:

1. The Mortgage application of the original Borrower and, if available and applicable, that of the current Borrower
2. The credit report on the original Borrower and, if available and applicable, on the current Borrower
3. The original FHA or VA commitment and, if available and applicable, the FHA Escrow Commitment Certificate and related documents
4. With respect to VA Mortgages, the VA Certificate of Reasonable Value
5. The FHA Mortgage Insurance Certificate or VA Loan Guaranty Certificate, as applicable
6. Any other documents that are required to be retained by federal or State laws, statutes or regulations

(d) Special warranties

For all FHA/VA Mortgages, the Seller further represents and warrants that:

- The FHA insurance or the VA guaranty is in full force and effect as of the Delivery Date
- The Seller has complied and will continue to comply with all applicable FHA and/or VA guidelines, regulations and requirements including, but not limited to, those relating to loan origination and Servicing

(e) Postsettlement delivery fees

Each FHA/VA Mortgage must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a) of the Guide. Sellers should refer to Exhibit 19, Postsettlement Delivery Fees, and/or their negotiated terms of business for postsettlement delivery fees applicable to these Mortgages.

Delivery fees are paid in accordance with the delivery fee provisions stated in Section 17.2.

Chapter 36: Special Eligibility Requirements for the Purchase of Seasoned Mortgages

As of January 2, 2009, Chapter 36 has been deleted.

Chapter 37: Underwriting the Borrower

37.1: Underwriting a Mortgage for sale to Freddie Mac (07/10/09)

Freddie Mac purchases Mortgages that meet the standards included in this *Single-Family Seller/Servicer Guide* (Guide). The conclusion that a Mortgage is acceptable must be based on a determination that the Borrower is creditworthy (acceptable credit reputation and capacity) and the Mortgaged Premises (collateral) is adequate for the transaction. Credit reputation, capacity and collateral are often called the "three Cs" of underwriting. If one of these components is not acceptable or if there is excessive layering of risk across components, the Mortgage is not acceptable for sale to Freddie Mac.

This chapter details Freddie Mac's requirements for determining that the Borrower has acceptable credit reputation and capacity. It also covers layering of risk within the three components and how to determine excessive layering of risk. See Chapter 44 for requirements regarding collateral.

The Seller should be familiar with the definitions in the Glossary for the following terms that are used in this chapter:

- Accept Mortgage
- A-minus Mortgage
- Caution Mortgage
- Credit Score
- Indicator Score
- Manually Underwritten Mortgage
- Non-Loan Prospector® Mortgage
- Noncredit Payment Reference
- Tradeline
- Underwriting Score

(a) Methods of underwriting

Borrower creditworthiness is established and excessive layering of risk is identified by one of the following methods:

- **Submitting the Mortgage to Loan Prospector**

  In many cases, the most effective way to evaluate Borrower creditworthiness and identify excessive layering of risk is to submit the Mortgage to Loan Prospector. Loan Prospector performs an overall evaluation of the credit risks in the Mortgage file based on the information provided by the Seller and credit repositories and returns a Risk Class of either Accept or Caution on the Feedback Certificate.

A Seller is relieved of the requirements to represent and warrant that the Borrower is creditworthy if:

- The Seller delivers a Mortgage with a Risk Class of Accept (with a Documentation Level of Streamlined Accept or Standard Documentation), or
- The Seller delivers a Mortgage with a Risk Class of Caution, eligible for A-minus, that complies with all applicable underwriting, product and other requirements of the Seller's Purchase Documents (including Section 2.2.1 and Chapter C33 of the Guide)

See Section 2.2.1 for additional details regarding Loan Prospector Mortgages.

- **Manually underwriting the Mortgage**

Mortgages for which the Seller evaluates the Mortgage data and makes the final determination regarding Borrower creditworthiness and excessive layering of risk are referred to as "Manually Underwritten Mortgages." Manually Underwritten Mortgages are the following:

- Mortgages that were never submitted to Loan Prospector
- Mortgages that were submitted to Loan Prospector and received an evaluation status of invalid, ineligible or incomplete
- Mortgages that were submitted to Loan Prospector, received a Risk Class of Caution and were not eligible as A-minus Mortgages

(b) Borrower creditworthiness

Borrower creditworthiness consists of:

- Borrower credit reputation, and
- Borrower capacity to repay the Mortgage

Borrower creditworthiness may be determined by submitting the Mortgage to Loan Prospector or by a manual evaluation of applicable and pertinent information relating to Borrower credit reputation and capacity to repay.

Submitting a Mortgage to Loan Prospector is the most efficient way to determine Borrower creditworthiness.

For Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that the Borrower is creditworthy provided the amount of stable monthly income used by Loan Prospector is correct and meets the requirements for stable monthly income in Section 37.13, as verified under the applicable verification requirements of this chapter. Additional evaluation of Borrower creditworthiness by the Seller is not required.

For Manually Underwritten Mortgages, the Seller must manually underwrite Borrower creditworthiness as required in this chapter, in order to determine that the Borrower is creditworthy. The Seller must confirm that the Borrower has the minimum Indicator Score, if applicable, as indicated in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements. The Seller's conclusion that Borrower credit reputation and capacity are acceptable must be based on the documentation included in the Mortgage file and described on Form 1077, Uniform Underwriting and Transmittal Summary, or another document in the Mortgage file.

(c) Layering of risk

For all Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that the layering of risk is acceptable. The Seller does not have to make this determination.

For all Caution Mortgages not eligible as A-minus Mortgages, the Seller must manually underwrite the Mortgages in accordance with this chapter. For such Mortgages, there is a strong indication that the layering of risk is excessive and that acceptability and compliance with Freddie Mac requirements is unlikely.

When underwriting a Caution Mortgage, the Seller must analyze all risk factors present in the Mortgage file, including those identified in the Credit Risk Comments and Repository Reason Code Comments sections of the Feedback Certificate, and document in the Mortgage file offsetting factors satisfactory to ensure that the Mortgage is acceptable. The offsets used must provide information not considered by Loan Prospector.

The Seller cannot use the following factors as a basis for concluding that excessive layering of risk is not present because Loan Prospector has already considered them:

- Total loan-to-value (TLTV) or loan-to-value (LTV) ratio below the maximum allowable financing
- Qualifying monthly housing expense-to-income ratio or monthly debt payment-to-income ratio below Freddie Mac's guidelines
- The level of reserves
- The type of Mortgage product
- The type of property securing the Mortgage
- Fair, Isaac and Co. (FICO) score

or

- Any combination of these factors

For all other Manually Underwritten Mortgages, the Seller is responsible for determining that the Mortgage is acceptable for sale to Freddie Mac by performing a detailed risk assessment. Multiple characteristics that increase risk without sufficient offsetting factors are likely to result in excessive risk layering. An offsetting factor does not need to be established for each risk factor if the overall risk is balanced.

The Seller's conclusion that a Mortgage has acceptable layering of risk must be documented in the file and at a minimum include:

- The identified risk factors
- The identified offsetting factors
- Documentation of the offsetting factors
- A written conclusion that the Mortgage does not exhibit excessive layering of risks

The Seller must determine that each component (credit reputation, capacity and collateral) is acceptable and that the overall layering of risk is acceptable. A conclusion that the Mortgage is acceptable cannot be reached by looking only at a single underwriting component or by placing the most weight on a single component, but may result from balancing the weakness of one component against the strength of the other two components. For example, a Borrower with weak capacity may be found to be acceptable because of strong collateral and credit reputation, but a Borrower with weak capacity and weak credit reputation is not acceptable because only collateral is strong.

Even when each of the three components is acceptable, layered risk may make a Mortgage unacceptable. Characteristics specific to the Mortgage request, such as the type of Mortgage product, the purpose of the Mortgage and the property type securing the Mortgage, add layers of risk that must be considered. For instance:

- An adjustable-rate Mortgage (ARM) or a Balloon/Reset Mortgage adds an additional layer of capacity risk to a Mortgage request that would not be present in a fixed-rate Mortgage

- A Mortgage made to finance an Investment Property or for a cash-out refinance adds an additional layer of capacity risk to a Mortgage request that would not be present in a Mortgage made to finance an owner-occupied dwelling or a "no cash-out" refinance Mortgage

- A Mortgage secured by a 2- to 4-unit property or a Condominium Unit adds a layer of collateral risk that would not be present in a Mortgage secured by a 1-unit detached dwelling

Whenever there is evidence of layered risk, more conservative underwriting must be undertaken to assess whether the Mortgage is acceptable for sale to Freddie Mac.

The following chart gives examples of loan characteristics that increase risk in a Mortgage. This list does not identify all possible risk factors or combinations of risks in a Mortgage file; nor is it intended to imply that an individual characteristic is unacceptable. But the chart does illustrate how layering of risk can be assessed. Read vertically, the chart shows how risk may be layered within a component; read horizontally, it shows how risk may be layered across components.

Credit Reputation	Capacity	Collateral
Adverse or derogatory credit information	A housing payment-to-income ratio in excess of guidelines	Low equity/down payment
High balances-to-limits	A debt payment-to-income ratio in excess of guidelines	Maximum financing
High overall utilization of revolving credit	A debt payment-to-income ratio in excess of guidelines	Investment Property
Credit history of short duration	Cash-out refinance	2- to 4-unit property
A significant change in the Borrower's credit history	No reserves	Manufactured Home
Several inquiries	ARM	Condominium Unit

The Seller must determine that each component and the layering of risk across components are acceptable and document that conclusion in the Mortgage file. Below is an example of how the chart may be used to identify layering of risk.

Example:

A cash-out refinance Mortgage involving maximum financing is acceptable if the Borrower has a very strong credit reputation because the layering of risk across capacity and collateral is within limits. However, if the monthly debt payment-to-income ratio exceeds guidelines, the layering of risk across all components would make the Mortgage unacceptable. See Section 37.12 for additional information on layered risk within the capacity component.

(d) Number of Borrowers

Freddie Mac does not limit the number of Borrowers on the Mortgage or require that they be related. When multiple Borrowers are involved, the overall creditworthiness of each Borrower and all Borrowers collectively must be evaluated. The presence of more than one Borrower on the Mortgage helps to reduce risk.

However, Loan Prospector can not evaluate more than five Borrowers on a single application. When there are more than five Borrowers the Seller must manually underwrite the Mortgage.

37.2: Creditworthiness of a previous Borrower (03/26/04)

Freddie Mac does not consider the creditworthiness of a previous Borrower who has sold the Mortgaged Premises or whose Mortgage has been assumed by another. For a Mortgage that has undergone an ownership transfer of the Mortgaged Premises, the new owner must be obligated by a written assumption agreement to repay the entire indebtedness and must be fully underwritten and qualified according to the requirements of Chapter 37.

37.3: Underwriting information (04/01/10)

These requirements will become effective on 04/01/10. View current requirements.

Freddie Mac requirements establish the information that must be analyzed and documented in the Mortgage file and, when applicable, warranted by the Seller for each Mortgage sold to Freddie Mac. All information used to evaluate the creditworthiness of the Borrower must be obtained, as applicable before the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the date of the applicable assumption agreement, and must be supported by documentation in the Mortgage file. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

The Seller is responsible for the accuracy and completeness of the data it submits to Loan Prospector®. The Seller is also responsible for documenting information in the Mortgage file and must make sure that the information submitted to Loan Prospector matches what is documented in the Mortgage file. The Seller must have processes in place to ensure that the requirements on the Loan Prospector Feedback Certificate and the requirements in this chapter are met. For each Mortgage submitted, or to be submitted, to Loan Prospector, the Seller must consider each application without regard to the Borrower's race, color, religion, national origin, age, sex, marital status, familial status or handicap. See Section 2.2.1 for additional Loan Prospector information.

For Manually Underwritten Mortgages, the Seller must evaluate the Borrower's credit reputation, capacity and collateral on a case-by-case basis. Freddie Mac requires that the Seller use objective criteria to evaluate the Borrower's creditworthiness and apply underwriting requirements and guidelines consistently to each Borrower, regardless of race, color, religion, national origin, age, sex, marital status, familial status or handicap. (See also Section 6.2 for equal opportunity compliance requirements.)

When properly applied, Freddie Mac's underwriting requirements and guidelines will result in an evaluation of the Borrower's overall creditworthiness rather than an evaluation that focuses on minor exceptions to specific policies.

37.4: Establishing Borrower credit reputation (02/01/10)

Establishing the Borrower's credit reputation is an essential part of determining the Borrower's creditworthiness, as described in Section 37.1.

(a) Establishing Borrower credit reputation through Loan Prospector®

1. **Borrowers with usable Credit Scores**
   For Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that a Borrower's credit reputation is acceptable.

2. **Borrowers without usable Credit Scores**

   For Accept Mortgages and A-minus Mortgages where not all Borrowers have a usable Credit Score, the following requirements apply.

   - All of the following requirements must be met in order for Loan Prospector to assess a transaction where not all Borrowers have a usable Credit Score:
     - At least one Borrower on the transaction has a usable Credit Score, as determined by Loan Prospector
     - The transaction is a purchase or "no cash-out" refinance Mortgage
     - The Mortgage is secured by a 1-unit property and all Borrowers occupy the property as their Primary Residence
     - Borrowers with a usable Credit Score contribute more than 50% of the total monthly income
     - Borrowers without a usable Credit Score are not self-employed
   - For all Borrowers without usable Credit Scores, any debt that is not reported to the credit repositories must be verified to have a satisfactory payment history and the payment must be included in the monthly debt payment-to-income ratio

(b) Establishing Borrower credit reputation for Manually Underwritten Mortgages

The Seller must determine that each Borrower individually, and that all Borrowers collectively, have acceptable credit reputations. For Manually Underwritten Mortgages with usable Credit Scores, this determination must be made using Credit Scores as described in Sections 37.5 and 37.6. An acceptable credit reputation is established by a history that, when viewed as a whole, evidences a Borrower's willingness to make ongoing payments and ability to manage obligations as agreed.

The acceptable credit reputation of one Borrower cannot be used to offset the unacceptable credit reputation of another.

To establish an acceptable credit reputation, there must be at least a minimum amount of credit history available. There may be situations in which a credit history of short duration is sufficient to demonstrate an acceptable reputation as long as the history contains a sufficient number of payment references. A credit history of short duration adds a layer of risk that must be considered in evaluating the Borrower's credit reputation.

At least one Borrower whose income or assets are used for qualification must have a minimum number of payment references comprised of:

- At least three Tradelines, whether or not on the credit report, or
- If a Borrower does not have three Tradelines, at least four Noncredit Payment References or a total of four Tradelines and Noncredit Payment References

To be used to establish a minimum payment history, a Noncredit Payment Reference must have existed for at least 12 months. A Borrower with a credit reputation established using only Noncredit Payment References adds an additional layer of risk that must be considered by the Seller.

A documented savings history of at least 12 months may be included as one of the Noncredit Payment References if the history shows periodic deposits (at least quarterly) resulting in a growing balance over the year. Noncredit Payment References may appear on a credit report or may be directly verified. (Section 37.11(c)3 provides information about documenting Noncredit Payment References.)

As long as a permanent or nonpermanent resident alien Borrower has established the minimum number of payment references required above in the United States, a U.S. credit history may be supplemented with a credit history from a foreign country to establish an acceptable credit reputation. Documentation from a foreign country must meet the standards set forth in Sections 37.10, 37.11(b) and 37.20.

37.5: Credit Scores (09/01/10)

Freddie Mac requires the Seller to use Credit Scores to underwrite Manually Underwritten Mortgages. A Credit Score used to underwrite a Borrower's credit reputation is referred to as an "Underwriting Score." The Underwriting Score will identify the recommended level of review as outlined in Section 37.6 needed to determine the Borrower has an acceptable credit reputation.

Freddie Mac may require that one Credit Score be identified and delivered for a Mortgage for reasons such as eligibility or pricing. When one Credit Score is required, the Credit Score is referred to as the "Indicator Score." The Indicator Score must be identified in accordance with Section 37.5(e) and must be delivered in accordance with the requirements of Section 37.5(f).

To expand the range of Mortgage products with higher-risk characteristics that Freddie Mac is able to purchase, the eligibility of such Mortgages may be limited to those having a minimum Indicator Score. When a minimum Indicator Score is required, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.

For example, to be eligible for sale to Freddie Mac, a minimum Indicator Score is required for Manually Underwritten Mortgages that are:

- Investment Property Mortgages,
- Mortgages secured by second homes,
- Mortgages secured by 2- to 4-unit Primary Residences, or
- Cash-out Refinance Mortgages

The minimum Indicator Score requirements are noted in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements. If the Borrower does not have a usable Credit Score in connection with a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence that is not a super conforming Mortgage, then the use of Noncredit Payment References as described in Section 37.11 is acceptable. Refer to Chapter A34 for Noncredit Payment References for Home Possible Mortgages® with a total loan-to-value (TLTV) less than or equal to 97%.

For Loan Prospector® Mortgages, Credit Scores are obtained by Loan Prospector and provided with the in-file credit report(s) or merged credit report(s). A minimum Indicator Score, in most cases, is not required for Accept Mortgages and A-minus Mortgages since Loan Prospector has made the determination that the Borrower's credit reputation and the Mortgage product are acceptable. If Exhibit 25 requires a minimum Indicator Score for Loan Prospector Mortgages, the Indicator Score delivered by Seller will be used to assess whether or not the minimum Indicator Score requirements have been met. If, however, the Seller does not deliver an Indicator Score, then the Indicator Score determined by Loan Prospector will be used to assess whether or not the minimum Indicator Score requirements have been met. An Indicator Score does not indicate that the Borrower's credit reputation is acceptable. Even when the Indicator Score for the Mortgage exceeds the minimum required, the Seller must determine that each Borrower individually, and that all Borrowers collectively, have an acceptable credit reputation.

Freddie Mac will also use the Indicator Score delivered by the Seller to determine the Indicator Score/Loan-to-Value delivery fee applicable to a Loan Prospector Mortgage. If, however, the Seller does not deliver an Indicator Score, Freddie Mac will use the Loan Prospector Key Number that Seller delivers to determine the Indicator Score for a Loan Prospector Mortgage. If the Seller delivers neither the Indicator Score nor a Loan Prospector Key Number, the Mortgage will be assessed the 620 Indicator Score/Loan-to-Value delivery fee (see Section 17.2).

For Non-Loan Prospector Mortgages, an Indicator Score is required (See Exhibit 25 for Indicator Score requirements). With the exception of a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence, other than a Manufactured Home, if no Borrower has a usable Credit Score, there can be no Indicator Score for the Mortgage and it is not eligible for sale to Freddie Mac. If the Borrower does not have a usable Credit Score in connection with a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence that is not a super conforming Mortgage, underwriting without credit scores as described in Chapter 37.7 is acceptable to evaluate the Borrower's credit reputation.

If no Borrower has a usable Credit Score and an Indicator Score is not required for the Mortgage to be eligible, see Section 37.5(f) for delivery requirements. Freddie Mac will not assess an Indicator Score/Loan-to-Value delivery fee or a CS/LTV postsettlement delivery fee (A-minus fee) for Mortgages when the Seller determines there is no usable Credit Score due to insufficient information or inaccurate information that is delivered in accordance with Section 37.5(f).

The methods used to obtain, select and identify both Underwriting Scores and Indicator Scores are described in Sections 37.5(d) and 37.5(e).

(a) Types of Credit Scores

Freddie Mac requires the Seller to use a FICO score, a Credit Score developed by Fair Isaac Corporation (FICO™) whenever a usable Credit Score is required. FICO scores have different names at each of the three major United States credit reporting companies. All of these scores, however, are developed using the same methods by FICO™.

FICO scores are known as:

Credit Reporting Company	FICO Score
Equifax	BEACON® Score
Experian	Experian/Fair Isaac Risk Model
TransUnion	EMPIRICA®

Freddie Mac has identified a strong correlation between Mortgage performance and FICO Bureau scores (FICO score). FICO scores range from 300 to 850. The lower the FICO score, the greater the risk of default.

(b) Obtaining FICO scores

FICO scores can be obtained by requesting a credit reporting company (often called a consumer reporting agency, a credit repository or a credit bureau) to provide them as part of the required credit report. The Seller must request FICO scores and accompanying reason codes from at least two of the credit repositories, for each Borrower.

The three credit repositories are:

- Equifax Credit Information Services
- Experian Information Systems and Services
- TransUnion Credit Information Company

The following versions of the FICO score are required for Manually Underwritten Mortgages:

- Equifax Beacon 5.0
- Experian/Fair Isaac Risk Model v2
- TransUnion FICO Risk Score 04

It is unusual for a Borrower who reports credit obligations on the application not to have a FICO score. If no FICO score is received for such a Borrower, the Seller must re-check the information provided when ordering the FICO scores and resubmit a request if an error is identified.

The Seller must obtain FICO scores no more than 120 days prior to, as applicable, the Note Date, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or assumption agreement date.

For Mortgages for Newly Constructed Homes with application dates on or after June 13, 2010 and/or Settlement Dates after December 31, 2010, the Seller must obtain FICO scores no more than 120 days prior to the Effective Date of Permanent Financing.

For Mortgages for Newly Constructed Homes with application dates prior to June 13, 2010 and Settlement Dates on or before December 31, 2010, see Section K33.9(b) and K33.10 for age of documentation requirements. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

(c) Usable Credit/FICO scores

The Seller must determine that each Credit Score (FICO score) received is usable. For a FICO score to be usable it must be based on sufficient, accurate information. Too little information, or information that is significantly inaccurate, makes the FICO score unusable for Mortgage underwriting. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

- **Insufficient information**

  Although FICO scores may be generated if a repository's file includes only one Tradeline, the Seller must not use any FICO score based on fewer than three Tradelines. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

  Because a merged credit report or Residential Mortgage Credit Report (RMCR) may show more Tradelines than were included in the particular repository's file used to generate the FICO score, the Seller should request that the credit reporting company indicate on the credit report the number of Tradelines that were used to create each FICO score. Alternatively, the Seller may wish to obtain the in-file report used to create each FICO score and use the in-file report to determine if the FICO score was based on at least three Tradelines.

- **Inaccurate information**

  If the credit reporting company reports that the repository file used to create a FICO score contains inaccurate information about a Borrower's credit history, the Seller must determine if the inaccuracy is significant and, if so, it must disregard that FICO score and explain the decision on Form 1077, Uniform Underwriting and Transmittal Summary, or another document in the Mortgage file. However, minor discrepancies in the balances owed or payment amounts on open accounts belonging to the Borrower are not to be considered significant. FICO scores based on information that includes minor discrepancies must be used to select an Underwriting Score for each Borrower and identify an Indicator Score for the Mortgage.

The Seller must disregard FICO scores based on significant inaccuracies. Significant inaccuracies include:

- Public records information on a bankruptcy, foreclosure, judgment or collection that does not belong to the Borrower
- Delinquencies that are reported in error
- One or more Tradelines that do not belong to the Borrower
- Tradelines for accounts for which the Borrower is not the primary account holder, but is listed as an authorized user (Authorized User Accounts). Authorized User Accounts will not cause the FICO score to be disregarded for significant inaccuracies if there is proof in the Mortgage file of at least one of the following:
  - Another Borrower on the Mortgage owns the Tradeline in question,
  - The Tradeline is owned by a spouse, or
  - The Borrower has been making the payments on the account for the last 12 months.

The Seller must not attempt to adjust the value of a FICO score because some information used to create the score is inaccurate. The Seller may obtain and use a different FICO score from another repository if the score obtained from that repository was not based on similar inaccurate information. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

- For each Mortgage that the Seller has determined the inaccurate information is significant, the Mortgage file must contain written documentation from the repository of credit information or the creditor reporting the inaccurate information affirming the errors. In addition, the Seller is strongly encouraged to inform the Borrower that, pursuant to rights granted under the federal Fair Credit Reporting Act, the Borrower has a right to contact both the consumer reporting agency (repository) from which the inaccurate FICO score was obtained and the furnisher of the inaccurate credit information to require the disputed credit information to be reinvestigated and corrected.

(d) Identifying the Underwriting Score for each Borrower

To use Credit Scores to underwrite the Borrower's credit reputation, the Seller must select a single FICO score for each qualifying Borrower from the FICO scores that were received and determined to be usable as described above.

To identify the Underwriting Score, the Seller must use the middle/lower method. It is the method used by Loan Prospector and is most predictive of the Borrower's overall credit reputation.

- If three usable FICO scores are obtained for a Borrower, the Underwriting Score for that Borrower is the one with the middle value. For example, if the FICO scores are 660, 656, 640, the single FICO score selected by the Seller would be 656. When there is a duplicate score, the Seller would select that score to be the Underwriting Score. If the FICO scores for a Borrower are 660, 660 and 640, the Seller would select 660.
- If two usable FICO scores are obtained for a Borrower, the Underwriting Score for that Borrower is the lower of the two FICO scores
- If only one usable FICO score is obtained for a Borrower, that FICO score is the Underwriting Score

(e) Identifying the Indicator Score for the Mortgage when a minimum Indicator Score is required

When a minimum Indicator Score is required to establish eligibility for the product offering, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.

Before the Seller can identify an Indicator Score, the Seller must select a single FICO score for each qualifying Borrower as described above.

If a Borrower has no usable FICO score, so no Underwriting Score can be identified for that Borrower, the Seller may use the Underwriting Scores for the remaining Borrowers to identify the Indicator Score. If no Borrower has a usable FICO score, and an Indicator Score is required for the Mortgage to be eligible, there can be no Indicator Score for the Mortgage and it is not eligible for sale to Freddie Mac.

The minimum Indicator Score requirements for Mortgages are noted in the individual chapters or sections for the product offerings and in Exhibit 25.

There are three methods of identifying an Indicator Score, as described in more detail below. Freddie Mac:

- Permits Sellers to use any one of three methods
- Prefers that Sellers use one method for all their loans
- Recommends that Sellers use the middle/lower then lowest method to identify an Indicator Score

1. **Middle/lower then lowest method**

   To use the middle/lower then lowest method, the Seller must follow the requirements in the Sections 37.5(a) through 37.5(d) to find an Underwriting Score for each qualifying Borrower, and then choose the lowest Underwriting Score as the Indicator Score for the Mortgage. If there is only one qualifying Borrower, that Borrower's Underwriting Score is the Indicator Score for the Mortgage.

   To determine the Indicator Score using the middle/lower then lowest method for Borrowers A and B as noted in the example above, the lowest Underwriting Score across Borrowers would be selected; therefore, 656 is the Indicator Score for the Mortgage.

2. **Middle/lower then average method**

The Seller must follow all of the requirements in Sections 37.5(a) through 37.5(d) except the Indicator Score would be the average value of all Underwriting Scores.

3. **Average/average method**

The Seller must follow all of the requirements in Sections 37.5(a) through 37.5(d) except that the Underwriting Score for each qualifying Borrower would be the average value calculated from all usable FICO scores received for the Borrower. The Indicator Score is the average value of all Underwriting Scores.

The middle/lower then lowest method is the most predictive of the overall credit reputation of the Mortgage. The CS/LTV and Indicator Score/Loan-to-Value postsettlement delivery fee rates in Exhibit 19, Postsettlement Delivery Fees, assume that the middle/lower then lowest method has been used to identify the Mortgage Indicator Score. The postsettlement delivery fee rates will be adjusted if a method other than the middle/lower then lowest method is used. Further, notwithstanding the provisions of Section 17.2(a), Freddie Mac reserves the right to adjust the CS/LTV and/or Indicator Score/Loan-to-Value postsettlement delivery fee rates for a particular Seller or Sellers on the earlier of 30 days written notice or the day immediately following the Required Delivery Date of the Master Commitment if we determine that the particular Seller or Sellers inconsistently use the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Exhibit 19 for details.

(f) Documenting and delivering Underwriting and Indicator Scores

When delivering a Minimum Indicator Score, the Seller must:

- Note the Underwriting Scores, the Indicator Score, and how they were identified, on Form 1077, or another similar document in the Mortgage file
- Retain the source documentation for the Indicator Score in the Mortgage file

The Indicator Score must be delivered in the Credit Score value (CSV) field on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable. The Credit Score Type (CST) field on the Form 11 or Form 13SF must be completed as follows:

- If the Seller enters a usable Credit Score value in the CSV field, then the Seller must enter a Credit Score method of "1," "2," or "3," in the CST field in accordance with the instructions on the Form 11 or Form 13SF, as applicable
- If the Seller determines there is no usable Indicator Score in the Mortgage file due to insufficient credit information, the Seller must indicate the type code of "T" in the CST field on the Form 11 or Form 13SF, as applicable
- If the Seller determines there is no usable Indicator Score in the Mortgage file due to significant inaccurate credit information, the Seller must indicate the type code of "I" in the CST field on the Form 11 or Form 13SF, as applicable

If the Seller does not deliver an Indicator Score for Loan Prospector Mortgages, the Seller must deliver the Loan Prospector Key Number so that Freddie Mac may use the Indicator Score from the Last Feedback Certificate to determine the Mortgage Indicator Score. If the Seller does not deliver the Loan Prospector Key Number, the Mortgage will not qualify as a Loan Prospector Mortgage.

(g) Postsettlement delivery fees (delivery fees) for Mortgages with certain Indicator Scores and certain Credit Scores

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of all Mortgages with certain Indicator Score and Loan-to-Value combinations. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Indicator Score/Loan to Value delivery fees and other delivery fees.

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of Loan Prospector A-minus Mortgages, other Caution Mortgages, and Non-Loan Prospector Mortgages with certain Credit Score and LTV combinations. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Credit Score/Loan-to-Value (CS/LTV) (A-minus) delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

37.5: Credit Scores (02/01/11)

Freddie Mac requires the Seller to use Credit Scores to underwrite Manually Underwritten Mortgages. A Credit Score used to underwrite a Borrower's credit reputation is referred to as an "Underwriting Score." See Section 37.6 for information needed to determine the Borrower has an acceptable credit reputation.

Freddie Mac may require that one Credit Score be identified and delivered for a Mortgage for reasons such as eligibility or pricing. When one Credit Score is required, the Credit Score is referred to as the "Indicator Score." The Indicator Score must be identified in accordance with Section 37.5(e) and must be delivered in accordance with the requirements of Section 37.5(f).

To expand the range of Mortgage products with higher-risk characteristics that Freddie Mac is able to purchase, the eligibility of such Mortgages may be limited to those having a minimum Indicator Score. When a minimum Indicator Score is required, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.

For example, to be eligible for sale to Freddie Mac, a minimum Indicator Score is required for Manually Underwritten Mortgages that are:

- Investment Property Mortgages,
- Mortgages secured by second homes,
- Mortgages secured by 2- to 4-unit Primary Residences, or
- Cash-out Refinance Mortgages

The minimum Indicator Score requirements are noted in Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements. If the Borrower does not have a usable Credit Score in connection with a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence that is not a super conforming Mortgage, then the use of Noncredit Payment References as described in Section 37.11 is acceptable. Refer to Chapter A34 for Noncredit Payment References for Home Possible Mortgages® with a total loan-to-value (TLTV) less than or equal to 97%.

For Loan Prospector® Mortgages, Credit Scores are obtained by Loan Prospector and provided with the in-file credit report(s) or merged credit report(s). A minimum Indicator Score, in most cases, is not required for Accept Mortgages and A-minus Mortgages since Loan Prospector has made the determination that the Borrower's credit reputation and the Mortgage product are acceptable. If Exhibit 25 requires a minimum Indicator Score for Loan Prospector Mortgages, the Indicator Score delivered by Seller will be used to assess whether or not the minimum Indicator Score requirements have been met. If, however, the Seller does not deliver an Indicator Score, then the Indicator Score determined by Loan Prospector will be used to assess whether or not the minimum Indicator Score requirements have been met. An Indicator Score does not indicate that the Borrower's credit reputation is acceptable. Even when the Indicator Score for the Mortgage exceeds the minimum required, the Seller must determine that each Borrower individually, and that all Borrowers collectively, have an acceptable credit reputation.

Freddie Mac will also use the Indicator Score delivered by the Seller to determine the Indicator Score/Loan-to-Value delivery fee applicable to a Loan Prospector Mortgage. If, however, the Seller does not deliver an Indicator Score, Freddie Mac will use the Loan Prospector Key Number that Seller delivers to determine the Indicator Score for a Loan Prospector Mortgage. If the Seller delivers neither the Indicator Score nor a Loan Prospector Key Number, the Mortgage will be assessed the 620 Indicator Score/Loan-to-Value delivery fee (see Section 17.2).

For Non-Loan Prospector Mortgages, an Indicator Score is required (See Exhibit 25 for Indicator Score requirements). With the exception of a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence, other than a Manufactured Home, if no Borrower has a usable Credit Score, there can be no Indicator Score for the Mortgage and it is not eligible for sale to Freddie Mac. If the Borrower does not have a usable Credit Score in connection with a purchase transaction or "no cash-out" refinance Mortgage secured by a 1- to 4-unit Primary Residence that is not a super conforming Mortgage, underwriting without credit scores as described in Chapter 37.7 is acceptable to evaluate the Borrower's credit reputation.

If no Borrower has a usable Credit Score and an Indicator Score is not required for the Mortgage to be eligible, see Section 37.5(f) for delivery requirements. Freddie Mac will not assess an Indicator Score/Loan-to-Value delivery fee or a Credit Score/Loan-to-Value (CS/LTV) postsettlement delivery fee (A-minus fee) for Mortgages when the Seller determines there is no usable Credit Score due to insufficient information or inaccurate information that is delivered in accordance with Section 37.5(f).

The methods used to obtain, select and identify both Underwriting Scores and Indicator Scores are described in Sections 37.5(d) and 37.5(e).

(a) Types of Credit Scores

Freddie Mac requires the Seller to use a FICO score, a Credit Score developed by Fair Isaac Corporation (FICO™) whenever a usable Credit Score is required. FICO scores have different names at each of the three major United States credit reporting companies. All of these scores, however, are developed using the same methods by FICO™.

FICO scores are known as:

Credit Reporting Company	FICO Score
Equifax	BEACON® Score
Experian	Experian/Fair Isaac Risk Model
TransUnion	EMPIRICA®

Freddie Mac has identified a strong correlation between Mortgage performance and FICO Bureau scores (FICO score). FICO scores range from 300 to 850. The lower the FICO score, the greater the risk of default.

(b) Obtaining FICO scores

FICO scores can be obtained by requesting a credit reporting company (often called a consumer reporting agency, a credit repository or a credit bureau) to provide them as part of the required credit report. The Seller must request FICO scores and accompanying reason codes from at least two of the credit repositories, for each Borrower.

The three credit repositories are:

- Equifax Credit Information Services
- Experian Information Systems and Services
- TransUnion Credit Information Company

The following versions of the FICO score are required for Manually Underwritten Mortgages:

- Equifax Beacon 5.0
- Experian/Fair Isaac Risk Model v2
- TransUnion FICO Risk Score 04

It is unusual for a Borrower who reports credit obligations on the application not to have a FICO score. If no FICO score is received for such a Borrower, the Seller must re-check the information provided when ordering the FICO scores and resubmit a request if an error is identified.

The Seller must obtain FICO scores no more than 120 days prior to, as applicable, the Note Date, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or assumption agreement date.

For Mortgages for Newly Constructed Homes with application dates on or after June 13, 2010 and/or Settlement Dates after December 31, 2010, the Seller must obtain FICO scores no more than 120 days prior to the Effective Date of Permanent Financing.

For Mortgages for Newly Constructed Homes with application dates prior to June 13, 2010 and Settlement Dates on or before December 31, 2010, see Section K33.9(b) and K33.10 for age of documentation requirements. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

(c) Usable Credit/FICO scores

The Seller must determine that each Credit Score (FICO score) received is usable. For a FICO score to be usable it must be based on sufficient, accurate information. Too little information, or information that is significantly inaccurate, makes the FICO score unusable for Mortgage underwriting. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

- **Insufficient information**

  Although FICO scores may be generated if a repository's file includes only one Tradeline, the Seller must not use any FICO score based on fewer than three Tradelines. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

  Because a merged credit report or Residential Mortgage Credit Report (RMCR) may show more Tradelines than were included in the particular repository's file used to generate the FICO score, the Seller should request that the credit reporting company indicate on the credit report the number of Tradelines that were used to create each FICO score. Alternatively, the Seller may wish to obtain the in-file report used to create each FICO score and use the in-file report to determine if the FICO score was based on at least three Tradelines.

- **Inaccurate information**

  If the credit reporting company reports that the repository file used to create a FICO score contains inaccurate information about a Borrower's credit history, the Seller must determine if the inaccuracy is significant and, if so, it must disregard that FICO score and explain the decision on Form 1077, Uniform Underwriting and Transmittal Summary, or another document in the Mortgage file. However, minor discrepancies in the balances owed or payment amounts on open accounts belonging to the Borrower are not to be considered significant. FICO scores based on information that includes minor discrepancies must be used to select an Underwriting Score for each Borrower and identify an Indicator Score for the Mortgage.

The Seller must disregard FICO scores based on significant inaccuracies. Significant inaccuracies include:

- Public records information on a bankruptcy, foreclosure, judgment or collection that does not belong to the Borrower
- Delinquencies that are reported in error
- One or more Tradelines that do not belong to the Borrower
- Tradelines for accounts for which the Borrower is not the primary account holder, but is listed as an authorized user (Authorized User Accounts). Authorized User Accounts will not cause the FICO score to be disregarded for significant inaccuracies if there is proof in the Mortgage file of at least one of the following:
  - Another Borrower on the Mortgage owns the Tradeline in question,
  - The Tradeline is owned by a spouse, or
  - The Borrower has been making the payments on the account for the last 12 months.

The Seller must not attempt to adjust the value of a FICO score because some information used to create the score is inaccurate. The Seller may obtain and use a different FICO score from another repository if the score obtained from that repository was not based on similar inaccurate information. This is important both to ensure that the FICO score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.

- For each Mortgage that the Seller has determined the inaccurate information is significant, the Mortgage file must contain written documentation from the repository of credit information or the creditor reporting the inaccurate information affirming the errors. In addition, the Seller is strongly encouraged to inform the Borrower that, pursuant to rights granted under the federal Fair Credit Reporting Act, the Borrower has a right to contact both the consumer reporting agency (repository) from which the inaccurate FICO score was obtained and the furnisher of the inaccurate credit information to require the disputed credit information to be reinvestigated and corrected.

(d) Identifying the Underwriting Score for each Borrower

To use Credit Scores to underwrite the Borrower's credit reputation, the Seller must select a single FICO score for each qualifying Borrower from the FICO scores that were received and determined to be usable as described above.

To identify the Underwriting Score, the Seller must use the middle/lower method. It is the method used by Loan Prospector and is most predictive of the Borrower's overall credit reputation.

- If three usable FICO scores are obtained for a Borrower, the Underwriting Score for that Borrower is the one with the middle value. For example, if the FICO scores are 660, 656, 640, the single FICO score selected by the Seller would be 656. When there is a duplicate score, the Seller would select that score to be the Underwriting Score. If the FICO scores for a Borrower are 660, 660 and 640, the Seller would select 660.
- If two usable FICO scores are obtained for a Borrower, the Underwriting Score for that Borrower is the lower of the two FICO scores
- If only one usable FICO score is obtained for a Borrower, that FICO score is the Underwriting Score

(e) Identifying the Indicator Score for the Mortgage when a minimum Indicator Score is required

When a minimum Indicator Score is required to establish eligibility for the product offering, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.

Before the Seller can identify an Indicator Score, the Seller must select a single FICO score for each qualifying Borrower as described above.

If a Borrower has no usable FICO score, so no Underwriting Score can be identified for that Borrower, the Seller may use the Underwriting Scores for the remaining Borrowers to identify the Indicator Score. If no Borrower has a usable FICO score, and an Indicator Score is required for the Mortgage to be eligible, there can be no Indicator Score for the Mortgage and it is not eligible for sale to Freddie Mac.

The minimum Indicator Score requirements for Mortgages are noted in the individual chapters or sections for the product offerings and in Exhibit 25.

There are three methods of identifying an Indicator Score, as described in more detail below. Freddie Mac:

- Permits Sellers to use any one of three methods
- Prefers that Sellers use one method for all their loans
- Recommends that Sellers use the middle/lower then lowest method to identify an Indicator Score

1. **Middle/lower then lowest method**

   To use the middle/lower then lowest method, the Seller must follow the requirements in the Sections 37.5(a) through 37.5(d) to find an Underwriting Score for each qualifying Borrower, and then choose the lowest Underwriting Score as the Indicator Score for the Mortgage. If there is only one qualifying Borrower, that Borrower's Underwriting Score is the Indicator Score for the Mortgage.

   To determine the Indicator Score using the middle/lower then lowest method for Borrowers A and B as noted in the example above, the lowest Underwriting Score across Borrowers would be selected; therefore, 656 is the Indicator Score for the Mortgage.

2. **Middle/lower then average method**

The Seller must follow all of the requirements in Sections 37.5(a) through 37.5(d) except the Indicator Score would be the average value of all Underwriting Scores.

3. **Average/average method**

The Seller must follow all of the requirements in Sections 37.5(a) through 37.5(d) except that the Underwriting Score for each qualifying Borrower would be the average value calculated from all usable FICO scores received for the Borrower. The Indicator Score is the average value of all Underwriting Scores.

The middle/lower then lowest method is the most predictive of the overall credit reputation of the Mortgage. The CS/LTV and Indicator Score/Loan-to-Value postsettlement delivery fee rates in Exhibit 19, Postsettlement Delivery Fees, assume that the middle/lower then lowest method has been used to identify the Mortgage Indicator Score. The postsettlement delivery fee rates will be adjusted if a method other than the middle/lower then lowest method is used. Further, notwithstanding the provisions of Section 17.2(a), Freddie Mac reserves the right to adjust the CS/LTV and/or Indicator Score/Loan-to-Value postsettlement delivery fee rates for a particular Seller or Sellers on the earlier of 30 days written notice or the day immediately following the Required Delivery Date of the Master Commitment if we determine that the particular Seller or Sellers inconsistently use the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Exhibit 19 for details.

(f) Documenting and delivering Underwriting and Indicator Scores

When delivering a Minimum Indicator Score, the Seller must:

- Note the Underwriting Scores, the Indicator Score, and how they were identified, on Form 1077, or another similar document in the Mortgage file
- Retain the source documentation for the Indicator Score in the Mortgage file

The Indicator Score must be delivered in the Credit Score value (CSV) field on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable. The Credit Score Type (CST) field on the Form 11 or Form 13SF must be completed as follows:

- If the Seller enters a usable Credit Score value in the CSV field, then the Seller must enter a Credit Score method of "1," "2," or "3," in the CST field in accordance with the instructions on the Form 11 or Form 13SF, as applicable
- If the Seller determines there is no usable Indicator Score in the Mortgage file due to insufficient credit information, the Seller must indicate the type code of "T" in the CST field on the Form 11 or Form 13SF, as applicable
- If the Seller determines there is no usable Indicator Score in the Mortgage file due to significant inaccurate credit information, the Seller must indicate the type code of "I" in the CST field on the Form 11 or Form 13SF, as applicable

If the Seller does not deliver an Indicator Score for Loan Prospector Mortgages, the Seller must deliver the Loan Prospector Key Number so that Freddie Mac may use the Indicator Score from the Last Feedback Certificate to determine the Mortgage Indicator Score. If the Seller does not deliver the Loan Prospector Key Number, the Mortgage will not qualify as a Loan Prospector Mortgage.

(g) Postsettlement delivery fees (delivery fees) for Mortgages with certain Indicator Scores and certain Credit Scores

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of all Mortgages with certain Indicator Score and Loan-to-Value combinations. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the Indicator Score/Loan-to-Value delivery fees and other delivery fees.

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of Loan Prospector A-minus Mortgages, other Caution Mortgages, and Non-Loan Prospector Mortgages with certain Credit Score and LTV combinations. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the CS/LTV (A-minus) delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

37.6: Using FICO scores in underwriting (07/10/09)

For Manually Underwritten Mortgages, Freddie Mac requires the use of FICO scores with accompanying reason codes in underwriting the Borrower’s credit reputation. The reason codes indicate the most important reasons why a FICO score is not higher and must be used by the Seller to identify the credit factors that need to be addressed in determining the Borrower has an acceptable credit reputation.

A FICO Score is an effective tool in evaluating a Borrower’s credit reputation, however it does not necessarily indicate that the Borrower’s credit reputation is acceptable. The Seller must determine that each Borrower individually, and that all Borrowers collectively, have an acceptable credit reputation.

The Seller must establish the Borrower's credit reputation using one of the three levels of review in the chart below depending on the risk indicated by the Borrower's FICO score, *unless a cautious review is required under* Sections 37.6(a) and 37.6(b).

Level of Review	When the Property Type Is	If the FICO Score Is
BASIC: Underwrite the file as required to confirm the Borrower has an acceptable credit reputation.	1-unit 2-unit 3-4 unit	over 660 over 680 over 700
COMPREHENSIVE: Underwrite all aspects of the Borrower's credit history to establish the Borrower has an acceptable credit reputation. The Seller must focus on the risks identified in the reason codes that accompany Credit Scores. Credit Scores in the comprehensive review range should be viewed as an indication that the Borrower's credit reputation is uncertain.	1-unit 2-unit 3-4 unit	620 to 660 640 to 680 660 to 700
CAUTIOUS: Perform a particularly detailed review of all aspects of the Borrower's credit history to ensure that the Seller has satisfactorily established the Borrower's willingness to repay and ability to manage obligations as agreed. Unless there are extenuating circumstances documented in accordance with Section 37.7 or major factors related to credit reputation that offset the risk indicated, a FICO score in this range should be viewed as a strong indication that the Borrower does not have an acceptable credit reputation.	1-unit 2-unit 3-4 unit	See below* 620 to 640* 620 to 660*

* For Borrowers with a usable Credit Score, a minimum Indicator Score of 620 is required. Refer to Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, for minimum Indicator Score requirements.

(a) Basic review

A Borrower whose FICO score is in this range is likely to have an acceptable credit reputation. The Seller must confirm that the documentation in the Mortgage file is consistent with the credit report. If it is consistent, then, as long as the credit history does not show a bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation, deed-in-lieu of foreclosure or recent late housing payments and the Mortgage is not a Caution Mortgage, the Borrower's credit reputation is

considered acceptable and the Seller does not need to include any additional explanation in the Mortgage file. If there is a bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation, deed-in-lieu of foreclosure or there have been recent late housing payments, or if the documentation in the Mortgage file is not consistent with the credit report, then a cautious review must be completed. If the Mortgage is a Caution Mortgage with one or more *Credit Risk Comments* in the Feedback Certificate related to Borrower credit reputation, a cautious review must be completed.

Example:

The Borrower has an Underwriting Score in the basic review range; however, a bankruptcy appears on the Borrower's credit report. The Borrower is not eligible for a basic review since a bankruptcy is considered significant derogatory credit information. The Seller must perform a cautious review of the Borrower's credit reputation.

After credit reputation is established, evaluate the overall layering of risk in credit, capacity and collateral. (See Section 37.1(c))

(b) Comprehensive review

FICO scores in this range should be viewed as an indication that the Borrower's willingness to repay and ability to manage obligations as agreed are uncertain. If there is a bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation, deed-in-lieu of foreclosure or there are recent late housing payments, or if the Mortgage is a Caution Mortgage with one or more *Credit Risk Comments* in the Feedback Certificate related to Borrower credit reputation, a cautious review must be completed.

For FICO scores in the comprehensive review range, the Seller must:

- Review the credit documentation for consistency with the credit report as in the basic review
- Evaluate the overall credit reputation using the factors described in Section 37.7, especially those listed in the reason codes accompanying the FICO score
- Provide a description of its evaluation and conclusion that the credit reputation is acceptable on the Form 1077 or another document in the Mortgage file
- After credit reputation is established, evaluate the overall layering of risk in credit, capacity and collateral (See Section 37.1(c).)

Example:

A Borrower has an Underwriting Score in the comprehensive review range and the reason codes indicate high balances-to-limits on revolving accounts and new inquiries. A review of the Borrower's credit report reveals there are multiple revolving accounts with high balances-to-limits and several recent inquiries. The combination of multiple revolving accounts with high balances-to-limits and recent inquiries indicates the Borrower's management of credit obligations is weak. To

support a conclusion that the credit reputation is acceptable, the Seller would have to identify credit factors not considered in the FICO score to offset the reason codes. See Section 37.7(a) for factors considered in the FICO score.

(c) Cautious review

FICO scores in this range should be viewed as a strong indication that the Borrower's credit reputation is not acceptable, however the Seller should evaluate all information that affected the Borrower's credit reputation before reaching this conclusion.

A cautious review requires the Seller to establish that the Borrower has an acceptable credit reputation despite the risk indicated by the FICO score or derogatory credit. For Mortgages subject to a cautious review, the Seller must:

- Evaluate the reason codes accompanying the FICO score
- Identify and document credit-related offsets for the risks indicated by the reason codes; for example, if the reason codes indicate nonpayment of obligations, the Seller may establish that the Borrower was unable to meet credit obligations because he or she experienced financial difficulties attributable to extenuating circumstances. (See Section 37.7(b)(i) for more information on extenuating circumstances.)
- If the Mortgage is a Caution Mortgage, document credit-related offsets needed for the factors identified in the *Credit Risk Comments* and *Repository Reason Code Comments* sections of the Feedback Certificate necessary to ensure that the Mortgage is acceptable
- Identify and document credit-related offsets for significant derogatory information included in the credit history, such as bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation or recent late housing payments (see Section 37.7(b))
- After credit reputation is established, evaluate the overall layering of risk in credit, capacity and collateral. (See Section 37.1(c).)
- Document its evaluation and conclusion the credit reputation is acceptable on the Form 1077 or on a separate document in the Mortgage file

Example:

A Borrower has an Underwriting Score in the cautious review range and the reason codes indicate the proportion of balances to credit limits is too high on bank revolving or all revolving accounts and derogatory credit information. A review of the Borrower's credit report indicates there are multiple revolving accounts with balances greater than 50% of their limits. In addition, the Borrower's credit report indicates the Borrower has two recent late payments. The combination of high balances-to-limits on multiple accounts with recent late payments indicates significant derogatory credit information. The Borrower must reestablish an acceptable credit reputation.

If the Mortgage is a Caution Mortgage and Borrower's FICO score is in the cautious review range, it is likely that the Borrower's credit reputation is unacceptable unless:

- The adverse or derogatory credit information is due to extenuating circumstances and the Borrower has reestablished an acceptable credit reputation in accordance with Section 37.7(b)(i)
- The credit information is inaccurate as described in Section 37.5

37.6: Using FICO scores in underwriting (02/01/11)

A Fair Isaac Corporation (FICO™) Score is an effective tool in evaluating a Borrower's credit reputation, however it does not necessarily indicate that the Borrower's credit reputation is acceptable. The Seller must determine that each Borrower individually, and that all Borrowers collectively, have an acceptable credit reputation.

For Manually Underwritten Mortgages, Freddie Mac requires the use of FICO scores with accompanying reason codes in underwriting the Borrower's credit reputation. The reason codes indicate the most important reasons why a FICO score is not higher and must be used by the Seller to identify the credit factors that need to be addressed in determining the Borrower has an acceptable credit reputation.

For Manually Underwritten Mortgages, the Seller must perform a detailed review of all aspects of the Borrower's credit history. To ensure that the Seller has satisfactorily established the Borrower's willingness to repay and ability to manage obligations as agreed, the Seller must:

- Review the credit report to determine that the credit report meets the requirements of Section 37.10
- Review the credit report and all credit documentation to determine that the data is accurate and the documentation in the Mortgage file is consistent with the credit report
- Evaluate the Borrower(s) overall credit reputation using the factors described in Section 37.7, especially those listed in the reason codes accompanying the FICO score
- Identify and document credit-related offsets for the risks indicated by the reason codes; for example, if the reason codes indicate nonpayment of obligations, the Seller may establish that the Borrower was unable to meet credit obligations because he or she experienced financial difficulties attributable to extenuating circumstances (see Section 37.7(b)(i) for more information on extenuating circumstances)
- Identify and document credit-related offsets for significant derogatory information included in the credit history, such as bankruptcy, foreclosure, short sale or recent late housing payments (see Section 37.7(b))
- If the Mortgage is a Caution Mortgage, document credit-related offsets needed for the factors identified in the *Credit Risk Comments* and *Repository Reason Code Comments* sections of the Feedback Certificate necessary to ensure that the Mortgage is acceptable
- After credit reputation is established, evaluate the overall layering of risk in credit, capacity and collateral (see Section 37.1(c))

- Document its evaluation and conclusion that the credit reputation is acceptable on Form 1077, Uniform Underwriting and Transmittal Summary, or on a separate document in the Mortgage file

Sellers must select one Credit Score from all usable Credit Scores obtained for an individual Borrower that quantifies the credit reputation risk for that individual Borrower. For Borrowers with a usable Credit Score, a minimum Indicator Score of 620 is required.

Sellers should refer to Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, and to the Guide Sections referenced in Exhibit 25 for minimum Indicator Score requirements. Additionally, Sellers should also review the Guide and other Purchase Documents for additional special requirements, which may not appear in Exhibit 25 to determine the eligibility of Mortgages for which Freddie Mac requires a minimum Indicator Score.

37.7: Evaluating Borrower credit reputation (12/01/10)

(a) Overview

The Borrower's credit reputation may be established by any of the following methods:

- Submitting the Mortgage to Loan Prospector
- For Borrowers with usable Credit Scores, manually underwriting with FICO scores and reason codes and analyzing the information in each of the Borrower's credit reports and other verification as required by the level of review necessary under Section 37.6. When a minimum Indicator Score is required, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.
- For Borrowers without usable Credit Scores, manually underwriting without FICO scores, and analyzing all information contained in each of the Borrower's credit reports and other verifications

For an Accept Mortgage and an A-minus Mortgage, Loan Prospector has determined that the Borrower's credit reputation is acceptable. In all other Mortgages, the Seller must thoroughly evaluate the Borrower's credit reputation in accordance with the requirements set forth in this section and document in the Mortgage file the Seller's conclusion the reputation is acceptable.

Because FICO scores evaluate all the information in the Borrower's repository credit file at the time the FICO score was created, a Seller underwriting with FICO scores will find much of the evaluation of the Borrower's credit reputation is already reflected in the FICO score and accompanying reason codes. (See Section 37.6 for more information on the levels of review required when using FICO scores.)

When manually underwriting with FICO scores, the Seller must not use the following factors as offsets for weaknesses in the Borrower's credit reputation because they have already been considered in creating the FICO score:

1. The absence of, or age of, derogatory information
2. The number/proportion of accounts paid as agreed versus delinquent
3. The types of accounts paid as agreed versus the types of accounts that are delinquent
4. Recent pay-down or consolidation of account balances by the Borrower
5. The length of the Borrower's credit history
6. Any combinations of the above factors

What constitutes an acceptable credit reputation for Freddie Mac may vary according to the Mortgage product or type. For example, a Mortgage that has significant derogatory credit information and would not receive an Accept Risk Class from Loan Prospector may still be eligible for delivery as an A-minus Mortgage. The Seller may also be able to conclude that a Mortgage receiving a Caution Risk Class from Loan Prospector due to significant derogatory information has an acceptable credit reputation by documenting that the derogatory credit was attributable to extenuating circumstances. The requirements for establishing and documenting extenuating circumstances are set forth in Section 37.7(b).

For Manually Underwritten Mortgages, the Seller's evaluation of the Borrower's credit reputation must be based on the entire credit history documented in the Mortgage file. The Seller must weigh the following factors in arriving at a conclusion that the Borrower's credit reputation is acceptable:

1. The type and amount of credit outstanding
2. How long the Borrower has had credit
3. How the Borrower uses available credit, including revolving balances-to-limits
4. Recent changes in the number of open accounts or overall amount of credit outstanding
5. The payment history and status of all accounts
6. Any recent inquiries shown on the credit report
7. Any public record or collection items

If a Borrower's credit history includes both Tradelines and Noncredit Payment References, the Seller must put more weight on the Tradelines when evaluating the Borrower's credit reputation and cannot use Noncredit Payment References to offset derogatory credit in a Tradeline reference. If a Borrower's credit history includes housing obligations (rental or Mortgage), the Seller should put more weight on how housing payments were made than nonhousing payments, but must not ignore any derogatory information in the credit history.

The Seller must also consider layering of risk in its evaluation of credit reputation. A stronger credit reputation may be required if either capacity or collateral is weak. (See Section 37.1 for more information on how to evaluate the overall risk of the Mortgage using the "three Cs" [credit reputation, capacity and collateral].)

(b) Adverse or derogatory credit information

Adverse credit information in and of itself does not mean the Borrower's credit reputation is unacceptable. When there is adverse or derogatory information in the Borrower's credit history, the Seller must determine whether the derogatory information is significant.

For Accept Mortgages and A-minus Mortgages, the significance of the derogatory information has already been considered by Loan Prospector and the Borrower's credit reputation is acceptable.

For other Caution Mortgages with at least two Feedback Certificate messages related to nonpayment of obligations, the Seller must presume the derogatory information is significant. The Seller must document the extenuating circumstances or conclude that the difficulties were due to financial mismanagement.

Similarly, for Mortgages underwritten using FICO scores, a score in the cautious review range with at least two of the four reason codes related to nonpayment of obligations indicates that the derogatory information is significant. A score in the basic review range indicates the derogatory information is not significant, unless the Borrower's credit history includes a bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation, deed-in-lieu of foreclosure or recent late housing payments.

For all other Manually Underwritten Mortgages with or without FICO scores, the Seller must weigh the amount of derogatory information against the rest of the credit history and decide whether it is significant. In making its determination, the Seller should not ignore any derogatory credit, but must give more weight to late housing payments and to derogatory information or late payments occurring within the past two years. Generally, the more recent the adverse or derogatory credit information, the more likely it is significant.

The Seller must consider all of the following:

- The number, timing and extent of the adverse or derogatory credit information
- The number, type and size of accounts with adverse or derogatory credit information
- Public record information, such as judgments and collection accounts
- Other characteristics listed in this section

For example, Freddie Mac considers a 30-day late housing payment to have more weight than a 30-day late nonhousing payment, and a collection account to have more weight than a 30-day late payment on a revolving account.

Although there may be many situations involving derogatory credit information that are less clear, especially when disputes about obligations are involved, the derogatory credit information is not significant when it consists only of isolated late payments, even if several accounts show sporadic late payments, provided all of the following exist:

- The late payments were not recent
- The late payments did not extend beyond one month
- The number and size of delinquent accounts is not large in relation to the overall credit
- The credit history does not show multiple revolving accounts with high balances-to-limits or high overall utilization of revolving credit
- All other credit has been paid as agreed

However, the derogatory information is significant if any of the following exist:

- There are several accounts showing recent late payments
- There are multiple 60- or 90-day late payments
- There is more than one 30-day late housing payment in the last 12 months
- There are more than two 30-day or more than one 60-day late housing payments within the most recent two years
- The number and size of the delinquent accounts are large in relation to the overall credit
- There are multiple episodes of late payments extending over a period of time
- The credit history shows derogatory credit information within the two most recent years combined with multiple revolving accounts with high balances-to-limits
- The public record information reveals several occurrences of derogatory credit information, including judgments, tax liens and/or collection accounts
- There is a bankruptcy, foreclosure, short payoff related to a delinquent mortgage obligation or deed-in-lieu of foreclosure within the last seven years

If the Seller decides that the derogatory information is not significant, it must provide documentation supporting its conclusion in the Mortgage file. If the Seller decides that the derogatory information is significant, it must determine whether the problems were due to extenuating circumstances or to financial mismanagement.

(i) Handling significant adverse or derogatory information caused by extenuating circumstances

Freddie Mac considers an extenuating circumstance to be a nonrecurring or isolated circumstance, or set of circumstances, that was beyond the Borrower's control and that significantly reduced income and/or increased expenses and rendered the Borrower unable to repay obligations as agreed, resulting in significant adverse or derogatory credit information.

In addition, if the Borrower's credit history includes significant adverse or derogatory credit within the most recent two years, even if it was caused by extenuating circumstances, the Borrower's credit reputation cannot be considered acceptable.

When the Seller uses extenuating circumstances to justify that the Borrower's credit reputation is acceptable despite significant adverse or derogatory information, the Seller must confirm the extenuating circumstances and that the Borrower has reestablished an acceptable credit reputation. The Mortgage file must contain all of the following documentation:

1. A written statement from the Borrower attributing the cause of the financial difficulties to outside factors beyond the Borrower's control that are not ongoing and are unlikely to recur
2. Third-party documentation confirming that the events related by the Borrower in the explanation were an isolated occurrence and significantly reduced the Borrower's income and/or increased expenses and rendered the Borrower unable to repay as agreed
3. No evidence that the Borrower had an unacceptable credit reputation prior to the problems
4. Evidence on the credit report and other credit documentation that the Borrower has reestablished an acceptable credit reputation
   - For at least the most recent:
     - 36 months for a previous foreclosure
     - 36 months after the discharge or dismissal of a bankruptcy when the Borrower has filed more than one bankruptcy petition in the past seven years
     - 24 months after the discharge or dismissal of a bankruptcy, short payoff related to a delinquent mortgage obligation, deed-in lieu of foreclosure or other significant adverse or derogatory credit information
   - Meeting the requirements of Section 37.4 for type and minimum number of payment references. If the derogatory credit included Tradeline credit, the Borrower is expected to reestablish credit with at least one Tradeline credit. If the derogatory information was on Noncredit Payment References, either Tradeline or Noncredit Payment References may be used. In addition,
     - Of the minimum number of payment references required, at least one must have been open for at least the most recent two years and all must have been active within the most recent 24 months
     - The payment references may include an account opened prior to the significant adverse or derogatory information
     - At least one of the payment references must be housing-related
5. Evidence on the credit report and other credit documentation that all of the Borrower's credit is current
6. Evidence that the Borrower's credit history, in the most recent time period as required above, shows all of the following:

- No new public records for bankruptcy, foreclosure, unpaid judgments or collections
- No payments 60 or more days past due
- No more than two payments 30 days past due
- No housing payments past due

7. If the housing (rental or Mortgage) payment history was not reported to the credit repositories, documentation for the most recent 12 months meeting the requirements of Sections 37.11 and 37.20
8. Evidence that the Borrower's credit history does not contain multiple revolving accounts with high balances-to-limits or high overall utilization of revolving credit
9. An underwriting analysis on the Form 1077 or on a separate document in the Mortgage file, relating the Borrower's explanation to the Mortgage file documentation and leading to a reasonable conclusion that:
   - The events causing the financial difficulties were beyond the Borrower's control, are not ongoing and are unlikely to recur; and
   - The Borrower has reestablished an acceptable credit reputation

If the Seller cannot obtain third-party documentation confirming the extenuating circumstances and reestablishment of credit, it cannot consider the extenuating circumstance as an acceptable offset to significant adverse or derogatory credit information.

(ii) Handling significant adverse or derogatory information caused by financial mismanagement

If the Seller is unable to document extenuating circumstances in accordance with Freddie Mac's requirements, then it must conclude that the problems were due to financial mismanagement.

In order to conclude that the Borrower's credit reputation is still acceptable despite the previous financial mismanagement, the Seller must explain on the Form 1077 or on a separate document in the Mortgage file, the rationale supporting its determination that the financial mismanagement is unlikely to recur and the Borrower's credit reputation is acceptable. Making a case that the Borrower is sufficiently willing to repay obligations when significant derogatory information was caused by financial mismanagement is very difficult. It will take a longer and more convincing reestablishment period to overcome derogatory information caused by financial mismanagement than would be needed if the Borrower had experienced financial difficulties due to extenuating circumstances.

When the Seller determines that the Borrower's credit reputation is acceptable despite significant adverse or derogatory information caused by financial mismanagement, the Mortgage file must contain all of the following documentation:

1. Evidence that each Borrower with significant adverse or derogatory credit information caused by financial mismanagement has a minimum Underwriting Score of 680
2. Evidence on the credit report and other credit documentation that the Borrower has reestablished an acceptable credit reputation
   - For a period of at least:
     - 60 months for a previous foreclosure
     - 60 months when the Borrower has filed more than one bankruptcy petition in the past seven years
     - 48 months after the discharge or dismissal date of a bankruptcy, other than a Chapter 13 bankruptcy with discharge date, or conveyance of a deed-in-lieu of foreclosure
     - 48 months for a short payoff related to a delinquent Mortgage obligation
     - 24 months after the discharge date of a Chapter 13 bankruptcy
     - 48 months for all other significant adverse or derogatory credit information
   - Meeting the requirements of Section 37.4 for type and minimum number of payment references.
     - If the derogatory credit included Tradeline credit, the Borrower is expected to reestablish credit with at least one Tradeline credit.
     - If the derogatory information was on Noncredit Payment References, either Tradeline or Noncredit Payment References may be used. In addition,
   - Of the minimum number of payment references required, at least one must have been open for at least the most recent 24 months and all must have been active within the most recent 24 months
     - The payment references may include an account opened prior to the significant adverse or derogatory information
     - At least one of the payment references must be housing-related
3. Evidence on the credit report and other credit documentation that all of the Borrower's credit is current
4. Evidence that the Borrower's credit history, in the most recent applicable time period as required above shows all of the following:
   - No new public records for bankruptcy, foreclosure, unpaid judgments or collections
   - No payments 60 days or more past due
   - No more than two payments 30 days past due
   - No housing payments past due
5. If the housing (rental or Mortgage) payment history was not reported to the credit repositories, documentation for the most recent 12 months meeting the requirements of Sections 37.11 and 37.20
6. Evidence that the Borrower's credit history does not contain multiple revolving accounts with high balances-to-limits or high overall utilization of revolving credit
7. An underwriting analysis on the Form 1077, or on a separate document in the Mortgage file, relating to the Borrower's explanation to the Mortgage file

documentation and leading to a reasonable conclusion that the Borrower has reestablished an acceptable credit reputation

(c) Bankruptcy

Except for Accept Mortgages and A-minus Mortgages, a bankruptcy within the last seven years that is disclosed on a credit report, disclosed by the Borrower on the Form 65, Uniform Residential Loan Application, or contained elsewhere in the Mortgage file must always be considered significant derogatory information. The length of time since discharge or dismissal to the date of the application must meet the recovery period requirements for extenuating circumstances or financial mismanagement in Section 37.7(b)(i) or (ii), as applicable.

Except for Accept Mortgages and A-minus Mortgages, whenever a Borrower has had a bankruptcy within the last seven years, the Mortgage file must also contain:

- Copies of the bankruptcy petition, schedule of debts and discharge or dismissal
- Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid
- Any other evidence necessary to support the Seller's determination that the Borrower has reestablished and maintained an acceptable credit reputation

(d) Previous Mortgage foreclosure (or conveyance of a deed-in-lieu of foreclosure)

(i) Recovery period requirements

Except for Accept Mortgages and A-minus Mortgages, a previous Mortgage foreclosure (or conveyance of a deed-in-lieu of foreclosure) within the last seven years that is disclosed on a credit report, disclosed by the Borrower on the application or contained elsewhere in the Mortgage file must always be considered significant derogatory information. The length of time since completion to the date of the application must meet the recovery period requirements of extenuating circumstances or financial mismanagement in Section 37.7(b)(i) or (ii), as applicable.

(ii) Additional requirements

Once the recovery period requirements for extenuating circumstances or financial mismanagement in Section 37.7(b)(i) or (ii) have been met, the Mortgage must meet the following requirements in order to be eligible for delivery to Freddie Mac:

- For a previous foreclosure, the Mortgage must either be:
  - A purchase transaction Mortgage secured by a Primary Residence with a maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio of 90%, or
  - A "no cash-out" refinance Mortgage that meets the requirements of Chapter 24.

- For a conveyance of a deed-in-lieu of foreclosure, the Mortgage must either be:
  - A purchase transaction Mortgage with a maximum LTV/TLTV/HTLTV ratio of 90% or the maximum LTV/TLTV/HTLTV ratio permitted, or
  - A “no cash-out” and cash-out refinance Mortgage that meet the requirements of Chapter 24.

(e) Inquiries

Inquiries on the credit report generally reflect the Borrower’s requests for new or additional credit. Inquiries made for other purposes, such as general solicitations not initiated by the Borrower or monitoring inquiries by current creditors, typically are not shown on the credit report.

When the credit report indicates that a creditor has made an inquiry within the previous 120-day period, the Seller must determine whether additional credit was granted. A letter from the creditor or, if such a letter is unobtainable, a signed statement from the Borrower may be used to determine whether additional credit was obtained. If additional credit was granted, the Seller must obtain verification of the debt and must consider the debt when qualifying the Borrower subject to the requirements in Section 37.16, Monthly debt payment-to-income ratio.

When underwriting with FICO scores in the comprehensive or cautious range, a reason code will alert the Seller that the number of inquiries affected the Borrower’s FICO score and, therefore, should not be overlooked in underwriting. In this case and when underwriting without FICO scores, the Seller must decide whether the number of recent inquiries, especially when combined with other credit information, increases the risk of the Borrower’s credit profile.

Several inquiries within the most recent 12 months generally increase risk and, when combined with high balances-to-limits on revolving accounts may indicate that the Borrower is in danger of becoming overextended. In addition, several recent inquiries, combined with a credit history of short duration may make even mild derogatory credit information significant.

To address how risk evidenced by several recent inquiries, layered with other credit reputation risks, affects the Borrower’s overall credit reputation, the Seller must look at:

- The Borrower’s payment history
- The age of the Borrower’s other credit
- The type of credit being sought
- The total amount of credit outstanding, and
- The overall credit utilization reflected on the report

(f) Age of accounts

For Manually Underwritten Mortgages, the Seller must review the age of the Borrower's credit obligations to determine whether there has been a recent, significant increase in the number of open accounts. The age of an account is found on a credit report by referring to the "date opened" column. The length of a Borrower's credit history can be measured from the oldest account.

Like inquiries, several recently opened accounts may be a warning that the Borrower could become overextended and require a more conservative approach to reviewing both Borrower credit reputation and capacity. A credit history with all recently opened accounts may indicate that the Borrower lacks sufficient experience managing financial obligations.

The Seller should also review the age of accounts to determine if there has been a significant change in the Borrower's credit profile. A change in the Borrower's pattern of credit use, which includes several newly opened revolving accounts, several inquiries and high utilization of revolving Tradelines, introduces significant layering of risk to the Borrower's credit reputation.

When underwriting with FICO scores in the comprehensive or cautious range, a reason code will alert the Seller that the age of accounts affected the Borrower's FICO score and, therefore, should not be overlooked in underwriting. In this case and when underwriting without FICO scores, the Seller must decide whether the age of accounts, combined with other credit information, increases the risk of the Borrower's profile.

To address how the age of a Borrower's accounts, layered with other credit risks, affects the Borrower's credit reputation, the Seller must consider:

- The Borrower's payment history
- The amount of outstanding credit
- The overall utilization of revolving accounts, and
- Recent inquiries

(g) Balances-to-limits/high overall utilization of revolving credit

For Manually Underwritten Mortgages, the Seller must compare the current balance for each open account to the high credit or limit to determine whether there is a pattern of accounts with balances at or near their limits. Multiple revolving accounts with balances more than 50% of their limits must be considered as additional risk when evaluating credit reputation. The more accounts with high balances-to-limits and the higher the percentage used, the higher the risk.

High balances-to-limits may also indicate the Borrower is making minimum payments on revolving accounts rather than reducing the debt and may be at or near payment capacity. Any derogatory information in a credit history within the most recent two

years combined with several revolving accounts at or near their limits should be considered significant derogatory information when evaluating the credit reputation.

In addition to evaluating balances-to-limits, the Seller must compare the overall amount of outstanding revolving credit to the overall amount of revolving credit available to the Borrower, as shown on the credit report, to determine credit utilization. Usage of more than 60% of available revolving credit must be considered a risk factor when evaluating credit reputation. The higher the Borrower's overall utilization of revolving credit, the higher the amount of risk.

A pattern of revolving accounts at or near their limits, and utilization of a high proportion of the overall revolving credit available to the Borrower, especially when combined with newly opened accounts, indicates that the Borrower is becoming overextended and there is significant risk in the Borrower's credit reputation. The Seller may not use the lack of adverse or derogatory credit information as an offset for high balances-to-limits or high overall utilization of revolving credit.

For a Caution Mortgage with at least two Feedback Certificate messages related to high balances-to-limits or high overall utilization of revolving credit, the Seller should presume the Borrower's credit reputation is unacceptable.

When underwriting with FICO scores in the comprehensive or cautious range, a reason code will alert the Seller that the balances on revolving accounts are too high or the proportion of balance to high credit on bank revolving or all revolving accounts is too high and affected the Borrower's FICO score. For a Mortgage with a FICO score in the cautious range and at least two reason codes related to high balances-to-limits or high overall utilization of revolving credit, the Seller should presume the Borrower's credit reputation is unacceptable, unless:

- The Borrower has sufficient cash reserves to pay off all revolving account balances, and
- The Borrower's total debt payment-to-income ratio is within guidelines, or does not exceed 36%

The Seller must determine whether the balances-to-limits and overall revolving utilization, combined with other credit information, make the Borrower's credit reputation unacceptable.

For example, a Borrower with multiple revolving accounts with balances at or near limits, overall utilization of revolving credit of 90%, and less than four years of credit history would have an unacceptable credit reputation, even if there were no derogatory information in the credit report, unless the Borrower had sufficient cash reserves to pay off all revolving account balances and the Borrower's total debt-to-income ratio was within guidelines.

To address how high balances-to-limits, when layered with other credit risks, affect the Borrower's overall credit reputation, the Seller should look at:

- The Borrower's payment history
- The age of the Borrower's credit
- The number of accounts with outstanding balances
- Recent inquiries, and
- The total amount of credit outstanding

37.7: Evaluating Borrower credit reputation (02/01/11)

(a) Overview

The Borrower's credit reputation may be established by any of the following methods:

- Submitting the Mortgage to Loan Prospector®
- For Borrowers with usable Credit Scores, manually underwriting with Fair Isaac Corporation (FICO™) scores and reason codes and analyzing the information in each of the Borrower's credit reports and other verifications as required by Section 37.6. When a minimum Indicator Score is required, it must be met or exceeded for the Mortgage to be eligible for delivery to Freddie Mac.
- For Borrowers without usable Credit Scores, manually underwriting without FICO scores, and analyzing all information contained in each of the Borrower's credit reports and other verifications

For an Accept Mortgage and an A-minus Mortgage, Loan Prospector has determined that the Borrower's credit reputation is acceptable. In all other Mortgages, the Seller must thoroughly evaluate the Borrower's credit reputation in accordance with the requirements set forth in this section and document in the Mortgage file the Seller's conclusion the reputation is acceptable.

Because FICO scores evaluate all the information in the Borrower's repository credit file at the time the FICO score was created, a Seller underwriting with FICO scores will find much of the evaluation of the Borrower's credit reputation is already reflected in the FICO score and accompanying reason codes. (See Section 37.6 for more information on the review required when using FICO scores.)

When manually underwriting with FICO scores, the Seller must not use the following factors as offsets for weaknesses in the Borrower's credit reputation because they have already been considered in creating the FICO score:

1. The absence of, or age of, derogatory information
2. The number/proportion of accounts paid as agreed versus delinquent
3. The types of accounts paid as agreed versus the types of accounts that are delinquent

4. Recent pay-down or consolidation of account balances by the Borrower
5. The length of the Borrower's credit history
6. Any combinations of the above factors

What constitutes an acceptable credit reputation for Freddie Mac may vary according to the Mortgage product or type. For example, a Mortgage that has significant derogatory credit information and would not receive an Accept Risk Class from Loan Prospector may still be eligible for delivery as an A-minus Mortgage. The Seller may also be able to conclude that a Mortgage receiving a Caution Risk Class from Loan Prospector due to significant derogatory information has an acceptable credit reputation by documenting that the derogatory credit was attributable to extenuating circumstances. The requirements for establishing and documenting extenuating circumstances are set forth in Section 37.7(b).

For Manually Underwritten Mortgages, the Seller's evaluation of the Borrower's credit reputation must be based on the entire credit history documented in the Mortgage file. The Seller must weigh the following factors in arriving at a conclusion that the Borrower's credit reputation is acceptable:

1. The type and amount of credit outstanding
2. How long the Borrower has had credit
3. How the Borrower uses available credit, including revolving balances-to-limits
4. Recent changes in the number of open accounts or overall amount of credit outstanding
5. The payment history and status of all accounts
6. Any recent inquiries shown on the credit report
7. Any public record or collection items

If a Borrower's credit history includes both Tradelines and Noncredit Payment References, the Seller must put more weight on the Tradelines when evaluating the Borrower's credit reputation and cannot use Noncredit Payment References to offset derogatory credit in a Tradeline reference. If a Borrower's credit history includes housing obligations (rental or Mortgage), the Seller should put more weight on how housing payments were made than nonhousing payments, but must not ignore any derogatory information in the credit history.

The Seller must also consider layering of risk in its evaluation of credit reputation. A stronger credit reputation may be required if either capacity or collateral is weak. (See Section 37.1 for more information on how to evaluate the overall risk of the Mortgage using the "three Cs" [credit reputation, capacity and collateral].)

(b) Adverse or derogatory credit information

Adverse credit information in and of itself does not mean the Borrower's credit reputation is unacceptable. When there is adverse or derogatory information in the Borrower's credit history, the Seller must determine whether the derogatory information is significant.

For Accept Mortgages and A-minus Mortgages, the significance of the derogatory information has already been considered by Loan Prospector and the Borrower's credit reputation has been deemed acceptable. However, regardless of the Risk Classification received from Loan Prospector, if evidence of a short sale is disclosed on a credit report or contained elsewhere in the Mortgage file, the requirements for handling significant adverse or derogatory information caused by extenuating circumstances and financial mismanagement for Manually Underwritten Mortgages in subparagraphs (i) and (ii) below related to short sales must be met.

For other Caution Mortgages with at least two Feedback Certificate messages related to nonpayment of obligations, the Seller must presume the derogatory information is significant. The Seller must document the extenuating circumstances or conclude that the difficulties were due to financial mismanagement.

Similarly, for Manually Underwritten Mortgages underwritten using FICO scores with at least two reason codes related to nonpayment of obligations, the Seller must presume the derogatory information is significant and the Seller must document the extenuating circumstances or conclude that the difficulties were due to financial mismanagement. See Section 37.6 for additional information regarding the requirements necessary to determine a Borrower has an acceptable credit reputation for Manually Underwritten Mortgages using FICO scores in underwriting.

For all other Manually Underwritten Mortgages with or without FICO scores, the Seller must weigh the amount of derogatory information against the rest of the credit history and decide whether it is significant. In making its determination, the Seller should not ignore any derogatory credit, but must give more weight to late housing payments and to derogatory information or late payments occurring within the past two years. Generally, the more recent the adverse or derogatory credit information, the more likely it is significant.

The Seller must consider all of the following:

- The number, timing and extent of the adverse or derogatory credit information
- The number, type and size of accounts with adverse or derogatory credit information
- Public record information, such as judgments and collection accounts
- Other characteristics listed in this section

For example, Freddie Mac considers a 30-day late housing payment to have more weight than a 30-day late nonhousing payment, and a collection account to have more weight than a 30-day late payment on a revolving account.

Although there may be many situations involving derogatory credit information that are less clear, especially when disputes about obligations are involved, the derogatory credit information is not significant when it consists only of isolated late payments, even if several accounts show sporadic late payments, provided all of the following exist:

- The late payments were not recent
- The late payments did not extend beyond one month
- The number and size of delinquent accounts is not large in relation to the overall credit
- The credit history does not show multiple revolving accounts with high balances-to-limits or high overall utilization of revolving credit
- All other credit has been paid as agreed

However, the derogatory information is significant if any of the following exist:

- There are several accounts showing recent late payments
- There are multiple 60- or 90-day late payments
- There is more than one 30-day late housing payment in the last 12 months
- There are more than two 30-day or more than one 60-day late housing payments within the most recent two years
- The number and size of the delinquent accounts are large in relation to the overall credit
- There are multiple episodes of late payments extending over a period of time
- The credit history shows derogatory credit information within the two most recent years combined with multiple revolving accounts with high balances-to-limits
- The public record information reveals several occurrences of derogatory credit information, including judgments, tax liens and/or collection accounts
- There is a bankruptcy, foreclosure, deed-in-lieu of foreclosure, or short sale (also known as a "short payoff" or a "preforeclosure sale") within the last seven years that is disclosed on a credit report, disclosed by the Borrower on the Form 65, Uniform Residential Loan Application, or is evidenced by other documentation contained in the Mortgage file

If the Seller decides that the derogatory information is not significant, it must provide documentation supporting its conclusion in the Mortgage file. If the Seller decides that the derogatory information is significant, it must determine whether the problems were due to extenuating circumstances or to financial mismanagement.

(iii) Handling significant adverse or derogatory information caused by extenuating circumstances for Manually Underwritten Mortgages

Freddie Mac considers an extenuating circumstance to be a nonrecurring or isolated circumstance, or set of circumstances, that was beyond the Borrower's control and that significantly reduced income and/or increased expenses and rendered the Borrower unable to repay obligations as agreed, resulting in significant adverse or derogatory credit information.

In addition, if the Borrower's credit history includes significant adverse or derogatory credit within the most recent two years, even if it was caused by extenuating circumstances, the Borrower's credit reputation cannot be considered acceptable.

When the Seller uses extenuating circumstances to justify that the Borrower's credit reputation is acceptable despite significant adverse or derogatory information, the Seller must confirm the extenuating circumstances and that the Borrower has reestablished an acceptable credit reputation. If the Seller cannot obtain third-party documentation confirming the extenuating circumstances and reestablishment of credit, it cannot consider the extenuating circumstance as an acceptable offset to significant adverse or derogatory credit information.

The Mortgage file must contain all of the following documentation:

- A written statement from the Borrower attributing the cause of the financial difficulties to outside factors beyond the Borrower's control that are not ongoing and are unlikely to recur
- Third-party documentation confirming that the events related by the Borrower in the explanation were an isolated occurrence and significantly reduced the Borrower's income and/or increased expenses and rendered the Borrower unable to repay as agreed
- An underwriting analysis on Form 1077, Uniform Underwriting and Transmittal Summary, or on a separate document in the Mortgage file, relating the Borrower's explanation to the Mortgage file documentation and leading to a reasonable conclusion that:
  - The events causing the financial difficulties were beyond the Borrower's control, are not ongoing and are unlikely to recur; and
  - The Borrower has reestablished an acceptable credit reputation

- Evidence on the credit report and other documentation in the Mortgage file of the length of time since completion of the significant derogatory event to the date of application and of completion of the recovery time period requirements below. In addition to the recovery time period requirements, the following additional requirements below must also be met:

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Extenuating Circumstances	Additional Requirements
Foreclosure	36 months from the completion date as reported on the credit report	Whenever a Borrower has had a previous foreclosure, deed-in-lieu of foreclosure or a short sale within the last seven years, the Mortgage must either be: ▪ A purchase transaction Mortgage secured by a Primary Residence with a maximum loan-to-value (LTV)/total LTV
Deed-in-lieu of foreclosure	24 months from the execution date	
Short sale	24 months from the completion date	

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Extenuating Circumstances	Additional Requirements
		(TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio of the lesser of 90% or the maximum LTV/TLTV/HTLTV ratio for the transaction, or ■ A "no cash-out" refinance Mortgage that meets the requirements of Chapter 24 Additionally, the Mortgage file must contain evidence of the completion of the foreclosure, deed-in-lieu of foreclosure or short sale.
Bankruptcy (all bankruptcy actions)	24 months from the discharge or dismissal date	Whenever a Borrower has had a bankruptcy within the last seven years, the Mortgage file must also contain: ■ Copies of the bankruptcy petition, schedule of debts and discharge or dismissal ■ Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid ■ Any other evidence necessary to support the Seller's determination that the Borrower has reestablished and maintained an acceptable credit reputation
Other significant adverse or derogatory credit information	24 months from the most recent significant adverse or derogatory credit information	N/A

(iv) Handling significant adverse or derogatory information caused by financial mismanagement for Manually Underwritten Mortgages

If the Seller is unable to document extenuating circumstances in accordance with Freddie Mac's requirements, then it must conclude that the problems were due to financial mismanagement.

In order to conclude that the Borrower's credit reputation is still acceptable despite the previous financial mismanagement, the Seller must explain on Form 1077 or on a separate document in the Mortgage file, the rationale supporting its determination that the financial mismanagement is unlikely to recur and the Borrower's credit reputation is acceptable. Making a case that the Borrower is sufficiently willing to repay obligations when significant derogatory information was caused by financial mismanagement is very difficult. It will take a longer and more convincing reestablishment period to overcome derogatory information caused by financial mismanagement than would be needed if the Borrower had experienced financial difficulties due to extenuating circumstances.

When the Seller determines that the Borrower's credit reputation is acceptable despite significant adverse or derogatory information caused by financial mismanagement, the Mortgage file must contain all of the following documentation:

- Evidence that the Borrower has reestablished an acceptable credit reputation as required in this chapter for Manually Underwritten Mortgages
- Evidence on the credit report and other credit documentation in the Mortgage file of the length of time since completion of the significant derogatory event to the date of the application, and of completion of the recovery time period requirements below. In addition to the recovery time period requirements, the following additional requirements below must also be met:

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Financial Mismanagement	Additional Requirements
Foreclosure	84 months from the completion date as reported on the credit report	Whenever a Borrower has had a previous foreclosure, deed-in-lieu of foreclosure or a short sale within the last seven years, the Mortgage must
Deed-in-lieu of foreclosure	48 months from the execution date	

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Financial Mismanagement	Additional Requirements
Short sale	48 months from the completion date	either be: ▪ A purchase transaction Mortgage secured by a Primary Residence with a maximum LTV/TLTV/HTLTV ratio of the lesser of 90%, or the maximum LTV/TLTV/HTLTV ratio for the transaction, or ▪ A "no cash-out" refinance Mortgage that meets the requirements of Chapter 24 Additionally, the Mortgage file must contain evidence of the completion of the foreclosure, deed-in-lieu of foreclosure or short sale.
Bankruptcy (other than a Chapter 13 bankruptcy)	48 months from the discharge or dismissal date	Whenever a Borrower has had a bankruptcy within the last seven years, the Mortgage file must also contain: ▪ Copies of the bankruptcy petition, schedule of debts and discharge or dismissal ▪ Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid ▪ Any other evidence necessary to support the Seller's determination that the Borrower has reestablished and maintained an acceptable credit reputation
Chapter 13 bankruptcy	24 months after the discharge date 48 months from the dismissal date	
Multiple bankruptcy filings in the past seven years	60 months from the most recent discharge or dismissal date	
Other significant adverse or derogatory credit information	48 months from the most recent significant adverse or derogatory credit information	N/A

(c) Inquiries

Inquiries on the credit report generally reflect the Borrower's requests for new or additional credit. Inquiries made for other purposes, such as general solicitations not initiated by the Borrower or monitoring inquiries by current creditors, typically are not shown on the credit report.

When the credit report indicates that a creditor has made an inquiry within the previous 120-day period, the Seller must determine whether additional credit was granted. A letter from the creditor or, if such a letter is unobtainable, a signed statement from the Borrower may be used to determine whether additional credit was obtained. If additional credit was granted, the Seller must obtain verification of the debt and must consider the debt when qualifying the Borrower subject to the requirements in Section 37.16, Monthly debt payment-to-income ratio.

When underwriting with FICO scores, a reason code will alert the Seller that the number of inquiries affected the Borrower's FICO score and, therefore, should not be overlooked in underwriting. In this case and when underwriting without FICO scores, the Seller must decide whether the number of recent inquiries, especially when combined with other credit information, increases the risk of the Borrower's credit profile.

Several inquiries within the most recent 12 months generally increase risk and, when combined with high balances-to-limits on revolving accounts may indicate that the Borrower is in danger of becoming overextended. In addition, several recent inquiries, combined with a credit history of short duration may make even mild derogatory credit information significant.

To address how risk evidenced by several recent inquiries, layered with other credit reputation risks, affects the Borrower's overall credit reputation, the Seller must look at:

- The Borrower's payment history
- The age of the Borrower's other credit
- The type of credit being sought
- The total amount of credit outstanding, and
- The overall credit utilization reflected on the report

(d) Age of accounts

For Manually Underwritten Mortgages, the Seller must review the age of the Borrower's credit obligations to determine whether there has been a recent, significant increase in the number of open accounts. The age of an account is found on a credit report by referring to the "date opened" column. The length of a Borrower's credit history can be measured from the oldest account.

Like inquiries, several recently opened accounts may be a warning that the Borrower could become overextended and require a more conservative approach to reviewing both Borrower credit reputation and capacity. A credit history with all recently opened accounts may indicate that the Borrower lacks sufficient experience managing financial obligations.

The Seller should also review the age of accounts to determine if there has been a significant change in the Borrower's credit profile. A change in the Borrower's pattern of credit use, which includes several newly opened revolving accounts, several inquiries and high utilization of revolving Tradelines, introduces significant layering of risk to the Borrower's credit reputation.

When underwriting with FICO scores, a reason code will alert the Seller that the age of accounts affected the Borrower's FICO score and, therefore, should not be overlooked in underwriting. In this case and when underwriting without FICO scores, the Seller must decide whether the age of accounts, combined with other credit information, increases the risk of the Borrower's profile.

To address how the age of a Borrower's accounts, layered with other credit risks, affects the Borrower's credit reputation, the Seller must consider:

- The Borrower's payment history
- The amount of outstanding credit
- The overall utilization of revolving accounts, and
- Recent inquiries

(e) Balances-to-limits/high overall utilization of revolving credit

For Manually Underwritten Mortgages, the Seller must compare the current balance for each open account to the high credit or limit to determine whether there is a pattern of accounts with balances at or near their limits. Multiple revolving accounts with balances more than 50% of their limits must be considered as additional risk when evaluating credit reputation. The more accounts with high balances-to-limits and the higher the percentage used, the higher the risk.

High balances-to-limits may also indicate the Borrower is making minimum payments on revolving accounts rather than reducing the debt and may be at or near payment capacity. Any derogatory information in a credit history within the most recent two years combined with several revolving accounts at or near their limits should be considered significant derogatory information when evaluating the credit reputation.

In addition to evaluating balances-to-limits, the Seller must compare the overall amount of outstanding revolving credit to the overall amount of revolving credit available to the Borrower, as shown on the credit report, to determine credit utilization. Usage of more than 60% of available revolving credit must be considered a risk factor when evaluating credit reputation. The higher the Borrower's overall utilization of revolving credit, the higher the amount of risk.

A pattern of revolving accounts at or near their limits, and utilization of a high proportion of the overall revolving credit available to the Borrower, especially when combined with newly opened accounts, indicates that the Borrower is becoming overextended and there is significant risk in the Borrower's credit reputation. The Seller may not use the lack of adverse or derogatory credit information as an offset for high balances-to-limits or high overall utilization of revolving credit.

For a Caution Mortgage with at least two Feedback Certificate messages related to high balances-to-limits or high overall utilization of revolving credit, the Seller should presume the Borrower's credit reputation is unacceptable.

When underwriting with FICO scores, a reason code will alert the Seller that the balances on revolving accounts are too high or the proportion of balance to high credit on bank revolving or all revolving accounts is too high and affected the Borrower's FICO score.

The Seller must determine whether the balances-to-limits and overall revolving utilization, combined with other credit information, make the Borrower's credit reputation unacceptable.

For example, a Borrower with multiple revolving accounts with balances at or near limits, overall utilization of revolving credit of 90%, and less than four years of credit history would have an unacceptable credit reputation, even if there were no derogatory information in the credit report, unless the Borrower had sufficient cash reserves to pay off all revolving account balances and the Borrower's total debt-to-income ratio was within guidelines.

To address how high balances-to-limits, when layered with other credit risks, affect the Borrower's overall credit reputation, the Seller should look at:

- The Borrower's payment history
- The age of the Borrower's credit
- The number of accounts with outstanding balances
- Recent inquiries, and
- The total amount of credit outstanding

37.8: The Mortgage application (08/16/10)

Required use of Form 65, Uniform Residential Loan Application
The Form 65, Uniform Residential Loan Application, must be used for all Mortgage applications. The Form 65A, Statement of Assets and Liabilities, may be used to supplement the Form 65, if needed.

The Form 65 and Form 65A used for a Mortgage must be the version current as of the date of the loan application. See Exhibit 4, Single-Family Uniform Instruments, for the date of the current version of the Form 65 and Form 65A.

The Seller must not make any changes or additions to the Form 65 or Form 65A, except for changes and modifications that are required or permitted by the provisions in Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application. The format (font, type size, page size, number of pages and margins) of the Form 65 and Form 65A may be adjusted as necessary, to make the document easier to read and complete or to reduce the number of pages. In doing so, additional blocks, lines or spaces may be added to allow all relevant information to be included but sections, blocks or lines may not be removed. The Freddie Mac and Fannie Mae taglines must remain intact. Any adjustments made to the format of these forms must be made pursuant to all applicable law.

As an option, the Seller may use the Fannie Mae Spanish/English version of the Uniform Residential Loan Application, Form 1003(s), and the Statement of Assets and Liabilities, Form 1003A(s). A Seller choosing to use these forms assumes all responsibility for ensuring that use of the form is permissible under applicable law. The Seller must attach a translation and warrant that the translation is complete and accurate. Neither the language in the form, nor the fact that Freddie Mac permits its use on an optional basis, shall be deemed to constitute a waiver, amendment or modification by Freddie Mac of any requirements of the Purchase Documents.

(a) Completion instructions

A completed Form 65 and Form 65A, if necessary, is used to begin the process of determining the Borrower's credit reputation and capacity to repay the Mortgage. If a residential mortgage credit report (RMCR) is ordered, the information on the Form 65 must be provided to the consumer reporting agency that is to issue the RMCR. The Seller may elect to complete the liabilities portion of the application directly from the credit reports either manually or through an automated process.

If the credit reports identify fewer than three open Tradelines (except for Accept Mortgages), the Seller should ask the Borrower if any additional Tradeline references exist (see Section 37.4).

The final Form 65 and Form 65A, if used, must reflect accurate and complete information as of the Note Date. All of the Borrower's debts incurred through the Note Date must be included on the final Form 65 and Form 65A, if used, and must be considered in the calculation of the Borrower's monthly debt payment-to-income ratio (see Section 37.16). The final Form 65 and Form 65A, if used, must be complete, legible, dated and signed by the Borrowers signing the Note.

Information on the initial application must be entered as originally provided by the Borrower and/or, if applicable, as listed on the credit reports, whether handwritten or typed. The information given by the Borrowers on the application must be consistent with both the identifying information in the credit reports as well as with the verifications in the Mortgage file. For any Mortgage in which there is a material discrepancy, the Seller must prepare a written statement explaining the discrepancy.

The signature block for joint credit should be signed only if there are co-applicants both of whose income and assets/liabilities are being used for qualification purposes. The signature block should not be signed if there are co-applicants but one is signing because that person has community property or similar rights.

(b) Electronic and fax copies of loan applications

Freddie Mac agrees that the Seller may receive an initial Form 65 and Form 65A, if necessary, from a Borrower as an Electronic Record or fax copy. The Freddie Mac Form 65 and Form 65A contain language in the acknowledgement and agreement section that permits the Borrower to:

- Physically sign a paper Form 65 and Form 65A, if necessary, with pen and ink and deliver a fax copy of the signed Form 65 to the Seller via facsimile transmission or
- Electronically sign an electronic Form 65 and Form 65A, if necessary, using an Electronic Signature and deliver the electronic Form 65 to the Seller as an Electronic Record via the Internet or other form of electronic transmission

Seller represents and warrants that any initial Form 65 and Form 65A, if necessary, received from a Borrower as an Electronic Record or fax copy has been duly signed by the Borrower and complies with the federal Electronic Signatures in Global and National Commerce Act ("E-Sign") and all other applicable State and federal laws and regulations including, without limitation, all State and federal consumer disclosure laws and regulations. The Seller agrees that the initial Form 65 and Form 65A, if necessary, received from a Borrower as an Electronic Record or fax copy are subject to the representations, warranties, covenants, agreements and requirements contained in Section 1.3(j) or 1.3(k) of the Guide, as applicable.

The final loan application delivered by the Borrower to the Seller at loan closing must be an original paper Form 65, and Form 65A if necessary, physically signed by the Borrower using an ink pen. In the event the Seller wishes to use an electronic Form 65, and Form 65A if necessary, signed electronically by the Borrower at closing (settlement) using an Electronic Signature, the Seller must obtain Freddie Mac's advance written consent in the form of a negotiated amendment to Seller's Purchase Documents.

Seller may maintain copies of the original signed paper Form 65 and Form 65A in accordance with the requirements of Section 52.2 of the Guide.

37.9: Documenting the Borrower's credit reputation (01/02/09)

(a) General

The Seller is required to document the Borrower's credit reputation and the Seller's determination that the Borrower's reputation is acceptable.

The first step in documenting credit reputation is to document the Borrower's existing credit history. This must be done by documenting a history of payments made by the Borrower through the credit reporting process as detailed in Section 37.10 and/or by direct verification.

For Accept Mortgages and A-minus Mortgages, Loan Prospector establishes that the Borrower's credit reputation is acceptable to Freddie Mac. For all Manually Underwritten Mortgages, the Seller must review the credit reports and direct verifications to determine if the credit reputation is acceptable.

The Seller must determine that the consumer reporting agency/bureau or credit repositories accessed the correct credit file by confirming the Borrower's identifying information (name, current and previous address and social security number) on the credit reports returned. The Seller is required to re-request the credit reports if a data entry error was made, or if the credit reports contain incorrect identifying information.

To document the credit reputation for Loan Prospector Mortgages, the Seller must use the following:

- The Uniform Residential Loan Application
- The credit reports (see Section 37.10 for details)
- The Feedback Certificate
- An underwriting summary such as the Form 1077, Uniform Underwriting and Transmittal Summary
- Additional documentation as required for Caution Mortgages

Direct verification of Mortgage debt, rental payments and other debts not shown on the credit reports are typically not required for Accept Mortgages. Direct verification may be required for Mortgage debts on A-minus Mortgages. (See Chapter C33.) For Manually Underwritten Mortgages, direct verification of housing debts and other debts not shown on the credit reports is required (See Section 37.11).

Mortgages that are submitted to Loan Prospector and receive a status of ineligible, invalid or incomplete must be manually underwritten as Non-Loan Prospector Mortgages.

To document the Borrower's credit reputation for Non-Loan Prospector Mortgages, the Seller must use the following documentation:

- The Uniform Residential Loan Application
- The credit reports (see Section 37.10 for details)
- Any direct verification of payment histories
- An underwriting summary such as the Form 1077, Uniform Underwriting and Transmittal Summary
- Additional documentation may be required depending on the Borrower's credit history

If the credit report does not contain a reference for each significant open debt listed on the Mortgage application, the Seller must obtain a separate written verification for each unreported debt. Accounts listed on the credit report as "will rate by mail only" or "need written authorization" also require separate verification by the Seller.

For Manually Underwritten Mortgages, the Seller must document in the Mortgage file and describe on the Form 1077 or another document in the Mortgage file:

- Any additional risks uncovered during the evaluation of the credit history
- The Seller's analysis and conclusion that the Borrower's credit reputation is acceptable

The documents used to establish the Borrower's credit history must be consistent with each other and with the Borrower information found on the Mortgage application. The Mortgage file must also include any supporting documentation necessary to address derogatory information or other risks identified by other sources. Specific documentation requirements for Manually Underwritten Mortgages are detailed in Section 37.23.

When the Borrower's acceptable credit reputation is determined by a basic review, documentation of the Credit Score and the fact that it was obtained and selected as described in Section 37.5 is a sufficient description of how the Seller determined that the Borrower's credit reputation is acceptable. The Seller does not need to include any additional explanation or justification on the Form 1077 or another document in the Mortgage file.

When underwriting without Credit Scores or when the Mortgage is subject to a comprehensive or cautious review, the Seller must document credit-related offsets for the risks indicated by the repository reason codes or Feedback Certificate messages. The Seller must also include in the Mortgage file any supporting documentation used to determine that the Mortgage is acceptable and reconcile material discrepancies between the Mortgage application and the credit report.

When underwriting with Credit Scores, the Seller must identify on the Form 1077, or another document in the Mortgage file, the Credit Score selected for each Borrower and the process used to select that Credit Score from among all Credit Scores received for that Borrower. An explanation for any Credit Scores found to be unusable due to an insufficient number of Tradelines or inaccurate information should also be included.

(b) Documenting Borrower explanation of adverse or derogatory information

The Seller is not required to obtain or document an explanation of adverse or derogatory information on Accept Mortgages or A-minus Mortgages. As part of its review of Manually Underwritten Mortgages, the Seller may need to request that the Borrower provide a written explanation of the circumstances causing the payment difficulty. The decision to require an explanation letter should be based on such factors as the age of the delinquent account, the frequency and severity of late

payments, the size of the account balance and payment, when the late payments occurred and the status of the Borrower's other credit accounts.

For example, a Borrower's credit history shows a 30-day late payment on a single charge account ten months ago. The Borrower has several other charge accounts, an installment loan and a Mortgage, all showing timely payments. The Seller may decide not to obtain a letter of explanation. However, if several of the Borrower's credit accounts showed late payments, or the Borrower's Mortgage or installment loan were also late, the single late on the charge account ten months ago may be considered significant, so the Seller should obtain a letter of explanation from the Borrower and include it in the Mortgage file.

A written explanation is required for significant derogatory information. The purpose for requiring a written explanation is to assist the Seller in determining whether the Borrower's credit problems were due to extenuating circumstances (factors clearly beyond the control of the Borrower) or whether they reflect financial mismanagement (the Borrower's disregard for the payment of obligations when due).

In order to accomplish this purpose, it may be necessary to allow someone to assist the Borrower in preparing the explanation. If the Borrower needs assistance in preparing a written explanation, another party, such as the real estate agent or loan officer, should be encouraged to assist the Borrower in preparing the explanation. As long as the explanation accurately reflects the facts as related by the Borrower (as evidenced by the Borrower's signature attesting accuracy), the Seller should accept the explanation as documentation for its review.

A written explanation in and of itself does not satisfy the Seller's responsibility to determine the Borrower's willingness to repay. When adverse or derogatory information is considered significant, as explained in Section 37.7, the Seller must relate the reasons for the late payments, as stated by the Borrower, to the other information about the Borrower's credit history contained in the Mortgage file. The Seller must reasonably be able to conclude that:

- The explanation is consistent with the adverse information reported and the other information in the Mortgage file
- The explanation establishes a credible cause for the late payments
- The Borrower represents an acceptable credit risk and exhibits the ability and willingness to repay the Mortgage

37.9: Documenting the Borrower's credit reputation (02/01/11)

(a) General

The Seller is required to document the Borrower's credit reputation and the Seller's determination that the Borrower's reputation is acceptable.

The first step in documenting credit reputation is to document the Borrower's existing credit history. This must be done by documenting a history of payments made by the Borrower through the credit reporting process as detailed in Section 37.10 and/or by direct verification.

For Accept Mortgages and A-minus Mortgages, Loan Prospector® establishes that the Borrower's credit reputation is acceptable to Freddie Mac. For all Manually Underwritten Mortgages, the Seller must review the credit reports and direct verifications to determine if the credit reputation is acceptable.

The Seller must determine that the consumer reporting agency/bureau or credit repositories accessed the correct credit file by confirming the Borrower's identifying information (name, current and previous address and social security number) on the credit reports returned. The Seller is required to re-request the credit reports if a data entry error was made, or if the credit reports contain incorrect identifying information.

To document the credit reputation for Loan Prospector Mortgages, the Seller must use the following:

- The Uniform Residential Loan Application
- The credit reports (see Section 37.10 for details)
- The Feedback Certificate
- An underwriting summary such as Form 1077, Uniform Underwriting and Transmittal Summary
- Additional documentation as required for Caution Mortgages

Direct verification of Mortgage debt, rental payments and other debts not shown on the credit reports are typically not required for Accept Mortgages. Direct verification may be required for Mortgage debts on A-minus Mortgages. (See Chapter C33.) For Manually Underwritten Mortgages, direct verification of housing debts and other debts not shown on the credit reports is required (See Section 37.11).

Mortgages that are submitted to Loan Prospector and receive a status of ineligible, invalid or incomplete must be manually underwritten as Non-Loan Prospector Mortgages.

To document the Borrower's credit reputation for Non-Loan Prospector Mortgages, the Seller must use the following documentation:

- The Uniform Residential Loan Application
- The credit reports (see Section 37.10 for details)
- Any direct verification of payment histories
- An underwriting summary such as Form 1077, Uniform Underwriting and Transmittal Summary
- Additional documentation may be required depending on the Borrower's credit history

If the credit report does not contain a reference for each significant open debt listed on the Mortgage application, the Seller must obtain a separate written verification for each unreported debt. Accounts listed on the credit report as "will rate by mail only" or "need written authorization" also require separate verification by the Seller.

For Manually Underwritten Mortgages, the Seller must document in the Mortgage file and describe on Form 1077 or another document in the Mortgage file:

- Any additional risks uncovered during the evaluation of the credit history
- The Seller's analysis and conclusion that the Borrower's credit reputation is acceptable

The documents used to establish the Borrower's credit history must be consistent with each other and with the Borrower information found on the Mortgage application. The Mortgage file must also include any supporting documentation necessary to address derogatory information or other risks identified by other sources. Specific documentation requirements for Manually Underwritten Mortgages are detailed in Section 37.23.

When underwriting with Credit Scores, the Seller must identify on Form 1077, or another document in the Mortgage file, the Credit Score selected for each Borrower and the process used to select that Credit Score from among all Credit Scores received for that Borrower. An explanation for any Credit Scores found to be unusable due to an insufficient number of Tradelines or inaccurate information should also be included.

(b) Documenting Borrower explanation of adverse or derogatory information

The Seller is not required to obtain or document an explanation of adverse or derogatory information on Accept Mortgages or A-minus Mortgages. As part of its review of Manually Underwritten Mortgages, the Seller may need to request that the Borrower provide a written explanation of the circumstances causing the payment difficulty. The decision to require an explanation letter should be based on such factors as the age of the delinquent account, the frequency and severity of late payments, the size of the account balance and payment, when the late payments occurred and the status of the Borrower's other credit accounts.

For example, a Borrower's credit history shows a 30-day late payment on a single charge account ten months ago. The Borrower has several other charge accounts, an installment loan and a Mortgage, all showing timely payments. The Seller may decide not to obtain a letter of explanation. However, if several of the Borrower's credit accounts showed late payments, or the Borrower's Mortgage or installment loan were also late, the single late on the charge account ten months ago may be considered significant, so the Seller should obtain a letter of explanation from the Borrower and include it in the Mortgage file.

A written explanation is required for significant derogatory information. The purpose for requiring a written explanation is to assist the Seller in determining whether the Borrower's credit problems were due to extenuating circumstances (factors clearly beyond the control of the Borrower) or whether they reflect financial mismanagement (the Borrower's disregard for the payment of obligations when due).

In order to accomplish this purpose, it may be necessary to allow someone to assist the Borrower in preparing the explanation. If the Borrower needs assistance in preparing a written explanation, another party, such as the real estate agent or loan officer, should be encouraged to assist the Borrower in preparing the explanation. As long as the explanation accurately reflects the facts as related by the Borrower (as evidenced by the Borrower's signature attesting accuracy), the Seller should accept the explanation as documentation for its review.

A written explanation in and of itself does not satisfy the Seller's responsibility to determine the Borrower's willingness to repay. When adverse or derogatory information is considered significant, as explained in Section 37.7, the Seller must relate the reasons for the late payments, as stated by the Borrower, to the other information about the Borrower's credit history contained in the Mortgage file. The Seller must reasonably be able to conclude that:

- The explanation is consistent with the adverse information reported and the other information in the Mortgage file
- The explanation establishes a credible cause for the late payments
- The Borrower represents an acceptable credit risk and exhibits the ability and willingness to repay the Mortgage

37.10: Credit reports (06/15/10)

Each Mortgage file submitted to Freddie Mac must contain one or more written credit reports meeting the requirements of this section. For a Loan Prospector® Mortgage, the Seller may choose to calculate total monthly obligations or to evaluate Borrower creditworthiness using either the Loan Prospector-provided credit reports or other credit reports obtained outside of Loan Prospector. If the Seller chooses to use credit reports obtained outside of Loan Prospector and also prints reports from Loan Prospector, the Seller must include in the Mortgage file any credit reports received from Loan Prospector and the credit reports obtained outside of Loan Prospector.

(a) Repository of credit information

A repository of credit information is an organization engaged primarily in gathering, recording, updating, storing and distributing financial and public record information concerning the debt repayment histories of individuals being considered for credit extension. The following national organizations meet this definition:

- Equifax Credit Information Services
- Experian Information Systems and Services
- Trans Union Credit Information Company

(b) Consumer reporting agency or bureau

A consumer reporting agency is an organization engaged in the preparation and sale of credit reports used by credit grantors to determine the credit and public record history of an individual. These reports contain data obtained from the repositories of credit information. The reports may also contain information and verifications obtained from other sources.

(c) In-file credit reports

An in-file credit report is issued by a credit repository and contains "as is" information which is information that has not been updated or re-verified as a result of a credit inquiry.

If the Seller chooses to use in-file credit reports, Freddie Mac requires the Seller to obtain reports from at least two credit repositories for each Borrower.

(d) Merged credit reports

A merged credit report is issued by a credit repository or a consumer reporting agency or bureau and includes the credit information from at least two credit repositories. A merged credit report includes all credit repository credit data for an individual Borrower. A joint merged credit report includes all credit repository credit data on two individual Borrowers.

The credit information from each credit repository may be presented in a stacked merged credit report (that is, all records from all repositories are included in the report), or the consumer reporting agency or bureau may eliminate duplicate records through an automated merge process. Each consumer reporting agency or bureau may have a slightly different merge logic to eliminate duplicate records.

If the Seller chooses to use merged or joint merged credit reports, Freddie Mac requires the credit repository or consumer reporting agency or bureau to obtain reports from at least two credit repositories for each Borrower.

(e) Residential Mortgage Credit Report

A Residential Mortgage Credit Report (RMCR) is a detailed account of the credit, employment and residence history as well as public records information prepared by a consumer reporting agency for an individual Borrower or two individual Borrowers. The RMCR was designed for use in mortgage financing of 1- to 4-unit dwellings. Credit information from two national repositories is merged and verified by a consumer reporting agency or bureau before it is sent to the user. The consumer reporting agency or bureau may also verify other information not contained in repository records.

(f) Credit report standards

All credit reports must meet the applicable standards from the following table:

Standard	In-file credit report	Merged credit report	RMCR
Must have no erasures, alterations, correction fluid or correction tape and must be filed in the Mortgage file	X	X	X
Show the names of the national credit repositories from which the information was obtained. The report must contain information from at least two national credit repositories for each area in which the Borrower has resided during the most recent two-year period. Separate credit repository inquiries are necessary when multiple Borrowers have maintained credit individually.	X	X	X
Be issued by a consumer reporting agency that obtains or verifies all information from sources other than the applicant.	X	X	X
Present all credit data in a format that is easy to read and free of excessive coding. All codes must be clearly defined.	X	X	X
Identify the full name, address and telephone number of the repository, consumer reporting agency or bureau issuing the report.	X	X	X
Identify who ordered the report and who was billed for it (if different from the party who ordered it), unless the billed party has a documented agent or corporate relationship with the lender who ordered the report.			X
Be delivered to the office of the requestor.	X	X	X
Show responsive statements concerning items on the report. For example, the consumer reporting agency must report "unable to verify" or "employer refused to verify." The same responsive reporting applies to trade and credit history.			X
List all inquiries made within the previous 90 days.	X	X	X
Show a positive statement that the consumer reporting agency attempted to verify the Borrower's current employment and, if obtainable, income. The report must show the date of verification. Verification may be made by telephone. If there has been a change in employment in the past two years, the report must also state the Borrower's previous employment and income. In cases in which employment was not verified, the report must indicate why it was not.			X

Include all available public records information. The legal search must disclose whether any judgments, foreclosures, tax liens or bankruptcies were discovered in the public records. Adverse items must be reported as provided under the Fair Credit Reporting Act.	X	X	X
List, in all cases, the historical status of each account. This status must be in a "number of times past due" format. Freddie Mac prefers the format of "0 x 30, 0 x 60, 0 x 90 days" late. However, the format of R1, R2, etc., is acceptable if the meaning of the ratings is given and the credit report also gives historical negative ratings, such as "was R3 in 6/84." As long as its meaning is clear from the credit report, a consecutive numbering sequence for payment history — such as "00010000..." is also acceptable. Statements such as "current," "as agreed," or "satisfactory" are not acceptable by themselves because they are too vague.	X	X	X
The consumer reporting agency must interview the subjects of the credit report when the agency has incomplete information or when it discovers information that indicates the possible existence of undisclosed credit information or public records. The interview may be conducted by telephone and should obtain any information necessary to provide a credit report that is factually correct and complete.			X
Indicate the dates the accounts were last updated with the creditors. Each account with a balance must have been checked with the creditor within 90 days of the date of the credit report.			X
Indicate the dates the accounts were last updated with the creditors.	X	X	
Contain all discovered credit and legal information that is not considered obsolete under the Fair Credit Reporting Act. Currently, this time frame includes all credit and legal activity that has occurred in the last seven years and any bankruptcies within the last 10 years. (The Fair Credit Reporting Act permits information related to a bankruptcy to be reported for 10 years.) Reports that restrict information collection to shorter time periods are not acceptable.	X	X	X
Credit reports received from foreign countries must meet the requirements and standards for domestic reports, including the requirement for information for an RMCR as described in Section 37.10, including the requirement	X	X	X

to contact two national repositories for each area in which the Borrower has resided during the most recent two years. Any credit report that does not meet these standards is not acceptable as documentation for a Mortgage sold to Freddie Mac. All foreign credit reports must be completed in English, or the Seller must provide a translation and warrant that the translation is complete and accurate.			

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Note:
In addition to reviewing the files delivered by the Seller, Freddie Mac will spot-check credit reports and make other checks to ensure the quality of credit reports used in the underwriting process. If Freddie Mac, in its discretion, determines that a credit report is inadequate, Freddie Mac reserves the right to declare as unacceptable the consumer reporting agency originating the report and the Seller may not use that consumer reporting agency for Mortgages sold to Freddie Mac.
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(g) FICO scores

Loan Prospector will automatically request FICO scores for each Borrower and select one FICO score that will be used to evaluate the Mortgage. If the Mortgage is not submitted to Loan Prospector, the Seller must request the credit agency or repository to include FICO scores from all credit repositories on all credit reports. See Section 37.5 for additional details on FICO scores.

(h) Credit report options for Loan Prospector Mortgages

The Seller must include in the Mortgage file a complete set of credit reports for all Borrowers. All credit reports used by the Seller to evaluate the Borrower's creditworthiness, including the calculation of total monthly debt payments, must be of the same type. For example, the Seller may not use in-file credit reports for one Borrower, a merged credit report for another and an RMCR for a third Borrower. All in-file credit reports for an individual Borrower must be dated within 14 days of each other.

Freddie Mac encourages the Seller to use the following types of credit reports obtained through Loan Prospector:

- In-file credit reports
- Merged/joint merged credit reports (Note: if the Seller requests merged credit reports from Loan Prospector, the Loan Prospector in-file credit reports will not be returned.)

If the Seller chooses to use Loan Prospector-provided credit reports (i.e., In-files or merged credit reports), then only those credit reports must be retained in the Mortgage file.

However, the Seller may also use the following credit reports obtained outside of Loan Prospector:

- In-file credit reports
- Merged/joint merged credit reports
- Residential Mortgage Credit Report (RMCR)

If the Seller chooses to use credit reports obtained outside of Loan Prospector and also prints reports from Loan Prospector, the Seller must include in the Mortgage file any credit reports received from Loan Prospector and the credit reports obtained outside of Loan Prospector.

The Seller may use any of the above credit reports to assess the Borrower's credit reputation and to calculate total monthly debt payments (see also Section 37.16).

(i) Requirements for credit reports

All credit reports must be dated within 120 days before, as applicable, the Note Date, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the date of the assumption agreement. See Sections K33.9(b) and K33.10 for exceptions for Mortgages for Newly Constructed Homes. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

(j) Credit report options for Non-Loan Prospector Mortgages

The Seller must include in the Mortgage file a complete set of credit reports for all Borrowers. All credit reports must be of the same type. All in-file credit reports for any one Borrower must be dated within 14 days of each other.

The Seller may use the following types of credit reports:

- In-file credit reports
- Merged/joint merged credit reports
- Residential Mortgage Credit Report (RMCR)

37.10: Credit reports (01/01/11)

Each Mortgage file submitted to Freddie Mac must contain one or more written credit reports meeting the requirements of this section. For a Loan Prospector® Mortgage, the Seller may choose to calculate total monthly obligations or to evaluate Borrower creditworthiness using either the Loan Prospector-provided credit reports or other credit reports obtained outside of Loan Prospector. If the Seller chooses to use credit reports obtained outside of Loan Prospector and also prints reports from Loan Prospector, the Seller must include in the Mortgage file any credit reports received from Loan Prospector and the credit reports obtained outside of Loan Prospector.

(a) Repository of credit information

A repository of credit information is an organization engaged primarily in gathering, recording, updating, storing and distributing financial and public record information concerning the debt repayment histories of individuals being considered for credit extension. The following national organizations meet this definition:

- Equifax Credit Information Services
- Experian Information Systems and Services
- TransUnion Credit Information Company

(b) Consumer reporting agency or bureau

A consumer reporting agency is an organization engaged in the preparation and sale of credit reports used by credit grantors to determine the credit and public record history of an individual. These reports contain data obtained from the repositories of credit information. The reports may also contain information and verifications obtained from other sources.

(c) In-file credit reports

An in-file credit report is issued by a credit repository and contains "as is" information which is information that has not been updated or re-verified as a result of a credit inquiry.

If the Seller chooses to use in-file credit reports, Freddie Mac requires the Seller to obtain reports from at least two credit repositories for each Borrower.

(d) Merged credit reports

A merged credit report is issued by a credit repository or a consumer reporting agency or bureau and includes the credit information from at least two credit repositories. A merged credit report includes all credit repository credit data for an individual Borrower. A joint merged credit report includes all credit repository credit data on two individual Borrowers.

The credit information from each credit repository may be presented in a stacked merged credit report (that is, all records from all repositories are included in the report), or the consumer reporting agency or bureau may eliminate duplicate records through an automated merge process. Each consumer reporting agency or bureau may have a slightly different merge logic to eliminate duplicate records.

If the Seller chooses to use merged or joint merged credit reports, Freddie Mac requires the credit repository or consumer reporting agency or bureau to obtain reports from at least two credit repositories for each Borrower.

(e) Residential Mortgage Credit Report

A Residential Mortgage Credit Report (RMCR) is a detailed account of the credit, employment and residence history as well as public records information prepared by a consumer reporting agency for an individual Borrower or two individual Borrowers. The RMCR was designed for use in mortgage financing of 1- to 4-unit dwellings. Credit information from two national repositories is merged and verified by a consumer reporting agency or bureau before it is sent to the user. The consumer reporting agency or bureau may also verify other information not contained in repository records.

(f) Credit report standards

All credit reports must meet the applicable standards from the following table:

Standard	In-file credit report	Merged credit report	RMCR
Must have no erasures, alterations, correction fluid or correction tape and must be filed in the Mortgage file	X	X	X
Show the names of the national credit repositories from which the information was obtained. The report must contain information from at least two national credit repositories for each area in which the Borrower has resided during the most recent two-year period. Separate credit repository inquiries are necessary when multiple Borrowers have maintained credit individually.	X	X	X
Be issued by a consumer reporting agency that obtains or verifies all information from sources other than the applicant.	X	X	X
Present all credit data in a format that is easy to read and free of excessive coding. All codes must be clearly defined.	X	X	X
Identify the full name, address and telephone number of the repository, consumer reporting agency or bureau issuing the report.	X	X	X
Identify who ordered the report and who was billed for it (if different from the party who ordered it), unless the billed party has a documented agent or corporate relationship with the lender who ordered the report.			X
Be delivered to the office of the requestor.	X	X	X
Show responsive statements concerning items on the			X

report. For example, the consumer reporting agency must report "unable to verify" or "employer refused to verify." The same responsive reporting applies to trade and credit history.			
List all inquiries made within the previous 90 days.	X	X	X
Show a positive statement that the consumer reporting agency attempted to verify the Borrower's current employment and, if obtainable, income. The report must show the date of verification. Verification may be made by telephone. If there has been a change in employment in the past two years, the report must also state the Borrower's previous employment and income. In cases in which employment was not verified, the report must indicate why it was not.			X
Include all available public records information. The legal search must disclose whether any judgments, foreclosures, tax liens or bankruptcies were discovered in the public records. Adverse items must be reported as provided under the Fair Credit Reporting Act.	X	X	X
List, in all cases, the historical status of each account. This status must be in a "number of times past due" format. Freddie Mac prefers the format of "0 x 30, 0 x 60, 0 x 90 days" late. However, the format of R1, R2, etc., is acceptable if the meaning of the ratings is given and the credit report also gives historical negative ratings, such as "was R3 in 6/84." As long as its meaning is clear from the credit report, a consecutive numbering sequence for payment history — such as "00010000..." is also acceptable. Statements such as "current," "as agreed," or "satisfactory" are not acceptable by themselves because they are too vague.	X	X	X
The consumer reporting agency must interview the subjects of the credit report when the agency has incomplete information or when it discovers information that indicates the possible existence of undisclosed credit information or public records. The interview may be conducted by telephone and should obtain any information necessary to provide a credit report that is factually correct and complete.			X
Indicate the dates the accounts were last updated with the creditors. Each account with a balance must have been checked with the creditor within 90 days of the date of the credit report.			X
Indicate the dates the accounts were last updated with the creditors.	X	X	

Contain all discovered credit and legal information that is not considered obsolete under the Fair Credit Reporting Act. Currently, this time frame includes all credit and legal activity that has occurred in the last seven years and any bankruptcies within the last 10 years. (The Fair Credit Reporting Act permits information related to a bankruptcy to be reported for 10 years.) Reports that restrict information collection to shorter time periods are not acceptable.	X	X	X
Credit reports received from foreign countries must meet the requirements and standards for domestic reports, including the requirement for information for an RMCR as described in Section 37.10, including the requirement to contact two national repositories for each area in which the Borrower has resided during the most recent two years. Any credit report that does not meet these standards is not acceptable as documentation for a Mortgage sold to Freddie Mac. All foreign credit reports must be completed in English, or the Seller must provide a translation and warrant that the translation is complete and accurate.	X	X	X

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Note:
In addition to reviewing the files delivered by the Seller, Freddie Mac will spot-check credit reports and make other checks to ensure the quality of credit reports used in the underwriting process. If Freddie Mac, in its discretion, determines that a credit report is inadequate, Freddie Mac reserves the right to declare as unacceptable the consumer reporting agency originating the report and the Seller may not use that consumer reporting agency for Mortgages sold to Freddie Mac.

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(g) FICO scores

Loan Prospector will automatically request FICO scores for each Borrower and select one FICO score that will be used to evaluate the Mortgage. If the Mortgage is not submitted to Loan Prospector, the Seller must request the credit agency or repository to include FICO scores from all credit repositories on all credit reports. See Section 37.5 for additional details on FICO scores.

(h) Credit report options for Loan Prospector Mortgages

The Seller must include in the Mortgage file a complete set of credit reports for all Borrowers. All credit reports used by the Seller to evaluate the Borrower’s creditworthiness, including the calculation of total monthly debt payments, must be of the same type. For example, the Seller may not use in-file credit reports for one Borrower, a merged credit report for another and an RMCR for a third Borrower.

All in-file credit reports for an individual Borrower must be dated within 14 days of each other.

Freddie Mac encourages the Seller to use the following types of credit reports obtained through Loan Prospector:

- In-file credit reports
- Merged/joint merged credit reports (Note: if the Seller requests merged credit reports from Loan Prospector, the Loan Prospector in-file credit reports will not be returned.)

If the Seller chooses to use Loan Prospector-provided credit reports (i.e., In-files or merged credit reports), then only those credit reports must be retained in the Mortgage file.

However, the Seller may also use the following credit reports obtained outside of Loan Prospector:

- In-file credit reports
- Merged/joint merged credit reports
- Residential Mortgage Credit Report (RMCR)

If the Seller chooses to use credit reports obtained outside of Loan Prospector and also prints reports from Loan Prospector, the Seller must include in the Mortgage file any credit reports received from Loan Prospector and the credit reports obtained outside of Loan Prospector.

The Seller may use any of the above credit reports to assess the Borrower's credit reputation and to calculate total monthly debt payments (see also Section 37.16).

(i) Requirements for credit reports

All credit reports must be dated within 120 days before, as applicable, the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the date of the assumption agreement. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

(j) Credit report options for Non-Loan Prospector Mortgages

The Seller must include in the Mortgage file a complete set of credit reports for all Borrowers. All credit reports must be of the same type. All in-file credit reports for any one Borrower must be dated within 14 days of each other.

The Seller may use the following types of credit reports:

- In-file credit reports
- Merged/joint merged credit reports
- Residential Mortgage Credit Report (RMCR)

37.11: Verification of payment history (01/02/09)

(a) Accept Mortgages

For Accept Mortgages where all Borrowers have a usable Credit Score, direct verification of debts that are not listed on the credit reports (including Mortgage debt and rent) is not required. For Accept Mortgages where not all Borrowers have a usable Credit Score, the requirements in Section 37.4(a) apply.

(b) A-minus Mortgages

For A-minus Mortgages, the Seller must directly verify any Mortgage debt not adequately shown on the credit reports. In addition, for A-minus Mortgages where not all Borrowers have a usable Credit Score, the requirements in Section 37.4(a) apply. (See Chapter C33 for additional details on Mortgage payment history requirements for A-minus Mortgages.)

(c) Manually Underwritten Mortgages

Although each Borrower is not required to have a minimum housing payment history, the Seller must verify both current and prior housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months). If the credit reports obtained do not contain a reference covering the most recent 12 months (or length of history if less than 12 months), the Seller must directly verify and document in the Mortgage file the Borrower's Mortgage and/or rental housing payment history, as applicable.

1. Mortgage payment history documentation

The following documentation is acceptable for direct verification:

- Direct written reference from the lender or Servicing Agent
- Reference contained in the credit report
- Mortgage payment history
- Copies of canceled checks to cover the most recent 12-month period for Mortgage and/or rental payments, or
- Copies of depository statements to cover the most recent 12-month period showing automatic debits made by the Servicer for the amount of the Mortgage payment

A direct written Mortgage reference must:

- Identify to whom Mortgage payments were made
- Clearly identify the Borrower and Mortgage
- Show when the Mortgage was opened
- Identify the amount of the Mortgage payment due
- Indicate when Mortgage payments are due
- Show the most recent 12-month payment history of the account in a format indicating the number of times and duration of times past due
- Show the current outstanding principal balance

A Mortgage payment history must:

- Be computer-generated or typed (not handwritten)
- Identify the issuing company (lender or Servicing Agent)
- Clearly identify the Borrower and Mortgage
- Identify the amount of the Mortgage payment due
- Indicate when the Mortgage payments are due
- Show a 12-month history of the dates when payments were applied
- Show the current outstanding principal balance

Copies of canceled checks must:

- Be legible
- Show the bank endorsement for deposit
- Indicate the date of bank endorsement
- Identify the Servicer as payee
- Be copied, front and back

Copies of depository statements must:

- Show the automatic debit by the Servicer for the amount of the Mortgage payment
- Identify the Servicer as payee
- Indicate the date of the debit

2. Rental payment history documentation

The following documentation is acceptable for direct verification:

- Direct written reference from a professional management company,
- Reference contained in the credit report,
- Rental payment history from a professional management company,
- Copies of canceled checks to cover the most recent 12-month period for the rental payments, or
- Copies of receipts to cover the most recent 12-month period for the rental payments

A direct written rental reference must:

- Identify the professional management company to which payments were made
- Clearly identify the Borrower and rental address
- Show when the Borrower started renting
- Identify the amount of the rental payment due
- Indicate when rental payments are due
- Show the most recent 12-month payment history of the account in a format indicating the number of times and duration of times past due

A rental payment history must:

- Be computer-generated or typed (not handwritten)
- Identify the professional management company issuing the payment history
- Clearly identify the Borrower and rental address
- Identify the rental payment amount due
- Show the date each rental payment was due
- Show 12-month history of the dates when payments were applied

Copies of canceled checks must:

- Be legible
- Show the bank endorsement for deposit
- Show the date of bank endorsement
- Identify the landlord as payee
- Be copied, front and back

Copies of receipts must:

- Be legible
- Clearly identify the Borrower and rental address
- Show the total rental payment due
- Show the date the rental payment was received
- Identify the rental payment due date
- Be signed by the landlord or management company

3. Documenting other payment references and Noncredit Payment References

If the credit reports obtained do not contain sufficient information to establish an acceptable credit reputation, the Seller may directly verify other situations in which the Borrower has made regular timely payments.

Such situations may include any of the following:

- Timely periodic payments of a mandatory nature (including obligations such as utilities, rent, insurance, medical bills or union dues)
- Timely payments on credit accounts, such as installment loans, revolving charge accounts and purchase money financing
- Regular payments of a voluntary nature, such as deposits to a savings account, contributions to a payroll savings plan or contributions to a stock purchase plan (but not including payroll deductions for a mandatory retirement program)

Though the documentation necessary to establish an acceptable credit reputation may vary, Freddie Mac requires that the Mortgage file documentation clearly demonstrate the Borrower's past willingness to make periodic payments over an extended period. (See Section 37.4 for requirements on sufficient information to establish an acceptable credit reputation.)

When verifying Noncredit Payment References, the Seller must obtain sufficient information to establish the following:

- The name and address of the party to whom payments were made
- The nature of the obligation (utilities, payment for purchases, insurance, etc.)
- When the account was opened
- The amount of the payment required or made
- When payments are due
- A payment history
- An outstanding balance
- The historical status of the account in a format indicating the number of times and duration of times past due

General reference letters without the above information are not sufficient documentation for establishing an acceptable credit reputation.

If a savings history is used as one of the Noncredit Payment References, the Mortgage file must contain documentation, preferably bank statements meeting the requirements of Section 37.20, showing at least a 12-month history of periodic deposits (at least quarterly) and a growing account balance.

37.12: Borrower capacity (04/01/10)

(a) Overview

Another part of determining the Borrower's creditworthiness, as required in Section 37.1, is evaluating the Borrower's capacity to repay the Mortgage and other monthly obligations. The following characteristics specific to the Mortgage request may introduce an additional layer of risk that must be considered in evaluating capacity:

- The payoff of a junior lien from the proceeds of a refinance Mortgage. The Seller must indicate to Loan Prospector® when the Borrower is paying off junior liens from a refinance Mortgage
- A cash-out refinance Mortgage. The Seller must indicate to Loan Prospector when the refinance meets Freddie Mac's definition of cash-out as stated in Sections 24.6 and 24.7
- A Borrower with low reserves or no reserves

A Borrower's capacity may be determined by analyzing the documentation contained in Mortgage file and submitting the Mortgage through Loan Prospector or manually underwriting the Mortgage.

For Accept Mortgages and A-minus Mortgages, Loan Prospector makes the determination that Borrower capacity is acceptable so long as the amount of stable monthly income used by Loan Prospector is correct and meets the requirements in Section 37.13, as verified under the applicable verification requirements of the Guide.

For all Manually Underwritten Mortgages, the Seller must evaluate capacity in accordance with Freddie Mac requirements and document its conclusion that capacity is acceptable in the Mortgage file.

(b) Determining capacity

For Manually Underwritten Mortgages, the Seller must determine capacity by analyzing file documentation of the following factors:

- Stable monthly income
- Monthly housing expense-to-income and monthly debt payment-to-income ratios
- Reserves and other liquid assets
- Information about how the Borrower has paid obligations in the past

Based on its analysis, the Seller must provide a written, well-reasoned conclusion that the Borrower has the ability to meet current obligations, including the new Mortgage.

For Caution Mortgages, the Seller may not use information already considered by Loan Prospector to determine that capacity is acceptable when the Feedback Certificate contains credit risk comments related to capacity. See Section 37.1(c) for factors considered by Loan Prospector. Factors not considered by Loan Prospector, such as the existence of verified income that is not included in the submission or energy savings from an energy-efficient property (see Section 37.15), may be used by the Seller in making a case that capacity is acceptable.

When multiple risk factors are present, more conservative underwriting must be undertaken to assess whether the Mortgage is acceptable. The Seller must document in the Mortgage file all offsetting factors and an overall conclusion that the Borrower has the ability to meet current obligations, including the new Mortgage. The Seller must presume the Borrower's capacity to repay is not acceptable when the following conditions exist:

- The Mortgage is a Loan Prospector Caution Mortgage, and
  - The transaction is a cash-out refinance, and
  - At least one *Credit Risk Comment* related to the monthly debt payment-to-income ratio is returned on the Feedback Certificate
- The Mortgage is a Non-Loan Prospector Mortgage, and
  - The transaction is a cash-out refinance, and
  - The monthly debt payment-to-income ratio exceeds 42%, and
  - Any Borrower has an Underwriting Score less than 700, and
  - The TLTV ratio is greater than 75%

37.13: Stable monthly income (04/01/10)

Stable monthly income is the Borrower's verified gross monthly income from all acceptable and verifiable sources that can reasonably be expected to continue for at least the next three years. For each income source used to qualify the Borrower, the Seller must determine that both the source and the amount of the income are stable. A Borrower who has had different types of employment in the past may be considered to have stable income if the income amount has remained at a consistent level. When evaluating a Borrower who has changed jobs frequently, the Seller must focus on whether the changes have affected the Borrower's ability to pay the Borrower's obligations. In most instances, a two-year history of receiving income is required in order for the income to be considered stable and used for qualifying.

The Seller's determination that the income can reasonably be expected to continue must be based on the documentation required in this chapter, and should focus on the Borrower's occupation, tenure, past employment history and probability of consistent receipt. Sellers may not consider income for qualifying if the Seller has knowledge or the documentation indicates that the income will terminate within the next three years. Regardless of the underwriting path, the income used to qualify the Borrower and the documentation in the Mortgage file must meet the requirements of this chapter. In addition, the Seller must include a written analysis of the income in the Mortgage file. Only income that meets the requirements of this chapter may be used as qualifying income for the Mortgage.

Income sources that do not meet these requirements or are not calculated correctly may invalidate the Loan Prospector Risk Class on the Feedback Certificate.

Significant increases or decreases in income level

When the Borrower has experienced a significant decrease in income, the Seller cannot average the Borrower's income using a previous higher level unless there is documentation of a one-time occurrence (e.g., injury) that prevented the Borrower from working or earning full income for a period of time and proof that the Borrower is back to the income amount that they previously earned. The Seller must focus their analysis on the most recent earnings and the income that is most likely to be received at the level used for qualifying.

When the Borrower has experienced a significant increase in income, and the Seller qualifies the Borrower using the higher amount, the Seller must obtain sufficient documentation to determine that the increase is stable and likely to continue at the level used for qualifying (e.g. that the income is not a one time incentive payment).

Many income sources, such as commission, bonus, overtime, tips and income from a second job, require two years of receipt of income and two years of income documentation. Notwithstanding the requirements below, in some extraordinary instances less than two years of income receipt may be acceptable with a documented, thorough analysis of the Borrower's income and a determination that the income is stable and likely to continue for the next three years at the level used to qualify. When the Seller does not provide documentation showing two years of receipt of the income, the Seller must

provide a written explanation and justification if the income is used to qualify the Borrower.

(a) Employed income

Stable monthly income may be income from primary and secondary employment, including base earnings plus consistent and documented secondary income, such as bonuses, commissions, overtime, additional part-time employment or seasonal employment. The Seller must analyze all income documentation from the income sources below and determine that the Borrower's income is stable and likely to continue at the level used to qualify.

Newly employed
For a Borrower that has less than a two-year employment and income history, the Borrower's income may be qualifying income if the Mortgage file contains documentation to support that the Borrower was either attending school or in a training program immediately prior to their current employment history.

Re-entering the workforce
For Borrower's that are re-entering the workforce and have less than a two-year employment and income history, the Borrower's income may be qualifying income if the Borrower has been at the current employer for a minimum of six months and there is evidence of a previous employment history.

(i) Income from primary employment: base earnings

In connection with a Borrower's primary employment, Seller must determine that the amount of income used to qualify the Borrower is stable. The following table is a guide for how to calculate monthly income that is paid on an hourly, weekly, every two weeks, semi-monthly or monthly basis. These income calculations may not apply in all situations or to income levels that fluctuate.

Calculation of Monthly Income: Hourly or Salaried Borrowers		
Frequency	**Calculation**	**Validation**
Hourly	Multiply the hourly pay rate by the average number of hours worked per week then multiply by 52 weeks and divide by 12 months.	The monthly income documented in the Mortgage file must support the Seller's income calculation (see Sections 37.20 through 37.23 for documentation requirements). If the documentation does not support the calculation, further analysis is required and additional documentation may be necessary to support the stability of the income and the amount of income used to qualify. A written analysis of the income used to qualify the Borrower must be retained in the Mortgage file.
Weekly	Multiply the weekly income by 52 weeks and divide by 12 months.	
Every two weeks	Multiply the two weeks income by 26 pay periods and divide by 12 months.	
Twice per month	Multiply the semi-monthly income by 24 pay periods and divide by 12 months.	
Monthly	Use the monthly income from the paystub.	
Borrowers who may be paid less than 12 months per year	Some Borrowers' annual salaries may be received over a time period of less than 12 months. It is important to determine how the Borrower is paid in order to accurately calculate income. Sellers should determine how often and for how long the Borrower is paid and then determine monthly income based on the calculations above. For example, if a Borrower is paid 10 months of the year, multiply their monthly salary by 10 months and divide by 12.	

(ii) Income from Primary Employment: Additional Income

A Borrower may receive additional income from primary employment such as commission, bonuses, overtime pay and automobile allowances. If the Seller includes additional earnings to qualify the Borrower, the Seller must determine that the amount of additional income used to qualify the Borrower is stable and complies with the requirements below for each income type.

- **Commission income**

  The Borrower must have a two-year consecutive history of receiving commission income and the commission income must be likely to continue for the next three years in order to consider the income for qualifying. Borrowers who receive commission income must provide federal tax returns for the previous two-year period that reflect at least six months of commission income. Employee paid business expenses reflected on the Borrower's tax returns must be deducted from the Borrower's gross commission income when calculating income.

- **Bonus income**
  The Borrower must have a two-year consecutive history of receiving bonus income and the bonus income must be likely to continue for the next three years in order to consider the income for qualifying.

  The following table is a guide for how to calculate monthly bonus and commission income. These income calculations may not apply in all situations or to income levels that fluctuate.

Commission and Bonus Income Calculation Examples		
Frequency	**Calculation**	**Validation**
Annual, quarterly or monthly	If the amount of the bonus and/or commission income is consistent or has increased, divide the total of the most recent two years bonus or commission income (minus business expenses, if applicable) by 24 months. If the amount of the bonus and/or commission income has decreased, divide the most recent annual payment (minus business expenses, if applicable) by 12 months (or if paid quarterly or monthly, by the number of months that the amount includes). If the bonus and/or commission income has decreased, the Seller must determine that the income is stable and provide an explanation for the decrease. The Seller must be able to justify that the income is likely to continue at the level used for qualifying.	The monthly income documented in the Mortgage file must support the Seller's income calculation (see Sections 37.20 through 37.23 for documentation requirements). If the documentation does not support the calculation, further analysis is required and additional documentation may be necessary to support the stability of the income and the amount of income used to qualify. A written analysis of the income used to qualify the Borrower must be retained in the Mortgage file (Form 91, Income Analysis Form, or comparable form may be used for calculating commission income).

- **Overtime**
  The Borrower must have a two-year consecutive history of receiving overtime income and the overtime income must be likely to continue for the next three years in order to consider the income for qualifying. The Seller must consider the income trend by considering the hourly rate, the number of hours worked, and use the amount that is most likely to continue for the next three years. The

Seller must include an analysis of the income used to qualify the Borrower in the Mortgage file.

- **Automobile allowance**
  The Borrower must have a two-year consecutive history of receiving an automobile allowance and the automobile allowance must be likely to continue for the next three years in order to consider the income for qualifying. The Seller may add the full amount of the allowance to the Borrower's qualifying income, and when calculating the Borrower's debt payment-to-income ratio, the Seller must include the full amount of the monthly automobile financing expense in the calculation of the Borrower's monthly debt payment (refer to Guide Section 37.16). The Seller may not subtract the automobile allowance from the monthly automobile financing expense.

- **Mortgage differential**
  A payment from the Borrower's employer for all or part of the interest differential between the Borrower's present and proposed mortgage payment may be considered qualifying income if the documentation shows that the payments are pursuant to an established, ongoing and documented employer program. The employer must not be an interested party to the transaction and the payment must be likely to continue for the next three years. A history of receipt is not required for the income to be considered stable.

- **Military income, entitlements and reserve duty income**
  A Borrower who is a member of the United States Armed Forces may receive pay entitlements such as flight or hazard duty, rations, clothing allowance or quarters allowance in addition to base pay. The Seller may consider entitlements qualifying income if documented and likely to continue for the next three years. If the Borrower is a member of a reserve component of the United States Armed Forces, the Seller may consider the reserve duty income for qualifying. A history of receipt is not required for the income to be considered stable

- **Tip income**
  The Borrower must have a two-year consecutive history of receiving income from tips in order to consider the income for qualifying. For tip income that fluctuates, the Seller must evaluate the income trend and use the amount that is most likely to continue for the next three years.

(iii)Income from Secondary Employment

- **Income from a second or additional job**
  The Borrower must have a two-year consecutive history of receiving income from a second or additional job and income from the second or additional job must be likely to continue for the next three years in order to consider the income for qualifying. The Seller must evaluate the income trend and use the amount that is most likely to continue for the next three years.

- **Seasonal employment and unemployment compensation**
  The Borrower must have a two-year consecutive history of receiving income from seasonal employment and the seasonal employment income must be likely to continue for the next three years in order to consider the income for qualifying. Unemployment compensation associated with seasonal employment may be considered qualifying income if the Borrower has a two-year history of receipt and the unemployment compensation is likely to continue for the next three years. The Seller must not use seasonal employment income or unemployment compensation to qualify the Borrower unless the income is reported on the Borrower's individual federal income tax returns for the most recent two-year period.

(b) Self-employed income

A Borrower who has an ownership interest of 25% or more in a business is considered to be self-employed.

The business may be a sole proprietorship, a partnership (general or limited) or a corporation. Self-employed documentation requirements are stated in Sections 37.20 through 37.23. The Seller must calculate the monthly income using the required documentation.

A self-employed Borrower introduces an additional layer of risk to a Mortgage request due to the uncertain nature of future income. Loan Prospector will take this additional risk into consideration in the overall risk evaluation. The Seller must indicate to Loan Prospector that a Borrower is self-employed when the Borrower meets Freddie Mac's definition of self-employed as stated above. This is required in all cases whether or not the Seller is using the self-employment income to qualify the Borrower.

A two-year history of self-employment is required in most instances to ensure that income is stable. When the Borrower has been self-employed for less than two years, the Seller must document that the Borrower has a two-year history of receipt of income at the same or greater level in the same or similar occupation in order to consider the income for qualifying. In addition, the Seller must consider the Borrower's experience in the business before considering the income for qualifying purposes. The Borrower's individual federal tax returns must reflect at least one year of self-employment income. If the Borrower has been self-employed for less than two years or is relocating to a different geographic area, the Seller must consider the acceptance of the company's service or products in the marketplace before considering the income for qualifying purposes. The Seller must document and explain how they determined that the Borrower's income will continue at the same level in the new location.

The Seller's calculation of a self-employed Borrower's average monthly income must be based on a review of the Borrower's complete individual federal tax returns (Form 1040) including W-2's and K-1's (if applicable) as well as the Borrower's complete

business tax returns (Forms 1120, 1120S and 1065), when applicable. The Seller must analyze the tax returns and provide a written analysis of the Borrower's self-employed income on Form 91 or a comparable form. Non-cash items such as depreciation, depletion and amortization may be added back to adjusted gross income for the purpose of determining qualifying income. Documented nonrecurring losses, such as casualty losses, can also be added back to the adjusted gross income, as well as loss carry-overs from previous tax years.

As part of the analysis, the Seller must consider whether the Borrower's self-employed income has increased or decreased over the previous two years. If the analysis reflects that the Borrower's income has significantly increased or decreased, the Seller must provide sufficient documentation and justification to support their determination that the income used to qualify the Borrower is stable and likely to continue for the next three years. It may be necessary to obtain additional years' tax returns when the Borrower's self-employment income fluctuates in order to determine the stability of the income. If the Borrower is self-employed and the self-employment income is not used to qualify, the Seller must obtain the Borrower's individual federal tax returns to determine if there is a business loss that may have an impact on the stable monthly income used for qualifying. If a business loss is reported on the Borrower's individual federal tax returns, the Seller may need to obtain additional documentation in order to fully evaluate the impact of a business loss on the income used for qualifying.

The Seller must use caution when including additional income that the Borrower draws from the Borrower's corporation, partnership or S-corporation as qualifying income. The Seller must verify that the Borrower has a legal right to the additional income by obtaining a corporate resolution or other comparable document that establishes that right. The Seller must also verify the Borrower's percentage of ownership of the business entity from a review of the business tax returns, letter from the account for the business or similar documents. The analysis of the business must support that the business is clearly capable of providing the Borrower with the additional income used to qualify.

The Internal Revenue Service (IRS) data base income for individuals (verified by the IRS through Form 8821, 4506 or 4506-T or an alternate form acceptable to the IRS that collects comparable information) will be considered an acceptable form of documentation in lieu of individual federal tax returns, provided all line items from the individual federal tax returns that precede the taxpayer's signature are obtained.

The Seller must verify the existence of the Borrower's business from a third party source no more than 30 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing. Acceptable third party sources include, but are not limited to, a regulatory agency, the phone directory, the Internet, directory assistance or the applicable licensing bureau. When the Seller obtains a verbal verification of the existence of the business, the Seller must verify the name and address of the business, provide the date the information is verified, the entity contacted and the name and title of the person who obtained the verification for the Seller.

When business assets are used for down payment and Closing Costs, Financing Costs, Prepaids/Escrows and reserves, the assets must be verified in accordance with the documentation requirements in Sections 37.20 through 37.23 and must be related to the business that the Borrower owns that is documented in the Mortgage file. Because the Borrower's withdrawal of assets from a sole proprietorship, a partnership or a corporation may have a negative impact on the business' ability to continue operating, the impact of withdrawal must be considered in the Seller's analysis of the Borrower's self-employed income. As part of the analysis, the Mortgage file must contain a letter from an accountant stating that the Borrower has access to the funds and that withdrawal of the funds for the down payment and Closing Costs will not have a detrimental effect on the business. The accountant must not be an interested party to the transaction and must not be related to the Borrower. If the borrower does not, or is unable to, obtain such a letter from an accountant, the Seller must document a cash flow analysis for the Borrower's business using the individual and/or business tax returns, as applicable. The Seller may perform the required analysis using any format that enables the Seller to determine that the withdrawal of the funds for the down payment and Closing Costs, Financing Costs, Prepaids/Escrows and reserves will not have a detrimental effect on the business. The Mortgage file must contain the Seller's written cash flow analysis and conclusions.

(c) Other income (nonemployed/not self-employed)

If a Borrower chooses to disclose income from alimony, child support or separate maintenance payments, public assistance payments, Social Security or retirement benefits, trust, investment, etc., the Seller should consider them as stable income to the extent that they are likely to be consistently made by the payor and can reasonably be expected to continue for at least the next three years based on required documentation.

Factors that must be considered in determining the likelihood of consistent payments for the income below include, but are not limited to, the following:

1. Whether the payments are received pursuant to a written agreement, court decree or law
2. The length of time the payments have been received
3. The regularity of receipt
4. The availability of procedures to compel payment
5. Whether full or partial payments have been made
6. The age of each child for which child support payments are made (if applicable)
7. Eligibility criteria governing the continued receipt of the income, such as age of dependents or accumulation of assets

- **Notes Receivable income**
  Income from Notes Receivable may be considered qualifying income if the Mortgage file contains a copy of the note and evidence that the Borrower has received payments on a regular monthly basis for the most recent 12 months. Notes Receivable income must be likely to continue for the next three years.

- **Dividend and interest income**
  Dividend and interest income may be considered qualifying income if the Mortgage file contains evidence that the income has been received for the most recent two years. The Mortgage file must contain documentation of sufficient assets remaining after closing to support continuance of the dividend and interest income at the level used for qualifying for at least the next three years.

- **Trust income**
  Trust income may be considered qualifying income if the Mortgage file contains evidence of the amount, frequency and duration of payments. A history of receipt is not required for the income to be considered stable; however, the trust income must be likely to continue for the next three years.

- **Capital gains**
  Capital gains may be considered qualifying income if the Borrower's most recent two years' individual federal tax returns (including Capital Gains and Losses, Schedule D), show that the Borrower has realized capital gains. The Seller must include documentation of sufficient assets remaining after closing to support continuance of the capital gain income, at the level used for qualifying, for at least the next three years.

- **Royalty payments income**
  Income received from royalty payments may be considered qualifying income if the Mortgage file contains evidence that the Borrower has received payments on a regular basis for the most recent 12 months and the royalty payments are likely to continue for the next three years. The Seller must provide a copy of the most recent individual federal tax returns including Supplemental Income and Loss, Schedule E.

- **Public assistance income**
  Income from public assistance may be considered qualifying income if the Mortgage file contains evidence that the income has been received for the most recent two years. The Seller must obtain documentation from the applicable agency that indicates the amount, frequency and the length of time the benefit payments will be received. Public assistance income must be likely to continue at the income level used to qualify for the next three years.

- **Section 8 homeownership assistance payments**
  Section 8 homeownership assistance payments that are paid directly to the Borrower may be considered qualifying income if the payments are likely to continue for the next three years. The payments may be considered qualifying income and may not be used to offset the monthly housing payment amount used for qualification. The Seller must provide documentation that shows the amount and terms of the monthly payment received from the public agency that issued the voucher.

- **Foster-care income**
  Foster-care income may be considered qualifying income if the income is received from a state- or county-sponsored organization, the Borrower has a two-year history of providing foster-care services, and the Borrower is likely to continue to receive the income at the level used to qualify.

- **Alimony, child support or separate maintenance payments**
  Income from alimony, child support or separate maintenance payments may be considered qualifying income if the documentation shows that the payor was obligated to make payments to the Borrower for the most recent 12 months and is obligated to make payment to the Borrower for the next three years. If the payor was obligated for less than twelve months but not less than six months, the income can be considered for qualifying if the amount of the monthly payment does not exceed 30% of the Borrower's qualifying monthly income. However, if the payor has been obligated to make payments for less than six months, if the payments are not for the full amount or are not received on a consistent basis, the income must not be considered for qualifying

- **Housing or parsonage allowance**
  A non-military housing or parsonage allowance may be considered qualifying income if the documentation shows that the income has been received for the most recent 12 months and the allowance is likely to continue for the next three years. The housing allowance may not be used to offset the monthly housing payment.

(d) Tax-exempt income

The Seller may gross up all tax-exempt income once it has been established and documented that such income is likely to continue (and remain untaxed) into the foreseeable future.

The Seller must provide documentation such as, but not limited to, tax returns, in the Mortgage file to verify that the income is not taxable in order to "gross up" the tax-exempt income for qualifying. If the Seller is not able to provide documentation to evidence that the income is not taxable, the Seller cannot "gross up" the tax-exempt income for qualifying.

To gross up tax-exempt income, the Seller may use either 25% or the current federal and State income tax withholding tables to determine an amount which can be prudently employed to adjust or "gross up" the Borrower's actual income.

37.14: Rental income (04/01/10)

Rental income may be used to qualify the Borrower, provided the requirements of this section and the documentation requirements contained in Sections 37.20 through 37.23 are met. Rental income may be generated from:

- A subject 1-unit Primary Residence
- A subject 2- to 4-unit Primary Residence
- A subject 1- to 4-unit Investment Property
- Investment property owned by the Borrower other than the subject property

Whenever rental income is to be used, reasonable adjustments to gross rental income must be made to compensate for vacancies, operating and maintenance expenses and rental income received for furniture.

If the Borrower owned a rental property during the previous tax year, the Borrower's individual federal income tax returns must be obtained to determine the net rental income or loss for qualifying. In some instances, the income reported on the Borrower's individual federal tax returns may not reflect the property's current rental value (i.e., the tax returns show large one-time expenses or the property was under renovation). In these instances, individual federal tax returns must be obtained; however, Form 998, Operating Income Statement, may be used to determine rental income. The Seller must explain the reasons for not using the income or loss from the individual federal tax returns to determine rental income, in the Mortgage file.

(a) Rental income from the subject 1-unit Primary Residence

Rental income generated from a Borrower's 1-unit Primary Residence may be used to qualify a Borrower with a disability if the rental income is from a live-in aide. Typically, a live-in aide will receive room and board payments through Medicaid waiver funds from which rental payments are made to the Borrower.

This income source may be considered stable monthly income if:

- The Borrower has received rental payments from a live-in aide for the past 12 months on a regular basis, and
- The live-in aide plans to continue to reside with the Borrower for the foreseeable future

The rental income may be considered in an amount up to 30% of the total gross income that is used to qualify the Borrower for the Mortgage.

Rental income generated from the Borrower's second home or 1-unit Primary Residence other than as provided for above is not considered stable monthly income and may not be used to qualify the Borrower unless the rental income complies with Section A34.9(a) for Home Possible® Mortgages.

(b) Rental income from the subject 2- to 4-unit Primary Residence

Rental income from unit(s) in the Borrower's 2- to 4-unit Primary Residence that are not occupied by the Borrower may be used to qualify the Borrower.

If rental income from the subject 2- to 4-unit Primary Residence is being used to qualify the Borrower, the following requirements apply:

- The Seller must obtain and use Form 998 unless the subject property has been owned for at least one year and is reported on Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns the Seller must use Schedule E to determine the net rental income. If Form 998 is used to determine rental income, it must be completed up to the Monthly Operating Income (MOI) reconciliation.

- The Seller must substantiate the rental income using the income approach on the appraisal and copies of the present lease(s), if applicable, must support the rental income used to qualify the Borrower

- The Borrower must have reserves that are equal to at least six months payments of principal, interest, taxes and insurance (PITI)

The Form 998 is not required if rental income from the subject property is not considered in qualifying the Borrower. Regardless of whether rental income is used in qualifying the Borrower, the Gross Monthly Rent for each non-owner occupied unit in a 2- to 4-unit Primary Residence must always be completed on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher.

Monthly Operating Income from the Form 998 or net rental income from Schedule E is entered under "Gross Monthly Income" in Section V of the Form 65, Uniform Residential Loan Application, and may be considered as stable monthly income (Section 37.13) in qualifying the Borrower, provided the Borrower meets the reserve requirement.

If Monthly Operating Income or net rental income from Schedule E is a negative number, it must be included as a liability for qualification purposes.

(c) Rental income from the subject 1- to 4-unit Investment Property

If the Borrower qualifies with the full PITI plus operating expenses for the subject Investment Property included in the Borrower's monthly debt-to-income ratio, no further evaluation or calculation of rental income from the subject property is required and Form 998 is not required.

Regardless of whether rental income from the subject Investment Property is being used to qualify the Borrower:

- The Gross Monthly Rent for each 1-unit Investment Property and each unit in a 2- to 4-unit Investment Property must always be completed on the Form 11 or Form 13SF

- The Borrower must have reserves that are equal to six monthly payments of PITI that could be used to supplement payments during vacancies and make regular and emergency repairs to the property as necessary

If rental income from the subject Investment Property is to be considered in qualifying the Borrower, the following requirements apply:

- The Seller must obtain and use Form 998 unless the subject property has been owned for at least one year and is reported on the Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns, the Seller must use Schedule E to determine the net rental income. If Form 998 is used, it must be completed up to the MOI reconciliation.

- The income approach on the appraisal and copies of the present leases, if applicable, must support the rental income used to qualify the Borrower

- The Borrower must have reserves that are equal to at least six months payments of PITI

- There must be proof of 6 months rent loss insurance in the Mortgage file (see Section 22.22.1)

- The Borrower must demonstrate at least a two-year history of managing 1- to 4-unit Investment Properties

If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a positive number, that figure may be entered as rental income in the "Gross Monthly Income" section of Form 65 and may be considered stable monthly income.

If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a negative number, it must be included as a liability for qualification purposes.

(d) Rental income from investment property owned by the Borrower other than the subject property

Rental income from investment properties that are owned by the Borrower, other than the subject property, must be shown in the "Schedule of Real Estate Owned" in Section VI of Form 65.

When rental income from other investment properties owned by the Borrower in the previous tax year is reported on the Borrower's individual federal tax returns, the Seller must use Schedule E of the Borrower's tax returns to determine the net rental income. If the Borrower's federal income tax returns reflect a two-year history of managing investment properties, signed leases may be used to determine the net rental income for an investment property not owned during the previous tax year.

Additionally, signed leases may be used to substantiate gross rents that are higher than the rental income documented on the tax returns; however, no more than 75% of the gross rental income from the signed leases may be used, unless the prior two years' individual federal tax returns clearly support the use of a higher percentage.

The aggregate net rental loss must be considered a liability for qualification purposes.

Aggregate net rental income may be counted as stable monthly income, provided the reliability of receipt is clearly supported by the documentation in the file.

37.14: Rental income (02/01/11)

Rental income may be used to qualify the Borrower, provided the requirements of this section and the documentation requirements contained in Sections 37.20 through 37.23 are met. Rental income may be generated from:

- A subject 1-unit Primary Residence
- A subject 2- to 4-unit Primary Residence
- A subject 1- to 4-unit Investment Property
- Investment property owned by the Borrower other than the subject property

Whenever rental income is to be used, reasonable adjustments to gross rental income must be made to compensate for vacancies, operating and maintenance expenses and rental income received for furniture.

If the Borrower owned a rental property during the previous tax year, the Borrower's individual federal income tax returns must be obtained to determine the net rental income or loss for qualifying. In some instances, the income reported on the Borrower's individual federal tax returns may not reflect the property's current rental value (i.e., the tax returns show large one-time expenses or the property was under renovation). In these instances, individual federal tax returns must be obtained; however, Form 998, Operating Income Statement, may be used to determine rental income. The Seller must explain the reasons for not using the income or loss from the individual federal tax returns to determine rental income, in the Mortgage file.

(a) Rental income from the subject 1-unit Primary Residence

Rental income generated from a Borrower's 1-unit Primary Residence may be used to qualify a Borrower with a disability if the rental income is from a live-in aide. Typically, a live-in aide will receive room and board payments through Medicaid waiver funds from which rental payments are made to the Borrower.

This income source may be considered stable monthly income if:

- The Borrower has received rental payments from a live-in aide for the past 12 months on a regular basis, and
- The live-in aide plans to continue to reside with the Borrower for the foreseeable future

The rental income may be considered in an amount up to 30% of the total gross income that is used to qualify the Borrower for the Mortgage.

Rental income generated from the Borrower's second home or 1-unit Primary Residence other than as provided for above is not considered stable monthly income and may not be used to qualify the Borrower unless the rental income complies with Section A34.9(a) for Home Possible® Mortgages.

(b) Rental income from the subject 2- to 4-unit Primary Residence

Rental income from unit(s) in the Borrower's 2- to 4-unit Primary Residence that are not occupied by the Borrower may be used to qualify the Borrower.

If rental income from the subject 2- to 4-unit Primary Residence is being used to qualify the Borrower, the following requirements apply:

- The Seller must obtain and use Form 998 unless the subject property has been owned for at least one year and is reported on Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns the Seller must use Schedule E to determine the net rental income. If Form 998 is used to determine rental income, it must be completed up to the Monthly Operating Income (MOI) reconciliation.

- The Seller must substantiate the rental income using the income approach on the appraisal and copies of the present lease(s), if applicable, must support the rental income used to qualify the Borrower

Regardless of whether rental income is used in qualifying, the Borrower must have reserves equal to six monthly payments of principal, interest, taxes and insurance (PITI).

The Form 998 is not required if rental income from the subject property is not considered in qualifying the Borrower. Regardless of whether rental income is used in

qualifying the Borrower, the Gross Monthly Rent for each non-owner occupied unit in a 2- to 4-unit Primary Residence must always be completed on the Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher.

Monthly Operating Income from the Form 998 or net rental income from Schedule E is entered under "Gross Monthly Income" in Section V of the Form 65, Uniform Residential Loan Application, and may be considered as stable monthly income (Section 37.13) in qualifying the Borrower, provided the Borrower meets the reserve requirement.

If Monthly Operating Income or net rental income from Schedule E is a negative number, it must be included as a liability for qualification purposes.

(c) Rental income from the subject 1- to 4-unit Investment Property

If the Borrower qualifies with the full PITI plus operating expenses for the subject Investment Property included in the Borrower's monthly debt-to-income ratio, no further evaluation or calculation of rental income from the subject property is required and Form 998 is not required.

Regardless of whether rental income from the subject Investment Property is being used to qualify the Borrower:

- The Gross Monthly Rent for each 1-unit Investment Property and each unit in a 2- to 4-unit Investment Property must always be completed on the Form 11 or Form 13SF

- Regardless of whether rental income from the Mortgaged Premises is used in qualifying, the Borrower must have:
  - Reserves equal to six monthly payments of PITI that could be used to supplement payments during vacancies and make regular and emergency repairs to the property as necessary, and
  - Reserves equal to two monthly payments of PITI for each other financed second home and 1- to 4-unit Investment Property in which the Borrower has an ownership interest or on which the Borrower is obligated.

If rental income from the subject Investment Property is to be considered in qualifying the Borrower, the following requirements apply:

- The Seller must obtain and use Form 998 unless the subject property has been owned for at least one year and is reported on the Schedule E of the Borrower's prior year individual federal tax return. If income from the subject property is reported on the Borrower's individual federal tax returns, the Seller must use Schedule E to determine the net rental income. If Form 998 is used, it must be completed up to the MOI reconciliation.

- The income approach on the appraisal and copies of the present leases, if applicable, must support the rental income used to qualify the Borrower

- The Borrower must have reserves that are equal to at least six months payments of PITI
- There must be proof of 6 months rent loss insurance in the Mortgage file (see Section 22.22.1)
- The Borrower must demonstrate at least a two-year history of managing 1- to 4-unit Investment Properties

If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a positive number, that figure may be entered as rental income in the "Gross Monthly Income" section of Form 65 and may be considered stable monthly income.

If the Net Cash Flow shown on the Form 998 or net rental income from Schedule E of the Borrower's tax returns is a negative number, it must be included as a liability for qualification purposes.

(d) Rental income from investment property owned by the Borrower other than the subject property

Rental income from investment properties that are owned by the Borrower, other than the subject property, must be shown in the "Schedule of Real Estate Owned" in Section VI of Form 65.

When rental income from other investment properties owned by the Borrower in the previous tax year is reported on the Borrower's individual federal tax returns, the Seller must use Schedule E of the Borrower's tax returns to determine the net rental income. If the Borrower's federal income tax returns reflect a two-year history of managing investment properties, signed leases may be used to determine the net rental income for an investment property not owned during the previous tax year.

Additionally, signed leases may be used to substantiate gross rents that are higher than the rental income documented on the tax returns; however, no more than 75% of the gross rental income from the signed leases may be used, unless the prior two years' individual federal tax returns clearly support the use of a higher percentage.

The aggregate net rental loss must be considered a liability for qualification purposes.

Aggregate net rental income may be counted as stable monthly income, provided the reliability of receipt is clearly supported by the documentation in the file.

37.15: Monthly housing expense-to-income ratio (04/01/10)

The monthly housing expense is the sum of the following monthly charges on the Borrower's Primary Residence:

- Principal and interest payments on the Mortgage
- Property hazard insurance premiums
- Real estate taxes
- When applicable:
  - Mortgage insurance premiums
  - Leasehold payments
  - Homeowners association dues (excluding unit utility charges)
  - Payments on secondary financing

Loan Prospector® calculates and assesses the Borrower's qualifying ratios based on input from the Seller. For Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that the Borrower's qualifying ratios are acceptable.

For Manually Underwritten Mortgages, the Seller must evaluate the Borrower's ability to pay the monthly housing expense and other obligations. As a guideline, the monthly housing expense-to-income ratio should not be greater than 25% to 28% of the Borrower's stable monthly income. The Borrower may exceed the monthly housing expense-to-income and monthly debt payment-to-income ratios only on an exception basis with an offset documented in the Mortgage file.

For Accept Mortgages and A-minus Mortgages with a non-occupying Borrower, the Seller is not required to calculate or evaluate the occupant Borrower's monthly housing expense-to-income ratio. For Manually Underwritten Mortgages with a non-occupying Borrower, the occupant Borrower's monthly housing expense-to-income ratio should not exceed 35% of the occupant Borrower's stable monthly income.

Examples of conditions that might support the use of higher monthly payment ratios are found in Section 37.16. Generally, however, more flexibility is appropriate for the monthly housing expense-to-income ratio than for the monthly debt payment-to-income ratio. Less flexibility is appropriate for situations involving additional layers of risk, such as adjustable-rate Mortgages (ARMs), a marginal credit reputation, minimal reserves or maximum financing.

For any Manually Underwritten Mortgage for which either of the ratio guidelines is exceeded, the Seller must prepare and retain in the Mortgage file a written explanation justifying its underwriting decision.

If the property is energy-efficient or contains energy-efficient items (see Section 44.15(q)), higher housing expense-to-income and debt payment-to-income ratios may be appropriate. In its underwriting analysis, the Seller should consider the impact utility

charges have on the Borrower's ability to meet the monthly housing expense and properly maintain the property. An energy-efficient property results in lower utility charges, allowing the owner to apply more income to housing expense. If higher ratios are used, the Seller must provide in the Mortgage file the calculation and source documentation used to derive the dollar offset allowed due to lower utility charges. Source documentation may be:

- The appraisal report indicating the energy efficiency of the property, or
- An established home energy rating system (HERS).

See Section 22.22(b) for special underwriting requirements for second home Mortgages.

See Section 22.22.1(b) for special underwriting requirements for Investment Property Mortgages.

See Section 25.4 for special requirements for Mortgages with temporary subsidy buydown plans.

See Section 30.16 for special underwriting requirements for ARMs.

37.16: Monthly debt payment-to-income ratio (08/16/10)

The Borrower's liabilities must be reflected on the Mortgage application (Form 65) and considered when qualifying the Borrower. Sellers must review the Mortgage application, credit report, Borrower's paystubs (if provided) and other file documentation for Borrower liabilities. All of the Borrower's debts incurred through the Note Date must be considered when qualifying the Borrower. The monthly debt payment is the sum of the monthly charges for the following liabilities:

1. Monthly housing expense (see Section 37.15)
2. Payments on all installment debts with more than 10 months of payments remaining, including debts that are in a period of either deferment or forbearance. If the credit report does not contain a required monthly payment, the monthly payment used must be based on documentation in the file
3. Alimony, child support or maintenance payments with more than 10 months of payments remaining
4. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment on the credit report or direct verification, 5% of the outstanding balance will be considered to be the required monthly payment. Open-end accounts do not have to be included in the monthly debt payment if the Borrower has sufficient funds to pay off the outstanding account balance.
5. Car lease payments, regardless of the number of payments remaining
6. Aggregate net rental loss from all Investment Properties owned

7. Other monthly Mortgage payments (including principal, interest, taxes and insurance and, when applicable, leasehold payments, homeowner association dues, etc.)

Refer to Section 37.17 for special requirements pertaining to contingent liabilities

The credit report may show that an installment debt is in a period of deferment or forbearance. Examples of installment debts with deferred payments include:

- Debts on furniture, household items and automobiles on which the initial payment is delayed for a period of time as part of a promotional campaign by the merchant
- Student loans on which the repayment period has not yet started because the Borrower is still in school or payment has been suspended for a period of time with the approval of the creditor

When payments on an installment debt are not given on the credit report or are listed as deferred, the Seller must obtain documentation to support the payment amount included in the monthly debt payment. Examples of documentation of the required payment amount include:

- A direct verification obtained from the creditor
- A copy of the installment loan agreement obtained from the Borrower, or
- If payments are currently deferred, the payment amount that will be required once the deferment or forbearance period has ended, as stated in a copy of a financial institution's student loan certification or the installment loan agreement

Payments on installment debts secured by financial assets in which repayment may be obtained by liquidating the asset, may be excluded from the monthly debt payment-to-income ratio for qualifying purposes, regardless of the payment amount or number of payments remaining. The loan secured by the financial asset must have been made by a financial institution. The Seller may only consider the assets in the account that exceed the loan balance to be available to the Borrower as Borrower Funds. See Chapter 26 for more information.

If all or any portion of the proceeds of the Mortgage are being used to pay off or pay down existing debts in order to qualify for the Mortgage, the Seller must document such payoff in the Mortgage file. Canceled checks, paid receipts and/or a copy of the HUD-1 form or other closing statement may be used to document the repayment. A Borrower who increases debt and then periodically uses refinance or debt consolidation to reduce payments to a manageable level presents a higher risk and the qualifying ratios should be close to guidelines. The Seller should consider the Borrower's short- term and long- term ability to repay the mortgage.

Evaluating debt ratios

Loan Prospector calculates and evaluates the Borrower's qualifying ratios. For Accept Mortgages and A-minus Mortgages, Loan Prospector has determined that the Borrower's qualifying ratios are acceptable.

For Manually Underwritten Mortgages, the Seller must evaluate the Borrower's ability to pay the monthly housing expense and other obligations. When the Borrower's monthly debt payment to income ratio exceeds 45%, the loan is ineligible for sale to Freddie Mac. As a guideline, the monthly debt payment-to-income ratio should not be greater than 33% to 36% of the Borrower's stable monthly income.

When the Borrower's monthly debt payment-to-income ratio exceeds 36%, the Seller must document in the file the justification for the higher qualifying ratio.

Except in rare circumstances, the Borrower's debt-to-income ratio should not exceed 36% for the following Mortgages:

- Cash-out refinance Mortgages
- Investment Property Mortgages
- Mortgages secured by second homes
- Mortgages secured by 2- to 4-unit properties
- Mortgages where there is evidence that the Borrower increases debt and then periodically uses refinance or debt consolidation loans to reduce payments to a manageable level

The following factors may be considered in justifying a debt payment-to-income ratio that exceeds 36% but is not greater than 45%:

- The Mortgage is secured by an energy efficient property, as described in Section 37.15
- The Borrower's probability for increased earnings based on education, job training or time employed or practiced in a profession
- Documented rent paid by Related Persons living in the house
- The Borrower demonstrated ability to carry a higher housing expense or higher debt level while maintaining a good credit history for at least 12 months
- The existence of verified income that is not included within the definition of "stable monthly income" in Section 37.13 when there is an expectation that future expenses will be lower (such as child-support income that is scheduled to cease in one year when a child becomes an adult. In this case, the expectation would be that either future household expenses will be lower or that additional income will be provided by the new adult.)

In addition, the examples listed below may be used to justify higher qualifying ratios for Non-Loan Prospector Mortgages. These examples and those precluded in Section 37.1 may not be used to justify higher qualifying ratios for Caution Mortgages because they have already been considered by Loan Prospector.

1. The Borrower's verified liquid assets are substantial enough to evidence an ability to repay the Mortgage regardless of income
2. A down payment on the purchase of the property of at least 25%

3. The Borrower's strong Credit Score (for example, a 740 or higher FICO score) and the Seller's confirmation that the Borrower's credit reputation is excellent

For any Manually Underwritten Mortgage for which either of the ratio guidelines is exceeded, the Seller must prepare and retain in the Mortgage file a written explanation justifying its underwriting decision.

For Accept Mortgages and A-minus Mortgages with a nonoccupying Borrower, the Seller is not required to calculate or evaluate the occupant Borrower's monthly debt payment-to-income ratio. For Manually Underwritten Mortgages with a nonoccupying Borrower, the occupant Borrower's monthly debt payment-to-income ratio must not exceed 43% of the occupant Borrower's stable monthly income.

37.16.1: Debt-to-housing gap ratio (01/02/09)

The section has been deleted.

37.16.2: Sale or Conversion of Primary Residence (03/11/10)

(a) Borrower's Primary Residence on the market

If the Borrower's current Primary Residence is on the market and the sale will not close before the Mortgage Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the following requirements must be met:

- The amount of both the housing payment on the residence that is on the market and the amount of the payments on the subject Mortgage must be included in the monthly debt payment-to-income ratio, and

- The Borrower must have reserves that are equal to at least six months payments of principal, interest, taxes and insurance (PITI) for both mortgages or reserves equal to two months PITI for both Mortgages if the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratio for the current Primary Residence is less than or equal to 70% as evidenced by at least a 2055 exterior-only inspection dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing.

The Seller does not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio when the Mortgage file contains all of the following documentation:

- The Borrower's executed non-contingent sales contract for the previous residence, and

- A lender's commitment to the buyer of the previous residence (if the executed sales contract includes a financing contingency), and

- Evidence the Borrower has reserves equal to six months PITI for both mortgages or two months PITI for both mortgages if the LTV/TLTV/THTLV ratio for the current primary residence is less than or equal to 70% as evidenced by at least a 2055 exterior-only inspection, dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing.

The Seller does not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio or meet the reserve requirement when the Mortgage file contains the following documentation:

- An executed buyout agreement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding Mortgage(s).

(b) Borrower converting Primary Residence to second home

If the Borrower is converting a Primary Residence to a second home, and purchasing a new Primary Residence, the following requirements must be met:

- The amounts of both the housing payment of the residence being converted to a second home and the subject Mortgage must be included the monthly debt payment-to-income ratio, and

- The Borrower must have reserves equal to six months PITI for both Mortgages or two months PITI for both Mortgages if the LTV/TLTV/THTLV ratio for the property being converted to a second home is less than or equal to 70% as evidenced by at least a 2055 exterior-only inspection, dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing.

(c) Borrower converting 1-unit Primary Residence to 1-unit Investment Property

If the Borrower is converting their 1-unit Primary Residence to a 1-unit Investment Property and purchasing a new Primary Residence, the following requirements must be met:

- The LTV/TLTV/HTLTV ratio of the property being converted must be less than or equal to 70% as evidenced by an appraisal with at least an exterior-only inspection, dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, to use rental income to qualify as described in Section 37.14. In addition, the rental income must be documented with a copy of the fully executed lease and the receipt of a security deposit from the tenant with evidence of the deposit into the Borrower's designated account.

- If the LTV/TLTV/HTLTV ratio is greater than 70% for the Primary Residence being converted to an Investment Property, Seller cannot use rental income to qualify the Borrower, the Borrower's previous housing payment and the payments on the subject

Mortgage must both be included the monthly debt payment-to-income ratio, and the Borrower must have reserves equal to six months PITI for both Mortgages.

(d) Borrower converting 2- to 4-unit Primary Residence to Investment Property

If the Borrower is converting their 2- to 4-unit Primary Residence to an Investment Property and purchasing a new Primary Residence, the following requirements must be met.

Rental income from the unit previously occupied by the Borrower may be used to qualify the Borrower, provided that the LTV/TLTV/HTLTV ratios of the 2- to 4- unit property being converted must be less than or equal to 70% as evidenced by an appraisal, dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing. The Seller may use up to 75% of the gross rental income from a fully executed lease on the unit previously occupied by the Borrower as long as the Seller obtains proof of receipt of a security deposit from the tenant and maintains evidence of the deposit into the Borrower's designated account in the Mortgage file.

If the LTV/TLTV/HTLTV ratio is greater than 70% for the Primary Residence being converted to an Investment Property, Seller cannot use rental income for the unit previously occupied by the Borrower to qualify.

Rental income for the units not previously occupied by the Borrower may be used to qualify the Borrower, provided that the rental income requirements for a 2- to 4- unit Investment Property in Section 37.14(d) are met and the Borrower has reserves equal to six months PITI for both Mortgages.

37.16.2: Sale or Conversion of Primary Residence (02/01/11)

(a) Borrower's Primary Residence pending sale

If the Borrower's current Primary Residence is pending sale and the sale will not close before the Mortgage Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the following requirements must be met:

- The amount of both the housing payment on the residence that is pending sale and the amount of the payments on the subject Mortgage must be included in the monthly debt payment-to-income ratio in accordance with the requirements in Section 37.16, and

- The Borrower must have reserves equal to six monthly payments of principal, interest, taxes and insurance (PITI) for the new Primary Residence and six monthly payments of PITI for the current Primary Residence pending sale. The required reserves can be reduced to two monthly payments of PITI for the new Primary

Residence and two monthly payments of PITI for the property pending sale if the following requirements are met:

- The Seller documents the value of the property pending sale by obtaining a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, and
- The loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HTLTV) ratio for the property pending sale is less than or equal to 70%.

The Seller does not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio when the Mortgage file contains all of the following documentation:

- The Borrower's executed non-contingent sales contract for the previous residence, and

- A lender's commitment to the buyer of the previous residence (if the executed sales contract includes a financing contingency), and

- Evidence the Borrower has reserves equal to six months PITI for both mortgages or two months PITI for both mortgages if the LTV/TLTV/HTLTV ratio for the current Primary Residence is less than or equal to 70% as evidenced by at least an exterior-only inspection that meets Freddie Mac requirements, dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing.

The Seller does not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio or meet the reserve requirement when the Mortgage file contains the following documentation:

- An executed buyout agreement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding Mortgage(s).

(b) Borrower converting Primary Residence to second home

If the Borrower is converting a Primary Residence to a second home, and purchasing a new Primary Residence, the following requirements must be met:

- The amounts of both the housing payment of the residence being converted to a second home and the subject Mortgage must be included the monthly debt payment-to-income ratio in accordance with the requirements in Section 37.16, and

- The Borrower must have reserves equal to six monthly payments of PITI for the new Primary Residence and six monthly payments of PITI for the property being converted. The required reserves can be reduced to two monthly payments of PITI for the new Primary Residence and two monthly payments of PITI for the property being converted if the following requirements are met:

- The Seller documents the value of the property being converted by obtaining a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, and
- The LTV/TLTV/HTLTV ratio for the property being converted is less than or equal to 70%.

(c) Borrower converting 1-unit Primary Residence to an Investment Property

If the Borrower is converting their 1-unit Primary Residence to an Investment Property and purchasing a new Primary Residence, the following requirements must be met:

- The Borrower must have reserves equal to six monthly payments of PITI for the new Primary Residence and six monthly payments of PITI for the property being converted. The required reserves can be reduced to two monthly payments of PITI for the new Primary Residence and two monthly payments of PITI for the property being converted if the following requirements are met:
  - The Seller documents the value of the property being converted by obtaining a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, and
  - The LTV/TLTV/HTLTV ratio for the property being converted is less than or equal to 70%.

- If the LTV/TLTV/HTLTV ratio of the property being converted is less than or equal to 70% as evidenced by an appraisal with at least an exterior-only inspection that meets Freddie Mac requirements as described above, the Seller can use rental income to qualify the Borrower provided that the requirements of Section 37.14(d) are met, including the requirement that the Borrower's federal income tax returns must reflect a two-year history of managing investment properties when a signed lease is used to determine the net rental income. The rental income must be documented with a copy of the fully executed lease and, in addition, the receipt of a security deposit from the tenant with evidence of the deposit into the Borrower's designated account.

- If the LTV/TLTV/HTLTV ratio is greater than 70% for the Primary Residence being converted to an Investment Property, the Seller cannot use rental income to qualify the Borrower. The Borrower's previous housing payment and the payments on the subject Mortgage must both be included the monthly debt payment-to-income ratio in accordance with the requirements in Section 37.16.

(d) Borrower converting 2- to 4-unit Primary Residence to an Investment Property

If the Borrower is converting their 2- to 4-unit Primary Residence to an Investment Property and purchasing a new Primary Residence, the following requirements must be met:

- The Borrower must have reserves equal to six monthly payments of PITI for the new Primary Residence and six monthly payments of PITI for the property being converted. The required reserves can be reduced to two monthly payments of PITI for the new Primary Residence and two monthly payments of PITI for the property being converted if the following requirements are met:
  - The Seller documents the value of the property being converted by obtaining a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, and
  - The LTV/TLTV/HTLTV ratio for the property being converted is less than or equal to 70%.

- Rental income from the unit previously occupied by the Borrower may be used to qualify the Borrower, provided that the LTV/TLTV/HTLTV ratio of the 2- to 4-unit property being converted is less than or equal to 70% as evidenced by an appraisal with at least an exterior-only inspection that meets Freddie Mac requirements as described above. In such event, the Seller may use up to 75% of the gross rental income from a fully executed lease on the unit previously occupied by the Borrower, as long as the Seller obtains proof of receipt of a security deposit from the tenant and maintains evidence of the deposit into the Borrower's designated account in the Mortgage file.

  If the LTV/TLTV/HTLTV ratio is greater than 70% for the Primary Residence being converted to an Investment Property, the Seller cannot use rental income for the unit previously occupied by the Borrower to qualify.

- Rental income for the units not previously occupied by the Borrower may be used to qualify the Borrower, provided that the rental income requirements for a 2- to 4-unit Investment Property in Section 37.14(d) are met and the Borrower has reserves equal to six months PITI for both Mortgages.

37.17: Contingent liabilities (04/10/10)

For Loan Prospector® Mortgages and Non-Loan Prospector Mortgages, if the Borrower is a cosigner/guarantor on a debt (which includes Mortgage debt) for another person, the Seller must determine who actually makes the payments on the debt when deciding whether the contingent liability needs to be included in debts submitted to Loan Prospector or considered by the Seller when manually qualifying the Borrower.

The Seller must obtain evidence that timely payments are being made by someone other than the Borrower and document that someone other than the Borrower makes the payments by obtaining copies of canceled checks or a statement from the lender. The Seller may document that timely payments are being made through a reference on the Borrower's credit report or by obtaining a payment reference from the lender. If someone other than the Borrower has been making the payments for the most recent 12 months and the payments have been timely for the most recent 12 months, the contingent liability may be excluded.

If the payments on the contingent liability have not been timely over the most recent 12 months or if the Seller is unable to document that someone other than the Borrower made the payments for the most recent 12 months, the liability must be included in the data submitted to Loan Prospector or, when manually underwriting, included in the monthly debt payment-to-income ratio.

If the Borrower is listed as the Borrower on a Mortgage that has been assumed by another, the Seller must obtain a copy of the documents transferring the property and any assumption agreement executed by the transferee. As long as the Borrower no longer owns the property, the contingent liability may be disregarded, without having to document the most recent 12 months' payment history.

The contingent liability (on a secured debt or Mortgage) may also be disregarded and the documentation of the most recent 12 months' payment history is not required, if the obligation to make the payments on a debt of the Borrower:

- Has been assigned to another by court order, such as a divorce decree, and
- The Seller documents the order (provides appropriate pages from the separation agreement or divorce decree) and documents the transfer of title

37.18: Underwriting guidelines for variable-payment Mortgages (ARMs, Balloon/Resets or Mortgages with buydowns) (04/08/02)

This section has been deleted.

37.19: Underwriting self-employed Borrowers (04/08/02)

This section has been consolidated into Section 37.13.

37.20: General requirements for verifying documents (04/01/10)

To be acceptable to Freddie Mac, the documents used for written verifications, verbal verifications, third-party verifications and quality control reverification must meet the requirements in Sections 37.20 through 37.23.

Documents obtained from a foreign country, whether provided by the Borrower or obtained directly by the originator, must also meet the requirements and standards stated in Sections 37.20 through 37.23. All documents of foreign origin must be filled out in English or the originator must provide a translation, attached to each document, and warrant that the translation is complete and accurate. All foreign currency amounts must be converted to U.S. dollars at the time of translation and it must be clear that the Borrower owned the funds prior to the transfer.

(a) Written verifications

Written verifications must meet all of the following requirements:

- Standard verification forms, such as the original verification of employment (VOE), verification of deposit (VOD), Mortgage payment history or verification of rental payments must be sent directly from the originator to the Borrower's employer, depository, creditor or landlord and, upon completion, returned directly from that entity to the originator
- Facsimile verification forms are acceptable if it is clear from the document that the information was sent by facsimile transmission directly from the source to the originator and are considered to be originals.
- The original documents must not contain any alterations, erasures, correction fluid or correction tape
- The Seller's Mortgage file contains legible copies of the originals
- The copies must have been made by the originator or the applicant directly from the originals. Copies provided by any other source, such as the applicant, agent or builder, are not acceptable.

An electronic verification is a computer-generated document, accessed and printed from an Intranet or Internet, that may be used to verify information such as the Borrower's employment, income or funds on deposit. This includes on-line bank statements, investment account statements, employment and/or income statements. The Borrower may provide the verification directly, or the originator may obtain it directly from the employer, depository or other institution.

The Borrower may provide verification of income, employment and assets in the form of a photocopy, facsimile or electronic verification. If the Borrower has provided electronic verifications, photocopies or facsimiles of other verifications, where the originator did not view and copy the original documents directly, the Seller is strongly encouraged to reverify the information through the quality control process.

Documents provided by the Borrower must meet the following requirements:

Income

- Paystubs or salary vouchers must:
  - Be computer-generated or typed (not handwritten) by the employer
  - Clearly identify the Borrower as the employee
  - Show the time period covered
  - Show both the current period and year-to-date earnings
- W-2 forms must be:
  - Complete
  - The employee copy provided by the employer
- Tax returns must:
  - Be the Borrower's copy of the forms filed with the IRS
  - Be signed by the Borrower
  - Include all schedules and forms required in Sections 37.21 through 37.23

In all cases, information received directly from the IRS is acceptable in lieu of individual federal tax returns and W-2 forms as long as it contains all of the information that would be included in the individual federal tax return.

Although the Borrower may not meet the definition of self-employed as stated in Section 37.13 (b), the Seller must obtain the Borrower's individual federal tax returns for certain types of income if using the income to qualify the Borrower. These include, but are not limited to:

- Commission income
- Income reported on a 1099
- Income from independent contracting
- Income from employment by a family member, property seller or broker
- Income from employment on a contract basis

Assets

Depository, Community Savings Systems, stock/securities account statements and other asset statements provided by the Borrower must:

- Identify the issuing institution or administrator, as applicable
- Identify the account owner(s)
- Identify the account number
- Show all transactions
- Show the period covered and ending balance
- Show any outstanding loans
- If a securities account, identify the stocks/securities

Settlement statements or evidence of sale of assets (bill of sale or HUD-1 form) must:

- Be computer generated or typed
- Identify the Borrower as the seller of the property
- Identify the property sold

- Show the proceeds to the property seller
- Show the disposition of all liens against the property
- Be signed by the buyer and the seller, or their authorized agents

For any account that was opened within 90 days of verification, reflects large deposits or has a balance that is significantly greater than the previously shown balance, the Seller must include reliable documentation of the source of the funds and that the funds were not borrowed. If the large deposit is from another account that is verified in the Mortgage file, that account must be verified after the withdrawal to assure that the assets are not counted twice.

(b) Verbal verifications of employment

When verbal verifications of employment are required, the Seller must provide Form 90, Verbal Verification of Employment, or a similar written document that includes the following:

- Name of the person who contacted the employer
- Name of the entity contacted
- Name and title of the individual contacted at the entity
- Phone number for the individual contacted. The phone number must be obtained from an acceptable third party source.
- Name of the third party source used to obtain the phone number for the employer (e.g., the phone book, internet, 411 information services, etc.)
- Date of contact
- Dates of employment
- Borrower's position or title
- Whether the Borrower is currently employed and on active status or on leave
- Additional information that was verified

(c) Third-party verifications

The following third-party verification services provide income and employment verification reports acceptable to Freddie Mac as alternatives to standard income and employment documentation:

- TALX Corporation, The Work Number for Everyone
- The Frick Company/Verifacts Employment Verification Service
- National Credit Reporting System

See Exhibit 24, Third-Party Verification Services, for addresses and a description of services for each third-party verification service.

When the verification of income and/or employment report is obtained from a third-party verification service, the Seller must warrant that the following requirements are met:

- The third-party verification service was provided with the most recent, complete and accurate identifying information for each Borrower and the income and/or employment information provided was for the intended Borrower(s)
- The report was received by the originator via facsimile transmission, electronic link or mail
- The report does not pre-date the application date
- The Mortgage file contains legible copies of the report

Regardless of the information provided by the third-party verification service, the Seller is responsible for determining stable monthly income. The Seller may be required to obtain additional documentation to supplement third-party verification reports.

(d) Age of documentation

Verifications of employment, income, source of funds and payment history must be made no more than 120 days before, as applicable the Note Date, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the applicable assumption agreement date and must be used in evaluating the creditworthiness of the Borrower. Any information verified more than 120 days before, as applicable, the Note Date, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or any applicable assumption agreement date, must be reverified. Verifications made after the Note Date, or applicable assumption agreement date do not satisfy the requirements of this section. Reverifications of employment may be made by telephone. For Mortgages for Newly Constructed Homes with applications dated on or before June 13, 2010, and Settlement Dates before January 1, 2011, see Sections K33.9(b) and K33.10 for age of documentation requirements. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

For Mortgages for Newly Constructed Homes with applications dated on or after June 13, 2010, and/or Settlement Dates on or after January 1, 2011:

Verifications of employment, income, source of funds and payment history must be made no more than 120 days before the Effective Date of Permanent Financing and must be used in evaluating the creditworthiness of the Borrower. Any information verified more than 120 days before the Effective Date of Permanent Financing must be reverified. Verifications made after Effective Date of Permanent Financing do not satisfy the requirements of this section. Reverifications of employment may be made by telephone.

(e) Quality control reverification

As part of quality control review, Freddie Mac may require, in its discretion, that the Seller reverify the information contained in any Mortgage file submitted to Freddie Mac. Freddie Mac reserves the right to independently reverify the information contained in any Mortgage file.

37.21: Documentation Level overview (03/01/09)

The Documentation Level shown on the Feedback Certificate indicates the minimum level of documentation acceptable for a Loan Prospector® Mortgage. The Seller must provide the documentation required in this chapter for the Documentation Level returned.

The specific documentation requirements for each Documentation Level are contained in the following sections:

- Section 37.22, if the Documentation Level is Streamlined Accept
- Section 37.23, if the Documentation Level is Standard

The Documentation Level for users of Loan Prospector Classic will be identified in a feedback message under the Documentation Guidelines section of the Feedback Certificate.

For Loan Prospector Mortgages, if any information changes during the processing of a loan application that requires resubmission to Loan Prospector, the Seller must comply with the requirements of the Documentation Level resulting from the resubmission.

All Non-Loan Prospector Mortgages must at least be documented according to Standard Documentation (see Section 37.23).

37.21.1: Accept Plus Documentation requirements (07/10/09)

This section is deleted.

37.22: Streamlined Accept Documentation requirements (04/01/10)

The following requirements apply to Loan Prospector® Mortgages that receive a Streamlined Accept Documentation Level. All income sources used to qualify the Borrower must be evaluated for stable monthly income requirements and must meet the requirements of this chapter. In addition to the documentation requirements in this section, additional documentation may be necessary to evaluate, justify and explain the income used to qualify the Borrower.

(a) Employment and income documentation information

For each income source used to qualify the Borrower, the Seller must obtain the documentation and verifications in the following chart, and maintain them in the Mortgage file.

Note: In the chart below, the Note Date is the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the Effective Date of Permanent Financing for Mortgages for Newly Constructed Homes, as applicable.

Additionally, in lieu of the verbal VOE 10 Business Days prior to the Note Date required in the chart below, the Seller may obtain a written verification of employment or third-party verification of employment when a verbal VOE is unavailable. See Section 37.20.1(a) for written verification requirements and Section 37.20.1(c) for third-party verification requirements.

Income Source	Streamlined Documentation
All income	All Borrowers, whose income is used to qualify, must sign IRS Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information) on the application date and again on the Note Date, except that if the 4506-T obtained on the application date is submitted to the IRS and transcripts are received back from the IRS, Seller is not required to obtain an additional Borrower signed 4506-T. If submitting the 4506-T to the IRS, the Seller must ensure that the IRS receives the form prior to the form's expiration date. The Seller must retain the tax documentation received back from the IRS in the Mortgage file. In all cases, income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns and W-2 forms, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on those forms.
Employment income	Written verification of employment (VOE) covering the most recent year and verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ Year-to-date (YTD) paystub or salary voucher documenting at least 30 days of income ■ W-2 form for the most recent tax year ■ Verbal VOE no more than 10 Business Days prior to the Note Date

Income Source	Streamlined Documentation
Commission income	All of the following: ■ Written VOE covering the most recent two-year period ■ Complete individual federal tax returns covering the most recent two-year period and reflecting at least 6 months of commission income ■ Verbal VOE no more than 10 Business Days prior to the Note Date Or, all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ Complete individual federal tax returns covering the most recent two-year period in addition to applicable W-2's or 1099's. The tax returns must reflect at least 6 months of commission income. ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Bonus income	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two-year period ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Borrower employed by a family member or by the property seller or real estate broker	One of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income, most recent W-2 and verbal VOE no more than 10 Business Days prior to the Note Date and complete federal tax returns for the most recent year ■ Written VOE covering the most recent one year, a verbal VOE no more than 10 Business Days prior to the Note Date and complete individual federal tax return for the most recent year
Overtime	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two year-period ■ Verbal VOE no more than 10 Business Days prior to the Note Date The employer must verify that the Borrower will continue to have opportunities to earn overtime income.

Income Source	Streamlined Documentation
Automobile allowance	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two-year period ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount and duration of the payments. The payments must be likely to continue for the next three years.
Tip income	Written VOE covering two full years of tip income and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the previous two years ■ Verbal VOE no more than 10 Business Days prior to the Note Date The employer must indicate that the Borrower's position is one for which tip income is expected to continue.
Military income	One of the following: ■ YTD LES documenting at least 30 days of income, most recent W-2 and a verbal VOE no more than 10 Business Days prior to the Note Date ■ Written VOE covering the most recent one-year period and a verbal VOE no more than 10 Business Days prior to the Note Date In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided Provide proof that entitlements are expected to continue, if applicable.
Military reserve income	One of the following: ■ YTD LES documenting at least 30 days of income, most recent W-2 and verbal VOE no more than 10 Business Days prior to the Note Date. ■ Written VOE covering the most recent one year and a verbal VOE no more than 10 Business Days prior to the Note Date In lieu of a verbal VOE, an LES no more than 30 days prior to Note Date may be provided.

Income Source	Streamlined Documentation
Income from a second or additional job	A written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two-year period ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Seasonal employment and unemployment compensation	A written VOE covering two full years for the seasonal employment and a verbal VOE no more than 10 Business Days prior to the Note Date and proof of receipt of unemployment compensation for two years (if applicable), or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two-year period ■ Verbal VOE no more than 10 Business Days prior to the Note Date ■ Proof of receipt of unemployment compensation for two years, if applicable
Self-employed income- sole proprietor	All of the following: ■ Complete signed individual federal tax return for the most recent year. The individual federal income tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to Note Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form
Self-employed-S-corporation	All of the following: ■ Complete individual federal and business tax returns, including K-1's for the most recent year. The federal income tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form

Income Source	Streamlined Documentation
Self-employed-partnership	All of the following: ■ Complete individual federal and business tax returns, including K-1s for the most recent year. The federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form
Self-employed-corporation	All of the following: ■ Complete individual federal and business tax returns, including W-2's for the most recent year. The individual federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note, proof of receipt of payments for the most recent year and proof of continuance for the next three years.
Dividend and interest	Copy of federal income tax returns for the most recent two-year period and proof of sufficient assets after closing for the qualifying income to be expected to continue for the next three years.
Trust income	Copy of the Trust Agreement that evidences continuance for at least the next three years.
Capital gains	Copy of complete individual federal tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income and proof of sufficient assets remaining after closing for the qualifying income to be expected to continue for the next three years.
Royalty payments	A copy of the most recent complete individual federal income tax returns.
Public assistance income	Proof of receipt of public assistance income for the most recent two-year period and written verification that the income is likely to continue for the next three years.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public agency that issued the voucher. The documentation must reflect that the payments are made directly to the Borrower.
Foster-care income	Proof of receipt of Foster care income for the most recent two-year period.

Income Source	Streamlined Documentation
Alimony or separate maintenance	Proof of receipt of the total court ordered amount for the most recent three months and one of the following: ■ Copy of the signed court order reflecting the payor's obligation for the previous 12 months ■ Copy of the signed court order reflecting the payor's obligation for the previous six to 12 months if the monthly income does not exceed 30% of the Borrower's monthly qualifying income
Child support	Proof of receipt of the total court ordered amount for the most recent three-month period, proof of the ages of the children for which child support is received in order to prove three-year continuance, and one of the following: ■ Copy of the signed court order reflecting the payor's obligation for the previous 12 months ■ Copy of the signed court order reflecting the payor's obligation for the previous six to12 months if the income does not exceed 30% of the Borrower's qualifying income
Social security	One of the following: ■ A copy of the award letter ■ The most recent year's 1099s ■ 3 months bank statements showing receipt of the social security income Also, provide proof of continuance for the next three years for survivor, supplemental and disability social security payments.
Retirement or pension income	One of the following: ■ A copy of the award letter ■ The most recent year's 1099s ■ Three months bank statements showing receipt of the retirement or pension income
Tax exempt income	Provide the most recent complete individual federal tax returns or other documentation evidencing that the income, or a portion of the income, is nontaxable. Only the nontaxable portion of income may be grossed up.
Housing or parsonage allowance	Provide a written VOE, a letter from the employer or paystubs reflecting the amount of the housing or parsonage allowance and the terms under which it is paid. Provide proof of 12 months receipt of the housing allowance.
Rental income	Rental income must be documented in accordance with Section 37.14.
Gaps in employment	No explanation is required for gaps in employment

(b) Asset documentation information

All Borrower Funds must be verified in accordance with the requirements of Chapter 26, Section 37.20 and for the assets used to qualify the Borrower, the Seller must obtain the documentations and verifications in the following chart, and maintain them in the Mortgage file.

Asset	Streamlined Accept Documentation Requirement
Funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account	A depository or brokerage statement covering the most recent month for each account included in the assets section of the application. For any account that was opened within 90 days of verification, has a large deposit or has a balance that is significantly greater than the previously shown balance, the Seller must include reliable documentation showing that the funds are from a source meeting the requirements of Chapter 26. If a portion of the Borrower's funds were to be saved by the Borrower between the date of loan application and the date of loan closing, then the Mortgage file documents should show that funds were accumulated and on deposit prior to closing.
Gift from a Related Person that does not have to be repaid	The gift letter or information provided on the application must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address ■ Identify the property being purchased ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid If a letter is provided, it must be signed by the donor. If the verifications provided in the Mortgage file do not show evidence that the gift funds have been deposited in the Borrower's account, the Borrower must provide evidence of the transfer of funds from the donor to the Borrower. A gift of Equity must be reflected on the HUD-1 form.

Asset	Streamlined Accept Documentation Requirement
Gift or grant from an Agency that is given pursuant to an established program and does not have to be repaid	Documentation supporting a gift or grant from an Agency must: ■ Establish that the funds were provided by the employer, a municipality, nonprofit religious organization or nonprofit community organization ■ Establish that the organization has a formal gift program ■ Establish that the funds are a gift or grant that does not have to be repaid ■ Provide evidence that the funds were received by the Borrower or by the Seller on the Borrower's behalf ■ Identify the donor's mailing address Examples of acceptable documentation include copies of grant program materials, award letters or terms and conditions provided to the Borrower.
Proceeds of a loan fully secured by the Borrower's owned assets	Proof of the value and ownership of the asset used to secure the loan as well as the amount and terms of the loan.
Proceeds from the sale of the Borrower's assets	**Sale of real property** Proceeds from sale of real property must be verified by one of the following: ■ A HUD-1 form, or other equivalent closing statement ■ Executed buy-out agreement accompanying a settlement statement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding Mortgage(s) **Sale of an asset** Proceeds from the sale of an asset other than real property or exchange-traded securities must be verified with: ■ A bill of sale, and ■ Proof of receipt

Asset	Streamlined Accept Documentation Requirement
Cash deposit toward the purchase, the source of which is verifiable	The source of the deposit check must be documented in the Mortgage file from an acceptable source of funds. Provide at least one of the following: ■ A copy of the Borrower's deposit check and a copy of the bank statement from which the deposit check was drawn ■ Verification of sufficient funds on deposit in the Borrower's depository account for the down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves, if applicable Care should be taken to make sure that the deposit is not counted twice in the file (i.e., deducted from the funds to close and counted in assets)
Funds disbursed from a trust	Trust verification must: ■ Be a typed copy of the trust agreement or a signed statement on letterhead from the trustee that details the information required below ■ Identify the trustee including name, address, telephone number and an individual contact. The trustee must be an independent party that typically handles trust accounts (trust company, financial institution, CPA, lawyer) ■ Identify the Borrower as the beneficiary ■ Show that the Borrower has access to all or a certain specific amount of the funds ■ Show that the trust has the assets to disburse funds to the Borrower If the assets are required for closing, proof of receipt is required.
Funds on deposit in an Individual Development Account (IDA)	IDAs require documentation of the savings plan including regular payments made by the Borrower and by the IDA matching organization.

Asset	Streamlined Accept Documentation Requirement
Funds on deposit in a Community Savings System that are deposited by the Borrower	Community Savings Systems account statements must: ■ Identify the issuing institution or administrator, as applicable ■ Identify the account owner(s) ■ Identify the account number ■ Show all transactions ■ Show the period covered and ending balance ■ Show any outstanding loans ■ If a securities account, identify the stocks/securities and provide proof of liquidation if the funds are required for closing
Pooled funds on deposit from Related Persons who reside with the Borrower	In addition to the account documentation: ■ Proof that the Borrower and the Related Person have resided together for at least one year ■ Letter stating that they will continue to reside together in the new residence and are pooling their funds to buy the new residence
For purchase transactions, proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit	All of the following: ■ Copy of the established, ongoing and documented employer benefit program (must show the amount of the benefit and terms of the program) ■ Documentation showing (i) the employer is not an interested party (as described in Section 25.3) and (ii) the funds were not obtained from an interested party either directly or through a third party ■ Proof of receipt of the benefit must also be included in the Mortgage file
Amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application, credit report and appraisal reports, or a cash advance taken by the Borrower on a revolving credit card account or an unsecured line of credit to pay these fees	A copy of the credit card statement or credit card receipt showing the amount charged, the outstanding balance and the terms of repayment.

Asset	Streamlined Accept Documentation Requirement
Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (such as the NYSE, NASDAQ, Midwest SE, CBOT, or OTC) whose price can be readily verified through financial publications and is documented in the file	Stock/securities account statements must: ■ Identify the issuing institution or administrator, as applicable ■ Identify the account owner(s) ■ Identify the account number ■ Show all transactions ■ Show the period covered and ending balance ■ Show any outstanding loans ■ If a securities account, identify the stocks/securities If the Borrower does not receive a stocks/securities account statement, the Seller must: ■ Include a document in the Mortgage file confirming that the originator saw the stock certificates and which lists the identification numbers of the stock(s), type and amount of stock and states that the Borrower is the owner ■ Include current stock prices from a published source If the assets are required for closing, proof of liquidation is required.
Cash value life insurance	Cash value life insurance verification must: ■ Be a computer-generated or typed statement from the insurance company ■ Identify the life insurance company ■ Identify the policy owner(s) ■ Show the period covered and ending cash value ■ Show any outstanding loans ■ If the assets are needed required for closing, proof of liquidation is required
Personal IRA and SEP-IRA accounts that are owned by the Borrower	■ Most recent statement reflecting the vested balance or the percent of vesting, any outstanding loans, the ending balance as of the end of the statement and conditions under which the funds may be withdrawn or borrowed ■ If the assets are required for closing, proof of liquidation
401(k), KEOGH, 403(b) and other IRS-qualified employer plans	■ Most recent statement reflecting the vested balance or the percent of vesting, any outstanding loans, the ending balance as of the end of the statement and conditions under which the funds may be withdrawn or borrowed ■ If the assets are required for closing, proof of liquidation

Asset	Streamlined Accept Documentation Requirement
U.S. Savings Bonds	Statement from a financial institution (or the Seller) confirming that a representative of the financial institution (or the Seller) has seen the bonds and listing the serial numbers of the bond(s), date of maturity, type and amount of bond and stating that the Borrower is the owner. There must be proof of the bond values from the appropriate U.S. Treasury Table. If the assets are required for closing, proof of liquidation is required.
Reserves	Reserves, if required, must be documented in accordance with the asset requirements of this chart.

37.23: Standard Documentation requirements (04/01/10)

The following requirements apply to Loan Prospector® Mortgages that receive a Standard Documentation Level. These requirements also apply to all Non-Loan Prospector Mortgages. All income sources must be evaluated for stable monthly income requirements and must meet the requirements of this chapter. In addition to the documentation requirements in this section, additional documentation may be necessary to evaluate, justify and explain the income used to qualify the Borrower.

(a) Employment and income documentation information

For each income source used to qualify the Borrower, the Seller must obtain the verifications and documentation described in the following chart.

Note: In the chart below, the Note Date is the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or the Effective Date of Permanent Financing for Mortgages for Newly Constructed Homes, as applicable.

Additionally, in lieu of the verbal VOE 10 Business Days prior to the Note Date required in the chart below, the Seller may obtain a written verification of employment or third-party verification of employment when a verbal VOE is unavailable. See Section 37.20.1(a) for written verification requirements and Section 37.20.1(c) for third-party verification requirements.

Income Source	Standard Documentation
All income	All Borrowers, whose income is used to qualify, must sign IRS Form 4506-T (or an alternate form acceptable to the IRS that authorizes the release of comparable tax information) on the application date and again on the Note Date, except that if the 4506-T obtained on the application date is submitted to the IRS and transcripts are received back from the IRS, the Seller is not required to obtain an additional Borrower signed 4506-T. If submitting the 4506-T to the IRS, the Seller must ensure that the IRS receives the form prior to the form's expiration date. The Seller must retain the tax documentation received back from the IRS in the Mortgage file. In all cases, income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns and W-2 forms, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on those forms.
Employment income- (salary and hourly income)	Written verification of employment (VOE) covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ Year-to-date (YTD) paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two tax years ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Commission income	All of the following: ■ Written VOE covering the most recent two-year period ■ Complete individual federal tax returns covering the most recent two-year period and reflecting at least 6 months of commission income ■ Verbal verification of employment no more than 10 Business Days prior to the Note Date Or, all of the following: ■ A YTD paystub or salary voucher documenting at least 30 days of income ■ Complete individual federal tax returns covering the most recent two years in addition to applicable W-2's or 1099's. The tax returns must reflect at least 6 months of commission income ■ A verbal VOE no more than 10 Business Days prior to the Note Date

Income Source	Standard Documentation
Bonus income	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two tax years ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Borrower employed by a family member or by the property seller or real estate broker	One of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income, most recent two years W-2s and verbal VOE no more than 10 Business Days prior to the Note Date and complete federal tax returns for the previous two years ■ A written VOE covering the most recent two years, a verbal VOE no more than 10 Business Days prior to the Note Date and complete individual federal tax return for the previous 24 months
Overtime	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date or all of the following*: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two years ■ Verbal VOE no more than 10 Business Days prior to the Note Date The employer must verify that the Borrower will continue to have opportunities to earn overtime income.
Automobile allowance	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two years ■ Verbal VOE no more than 10 Business Days prior to the Note Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount and duration of the payments. The payments must be likely to continue for the next three years.

Income Source	Standard Documentation
Tip income	Written VOE covering two full years of tip income and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two tax years ■ Verbal VOE no more than 10 Business Days prior to the Note Date The employer must indicate that the Borrower's position is one for which tip income is expected to continue.
Military income	Written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD LES documenting at least 30 days of income ■ W-2 forms for the most recent two tax years ■ Verbal VOE no more than 10 Business Days prior to the Note Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided. Provide proof that entitlements are expected to continue, if applicable.
Military reserve income	A written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD LES documenting at least 30 days of income ■ W-2 forms for the most recent two tax years ■ Verbal VOE no more than 10 Business Days prior to the Note Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided.
Income from a second or additional job	A written VOE covering two full years and a verbal VOE no more than 10 Business Days prior to the Note Date, or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the previous two years ■ Verbal VOE no more than 10 Business Days prior to the Note Date

Income Source	Standard Documentation
Seasonal employment and unemployment compensation	Written VOE covering two full years for the seasonal employment and a verbal VOE no more than 10 Business Days prior to the Note Date and proof of receipt of unemployment compensation for two years (if applicable), or all of the following: ■ YTD paystub or salary voucher documenting at least 30 days of income ■ W-2 forms for the most recent two-year period ■ Verbal VOE no more than 10 Business Days prior to the Note Date ■ Proof of receipt of unemployment compensation for two years (if applicable)
Self-employed income- sole proprietor	All of the following: ■ Complete signed individual federal tax return for the two most recent years. The individual federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form
Self-employed-S corporation	All of the following: ■ Complete individual federal tax return and S Corporation tax returns including K-1's for the two most recent years. The individual federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form
Self-employed-partnership	All of the following: ■ Complete individual federal tax return and Partnership tax returns including K-1's for the two most recent years. The individual federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form

Income Source	Standard Documentation
Self-employed-corporation	All of the following: ■ Complete individual federal tax return and Corporation tax returns including W-2's for the two most recent years. The individual federal tax returns must reflect at least 12 months of self-employed income. ■ Verification of existence of the business through a third party source no more than 30 calendar days prior to the Note Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note, proof of receipt of payments for the most recent one-year period and proof of continuance for the next three years.
Dividend and interest	Copy of the complete individual federal tax returns for the most recent two-year period and proof of sufficient assets after closing for the qualifying income to be expected to continue for the next three years.
Trust income	Copy of the Trust Agreement that evidences continuance for at least the next three years.
Capital gains	Copy of complete individual tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income and proof of sufficient assets remaining after closing for the qualifying income to be expected to continue for the next three years.
Royalty payments	A copy of the most recent complete individual federal tax returns.
Public assistance income	Proof of receipt of public assistance income for the most recent two years and documentation showing that the income is likely to continue for the next three years.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public agency that issued the voucher. The documentation must reflect that the payments are made directly to the Borrower.
Foster-care income	Proof of receipt of Foster care income for the most recent two years and documentation showing that it is likely to continue for the next three years.
Alimony or separate maintenance	Proof of receipt of the total court ordered amount for the most recent three months and one of the following: ■ Copy of the signed court order reflecting the payor's obligation for the previous 12 months ■ Copy of the signed court order reflecting the payor's obligation for the previous six to12 months if the monthly income does not exceed 30% of the Borrower's monthly qualifying income

Income Source	Standard Documentation
Child support	Proof of receipt of the total court ordered amount for the most recent three-month period and proof of the ages of the children for which child support is received in order to prove 3- year continuance, and one of the following: ■ Copy of the signed court order reflecting the payor's obligation for the previous 12 months ■ Copy of the signed court order reflecting the payor's obligation for the previous six to12 months if the income does not exceed 30% of the Borrower's qualifying income
Social security	One of the following: ■ A copy of the award letter ■ The most recent two year's 1099s ■ 12 months bank statements showing receipt of the social security income Also, provide proof that the income is likely to continue for the next three years for survivor, supplemental and disability social security payments.
Retirement or pension income	One of the following: ■ A copy of the award letter ■ The most recent year's 1099s ■ 12 months bank statements showing receipt of the retirement or pension income
Tax exempt income	Provide the most recent complete individual federal tax returns or other documentation evidencing that the income, or a portion of the income, is nontaxable. Only the nontaxable portion of income may be grossed up.
Housing or parsonage allowance	Provide a written VOE, letter from the employer or paystubs reflecting the amount of the housing or parsonage allowance and the terms under which it is paid. Provide proof of 12 months receipt of the housing allowance.
Rental income	Rental income must be documented in accordance with Section 37.14.
Gaps in employment	Gaps in employment that are more than 60 days in length must be documented on the Uniform Residential Loan Application and an explanation from the Borrower included in the Mortgage file.

(b) Asset documentation information

All Borrower Funds must be verified in accordance with the requirements of Chapter 26, Section 37.20 and the Seller must obtain the documentation and verifications in the following chart, and maintain them in the Mortgage file:

Asset	Standard Documentation Requirements
Funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account	A depository or brokerage statement covering the two most recent months for each account included in the assets section of the application. For any account that was opened no more than 90 days of verification, or has a balance that is significantly greater than the previously shown balance, the Seller must include reliable documentation that the funds are from a source meeting the requirements of Chapter 26. If a portion of the Borrower's funds were to be saved by the Borrower between the date of loan application and the date of loan closing, then the Mortgage file documents should show that funds were accumulated prior to closing.
Gift that is from a Related Person that does not have to be repaid	The gift letter or information provided on the application must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address ■ Identify the property being purchased ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid If a letter is provided, it must be signed by the donor. If the verifications provided in the Mortgage file do not show evidence that the gift funds have been deposited in the Borrower's account, the Borrower must provide evidence of the transfer of funds from the donor to the Borrower. A gift of Equity must be reflected on the HUD-1 form.

Asset	Standard Documentation Requirements
Gift or grant from an Agency that is given pursuant to an established program and does not have to be repaid	Documentation supporting a gift or grant from an Agency must: ■ Establish that the funds were provided by the employer, a municipality, nonprofit religious organization or nonprofit community organization ■ Establish that the organization has a formal gift program ■ Establish that the funds are a gift or grant that does not have to be repaid ■ Provide evidence that the funds were received by the Borrower or by the Seller on the Borrower's behalf ■ Identify the donor's mailing address Examples of acceptable documentation are copies of grant program materials, award letters or terms and conditions provided to the Borrower.
Proceeds of a loan fully secured by the Borrower's owned assets	Proof of the value and ownership of the asset used to secure the loan as well as the amount and terms of the loan.
Proceeds from the sale of the Borrower's assets	**Sale of real property** Proceeds from sale of real property must be verified by one of the following: ■ A HUD-1 form, or other equivalent closing statement ■ Executed buy-out agreement accompanying a settlement statement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding Mortgage(s) **Sale of an asset** Proceeds from the sale of an asset other than real property or exchange-traded securities must be verified with: ■ A bill of sale, and ■ Proof of receipt

Asset	Standard Documentation Requirements
Cash deposit toward the purchase, the source of which is verifiable	Provide at least one of the following: ■ A copy of the Borrower's cancelled check ■ A copy of the deposit check and proof the check was cashed ■ Verification of sufficient funds on deposit in the Borrower's depository account for the down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves, if applicable The source of the deposit check must be documented in the Mortgage file. Care should be taken to make sure that the deposit is not counted twice in the file (i.e., deducted from the funds to close and counted in assets)
Funds disbursed from a trust	Trust verification must: ■ Be a typed copy of the trust agreement or a signed statement on letterhead from the trustee that details the information required below ■ Identify the trustee including name, address, telephone number and an individual contact. The trustee must be an independent party that typically handles trust accounts (trust company, financial institution, CPA, lawyer) ■ Identify the Borrower as the beneficiary ■ Show that the Borrower has access to all or a certain specific amount of the funds ■ Show that the trust has the assets to disburse funds to the Borrower ■ If the assets are required for closing, proof of receipt is required
Funds on deposit in an Individual Development Account (IDA)	IDAs require documentation of the savings plan including regular payments made by the Borrower and by the IDA matching organization.
Funds on deposit in a Community Savings System that are deposited by the Borrower	Community Savings Systems account statements must: ■ Identify the issuing institution or administrator, as applicable ■ Identify the account owner(s) ■ Identify the account number ■ Show all transactions ■ Show the period covered and ending balance ■ Show any outstanding loans ■ If a securities account, identify the stocks/securities

Asset	Standard Documentation Requirements
Pooled funds on deposit from Related Persons who reside with the Borrower	In addition to the account documentation: ■ Proof that the Borrower and the related person have resided together for at least one year ■ Letter stating that they will continue to reside together in the new residence and are pooling their funds to buy the new residence
For purchase transactions, proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit	All of the following: ■ Copy of the established, ongoing and documented employer benefit program (must show the amount of the benefit and terms of the program) ■ Documentation showing that (i) the employer is not an interested party (as described in Section 25.3) and (ii) the funds were not obtained from an interested party either directly or through a third party. The benefit program agreement from the employer must show the amount of the benefit and terms of the program. ■ Proof of receipt of the benefit
Amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application, credit report and appraisal reports, or a cash advance taken by the Borrower on a revolving credit card account or an unsecured line of credit to pay these fees	A copy of the credit card statement or credit card receipt showing the amount charged, the outstanding balance and the terms of repayment.

Asset	Standard Documentation Requirements
Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (such as the NYSE, NASDAQ, Midwest SE, CBOT, or OTC) whose price can be readily verified through financial publications and is documented in the file	Stock/securities account statements must: ■ Identify the issuing institution or administrator, as applicable ■ Identify the account owner(s) ■ Identify the account number ■ Show all transactions ■ Show the period covered and ending balance ■ Show any outstanding loans ■ If a securities account, identify the stocks/securities If the Borrower does not receive a stocks/securities account statement, the Seller must: ■ Include a document in the Mortgage file stating that the originator saw the stock certificates and listing the identification numbers of the stock(s), type and amount of stock and stating that the Borrower is the owner ■ Include current stock prices from a published source If the assets are required for closing, proof of liquidation is required.
Cash value life insurance	Cash value life insurance verification must: ■ Be a computer-generated or typed statement from the insurance company ■ Identify the life insurance company ■ Identify the policy owner(s) ■ Show the period covered and ending cash value ■ Show any outstanding loans ■ If the assets are required for closing, proof of liquidation is required
Personal IRA and SEP-IRA accounts that are owned by the Borrower	■ Most recent two months statements reflecting the vested balance or the percent of vesting, any outstanding loans and the ending balance as of the end of the statement and conditions under which the funds may be withdrawn or borrowed ■ If the assets are required for closing, proof of liquidation is required
401(k), KEOGH, 403(b) and other IRS-qualified employer plans	■ Most recent two months statements reflecting the vested balance or the percent of vesting, any outstanding loans and the ending balance as of the end of the statement and conditions under which the funds may be withdrawn or borrowed ■ If the assets are required for closing, proof of liquidation is required

Asset	Standard Documentation Requirements
U.S. Savings Bonds	U.S. Savings Bonds verification must include a statement from a financial institution (or the Seller) confirming that a representative of the financial institution (or the Seller) has seen the bonds and listing the serial numbers of the bond(s), date of maturity, type and amount of bond and stating that the Borrower is the owner. There must be proof of the bond value from the appropriate U.S. Treasury Table. If the assets are required for closing, proof of liquidation is required.
Reserves	Reserves, if required, must be documented in accordance with the asset requirements of this chart.

37.24: Signatures required (01/01/06)

The Security Instrument must be signed by each owner of the Mortgaged Premises. (See Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, for permissible changes to the Fannie Mae/Freddie Mac Uniform Instruments.) The Security Instrument must also be signed by each individual whose signature is necessary under the applicable statutory or decisional law of the State to create a valid lien, pass clear title, waive inchoate rights to property or assign earnings. The Note or applicable assumption agreement must be signed by any individual whose income or financial strength is needed to meet the Freddie Mac credit underwriting guidelines. If the Mortgage is delivered as an owner-occupied Mortgage, the Note must be signed by an Owner-Occupant.

37.25: Endorser, guarantor and surety (01/02/09)

A Mortgage with a personal endorser, guarantor and/or surety may be eligible for purchase by Freddie Mac provided the following requirements are met:

- The endorsement, guaranty or surety agreement must not be qualified or limited in any manner
- For Manually Underwritten Mortgages and A-minus Mortgages, when the loan-to-value (LTV) ratio is greater than 90%, the endorser, guarantor or surety whose income or financial strength was used for qualification purposes must, as of the Delivery Date, occupy all or part of the Mortgaged Premises as a Primary Residence. When the LTV ratio is equal to or less than 90%, a nonoccupying endorser, guarantor or surety is permitted, but the occupant Borrower must be able to qualify for the Mortgage in accordance with Sections 37.15 and 37.16. Further, the occupant Borrower must make a down payment in accordance with Section 26.7.
- For Accept Mortgages, a nonoccupying endorser, guarantor or surety is permitted when the LTV ratio is equal to or less than 95% and the occupant Borrower makes a down payment in accordance with Section 26.7
- The endorser, guarantor or surety may not be an interested party to the transaction (for example, the builder, seller or broker)

All underwriting criteria and documentation described in this chapter apply to the credit evaluation of an endorser, guarantor or surety. All applicable credit documentation must be submitted to Freddie Mac when the Mortgage is delivered to Freddie Mac for purchase.

37.26: Special circumstances (09/01/10)

In addition to the requirements related to Borrower credit reputation and Borrower capacity described in this chapter, other specific requirements related to Borrower credit reputation and Borrower capacity for special Mortgage products, offerings and special features are provided in the Guide in the sections noted below:

Topic	Section
Second home Mortgages	22.22(b)
Investment Property Mortgages	22.22.1(a), 22.22.1(b)
Refinance Mortgages	24.4(b), 24.6
Secondary financing	25.1(c), 25.1(g)
Temporary subsidy buydown plans	25.4(b), 25.4(c)
Unsecured loans	26.6.1(b)
Adjustable-rate Mortgages (ARMs)	30.16(b)
Seller-Owned Converted and Seller-Owned Modified Mortgages	32.2(b), 32.6(c)
A-minus Mortgages	C33.2, C33.3
Alt 97® Mortgages	D33.3(a)
Affordable Merit Rate® Mortgages	E33.3
Financed Permanent Buydown Mortgages	F33.3
Manufactured Homes	H33.3(a), H33.5(a), H33.5(e)
Mortgages for Newly Constructed Homes	K33.9(b), K33.10
Home Possible® Mortgages	A34.8, A34.9
Special federal housing initiatives	35.2(d), 35.3(e), 35.4(c)
Super conforming Mortgages	L33

Chapter 38: Reserved

{Chapter 38 is reserved.}

Chapter 39: Title Insurance

39.1: General Freddie Mac requirements (03/01/08)

Each Mortgage purchased by Freddie Mac must be covered by one of the following:

- A paid-up Mortgage title insurance policy meeting the requirements in Section 39.2, or
- An attorney's title opinion or certificate meeting the requirements in Section 39.3

A title insurance policy is mandatory for Mortgages secured by units in a Planned Unit Development or Condominium Project, dwellings on leasehold estates, Manufactured Homes, properties subject to deed restrictions or restrictive agreements, Texas Equity Section 50(a)(6) Mortgages and for Mortgages executed using a power of attorney.

39.2: Title insurance policy requirements (06/22/07)

Each title insurance policy must meet the following minimum requirements:

(a) Title insurer

The title insurance policy must be written by a title insurer legally able to do business in the jurisdiction where the Mortgaged Premises are located.

The policy must be fully enforceable and protective of the mortgagee's rights and comply with all other requirements of this section.

Selection or acceptance of the title insurance company by the Seller must be based solely on considerations, such as the comprehensiveness of the policy, the financial ability of the company to stand behind its commitment, the company's record on settling claims and other considerations normally employed by institutional investors originating or purchasing Mortgages in the jurisdiction where the Mortgaged Premises are located. The selection or acceptance must not be based on receipt of any fee or other consideration by the Seller or its employees, officers or directors.

(b) Amount of protection

The title insurance policy must protect the mortgagee up to at least the current principal balance of the Mortgage.

(c) Beneficiary

The protection and benefits must run to Freddie Mac for Mortgages Purchased in Whole by Freddie Mac and to the Seller or the Servicer for Mortgages Purchased in Part by Freddie Mac.

If a Mortgage is registered with the Mortgage Electronic Systems Inc. (MERS) and is originated naming MERS as original mortgagee of record, solely as nominee for the Lender named in the Security Instrument and the Note, and Lender's successors and assigns, then the "insured Mortgage" covered by the title insurance policy must be identified in the title insurance policy as the Security Instrument given to MERS, solely as nominee for Lender and Lender's successors and assigns. However, under no circumstances may MERS be named as beneficiary of a title policy.

Furthermore, if a Mortgage is registered with MERS, the Seller/Servicer must arrange for all insurance drafts, notices, policies, invoices, etc., to be delivered directly to the Seller/Servicer. Although the MERS address appears in county land records, the address for MERS must not be given to organizations that normally direct mail to the Seller/Servicer or subservicer.

(d) Form

The title insurance policy must be written on:

- Effective for Mortgages with Note Dates on or after January 1, 2008, in those States where their use is permitted, either:
  - The American Land Title Association (ALTA) 2006 Loan Policy (adopted 6/17/06), or
  - The ALTA Short Form Residential Loan Policy One-To-Four Family (adopted 6/17/06).
- For all other Mortgages, one of the following:
  - The ALTA 1992 Loan Policy (revised 10/17/92)
  - The ALTA Short Form Residential Loan Policy One- to Four-Family (adopted 10/21/00)
  - The ALTA Short Form Expanded Coverage Residential Loan Policy One- to Four-Family (adopted 10/22/03)

Sellers may use a title insurance policy written on a form other than one of the ALTA insurance policy forms described above, provided the Seller must warrants that the coverage the policy provides is at least as broad as the coverage provided by the ALTA 2006 Loan Policy.

Regardless of the title insurance policy form used, the following endorsements must be attached to or, where applicable, incorporated by reference into the policy. When using the ALTA 2006 Loan Policy, the Seller must use the 2006 version of the applicable endorsement form (with the endorsement form number followed by -06 (6/17/06)):

- An ALTA Form 8.1, Environmental Protection Lien Endorsement. Form 8.1 may make an exception only for specific State statutes that provide for possible subsequent "superliens" that could take priority over the Mortgage
- For all adjustable-rate Mortgages (ARMs), the appropriate ALTA form for Variable Rate Mortgages (ALTA Form 6, Variable Rate Mortgage; ALTA Form 6.1, Variable Rate Mortgage — regulations; or ALTA Form 6.2, Variable Rate Mortgage — Negative Amortization)
- An ALTA Form 4 endorsement or its equivalent for each Condominium Unit Mortgage
- An ALTA Form 5 endorsement or its equivalent for each Mortgage secured by a PUD unit
- An ALTA Form 13.1 endorsement or its equivalent for all leasehold Mortgages. The title insurance policy must include as part of the insured estate, the value of the lessee's leasehold improvements.
- An ALTA Form 7.1 endorsement in States where available, or Form 7 endorsement in other States, or its equivalent for each Mortgage secured by a Manufactured Home. The title policy must identify the Manufactured Home located on the land and insure against any loss if the Manufactured Home is not real property.
- An ALTA Form 9 endorsement or its equivalent meeting the requirements of Section 39.4(d) (3rd bullet) for each Mortgage secured by property subject to a restrictive agreement or restrictive covenant

A Seller may accept evidence of title insurance under a master title insurance policy for any Home Mortgage. Any Seller that accepts evidence of title insurance under a master title insurance policy represents and warrants as follows:

- The Seller has reviewed the title insurer's master policy documents, including the certificate of title insurance or short-form title policy, the master policy with all endorsements and any other applicable documents, and, based on this review and on certifications from the title insurer, the Seller has confirmed that the master policy provides at least the amount and scope of coverage given by the ALTA 2006 Loan Policy and that the master policy otherwise meets the requirements of Section 39.2
- The Seller has obtained from the title insurer a fully executed master title insurance policy issued in the Seller's name as insured. If the Mortgage is Purchased in Whole by Freddie Mac, the Seller will assign to Freddie Mac its rights in the policy to the extent of the Mortgage purchased. For Mortgages Purchased in Part by Freddie Mac, the Seller need not assign its rights in the policy.
- The master policy has been approved by the applicable State or local authority where such approval is required
- The insurer will replace the title insurance certificate with a full individual ALTA or similar policy upon 10 days' notice by Freddie Mac

Freddie Mac may refuse to accept the master title insurance policy of any title insurer.

(e) Survey requirements

If the title company insuring the Mortgage or the attorney rendering the opinion of title requires a survey to remove exceptions to survey matters, the Seller must provide a survey of the Mortgaged Premises. The survey provided must conform to:

- The title insurance company's or attorney's standards, and
- Any applicable legal standards relating to surveys

(f) Exceptions

When the title insurance policy takes exception to survey matters, other than those permitted under Section 39.4, t he Seller must provide whatever information is required by the title insurance company to either remove the exception or obtain an endorsement providing the insurance required. If the title company will not issue a policy without a survey exception, Freddie Mac will not purchase the Mortgage. In addition, the title policy must not be subject to any title exceptions other than those permitted under Section 39.4.

39.3: Opinions of title (certificates of title) (02/20/08)

An attorney's opinion of title is acceptable to Freddie Mac in lieu of a title insurance policy if all of the following conditions are met without exception:

1. The opinion must be addressed to the Seller and all successors in interest of the Seller

2. The opinion must provide the following statement:

   We [I] agree to indemnify you and your successors in interest in the [Mortgage] [deed of trust] opined hereto, to the full extent of any loss attributable to a breach of our [my] duty to exercise reasonable care and skill in the examination of the title and the giving of this opinion.

3. The opinion must be given by an attorney licensed to practice law in the jurisdiction where the Mortgaged Premises is located. The attorney must also be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction, taking into account the volume of opinions rendered by the attorney.

4. The opinion must not take exception to survey matters. When the attorney's opinion takes exception to survey matters, the Seller must provide whatever information is required by the attorney to remove the exception. If the attorney will not issue the title opinion without a survey exception, Freddie Mac will not purchase the Mortgage. In

addition, the opinion must not be subject to any title exceptions other than those permitted under Section 39.4.

5. The Mortgage must not be:
   - Secured by a unit in a Condominium Project or PUD
   - Secured by a dwelling on a leasehold estate
   - Secured by a Manufactured Home
   - Secured by property subject to deed restrictions or restrictive agreements
   - Executed using a power of attorney
   - A Texas Equity Section 50(a)(6) Mortgage

6. An attorney's opinion of title must be commonly acceptable in lieu of title insurance by private institutional Mortgage investors in the area where the Mortgaged Premises are located

7. The following opinion relating to prior environmental protection liens must be given in lieu of the American Land Title Association (ALTA) Endorsement 8.1 in an attorney's opinion of title. Item (i) of the opinion refers to environmental liens at the time the opinion is issued; item (ii) refers to State lien statutes that could give rise to a priority lien. An attorney may include an exception in item (ii) for possible subsequent superliens that could take priority over the Mortgage only if the Mortgaged Premises are located in a State whose State statutes provide for such a superlien:

   "There is (i) no environmental protection lien recorded in those records established under State statutes for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge, or filed in the records of the clerk of the United States district court for the district in which the land is located, nor (ii) are there any environmental protection liens provided for by any State statute in effect on the date of this opinion, which could achieve priority over the Mortgage except those listed below (list any State statute that allows a lien for environmental protection that can attain priority over the lien of the insured Mortgage; if none, state 'none')."

8. The following opinion must be given in lieu of the applicable ALTA form for adjustable-rate Mortgages (ARMs), if applicable:

   "The law of the State in which the property securing the Mortgage is located provides that (i) the lien of the Mortgage will not become invalid or unenforceable resulting from provisions in the Mortgage which provide for changes in the interest rate calculated pursuant to the formula provided in the Mortgage, and (ii) priority of the lien of the Mortgage for the unpaid principal balance of the loan, together with interest as changed and other sums advanced by the Noteholder in accordance with the provisions of the Mortgage, will not be lost as a result of changes in the rate of interest calculated pursuant to the formula provided in the Mortgage."

39.4: Acceptable exceptions to title insurance or to attorney's opinion of title (10/06/06)

The following exceptions to the title insurance policy or to the attorney's opinion of title are acceptable:

(a) Subsurface public utility easements

Exceptions for subsurface public utility easements for local residential distribution, such as lines for gas and water, and cable for electric, telephone or television utilities, are acceptable provided that the location of the easements is ascertainable and fixed. The exercise of the rights thereunder must not interfere with the use and enjoyment of any present improvements on the Mortgaged Premises or proposed improvements on which the appraisal or Mortgage is based.

(b) Surface public utility easements

Exceptions for surface easements for public utilities for local residential distribution are acceptable provided that the location of the easements is ascertainable and fixed. The exercise of the rights thereunder must not interfere with the use and enjoyment of any of the following:

- Present improvements on the Mortgaged Premises
- Proposed improvements upon which the appraisal or Mortgage is based
- Part of the Mortgaged Premises outside the easement and not occupied by improvements

(c) Encroachments on public utility easements

Exceptions for encroachments on easements for public utilities by a garage, tool shed or similar structure that is not attached to, or a portion of, the dwelling structure are acceptable provided that the encroachments do not interfere with the use and enjoyment of the easements or the exercise of rights of repair and maintenance in connection therewith.

(d) Restrictive agreements

Exceptions for restrictive agreements or restrictive covenants of record related to cost, use, setback, minimum size and building materials, and architectural, aesthetic or similar matters (other than single-family-use restrictions on 2- to 4-unit properties) are acceptable provided that the following conditions are met:

- The restrictive agreements or restrictive covenants do not create or provide for any lien that would be prior to the lien of the Home Mortgage nor provide for the elimination of the lien of the Home Mortgage
- The terms and provisions of the restrictive agreements or restrictive covenants are commonly acceptable to private institutional Mortgage investors in the area where the Mortgaged Premises are located
- An endorsement to the title insurance policy affirmatively insures that no violation of any such restrictive agreement or restrictive covenant exists and that any future violation shall not result in forfeiture or reversion of title

(e) Mutual easement agreements

Exceptions for mutual easement agreements of record that establish a joint driveway or a party wall are acceptable if such improvements are constructed in any of the following ways:

- Partly on the Mortgaged Premises and partly on adjoining property, or
- Wholly on the Mortgaged Premises, or
- Wholly on the adjoining property

The easement agreement must allow all present and future owners and their heirs, successors and assigns forever, unlimited use and enjoyment of the driveway or party wall without any restriction other than restriction by reason of the mutual easement owners' rights in common and duties for joint maintenance.

(f) Fence misplacements

Exceptions for fence misplacements on either side of the property line of the Mortgaged Premises, are acceptable provided that neither the misplacement, nor a future correction thereof, will interfere with the use and enjoyment of any improvements on the Mortgaged Premises nor with the use and enjoyment of the balance of the Mortgaged Premises not occupied by improvements. The definition of fence in this section shall not include retaining walls or other permanent structures.

(g) Encroachments on the Mortgaged Premises by improvements on adjoining property

Exceptions for encroachments on the Mortgaged Premises by improvements on adjoining property are acceptable provided that the following conditions are met:

- The encroachment must not touch any improvements on the Mortgaged Premises
- The encroachment must not interfere with the use and enjoyment of any improvements on the Mortgaged Premises nor with the use and enjoyment of the Mortgaged Premises not occupied by improvements

(h) Encroachments on adjoining property

Exceptions for encroachments on adjoining property by eaves or other projections attached to improvements on the Mortgaged Premises, or by structures such as tool sheds, or by a driveway appurtenant to the Mortgaged Premises are acceptable provided that there is an endorsement to the title insurance policy whereby the policy affirmatively insures against loss suffered by reason of the entry of a decree or court order requiring the removal of the encroachment.

(i) Oil, gas, water and mineral rights

Exceptions for outstanding oil, gas, water or mineral rights are acceptable if commonly granted by private institutional Mortgage investors in the area where the Mortgaged Premises are located, and:

- The exercise of such rights will not result in damage to the Mortgaged Premises or impairment of the use or marketability of the Mortgaged Premises for residential purposes and there is no right of surface or subsurface entry within 200 feet of the residential structure, or
- There is a comprehensive endorsement to the title insurance policy that affirmatively insures the lender against damage or loss due to the exercise of such rights

(j) Liens for taxes not due

Exceptions for liens for real estate or ad valorem taxes and assessments that specifically state that such liens are not yet due and payable are acceptable.

(k) Sums readvanced

This includes the priority of the lien for any sum repaid and subsequently readvanced under the terms of the Mortgage insured thereby.

(l) Tenants in possession

Exceptions for rights of tenants in possession, as tenants only, under prior unrecorded leases, are acceptable.

(m) Other exceptions

Any exception not set forth above in Sections 39.4(a) through 39.4(l) is acceptable only if all of the following conditions are met:

1. The subject of the exception must not interfere with the use and enjoyment of any present or proposed improvements on the Mortgaged Premises or with the use and enjoyment of the balance of the Mortgaged Premises not occupied by improvements

2. The subject of the exception must not affect the marketability of the Mortgaged Premises
3. The subject of the exception must have no or minimal effect on the value of the Mortgaged Premises
4. The subject of the exception must be acceptable to the MI if the Mortgage is insured
5. The subject of the exception must be commonly acceptable to private institutional Mortgage investors in the area where the Mortgaged Premises are located

The Seller shall warrant that all exceptions to the title insurance policy or to the attorney's opinion of title are permissible under this section. Freddie Mac will not issue any letters addressing the acceptability of particular exceptions nor waivers of the above requirements.

39.5: Special Title Insurance Requirements for Texas Constitution Article XVI Section 50(a)(6) Home Equity Mortgages (02/20/08)

Texas Equity Section 50(a)(6) Mortgages must be covered by a title insurance policy meeting the requirements of Chapter 39 of the Guide with the endorsements described below.

- An Equity Loan Mortgage Endorsement (Form T-42). The Form T-42 endorsement must include the optional coverage provided by paragraph 2(f) of the endorsement and there must not be any exceptions to, or deletions of, paragraphs 2(a) through 2(e) of the Form T-42 endorsement.

- A Supplemental Coverage Equity Loan Mortgage Endorsement (Form T 42.1). There must not be any exceptions to, or deletions of, paragraphs 1(a) through 1(k) of the Form T-42.1 endorsement, or any subsequent subparagraphs added to Paragraph 1 by any revision of the Form T 42.1 approved by the Texas Insurance Commission.

- Any other endorsement that provides additional optional mortgagee coverage that is approved by the State of Texas Insurance Commission. The endorsement must be obtained by the Seller for Texas Equity Section 50(a)(6) Mortgages originated on and after the date the endorsement becomes legally available. There must be no exceptions to, or deletions of, any paragraphs providing additional coverage in any such endorsement.

Chapter 40: Legal Description

40.1: Legal description requirements (03/20/00)

For each Mortgage purchased by Freddie Mac, the legal description as stated in the Security Instrument and title insurance policy or other evidence of title must be in one of the following forms:

(a) Metes and bounds

A metes and bounds description should comply with the following standards:

1. The beginning point should be established by a monument located at the beginning point or by reference to a nearby monument.
2. The sides of the Mortgaged Premises must be described by the distances and bearings of each. In place of bearings, the interior angle method is acceptable if the beginning point is on a dedicated public street line or a fixed line on other property, or if the course of the first side can be otherwise properly fixed.
3. The distances, bearings and angles should be taken from a recent instrument survey or recently recertified instrument survey by a licensed civil engineer or registered surveyor.
4. Curved courses should be described by data including the length of arc, the radius of circle for the arc and the chord distance and bearing. When a survey course is part of a dedicated public street or road line, the course may be described by indicating the distance and direction the course takes along the street line from the end of the previous course, if commonly accepted by private institutional Mortgage investors in the area where the Mortgaged Premises are located.
5. The legal description should be a single perimeter description of the entire plot. Division into parcels must be avoided unless serving a special purpose of the Mortgage. Division is necessary, however, if the plot is located on two sides of a public way. It is also customary in many areas to describe an easement appurtenant to a fee parcel by using a separate parcel description.

(b) Lot and block

A description composed of lots and/or blocks including a reference to a recorded map or plat that shows the lots or blocks is usually adequate.

When all of the lots or blocks in the description do not appear on the same recorded map or plat, however, a reference to the location of the apparently identical sides of lots or blocks in different recorded maps or plats, fixed in both maps or plats by the same monuments (a rare situation) is usually adequate.

(c) Additional acceptable forms

Although encountered in only a few cases, a description of a parcel bounded on all sides by dedicated streets or alleys can acceptably refer only to the bounding lines of the streets or alleys.

A description of registered property is acceptable if in the form required by the local Torrens Act.

Chapter 41: Special Warranties for Leasehold Estates

41.1: Overview (03/11/10)

Freddie Mac will purchase a Mortgage secured by a leasehold estate, including a Mortgage secured by a leasehold estate in a ground lease community. A Mortgage that is secured by a leasehold interest is considered to be a leasehold Mortgage. The following property types are eligible to secure leasehold Mortgages:

- 1- to 4-unit properties
- Planned Unit Development (PUD) units
- Condominium Units

A Manufactured Home is not eligible to secure a leasehold Mortgage.

(a) Terms

The following terms apply for purposes of this section:

- **Basic Rent**

  The amount paid for the use of the leasehold estate under the terms of the lease (or sublease, if applicable). Basic rent does not include:

  - Taxes
  - Insurance
  - Utilities for the leasehold estate or common areas, or
  - Use fees or operating expenses for the common areas, facilities and services

- **Fee simple lienholder**

  Any entity, including the fee simple mortgagee or a creditor that has a lien on the lessor's fee simple interest in the leased land and the common areas and community facilities.

- **Ground lease community**

  A planned residential development, including infrastructure, common areas and community facilities for use by the individual lessee, with the following characteristics:

  1. Under the terms of the lease, the individual lessee holds a real property leasehold estate in a parcel of land improved by a dwelling and has an

undivided common interest in the infrastructure, common areas and community facilities

2. The ground lease community is either a Planned Unit Development (PUD) or Condominium Project, administered by a HOA; or the community is administered by the fee simple land owner/lessor that owns, and is obligated under the lease to maintain, the infrastructure, common areas and community facilities for the common use and benefit of the individual lessees

- **Leasehold mortgagee**

  The mortgagee that has a lien on the lessee's (or sublessee's) leasehold estate including improvements.

- **Nondisturbance and attornment agreement**

  An agreement from the fee simple lienholder to accept the terms of the lease and not to interfere with the rights of the lessee in the use of the leasehold estate if it acquires title to the lessor's fee simple interest provided the lessee is not in default under the terms of the lease. The terms required to be in the nondisturbance and attornment agreement are provided in Section 41.1(b), item 4.

  A nondisturbance and attornment agreement may also be an agreement from the fee simple lessor to accept the terms of a sublease and not to interfere with the rights of the sublessee in the use of the leasehold estate if the lease between the fee simple lessor and the sublessor terminates provided the sublessee is not in default under the terms of the sublease.

(b) Warranties

For each leasehold Mortgage, the Seller warrants the following:

1. The leasehold Mortgage constitutes an interest in real estate
2. The lease and any sublease (including all amendments) are recorded in the appropriate land records. A memorandum of lease or sublease may be recorded in lieu of the complete lease or sublease.
3. The lease is in full force and effect and is binding and enforceable against the lessor
4. If the lessor's fee simple interest in the land is subject to any encumbrances or liens, the fee simple lienholder has executed and recorded a nondisturbance and attornment agreement that contains the following provisions:

   - The lease or any of the rights of the lessee under the lease will not be terminated or otherwise affected by enforcement of any lien or other rights granted to the fee simple lienholder

- The rights of the leasehold mortgagee will not be terminated or otherwise affected by enforcement of any lien or rights granted to the fee simple lienholder
- The fee simple lienholder will not name the lessee or the leasehold mortgagee as a party defendant in any action to enforce its lien
- If the fee simple lienholder forecloses on its lien, the lease will continue in full force and effect as a direct lease between the fee simple lienholder and the lessee or, if applicable, the leasehold mortgagee
- The fee simple lienholder will accept the attornment of the lessee
- The lien of the fee simple lienholder on the real property does not extend to the improvements and fixtures, real or personal property owned by the lessee
- The lessee and the leasehold mortgagee have no liability or obligation to the fee simple lienholder in connection with its lien on the fee simple interest
- Condemnation and insurance proceeds awarded to the lessor will be used for the restoration, repair or replacement of the property damaged or taken by condemnation if economically feasible

The nondisturbance provisions listed above may be contingent on the lease being in full force and effect and the lessee (or the leasehold mortgagee if it has exercised its rights under the lease and the leasehold mortgage) not being in default in the payment of rent, taxes or property insurance.

If the lease contains any provisions requiring the lessee to agree to the subordination of the lease to liens or encumbrances on the fee simple interest, these provisions must be conditioned on the lessee and the leasehold mortgagee receiving a recorded nondisturbance and attornment agreement that contains the provisions stated above and is executed by the fee simple lienholder.

5. The lease is a lease of the fee or a sublease executed by both the fee owner and the sublessor. If the lease is a sublease, it must contain a nondisturbance and attornment agreement
6. The use of leasehold estates for residential properties is an accepted practice in the area where the Mortgaged Premises are located and such properties are readily marketable
7. The instrument creating the lease, sublease, or conveyance reserving ground rents is in a form commonly acceptable to private institutional investors in the area where the Mortgaged Premises are located and contains provisions consistent with Section 41.1 of this Guide
8. The original term of the lease or any exercised option to renew the lease, or any renewal options that are enforceable by the leasehold mortgagee, whichever is applicable, does not terminate earlier than five years after the maturity date of the Mortgage
9. The lease does not contain provisions for termination in the event of damage to or destruction of the Mortgaged Premises so long as the leasehold Mortgage exists

10. For subleasehold Mortgages, the amount of the sublease payments is at least equal to the amount of the lease payments. The sublease payments are due no less frequently than the lease payments.

(c) Required lease provisions

The lease (or sublease) must:

1. Permit mortgaging of the leasehold (or subleasehold) estate

2. Permit assignments of the leasehold (or subleasehold) estate, including any improvements on the leasehold estate, without the lessor's consent; however, if the leasehold is in a restricted community, including but not limited to communities restricted to residents of certain ages or income, the lease must require that the assignee/lessee satisfy those restrictions.

   The lease may permit the lessor to review and consent to or deny a proposed assignee/lessee based on whether the proposed assignee/lessee satisfies the creditworthiness requirements of Freddie Mac or other secondary market investors. The lessor will have five Business Days after receipt of the application to deny the assignee/lessee.

   The lease may prohibit the lessee from leasing or subleasing or renting the leasehold estate; however, in the event of foreclosure or deed-in-lieu of foreclosure, any such provision must cease to be effective for the mortgagee and subsequent purchasers of the property.

3. Provide for release of an assigning lessee (or sublessee).

4. Permit the leasehold Mortgage security to be insured under a hazard insurance policy.

5. Provide for payment of hazard insurance proceeds to the leasehold mortgagee or insurance trustee.

6. Contain the following provisions governing increases in the basic rent and amounts due under the lease:

   a. Basic Rent

      Permit an increase in the basic rent during the term of the Mortgage and within five years after the maturity date of the Mortgage only if the increase is a sum certain amount at a specified date or time interval. During this period, basic rent increases based on the cost of living index or other indices or reappraisal are acceptable if the amount of such increases is subject to an annual maximum limitation.

b. Taxes, Insurance and Utilities

Increases in amounts due under the lease for taxes, insurance, and utilities on the leasehold estate, if collected and paid by the lessor, and taxes, insurance, and utilities related to the common areas and facilities in the ground lease community are permitted if:

- The increase is determined in the same manner as basic rent, including a maximum limitation, or
- The increase is based on the verifiable increase in such items imposed by third parties, and
- The lease provides for the lessee to obtain documentation of the amount paid to third parties for taxes, insurance and utilities

c. Use Fees and Operating Expenses

Increases for use fees and operating expenses for the common areas, facilities and services in the ground lease community may not exceed the cost of living index.

7. Provide that in order for a notice of lessee's default to be valid, the lessor must have sent written notice of the lessee's default to the leasehold mortgagee

8. Provide for the right of the leasehold mortgagee, in its sole discretion, to cure a default for the lessee's (or sublessee, if applicable) account within the time permitted to lessee plus reasonable additional time

9. Provide for no termination for nonmonetary default as long as no default in rent exists, except for a court-ordered termination. In the event of a court-ordered termination, the lease must provide for the lease to continue in effect and any improvements to remain on the leasehold estate as long as there is no default in rent, until the completion of the foreclosure or deed-in-lieu of foreclosure or other loss mitigation action with the Borrower. In addition, the lease must provide for a new lease of the same priority to be given to the leasehold mortgagee, or its designee, in the event the lease terminates because of a court ordered termination. The lessor must provide a title endorsement insuring that the new lease is of the same priority and that the lien on the leasehold estate is a First Lien.

   For purposes of this paragraph, "rent" includes basic rent, other amounts due under the ground lease for such items as taxes, insurance, and utilities on the leasehold estate, if collected and paid by the lessor, and any other use fees and operating expenses to the extent such charges are necessary for the maintenance and preservation of the common areas and community facilities.

10. Provide that in the event of the bankruptcy of the lessor or the lessee, the lessee must notify the leasehold Mortgagee and take, in a timely manner, all action necessary to assume the unexpired term and any renewal options of the lease.

11. Provide that in case of partial taking, the lessee (or sublessee, if applicable) will rebuild and restore the improvements on the Mortgaged Premises, unless the leasehold mortgagee consents to the distribution of the proceeds instead. (The proceeds must be applied first towards reduction of the leasehold Mortgage debt.)

12. Provide for protection of the mortgagee's interests in the event of a property condemnation

13. Provide for the leasehold mortgagee's right to acquire the lease in its own name or in the name of a nominee upon foreclosure or assignment in lieu of foreclosure

14. Provide for the leasehold mortgagee's right to exercise any renewal options that may exist

15. Provide that the leasehold mortgagee must approve:

    a. Any partition, subdivision, or modification of the ground lease community and the leasehold estate
    b. Any surrender, abandonment or termination of the leasehold estate or the ground lease community
    c. The termination or cancellation of the lease or any action that has the effect of terminating the lease, and
    d. Any amendments to the lease that relate to the provisions in this Chapter 41 or otherwise affect the rights of the leasehold mortgagee

16. Provide that there shall be no merger of the fee interest and leasehold interest in the event the same person or entity acquires both interests

41.2: Projects on leasehold estates (10/09/09)

Freddie Mac will purchase a Mortgage secured by a unit in a Condominium Project or Planned Unit Development situated on a leasehold estate if the ground lease meets the requirements of this chapter including the following requirements of this section:

- The homeowners association must be the lessee under the ground lease. The fee simple owner must not be the developer, an entity associated with the developer, or a hospitality entity
- The leasehold estate and the improvements must constitute real property, and must be insured by an acceptable title insurance policy

- The term of the leasehold estate must run for at least five years beyond the maturity date of the Mortgage. This requirement does not apply if the fee simple title will vest in the homeowners association at an earlier date
- The ground lease must provide that the mortgagee of any underlying Mortgage will receive notice of any monetary or non-monetary default by the homeowners association under the ground lease, and that the mortgagee will be given the right to cure any such default on behalf of the homeowners association
- The ground lease must provide that the homeowners association may assign, transfer, mortgage or sublet its interest in the ground lease an unlimited number of times either without restriction, or upon payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor must not require a credit review or impose other qualifying criteria on any assignee, transferee, or mortgagee
- The ground lease must provide that the homeowners association will pay taxes, and insurance related to the land in addition to those being paid for the improvements. Before a Seller can sell the leasehold Mortgage to Freddie Mac, all lease rents, other payments, or assessments that have become due must be paid, and the homeowners association must not be in default under any other provision of the lease, and no such a default must have been claimed by the lessor
- The ground lease must provide for the borrower to retain voting rights in the homeowners association
- The ground lease must not include any default provisions that could result in forfeiture or termination of the lease except for nonpayment of the ground-lease rents; and must guarantee the mortgagee the right to receive notice of any default by the homeowners association and to cure the default. The lease also must include provisions to protect the mortgagee's interests in the event of a property condemnation
- For a Condominium Unit Mortgage, the Mortgage must be secured by the Borrower’s ownership interest in the project, including but not limited to the leasehold interest in the ground lease

41.3: Appraisal requirements for leasehold Mortgages (09/01/10)

An appraisal that, in addition to the other Guide requirements related to appraisals, meets the requirements in this section, is required for each leasehold Mortgage.

For leasehold Mortgages, the appraiser must develop a detailed description of the terms, conditions, and restrictions of the ground lease. The appraiser must consider and report any effect the terms of the lease have on the value and marketability of the Mortgaged Premises.

When there are similar leasehold sales available that have the same lease terms, the appraiser should use these sales as comparable sales. If sales of properties with the same lease terms are not available, the appraiser should use other similar leasehold sales having different lease terms as comparable sales. The appraiser must describe the differences in the terms of the leases, and report any effect the differences have on the value and marketability of the Mortgaged Premises.

If there are no sales of leasehold properties, the appraiser should use sales of similar properties owned in fee simple as comparable sales. The appraiser must explain why the use of sales with different property rights is appropriate, and make appropriate adjustments to reflect the market's reaction to these differences.

For Condominium Projects and Planned Unit Developments on leasehold estates, the appraiser must also:

- Provide a description of the Common Elements including Amenities
- Comment on the ground rent for the subject property and the competing properties

41.4: Ground lease analysis (03/11/10)

Form 461, Ground Lease Analysis, and a copy of the lease, with recordation information, must be maintained in each leasehold Mortgage file. The documents must be provided to Freddie Mac upon request.

41.5: Security Instruments (10/09/09)

The Uniform Security Instrument must describe the Mortgaged Premises as a leasehold interest created by a recorded lease in the property described in the legal description. In addition, the Seller must comply with Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, Section V, Item 3, for Leasehold Estates.

Chapter 42: Special Warranties for Condominiums

42.1: General Condominium Project requirements (08/16/10)

This chapter is organized by the following topics:

Topic	Section(s)
General Condominium Project requirements	42.1
General Condominium Project warranties	42.2
Ineligible projects	42.3
Streamlined Reviews	42.4
Established Condominium Projects	42.5
New Condominium Projects	42.6
Other Condominium Projects ■ 2- to 4-Unit Condominium Projects ■ Detached Condominium Projects ■ Live-Work Condominium Projects ■ Mixed-Use Condominium Projects	42.7
Other Condominium Requirements ■ Financing of Limited Common Elements or Amenities ■ Projects located on Leasehold Estates ■ Appraisal requirements for Units in Condominium Projects	42.8
Reciprocal Project Reviews	42.9
Hotel/Resort Projects	42.10
Additional Seller Condominium Project warranties	42.11
Delivery Requirements ■ Uniform underwriting and transmittal summary form ■ Postsettlement delivery fees for California Condominium Unit Mortgages	42.12
Other Delivery Requirements	42.13

The Seller should be familiar with Freddie Mac's Glossary definitions of the following terms:

- 2- to 4-Unit Condominium Project
- Amenities
- Common Elements
- Condominium Project
- Condominium Unit
- Condominium Unit Mortgage
- Detached Condominium Project
- Established Condominium Project
- Limited Common Elements
- New Condominium Project
- Newly-Converted Condominium Project
- Project Documents

The following additional terms are used in this chapter:

Covenants, Conditions and Restrictions (CC&Rs): CC&Rs are part of the Project Documents that dictate how the Homeowners Association operates, and define the responsibilities of the unit owners, tenants and guests.

Homeowners Association: A Homeowners Association is an association comprised of unit owners. It maintains the Common Elements in a project for the benefit of the unit owners. For Condominium Projects, the Homeowners Association maintains the Common Elements for the unit owners who own the Common Elements.

Live-Work Condominium Project: Live-Work Condominium Projects are projects that allow unit owners to use their unit for both residential and business use. The units in Live-Work Condominium Projects have floor plans that provide space for tall equipment, artwork or other purposes not normally associated with residential use. Typically businesses must be appointment based rather than traditional walk-in retail business. Examples include lofts that are designed for artists' studios, or attorneys, financial consultants, web designers and other professional businesses. A Live-Work condominium unit may be located in a Mixed-Use Condominium Project.

Mixed-Use Condominium Project: A Mixed-Use Condominium Project is a project in which there is a combination of residential, commercial, industrial, office, and/or institutional use. The mixed use may be within one building or multiple buildings.

The Mortgage, subject Condominium Unit and Condominium Project must meet applicable eligibility requirements, general project warranties and additional Seller warranties applicable to the project status or review type.

For the purposes of calculating the presale requirements in the definitions of Established and New Condominium Projects, multiple purchases of Condominium Units by one owner are counted as one sale when determining if the presale requirement have been met.

The Seller must have policies and procedures in place, and must take appropriate steps to ensure that the Condominium Unit and the Condominium Project meet applicable requirements.

All Condominium Unit Mortgages must be sold to Freddie Mac no later than six months after the Seller's determination that the Condominium Project meets Freddie Mac requirements.

For all Mortgages secured by a Condominium Unit, the Seller must conduct a review of the Condominium Project to ensure that the Mortgage and the Condominium Project meet the requirements of this chapter and the Seller’s other Purchase Documents.

The purpose of a Condominium Project review is to ensure that the project is likely to be successful, and to ensure that the project meets the project eligibility requirements.

The Seller must retain all documentation that supports its warranty that the Condominium Project meets Freddie Mac requirements until all Mortgages that are secured by Condominium Units in the Condominium Project and sold to Freddie Mac have been paid off.

Freddie Mac reserves the right to review the Condominium Project when a Condominium Unit secures a Mortgage sold to Freddie Mac.

Upon foreclosure of a Condominium Unit Mortgage or in the event of an REO sale, Freddie Mac reserves the right to request project information and records from the Seller/Servicer, and the Seller/Servicer agrees to provide Freddie Mac with the project information and records, or to request them from the Homeowners Association on Freddie Mac’s behalf.

42.2: General Condominium Project warranties (03/11/10)

When the Seller sells Freddie Mac a Mortgage secured by a unit in a Condominium Project, it makes the following general Condominium Project warranties:

(a) Compliance with laws

The Condominium Project has been created and exists in full compliance with the applicable State law, the requirements of the jurisdiction in which the Condominium Project is located, and with all other applicable laws and regulations.

(b) Ineligible project
The project is not an ineligible project. See Section 42.3.

(c) Project insurance
The project meets the applicable insurance requirements of Chapter 58.

(d) Title insurance
The subject unit is covered by a title insurance policy that meets requirements of Chapter 39.

(e) Limitations on ability to sell/Right of first refusal
Any right of first refusal in the Condominium Project Documents will not adversely impact the rights of a mortgagee or its assignee to:

1. Foreclose or take title to a Condominium Unit pursuant to the remedies in the Mortgage, or

2. Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or

3. Sell or lease a unit acquired by the mortgagee or its assignee.

(f) Project ownership
When control of the Homeowners Association has been or will be turned over to the unit owners, the unit owners have undivided fee simple ownership of the land on which the project is located, or have a leasehold interest in the land on which the project is located. Any ground lease must meet the requirements of the Seller's Purchase Documents.

(g) Ownership and use of the Common Elements
When control of the Homeowners Association has been or will be turned over to the unit owners, the unit owners are the sole owners of and have the right to the use of the Common Elements including all buildings, roads, parking and Amenities. The developer must not retain any ownership interest in the Common Elements. The Common Elements, including Amenities such as parking and recreational facilities, must be consistent with the nature of the project, be similar to Common Elements in other comparable Condominium Projects in the market and must not be subject to a lease between the unit owners, the Homeowners Association and any other party.

(h) Master Association
If the subject property is part of a Master Association or master project, the Master Association complies with the requirements for the Master Association project type.

(i) Conversions
For a Condominium Project that is formed as a result of a conversion, the project must meet the following requirements:

- For Newly Converted Condominium Projects, the appraiser or other licensed professional has stated that the project is structurally sound, and the condition and remaining useful life of the major project components are sufficient to meet the residential needs of the project, or that the appraiser has found no evidence that any of these conditions are not met. Major components include the roof, elevators and mechanical systems such as HVAC, plumbing and electricity.
- All rehabilitation work involved in a conversion to a Condominium Project has been completed in a professional manner
- If the conversion was a partial rehabilitation, the Seller has verified that all repairs affecting soundness and habitability are complete and replacement reserves have been allocated for all capital improvements, and the underwriter has determined that the reserves are sufficient to fund the improvements

(j) Continuing project eligibility
The Seller is not aware of any change in circumstances since its review of the project that would result in the project no longer satisfying Freddie Mac requirements.

42.3: Ineligible projects (08/16/10)

Mortgages secured by units in any of the following types of projects are not eligible for sale to Freddie Mac:

(a) Project subject to federal or State securities regulations
Any project that is subject to or has the potential to be subject to the rules and regulations of the U.S. Securities and Exchange Commission or similar State laws, regardless of the project type.

(b) Hotel/Resort Projects

A Hotel/Resort Project is a project that is operated as a hotel, resort or other type of hospitality entity or that has any of the characteristics or services described in Guide Section 42.10(b).

Freddie Mac's determination that a project is a Hotel/Resort Project is conclusive.

For further instructions on determining whether a project is a Hotel/Resort Project, see Section 42.10(b).

(c) Project with multi-dwelling units
A project in which an owner may hold a single deed evidencing ownership of more than one dwelling unit.

(d) Project with non-incidental commercial space
A project in which more than 20% of the total square footage of the project is used for non-residential purposes.

(e) Common-interest apartment project
A project in which individuals have an undivided interest in a residential apartment building and land on which the building is located, and have the right of exclusive occupancy of a specific apartment unit in the building. The project or building is often owned by several owners as tenants-in-common or by a Homeowners Association.

(f) Project with fragmented or segmented ownership
Ownership that is limited to a specific period on a recurring basis such as the 15th week of the year, or for a limited period such as for the subsequent five years. Timeshare projects are examples of fragmented or segmented ownership.

(g) Timeshare project
A project in which there is an arrangement under which a purchaser receives an interest in real estate and the right to use a unit or Amenities, or both, for a specified period and on a recurring basis.

(h) Houseboat project
A project comprised of boats that have been designed or modified to be used primarily as dwelling units.

(i) Attached Condominium Project that is legal nonconforming
An attached Condominium Project with legal non-conforming use and the jurisdiction in which the project is located does not allow the rebuilding of the improvements to current density in the event of their partial or full destruction. This restriction does not apply to Detached Condominium Projects or if the jurisdiction in which the project is located allows the rebuilding of the improvements to their current density in the event of their partial or full destruction.

(j) Project in litigation, arbitration, mediation or other dispute
A project for which the Homeowners Association, or developer if the project has not been turned over to the unit owners, is a party to current litigation, arbitration, mediation or other dispute resolution process and the reason for the dispute involves the safety, structural soundness or habitability of the project.

(k) Project sold with excessive Seller contributions
Any project with respect to which the builder, developer or property seller is offering contributions that may affect the value of the subject property; examples include, but are not limited to, rent-backs or leasebacks, payments of principal, interest, taxes and insurance (PITI) or Homeowners Association assessments for any period of time, and undisclosed contributions.

(l) Project with excessive single investor concentration
Any project in which a single entity owns more than 10% of the total number of units. If the project has fewer than 10 units, any project in which a single entity owns more than one unit.

(m) Project with fractured interest

Any project comprised of unit owners who own their own units and renters who rent or lease units from the developer or third party. This restriction does not apply to a converted project in which the unsold units are rented or leased by tenants under tenant-protection laws, and the developer or the developer's successor will sell the units once they have been vacated.

(n) Continuing Care Retirement Community (CCRC)

A CCRC is a residential project designed to meet the health and housing needs of seniors as their needs change over time. CCRCs are distinguished from age-restricted communities in that residents in CCRCs contract in advance for a lifetime commitment from the facility to care for them, regardless of the future health or housing needs. CCRCs may also be known as Life-Care Facilities.

(o) Any Condominium Project that Fannie Mae has rejected

Mortgages secured by Condominium Units in Condominium Projects comprised of Manufactured Homes are eligible for sale to Freddie Mac only when approved through an applicable reciprocal project review in accordance with Section 42.9.

Mortgages secured by attached Condominium Units located in New and Newly-Converted Condominium Projects located in Florida are eligible for sale to Freddie Mac only when approved through an applicable reciprocal project review in accordance with Section 42.9.

42.4: Streamlined Reviews (08/16/10)

Condominium Unit Mortgages that meet all the following requirements for streamlined review are eligible for sale to Freddie Mac without the Seller making the warranties in Section 42.11. The Seller is required to review the project to the extent necessary to ensure that the Seller can make all general warranties set forth in Section 42.2, excluding the warranty required by Section 42.2(e), Limitations on ability to sell/Right of first refusal.

The Mortgage must be originated on a spot loan basis and not as part of multiple originations of Mortgages secured by units in the same Condominium Project and sold to Freddie Mac by the same Seller.

(a) **Eligibility requirements**

- The Condominium Unit must be located in an Established Condominium Project.
- The Condominium Unit securing the Mortgage must not be a Manufactured Home.
- Maximum LTV/TLTV Ratios

  The Mortgage must not exceed the LTV/TLTV ratios for the occupancy type and underwriting path as indicated in the following chart:

Streamlined Review of Units in Established Condominium Projects *not* located in Florida and Detached Condominium Projects in Florida		
Maximum LTV/TLTV		
Occupancy Type	**LP Accept Mortgages**	**All Other Mortgages**
Primary Residence	90%	80%
Second Home	75%	75%
Investment Property	Not eligible	Not eligible

Streamlined Review of Units in Established attached Condominium Projects located in Florida		
Maximum LTV/TLTV		
Occupancy Type	**LP Accept Mortgages**	**All Other Mortgages**
Primary Residence	75%	75%
Second Home	70%	70%
Investment Property	Not eligible	Not eligible

Super conforming Condominium Unit Mortgages are not eligible for streamlined condominium review.

(b) **Warranties for streamlined reviews**

In determining that a Condominium Unit is eligible to secure a Mortgage offered for sale to Freddie Mac based on a streamlined review, the Seller is not required, in all cases, to review the Project Documents. Instead, the Seller may review alternative sources of project information, including, but not limited to, information from appraisers, Homeowners Associations, and management companies. Sellers warrant that any information obtained from alternative sources is accurate and complete.

The Seller warrants all of the following:

- The Condominium Project meets the definition of an Established Project
- The Condominium Unit securing the Mortgage is not a Manufactured Home
- The Condominium Project is not a New or Newly-Converted attached Condominium Project located in Florida
- The general Condominium Project warranties of Section 42.2, General Condominium Project warranties, excluding the warranty required by Section 42.2(e), Limitations on ability to sell/Right of first refusal, are met

The Seller is not required to make the warranties in Section 42.11, Additional Seller Condominium Project warranties

Refer to Section 17.22 for special delivery requirements for Condominium Unit Mortgages approved through the Streamlined Review Process.

42.5: Established Condominium Projects (08/16/10)

Mortgages secured by Condominium Units in Established Condominium Projects that meet all the following requirements are eligible for sale to Freddie Mac:

(a) **Project completion requirement for Established Condominium Projects**
All units, Common Elements and Amenities must be complete.

(b) **Owner-occupancy requirements for Established Condominium Projects**
- If the Borrower will occupy the Condominium Unit as a Primary Residence or second home, there is no owner-occupancy requirement for the Condominium Project
- If the property will be used as an Investment Property, at least 51% of the total number of Condominium Units in the Condominium Project must have been conveyed to purchasers (other than the developer or a successor to the developer) who occupy their unit as a Primary Residence or second home

(c) **Project budget requirements for Established Condominium Projects**
The project’s operating budget must be consistent with the nature of the project and appropriate assessments must be established to manage the project
- There must be appropriate allocations for line items pertinent to the type and status of the Condominium Project

- At least 10% of the operating budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project's age and remaining life, and the quality and replacement cost of major Common Elements.
- There must be adequate funding for insurance deductible amounts

(d) **Delinquent assessments for Established Condominium Projects**
No more than 15% of the total number of units in a project are 30 or more days delinquent on the payment of their Homeowners Association assessments.

(e) **Seller warranties for Condominium Units located in Established Condominium Projects**
When the Seller sells Freddie Mac a Mortgage secured by a Condominium Unit in an Established Condominium Project that was underwritten using the requirements for Established Condominium Projects, the Seller warrants all of the following:

- The Condominium Project meets the definition of an Established Condominium Project
- There are no Manufactured Homes in the Condominium Project
- The Condominium Project is not an attached Newly-Converted Condominium Project located in Florida

  Note: Condominium Unit Mortgages secured by a unit located in an attached New or Newly-Converted Condominium Project located in Florida are eligible for sale only if the project is approved through the Fannie Mae PERS process. Refer to Section 42.9(a) for additional information.

- The general Condominium Project warranties of Section 42.2, General Condominium Project warranties, excluding the warranty required by Section 42.2(e), Limitations on ability to sell/Right of first refusal, are met
- The warranties of Section 42.11, Additional Seller Condominium Project warranties, are met

42.6: New Condominium Projects (03/11/10)

Mortgages secured by Condominium Units in New Condominium Projects that meet all the following requirements are eligible for sale to Freddie Mac:

(a) **Project completion requirement for New Condominium Projects**
The subject legal phase and any prior legal phases in which units have been offered for sale are substantially complete.

"Substantially complete" indicates that the applicable jurisdiction has issued a certificate of occupancy or its equivalent for the legal phase, and that all units in the building in which the subject unit is located are complete.

(b) **Owner-occupancy requirements for New Condominium Projects**

The owner-occupancy requirement can be met in one of two ways:

1. At least 70% of the total number of units in the project have been conveyed or are under contract to purchasers (other than the developer or a successor to the developer) who occupy or who will occupy their unit as a Primary Residence or second home

2. If the project does not meet the owner-occupancy requirement above, the project meets the owner-occupancy requirement if both of the following criteria are met:

   - At least 70% of the total number of units in the subject legal phase must have been conveyed or are under contract to purchasers (other than the developer or successor to the developer) who occupy or who will occupy their unit as a Primary Residence or second home, and

   - At least 70% of the sum of the total number of units in the subject legal phase plus the total number of units in all prior legal phases in which units have been offered for sale must have been conveyed or are under contract to purchasers (other than the developer or successor to the developer) who occupy or who will occupy their unit as a Primary Residence or second home

Legal phases are defined by the Project Documents. Construction phases developed for the convenience of the developer are not necessarily legal phases. A project consisting of one building must have only one legal phase. Any one building in a Condominium Project comprised of multiple buildings cannot be subject to more than one legal phase.

(c) **Project budget requirement for New Condominium Projects**

The Homeowners Association assessments must begin on a specific date whether or not all units have been sold. When assessments are established, the developer must be responsible for the assessments attributable to the unsold units.

The project's operating budget, or its projected budget if the project has not been turned over to the unit owners, must be consistent with the nature of the project and appropriate assessments established to manage the project

- There must be appropriate allocations for line items pertinent to the type and status of the Condominium Project

- At least 10% of the budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project's age and remaining life, and on the quality and replacement cost of major items comprising the Common Elements including the heating system, elevators and roof.

- If the project was recently converted, the developer must have initially funded a working capital fund in an amount consistent with the estimated remaining life of the individual Common Elements

- There must be adequate funding for insurance deductible amounts

(d) **Delinquent assessments for New Condominium Projects**
No more than 15% of the total number of units in a project are 30 or more days delinquent in the payment of their Homeowners Association assessments

(e) **Seller warranties for Condominium Units located in New Condominium Projects**
When the Seller sells Freddie Mac a Mortgage secured by a Condominium Unit in a New Condominium Project and the project was underwritten using the requirements for New Condominium Projects, the Seller warrants all of the following:

- The Condominium Project meets the definition of a New Condominium Project

- There are no Manufactured Homes in the Condominium Project

- The Condominium Project is not a New or Newly-Converted attached Condominium Project located in Florida

  Note: Condominium Unit Mortgages secured by an attached unit located in a New or Newly-Converted Condominium Project located in Florida are eligible for sale only if the project is approved through the Fannie Mae PERS process. Refer to Section 42.9 (a) for additional information.

- The general Condominium Project warranties of Section 42.2, General Condominium Project warranties, are met

- The warranties of Section 42.11, Additional Seller Condominium Project warranties, are met

42.7: Other Condominium Projects (07/16/10)

(a) 2- to 4-Unit Condominium Projects

Mortgages secured by Condominium Units in 2- to 4-Unit Condominium Projects that meet all the following requirements are eligible for sale to Freddie Mac:

1. **Project completion requirement for 2- to 4-Unit Condominium Projects**
   All units and Common Elements in the project and in any Master Association must be complete.

2. **Owner-occupancy requirement for 2- to 4-Unit Condominium Projects**
   All but one unit in the Condominium Project have been conveyed to purchasers (other than the developer) who occupy their unit as a Primary Residence or second home.

3. **Seller warranties for Condominium Units located in 2- to 4-Unit Condominium Projects**
   When the Seller sells Freddie Mac a Mortgage secured by a Condominium Unit in a 2- to 4-Unit Condominium Project and the project was underwritten using the requirements for a 2- to 4-unit Condominium Project, the Seller warrants all of the following:

   - The Condominium Project meets the definition of a 2- to 4-Unit Condominium Project

   - There are no Manufactured Homes in the Condominium Project

   - The Condominium Project is not a New or Newly-Converted attached Condominium Project located in Florida

     Note: Condominium Unit Mortgages secured by an attached unit located in a New or Newly-Converted Condominium Project located in Florida are eligible for sale only if the project is approved through the Fannie Mae PERS process. Refer to Section 42.9 (a) for additional information.

   - The general Condominium Project warranties of Section 42.2, General Condominium Project warranties, are met; the Seller is not required to warrant the additional Seller warranties in Section 42.11: *Additional Seller Condominium Project warranties*

(b) Detached Condominium Projects

Mortgages secured by Condominium Units that are not Manufactured Homes in Detached Condominium Projects that meet the following requirements are eligible for sale to Freddie Mac:

1. **Primary Residences and second homes**
   If the Borrower will occupy the unit as a Primary Residence or second home, the Seller must underwrite the project to the extent needed to ensure that the Seller can make the required general project warranties set forth in Section 42.2.

   A Seller may choose to use the criteria for a streamlined review in lieu of these requirements in order to determine eligibility of a unit in a Detached

Condominium Project to secure a Mortgage delivered to Freddie Mac, including units in Detached Condominium Projects located in Florida. If using the streamlined review.

2. **Investment Properties**
   If the subject Condominium Unit is an Investment Property, the Condominium Project must meet the requirements and warranties for an Established or a New Condominium Project, or a 2- to 4-Unit Condominium Project, as appropriate for the project status. The Seller may not use the streamlined review option if the subject property is an Investment Property.

(c) Live-Work Condominium Projects

Live-Work Condominium Projects must be underwritten as Established Condominium Projects or New Condominium Projects, as applicable, based on the subject project status. In addition to meeting the project requirements applicable to the Condominium Project type, Condominium Units in Live-Work Condominium Projects must also meet the following requirements:

1. The Project Documents allow commercial use, and state what commercial use is or is not acceptable
2. The commercial use is consistent with the residential nature of the project and there is minimal, if any, commercial traffic to the unit
3. The unit is a 1-unit dwelling designed for residential use with minimal accommodation for commercial use
4. The unit owner occupies the unit as a Primary Residence, and owns and runs the business

(d) Mixed-Use Condominium Projects

Mixed-Use Condominium Projects must be underwritten as Established Condominium Projects or New Condominium Projects, as applicable, based on the subject project status. Acceptable Mixed-Use Condominium Projects are located in city centers, and have limited retail/commercial use on the bottom floors and residential units in on the upper floors. In addition to meeting the project requirements applicable to the project type, the Mixed-Use Condominium Project must meet the following requirements:

1. Must not be part of an overall mixed-use project with multiple classes of unit owners and with a commercial entity as the manager over the entire project
2. The overall project cannot include a hotel or similar type of entity, and may not be a project with fragmented or segmented ownership, or a project with fractured interest
3. Any presale and owner-occupancy requirements for the project classification apply to the total number of residential units only

4. The retail or commercial entities are consistent with the residential nature of the project, are acceptable to the residential market purchasers and do not pose an environmental concern
5. The Project Documents must explicitly address the retail and commercial use in the project
6. The retail/commercial unit owners must pay all expenses related to the retail or commercial use. Residential unit owners must not be required to pay for renovation of the retail or commercial space except when the renovation is for the whole building and is agreed to by a majority of the retail or commercial unit owners and a majority of the residential unit owners.
7. If there is a common entrance to the retail/commercial and residential units, a majority of the retail/commercial unit owners and a majority of the residential unit owners must both agree to pay any expenses to upgrade or renovate the common space
8. The commercial or retail owners must carry appropriate commercial insurance paid for solely by the retail or commercial unit owners
9. The Project Documents must explicitly describe the relationship between the residential unit owners and the retail or commercial owners, including the voting rights of the two. The retail/commercial unit owners must not have the right to override the residential unit owners when the issue involves the residential units.
10. The Project Documents must explicitly identify the Common Elements and Amenities that are reserved for the residential unit owners, including parking facilities for the residential unit owners
11. The Project Documents must explicitly address how assessments are allocated between the residential and retail/commercial owners
12. The regularly-scheduled Homeowners Association assessments must be sufficient to maintain an adequate budget and reserves to successfully manage the project. Operating reserves of at least three months of operating expenses are required.
13. The project management must not manage a rental program for the residential unit owners

(e) Florida Condominium Projects

For purchase transaction Mortgages secured by units in Condominium Projects in Florida, the Seller is not required to determine that the Condominium Project requirements in this chapter are satisfied, nor is the Seller required to make the Condominium Project warranties in this chapter provided all of the following requirements are met:

1. The Mortgage file contains documentation verifying:
   - The existing First Lien conventional Mortgage on the unit being purchased is owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac and

the Note Date of the existing Mortgage for the unit being purchased is on or before December 31, 2009 or

- The subject property is Freddie Mac Real Estate Owned

2. The Settlement Date for the new Mortgage is on or before March 31, 2011

Refer to section 17.22 for special delivery requirements for Mortgages secured by Condominium Units in Florida Condominium Projects.

42.8: Other Condominium Project requirements (10/09/09)

(a) Financing of Limited Common Elements or Amenities

Non-realty Amenities such as boat docks or cabanas must not be financed as part of a Mortgage. Parking spaces that are real property that are purchased as part of the purchase of the Condominium Unit may be financed as part of the Mortgage, and the cost of the parking space may be included when determining the sales price and loan-to-value ratio.

(b) Projects located on Leasehold Estates

If the Condominium Project is located on a leasehold estate, the lease must meet the requirements of Chapter 41, including the requirements of Section 41.2, Projects on leasehold estates.

(c) Appraisal requirements for units in Condominium Projects

1. **General appraisal requirements**
   The appraiser must report the project name, the assessments, including special assessments and the property rights for each comparable sale and must compare them to the subject project. The appraiser must also identify the Common Elements including the Amenities available to the unit owners, comment on their condition and analyze how they compare to the Common Elements and Amenities of competing projects.

   Comparable sales must be from Condominium Projects in the same market, be similar to the subject Project and compete for the same purchasers

2. **Open or controlled markets**
   For Condominium Units located in Established Projects, the appraiser may use three comparable sales from within the subject project that are resales exposed to the open market, and not under the control of the project developer or property seller of multiple units.

If the subject property is in a controlled market, at least one comparable sale must be outside the influence of the developer, builder or property seller. Resales from within the subject project that have been exposed to the open market may be used to meet this requirement. Comparable sales from outside the subject Project must also be outside the influence of the subject property's developer, builder or property seller.

3. Units in Detached Condominium Projects

If the subject Condominium unit is in a Detached Condominium Project, the comparable sales may be detached 1-unit dwellings not in a Condominium Project that are in the same market and compete for the same purchasers. The appraiser must support the use of 1-unit dwellings as comparable sales and must analyze and report the impact that the condominium restrictions have on marketability and value.

4. Condominium projects in California

For a Mortgage secured by a Condominium Unit in a California moderate-risk zip code, the appraiser must complete Freddie Mac Form 465S, Earthquake Insurance Analysis Addendum, to evaluate the subject property's structure for earthquake insurance needs. The completed form must be provided with the appraisal.

42.9: Reciprocal Project Reviews (05/31/10)

Condominium Unit Mortgages secured by Condominium Units located in Condominium Projects approved by other secondary market participants are eligible for sale to Freddie Mac if the following requirements are met:

(a) **Fannie Mae-accepted projects**

With the exception of Mortgages secured by units in Condominium Projects that receive Fannie Mae Special Approval designations, Freddie Mac will purchase Mortgages secured by 1-unit residential dwellings in Condominium Projects that Fannie Mae has accepted if the Mortgage meets the following requirements:

As of the Settlement Date:

1. The project complies with all applicable Fannie Mae eligibility requirements and lender warranties

2. Any terms and conditions set forth in the acceptance have not expired, and have not been rescinded or modified in any way

3. The Mortgage file contains documentation of Fannie Mae's acceptance (e.g. a copy of the appropriate web page showing that the Project is a Fannie Mae-accepted project or a CPM acceptance certificate)

4. The Seller makes the Freddie Mac warranties required for the Project type

For example, if the unit securing the Mortgage is located in an Established Condominium Project approved through Fannie Mae Expedited CPM, the Seller must make the General Condominium Project warranties in Section 42.2, and the Additional Seller Condominium Project warranties in Section 42.11.

5. The Seller is not aware of any circumstances that would make the project ineligible for Fannie Mae acceptance

For those Mortgages approved through CPM and that are secured by Condominium Units located in attached Established Condominium Projects in Florida, the Seller also warrants that:

1. The loan-to-value (LTV)/total LTV (TLTV) ratio is 75% or less for a Primary Residence
2. The LTV/TLTV ratio is 70% or less for a second home
3. The property is not an Investment Property

Mortgages secured by Condominium Units in New and attached Newly-Converted Condominium Projects in Florida are only eligible for sale to Freddie Mac if the project is approved through PERS.

Refer to Section 17.22 for special delivery requirements for Condominium Unit Mortgages located in Condominium Projects that are approved through the Fannie Mae PERS review process.

If the Mortgage is secured by a unit in a project approved through Fannie Mae's PERS, the Seller must deliver a unique SCC when the Condominium Unit Mortgage is delivered.

(b) **FHA-Approved Project Review for Condominiums**

Freddie Mac will purchase Mortgages secured by 1-unit residential dwellings in Condominium Projects that appear on the list of projects approved by FHA, provided that the Mortgages are FHA Mortgages, VA Mortgages, Section 502 GRH Mortgages, or HUD-Guaranteed Section 184 Native American Mortgages that meet the applicable requirements of the Guide, including this section. For all other Mortgages secured by Condominium Units, Condominium Project eligibility may not be determined on the basis of FHA project approval.

When the Seller sells Freddie Mac a Mortgage secured by a unit in a project that is on the FHA web site of approved projects, the Seller warrants all of the following as of the Settlement Date:

1. The project is in the "approved" status, any FHA-approval conditions noted on the FHA web site have been met, the approval has not yet expired and has not been rescinded or modified in any way

2. The Mortgage file contains documentation of FHA's approved status (for example, a copy of the appropriate web page showing that the project is approved and that the approval is current)

3. The Seller is not aware of any circumstances that would make the project ineligible for approval

42.10: Hotel/Resort Projects (08/01/09)

(a) Reviews to determine whether a project is a Hotel/Resort Project

The Seller must have policies and procedures in place and must take appropriate steps to ensure that a project is not a Hotel/Resort Project.

To ensure that the project is not a Hotel/Resort Project, the Seller must review at least the resources listed below as part of its due diligence to determine whether a Mortgage is eligible for sale to Freddie Mac:

- All Project Documents including but not limited to the by-laws, project budgets and financial statements
- Any offering statements (or their equivalent) and marketing materials. These documents must be provided to Freddie Mac upon request.
- Internet web sites, especially web sites for the project itself, the project developer, the entity marketing the project if other than the project developer, and press releases about the project. Printouts of the results of Internet searches must be retained in the Mortgage file and must be provided to Freddie Mac upon request.
- Sales Contract
- Appraisal report

(b) Characteristics and services of a Hotel/Resort Project

If the underwriting of the project indicates that the project is operated as a hotel, resort or other type of hospitality entity, or that it has any of the characteristics or offers any of the services described below, the project is a Hotel/Resort Project and any Mortgage secured by a unit in such project is not eligible for sale to Freddie Mac.

The characteristics or services of a Hotel/Resort Project include but are not limited to any of the following:

- The project operates or advertises itself as a hotel, resort, inn, motel, lodge or similar type of hospitality entity; includes such terms in its name; has a web site that presents itself as a hotel, resort, motel, inn, lodge or similar type of hospitality entity; has units available or advertised for rent through a web site that offers travel services; or is located at the same address or within the same project as a hotel, resort, motel, inn, lodge or similar type of hospitality entity

- The project has an affiliation or agreement with a hotel, resort, motel, inn, lodge or similar type of hospitality entity, and the entity offers rental management or registration services for any unit owner of a unit within the project

- The unit owners of the project share Common Elements (including Amenities) with a hotel, resort, motel, inn, lodge or similar type of hospitality entity, or the unit owners pay additional fees for the use of such Common Elements if the unit owner is not part of a rental-management agreement with an entity associated with the project

- The project is a conversion of a hotel, resort, motel, inn, lodge or similar type of hospitality entity

- The project has characteristics or services typically associated with a hotel, resort, motel, inn, lodge or similar type of hospitality entity. Examples include, but are not limited to, the following:

  - Access to individual units is controlled through a centralized key system

  - There are restrictions on interior decorating or furnishings, or the units are sold “fully furnished,” or the purchasers must choose from a list of “approved” furniture, floor and wall coverings for the units

  - Units have interior doors that adjoin other units

  - Units contain lockable storage closets, cabinets, safes or mini-bars

  - Room service or food and beverage services are available to unit owners

  - Signage is present indicating whether there are vacancies

- The unit owner's ability to occupy the unit is restricted, whether the restriction is due to zoning or to the existence of a rental-management agreement between a unit owner and an entity associated with the project. Examples of an entity associated with the project include, but are not limited to, the developer, an affiliate of or successor to the developer, or a hospitality entity associated with the project.

- The unit ownership is characterized as an investment opportunity and offers a rental split with an entity within the project or associated with the project, whether or not the project has documents on file with the U.S. Securities and Exchange Commission or comparable State agency

42.11: Additional Seller Condominium Project warranties (10/09/09)

A Seller selling a Condominium Unit Mortgage to Freddie Mac must make the following additional warranties for the Condominium Project in which the unit is located, unless:

1. The Condominium Unit was determined to be eligible under a streamlined review, or

2. The Condominium Unit is located in a Detached Condominium Project where the subject Condominium Unit is occupied as a Primary Residence or second home.

3. The Condominium Unit is located in a 2-to 4-Unit Condominium Project

(a) **Project control**
The developer has transferred or will transfer control of the Homeowners Association to the unit owners within a reasonable period of time.

(b) **Mortgagee consent**
The Project Documents or applicable State law must meet the following requirements:

- The Project Documents or applicable State law must provide that amendments of a material adverse nature to first-lien mortgagees be agreed to by mortgagees that represent at least 51% of the unit votes (based on one vote for each first Mortgage owned) subject to first-lien Mortgages

- Examples of actions that require mortgagee consent include but are not limited to any of the following:
  - Any partition or subdivision of any Condominium Unit
  - Abandonment, partition, subdivision, encumbrance, sale or transfer of any Common Elements, other than the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements
  - Any change in the procedure that protects the Seller/Servicer's interest when handling any losses or proceeds from condemnation, destruction, or liquidation of all or a part of the project, or from termination of the project
  - Any change in voting rights except as allowed for additional phases or annexations in accordance with the initial Project Documents
  - Any change in the Condominium Unit owner's interest in or obligations to the Project in order to levy assessments or charges, to allocate distribution of homeowners insurance proceeds or condemnation awards, or to determine the owner's interest in the Common Elements
  - Changes in the priority of liens for Homeowners Association assessments
  - Reductions in reserves for maintenance, repair and replacement of Common Elements
  - Responsibility for maintenance and repair of the Common Elements
  - Reallocation of interests in Common Elements or rights to their use
  - Redefinition of any unit boundaries
  - Conversion of units into Common Elements Common Elements or Common Elements into units
  - Expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project, except as allowed for additional phases or annexations in accordance with the initial Project Documents.
  - Change in required insurance coverage
  - Imposition of any restrictions on the leasing or rental of units
  - Imposition of any restrictions on a unit owner's right to sell or transfer a unit

2. The Project Documents or applicable State law must provide for any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild, to be agreed to by first-lien mortgagees that represent at least 51% of the unit votes (based on one vote for each first Mortgage owned) that are subject to first-lien Mortgages

3. The Project Documents may allow implied approval to be assumed when a mortgagee fails to submit a response to any written proposal for an amendment within 60 days after the mortgagee actually receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested

(c) **Rights of Condominium mortgagees and guarantors**
The Project Documents must give the mortgagee and guarantor of the Mortgage on any unit in a Condominium Project the right to timely written notice of:

1. Any condemnation or casualty loss that affects either a material portion of the Condominium Project or the unit securing its Mortgage

2. Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit for which it holds the Mortgage

3. A lapse, cancellation, or material modification of any insurance policy maintained by the Homeowners Association

4. Any proposed action that requires the consent of a specified percentage of mortgagees

No Homeowners Association can exclude a mortgagee from notification of such changes to the Project Documents on the basis that the mortgagee does not meet criteria the Homeowners Association has established for the mortgagee to receive notification of such changes.

(d) **First mortgagee's rights confirmed**
No provision of the Condominium Project Documents gives a Condominium Unit owner or any other party priority over any rights of the first mortgagee of the Condominium Unit pursuant to its Mortgage in the case of payment to the unit owner of proceeds from termination, or insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

(e) **Unpaid Homeowners Association assessments**
Any first mortgagee that obtains title to a Condominium Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for more than six months of the unit's unpaid regularly budgeted assessments or charges accrued before acquisition of the title to the unit by the mortgagee. If the Homeowners Association's lien priority includes costs of collecting unpaid assessments, the Seller will be liable for any fees or costs related to the collection of the unpaid assessments.

(f) **Project configuration**
The Condominium Project must be located on one contiguous parcel of land although a public street may run through the project. The structures within the project should be within a reasonable distance from each other.

(g) **Developer interest in project**
Once the Condominium Project has been turned over to the unit owners, the developer must not retain any ownership interest in the project except for interest in any unsold units.

(h) **Commercial space**
Any commercial space in the project must be compatible with the overall residential nature of the project. No more than 20% of the total space must be used for nonresidential purposes.

(i) **Project management**
The project must be demonstrably well managed, in good financial and physical condition. Any contract with an independent professional management firm must be for a reasonable term, and must include equitable provisions for its termination (i.e., the contract must not require the payment of any penalty or an advance notice more than 90 days).

(j) **Unit occupancy**
The subject unit in a Condominium Project must be available for immediate occupancy at the time of the closing of the Mortgage.

(k) **Marketing units in the Condominium Project.**
The sales program developed for marketing units in a project must recognize and provide procedures for complying with all laws pertaining to the advertising and sale of real estate, the form and content of sales contracts and the method for handling deposits connected with the sale.

When the Project Documents allow the Homeowners Association to retain the right of first refusal (i.e., the right to provide a substitute buyer or to have the first option to purchase a unit), that right cannot be exercised in any way that could be interpreted as unlawful discrimination, or that could impair the marketability of the units in the project.

42.12: Delivery Requirements (10/09/09)

(a) Uniform underwriting and transmittal summary form

The Seller must code the "Project Classification – Freddie Mac" on Form 1077, Uniform Underwriting and Transmittal Summary, as one of the following as shown below. These categories correspond to the codes to be used on Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, as indicated.

Project status	Code as follows on Form 1077	Code as follows on Form 11/Form 13SF
Full Seller Condominium Project Warranties		
New Condominium Project (see Sections 42.6 and 42.11)	New project	1
Established Condominium Project (see Sections 42.5 and 42.11)	Established project	2
2- to 4-Unit Condominium Project (see Sections 42.7 and 42.11)	2- to 4-unit project	2
Limited/reduced Seller Condominium Project Warranties		
Streamlined review (see Section 42.4)	Streamlined review	3
Detached Condominium Project (see Section 42.8)	Detached project	3
Reciprocal review (see Section 42.9)	Reciprocal review	3

When completing Form 1077, the Seller may use only one category and must use Freddie Mac's project classification system. Although the Form 1077 terms suggest that a Seller could classify a Condominium Project in more than one category (i.e., an Established Condominium Project with a streamlined review could be coded either as an "Established Project" or a "Streamlined Review"), the Seller should classify such a Condominium Project as a "Streamlined Review"; the Seller should select the "Established Project" category only if Seller is required to make the full Condominium Project warranties.

The Seller must refer to Section 17.22 for special delivery instructions for Condominium Unit Mortgages.

(b) Postsettlement delivery fees (delivery fees) for California Condominium Unit Mortgages

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain California Condominium Unit Mortgages unless reduced or waived as provided in this section and Section 58.3.1. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the California Condominium Units delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

The Seller may be eligible for a reduction or a waiver of the delivery fee in the following situations:

- The Condominium Unit is located in a Condominium Project that maintains earthquake insurance in accordance with the provisions of Sections 58.3.1(d), 58.3.1(e) and 58.3.1(g), and does not fully prefund the deductible as required in Section 58.3.1(e) or 58.3.1(f), as applicable ("Mortgages with partially prefunded deductibles"). For Mortgages with partially prefunded deductibles, the delivery fee is reduced to one-quarter of 1% (0.25%) of the unpaid principal balance (UPB).

- The Condominium Unit is covered by earthquake insurance in accordance with the applicable provisions of Section 58.3.1(i) or is located in a Condominium Project that maintains earthquake insurance in accordance with the provisions of Sections 58.3.1(d) through 58.3.1(g) ("Mortgages with adequately prefunded deductibles"). For Mortgages with adequately prefunded deductibles, the delivery fee is waived.

- The Seller has completed an evaluation on the Condominium Project pursuant to the provisions of Section 58.3.1(a) or 58.3.1(h) and the results of the evaluation indicate that earthquake insurance would have been unnecessary ("Mortgages evaluated — insurance not necessary"). For Mortgages evaluated — insurance not necessary, the delivery fee is waived.

To obtain a reduction or waiver of the delivery fee in one of the situations described above, the Seller must report in the Form 11, Mortgage Submission Schedule, or the Form 13SF, Mortgage Submission Voucher, the appropriate special characteristic code specified in Section 17.22.

42.13: Other Delivery Requirements (04/01/10)

See Section 17.22 for conversion, delivery and pooling requirements for Condominium Unit Mortgages, including special requirements related to delivery of Condominium Unit Mortgages located in Condominium Projects approved through streamlined review, Condominium Unit Mortgages located in Condominium Projects approved through Fannie Mae's PERS review process and Mortgages secured by Condominium Units in Florida Condominium Projects.

Chapter 43: Special Warranties for Planned Unit Developments

43.1: General requirements for Planned Unit Developments (PUDs) (06/15/10)

(a) PUD definition

A Planned Unit Development (PUD) is a development that has all of the characteristics listed in the Glossary of this Guide.

(b) Condominium Units in PUDs

If a Condominium Unit is located in a PUD, the Seller must comply with the Condominium requirements and warranties in Chapter 42 and the PUD requirements and warranties in this chapter.

(c) Leasehold estates

If the PUD unit or any PUD Common Element is on a leasehold estate, the Seller must comply with the leasehold estate requirements in Chapter 41 and the PUD requirements and warranties in this chapter.

The Seller should be familiar with Freddie Mac's Glossary definitions of the following terms:

- Amenities
- Common Elements
- Planned Unit Development (PUD)

The following additional terms are used in this chapter:

Covenants, Conditions and Restrictions (CC&Rs): CC&Rs are part of the Project Documents that dictate how the Homeowners Association operates, and define the responsibilities of the unit owners, tenants and guests.

Homeowners Association: A Homeowners Association is an association comprised of unit owners that maintains the Common Elements in a Planned Unit Development for the benefit of the unit owners. In Planned Unit Developments, the Homeowners Association owns the Common Elements, and maintains them for the benefit of the unit owners.

43.2: Seller warranties for Planned Unit Developments (06/15/10)

(a) Definition

The property meets the definition of Planned Unit Development (PUD) in the Glossary of this Guide.

When reviewing a PUD to determine if it meets the requirements in this section, Sellers must consider all units and space that are included as integral parts of the subject PUD's Homeowners Association. Freddie Mac's determination of whether a Project is a PUD, however, is conclusive.

(b) Insurance

The property insurance requirements in Sections 58.2 through 58.4 and Section 58.9 have been met.

43.3: Appraisal requirements for units in Planned Unit Developments (06/15/10)

The appraiser must report the Planned Unit Development 's legal name, the Homeowners Association assessments, and the property rights for each comparable sale; and must compare them to the subject Planned Unit Development. The appraiser must also identify the Common Elements/Amenities available to the unit owners, comment on their condition, and analyze how they compare to the Common Elements/Amenities of competing Planned Unit Developments.

Comparable sales for a unit in a Planned Unit Development may be detached 1-unit dwellings that are not subject to CC&Rs, are in the same market, and compete for the same purchasers. The appraiser must support the use of 1-unit dwellings not subject to CC&Rs as comparable sales, and must analyze and report the impact the deed restrictions have on marketability and value.

43.4: Reciprocal Project reviews for Planned Unit Developments (06/15/10)

Freddie Mac will purchase (i) Mortgages secured by a 1-unit residential dwelling in a Planned Unit Development that Fannie Mae has approved, and (ii) Mortgages secured by

a 1-unit residential dwelling in an FHA-approved Planned Unit Development, provided they meet the following requirements.

As of the Settlement Date:

- The Planned Unit Development must comply with the applicable eligibility requirements and warranties; any terms and conditions set forth in the acceptance/approval have not expired, and have not been rescinded or modified in any way

- The Seller is not aware of any circumstances that would make the Planned Unit Development ineligible for approval/acceptance

Chapter 44: Appraisals, Inspections and the Property Inspection Alternative (PIA)

44.1: Overview (09/01/10)

This chapter is organized by the following topics:

Topic	Section(s)
Overview	44.1
General property eligibility requirements	44.2
General requirements for appraisals and inspections	44.3
Appraisers	44.4
Information supplied to the appraiser	44.5
Unacceptable appraisal or inspection practices	44.6
Overview of appraisals and inspections and the Property Inspection Alternative (PIA)	44.7
Loan Prospector® Minimum Assessment Feedback	44.8
Appraisal and inspection report forms and the Property Inspection Alternative (PIA)	44.9
Borrower disclosure for inspections and the Property Inspection Alternative (PIA)	44.10
Seller representations and warranties regarding the Mortgaged Premises	44.11
Required exhibits and addenda	44.12
Other exhibits and addenda	44.13
Final inspection and completion report	44.14
Property description and analysis	44.15
Reserved for future use	44.16-44.20
Faxing and electronically transmitting appraisal and inspection reports	44.21

The Seller should be familiar with Freddie Mac's Glossary definitions of the following terms:

- Automated Valuation Model (AVM)
- Feedback Certificate
- Last Feedback Certificate
- Minimum Assessment Feedback (MAF)
- Home Value Models
- Owner of Record
- Property Inspection Alternative (PIA)

For a Mortgage to be eligible for sale to Freddie Mac, it must be determined that the collateral (that is, the Mortgaged Premises) is acceptable for the transaction. This chapter details Freddie Mac's requirements for determining that the collateral is acceptable.

There are three ways to determine that the Mortgaged Premises is acceptable for the transaction:

- An appraisal — the subject property and the neighborhood are inspected by an appraiser, the value of the property is estimated by an appraiser. The Seller has underwritten the report and concluded the property is acceptable.
- An inspection — the subject transaction is supported by Home Value Models; the appraiser inspects the subject property and neighborhood but does not provide a value for the subject property. The Seller has underwritten the report and concluded that an appraisal was not required and the property is acceptable.
- PIA — the transaction is supported by Home Value Models so no appraisal or inspection of the subject property is obtained, and the value of the property is not estimated. The Seller has determined that the transaction meets the eligibility requirements of this chapter.

These documents must be on the applicable Freddie Mac form or other approved form, including exhibits and any required addenda, and must comply with all the applicable requirements in this chapter. Each of these reports is discussed in detail in this chapter. This chapter also describes the situations in which the Seller must use an appraisal and the type of appraisal form to be used, as well as the circumstances in which the Seller may use an inspection or PIA.

The Seller's regulatory agency may require an appraisal in some instances when Freddie Mac does not. Even if the provisions of this chapter permit a Mortgage to be sold to Freddie Mac with an inspection or PIA rather than an appraisal, the Seller must comply with any relevant requirements of any regulatory agencies mandating an appraisal. Additionally, the Seller may, for any other reason, obtain an appraisal of the Mortgaged Premises in lieu of an inspection or PIA.

44.1: Overview (09/01/11)

This chapter is organized by the following topics:

Topic	Section(s)
Overview	44.1
General property eligibility requirements	44.2
General requirements for appraisals and inspections	44.3
Appraisers	44.4
Information supplied to the appraiser	44.5
Unacceptable appraisal or inspection practices	44.6
Overview of appraisals and inspections and the Property Inspection Alternative (PIA)	44.7
Loan Prospector® Minimum Assessment Feedback	44.8
Appraisal and inspection report forms and the Property Inspection Alternative (PIA)	44.9
Borrower disclosure for inspections and the Property Inspection Alternative (PIA)	44.10
Seller representations and warranties regarding the Mortgaged Premises	44.11
Required exhibits and addenda	44.12
Other exhibits and addenda	44.13
Final inspection and completion report	44.14
Property description and analysis	44.15
Reserved for future use	44.16-44.19
Appraisal data	44.20
Faxing and electronically transmitting appraisal and inspection reports	44.21

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- Feedback Certificate
- Last Feedback Certificate
- Minimum Assessment Feedback (MAF)
- Home Value Models
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- An inspection — the subject transaction is supported by Home Value Models; the appraiser inspects the subject property and neighborhood but does not provide a value for the subject property. The Seller has underwritten the report and concluded that an appraisal was not required and the property is acceptable.
- PIA — the transaction is supported by Home Value Models so no appraisal or inspection of the subject property is obtained, and the value of the property is not estimated. The Seller has determined that the transaction meets the eligibility requirements of this chapter.

These documents must be on the applicable Freddie Mac form or other approved form, including exhibits and any required addenda, and must comply with all the applicable requirements in this chapter. Each of these reports is discussed in detail in this chapter. This chapter also describes the situations in which the Seller must use an appraisal and the type of appraisal form to be used, as well as the circumstances in which the Seller may use an inspection or PIA.

The Seller's regulatory agency may require an appraisal in some instances when Freddie Mac does not. Even if the provisions of this chapter permit a Mortgage to be sold to Freddie Mac with an inspection or PIA rather than an appraisal, the Seller must comply with any relevant requirements of any regulatory agencies mandating an appraisal. Additionally, the Seller may, for any other reason, obtain an appraisal of the Mortgaged Premises in lieu of an inspection or PIA.

44.1: Overview (03/19/12)

This chapter is organized by the following topics:

Topic	Section(s)
Overview	44.1
General property eligibility requirements	44.2
General requirements for appraisals and inspections	44.3
Appraisers	44.4
Information supplied to the appraiser	44.5
Unacceptable appraisal or inspection practices	44.6
Overview of appraisals and inspections and the Property Inspection Alternative (PIA)	44.7
Loan Prospector® Minimum Assessment Feedback	44.8
Appraisal and inspection report forms and the Property Inspection Alternative (PIA)	44.9
Borrower disclosure for inspections and the Property Inspection Alternative (PIA)	44.10
Seller representations and warranties regarding the Mortgaged Premises	44.11
Required exhibits and addenda	44.12
Other exhibits and addenda	44.13
Final inspection and completion report	44.14
Property description and analysis	44.15
Reserved for future use	44.16-44.19
Appraisal data and delivery	44.20
Faxing and electronically transmitting appraisal and inspection reports	44.21

The Seller should be familiar with Freddie Mac's Glossary definitions of the following terms:

- Automated Valuation Model (AVM)
- Feedback Certificate
- Last Feedback Certificate
- Minimum Assessment Feedback (MAF)
- Home Value Models
- Owner of Record
- Property Inspection Alternative (PIA)

For a Mortgage to be eligible for sale to Freddie Mac, it must be determined that the collateral (that is, the Mortgaged Premises) is acceptable for the transaction. This chapter details Freddie Mac's requirements for determining that the collateral is acceptable.

There are three ways to determine that the Mortgaged Premises is acceptable for the transaction:

- An appraisal — the subject property and the neighborhood are inspected by an appraiser, the value of the property is estimated by an appraiser. The Seller has underwritten the report and concluded the property is acceptable.
- An inspection — the subject transaction is supported by Home Value Models; the appraiser inspects the subject property and neighborhood but does not provide a value for the subject property. The Seller has underwritten the report and concluded that an appraisal was not required and the property is acceptable.
- PIA — the transaction is supported by Home Value Models so no appraisal or inspection of the subject property is obtained, and the value of the property is not estimated. The Seller has determined that the transaction meets the eligibility requirements of this chapter.

These documents must be on the applicable Freddie Mac form or other approved form, including exhibits and any required addenda, and must comply with all the applicable requirements in this chapter. Each of these reports is discussed in detail in this chapter. This chapter also describes the situations in which the Seller must use an appraisal and the type of appraisal form to be used, as well as the circumstances in which the Seller may use an inspection or PIA.

The Seller's regulatory agency may require an appraisal in some instances when Freddie Mac does not. Even if the provisions of this chapter permit a Mortgage to be sold to Freddie Mac with an inspection or PIA rather than an appraisal, the Seller must comply with any relevant requirements of any regulatory agencies mandating an appraisal. Additionally, the Seller may, for any other reason, obtain an appraisal of the Mortgaged Premises in lieu of an inspection or PIA.

44.2: General property eligibility requirements (03/11/10)

(a) Residential requirements

The Mortgaged Premises must be residential. The Mortgaged Premises may be attached, detached or semi-detached dwellings. Freddie Mac does not purchase Mortgages secured by vacant land or property used primarily for agriculture, farming or commercial enterprise.

For Mortgages with Freddie Mac Settlement Dates on and after January 1, 2010, the Mortgaged Premises must:

- Be safe, sound, habitable and undamaged by fire or windstorms or other perils
- Be complete unless the requirements of Section 44.2 (b) are met
- Meet all conditions of the appraisal if an appraisal was performed and made subject to conditions, unless the requirements of Section 44.2(b) are met
- Have legal use (i.e., complies with applicable zoning requirements)
- Have legal access (ingress and egress)
- Have year round access
- Have utilities that meet community standards
- Have mechanical systems that meet community standards
- Have property insurance coverage that meets Freddie Mac requirements, and has coverage for hazards specific to the location of the property
- Not be subject to a pending legal proceeding for condemnation in whole or in part

(b) Type and condition of structure

All improvements must be completed before the sale of the Mortgage to Freddie Mac. However, a Mortgage is eligible for sale to Freddie Mac prior to the completion of improvements provided all of the following conditions are satisfied:

1. The appraiser has provided the ‘as completed’ value as the opinion of value.
2. The appraiser has provided a list of the incomplete items; the appraiser or a disinterested (but relevant) party has provided a cost to complete the incomplete items.

   An example of a disinterested (but relevant) party is a contractor/painter who provides an estimate to paint interior walls. A relevant party includes, but is not limited to, a representative of a home improvement store or an independent contractor that performs the services needed to complete the improvements.

3. The incomplete items do not adversely affect the safety, soundness or habitability of the Mortgaged Premises.
4. The Seller determines that the improvements cannot be completed for valid reasons; examples include, but are not limited to, inclement weather or temporary shortages of building materials
5. The improvements will be completed no more than 120 days after the Settlement Date
6. The Mortgage is not secured by a Manufactured Home
7. The cost to complete the incomplete items does not exceed 10% of the 'as completed' value of the Mortgaged Premises
8. The Seller has established a completion escrow to complete the Mortgaged Premises
9. The mortgage insurance and title insurance will not be impaired or adversely affected during the completion period
10. The Seller has the property inspected and the individual performing the final inspection of the property must sign the completion report. The completion report must document that the property has been completed. (See Section 44.14 for more information.)

(c) Properties affected by disasters

The Seller should be prepared to address property damage issues that may occur in the event of a disaster that may affect the acceptability of properties as security for Mortgages. Seller should have established procedures to inspect and recertify value, condition and marketability of properties when a major disaster or emergency occurs.

The Federal Emergency Management Agency (FEMA) announces Presidentially declared major disasters and emergencies, but the declaration is usually made after the event has already occurred. Once FEMA announces a major disaster or emergency, or earlier when the Seller becomes aware of a disaster, the Seller should take appropriate steps to ascertain the condition of properties in affected areas to preserve any relief of Seller representations and warranties that were granted regarding the Mortgaged Premises, and to minimize risk of future liability arising from a warranty violation.

For example, a Mortgage is submitted to Loan Prospector on August 1 and receives the Minimum Assessment Feedback of Form 2070 or the Property Inspection Alternative (PIA). On August 15, a tornado damages the neighborhood where the Mortgaged Premises is located. Whether or not the Seller is aware of the disaster (the tornado in this example), the Seller represents and warrants that at origination and delivery, the Mortgaged Premises is existing and is undamaged by fire, windstorm, or other perils. The Seller should take appropriate steps, including a special inspection, to determine if the Mortgaged Premises is damaged prior to the sale of a Mortgage to Freddie Mac.

Recommended steps:

- For a reasonable time period following a disaster, regardless of any Loan Prospector Minimum Assessment Feedback to the contrary, Seller should obtain an appraisal with an interior and exterior inspection of the subject property. The Seller should not use less comprehensive property valuation methods such as Form 2070 or PIA to originate Mortgages secured by properties located in the disaster area.
- Seller should perform special inspections of properties that may be affected to assess the degree of any damage
- Seller should re-verify property insurance coverage is adequate to protect against future loss to properties and to ensure it has been obtained or maintained adequately with respect to affected properties
- Seller should consider, in consultation with the appraiser, the impact of any revision to the contract of sale for subject properties or the impact of any termination of leases entered into prior to such disaster

44.3: General requirements for appraisals and inspections (10/15/10)

(a) Seller selection of appraisers and appraiser independence

The appraisal or inspection report must be signed by an appraiser that the Seller has approved.

Sellers must ensure that the individuals underwriting the appraisals and collateral are independent of loan production staff. If independence is not feasible due to the small size of the Seller's staff, the Seller must have the appropriate controls in place to assure independence.

With respect to each conventional Mortgage delivered to Freddie Mac, the Seller represents and warrants that the appraisal was obtained in a manner consistent with the requirements of Exhibit 35, Appraiser Independence Requirements ("Appraiser Independence Requirements").

(b) Seller representations and warranties regarding appraisals and inspections

In addition to the representations and warranties with respect to the Appraiser Independence Requirements, with respect to each appraisal or inspection, the Seller represents and warrants that:

1. All information known to the Seller that may affect the estimate of value or marketability has been provided to the appraiser in conjunction with the appraisal or inspection request

2. It has reviewed the report and has concluded that the Mortgaged Premises is adequate security for the Mortgage, in accordance with the requirements of Section 22.2
3. The appraisal or inspection complies with the applicable requirements in this chapter
4. The report is of professional quality and supports all of the appraiser's assumptions, data, analyses, rationale and conclusions that were relied on in estimating the value and addressing the marketability of the Mortgaged Premises
5. The information in the report is accurate, internally consistent, written in clearly understandable language, fully supported and sufficiently documented

Deficient appraisals or inspections will be considered a breach of the Seller's warranty as to the acceptability of the Mortgage and will subject the Seller to the remedies available to Freddie Mac. In addition to reviewing the appraisal or inspection report submitted by the Seller, Freddie Mac may make property inspections and/or other investigations to assure property eligibility and proper underwriting of the Mortgages offered for sale to and sold to Freddie Mac.

(c) Market value definition

An appraisal must be based on the following definition of market value:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest
3. A reasonable time is allowed for exposure in the open market
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto, and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third-party institutional lender that is not already involved in the property or transaction. Any adjustment should not be

calculated on a mechanical dollar-for-dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

The market value estimate of the subject property must not include value assigned to furniture or any other personal property.

(d) Detrimental conditions

The appraiser must note the presence of detrimental conditions, such as expansive soils, underground mines or subsidence in the immediate area of the subject property. In addition, the appraiser must note any evidence of dampness, infestation or abnormal settlement observed in the subject property and call for correction of the observed condition or professional inspections to determine the seriousness of the condition. The appraiser must also consider the effect of such conditions in estimating the subject property's market value and/or any effect on marketability.

For any appraisal that is made subject to inspections or conditions due to detrimental conditions, the Seller must include in the Mortgage file evidence of corrective action as called for by the inspector or appraiser. The evidence of the corrective action must meet Freddie Mac requirements. (See Section 44.14 for requirements for final inspection and the completion report.)

(e) Maximum financing

Effective June 1, 2008, Section 44.3(e) is deleted.

(f) Statement of Assumptions and Limiting Conditions, and Appraisers' Certifications

The Statement of Assumptions and Limiting Conditions, Appraiser's Certification and Supervisory Appraiser's Certification are incorporated into each appraisal and inspection report form. Modifications or deletions to these are not permitted. However, additional certifications that do not constitute material alterations to the report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

(g) Owner of Record

When a new appraisal is required, the Seller must verify:

- For purchase transactions:
  - The property seller listed on the sales contract is the Owner of Record of the subject property or

- If the transaction involves the sale of land separate from the dwelling, the property seller listed on the sales contract for the land is the Owner of Record for the land.
- For refinance transactions, the Borrower is an Owner of Record of the subject property.
- For transactions that involve the payoff of a land contract, the property seller is the vendor on the recorded land contract and the Owner of Record of the subject property; and the Borrower is a vendee on the recorded land contract.

If the property seller for purchase transactions or the Borrower for refinance transactions is not the Owner of Record, the Seller must investigate the circumstances of the transaction to ensure that the transaction is legitimate. The Seller must retain documentation evidencing the verification or legitimacy of the transaction in the Mortgage file. Such documentation may include, but is not limited to, the appraiser's analysis and conclusions in the appraisal, a property sales history report, a copy of the recorded deed, a copy of a property tax bill, or the title commitment or binder indicating the legal ownership of the property.

(h) Automated Valuation Model (AVM)-assisted appraisals

When performing an inspection or appraisal, the appraiser may use AVMs as a tool to develop market data or to identify potential comparable sales. In order to use an AVM, the appraiser must understand what data the model uses and how the model analyzes the data. The appraiser must determine that the results of the AVM accurately reflect the current market for the subject property. Appraisers must comply with Uniform Standards of Professional Appraisal Practice (USPAP) and *Advisory Opinion 18: Use of an Automated Valuation Model (AVM).*

44.4: Appraisers (10/09/09)

Freddie Mac does not select or approve individual appraisers or appraisal management companies. An appraiser is selected and approved by the Seller. The Seller warrants that the appraisal services provided, whether by fee or staff appraisers, comply with the Uniform Standards of Professional Appraisal Practice (USPAP), applicable laws, and Freddie Mac requirements of this chapter.

At a minimum, the appraiser must be a State-certified or State-licensed real estate appraiser eligible to perform appraisals in the State in which the property is located and be experienced in the appraisal of properties similar to the property being appraised or inspected.

The Seller should be particularly attentive to selecting an appraiser who is knowledgeable of the subject area when ordering appraisals or inspections in central city neighborhoods and rural areas. Appraisers are more likely to use nontraditional data bases in these areas, which may be subject to complex factors influencing the value and marketability of individual properties. Appraisers who are knowledgeable in these areas should be encouraged to make extensive use of comment areas to explain market factors and the status of the market.

(a) Representations to third parties by appraisers or appraisal management companies

Appraisers and appraisal management companies must not make any representation to third parties as being approved by Freddie Mac.

(b) Unacceptability of appraiser

Freddie Mac, in its sole discretion, may at any time refuse to accept appraisals or inspections made by a particular appraiser. Once notified by Freddie Mac of the unacceptability of an appraiser, the Seller may not use that appraiser for any Mortgage submitted to Freddie Mac. Sellers may not engage appraisers who appear on the Freddie Mac Exclusionary List.

44.5: Information supplied to the appraiser (10/06/06)

(a) Information for appraisals

The Seller warrants that the Mortgage originator provided the following information on the subject property, as applicable, to the appraiser in conjunction with all appraisal requests:

1. The complete legal description (see Section 40.1 for legal description requirements)
2. Current condominium association budgets
3. The complete sales contract (A sales contract on a new home should state the base price of the house and itemize each option.)
4. All financing terms, financing and sales concessions granted by anyone associated with transaction, and any gifts, buydowns and down payment assistance provided by anyone on behalf of the Borrowers, whether for purchase or refinance transactions
5. Income and expense statements, property leases and a list of nonrealty items that are included in the transaction, and
6. Any other information that the Seller knows that may affect the value or marketability of the property. This information includes an affiliation between the property seller and purchaser, proposed changes to the use of the property, and the

presence of any Contaminated Site or Hazardous Substance affecting the property or the neighborhood in which the property is located.

(b) Information for inspections

The Seller warrants that the following information on the subject property, as applicable, was provided to the appraiser in conjunction with all inspection requests:

1. The complete legal description (see Section 40.1 for legal description requirements)
2. Any other information that the Seller knows that may affect the value or marketability of the property. This information includes an affiliation between the property seller and purchaser, proposed changes to the use of the property, and the presence of any Contaminated Site or Hazardous Substance affecting the property or the neighborhood in which the property is located.

44.6: Unacceptable appraisal or inspection practices (10/09/09)

(a) Unacceptable appraisal practices

The following are unacceptable appraisal practices. Evidence of any of the practices listed in this section will be a breach of Seller's warranty as to the professional quality of the appraisal.

1. Inclusion of inaccurate or incomplete data about the subject property, the neighborhood or any comparable sale used in the appraisal analysis
2. Failure to report and/or consider any apparent factor that has an adverse effect on the value and/or marketability of the subject property
3. Consideration of the age or location of a dwelling or the age of the neighborhood or census tract where the dwelling is located in a manner that has a discriminatory effect
4. Reliance in the appraisal analysis on comparable sales that were not personally inspected by the appraiser. A personal inspection requires at least a visual inspection of the exterior of the comparable property
5. Reliance in any appraisal analysis on inappropriate comparable sales, or the failure to use comparable sales that are more similar to or nearer to the subject property without adequate explanation
6. Use of comparable sales data provided by interested parties to the transaction without verification by a disinterested party
7. The use of inordinate adjustments for differences between the subject property and the comparable sales that do not reflect the market's reaction to such differences, or the failure to make proper adjustments when they are clearly necessary

8. Consideration of the race, color, religion, sex, handicap, familial status or national origin of the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property (see also Section 6.2 for equal opportunity compliance requirements, and Section 44.15(c) for prohibition against discrimination in appraising)
9. Development of value and/or marketability conclusions that are not supported by available market data
10. The appraiser's or supervisory appraiser's breach of a certification or Statement of Assumptions and Limiting Conditions or comparable statements as found on any Freddie Mac approved appraisal report form or addendum

See Section 44.21 for unacceptable appraisal and inspection practices when using Electronic Signatures and using and maintaining Electronic Records.

(b) Unacceptable inspection practices

The following are unacceptable inspection practices. Evidence of any of the practices listed in this section will be a breach of Seller's warranty as to the professional quality of the inspection:

1. Inclusion of inaccurate or incomplete data about the subject property and/or the neighborhood
2. Failure to report and/or consider any apparent factor that has an adverse effect on the condition and/or marketability of the subject property
3. Consideration of the age or location of a dwelling or the age of the neighborhood or census tract where the dwelling is located in a manner that has a discriminatory effect
4. Consideration of the race, color, religion, sex, handicap, familial status or national origin of the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property (see also Section 6.2 for equal opportunity compliance requirements and Section 44.15(c) for prohibition against discrimination in appraising)
5. Development of marketability conclusions that are not supported by available market data
6. The appraiser's breach of a certification on an inspection report or addendum

See Section 44.21 for unacceptable appraisal and inspection practices when using Electronic Signatures and using and maintaining Electronic Records.

44.7: Overview of appraisals and inspections and the Property Inspection Alternative (PIA) (10/15/10)

To evidence that the Mortgaged Premises is acceptable for the transaction, each Mortgage file must contain one of the following reports:

- A written appraisal report
- A written inspection report
- A print-out of the Last Feedback Certificate with the Minimum Assessment Feedback of Form 2070 or PIA

Whether the Seller should use an appraisal, an inspection or PIA depends on:

- The characteristics of the transaction
- The type of property securing the Mortgage, and
- Whether the Mortgage is a Loan Prospector® Mortgage or a Non-Loan Prospector Mortgage

The Seller may not use tax-assessed valuations or Broker Price Opinions (BPOs) to determine value.

(a) Appraisal and inspection report forms by property type and inspection type

The following table shows the report forms and the inspection types applicable for each property and inspection type. Reports with an exterior-only inspection may be used only for Loan Prospector Mortgages. PIA requires no inspection.

Appraisal and Inspection Report Forms by Property Type and Inspection Type		
Property Type	**Form Number**	**Type of Inspection**
1-unit property Unit in a Planned Unit Development (PUD) or Detached Condominium Project	Form 70	Interior and exterior inspection
	Form 2055 or 2070	Exterior-only inspection
Condominium Unit (Attached or Detached)	Form 465	Interior and exterior inspection
	Form 466 or 2070	Exterior-only inspection
Manufactured Home	Form 70B	Interior and exterior inspection
2- to 4-unit property	Form 72	Interior and exterior inspection

Figure 44.1, Appraisal and Inspection Report Forms by Property Type and Inspection Type

(b) Appraiser inspection of the subject property

There are two types of appraiser inspection of the subject property:

- Interior and exterior inspection: In an interior and on-site exterior inspection, the appraiser is expected to make reasonable observations of interior and exterior property conditions that are immediately apparent and noticeable during a typical site visit. This includes consideration of the topography, water drainage, restrictions and encroachments, off-site improvements, gross living area and floor plan, condition, and conformity to the neighborhood.
- Exterior-only inspection: An exterior-only inspection is considered a drive-by inspection of the subject property and/or comparable sales. The appraiser is expected to confirm that the subject property exists and appears to conform to the information available in public records.

  An exterior-only inspection may have to be upgraded to an appraisal with an interior and exterior inspection if there is not sufficient information available about the subject property to complete a credible report, and/or if the improvements cannot be seen from the street. See Section 44.9(b) and 44.9(f) for upgrade requirements.

An appraiser's inspection of the subject property is completed for the use of the lender/client in determining property condition, marketability, value and eligibility. The purpose of the appraiser inspection is to gather information about the characteristics of the subject property that are relevant to its value, and to report on its apparent soundness and habitability as readily observed by the appraiser or as found in available data sources such as public records, a Multiple Listing Service (MLS), newspaper reports or conversations with agents. An inspection conducted by an appraiser is not the equivalent of an inspection by a licensed professional such as a structural engineer, home inspector, real estate inspector, pest inspector, or well inspector.

An appraiser's observations and research must be thorough enough to properly develop the appraisal and adequately report the characteristics that reflect value.

If an appraiser observes conditions that require further investigation, the appraiser must make the appraisal subject to an inspection by an appropriate, licensed professional. Conditions that may require such inspections include observations of severe cracks in foundations or walls, active infestation, significant water damage and/or wet basements or crawl spaces, or unusual odors from a water source. Any conditions affecting safety, structural soundness or habitability must be repaired before closing.

If the appraisal is made subject to an inspection, the Seller must consult the services of an expert, a licensed or certified professional or another person trained in the particular field of concern.

(c) Changes to appraisal and inspection report forms

With respect to each appraisal or inspection, the appraiser must comply with the instructions and guidelines set forth in the form. Names, addresses or logos may be added to any of the forms, and the forms may be printed in any color ink. Forms generated by software programs that have expandability features to allow additional space in any of the "comments" areas are acceptable. However, the page sequence, format and content of the forms should not be altered in any way.

(d) Age of valuation and other collateral documentation

Valuation refers to the process of determining the value of a property. Valuation includes an appraisal and the results of Freddie Mac's Home Value Models. Use of the term 'collateral documentation' or 'collateral assessment' refers to appraisals, appraiser inspections, and any supporting services as described later in this section.

1. Age of appraisals as of the Note Date

An appraisal is effective for 120 days.

- If the effective date of the appraisal is more than 120 days before the Note Date, the appraisal is outdated and a new appraisal with at least an exterior-only inspection is required. See Section 44.7(e) for additional information.

  For the purpose of this chapter, the Note Date is equivalent to the Effective Date of Permanent Financing when the Mortgage is sold to Freddie Mac as a Newly-Constructed Home.
- If the effective date of the underlying appraisal is more than 12 months before the Note Date, the appraisal is expired. (The underlying appraisal is the appraisal being updated.) A new appraisal is required and the new appraisal must not incorporate any prior appraisal.
- An appraisal update is a new appraisal; an appraisal update with an exterior-only inspection is acceptable if the effective date of the underlying appraisal is no more than 12 months prior to the effective date of the new appraisal.
- If the appraisal provides an ‘as completed’ or ‘as repaired’ opinion of value and a new appraisal is required before the Note Date, an appraisal with an interior and exterior inspection and updated photographs is required. The new appraisal can be used to confirm value and can also be used to document that the property is complete.

2. Home Value Models

- **Form 2070**

  An inspection (Form 2070) is effective for 120 days. If the effective date of the inspection is more than 120 days before the Note Date, the inspection is expired and a new inspection must be performed. See Section 44.7(e) for additional information.

- **Property Inspection Alternative (PIA)**

  For Mortgages originated using PIA, the Minimum Assessment Feedback (MAF) is valid for 120 days. If the effective date of the Feedback Certificate is more than 120 days before the Note Date, the MAF is expired and the transaction must be resubmitted to Loan Prospector®. See Section 44.7(e) for additional information.

3. Summary of requirements for age of collateral assessment documentation

The following chart summarizes the requirements for the age of collateral documentation requirements as of the effective date of the appraisal, appraiser inspection or LP Feedback Certificate:

Assessment Type	**Date Requirement**		
	Current	**Outdated**	**Expired**
Appraisal	< 120 days after the effective date of appraisal	> 120 days after the effective date of appraisal	> 12 months after the effective date of appraisal
Form 2070 and PIA	< 120 days after the date of the report	Not applicable	> 120 days after the date of the report

4. Age of supporting collateral documentation as of the Note Date

Other collateral documentation provides information about the property but does not provide a value. For the purposes of this section, collateral documentation does not include an appraiser inspection of the property. Examples of supporting collateral documentation include and are not limited to a property inspection report completed by a licensed home inspector (not an appraiser), photographs, well reports, roof certifications, or pest inspection reports.

Other than the appraisal, appraiser inspection, or LP Feedback Certificate, collateral documentation does not have to be updated unless the documentation does not reflect the current status of the property as of the Settlement Date. For example:

- Updated photographs are required if the photographs already provided do not reflect the current condition of the dwelling, or if there has been construction, renovation, rehabilitation or any upgrades since the initial photographs were provided, and the changes affect value, condition or marketability.
- A structural engineer's report would not have to be updated unless the property was adversely affected by a disaster after the initial appraisal was performed, and the structural soundness of the dwelling is uncertain.

5. Appraisal requirements as of the Settlement Date

If the Settlement Date is more than 120 days after the Note Date, the Seller must obtain a new appraisal. See Section 22.6 (c) for more information.

Regardless of the effective date of the appraisal (or the Last Feedback Certificate if the Seller obtained an appraiser inspection or used PIA), the Seller must obtain a new appraisal and determine whether the Mortgage is eligible for sale to Freddie Mac if:

- The Seller becomes aware of any changes to the Mortgaged Premises that may have an adverse impact to its value, condition or marketability, and
- The adverse changes occurred after the effective date of the appraisal (or Last Feedback Certificate) but prior to the Settlement Date

(e) Loan Prospector Mortgages: Appraisal update requirements

If the Seller resubmits a Mortgage to Loan Prospector and there is no change to the subject property, including no change to the property address entered into LP, the following chart indicates what the Seller must provide based on the original MAF and the new MAF. In any event, if the Seller did not obtain the assessment required by the original MAF, the Seller must obtain the assessment required by the Last Feedback Certificate.

Original Loan Prospector MAF	**New Loan Prospector MAF**	**Minimum Assessment Level Needed**
Appraisal with an interior and exterior inspection	Appraisal with an interior and exterior inspection	Appraisal update with an exterior-only inspection
	Appraisal with an exterior-only inspection	Appraisal update with an exterior-only inspection
	Form 2070 or PIA	Appraisal update with an exterior-only inspection
Appraisal with an exterior-only inspection	Appraisal with an interior and exterior inspection	Appraisal update with an interior and exterior inspection
	Appraisal with an exterior-only inspection	Appraisal update with an exterior-only inspection
	Form 2070 or PIA	Appraisal update with an exterior-only inspection
Form 2070 or PIA	Appraisal with an interior and exterior inspection	Appraisal with an interior and exterior inspection
	Appraisal with an exterior-only inspection	Appraisal with an exterior-only inspection
	Form 2070 or PIA	New Form 2070 or PIA

(f) Non-Loan Prospector Mortgage: appraisal update requirements

If the Mortgage is a Non-Loan Prospector Mortgage, an appraisal with an exterior-only inspection is required in order to update the original appraisal. The update must meet all the other requirements of this section.

(g) Appraisal update scope of work

When performing an appraisal update, the appraiser must comply with Uniform Standards of Professional Appraisal Practice (USPAP) and *Advisory Opinion 3, Update of a Prior Assignment*. The appraiser is expected to research, verify and analyze current market data, and to perform at least an exterior-only (drive-by) inspection of the subject property.

The original appraiser should perform the appraisal update; however, the Seller may select another Seller-approved appraiser who is qualified to perform the appraisal.

When an appraisal update is performed, an inspection is required for appraisal conditions or changes to the subject property that may have occurred after the effective date of the underlying appraisal. Appraisal conditions include ‘as completed’ or ‘as repaired’ opinions of value.

The type of inspection required is dependent on the nature of the appraisal conditions or the changes to the subject property.

- If the underlying appraisal provides an ‘as is’ value, an interior inspection is not required unless the Seller is aware of any changes to the Mortgaged Premises that would have an adverse effect on condition and marketability.
- If the underlying appraisal is subject to completion per plans and specifications, an interior and exterior inspection is required.
- If the underlying appraisal is subject to repairs that affect safety, soundness or habitability, an interior and exterior inspection is required if repairs are required for the interior of the dwelling. Otherwise, an exterior-only inspection is required.

(h) Reporting the results of an appraisal update

The appraiser may use the following to report the results of an appraisal update:

- If there are no changes in value, the appraiser may use either:
  - Form 442, Appraisal Update and/or Completion Report, or
  - Any other Freddie Mac appraisal report form appropriate for the property type and inspection type.

  For example, if the appraiser performs an exterior-only inspection of a Condominium Unit, the results could be reported on Form 442, Appraisal Update

and/or Completion Report, or Form 466, Exterior-Only Inspection Individual Condominium Unit Appraisal Report.

- If there are changes in the market since the prior appraisal or the appraiser determines that one or more different comparable sale is more appropriate, the appraiser must report the results of the appraisal update on the Freddie Mac appraisal report form appropriate for the property type and inspection type. The appraiser may not use Form 442.

The level of detail for the update may be significantly less than that required for the original, prior report. The appraiser performing the update will complete the subject portion of the report, provide information about any changes in the market, and explicitly state the portions of the prior report that are incorporated into the update. The appraiser may also provide additional market information to indicate that there have been no market changes. The appraiser must sign the report and provide the information required with the signature. The appraiser also has the option of providing an entirely new report if warranted by changes in the market since the effective date of the prior report.

If the appraiser determines that the subject of a refinance transaction is newly listed for sale, the appraiser must update the analysis in the contract section of the report and indicate that the subject property is listed for sale. The Seller must take appropriate action to address the change.

(i) Exhibit requirements for appraisal updates

If existing photographs accurately represent the subject property and comparable sales, new photographs of the subject property and comparable sales, as applicable, are not required. Additional photographs of any factors that affect the marketability or value of the subject property should be provided if not already part of the report being updated.

Photographs that meet the requirements of Section 44.12(a) are required for any new comparable sales.

(j) Adverse changes to the property before the Note Date

If the value of the subject property has declined, the Seller must adjust the terms of the transaction as appropriate. Loan Prospector Mortgages must be resubmitted to Loan Prospector if required by Section 2.2.1(k).

(k) Appraisal update and completion certificate

If the original appraisal was made subject to completion per plans and specifications or subject to repairs, and the original appraisal is outdated, the Seller may obtain an appraisal update that also acts as a completion certificate. If the update acts as both an update and a completion certificate, the appraiser must state that the "subject to" conditions of the prior report have been met.

An interior and exterior inspection is required if the dwelling was incomplete, not structurally sound, or not habitable as of the effective date of the underlying appraisal. Updated photographs are required if the photographs provided as exhibits to the underlying appraisal do not reflect the condition and marketability of the dwelling as of the Note Date.

See Section 44.14 for information about documentation of completion.

(l) Re-use of an unexpired appraisal for a subsequent transaction

When an appraisal is required for a subsequent transaction secured by the subject property, the prior appraisal may be re-used if an appraisal update is obtained and all the requirements of this section are met.

1. Borrower requirements when re-using an unexpired appraisal

The Borrowers on the new transaction must be the Borrowers on the prior transaction.

The only exception is in the event of a divorce or legal separation. The Borrower for the new transaction must be one of the Borrowers on the prior transaction, and the file must document that the Borrower for the new transaction obtained the property through a divorce or legal separation.

2. Property eligibility for re-use of an unexpired appraisal

Since the effective date of the prior appraisal, the subject property must not have undergone any substantial rehabilitation or renovation or have been affected by disaster to the extent that the improvement or deterioration of the property would affect marketability or market value.

3. The new transaction when re-using an unexpired appraisal

The new transaction may not:

- Be a purchase transaction
- Be a cash-out refinance transaction
- Pay off any secondary financing

4. Appraisal requirements for re-use of an unexpired appraisal

The appraisal from the prior transaction must meet all the following requirements:

- The effective date of the appraisal from the prior transaction must not be more than 12 months prior to the Note Date of the subsequent transaction
- The lender/client is the Seller or a third party specifically authorized by the Seller

The appraisal update must meet all the following requirements:

- The update and the report must meet the requirements of USPAP and *Advisory Opinion 3, Update of a Prior Assignment*, including the reference to the appraisal being incorporated into the update as applicable
- The update must meet the requirements of Chapter 44
- The update must meet the inspection requirements for the subsequent transaction (see below)

The report of the appraisal update must meet both the following requirements:

- The report must reflect the new transaction (e.g., the current Borrowers, the appropriate transaction type, owner of record, lender/client)
- The results of the update must be reported on the appropriate report form for the type of property and inspection performed (e.g., Form 2055, Exterior-Only Inspection Residential Appraisal Report, March 2005)

5. Appraiser inspection levels for re-use of an unexpired appraisal

If the prior appraisal included an interior and exterior inspection, an appraisal update with an exterior-only inspection is typically required for the new transaction. Except as stated in the next sentence, this applies even if the new transaction requires an interior and exterior inspection. If the appraiser determines that there has been a change to the marketability of the subject property, the appraiser is required to perform an interior and exterior inspection. The Seller may upgrade the inspection to an interior and exterior inspection at the Seller's discretion.

If the prior appraisal included an exterior-only inspection and the new transaction requires an interior and exterior inspection, an appraisal update with an interior and exterior inspection is required.

6. Mortgage file documentation when re-using an unexpired appraisal

The Mortgage file must contain the report of the appraisal update and legible copies of the prior appraisal being incorporated into the update. Copies of all photographs must be clear and legible.

(m) Use of most current value

If a Seller obtains a new appraisal, including an appraisal update, prior to the Settlement Date, the Seller must use that value for underwriting the Mortgage and determining the value of the Mortgaged Premises per Section 23.1, and must deliver that appraised value to Freddie Mac.

(n) Mortgage file documentation

Copies of all collateral assessments obtained for the subject transaction must be retained in the Mortgage file and provided to Freddie Mac upon request.

44.8: Loan Prospector® Minimum Assessment Feedback (10/09/09)

For Loan Prospector Mortgages, the Minimum Assessment Feedback will advise the Seller of the minimum level of appraisal or inspection necessary, if any. The Seller may obtain a more comprehensive appraisal or inspection than that specified by the Minimum Assessment Feedback.

44.9: Appraisal and inspection report forms and the Property Inspection Alternative (PIA) (03/11/10)

This section lists the appraisal report forms that Freddie Mac has approved. See Sections 44.12 and 44.13 for information about appraisal exhibits and addenda.

(a) Form 70, Uniform Residential Appraisal Report

Form 70 is designed to report the results of an appraisal of a 1-unit property, including a unit in a PUD or a 1-unit property with an accessory unit. It may also be used for a unit in a Detached Condominium Project if the appraiser includes information about the project and its condition. The form may not be used for an appraisal of a Manufactured Home or a unit in an attached Condominium Project. An interior and exterior inspection of the subject property is required. Form 70 may be used for Loan Prospector® and Non-Loan Prospector Mortgages.

(b) Form 2055, Exterior-Only Inspection Residential Appraisal Report

Form 2055 is designed to report the results of an appraisal of a 1-unit property, including a unit in a PUD or a 1-unit property with an accessory unit. It may also be used for a unit in a Detached Condominium Project if the appraiser includes information about the project and its condition. The form may not be used for an appraisal of a Manufactured Home or a unit in an attached Condominium Project. An exterior-only inspection of the subject property is required. Form 2055 may be used for Loan Prospector Mortgages when an exterior-only inspection of a single-family property is allowed.

Form 2055 upgrade requirements

When the Feedback Certificate indicates the Minimum Assessment Feedback of Form 2055, the appraiser must upgrade to a Form 70 when one or more of the following conditions exist:

- The appraiser cannot obtain sufficient information about both the interior and exterior physical characteristics of the subject property from third-party data sources in order to develop a credible appraisal
- The appraiser cannot reconcile all significant discrepancies (e.g., size, condition, etc.) among available data sources
- The appraiser's exterior inspection does not provide sufficient information to develop a reliable appraisal, including the inability to view the property improvements from the street
- The subject property is new construction and has not yet been occupied
- The subject property is undergoing renovation or rehabilitation
- The data sources used to develop the appraisal (such as the sales contract for purchase transactions) indicate the presence of physical deficiencies or an adverse condition, or the appraiser observes apparent physical deficiencies or adverse property conditions during the exterior property inspection

(c) Form 70B, Manufactured Home Appraisal Report

Form 70B, Manufactured Home Appraisal Report, is designed to report an appraisal of a one-unit Manufactured Home, including a Manufactured Home in a Planned Unit Development (PUD). A Manufactured Home located in a Condominium Project requires the appraiser to inspect the project and complete the project information section of the Form 465, Individual Condominium Unit Appraisal Report, and attach it as an addendum to Form 70B. The Manufactured Home Appraisal Report is also designed to report an appraisal of a one-unit Manufactured Home that is located in a cooperative project; however, Mortgages secured by cooperatives are not eligible for sale to Freddie Mac.

(d) Form 72, Small Residential Income Property Appraisal Report

Form 72 is designed to report the appraisal results for a 2- to 4-unit property. An interior and exterior inspection of the subject property is required. Form 72 may be used for Loan Prospector and Non-Loan Prospector Mortgages.

(e) Form 465, Individual Condominium Unit Appraisal Report

Form 465 is designed to report the results of an appraisal of a 1-unit property in a Condominium Project, whether attached or detached. An interior and exterior inspection of the subject property is required. Form 465 may be used for Loan Prospector and Non-Loan Prospector Mortgages.

(f) Form 466, Exterior-Only Inspection Individual Condominium Unit Appraisal Report

Form 466 is designed to report the results of an appraisal of a unit in a Condominium Project, whether attached or detached. An exterior-only inspection of the subject property is required. Form 466 may be used for Loan Prospector Mortgages when an exterior-only inspection of a Condominium Unit is allowed.

Form 466 upgrade requirements

When the Feedback Certificate indicates a Minimum Assessment Feedback of Form 466, the appraiser must upgrade to a Form 465 when one or more of the following conditions exists:

- The appraiser cannot obtain sufficient information about both the interior and exterior physical characteristics of the subject property from third-party data sources in order to develop a reliable appraisal
- The appraiser cannot reconcile all significant discrepancies (e.g., size, condition, etc.) among available data sources
- The appraiser’s exterior inspection does not provide sufficient information to develop a credible appraisal, including the inability to view the property improvements from the street
- The subject property is new construction and has not yet been occupied
- The subject property is undergoing renovation or rehabilitation
- The data sources used to develop the appraisal (including the Purchase Contract) indicate the presence of physical deficiencies or an adverse condition, or the appraiser observes apparent physical deficiencies or adverse property conditions during the exterior property inspection

(g) Home Value Models

When Freddie Mac's Home Value Models support an eligible transaction, the Feedback Certificate indicates a Minimum Assessment Feedback of Form 2070 or PIA. The Seller may choose to obtain an inspection with an exterior-only inspection, or PIA with no appraisal or inspection.

The provisions of Section 44.9(g) are Discretionary Provisions under Section 12.13 and Exhibit 26, Discretionary Provisions.

1. Form 2070, Loan Prospector® Condition and Marketability Report

Form 2070 is an appraiser-completed inspection used in conjunction with Freddie Mac's Home Value Models, and may be used only with Loan Prospector Mortgages. It is designed to report the condition and marketability of a 1-unit property. Because the appraiser provides no estimate of value, the inspection is not considered an appraisal. Form 2070 is completed with an exterior-only inspection. The Seller may substitute Fannie Mae Form 2075 when the Last Feedback Certificate indicates a Minimum Assessment Feedback of Form 2070 or PIA. Form 71 is not required for Mortgages originated using a Form 2070 or Fannie Mae Form 2075.

Form 2070 upgrade requirements

The appraiser must upgrade from an exterior-only inspection to an appraisal with an interior and exterior inspection if:

- The appraiser is unable to adequately view the subject property from the street
- The appraiser observes any factor that may have an adverse effect on the marketability of the subject property
- The quality or condition of the property appears unacceptable to the typical purchaser in the area in which the subject property is located
- The Condition and Marketability Factors section of the Form 2070 indicates such an upgrade is required

When the Fannie Mae Form 2075 is used, the appraiser must upgrade to an appraisal as stated in Fannie Mae's requirements governing the use of the Form 2075.

The Seller must comply with the delivery requirements set forth in Section 17.34 for Mortgages originated with a Form 2070.

2. Property Inspection Alternative (PIA)

When the Feedback Certificate indicates a Minimum Assessment Feedback of Form 2070 or PIA, the Seller may choose to obtain no appraisal or inspection of the subject property. PIA may be used only for Loan Prospector Mortgages. A print out of the Last Feedback Certificate with the Minimum Assessment Feedback of Form 2070 or PIA must be retained in the Mortgage file. Form 71 is not required for Mortgages originated using a PIA.

- To be eligible for PIA, the transaction must meet all the following requirements:
  - The Mortgaged Premises must be owned in fee simple; leaseholds are not eligible
  - The Mortgaged Premises must be fully completed and occupied as a residence as of the Note Date; escrow accounts for incomplete items as provided in Section 44.2(b) are not allowed
  - The Mortgaged Premises must not be undergoing rehabilitation or renovation
  - No appraisal or inspection has been performed
  - The Seller is not aware of and could not have been aware of any conditions that would adversely affect the market value, condition or marketability of the Mortgaged Premises
  - The Borrower must not be affiliated or related in any way with the builder, developer, or seller of the Mortgaged Premises

- The following are not eligible for PIA:
  - Mortgages secured by Manufactured Homes
  - Mortgages secured by dwellings on leasehold estates
  - Seasoned Mortgages or Seasoned Mortgages for Newly Constructed Homes*
  - Mortgages having the potential of negative amortization
  - A-minus Mortgages
  - Mortgages for Newly Constructed Homes
  - Initial Interest℠ Mortgages**

*Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

** Initial Interest Mortgages and other interest only Mortgages with applications dated on or after June 13, 2010, and/or Settlement Dates on or after September 1, 2010 are ineligible for delivery.

- Upgrade requirements for PIA

  A Mortgage is not eligible for PIA and the Seller must obtain an appraisal with an interior and exterior inspection if:

- There is a home inspection report or other information in the Mortgage file that indicates the presence of adverse condition and/or marketability factors
- The Seller is aware of the presence of any Contaminated Site or Hazardous Substance affecting the property or the neighborhood in which the property is located

- Delivery requirements for PIA
  - The Seller must comply with the conversion and delivery requirements set forth in Section 17.34
  - The Seller must pay a postsettlement delivery fee (delivery fee) in an amount indicated in Exhibit 19, *Postsettlement Delivery Fees*. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

(h) Appraisal review reports

Two report forms are available for use when a Seller requests a review of an appraisal:

- Form 1032, One-Unit Residential Appraisal Field Review Report, for 1-unit properties

- Form 1072, Two- to Four-Unit Residential Appraisal Field Review Report, for 2- to 4-unit properties

44.10: Borrower disclosure for inspections and the Property Inspection Alternative (PIA) (10/09/09)

For purchase money Mortgages originated using the Form 2070, Loan Prospector® Condition and Marketability Report, or PIA in lieu of an appraisal of the Mortgaged Premises, the Seller must, in connection with the origination, provide the Borrower with Freddie Mac Form 1149, Notice About Appraisal of Your Property, or some other substantially similar notice.

The Borrower must sign the notice and the Seller must maintain a copy of the signed notice in the Mortgage file.

44.11: Seller representations and warranties regarding the Mortgaged Premises (03/11/10)

For Mortgages sold to Freddie Mac, Sellers represent and warrant the value, condition, and marketability of the Mortgaged Premises except as stated in this section.

(a) Seller representations and warranties

As of the Settlement Date, the Seller makes the following representations and warranties:

- **Value Warranty**
  The Seller represents and warrants that the value of the Mortgaged Premises is at least equal to the appraiser's opinion of value, and that the value of the Mortgaged Premises has not declined since the effective date of the appraisal.

- **Condition Warranty**
  The Seller represents and warrants that the Mortgaged Premises is safe, habitable and structurally sound.

- **Marketability Warranty**
  The Seller represents and warrants that the Mortgaged Premises is acceptable to typical purchasers in the market in which the property is located.

(b) Relief from Seller representations and warranties regarding the Mortgaged Premises for Loan Prospector® Mortgages

For certain Loan Prospector Mortgages, Freddie Mac relieves the Seller of representations and warranties regarding the Mortgaged Premises that are typically required of a Seller selling the Mortgage to Freddie Mac. The terms and requirements for representation and warranty relief are set forth in this section.

Relief from Seller representations and warranties regarding the Mortgaged Premises is subject to all of the following:

- The Mortgage is a Loan Prospector Mortgage meeting the requirements of Section 2.2.1 and other applicable sections of the Guide
- The Mortgage is an Accept Mortgage
- All data and information entered into Loan Prospector and on which the Last Feedback Certificate was based were true, complete and accurate, and remained unchanged as of the closing date of the Mortgage
- The property address on the Last Feedback Certificate is a valid address for the Mortgaged Premises

- The appraisal, inspection or the Property Inspection Alternative (PIA) as applicable, meets the requirements of this chapter
- For any Mortgage originated using PIA, Form 2070 or an appraisal with an exterior-only inspection, the Seller represents and warrants the subject property has been occupied as a residence, is an existing building, and is not undergoing rehabilitation or renovation
- The Seller complies with the Minimum Assessment Feedback on the Last Feedback Certificate and all other representations and warranties in the Guide including, but not limited to:
  - Section 22.20, No circumstances adversely affecting value of Mortgage
  - Section 44.2(b), Type and condition of structure
  - Chapter 41, Special Warranties for Leasehold Estates
  - Chapter 42, Special Warranties for Condominiums
  - Chapter 43, Special Warranties for Planned Unit Developments, and
  - Chapter 44, Appraisals, inspections and the Property Inspection Alternative (PIA)
- The Mortgage is not a Seasoned Mortgage, Seasoned Mortgage for a Newly Constructed Home, Seller-Owned Converted Mortgage, or Seller-Owned Modified Mortgage*
- The Mortgage meets the eligibility requirements in Seller's Purchase Documents
- The Seller delivers the Mortgage in accordance with the requirements of Chapter 17, including special characteristics code(s), as applicable
- The Mortgage is not originated based on fraudulent and/or misrepresented information and/or documentation
- The Settlement Date is no more than 120 days after the Note Date

*Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

(c) Relief from Seller representations and warranties for interior condition

The Seller is relieved of representations and warranties for the interior condition of the Mortgaged Premises that the appraiser cannot identify from an exterior-only inspection or that were not apparent based on the typical data sources available to the appraiser, if the Mortgage meets the requirements set forth in Section 44.11(b) and:

- The Minimum Assessment Feedback on the Last Feedback Certificate specifies an appraisal with an exterior-only inspection or a Form 2070
- No appraisal or inspection with interior inspection of the Mortgaged Premises was performed

- The Settlement Date is no more than 120 days after the Note Date

(d) Relief from Seller representations and warranties for value

The Seller is relieved of representations and warranties for value of the Mortgaged Premises if the Mortgage meets the requirements set forth in Section 44.11(b) and:

- The Minimum Assessment Feedback on the Last Feedback Certificate indicates that Home Value Models support the transaction and the Mortgage is eligible for Form 2070 or PIA, and a Form 2070 inspection was performed
- No appraisal of the Mortgaged Premises was performed
- The Settlement Date is no more than 120 days after the Note Date

(e) Relief from Seller representations and warranties for value, interior condition, exterior condition and marketability

The Seller is relieved of representations and warranties for value, interior condition, exterior condition and marketability of the Mortgaged Premises for the life of the Mortgage if the Mortgage meets the requirements set forth in Section 44.11 (b) and:

- The Minimum Assessment Feedback on the Last Feedback Certificate indicates that Home Value Models support the transaction and the Mortgage is eligible for Form 2070 or PIA, and the Seller chose to originate the Mortgage using PIA
- No appraisal of the Mortgaged Premises was performed
- No inspection of the Mortgaged Premises was performed
- The Settlement Date is no more than 120 days after the Note Date

(f) Other Seller representations and warranties

Regardless of any relief of Seller representations and warranties regarding the Mortgaged Premises, Seller is not relieved of representations and warranties for:

- Chapter 41, Special Warranties for Leasehold Estates
- Chapter 42, Special Warranties for Condominiums
- Chapter 43, Special Warranties for Planned Unit Developments
- Section 44.2, General property eligibility requirements
- Section 22.20, No Circumstances Adversely Affecting Value of Mortgage
- Section 22.23, Inclusionary Zoning
- Section 22.24, Purchase Requirements for Mortgages Secured by Nonrestricted Units
- Section 22.25, Purchase Requirements for Mortgages Secured by Restricted Units

44.12: Required exhibits and addenda (10/09/09)

Each appraisal or inspection report must include at least the exhibits required for the assessment type. The exhibits must meet the requirements provided in this section.

(a) Exhibit requirements

1. Photographs

Photographs must be clear and may be either in color or black and white. They must be original photographs, electronic images or facsimiles that are illustrative of the property. The photographs must be clear, appropriately identified and must clearly show the completed improvements or any conditions that have a material effect on the market value or marketability of the subject property.

- If black-and-white photographs of the subject property are used, the appraiser must have noted in the report any information that would have appeared in color photographs but is not apparent in black-and-white images that could adversely affect the market value or marketability.
- For any comparable sales, if an original photograph cannot be obtained, a clear copy of the photograph of the comparable sale from a multiple listing service (MLS) is acceptable. The appraiser must have provided a reasonable justification for using the MLS source.

2. Building sketch

- **Detached properties and end-unit properties**

  For detached 1-unit properties, end units in Planned Unit Developments and units in Detached Condominium Projects, the exterior sketch of the improvements must include the dimensions and calculations the appraiser used to determine the size of the subject property.

- **Attached properties**

  For interior units in Planned Unit Developments and attached Condominium Units, an interior perimeter sketch is acceptable. Appraisers may have relied on the dimensions and estimates for gross living area as shown on the plat or exhibits to the Project Documents of a Condominium Project or Planned Unit Development, or provided legible photocopies of floor plans or individual unit plats that include the dimensions and calculations.

- **2- to 4-unit properties**

  For 2- to 4-unit properties, the sketch must also include each unit's layout and entries, and indicate the square feet of living area per unit and the gross building area (GBA).

3. Location map

The location map must identify the location of the subject property and any comparables including sale, rental and listing comparables as applicable. This map may be a photocopy of a printed street map showing the location of the subject property and comparable properties in relation to major streets and influences such as parks and schools.

(b) Exhibits required for appraisals with interior and exterior inspections (Forms 70, 70B, 72 and 465)

The following exhibits that meet the requirements in Section 44.12(a) are required for appraisals with interior and exterior inspections:

1. Photographs of the subject property

The report of an appraisal with an interior and exterior inspection must include at least three clear photographs of the subject property. The appraiser must have attached photographs of at least the following:

- A front view of the subject property
- A rear view of the subject property
- A street scene identifying the location of the subject property and showing neighboring improvements

The appraiser must include additional photographs, as needed to show the improvements, amenities or external influences that materially impact market value or marketability.

2. Photographs of comparable sales

The report of an appraisal with an interior and exterior inspection must include at least one clear photograph that shows the front of each comparable sale.

The appraiser must include additional photographs, as needed to show the improvements, amenities or external influences that materially impact market value or marketability.

3. **Building sketch**

4. **Location map**

(c) Exhibits required for appraisals with exterior-only inspections (Forms 466 and 2055)

The report of an appraisal with an exterior-only inspection must include all the following that meet the requirements of Section 44.12(a):

- At least one photograph that shows the front view of the subject property
- Location map indicating the location of the subject property and any comparables, whether comparable sales, listings or rentals

(d) Exhibits required for inspection with an exterior-only inspection (Form 2070)

The report of an inspection must include all the following that meet the requirements of Section 44.12(a):

- At least one photograph that shows the front view of the subject property
- Location map indicating the location of the subject property

For purchase transactions only, the file must contain a signed Form 1149, Notice About Appraisal of Your Property or similar form. (See Section 44.10.)

(e) Property Inspection Alternative (PIA)

For purchase transactions only, the Mortgage file must contain a signed Form 1149, or similar form. (See Section 44.10.)

(f) Form 71, Market Condition Addendum

Freddie Mac requires Form 71, Market Condition Addendum, for Mortgages with appraisals that have effective dates on and after **April 1, 2009**, regardless of the property type and inspection type. Freddie Mac does not require Form 71 with Mortgages originated with a Form 2070, Fannie Mae Form 2075 or a PIA.

(g) Summary of required exhibits and addenda

The exhibits and addenda required for each collateral assessment type are summarized in the following chart.

Exhibits for Appraisals, Inspections and the Property Inspection Alternative (PIA)				
	PIA	**Inspection**	**Appraisal**	**Appraisal**
Inspection Types	**Not Applicable**	**Exterior Only**	**Exterior Only**	**Interior & Exterior**
Form 71	Not Applicable	Not Applicable	Required	Required
Photographs of subject property	Not Applicable	Front view	Front view	Front view Rear view Street scene
Photographs of comparable sales	Not Applicable	Not Applicable	Not required	Front view
Building sketch or interior perimeter sketch	Not Applicable	Not Applicable	Not required	Required
Location map of subject property	Not Applicable	Required	Required	Required
Location map of comparable properties	Not Applicable	Not Applicable	Required	Required
Notice about the appraisal of your property (Form 1149)	Required for purchase transactions only	Required for purchase transactions only	Not required	Not required

Figure 44.4, Exhibits for Appraisals, Inspections and PIA

44.12: Required exhibits and addenda (02/01/11)

Each appraisal or inspection report must include at least the exhibits required for the assessment type. The exhibits must meet the requirements provided in this section.

(a) Exhibit requirements

1. Photographs

Photographs must be clear and may be either in color or black and white. They must be original photographs, electronic images or facsimiles that are illustrative of the property. The photographs must be clear, appropriately identified and must clearly show the completed improvements or any conditions that have a material effect on the market value or marketability of the subject property.

- If black-and-white photographs of the subject property are used, the appraiser must have noted in the report any information that would have appeared in color photographs but is not apparent in black-and-white images that could adversely affect the market value or marketability.
- For any comparable sales, if an original photograph cannot be obtained, a clear copy of the photograph of the comparable sale from a multiple listing service (MLS) is acceptable. The appraiser must have provided a reasonable justification for using the MLS source.

2. Building sketch

- **Detached properties and end-unit properties**

  For detached 1-unit properties, end units in Planned Unit Developments and units in Detached Condominium Projects, the exterior sketch of the improvements must include the dimensions and calculations the appraiser used to determine the size of the subject property.

- **Attached properties**

  For interior units in Planned Unit Developments and attached Condominium Units, an interior perimeter sketch is acceptable. Appraisers may have relied on the dimensions and estimates for gross living area as shown on the plat or exhibits to the Project Documents of a Condominium Project or Planned Unit Development, or provided legible photocopies of floor plans or individual unit plats that include the dimensions and calculations.

- **2- to 4-unit properties**

  For 2- to 4-unit properties, the sketch must also include each unit's layout and entries, and indicate the square feet of living area per unit and the gross building area (GBA).

3. Location map

The location map must identify the location of the subject property and any comparables including sale, rental and listing comparables as applicable. This map may be a photocopy of a printed street map showing the location of the subject property and comparable properties in relation to major streets and influences such as parks and schools.

(b) Exhibits required for appraisals with interior and exterior inspections (Forms 70, 70B, 72 and 465)

The following exhibits that meet the requirements in Section 44.12(a) are required for appraisals with interior and exterior inspections:

1. Photographs of the subject property

The report of an appraisal with an interior and exterior inspection must include clear photographs of the subject property. The appraiser must have attached photographs of at least the following:

- A front view of the subject property
- A rear view of the subject property
- A street scene identifying the location of the subject property and showing neighboring improvements
- The kitchen of the subject property
- All bathrooms of the subject property
- The main living area of the subject property

The appraiser must include additional photographs, as needed, to show any physical deterioration, improvements, amenities, conditions and external influences that materially impact market value or marketability.

2. Photographs of comparable sales

The report of an appraisal with an interior and exterior inspection must include at least one clear photograph that shows the front of each comparable sale.

The appraiser must include additional photographs, as needed to show the improvements, amenities or external influences that materially impact market value or marketability.

3. Building sketch

4. Location map

(c) Exhibits required for appraisals with exterior-only inspections (Forms 466 and 2055)

The report of an appraisal with an exterior-only inspection must include all the following that meet the requirements of Section 44.12(a):

- At least one photograph that shows the front view of the subject property
- Location map indicating the location of the subject property and any comparables, whether comparable sales, listings or rentals

(d) Exhibits required for inspection with an exterior-only inspection (Form 2070)

The report of an inspection must include all the following that meet the requirements of Section 44.12(a):

- At least one photograph that shows the front view of the subject property
- Location map indicating the location of the subject property

For purchase transactions only, the file must contain a signed Form 1149, Notice About Appraisal of Your Property or similar form. (See Section 44.10.)

(e) Property Inspection Alternative (PIA)

For purchase transactions only, the Mortgage file must contain a signed Form 1149, or similar form. (See Section 44.10.)

(f) Form 71, Market Condition Addendum

Freddie Mac requires Form 71, Market Condition Addendum, for Mortgages with appraisals that have effective dates on and after **April 1, 2009**, regardless of the property type and inspection type. Freddie Mac does not require Form 71 with Mortgages originated with a Form 2070, Fannie Mae Form 2075 or a PIA.

(g) Summary of required exhibits and addenda

The exhibits and addenda required for each collateral assessment type are summarized in the following chart.

Exhibits for Appraisals, Inspections and the Property Inspection Alternative (PIA)				
	PIA	**Inspection**	**Appraisal**	**Appraisal**
Inspection Types	**Not Applicable**	**Exterior Only**	**Exterior Only**	**Interior & Exterior**
Form 71	Not Applicable	Not Applicable	Required	Required
Photographs of subject property	Not Applicable	Front view	Front view	Front view Rear view Street scene Kitchen All bathrooms Main living area
Photographs of comparable sales	Not Applicable	Not Applicable	Not required	Front view
Building sketch or interior perimeter sketch	Not Applicable	Not Applicable	Not required	Required
Location map of subject property	Not Applicable	Required	Required	Required
Location map of comparable properties	Not Applicable	Not Applicable	Required	Required
Notice about the appraisal of your property (Form 1149)	Required for purchase transactions only	Required for purchase transactions only	Not required	Not required

Figure 44.4, Exhibits for Appraisals, Inspections and PIA

44.13: Other exhibits and addenda (10/09/09)

The appraiser must provide any additional information or data that is needed to provide the lender/client with a credible appraisal. The Seller may request that the appraiser provide additional exhibits or addenda as part of the appraisal scope of work. Any exhibit or addenda must be incorporated into the appraisal or inspection report.

If the Mortgaged Premises are a unit in a Condominium Project located in a California moderate-risk zip code, see Section 42.8(c)4 for additional appraisal requirements.

44.14: Final inspection and completion report (09/01/10)

For appraisals that are made subject to completion per plans and specifications, or to repairs, alterations or conditions, a final inspection of the property is required and a completion report must be provided that documents that the property has been completed. The completion report must meet the requirements of this section and must be retained in the Mortgage file.

For appraisals that are made subject to completion per plans and specifications, or are subject to repairs or alterations:

- An appraiser must perform the final inspection of the property and sign the completion report
- The completion report must include updated photographs if the photographs provided as exhibits to the underlying appraisal do not reflect the condition and marketability of the dwelling as of the Settlement Date. If the renovations, rehabilitation or upgrades are to the interior of the improvements, interior photographs are required.
- For appraisals that are made subject to final inspection of the property by a licensed professional (e.g. structural engineer, well digger, pest inspector):
  - A licensed professional must perform the inspection of the property and complete any needed repairs
  - The completion report must be either:
    - A report signed by the licensed professional who inspected the property stating that the repair is not required, or
    - A report or invoice signed by the licensed professional who performed the repairs stating that the repair has been completed and the issue corrected

    The report or invoice must provide the professional’s license number and signature.
- For appraisals that are subject to any of the conditions above, the inspection of the property and the completion report must meet all the following requirements:

- The final inspection of the property must be performed after completion of the construction, repairs, improvements, alterations or conditions
- The completion report must state that all conditions or requirements set forth in the appraisal have been fulfilled, or that the repairs have been completed or were not necessary
- The completion report must be dated before the Settlement Date unless the requirements for incomplete improvements have been met. (See Section 44.2(b) for more information.)

See Form 442 for a suggested form or suggested text that may be used as a completion report.

If a final inspection of the property and a new appraisal of the property are both required, the Seller has the option to obtain a new appraisal that also acts as a completion report. The appraiser performing the new appraisal must provide an 'as is' value as the opinion of value. See Section 44.7(k) for more information.

44.15: Property description and analysis (10/15/10)

The appraisal must be completed in a manner that correctly depicts or describes the neighborhood, site and improvements. The following sections correspond primarily to Form 70, Uniform Residential Appraisal Report, but all of the requirements and guidelines also apply to the other appraisal report forms unless otherwise stated in this section.

(a) Subject section

This section of the report must clearly identify the subject property by providing a complete property address and legal description. If a legal description is lengthy, the appraiser may attach it as an addendum to the report.

Identify the "property rights appraised" as either a fee simple or leasehold.

The appraiser must complete the section, including the data sources used to verify the listing and sale price information.

(b) Contract section

The sales price, contract date and loan charges paid by the property seller, or the financing and sales concessions made by the property seller or other interested party to the transaction, must be stated in the sales contract. The Seller is responsible for the appraiser being provided the complete contract for sale for the subject property with the appraisal request regardless of whether the appraisal is ordered by the Seller

or another lender. The appraiser must have the necessary and appropriate data sources for the area in which the subject property is located. If the appraiser cannot obtain the complete contract for sale for the subject property and all information needed to perform the analysis, the appraiser should decline the appraisal assignment. In rare instances the appraiser may consider accepting the assignment without access to the sales contract if the terms of the sale reflect prevailing market terms as of the effective date of the appraisal and can be independently verified, and the appraiser can provide a credible and reliable report without the contract.

The appraiser must analyze and report his or her conclusions on any current contract for sale for the subject property, any offering or listing for sale for the subject property as of the effective date of the appraisal, and, if such information is available in the normal course of business, the sales history of the subject property and comparable sales.

The appraiser must report the total dollar amount of any sales and financing concessions, gifts and/or down payment assistance provided by anyone on behalf of the purchasers (purchase transactions) or Borrowers (refinance transactions), and must identify which party provided the concessions and/or assistance.

If the appraiser did not report and analyze any payments made on behalf of the Borrower or did not state the actions taken to obtain the information, the Seller must contact the appraiser to determine whether an appraisal update is required.

(c) Neighborhood section

The neighborhood section of the report must contain an accurate description of the subject neighborhood and the factors that influence market value and marketability in the neighborhood. The information presented in the neighborhood section must be consistent with, and support, the conclusions reached by the appraiser.

Unfavorable factors revealed in the neighborhood section require the appraiser to address the impact of those factors on value and marketability. If the appraisal demonstrates that there is a viable market for housing in the neighborhood or that the neighborhood is undergoing revitalization, the unfavorable factors do not necessarily make the Mortgage ineligible for sale to Freddie Mac.

An appraiser may use a block-by-block analysis in neighborhoods that have undergone significant deterioration or abandonment in the past, but are now undergoing an evident revitalization effort, to demonstrate that there is a viable market for housing. In this analysis, the appraiser should describe the extent of revitalization efforts under way, the demand evidenced for renovated housing and the boundaries of the revitalized area being used as the subject neighborhood. This analysis must be consistent with the data presented and support the conclusions reached by the appraiser throughout the report.

If the appraiser has selected comparables from a competing neighborhood, the appraiser must identify the competing neighborhood in this section or an appropriate addendum and describe why it is comparable to the subject neighborhood. The appraiser should explain why the competing neighborhood is a more relevant source of comparables than the subject neighborhood, as of the effective date of the appraisal.

Retail or commercial property in the subject neighborhood does not make the subject project ineligible.

The appraiser must certify that the estimate of market value is not based on the race, color, sex, handicap, familial status, religion or national origin of

- Prospective owners or occupants of the subject property, or
- Present owners or occupants of the properties in the vicinity of the subject property

In addition, the appraisal must not improperly take into consideration the:

- Property modifications made to accommodate handicapped persons
- Age or location of a dwelling, or
- Age of the neighborhood or census tract where the dwelling is located

As a matter of corporate policy, Freddie Mac will not accept any Mortgage supported by an appraisal report that makes reference to the race, color, religion or national origin of any person, or the age or racial composition of the neighborhood. (See Section 44.6(a) for unacceptable appraisal practices.)

(d) Site section

1. **Property characteristics**

   This section must accurately describe the physical characteristics of the site, site improvements and available utilities, and must fully analyze any locational factors affecting the site.

   - **Zoning**

     The appraisal report must accurately state:

     - The zoning classification (if classified), and
     - Whether the use of the subject property complies with the reported classification

The use of the Mortgaged Premises must conform to applicable zoning and use restrictions. Freddie Mac may, however, purchase a Mortgage secured by property that does not conform to applicable zoning and use restrictions, if the property is a legal use (commonly referred to as legal nonconforming use). Units in attached Condominium Projects must be legal conforming.

The appraiser must comment on any adverse effect of any nonconforming use when estimating the market value and marketability of the property.

- **Utilities**

  The utilities serving the subject property must meet community standards. In addition, the comparable sales should have utilities similar to the subject property. When differences in utilities exist between the subject property and the comparable sales, any adjustments or lack of adjustments made to the comparable sales for significant differences must be explained in the comments area or on an attached addendum. In addition, the appraisal must evaluate the effect these differences have on the subject property's value or marketability.

- **Streets**

  The subject property must have legally appropriate ingress and egress. The streets serving the subject property must be maintained in a manner that generally meets community standards. In addition, the comparable sales should have street maintenance similar to the subject property. When differences exist between the ownership or maintenance of the subject property's streets and the comparable sale's streets, adjustments or lack of adjustments made to the comparable sales for the differences must be explained in the comments area or on an attached addendum. In addition, the appraisal must evaluate the effect these differences have on the subject property's value or marketability.

- **Land-to-value ratio**

  The land-to-value ratio should be typical for residential properties in the market.

- **Excess acreage**

  The appraiser must appraise the entire site for residential use, regardless of the amount of acreage. The site description must accurately describe the entire site and any improvements to include any outbuildings. The comparable sales should have similar acreage. When differences in acreage exist between the subject property and the comparable sales, any adjustments or lack of adjustments made to the comparable sales for significant differences must be

explained in the comments area or on an attached addendum, and the appraiser must explain the effect these differences have on the subject property's value or marketability.

- **Additional parcels**

  The Mortgaged Premises may consist of more than one adjoining parcel of real estate, but cannot include an adjoining parcel that contains an additional residence. When the subject property includes two or more adjoining parcels of real estate, the site description must accurately describe the land and any improvements included in each of the parcels. In addition, the comparable sales should have adjoining parcels similar to the subject property. When differences in sites exist between the subject property and the comparable sales, any adjustments or lack of adjustments made to the comparable sales for significant differences must be explained in the comments area or on an attached addendum. In addition, the appraisal report must explain the effect these differences have on the subject property's value or marketability (see also Section 44.2).

- **Flood hazard area**

  The appraiser is not required to complete this section if the flood zone is determined by another party, such as a non-appraiser on the staff of the Seller, a surveyor or a specialized flood zone determination company.

  If the property is in a "Special Flood Hazard Area" (SFHA) as identified by the Federal Emergency Management Agency (FEMA) through the National Flood Insurance Program (NFIP), the appraiser must comment on and consider any impacts this has on the subject property's market value or marketability.

  See Section 58.3 for flood zone determination and flood insurance requirements.

2. **Impact of Contaminated Sites, Hazardous Substances and other adverse conditions**

   The appraiser must consider any known Contaminated Sites or Hazardous Substances that affect the property or the neighborhood in which the property is located. The appraiser must also report the presence of Contaminated Sites or Hazardous Substances, make appropriate adjustments to reflect any impact on market value, and comment on any effect on the marketability of the subject property.

Examples of matters about which the appraiser must note and comment include but are not limited to:

- Any presence of asbestos, urea-formaldehyde or any similar insulation in the dwelling
- Proximity of the property and/or its neighborhood to a Contaminated Site
- Proximity of the property to ground water contamination, chemical or petroleum spills or other Hazardous Substances that are expected to impact the area for more than one year
- Proximity of the property to areas that may affect the value or marketability of the property including, but not limited to, the following:

  1. Industrial sites
  2. Waste or water treatment facilities
  3. Commercial establishments (other than retail establishments that serve the residential neighborhood)
  4. Airport approach paths
  5. Floodplains
  6. Landslide areas

(e) Improvements section

The appraisal report must contain an accurate description of the improvements and any factors that may affect the market value or marketability of the subject property. Freddie Mac does not provide minimum specifications for materials and construction.

An unusual floor plan, such as a home with tandem bedrooms or a bathroom off the kitchen, does not make a property ineligible for financing. The appraiser should address whether an unusual floor plan or similar obsolescence is also found in other properties in the neighborhood, and to the extent possible, comparables used should also have similar obsolescence in order to demonstrate marketability and support value.

A 1-unit detached property may have an incidental accessory unit that is incidental to the overall value and appearance of the subject property. Examples of such properties include a dwelling with a unit above a detached garage, a dwelling with a guest apartment, or a detached dwelling in a Planned Unit Development with a basement unit. The appraiser must describe the accessory unit, and analyze any effect on the value or marketability of the subject property.

For properties that have recently undergone rehabilitation or renovation, the appraiser must list the changes made and provide photographs of the rehabilitation or renovation. The photographs must meet the requirements of Section 44.12(a).

When the subject property does not conform to its neighborhood in terms of type, design, age, and the materials and techniques used in its construction, the appraisal must evaluate the effect the nonconformance has on the property's value and marketability. The appraisal must not improperly take into consideration the age of the dwelling. (See Section 44.6(a) for unacceptable appraisal practices.)

Other requirements and conditions relating to the improvements are the following:

- The property must be habitable as a year-round residence
- The appraiser must note if the subject property is dissimilar to competing properties in the neighborhood and address the impact on marketability

Freddie Mac does not require an estimate of remaining economic life.

(f) Sales comparison approach

Freddie Mac considers the sales comparison approach to be the most reliable approach to value. Therefore, a Seller must place primary emphasis on this approach when reviewing and judging the acceptability of each appraisal.

Each comparable sale must be analyzed for similarities and differences between it and the subject property. The appraiser must make appropriate adjustments for differences, and indicate the dollar amount of the adjustments to reflect the value of the differences to the market. Comparable sales must be adjusted to the subject property, except for sales and financing concessions that must be adjusted to the market at the time of the sale.

The appraiser must independently verify and analyze all pending and recent sales of comparable properties, report how the sales were verified and whether concessions were granted. At least three verified, closed (settled) sales of comparable properties must be analyzed and market-based adjustments made for significant differences between the comparable sales and the subject property.

Sales or financing concessions are offered by interested parties to the transaction (e.g., the builder, developer, property seller or real estate agent). Because the effect of concessions on sale prices can vary with the type and amount of the concessions, any adjustments to comparable sales must be based on the market reaction to them. The appraiser should provide comparable sales that sold without concessions to support the adjustments made in determining the market reaction to the concessions. Adjustments may not be based solely on dollar-for-dollar deductions equal to the dollar value of the concessions. If comparable sales without concessions are not available, adjustments to comparable sales with concessions must reflect the differences between what the comparable sales actually sold for with the concessions and what they would have sold for without the concessions.

The appraiser's opinion of value must reflect the value of the subject property without the concessions. The appraiser must also provide the dollar value of the concessions as a comment in the appraisal report.

For Seller treatment of concessions, see Section 25.3, Interested party contributions.

The three comparable sales listed in the report must be:

- Similar to and located near the subject property
- Properties with closing (settlement) dates that occurred before the effective date of the appraisal of the subject property
- Recently sold. If the sale of a comparable property occurred more than 12 months before the date of the appraisal, the appraiser must justify in the appraisal report the use of the comparable property

Additional comparables, in the form of closed sales, sales under contract or current listings, may be used to support the appraiser's adjustments and conclusions, address changes in the market, support the use of older comparables in stable neighborhoods or support the use of distant or less similar comparables in rural areas.

Additional comparables are not always needed, but may contribute significantly to understanding unusual situations, such as limited markets, neighborhoods with little turnover of property and areas with a variety of distinct property types.

Comparables may be taken from a competing neighborhood if:

- The appraiser has established that the neighborhoods are comparable and compete for the same buyers, and
- Comparables taken from the competing neighborhood are better indicators of current market trends in the subject neighborhood than the existing comparables available in the subject neighborhood

For properties located in existing established subdivisions, Planned Unit Developments or ground lease communities and for units in existing Condominium Projects, the appraiser may use three comparable sales from within that subject project or subdivision. However, if the subject property is in a controlled market (such as a new subdivision or project, a newly-converted project or an area where the property seller owns a substantial number of units), at least one comparable sale must be outside the influence of the developer, builder or property seller. Resales from within the subject project or subdivision may be used to meet this requirement. When comparable sales from outside the subject project or subdivision are used, they must also be outside the influence of the subject property's developer, builder or property seller.

(g) Sale and listing history

The appraiser must research, verify, analyze and report:

- Any current agreement for sale for the subject property
- Any offering for sale of the subject property in the twelve months prior to the effective date of the appraisal
- Any prior sales or transfers of the subject property for the three years prior to the effective date of the appraisal
- Any prior sales or transfers of each comparable sale for the year prior to the date of sale of each comparable sale

The Seller's review of the acceptability of each appraisal should include an analysis of the sale and listing history. The Seller must confirm that the sale price trend in relation to the appraiser's estimate of value is reasonable and representative of the market.

For purchase transactions, the Seller should analyze the appraisal report and the current contract for sale for the subject property.

For both purchase and refinance transactions, the Seller's underwriting analysis of the appraisal report should include any current listing or offering for sale for the subject property, the sales history of the subject property and comparable sales, and the current ownership of the subject property.

To reduce the Seller's risk of liability resulting from fraudulent or inaccurate appraisals, the Seller should analyze the subject property and comparable sales and evaluate the time elapsed between the date(s) the property was acquired and the date(s) resold, or the date of the current resale contract, if applicable. If the sales history of the subject property or comparable sales indicates current or prior sale prices may be excessive, and resale dates occurred shortly after the property seller's acquisition of the property, the appraisal report should provide evidence to support a rapidly appreciating real estate market, significant improvements that resulted in a corresponding increase in the property value or a previous sale that was below market value due to a distress or tax sale.

(h) Reconciliation

The data and information presented in the appraisal report must support the appraiser's estimate of market value. The appraiser must explain how the final value conclusion was determined, and the rationale must be consistent with the comments, conclusions and assumptions stated throughout the appraisal report.

The reconciliation must contain any conditions of the appraisal on which the final estimate of value is based.

If the subject transaction involves sales or financing concessions, the appraiser's opinion of value must reflect the value of the subject property without the concessions. The appraiser must also provide the dollar value of the concessions as a comment in the appraisal report.

(i) Comments section

Any additional features; necessary repairs or modernization; or physical, functional or external inadequacies must be reported in the "comments" sections of the appraisal report or detailed in the addenda to the appraisal report.

Repairs that affect the safety, structural integrity, mechanical systems or habitability of the improvements must be made. Cosmetic repairs, those that do not affect the safety, structural integrity, mechanical systems or habitability need not be made as long as:

- The appraiser has made any necessary adjustments to the comparables
- The appraisal is not made subject to repairs and
- The appraiser has addressed whether the condition affects the value or marketability of the property

Examples of cosmetic repairs include: worn floor coverings, minor cracks in windows, minor holes in interior walls or interior doors, etc.

If the appraiser notes that additions or alterations were made without required permits, the appraisal report should also contain comments on the quality and appearance of the work. In addition, the appraiser should note special energy-efficient items and adverse environmental conditions.

If the property has been modified to accommodate mixed-use, the appraiser should address whether the modifications affect the property's marketability as a residence and whether the cost to restore the property to solely residential use will affect its value.

(j) Cost approach

The cost approach to value is required for appraisals of Manufactured Homes. It is not required for appraisals of attached Planned Unit Development or Condominium Units.

The Seller may request the appraiser to develop and report the cost approach to value when not required for the transaction. The appraiser must develop and report the result of any approach to value that is applicable and necessary for an appraisal, even if the Seller did not request it. The approach may be appropriate especially when appraising properties that are:

- New or proposed construction
- Under renovation
- Unique because of their styles or construction methods, or
- Have functional obsolescence not typical for the market

When the cost approach to value is developed, the appraiser must make proper adjustments for any items detrimental to stability or marketability, such as physical, functional and external depreciation that are not typical for the market.

Appraisals that rely primarily on the cost or income approaches to value in order to estimate market value are unacceptable.

(k) Income approach

The income approach to value is required for appraisals of 2- to 4-unit properties. The Seller may request the appraiser to develop and report the income approach to value when not required for the transaction. The appraiser must develop and report the result of any approach to value that is applicable and necessary for an appraisal, even if the Seller did not request it.

Appraisals that rely primarily on the income or cost approaches to value in order to estimate market value are unacceptable.

(l) Planned Unit Development units

See Section 43.3 for appraisal requirements for units in Planned Unit Developments.

(m)Condominium Units

See Section 42.8 (c) for appraisal requirements for units in Condominium Projects.

(n) Manufactured Homes

See Section H33.6 for appraisal requirements for Manufactured Homes.

(o) 2- to 4-unit properties

In addition to the other requirements and guidelines set forth in this chapter, the following requirements and guidelines are applicable to completing Form 72, Small Residential Income Property Appraisal Report, for 2- to 4-unit properties.

1. **Comparable rent data for 2- to 4-unit properties**

   At least three rental comparables must be analyzed in the "comparable rental data" section. These rental comparables must:

   - Have current rental information
   - Be units similar to and located near the subject property

   The rental comparables are usually not the same comparable properties used in the sales comparison approach. The appraisal report should state that the units and properties selected as rental comparables are comparable to the subject property (both the units and the overall property) and should accurately represent the rental market for the subject property unless otherwise stated in the report.

2. **Subject's rent schedule for 2- to 4-unit properties**

   This section contains the subject property's current actual rents and the estimated market rents. The estimated market rents for the subject property must be supported in the appraisal report and be consistent with the data presented throughout the report.

3. **Sales comparison approach for 2- to 4-unit properties**

   In addition to the other requirements in this chapter, the appraisal must contain the unadjusted units of comparison for the comparable sales. If the appraisal is prepared in conjunction with a purchase transaction, the units of comparison must be provided for the subject property as well. These units of comparison are the sales price per square foot of gross building area (GBA), per unit and per room and the gross rent multiplier (GRM). The comment area of the sales comparison analysis must reconcile the adjusted sales prices of the comparable sales and the unadjusted units of comparison, as appropriate, according to the manner in which such properties sell in the defined market area.

   The appraiser must indicate in the comments area which factors are deemed most consistent and which factors typical investors or purchasers in that market consider when purchasing a similar property.

(p) Leasehold estates

See Section 41.3 for appraisal requirements for leasehold estates

(q) Energy-efficient properties

An energy-efficient property uses cost-effective design, construction, materials, mechanical systems, equipment and site orientation to conserve energy in a manner consistent with the area in which the property is located.

If the property has energy-efficient features, the appraiser must identify the features.

If energy-efficient features of a property, whether the subject property or comparable sales, affect value or marketability, the appraiser must make appropriate adjustments to reflect the market reaction to the energy-efficient features.

(r) Mixed-Use Properties

The appraiser must provide the following when appraising a mixed-use property:

- An appraisal with an interior and exterior inspection
- A detailed description of any accommodations made for the commercial use of the subject property
- A discussion of any adverse impacts of the commercial use
- A statement describing any market resistance to the commercial use, and adjustments for any commercial features made to the comparable sales
- An opinion of value based on the property's residential nature

Each residential property with mixed-use must meet all of the following requirements:

- The property must be located in a residential neighborhood, be primarily residential in nature, and must be typical for the properties in the market
- The use must represent a legal, permissible use of the property under the local zoning requirements
- The property must be a 1-unit Primary Residence
- If the property has a commercial use, the Borrower must be the owner and the operator of the business
- The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residence
- The commercial use must not have an adverse effect on the habitability and safety of the property or site

44.16 – 44.19

Reserved for future use.

44.20: Appraisal data (10/09/09)

Reserved for future use.

44.20: Appraisal data (09/01/11)

(a) Overview

This section contains information and requirements relating to the Uniform Appraisal Dataset (UAD) and the Uniform Appraisal Dataset Specification ("UAD Specification").

- The UAD standardizes key appraisal data elements for a subset of fields on certain uniform residential appraisal report forms and includes all data points required to complete these appraisal report forms.

- The UAD Specification documents the business and technical requirements for the implementation of the UAD.

(b) Uniform Appraisal Dataset (UAD)

For appraisals with effective dates on or after **September 1, 2011**, the following appraisal report forms must be completed using the UAD in accordance with the UAD Specification when reporting results of an appraisal for a conventional Mortgage:

- Uniform Residential Appraisal Report (Freddie Mac Form 70)
- Individual Condominium Unit Appraisal Report (Freddie Mac Form 465)
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Freddie Mac Form 466)
- Exterior-Only Inspection Residential Appraisal Report (Freddie Mac Form 2055)

Other appraisal report forms may be completed using the standards contained in the UAD Specification to the extent those standards are applicable to that particular form.

The UAD Specification may be amended from time to time. The current version can be found on www.freddiemac.com.

Compliance with the UAD does not relieve the Seller from other Freddie Mac appraisal requirements and does not affect Seller representations and warranties regarding appraisals and the Mortgaged Premises.

44.20: Appraisal data and delivery (03/19/12)

(a) Overview

This section contains information and requirements relating to the Uniform Appraisal Dataset (UAD), the Uniform Appraisal Dataset Specification ("UAD Specification"), and the Uniform Collateral Data Portal (UCDP) .

- The UAD standardizes key appraisal data elements for a subset of fields on certain uniform residential appraisal report forms and includes all data points required to complete these appraisal report forms.

- The UAD Specification documents the business and technical requirements for the implementation of the UAD.

- The UCDP is a portal for the electronic collection and delivery of certain appraisal report forms and the associated appraisal data to Freddie Mac.

(b) Uniform Appraisal Dataset (UAD)

For appraisals with effective dates on or after **September 1, 2011**, the following appraisal report forms must be completed using the UAD in accordance with the UAD Specification when reporting results of an appraisal for a conventional Mortgage:

- Uniform Residential Appraisal Report (Freddie Mac Form 70)
- Individual Condominium Unit Appraisal Report (Freddie Mac Form 465)
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Freddie Mac Form 466)
- Exterior-Only Inspection Residential Appraisal Report (Freddie Mac Form 2055)

Other appraisal report forms may be completed using the standards contained in the UAD Specification to the extent those standards are applicable to that particular form.

The UAD Specification may be amended from time to time. The current version can be found on www.freddiemac.com.

Compliance with the UAD does not relieve the Seller from other Freddie Mac appraisal requirements and does not affect Seller representations and warranties regarding appraisals and the Mortgaged Premises.

(c) Delivery of appraisal

For conventional Mortgages that require appraisal reports and have residential loan applications dated on or after **December 1, 2011** and Delivery Dates on or after **March 19, 2012**, the following appraisal report forms, including all exhibits and addenda, must be submitted to the UCDP before the Delivery Date of the Mortgage:

- Uniform Residential Appraisal Report (Freddie Mac Form 70)
- Manufactured Home Appraisal Report (Freddie Mac Form 70B)
- Small Residential Income Property Appraisal Report (Freddie Mac Form 72)
- Individual Condominium Unit Appraisal Report (Freddie Mac Form 465)
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Freddie Mac Form 466)

- Exterior-Only Inspection Residential Appraisal Report (Freddie Mac Form 2055)

Freddie Mac appraisal report forms not listed above must not be submitted through the UCDP.

44.21: Faxing and other electronic transmission of appraisal and inspection reports (10/15/10)

(a) Facsimile (fax) transmission of appraisal and inspection reports

The Seller may receive, use and maintain a fax transmission of the appraisal and inspection report as an original Mortgage file document if all of the following conditions are met:

- The appraisal or inspection report otherwise complies with all applicable requirements of this chapter
- The appraiser faxes the completed appraisal or inspection report by fax transmission directly to the Seller or any third party specifically authorized by the Seller
- The photographs and any addenda are clear and otherwise satisfy the requirements of Section 44.12(a) and 44.13
- The Seller represents and warrants that the fax copy of the appraisal or inspection report contains a copy or representation of the appraiser's original written signature and, if applicable, the supervisory appraiser's original written signature
- The Seller represents and warrants that the fax copy of the appraisal or inspection report is as effective, enforceable and valid as a paper original of the appraisal or inspection report duly executed by the appraiser and, if applicable, the supervisory appraiser

The Seller retains liability for the authenticity and accuracy of the appraisal or inspection report. In the event the Seller is concerned about the accuracy or reliability of the appraisal or inspection report or photographs, the Seller shall immediately obtain a paper duplicate of the original appraisal or inspection report signed with pen and ink by the appraiser and, if applicable, the supervisory appraiser and maintain it in the Mortgage file. The Seller shall provide the original appraisal or inspection report and photographs to Freddie Mac at any time upon Freddie Mac's request. After receiving the paper duplicate of the original appraisal or inspection report signed with pen and ink by the appraiser, and the supervisory appraiser if applicable, the Seller may maintain a copy of the paper duplicate of the original appraisal or inspection report and photographs reproduced from the original of such documents, in accordance with the requirements of Section 52.2 of the Guide. The Seller shall provide Freddie Mac with a copy of the original appraisal or inspection report and photographs upon Freddie Mac's request.

The Seller represents and warrants that any appraisal or inspection report and photographs received from an appraiser by the Seller or any third party specifically authorized by the Seller as a fax copy is a copy of the original appraisal or inspection report, including photographs, that was signed by the appraiser, and a supervisory appraiser if applicable, and that it complies with applicable State and federal laws and regulations. The Seller agrees that the appraisal or inspection report and photographs received from an appraiser by the Seller or any third party specifically authorized by the Seller as a fax copy are subject to Seller's representations, warranties, covenants, agreements and requirements contained in Section 1.3(j) and 1.3(k) of the Guide, as applicable.

In the event the Seller becomes aware of the unauthorized or improper use of the appraiser's signature and a supervisory appraiser's signature if applicable, in connection with any fax copy of an appraisal or inspection report, including photographs, the Seller must notify Freddie Mac immediately.

(b) Electronic transmission of electronic appraisal and inspection reports

The Seller may use and maintain an Electronic Record of the appraisal or inspection report as an original Mortgage file document if all of the following conditions are met:

- The electronic appraisal or inspection report otherwise complies with the applicable requirements of Chapter 44
- The appraiser electronically transmits the electronic appraisal or inspection report directly to the Seller or any third party specifically authorized by the Seller, as applicable
- The electronically transmitted photographs and any addenda are clear and otherwise satisfy the requirements of Sections 44.12(a) and 44.13
- The Seller represents and warrants that the appraiser's Electronic Signature, and a supervisory appraiser's signature if applicable, are attached to or logically associated with the electronic appraisal or inspection report in accordance with the federal Electronic Signatures in Global and National Commerce Act ("E-Sign") and other applicable State and federal laws
- The Seller represents and warrants that the electronic appraisal or inspection report is as effective, enforceable and valid as a paper original of the appraisal or inspection report duly executed by the appraiser, and the supervisory appraiser if applicable

In addition to the unacceptable appraisal and inspection report practices set forth in Section 44.6, the following are unacceptable electronic appraisal and inspection report practices and will constitute a breach of the Seller's warranty of the professional quality of the appraisal and inspection report:

- Failure of the appraiser to take reasonable precautions to protect his or her electronic signature from identity and signature theft, including granting a trainee, administrative personnel or other third party permission to use the appraiser's or supervisory appraiser's electronic signature
- Failure to maintain proper security controls to protect against alteration of the appraisal or inspection report or data used in connection with preparing the reports by someone other than the appraiser, or supervisory appraiser if applicable, ultimately responsible for the report
- Failure to securely store the electronic appraisal or inspection report, including all original photographs, maps and supporting documents, as originally reported by the appraiser

The Seller retains liability for the authenticity and accuracy of the electronic appraisal or inspection report, including all original photographs, maps and supporting documents. In the event the Seller is concerned about the accuracy or reliability of the electronic appraisal or inspection report or photographs, maps and supporting documents, the Seller shall immediately obtain a paper duplicate of the electronic appraisal or inspection report signed with pen and ink by the appraiser, and the supervisory appraiser if applicable, and maintain the paper duplicate of the electronic appraisal or inspection report in the Mortgage file. The Seller shall provide the electronic or original appraisal or inspection report and photographs, as applicable, to Freddie Mac at any time upon Freddie Mac's request. After receiving the paper duplicate of the original appraisal or inspection report signed with pen and ink by the appraiser, and the supervisory appraiser if applicable, the Seller may maintain a copy of the paper duplicate of the original appraisal or inspection report and photographs reproduced from the original of such documents, in accordance with the requirements of Section 52.2. The Seller shall provide Freddie Mac with a copy of the original appraisal or inspection report and photographs upon Freddie Mac's request.

The Seller represents and warrants that any appraisal or inspection report, including photographs received from an appraiser by the Seller or any third party specifically authorized by the Seller as an Electronic Record, is a copy of the original appraisal or inspection report, including photographs, that was signed by the appraiser and a supervisory appraiser if applicable, and that it complies with applicable State and federal laws and regulations. The Seller agrees that the appraisal or inspection report and photographs received from an appraiser by the Seller or any third party specifically authorized by the Seller as an Electronic Record are subject to the Seller's representations, warranties, covenants, agreements and requirements contained in Sections 1.3(j) and 1.3(k).

In the event the Seller becomes aware of the unauthorized or improper use of the appraiser's signature and a supervisory appraiser's signature if applicable, in connection with any electronic appraisal or inspection report, including photographs, or if the Seller suspects unauthorized alteration of any appraisal or inspection report, the Seller must notify Freddie Mac immediately.

Chapter 45: Reserved

{Chapter 45 is reserved.}

Chapter 46: Freddie Mac's Postfunding Quality Control Review

46.1: Postfunding quality control (11/01/09)

(a) General quality control policy

Freddie Mac reserves the right to conduct a postfunding quality control underwriting review of any Mortgage sold to Freddie Mac.

Freddie Mac will underwrite each Mortgage selected for postfunding quality control review to verify that it meets Freddie Mac's definition of investment quality and complies with Freddie Mac's underwriting guidelines, policies and Seller warranties as described in the Purchase Documents, including compliance with applicable anti-predatory lending laws.

(b) FICO scores

Freddie Mac obtains Fair, Isaac and Co. (FICO) scores for Mortgages purchased and uses them as one of the sampling criteria for postpurchase quality control reviews, and uses FICO scores and the accompanying reason codes as part of its postpurchase quality control reviews. With the exception of those situations in which a minimum Indicator Score is required, Freddie Mac will not use FICO scores as the sole determination of whether a Mortgage is acceptable. Rather, Freddie Mac will use them in conjunction with other Mortgage file documentation to determine whether the Borrower has an acceptable credit reputation. If the Seller delivers and documents an Indicator Score in accordance with the provisions of Section 37.5(f), Freddie Mac will use the Seller-delivered score.

(c) Reviewing Accept Mortgages and A-minus Mortgages

For Accept Mortgages and A-minus Mortgages, the Borrower will be considered creditworthy and no further assessment of Borrower creditworthiness will be made in the postfunding review if:

- The Seller has submitted to Loan Prospector® all required information and has complied with the terms applicable to Accept Mortgages and A-minus Mortgages in this Guide.
- The information submitted is true, complete and accurate.
- The Seller has paid any applicable delivery fees.

(d) Documentation in the Mortgage file

The Mortgage file must include the credit, income, employment and asset documentation used by the Seller to make the Mortgage underwriting decision and in

accordance with the documentation checklist sent with the file request. All documentation in the Mortgage file sent to Freddie Mac will be reviewed and used when completing the post purchase quality control review, even if Seller includes documentation in the Mortgage file that is not required.

(e) Reviewing Manually Underwritten Mortgages

For Manually Underwritten Mortgages, the Seller/Servicer is responsible for the accuracy and authenticity of all documentation in the Mortgage file.

(f) Mortgage file submission requirements

Freddie Mac will notify a Seller/Servicer in writing to submit the designated Mortgage files to Freddie Mac. The Seller/Servicer must send the files to the Freddie Mac address contained in the letter requesting the Mortgage files, along with source documentation for any Indicator Score delivered to Freddie Mac on Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher. Freddie Mac must receive the requested Mortgage files within 15 days from the date of the letter requesting the Mortgage files.

The file for each Mortgage selected for quality control review must contain legible photocopies of the applicable documents listed in Sections 46.2 through 46.25 and any other documentation requested by Freddie Mac, with one exception. The photographs attached to the copy of the appraisal report must be originals. All documents must be secured to the top right side of a legal-sized manila folder and arranged in the order of documents specified in Sections 46.2 through 46.25, with the first item on top.

An offer by the Seller/Servicer to repurchase the Mortgage will not exempt the Seller/Servicer from submitting the file for Freddie Mac's review. Failure to promptly submit a file selected for quality control review may result in suspension of selling and/or Servicing privileges or disqualification as a Freddie Mac Seller and/or Servicer.

(g) Notification of quality control findings

Upon completion of the quality control review, the Seller/Servicer will be notified in writing of only those Mortgages that were found deficient. At its sole discretion, Freddie Mac will require repurchase of each deficient Mortgage. In addition, Freddie Mac also may require the Seller/Servicer to indemnify Freddie Mac and hold it harmless for any loss, damage or expense (including court costs or reasonable attorney fees) that Freddie Mac may incur as the mortgagee of record of such Mortgage.

In addition to other available remedies, Freddie Mac may require repurchase and/or indemnification whenever:

1. The Seller/Servicer has failed to submit Mortgage documentation within the allotted time
2. The Seller/Servicer has not complied with any requirement, term or condition of the Purchase Documents
3. The Seller/Servicer has delivered a Mortgage not of investment quality
4. The Seller/Servicer has breached warranties or representations in the Purchase Documents
5. The Seller/Servicer has been unable to supply satisfactory evidence of compliance with the Purchase Documents
6. The Seller has improperly underwritten and/or documented a Mortgage at the time of origination
7. The Borrower or any other party in the Mortgage transaction has made false representations in conjunction with such transaction, whether or not the Seller/Servicer was a party to, or had knowledge of, such false representations

The Seller/Servicer must take the required remedial action within 30 days from the date of the request issued by Freddie Mac or within such other time frame as specified by Freddie Mac. Any appeal of Freddie Mac's repurchase request must be made in accordance with the requirements of Section 72.6.

Freddie Mac's decision to require remedial action shall be conclusive. Failure to take prescribed action within the required time may result in suspension of selling and/or Servicing privileges or disqualification as a Freddie Mac Seller and/or Servicer. Suspension or disqualification of the Seller/Servicer shall not limit Freddie Mac's right to take other action to enforce its rights or protect its interests.

46.1.1: Credit enhancer postfunding review (12/19/07)

Freddie Mac may elect to obtain a credit enhancement on some or all of the Mortgages it purchases, either concurrently with or subsequent to the purchase of the Mortgages. In such event, Seller, as Servicer of the Mortgages, or any transferee Servicer, may receive an electronic request from Freddie Mac to provide the credit enhancer with Mortgage files or other Mortgage information or documentation ("Mortgage information") related to the credit-enhanced Mortgages for review.

Freddie Mac's request to Seller or transferee Servicer, as applicable, will identify the credit enhancer requesting the Mortgage information, authorize the release of the specific Mortgage information, and provide the name and contact information for the individual at the credit enhancer to whom the Mortgage information should be directed. Seller or any transferee Servicer, as applicable, must provide the Mortgage information no later than:

- 30 days after receipt of the request, or

- The agreed-upon written deadline as negotiated between the credit enhancer and the Seller or transferee Servicer, as applicable.

With respect to each request for Mortgage information:

- Seller or transferee Servicer, as applicable, will not be entitled to receive notice of any action taken by the credit enhancer, and

- If Seller or transferee Servicer, as applicable, fails to cooperate with the credit enhancer and such failure jeopardizes Freddie Mac's ability to maintain the credit enhancement, Freddie Mac may exercise any or all of its rights and remedies under the Seller's Purchase Documents or, as applicable, the transferee Servicer's Purchase Documents.

Requests for Mortgage information by a credit enhancer do not in any way modify, mitigate or nullify any of Freddie Mac's rights under the Purchase Documents, including, but not limited to, the right to conduct a quality control review of the Mortgages at any time in the future and to issue remedies for Mortgages Freddie Mac determines are ineligible. As provided in Guide Section 6.6, Seller's representations and warranties are not affected by any investigation by the credit enhancer or by any subsequent investigation made by, or on behalf of, Freddie Mac.

46.2: Note (02/26/10)

A legible copy of the entire Note, complete with addenda, as applicable, and showing all endorsements must be maintained in the file together with any related modification or assumption/release of the liability instrument. The final endorsement from the Seller, as required in Section 16.4, need not appear on the copy of the Note included in the Mortgage file submitted to Freddie Mac for postfunding quality control review.

For Mortgages secured by property in New York State that are documented using a New York Consolidation, Modification and Extension Agreement (NY CEMA), the Mortgage file must contain:

- A legible copy of the Consolidated Note showing all endorsements
- Unless Original Notes are required by this section, legible copies of the Original Old Money Note and, if applicable, Original New Money (Gap) Note

For Mortgages secured by property located in New York State that are documented using a NY CEMA Form 3172,1/01 or Form 3172, 1/01 (rev. 5/01), the Mortgage file must contain the following documents in addition to a legible copy of the current Consolidated Note:

- If the most recent prior Mortgage was originated as a consolidated Mortgage using NY CEMA Form 3172, 1/01 or Form 3172, 1/01 (rev. 5/01):

- The NY CEMA with all exhibits attached from the prior consolidation, the original Consolidated Note from the prior Consolidation
- The Original Old Money Note
- The Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank

- If the most recent prior Mortgage was originated as a consolidated Mortgage using the NY CEMA Form 3172 7/86:
  - The NY CEMA with all exhibits attached from the prior consolidation
  - The Original Old Money Note
  - The Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank
- If the most recent prior Mortgage was not originated using a NY CEMA Form 3172, 1/01, Form 3172, 1/01 (rev. 5/01), or Form 3172 7/86 (that is, the most recent prior Mortgage was not a consolidated Mortgage):
  - The Original Old Money Note
  - The Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank

46.3: Modifying instrument or assumption of indebtedness agreement (06/22/07)

If the Mortgage has been modified or converted from an adjustable-rate Mortgage (ARM) to a f ixed-rate Mortgage or if the ownership of the Mortgaged Premises has been transferred in any way, the Seller must submit legible copies of the modification or conversion agreement or the ownership transfer instrument and assumption of indebtedness agreement in the quality control file. The Seller need not submit a copy of any modifying instrument that by its terms ceases to be effective upon purchase of the Mortgage by Freddie Mac.

For Construction Conversion Mortgages and Renovation Mortgages, Seller must submit a legible copy of the Construction Conversion Modification Agreement in the quality control file.

If the Mortgaged Premises are currently owned by anyone other than the original Borrowers, the Mortgage application, credit report and employment and income verifications must be for the current Borrowers. A certification of the terms of sale of the

Mortgaged Premises (for example, a copy of the purchase agreement signed by the Seller and purchaser) must also be included.

46.4: Underwriting summary (04/08/01)

A completed Form 1077, Uniform Underwriting and Transmittal Summary, must be included in the Mortgage file. For any Mortgage underwritten with credit scores, Form 1077 or another document in the Mortgage file should include the credit score selected for each Borrower and the process used to select the score.

46.5: Title insurance (06/17/08)

Unless the final title insurance policy is issued at settlement, the Mortgage file must contain a title insurance binder or commitment until the final policy is issued. The preliminary binder must be issued by the same company that issues the final policy. The final policy, once issued, must be maintained in the Mortgage file. The title policy must include all endorsements required by Section 39.2(d).

46.6: Residential loan application (10/06/06)

Form 65, Uniform Residential Loan Application, must meet the requirements of Section 37.8. A copy of the initial application must be included in the Mortgage file. If a final application was prepared, a copy of the final application should also be included. Any written explanation of discrepancies between the information on the application and the information in the credit, income and assets verifications must also be in the Mortgage file.

For 2- to 4-unit properties, a completed Form 998, Operating Income Statement, must accompany the application.

46.7: Credit documentation (04/08/01)

A credit report meeting the requirements of Section 37.10 must be included in the file. If credit scores were obtained for underwriting, they should be included in the Mortgage file. If an indicator score was delivered on Form 11 or Form 13SF, source documentation must be retained in the Mortgage file.

46.8: Verification of employment and income (04/08/01)

Documentation of employment and income verification is required. Such verification must have been made in accordance with Sections 37.21 and 37.22, as applicable.

46.9: Underwriting explanation (04/08/01)

For any Mortgage in which either the total monthly housing expense-to-income ratio or the monthly debt payment-to-income ratio guideline is exceeded, a written explanation fully supporting the Seller's underwriting decision is required.

46.10: Appraisal, inspection and Property Inspection Alternative (PIA) (10/09/09)

The appraisal inspection and PIA must meet Freddie Mac requirements.

46.11: Completion report (10/09/09)

When the appraisal is made subject to conditions, the Seller must document that the conditions have been fulfilled. See Section 44.14 for documentation requirements that must be retained in the file.

If both an appraisal and a completion report are required, see Section 44.7.

46.12: Leasehold Mortgages (10/09/09)

If the Mortgaged Premises are on a leasehold estate, a Form 461, Ground Lease Analysis, and a copy of the lease with recordation information are required.

When there are identical leases or subleases for units in tracts, subdivisions, Condominium Projects or Planned Unit Developments, multiple copies of the lease are not required but a Form 461 is required with the Mortgage secured by a unit in the development which is first offered for sale. For leasehold Mortgages subsequently arising from resale or refinance of units in such developments, Form 461 for each leasehold Mortgage delivered is required.

46.13: Buydown plans and property seller contributions (02/07/02)

For Mortgages with a buydown plan or property seller contributions, evidence of the total amount of the buydown funds and property seller contributions and the calculation of the principal and interest payment are required.

46.14: Mortgage insurance certificate (12/15/06)

If the Mortgage requires mortgage insurance, a copy of the mortgage insurance certificate issued by a Freddie Mac-approved mortgage insurer is required.

If mortgage insurance was obtained through Loan Prospector, the Feedback Certificate may be used in lieu of the mortgage insurance certificate. The Feedback Certificate must reference the Key Number and Transaction Number and must provide complete Mortgage information including the application type (standard or delegated).

46.15: Mortgage payment history (02/07/02)

A payment history is required from the Origination Date of the Mortgage sold to Freddie Mac. This Mortgage payment history must:

- Demonstrate no Delinquencies of 30 days or more
- Be understandable without code translation

46.16: Verification of source of funds (02/07/02)

Evidence of verification of all sources of cash or other equity or assets used for downpayment, prepaid items, closing costs, financing costs and reserves is required. Verification must be in accordance with Section 37.20.

46.17: Verification of previous Mortgage/rental payment history (02/07/02)

Evidence of verification of Mortgage payment history and/or rental payment history for the 12-month period prior to Mortgage application is required.

46.18: Sales contract (02/07/02)

For purchase Mortgages, a copy of the sales contract is required.

46.19: Closing statements (02/07/02)

The final HUD-1 form or other Mortgage closing statements signed by all parties to the transaction and evidencing all costs to homebuyer and home seller are required.

46.20: Documentation of flood zone determination (06/22/07)

The flood zone determination must be documented as required in Section 58.3.

46.21: Evidence of flood insurance (08/10/05)

Final evidence of flood insurance must meet the requirements of Section 58.7.

If final evidence of flood insurance is not available at the time of the quality control review, one of the following documents is acceptable:

- Completed and executed NFIP Flood Insurance Application PLUS a copy of the Borrower's premium check or agent's paid receipt

OR

- Completed and executed NFIP Flood Insurance Application PLUS the final HUD-1 form reflecting the flood insurance premium collected at closing

OR

- Completed and executed NFIP General Change Endorsement Form showing the assignment of the current flood insurance policy by the property seller to the Borrower

OR

- Agent-executed NFIP Certification of Proof of Purchase of Flood Insurance

If the flood insurer is not the NFIP, the insurer's equivalent of the applicable NFIP form is acceptable.

If the flood zone determination documentation shows the insurable improvements are in a Special Flood Hazard Area (SFHA) but flood insurance was waived, the Mortgage file must include the documentation which served as the basis for the waiver, specifically, a FEMA Letter of Map Amendment (LOMA), a FEMA Letter of Map Revision (LOMR)

or a FEMA Letter of Determination Review (LODR). This documentation must be in the Mortgage file for each Mortgage delivered with Special Characteristic Code 185 ("in SFHA without flood insurance") on Freddie Mac Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher.

46.22: Other documentation (10/01/09)

The Seller/Servicer agrees to maintain and submit:

- The most recent Loan Prospector Feedback Certificate and responses, including Risk Class results and underwriting requirements
- All documents necessary to evidence compliance with all applicable anti-predatory lending laws and regulations, including, for example, any required reasonable tangible net benefit analysis, borrower disclosures or disclosures relating to affiliated business or service providers
- All other documents requested by Freddie Mac

All submitted documents must be legible. Freddie Mac may require that the requested documents be delivered to Freddie Mac, an agent of Freddie Mac, or to a Document Custodian.

46.23: Manufactured Homes (10/09/09)

For a Manufactured Home, documentation evidencing that the Manufactured Home is legally classified as real property, the Manufactured Home is properly titled and the lien on the Manufactured Home is properly created, evidenced and perfected is required in the Mortgage file.

If the Manufactured Home was installed on or after October 28, 2008, the file must contain evidence that the Manufactured Home was installed in compliance with the HUD Codes. See Chapter H33 for documentation requirements for Mortgages secured by Manufactured Homes.

46.24: Truth-in-Lending Statement (11/27/03)

The Seller agrees to include a copy of the final Truth-in-Lending Statement in the Mortgage file for each Mortgage.

46.25: Concurrent Subordinate Financing (02/20/08)

For each Mortgage that is originated with a concurrent subordinate Mortgage, regardless of the outstanding balance, the Seller must also include in the Mortgage file a copy of the following documentation on the subordinate lien:

- Note
- Subordinate Security Instrument
- The final Truth-in-Lending Statement
- The Good Faith Estimate
- Copy of HUD-1 Settlement Statement or closing statement
- For HELOCs, the HELOC agreement that indicates all fees and costs paid by the Borrower at closing, and the maximum permitted credit advance

Chapter 47: Mortgage File Contents

47.1: Mortgage file (12/16/02)

The Seller or its transferee must maintain the Mortgage file in accordance with Chapter 52. The file must contain all applicable documents listed in Chapter 46 and in this chapter.

47.2: Security Instrument (01/02/04)

The file must contain the original Security Instrument, complete with recordation notation. Where recorders may keep the originals, a copy certified by the recorder will suffice. In jurisdictions where applicable law or common practice requires the original Security Instrument to obtain a release, the Seller or Servicer agrees to maintain a certified copy of the original Security Instrument complete with recordation notation.

If the Mortgage is secured by a Manufactured Home, see Section H33.7(c), paragraph 3.

47.2.1: New York Consolidation, Extension and Modification Agreements (01/01/04)

For Mortgages secured by property in New York State that are documented using a New York Consolidation, Modification and Extension Agreement (NY CEMA), the Mortgage file must contain the following:

- A legible copy of the face and back of the Consolidated Note showing all endorsements
- Unless Original Notes are required by Section 46.2, legible copies of the face and back of Original Old Money Note and, if applicable, Original New Money (Gap) Notes
- Original NY CEMA, complete with recordation notation. Where recorders may keep the originals, a copy certified by the recorder will suffice.

For Mortgages secured by property in New York State that are documented using a NY CEMA Form 3172,1/01 or Form 3172, 1/01 (rev. 5/01), the Mortgage file must contain the following additional documents:

- If the most recent prior Mortgage was originated as a consolidated Mortgage using NY CEMA Form 3172, 1/01 or Form 3172, 1/01 (rev. 5/01), the NY CEMA with all exhibits attached from the prior consolidation, the original Consolidated Note from the prior Consolidation, the Original Old Money Note, and the Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if

applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank.

- If the most recent prior Mortgage was originated as a consolidated Mortgage using the NY CEMA Form 3172 7/86, the Original Old Money Note, the NY CEMA with all exhibits attached from the prior Consolidation, the Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank.
- If the most recent prior Mortgage was not originated using a NY CEMA Form 3172, 1/01, Form 3172, 1/01 (rev. 5/01), or Form 3172 7/86 (that is, the most recent prior Mortgage was not a consolidated Mortgage), the Original Old Money Note, and the Original New Money (Gap) Note if new funds were advanced to the Borrower at the time of the current consolidation-the Original Old Money Note and Original New Money (Gap) Note, if applicable, must each be an original Note, with live signatures by the Borrower, endorsed in blank.

47.3: Assignment instrument (10/01/09)

The Intervening Assignments must be sent to and held by the Document Custodian, unless the Mortgage is registered with Mortgage Electronic Registration Systems (MERS) and the Seller/Servicer has elected to retain all assignments for MERS-registered Mortgages in the Mortgage files. The Seller/Servicer must supply its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments in the Mortgage files.

See Section 22.14 for additional information.

47.4: Power of attorney (12/16/02)

If the Note was executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under a power of attorney, the copy of the power of attorney must be attached to the copy of the Note kept in the file. Refer to Section 16.5 f or documentation delivery requirements for powers of attorney.

47.5: Plat of survey (12/16/02)

The file must contain a plat of survey, if required by Section 39.2(e).

47.6: Property insurance policies (12/16/02)

The file must contain property insurance policies, properly endorsed, or suitable evidence of insurance as described in Section 58.7, unless the Seller or Servicer carries Mortgage impairment insurance instead of maintaining possession of property insurance policies.

47.7: Assurance of water supply (04/06/01)

If the Mortgaged Premises are dependent for assurance of an adequate supply of water on a water or irrigation company that supplies water only to its shareholders, the file must contain a stock certificate, duly endorsed to Freddie Mac, entitling the property owner to an adequate supply of water.

47.8: Mortgage insurance policy (04/06/01)

If the Mortgage is required to be insured, the file must contain the Mortgage insurance policy or proof of insurance.

47.9: Leasehold estate (04/06/01)

Documents affecting the leasehold estate, if any, securing the indebtedness must be included in the file. This includes an original executed or certified copy of the lease containing the recordation location and, if applicable, a copy of the nondisturbance agreement executed by the fee simple lienholder containing recordation location.

47.10: Legal opinion of certification of warranties (03/01/08)

This section has been deleted.

47.11: Other documents (04/06/01)

The Seller or Servicer must retain all other documents constituting the file and other documents requested by Freddie Mac or commonly maintained in files of private institutional Mortgage investors or servicers.

For each Mortgage covering an individual condominium or Planned Unit Development (PUD) unit, the Seller or Servicer agrees to retain additional documentation required by

Freddie Mac, e.g., the declaration of condominium, bylaws and regulations, etc. The Seller agrees to deliver the documentation at its own expense to Freddie Mac when requested. The documentation pertaining to a project in general need not be maintained in the individual unit's Mortgage file.

Chapter 48: Seller's In-House Quality Control Program

48.1: Seller's quality control program (03/20/00)

A Seller must operate a quality control program for Home Mortgages that is acceptable to Freddie Mac. Organizations with a commitment to quality control recognize that quality begins before an application is taken and continues throughout all business functions.

The purpose of a quality control program is to monitor and evaluate the integrity of the origination process and to provide feedback to the organization about its originations This feedback is used to adjust and improve production processes.

Effective quality control programs are designed to monitor and evaluate the specific characteristics of a Seller's organization, and reflect:

1. The size and structure of the organization
2. The experience and expertise of the staff
3. The geographic areas of operation
4. The branch structure
5. The volume and types of Mortgages originated
6. The origination sources used (for example, from Mortgage Brokers or Correspondents or via the Internet)
7. Any significant changes in the product lines, origination sources or production process
8. Controls in place to ensure that internal policies and procedures are followed

Although no one specific quality control program can meet the needs of all Sellers, there are certain characteristics found in all effective quality control programs. A Seller's quality control program must:

1. Be in writing
2. Provide for standard operating procedures for all employees who will be involved with or affected by the quality control process
3. Operate independently of the Mortgage origination and underwriting departments
4. Be capable of evaluating and monitoring the overall quality of Mortgage production on a regular and timely basis
5. Include procedures to ensure that sample selection, Mortgage file reviews and the reporting of findings to senior management are conducted on a timely basis

A Seller may use any combination of preclosing or postclosing quality control reviews based on its specific operations and needs.

Freddie Mac's *Discover Gold Through Quality* includes best business practices for designing, administering and documenting an effective quality control program. Sellers may find this publication to be a useful on-line resource in fulfilling Freddie Mac's requirements, as stated in this chapter, for their in-house quality control programs. Sellers can access *Discover Gold Through Quality* or any of its three components — Quality Control Best Practices, Wholesale Originations Best Practices and Fraud Prevention Best Practices — on Freddie Mac's web site at **http://www.freddiemac.com/dgtq**.

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3. The geographic areas of operation
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5. The volume and types of Mortgages originated
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10. Include procedures to ensure that sample selection, Mortgage file reviews and the reporting of findings to senior management are conducted on a timely basis

A Seller may use any combination of preclosing or postclosing quality control reviews based on its specific operations and needs.

A Seller must also comply with the requirements of Section 7.2(c) relating to fraud prevention and detection in its quality control program, as well as other applicable requirements of Chapter 7 relating to fraud prevention, detection and reporting.

Freddie Mac's *Discover Gold Through Quality* includes best business practices for designing, administering and documenting an effective quality control program. Sellers may find this publication to be a useful on-line resource in fulfilling Freddie Mac's requirements, as stated in this chapter, for their in-house quality control programs. Sellers can access *Discover Gold Through Quality* or any of its three components – Quality Control Best Practices, Wholesale Originations Best Practices and Fraud Prevention Best Practices – on Freddie Mac's web site at **http://www.freddiemac.com/dgtq**.

48.2: Use of third-party quality control services (03/20/00)

A Seller may use third-party quality control services for all or part of its quality control program. A Seller using third-party quality control services must:

- Ensure that the services performed by third-party quality control services comply with Freddie Mac's requirements
- Monitor and evaluate the performance of third-party quality control services on a regular basis

A Seller must review third-party quality control findings and take the same corrective actions as it would with respect to quality control findings made by its own staff.

48.3: Transfers of servicing (03/20/00)

A Seller's quality control program must include policies and procedures addressing Transfers of Servicing.

When Servicing is transferred, the Seller must:

- Retain copies of the file documents to complete the quality control reviews, or
- Make arrangements with the new Servicer to assist in the quality control reviews

Records of completed quality control reviews must be provided to the new Servicer.

48.4: Sample selection (01/02/04)

Loan Prospector® Mortgages must make up a representative portion of the Seller's quality control sample.

Except as provided under the last paragraph of this section, a Seller must

- Select for quality control review at least 10 percent of one of the following production populations:
  - Total annual Home Mortgage production, or
  - Total annual secondary market Home Mortgage production, or
  - Total annual Freddie Mac Home Mortgage production

  However, any Mortgages excluded from the Seller's quality control sample selection process, as set forth in the remaining provisions of this section, are not eligible for sale to Freddie Mac.

- Schedule its sampling procedures so that every Home Mortgage within the selected population has a chance of being selected for review within 90 days of the Note Date
- Warrant that over the course of each 12-month period, the selected samples are representative of the full scope of the Seller's product line and production process
- Assign to quality control personnel the authority to conduct additional reviews at their discretion

The "full scope" of a Seller's product line and origination process includes

- Home Mortgages from all product lines
- Home Mortgages from all States of operation
- Home Mortgages from each branch office
- Home Mortgages from each third-party involved in the origination process
- Home Mortgages with high-risk characteristics (for example, high loan-to-value (LTV) ratios, adjustable-rate Mortgages, 3-4 unit properties, Manufactured Homes, cash-out refinance Mortgages, Investment Property Mortgages, Mortgages requiring a cautious review of the Borrower's credit reputation and Caution Mortgages)

A Seller with a total annual production volume in excess of 5,000 Home Mortgages may substitute a statistically based sampling method for the 10 percent requirement.

48.5: Reverifications made by Seller (04/01/10)

A Seller must make certain reverifications on Loan Prospector® and Non-Loan Prospector Mortgages selected for quality control review. The purposes of the reverification process include:

- Evaluating the validity and quality of the information used in the original underwriting decision
- Protecting a Seller against fraud and misrepresentation

Sellers should begin reverifying the information listed in this section as soon as possible after the sample selection to facilitate the Mortgage file review. Reverifications may be in written or verbal form.

Any verbal reverifications of employment, income and source of funds must be documented in writing. The written documentation must:

1. Identify the name of the quality control reviewer who made the contact
2. Identify the name of the employer
3. Identify the name and title of the individual contacted at the employer
4. Show the date of contact
5. Confirm that the information in the original verification was accurate or identify any inaccuracy

All reverification documentation must be retained in the Mortgage file.

(a) Verifications of employment and income

Original documentation verifying employment and income may include:

1. Verification of employment and income forms
2. Paystubs
3. Salary vouchers
4. W-2 forms
5. Tax returns
6. Financial statements
7. Compensation award letters
8. Other documentation verifying income

The Seller must reverify all verifications of employment and income used in the original underwriting process based on the required minimum documentation. Copies of the original verifications should be sent to the issuers with a request that they confirm the accuracy of the documentation.

For Loan Prospector Mortgages, the Seller must use the rules for stated and calculated income. The employment or income information that required verification must be reverified by the Seller.

A Seller must obtain the Internal Revenue Service (IRS) income information using Form 4506-T (or an alternate form acceptable to the IRS that collects comparable information) for each Mortgage selected for quality control review. The IRS form does not need to be sent again to the IRS if an original response was received during the origination process. (It is important to note that IRS Forms 8821, 4506 and 4506-T expire 60 days from the date the Borrower signs them.)

(b) Verification of sources of funds

Original documentation verifying sources of funds for down payment, closing costs and prepaid items may include:

1. Verification of deposit forms
2. Depository account statements
3. Stock or security account statements
4. Gift funds
5. A signed settlement statement or other evidence of conveyance and transfer of funds if a sale of assets was involved

The Seller must reverify all verifications of sources of funds used in the original underwriting process. Copies of the original verifications should be sent to the issuers with a request that they confirm the accuracy of the documentation.

(c) Credit reports

For Loan Prospector Mortgages, the Seller is not required to obtain a new credit report. However, any credit information obtained from sources other than Loan Prospector must be reviewed.

For one out of every 10 Non-Loan Prospector Mortgages selected for quality control review, a Seller must obtain either a new Residential Mortgage Credit Report or a three-repository merged in-file credit report.

For the remaining Non-Loan Prospector Mortgages in a Seller’s quality control sample, a Seller must obtain new in-file credit reports containing information from one or more of the national repositories.

The new credit report should be ordered from a source other than the original reporting agency. The new credit report must be compared with the credit report used when the Mortgage was originated.

For Loan Prospector Accept Mortgages and A-minus Mortgages, the Seller is not required to review the Loan Prospector-provided credit reports to determine that the credit report was properly underwritten, or that it is in compliance with credit underwriting guidelines, except as noted below:

- For Accept and A-minus Mortgages, the Seller must verify that the Loan Prospector-provided credit reports are for the correct Borrower
- For A-minus Mortgages, the Seller must review the Loan Prospector-provided credit reports to determine compliance with Sections C33.3 and 37.11(c)

For Manually Underwritten Mortgages, a Seller must re-underwrite the credit and continue to review the Mortgage file documents in accordance with Section 48.7 to determine that the Mortgage was underwritten to Freddie Mac's requirements.

(d) Verification of owner-occupancy

For all Mortgages secured by 3-4 unit Primary Residences that are selected for quality control review, Freddie Mac requires verifying that the Borrower is occupying at least one unit of the Mortgaged Premises as a Primary Residence.

(e) Appraisal, inspection and the Property Inspection Alternative (PIA)

Original documentation for Loan Prospector Mortgages may include:

1. Freddie Mac Form 70
2. Freddie Mac Form 70B
3. Freddie Mac Form 72
4. Freddie Mac Form 465
5. Freddie Mac Form 466
6. Freddie Mac Form 2055
7. Home Value Models: A print out of the Last Feedback Certificate with a Minimum Assessment Feedback of Form 2070 or PIA, and may include Freddie Mac Form 2070 or Fannie Mae Form 2075

Sellers may select from the following options:

- Option 1 — Of every 10 Mortgages selected for quality control review, one must be a field review and the remaining nine Mortgages may be desk reviews
- Option 2 — Of every 10 Mortgages selected for a quality control review, three must be a field review. No desk reviews are necessary for the other seven Mortgages

If the Mortgage was originated using the Home Value Models: Property Inspection Alternative, the Seller is not required to order an appraisal or a review appraisal. However, the Seller is required to determine:

- The Mortgage met all the eligibility requirements of Sections 44.9 and 44.10
- The subject property address and all other information entered into Loan Prospector are true, complete and accurate
- The property address used by Freddie Mac and returned on the Loan Prospector Feedback Certificate is the address of the Mortgaged Premises
- The Mortgage met all the eligibility requirements for PIA
- The Last Feedback Certificate returned a Minimum Assessment Feedback of Form 2070 or PIA, and is dated no more than 120 days before the Note Date
- The Mortgage was not a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home*

* Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

If the Mortgage was originated using Home Value Models: Form 2070, the Seller is not required to order an appraisal or a review appraisal. However, the Seller is required to determine:

- The Mortgage met all the eligibility requirements of Sections 44.9 and 44.10
- The subject property address and all other information entered into Loan Prospector are true, complete and accurate
- The property address used by Freddie Mac and returned on the Loan Prospector Feedback Certificate is the address of the Mortgaged Premises
- The Mortgage met all the eligibility requirements for Form 2070 or 2075
- The Last Feedback Certificate returned a Minimum Assessment Feedback of Form 2070 or PIA, and is dated no more than 120 days before the Note Date
- Form 2070 or 2075 did not require an upgrade to an appraisal
- The Mortgage was not a Seasoned Mortgage or a Seasoned Mortgage for a Newly Constructed Home*

* Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

For purposes of performing field reviews, the following quality control requirements apply:

1. If the Mortgage is secured by a 1-unit property and was originated using an appraisal report, the Seller must obtain a field review with the results reported on a field review report, such as a Freddie Mac Form 1032, One-Unit Residential Appraisal Field Review Report.
2. If the Mortgage is secured by a 2- to 4-unit property, the Seller must obtain a field review with the results reported on a field review report, such as Freddie Mac Form 1072, Two- to Four-Unit Residential Appraisal Field Review Report.

When the field review consists of a review of an appraisal report, the appraisal review must:

- Be prepared by a qualified appraiser (as described in Section 44.2) not affiliated with the original appraiser or appraisal firm
- Either concur with, or provide a different opinion regarding, the value and marketability of the Mortgaged Premises as of the effective date of the original appraisal and not as of the date of the appraisal review
- Be used to evaluate the quality of the original appraisal report
- Include an exterior review of the subject property and comparables
- Include a review of the accuracy of the factual data in the original appraisal report

When a desk review of the original appraisal or inspection report is required for the remaining Mortgages in the Seller's quality control sample, the reviewer need not be an appraiser. However, the reviewer should be familiar with the subject's market area and be qualified to:

- Address the appropriateness of the data presented in the report
- Address the appropriateness of the comparable sales (as applicable)
- Conclude that the appraiser's rationale for the final reconciliation of value was supported (as applicable)

48.6: Data integrity review (04/25/06)

A Seller's quality control review procedures for all Mortgages must include a review of the completeness and accuracy of the information obtained in the Mortgage origination process.

The data integrity review of the information must include a process for checking data fields entered in Loan Prospector® and ensuring that all data submitted is valid. In order to assist in this process, the quality control reviewer must have access to documentation which lists the required codes and formats for all data fields.

A Seller must perform a data integrity review on all Mortgages sampled to ensure that the loan data is accurate and consistent. Source documentation to be reviewed includes:

1. Mortgage applications
2. Employment and income verifications
3. Source of funds verifications
4. Sales contracts
5. Tax returns
6. Credit data
7. Asset documentation
8. Appraisal and inspection reports
9. Mortgage delivery data, including the Key Number when applicable

If a Seller determines that the Key Number for a Loan Prospector Mortgage is missing or is inaccurate, the Seller must notify Freddie Mac **(see Directory 2)** in writing within 30 days of the finding.

A Seller must also check the information provided to Loan Prospector, including the:

1. Borrower's name
2. Property address
3. Property type
4. Terms of the transaction (including financing)
5. Capacity of the Borrower to repay the Mortgage

48.7: Documentation review (04/08/01)

For all Mortgages included in the quality control sample, a Seller must review:

- The existence and accuracy of documentation required by applicable law
- Compliance with the eligibility and underwriting requirements and guidelines of the Seller, the Mortgage insurer and Freddie Mac, as applicable
- Compliance with the Seller's warranties regarding Freddie Mac's Exclusionary List
- The settlement statement and related documentation to determine that all conditions of closing have been satisfied

A Seller must also include the following documents in its quality control review for comparison with the reverifications received:

1. Form 65, Uniform Residential Loan Application
2. Credit documentation
3. Employment and income documentation
4. Sources of funds documentation
5. Appraisal or inspection documentation
6. Sales contract
7. Form 1077, Uniform Underwriting and Transmittal Summary

A Seller must include the following applicable closing documents in its quality control review to ensure that the information is accurate, complete and consistent with other documents in the Mortgage file:

1. Notes and riders
2. Security Instruments and assignments
3. Mortgage insurance certificate or policy or Mortgage guaranty certificate
4. Modification or assumption agreement
5. Title binder or final title insurance policy (both if available) or other evidence of title
6. Plat or survey
7. Settlement statements (HUD-1 or other form)
8. Leasehold estate documents
9. Hazard insurance policy or certificate
10. Flood insurance policy or certificate or flood zone determination documents
11. Underwriter's approval and any conditions of closing
12. Closing instructions

48.8: Documenting reviews (04/08/01)

A Seller must:

- Maintain complete records for each Mortgage file selected for quality control review
- Document and explain discrepancies or inconsistencies found in the Mortgage file that affect the eligibility of the Mortgage based on the requirements of the Seller, the Mortgage insurer or Freddie Mac

48.9: Reporting requirements (04/25/06)

A Seller's quality control program must provide that all quality control activities be fully documented in writing and reviewed by management on a regular basis.

The results of quality control reviews must be reported in writing to the Seller's senior management within 90 days of selection of the Mortgage files for review. The Seller must thoroughly analyze findings affecting the acceptability or eligibility of Mortgages and initiate any necessary corrective actions.

A Seller must notify Freddie Mac **(see Directory 2)** in writing within 30 days of the Seller's determination that a quality control finding affects the eligibility of a Mortgage sold to Freddie Mac. Freddie Mac reserves the right to increase the sampling or to impose other requirements on a case by case basis.

48.9: Reporting requirements (01/01/11)

A Seller's quality control program must provide that all quality control activities be fully documented in writing and reviewed by management on a regular basis.

The results of quality control reviews must be reported in writing to the Seller's senior management within 90 days of selection of the Mortgage files for review. The Seller must thoroughly analyze findings affecting the acceptability or eligibility of Mortgages and initiate any necessary corrective actions.

A Seller must notify Freddie Mac **(see Directory 2)** in writing within 30 days of the Seller's determination that a quality control finding affects the eligibility of a Mortgage sold to Freddie Mac, except that findings related to fraud or possible fraud must be reported in accordance with Section 7.3. Freddie Mac reserves the right to increase the sampling or to impose other requirements on a case-by-case basis.

48.10: Retention of Seller's quality control records (04/08/01)

For at least three years from the date of the quality control review, a Seller must retain all records of its quality control findings, along with documentation of any corrective action taken. These records must be made available to Freddie Mac upon request and must be included in the information provided to the new Servicer if a Transfer of Servicing occurs.

Chapter 49: Reserved

{Chapter 49 is reserved.}

Chapter 50: Introduction

50.1: Overview (10/06/06)

The *Single-Family Seller/Servicer Guide* consists of two volumes containing Freddie Mac's requirements for Mortgages secured by 1- to 4-unit properties.

Freddie Mac's requirements for Multifamily Mortgages are set forth in the Freddie Mac *Multifamily Seller/Servicer Guide*. The *Multifamily Seller/Servicer Guide* and related forms are available electronically over the Internet. If you are a Program Plus® lender or an approved Freddie Mac Multifamily Servicer, you can access the electronic version of the *Multifamily Seller/Servicer Guide* on AllRegs® through the MultiSuite® on the Internet application.

If you are not a Program Plus lender or a Freddie Mac Multifamily Servicer and you would like a subscription to the electronic version of the Multifamily Guide, you can contact AllRegs at **http://www.allregs.com**.

50.2: Legal effect of the *Single-Family Seller/Servicer Guide* (10/20/08)

(a) Status as a contract

The *Single-Family Seller/Servicer Guide* (Guide) is one of the Purchase Documents. Purchase Documents, as defined in the Glossary of the Guide, are incorporated by reference into, and constitute a part of, each Purchase Contract. A Seller agrees to sell Mortgages in accordance with the terms of each Purchase Contract entered into between the Seller and Freddie Mac.

A Seller must service all Mortgages that the Seller has sold to Freddie Mac and has assented to service for Freddie Mac in accordance with the standards set forth in the Seller's Purchase Documents. All of a Seller's obligations to service Mortgages for Freddie Mac shall be considered to constitute, and shall be performed pursuant to, a unitary, indivisible master Servicing contract, and the Servicing obligations assumed pursuant to any contract to sell Mortgages to Freddie Mac shall be deemed to be merged into, and shall be performed pursuant to, such unitary, indivisible master Servicing contract.

A Seller acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller pursuant to any individual Purchase Contract is based upon the Seller's agreement that the Mortgages purchased will be serviced by the Seller pursuant to the unitary, indivisible master Servicing contract. The Seller agrees that any failure to service any Mortgage in accordance with the terms of the unitary, indivisible master Servicing contract, or any breach of any of the Seller's obligations under any aspect

of the unitary, indivisible master Servicing contract, shall be deemed to constitute a breach of the entire contract and shall entitle Freddie Mac to terminate the contract.

If a Servicer who services Mortgages for Freddie Mac is not also the Seller of the Mortgages to Freddie Mac, the Servicer must agree to service Mortgages for Freddie Mac by separate agreement, which incorporates the Purchase Documents. In such case, the separate agreement shall be deemed to be one of the "Purchase Documents" that constitute the unitary, indivisible master Servicing contract.

In addition, in certain cases, a Seller and/or Servicer who uses certain Freddie Mac services will, by virtue of the provisions of the Guide, be deemed to have agreed upon certain terms and conditions related to such services and their use.

The Guide may not be amended or modified orally, and no provision of the Guide may be waived or amended except in a writing signed by the necessary parties. Such written waiver or amendment must expressly refer to the Guide and be denominated as an amendment to the Guide. However, the Guide may be amended or supplemented generally from time to time by the issuance of revised pages by Freddie Mac or by other written communications from Freddie Mac.

Whether and how an amendment to Volume 1 applies to a Purchase Contract depends on the nature and terms of both the contract and the amendment. An amendment to Volume 1 is effective on the date specified by Freddie Mac if the amendment modifies the processes or functions involved in Freddie Mac's purchase, and a Seller's sale, of Mortgages, including, but not limited to, changes in MIDANET® and MIDANET software or changes in procedures for or methods of delivery of information and/or documents. See Section A1.4 for information regarding applicability of amendments to Guide chapters providing terms for the sale of Mortgages to Freddie Mac using the Freddie Mac Selling System (Selling System). See Section A1.5 for information regarding applicability of amendments, modifications, revisions, changes and/or updates made to the Selling System by Freddie Mac.

All other amendments apply as follows:

- To any mandatory delivery Purchase Contract having a Date of Seller's Offer on or after the effective date of the amendment
- To any Cash Purchase Contract or Guarantor conversion that is under a mandatory delivery master commitment dated on or after the effective date of the amendment
- For optional delivery Purchase Contracts (excluding optional delivery Purchase Contracts under mandatory delivery master commitments) and Guarantor conversions under an optional delivery master commitment, to any delivery made on or after the effective date of the amendment

- An amendment to Volume 2 of this Guide, which constitutes part of the unitary, indivisible master Servicing contract between Freddie Mac and each Seller/Servicer or Servicer, is effective on the date specified by Freddie Mac.

The effective date of each section of the Guide is located at the beginning of each section, to the right of the section number and name.

(b) Copyright

The Guide (including related supplements, bulletins and industry letters) is copyrighted. Limited permission to photocopy the Guide is granted to Seller/Servicers strictly for their own use in originating and selling Mortgages to, and in Servicing Mortgages for, Freddie Mac. No part of the Guide may be reproduced for any other reason (in any form or by any means) without the express written permission of Freddie Mac. Requests for such permission to reproduce the Guide must be sent to Freddie Mac **(see Directory 1)**.

Requests will be reviewed and answered by Freddie Mac in the ordinary course of business.

Freddie Mac reserves the right to revoke permission to reproduce the Guide upon 60 days' notice to any and all Sellers and Servicers. Under no circumstances will Freddie Mac permit the Guide to be reproduced by any electronic or mechanical means, including, but not limited to, reproduction in, or as a component of, any information storage and retrieval system.

(c) Reliance

By entering into a Purchase Contract or into the unitary, indivisible master Servicing contract with Freddie Mac, the Seller or Servicer acknowledges that it is not relying upon Freddie Mac or any employee, agent or representative thereof, in making its decision to enter into the contract and that it has relied upon the advice and counsel of its own employees, agents and representatives as to the regulatory, business, corporate, tax, accounting and other consequences of entering into and performing its obligations under a Purchase Contract or the unitary, indivisible master Servicing contract.

(d) Assignments; security interests

A Seller or Servicer shall not, in whole or in part, assign or transfer, or grant a security interest in, any of its obligations, rights or interest under any Purchase Contract or under the unitary, indivisible master Servicing contract, including any of its rights or obligations under this Guide or any of the Purchase Documents, without Freddie Mac's prior written consent. Any purported or attempted assignment or transfer of, or grant of a security interest in, any such obligations, rights or interest is prohibited and shall be null and void.

Notwithstanding the provisions of the immediately preceding paragraph, Freddie Mac may consent to a Servicer's grant to one or more third parties of a security interest under the Uniform Commercial Code in the conditional, nondelegable contract right of the Servicer to service Home Mortgages for Freddie Mac pursuant to the terms of the unitary, indivisible master Servicing contract ("Freddie Mac Servicing rights"). Freddie Mac will indicate its consent only by executing an Acknowledgment Agreement, which must also be executed by a Servicer and the third party to whom the Servicer grants a security interest. A Servicer may write to Freddie Mac **(see Directory 1)** for a copy of the Acknowledgment Agreement and instructions for completing and executing it.

A Servicer's grant to a third party of a security interest in the Servicer's Freddie Mac Servicing rights, as more specifically defined in the Acknowledgment Agreement, may be made only for a purpose specified in the instructions for the Acknowledgment Agreement. Any purported or attempted grant of a security interest in any other rights or interest of the Servicer under the Guide or any of the Purchase Documents, or for the purpose of securing any other type of obligation, is prohibited and shall be null and void. In addition, a Servicer's purported or attempted grant to a third party of a security interest in the Servicer's Freddie Mac Servicing rights without the Servicer and the third party also having executed the Acknowledgment Agreement is prohibited and shall be null and void.

Freddie Mac has the right to sell, assign, convey, hypothecate, pledge or in any way transfer, in whole or in part, its interest under the Purchase Documents with respect to any Mortgage it purchases.

(e) Severability

If any provision of this Guide shall be held invalid, the legality and enforceability of all remaining provisions shall not in any way be affected or impaired thereby, and this Guide shall be interpreted as if such invalid provision were not contained herein.

(f) Construction of Guide

This Guide shall not be construed against Freddie Mac as being the drafter hereof.

(g) Entire agreement

This Guide, including the exhibits attached to the Guide and all Purchase Documents incorporated by reference in the Guide, constitutes the entire understanding between Freddie Mac and the Seller or Servicer and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether oral or written, with respect to the transactions contemplated by the Guide.

(h) Governing law

This Guide shall be construed, and the rights and obligations of Freddie Mac and the Seller or Servicer hereunder determined, in accordance with the laws of the United States. Insofar as there may be no applicable precedent and insofar as to do so would not frustrate any provision of this Guide or the transactions governed thereby, the laws of the State of New York shall be deemed reflective of the laws of the United States.

50.3: Organization of the *Single-Family Seller/Servicer Guide* (04/25/06)

(a) Outline

Volume 1 may be outlined briefly as follows:

1. An area for filing Freddie Mac bulletins
2. An introduction
3. General Freddie Mac policies
4. Seller/Servicer requirements and warranties and Freddie Mac's policy for disqualification and suspension of a Seller/Servicer
5. Mortgage purchase programs and commitment procedures
6. Delivery requirements
7. General Mortgage eligibility requirements
8. Special Mortgage eligibility requirements
9. Credit underwriting requirements
10. Property eligibility requirements
11. Quality control and Mortgage file content requirements

Volume 2 may be outlined briefly as follows:

1. An introduction
2. General Freddie Mac policies relating to Servicing
3. Requirements for Servicing performing Mortgages
4. Requirements for Servicing nonperforming Mortgages
5. Requirements for Real Estate Owned (REO)
6. Freddie Mac remedies
7. Accounting and investor reporting requirements

Other information found at the back of each volume includes:

- Appendixes with exhibits and forms referenced in the respective volume of the Guide
- A Glossary of defined terms used in the Guide
- A directory of Freddie Mac departments referenced in the Guide

(b) Chapter and section numbering scheme

The Guide is divided into chapters and sections. Each chapter is identified by a number. For each section number, the digit or digits to the left of the decimal point identify the chapter; and the digit or digits to the right of the decimal point identify the section within that chapter. For example, Section 12.4 is the fourth section of Chapter 12.

Sections added as changes to the Guide (except those at the end of a chapter) receive an additional decimal point and number. For example, two sections added between Sections 12.4 and 12.5 would be numbered 12.4.1 and 12.4.2. These designations do not imply subordination.

New chapters between existing chapters receive a letter designator. For example, two chapters added between Chapters 12 and 13 would be numbered A12 and B12. The sections in those chapters would be numbered A12.1, A12.2, etc. These designations do not imply subordination.

Freddie Mac may substitute new chapters for existing chapters. Deleted chapters are identified in the table of contents. Deleted sections are identified on the applicable pages.

(c) Defined terms

Initial capitalization of words denotes terms in the text that are defined in the Glossary of this Guide.

(d) Design features

Design features have been incorporated into the Guide to help the reader find information. These design features include:

1. The directory containing the addresses, telephone numbers and facsimile transmission (fax) numbers of the Freddie Mac departments referenced in this Guide
2. Directory numbers listed in bold in the Guide text immediately following the words *Freddie Mac, Department* or *to us*. The directory numbers in the Guide match the numbers in the upper outside corners of the directory.
3. Change bars (vertical bars in the margins) to indicate new, revised or deleted text

(e) Exhibit numbering scheme

Exhibits are numbered consecutively.

(f) Headings

There are three levels of headings in the Guide: chapter titles, section heads and subheads. Chapters and sections are numbered as discussed in Section 50.3(b). Subheads, labeled with letters, divide a section.

50.3.1: Acknowledgment and consent to electronic transactions (08/20/09)

(a) Electronic transactions conducted with Freddie Mac

The terms and conditions applicable to electronic transactions conducted with Freddie Mac are set forth in Section 1.3 of the Guide.

(b) Electronic transactions conducted between Servicer and Borrower

In lieu of having a Borrower prepare, sign and return by mail a paper Form 1126, Borrower Financial Information; Form 1126SP, Forma Financiera Del Prestatario; explanation letter; stipulation agreement; partial reinstatement agreement; short-term and long-term forbearance agreement and other forms and documents the Borrower provides to the Servicer in connection with consideration for a workout option required in Chapters 65, A65 and B65 (such documents referred to as "loss mitigation documents"), the Servicer may either:

- Mail, fax or electronically transmit copies of the loss mitigation documents (excluding letters a Borrower must provide) to a Borrower or permit a Borrower to copy, print or download a copy of the loss mitigation documents via a secure Servicer-provided Internet web site and permit the Borrower to complete, sign and fax copies (or e-mail copies) of the signed loss mitigation documents to the Servicer (Note: Under some State laws, an individual may not be required to transmit his/her Social Security number over an unsecured electronic channel), or
- Give the Borrower a secure means of access through which a Borrower may prepare and electronically sign loss mitigation documents (including letters a Borrower must provide) and submit them to Servicer.

For purposes of this section, a loan modification agreement is not a loss mitigation document and may not be faxed or electronically transmitted by the Borrower to the Servicer. The Servicer may transmit a loan modification agreement electronically to the Borrower, but the Borrower must print, sign and return an original paper loan modification agreement to the Servicer.

In the event the Servicer permits Borrowers to provide any of the loss mitigation documents as Electronic Records, the Servicer:

- May create an electronic substitute for the Form 1126/Form 1126SP and any other required forms, provided that the information requested is the same information requested on the Form 1126 and the other required forms
- Must comply with all applicable requirements in the Guide and other Purchase Documents, including, but not limited to, Section 1.3 of the Guide
- Must consult with its legal counsel to determine that the Servicer's use of fax and/or electronic copies of loss mitigation documents, complies with the requirements of E-Sign and/or the Uniform Electronic Transaction Act (UETA), as enacted in the jurisdiction in which the property securing each Mortgage is located, as applicable, and all other applicable laws
- Must use security measures, processes and procedures that protect the confidentiality and privacy of the Borrowers' personal and financial information in accordance with all applicable laws, including, without limitation, the Gramm-Leach-Bliley Act and its implementing regulations
- Must securely store and maintain all such Electronic Records for the same period of time as required by the Guide and other applicable Purchase Documents for paper forms and other loss mitigation documents
- Represents and warrants to Freddie Mac that the loss mitigation documents prepared, signed and submitted by a Borrower electronically are authentic and enforceable against the Borrower
- Must provide Borrowers with fax numbers, e-mail addresses, web site addresses and/or other electronic destinations specifically dedicated to the secure receipt and, if applicable, storage of such Electronic Records

The Servicer acknowledges and agrees that Freddie Mac's above consent to the Servicer's engaging in electronic transactions with Borrowers is limited to electronic transactions and communications between the Servicer and Borrowers in connection with the preparation, execution and submission of loss mitigation documents. The Servicer must continue to provide loss mitigation documents and information to Freddie Mac in the manner required by the Guide and other Purchase Documents. The Servicer may not permit Borrowers to submit any loss mitigation documents directly to Freddie Mac electronically without its express written consent.

Servicers must obtain a Borrower's express consent in accordance with E-Sign before permitting a Borrower to use Electronic Records and Electronic Signatures in connection with the execution and/or delivery of any loss mitigation documents, communications or other servicing documents. In addition, Servicers must continue to provide and accept all loss mitigation documents on paper for Borrowers who choose not to use Electronic Records and Electronic Signatures. Under no circumstances may a Borrower be required to use Electronic Records and Electronic Signatures.

50.4: Headings and design features (10/03/03)

Headings and design features are written for convenience of reference only and do not constitute a part of this Purchase Document.

50.4.1: Writing style (01/02/97)

The pronouns listed below are used in this Guide and are defined as follows:

- "We," "us" or "our" refers to Freddie Mac
- "You" or "your" refers to the Seller/Servicer or an employee of the Seller/Servicer

The defined term Mortgaged Premises is referred to as "property."

50.5: Number and gender (01/02/97)

In this Guide, unless the context otherwise requires:

- Words in the singular number include the plural, and words in the plural include the singular
- Words of the masculine gender include the feminine and the neuter, and words of the feminine gender include the masculine and the neuter (When the sense so indicates, words of the neuter gender may refer to either gender.)

50.6: Identification of forms (01/02/97)

Forms that are referenced in the Guide are Freddie Mac forms unless otherwise indicated.

Chapter 51: General Freddie Mac Policies

51.1: Servicers' general responsibilities (10/20/08)

In addition to the Seller/Servicer requirements and warranties set forth in Volume 1 of this Guide, Servicers must comply with the Freddie Mac requirements stated in this volume.

The Servicer is responsible to act in the most timely, efficient and responsible manner to protect Freddie Mac's interests. Freddie Mac expects the Servicer's facilities and practices to be sufficient to safeguard Freddie Mac's interests and expects the Servicer to provide proper accounting and prompt response to the needs of both Freddie Mac and the Borrower.

If a disaster has affected or interrupted the Servicer's operations, the Servicer must notify Freddie Mac within 24 hours of the disaster, by calling (800) FREDDIE.

See Exhibit 52, Federal Disaster Assistance, for more information.

To assist you with Servicing activities, we make a number of tools available through our web site at **http://www.freddiemac.com/singlefamily/service/tools.html**. These tools are accessible using a secure User ID and password that you may request on the web site. See Exhibit 88, Servicing Tools, for a list of available Servicing tools.

By virtue of Servicer's use of the Servicing tools, Servicer agrees to be bound by and comply with the Guide, including without limitation, Section 1.3 of the Guide, the requirements of any applicable user guides, any applicable user agreements (e.g. Workout Prospector User Agreement), the terms and conditions applicable to accessing and using Freddie Mac's web site, FreddieMac.com, and all other applicable requirements in Servicer's Purchase Documents.

51.2: Servicer agreements (01/02/04)

In addition to general warranty statements elsewhere in this Guide, the Servicer agrees that, in Servicing Mortgages and Real Estate Owned (REO) for Freddie Mac, the Servicer will

- Comply with the Purchase Documents and any instruction, request or requirement issued by Freddie Mac
- Abide by Freddie Mac's decision with respect to any of the Mortgages or REO, regardless of the Servicer's Percentage of Participation in the Mortgage or REO

- Hold Freddie Mac harmless for any loss the Servicer may suffer from any decision made by Freddie Mac with respect to any of the Mortgages or REO, regardless of the Servicer's Percentage of Participation in the Mortgage or REO
- Reimburse Freddie Mac for any expenses (including court costs and reasonable attorney fees) incurred by Freddie Mac, at its sole discretion, in remedying or curing any failure of the Servicer to service a Mortgage or REO in accordance with the requirements of the Purchase Documents
- Reimburse Freddie Mac for any costs incurred by Freddie Mac as a result of a Servicer's delays in meeting the foreclosure or bankruptcy timelines when the delay results from any failure of a Seller/Servicer to originate a Mortgage or service a Mortgage or REO in accordance with the requirements of the Purchase Documents; such costs to be determined in Freddie Mac's sole discretion.

51.3: Servicing facilities and duties (09/15/10)

(a) Freddie Mac Exclusionary List

The Servicer represents and warrants that no individual or entity on the Exclusionary List will play a role in any Servicing functions relating to a Mortgage or Real Estate Owned (REO). The Servicer acknowledges that this prohibition includes both the Servicer's own employees and any third parties to whom Servicing functions regarding Freddie Mac Mortgages or REOs are outsourced or assigned, including, without limitation:

- Parties who report, remit or process Mortgage payments, or who manage Custodial Accounts or perform custodial fund accounting
- Participants in any loss mitigation activities (e.g., forbearance plans, loan modifications, assumptions, foreclosures, deeds-in-lieu or short payoffs of the Mortgage), such as appraisers or other valuation providers, real estate brokers and agents, closing or settlement agents, Borrowers and Borrower counselors
- Participants in short sales, such as appraisers or other valuation providers, short sale buyers, real estate brokers and agents, short sale facilitators, closing or settlement agents, Borrowers and Borrower counselors

Furthermore, the Servicer warrants that it will maintain sufficient controls to meet these warranty obligations.

In accordance with Section 2.24(g), Servicers must contact Freddie Mac to request a written waiver prior to entering into any transaction that would otherwise violate the Servicer's representation and warranty set forth above.

(b) Adequate facilities and staff; required Servicing duties

The Servicer warrants that it will maintain adequate facilities and experienced staff and will take all actions necessary to ensure that the Mortgages and REO in which

Freddie Mac has an interest are serviced in accordance with the Purchase Documents including this Guide as amended or supplemented from time to time, any applicable law, any applicable FHA/VA/RHS/MI regulation or requirement and any instructions issued by Freddie Mac. The Servicer also warrants that it has a business continuity plan in place to ensure its ongoing ability to conduct business operations and maintain or restore Freddie Mac Mortgage files and records in the event of a disaster or other interruption to business operations and processes.

The Servicer agrees that its duties include, but are not limited to, the payment, or verification of the Borrower's payment, of all property insurance premiums, mortgage insurance premiums, ground rents, taxes, homeowners association dues and assessments, local government and public utility assessments, charges, fines and impositions attributable to the property or to the Mortgage. The Servicer also agrees that it will represent and defend Freddie Mac's interest in the applicable Mortgage(s) or REO to the same extent it would represent and defend its own interest.

(c) Limited power of attorney

The Servicer agrees to accept a limited power of attorney from Freddie Mac empowering the Servicer to perform all duties of the mortgagee in canceling the Note and Security Instrument upon satisfaction of the Borrower's debt. In its discretion, Freddie Mac may give and the Servicer agrees to accept a power of attorney that grants broader powers to the Servicer. The Servicer must comply with all local recording requirements and is solely responsible for any recording fee assessed by the applicable authority. Freddie Mac may require that the Servicer identify to Freddie Mac all jurisdictions where Freddie Mac's power of attorney has been recorded.

(d) Servicing Texas Equity Section 50(a)(6) Mortgages

The Servicer must have in place adequate procedures to receive and timely respond to Borrower inquiries, claims of defects, and other complaints (whether or not the Borrower specifically references Article XVI Section 50(a)(6) of the Texas Constitution) received in connection with a Texas Equity Section 50(a)(6) Mortgage. In addition, if the Servicer receives a Borrower notification of the lender's failure to comply, or otherwise discovers that the lender has failed to comply, with the provisions of Article XVI of the Texas Constitution with respect to a Texas Equity Section 50(a)(6) Mortgage, it must notify Freddie Mac (via Form 105, Multipurpose Loan Servicing Transmittal) pursuant to the requirements in Chapter 67, of the notification or discovery and provide Freddie Mac with a copy of the notification and/or related information. The Servicer must cure all curable defects in accordance with the provisions of Section 50(a)(6) of Article XVI of the Texas Constitution within the time period specified in Section 50(a)(6).

51.3: Servicing facilities and duties (01/01/11)

(a) Freddie Mac Exclusionary List

The Servicer represents and warrants that no individual or entity on the Exclusionary List will play a role in any Servicing functions relating to a Mortgage or Real Estate Owned (REO). The Servicer acknowledges that this prohibition includes both the Servicer's own employees and any third parties to whom Servicing functions regarding Freddie Mac Mortgages or REOs are outsourced or assigned, including, without limitation:

- Parties who report, remit or process Mortgage payments, or who manage Custodial Accounts or perform custodial fund accounting
- Participants in any loss mitigation activities (e.g., forbearance plans, loan modifications, assumptions, foreclosures, deeds-in-lieu or short payoffs of the Mortgage), such as appraisers or other valuation providers, real estate brokers and agents, closing or settlement agents, Borrowers and Borrower counselors
- Participants in short sales, such as appraisers or other valuation providers, short sale buyers, real estate brokers and agents, short sale facilitators, closing or settlement agents, Borrowers and Borrower counselors

Furthermore, the Servicer warrants that it will maintain sufficient controls to meet these warranty obligations.

In accordance with Section 2.24(g), Servicers must contact Freddie Mac to request a written waiver prior to entering into any transaction that would otherwise violate the Servicer's representation and warranty set forth above.

(b) Adequate facilities and staff; required Servicing duties

The Servicer warrants that it will maintain adequate facilities and experienced staff and will take all actions necessary to ensure that the Mortgages and REO in which Freddie Mac has an interest are serviced in accordance with the Purchase Documents including this Guide as amended or supplemented from time to time, any applicable law, any applicable FHA/VA/RHS/MI regulation or requirement and any instructions issued by Freddie Mac. The Servicer also warrants that it has a business continuity plan in place to ensure its ongoing ability to conduct business operations and maintain or restore Freddie Mac Mortgage files and records in the event of a disaster or other interruption to business operations and processes.

The Servicer agrees that its duties include, but are not limited to, the payment, or verification of the Borrower's payment, of all property insurance premiums, mortgage insurance premiums, ground rents, taxes, homeowners association dues and assessments, local government and public utility assessments, charges, fines and impositions attributable to the property or to the Mortgage. The Servicer also agrees

that it will represent and defend Freddie Mac's interest in the applicable Mortgage(s) or REO to the same extent it would represent and defend its own interest.

(c) Limited power of attorney

The Servicer agrees to accept a limited power of attorney from Freddie Mac empowering the Servicer to perform all duties of the mortgagee in canceling the Note and Security Instrument upon satisfaction of the Borrower's debt. In its discretion, Freddie Mac may give and the Servicer agrees to accept a power of attorney that grants broader powers to the Servicer. The Servicer must comply with all local recording requirements and is solely responsible for any recording fee assessed by the applicable authority. Freddie Mac may require that the Servicer identify to Freddie Mac all jurisdictions where Freddie Mac's power of attorney has been recorded.

(d) Servicing Texas Equity Section 50(a)(6) Mortgages

The Servicer must have in place adequate procedures to receive and timely respond to Borrower inquiries, claims of defects, and other complaints (whether or not the Borrower specifically references Article XVI Section 50(a)(6) of the Texas Constitution) received in connection with a Texas Equity Section 50(a)(6) Mortgage. In addition, if the Servicer receives a Borrower notification of the lender's failure to comply, or otherwise discovers that the lender has failed to comply, with the provisions of Article XVI of the Texas Constitution with respect to a Texas Equity Section 50(a)(6) Mortgage, it must notify Freddie Mac (via Form 105, Multipurpose Loan Servicing Transmittal) pursuant to the requirements in Chapter 67, of the notification or discovery and provide Freddie Mac with a copy of the notification and/or related information. The Servicer must cure all curable defects in accordance with the provisions of Section 50(a)(6) of Article XVI of the Texas Constitution within the time period specified in Section 50(a)(6).

(e) Fraud prevention, detection and reporting

The Servicer must have specific fraud prevention, detection and reporting practices and procedures in place in all areas of Servicing, including but not limited to, quality control reviews and loss mitigation. The Servicer must take the following minimum steps:

- Comply with Sections 2.24 and 51.3(a) regarding screening through Freddie Mac's Exclusionary List
- Ensure that information indicating possible fraud that is received from any source in connection with Servicing functions relating to a Mortgage or REO, including, but not limited to, any loss mitigation activities or transactions, such as forbearance plans, loan modifications, foreclosures, deeds-in-lieu or short payoffs of the Mortgage, or short sales of the underlying property is escalated internally, properly investigated and reported to Freddie Mac

- Investigate unusual patterns or discrepancies or other red flags, such as first- and early- payment defaults
- Comply with all other provisions of the Guide relating to fraud prevention, detection and reporting

It is also important for Servicers to know the parties with whom they do business. Servicers must:

- Approve, evaluate and monitor appraisers and any third party to whom Servicing functions relating to a Mortgage or REO are outsourced or assigned, including, but not limited to, any loss mitigation activities or transactions such as foreclosures, deeds-in-lieu or short payoffs of the Mortgage or short sales of the underlying property

See Servicer's other responsibilities relating to fraud prevention, detection and reporting in Chapter 7 of the Guide. Also, see *Discover Gold Through Quality, Fraud Prevention Best Practices*, which includes best business practices for fraud prevention. Servicers can access *Discover Gold Through Quality*, *Fraud Prevention Best Practices*, on Freddie Mac's web site at **http://www.freddiemac.com/dgtq**.

51.4: Servicer and Servicing Agents (12/18/08)

(a) Servicer's and Servicing Agent's responsibilities

The Servicer must service Mortgages purchased by Freddie Mac in accordance with the requirements of applicable law and the Purchase Documents. FHA, VA and Section 502 GRH Mortgages and Mortgages covered by mortgage insurance must be serviced in accordance with the Servicing requirements of the Purchase Documents and the applicable FHA, VA, RHS or Mortgage insurer (MI) requirements. To the extent that those requirements may conflict with the Purchase Documents, the FHA, VA, RHS or MI requirements, as applicable, will control.

A Seller that is not also a Servicer must transfer Servicing to a Servicer in accordance with the requirements of Chapter 56. The Servicer may request approval to transfer Servicing to another Servicer or designate another Servicer as its Servicing Agent.

Notwithstanding Freddie Mac's written approval of a Servicing Agent, in accordance with the provisions of Section 51.4(b), and notwithstanding the actual performance by the Servicing Agent of the Servicer's Servicing responsibilities, the Servicer shall continue to be responsible and liable to Freddie Mac for all Servicing requirements and all representations and warranties, in accordance with the terms of the Purchase Documents. Freddie Mac shall be entitled to look solely to the Servicer for fulfillment of all Servicing requirements and all representations and warranties set forth in the Purchase Documents.

If Freddie Mac suspends or disqualifies the Servicer as an approved Freddie Mac Seller/Servicer or terminates Servicing with respect to the Servicer, then, notwithstanding any provision in any contract entered into by and between the Servicer and an approved Servicing Agent with respect to the Servicing of Mortgages for Freddie Mac, any such contract shall, without notice, demand or other action, immediately terminate and be of no further force and effect. Immediately following any such occurrence and upon request by Freddie Mac, the Servicer and the Servicing Agent shall execute and transfer all such documents and do all such acts as Freddie Mac, at its sole discretion, may request as being necessary or advisable to facilitate the transfer of Servicing to another Servicer designated by Freddie Mac. In such event, Freddie Mac, at its sole discretion, may contract separately with the Servicing Agent for the Servicing of the Mortgages which the Servicer was previously responsible for Servicing, and the Servicing Agent will assume the obligation to service such Mortgages in accordance with the terms of the Purchase Documents.

Notwithstanding any provision to the contrary in any contract between the Servicer and an approved Servicing Agent, in the event of the suspension or disqualification of the Servicing Agent as a Freddie Mac Servicer, then any such contract shall, without notice, demand or other action, immediately terminate and be of no further force and effect. Immediately following any such suspension or disqualification, the Servicer and the Servicing Agent (as may be appropriate) shall execute and transfer all such documents and do all such acts as the Servicer may deem necessary or advisable to facilitate a transfer of the Servicing obligations of the Mortgages back to the Servicer.

The Servicer shall, and hereby agrees to, indemnify Freddie Mac from and against any losses, damages, claims or expenses (including court costs and reasonable attorney fees) incurred by Freddie Mac as a direct or indirect consequence of the Servicing Agent's bankruptcy, insolvency, or failure to comply with any of the requirements of the Purchase Documents.

(b) Approval

Before delivery of the first Purchase Contract under which Mortgages will be serviced by a Servicing Agent, the Servicer must obtain Freddie Mac's written approval of the Servicing Agent. To request approval, the Servicer must submit an executed Form 479A, Single-Family Servicing Agent Certification, to Freddie Mac **(see Directory 3)**. Freddie Mac reserves the right to disallow use or rescind authorization of any Servicing Agent that it has determined does not service Mortgages according to Freddie Mac standards.

(c) Review of Servicing Agent

Before submitting the executed Form 479A, the Servicer must carefully review the procedures and methods of operation of the proposed Servicing Agent for compliance with Freddie Mac's requirements. By submitting a Form 479A and proposing to use a particular Servicing Agent, the Servicer shall be deemed to warrant to Freddie Mac

that the Servicer has carefully reviewed the Servicing Agent's procedures and methods of operation for compliance with Freddie Mac's requirements and has determined that the Servicing Agent has demonstrated the ability to service Mortgages in accordance with such requirements by having satisfactorily serviced for a reasonable period of time an existing portfolio of Mortgages of the same types as the Mortgages to be serviced for Freddie Mac.

(d) Data processing

Freddie Mac does not consider the use of data processing services furnished by persons other than the Servicer to constitute the use of a Servicing Agent. In addition, the use of such services does not require Freddie Mac's approval. The Servicer must ensure that the provider of such data and transaction processing services has a business continuity plan in place to maintain or restore data on Mortgages serviced for Freddie Mac in the event of a disaster or other interruption of business operations and processes.

The use of data processing services does not relieve the Servicer of any of its responsibilities to Freddie Mac under the Purchase Documents.

51.5: Borrower inquiries (06/06/03)

If a Borrower inquires about the ownership of his or her Mortgage and Freddie Mac owns the Mortgage, the Servicer must inform the Borrower that Freddie Mac owns the Mortgage once the Borrower's identity is verified. If the Servicer is unable, in a telephone conversation, to verify that it is the Borrower who is requesting the information, the Borrower must request the information in writing. If requested, the Servicer must also provide the Borrower with Freddie Mac's address, telephone number and the Freddie Mac loan number associated with the Borrower's Mortgage, and the Servicer must explain to the Borrower that it services the Mortgage for Freddie Mac.

If the Servicer provides the Borrower with the required information in a telephone conversation, it must provide the same information to the Borrower in writing.

The Freddie Mac address and telephone number that the Servicer must provide to the Borrower are:

FREDDIE MAC
8200 JONES BRANCH DRIVE
MCLEAN, VA 22102
(800) FREDDIE

A Servicer must respond promptly to a Borrower's inquiry and provide the Borrower with accurate information about the Borrower's Mortgage, including whether or not the Mortgage is assumable. If a Mortgage is assumable, the Servicer must disclose and

explain the terms of assumption approval to the Borrower. (See Sections 53.3 and 56.11 through 56.13 for additional Servicing obligations relating to Borrower inquiries.)

51.6: Acceptable Mortgage accounting (05/01/96)

Accounting by Servicers must be done in compliance with the requirements set forth in this Guide, as it is amended or supplemented from time to time. Servicers should be familiar with and able to comply with the requirements of these documents.

51.7: Changes to the Mortgaged Premises (04/25/06)

(a) Processing requests for partial releases and granting of easements

A Servicer may receive a request to release part of the Mortgaged Premises or a request to approve the granting of an easement on a portion of the Mortgaged Premises. A partial release may be initiated at the Borrower's request or as a result of some other action such as a condemnation or a taking of the property by eminent domain. Except as noted below, you must obtain an appraisal report with an interior and exterior inspection that meets the requirements of Chapter 44 when considering such requests in order to determine the value of the Mortgaged Premises immediately before the release and the estimated value after the release.

You may approve a request to release a portion of the Mortgaged Premises or to grant an easement provided the following conditions are met:

1. The Borrower's monthly Mortgage payment is current at the time of the request, and there is no change in the expectation that the Borrower can continue to make the monthly payment
2. You have received written approval of the FHA, VA, RHS or MI and all superior lien-holders, if applicable

3. Either of the situations and the corresponding actions in the chart below are met:

Situation	Action
If • The current loan-to-value (LTV) of the Mortgage based on the value obtained at origination (as described in Section 23.1) is less than 60%, and	Then • An appraisal is not required • The Borrower is not required to apply the consideration received for the release or easement to reduce the unpaid principal

• The consideration the Borrower receives for the release or easement is not greater than 5% of the original value, and • The transaction is arm's-length	balance (UPB) of the Mortgage
If • The current LTV of the Mortgage based on original value is equal to or greater than 60%, or • The consideration the Borrower receives for the release or easement is greater than 5% of the original value or no consideration is received	Then • You must order a new appraisal with interior and exterior inspection that provides current and estimated after release values, and • The UPB of the Mortgage must be reduced in an amount sufficient to maintain the same LTV ratio, as determined by the appraisal immediately before the release or easement is granted. However, if the estimated value after the release is less than 60% LTV, the Borrower is not required to reduce the UPB of the Mortgage.

Notwithstanding the above, the Servicer may require that any consideration received by the Borrower for the released land or easement be applied to the UPB of the Mortgage, if the Servicer determines that the intended use of the released land or easement would adversely affect the value or use of the remaining Mortgaged Premises. Upon release, the Servicer must ensure that all applicable tax authorities are notified for adjustment of applicable assessments. The Servicer is responsible for ensuring that the title of the Mortgaged Premises after the release remains a valid First Lien as required in Section 22.3 and the title insurance meets the requirements of Chapter 39 after the release or easement has been granted.

If any of the above conditions are not met, you must submit the request to us **(see Directory 5)** via the Form 105, Multipurpose Loan Servicing Transmittal Form, together with the following documentation:

- A copy of the written request from the Borrower or governmental agency requesting the release or easement
- A copy of a current appraisal with an interior and exterior inspection ordered by the Servicer showing the value of the Mortgaged Premises immediately before the release, and an estimated value of the remaining Mortgaged Premises after the release
- Verification that the Borrower is current on their monthly Mortgage payments
- A copy of the FHA, VA, RHS or MI approval, if applicable
- A copy of the new plat or survey showing the proposed release or easement

- A copy of the recorded Security Instrument including the legal description
- Any other documentation related to the request

(b) Additional requirements for easements

In addition to the requirements noted in Section 51.7(a), you must ensure that any special requirements for the granting of an easement as specified in the Security Instrument are met.

(c) Additional requirements for condemnation/eminent domain

In addition to the requirements noted in Section 51.7(a), the following conditions must be met in the case of a condemnation or a taking of the property by eminent domain:

1. You must ensure that any special requirements for a condemnation or the taking of a property by eminent domain as specified in the Security Instrument are met
2. You must submit a Form 105, together with the documentation specified in Section 51.7(a) (number 3) and any other applicable documentation, to Freddie Mac **(see Directory 5)** if:

   - The Mortgaged Premises will be taken in whole and the consideration to be paid to the Borrower will be insufficient to satisfy the unpaid principal balance (UPB) of the Mortgage

   or

   - The Mortgaged Premises will be taken in part and
     - The value of the property being taken is greater than the consideration being paid to the Borrower and
     - The loan-to-value (LTV) ratio does not meet the conditions specified in Section 51.7(a) for release without any consideration

Freddie Mac will review the request and provide you with instructions on how to proceed.

(d) Conversions of the Mortgaged Premises

The Mortgaged Premises may not be converted from a 1- to 4-unit property to a condominium or cooperative, and any such conversion shall be treated as a transfer of the Mortgaged Premises under Section 60.1. In addition, no individual units of a 2- to 4-unit property may be separately released from the Mortgaged Premises.

51.8: Modification; release (04/06/01)

The Servicer must not modify, waive, or release any term of any Note or Security Instrument, accept any prepayment, or consent to any postponement of performance by

any Borrower of any obligation under a Note or Security Instrument, except as authorized by the Purchase Documents.

For leasehold Mortgages, the Servicer must not approve or consent to (i) any partition, subdivision or modification of the ground lease community and the leasehold estate; (ii) any surrender, abandonment or termination of the leasehold estate or the ground lease community, (iii) the termination or cancellation of the lease and any amendments to the lease that affect the rights of the leasehold mortgagee, without the written approval of Freddie Mac.

51.9: Audits and access to Mortgage records (04/01/08)

Freddie Mac may at any time conduct an audit of the Mortgages for purposes of verifying the Servicer's compliance with the terms and conditions of the Purchase Documents. Mortgages to be audited will be selected by Freddie Mac. The Servicer must submit to Freddie Mac all files relating to the Mortgages. The files must contain, at a minimum, all documents required by the Purchase Documents. The audit rights contained in this Section 51.9 in no way limit Freddie Mac's rights or remedies as otherwise provided in the Purchase Documents.

In addition, the Servicer agrees that at any reasonable time, as requested by Freddie Mac, it will disclose to or permit Freddie Mac to have access to or to examine, or will deliver to Freddie Mac copies of, any and all records, documents, files, information and data, including any of the same maintained in the Mortgage file or in any database or in any data processing, storage, or retrieval system (all such records, documents, files, information and data hereinafter referred to as "Mortgage records"), pertaining to any Mortgage serviced by the Servicer for Freddie Mac. The Servicer also agrees to take any of the foregoing actions with respect to any and all other records, documents, files, information and data maintained or held by the Servicer which Freddie Mac considers necessary to determine or assess the correctness and completeness of the Mortgage records pertaining to any Mortgage serviced by the Servicer for Freddie Mac or to assure that the Servicer is complying with the requirements of the Purchase Documents. Freddie Mac's request may be made by either spoken or written communication.

The Servicer agrees that it shall cause each and every Servicing Agent, service bureau, or any other person which shall, at any time, process, maintain or store any Mortgage records for and on behalf of the Servicer, to consent in writing, to permit Freddie Mac, as requested by Freddie Mac, to have access to, or to have disclosed to it, or to have copies of, any and all of such Mortgage records, pertaining to any Mortgage serviced by the Servicer for Freddie Mac, and any and all other records, documents, files, information and data maintained or held by such other person which Freddie Mac considers necessary to determine or assess the correctness and completeness of the Mortgage records

pertaining to any Mortgage serviced by the Servicers for Freddie Mac or to assure that the Servicer is complying with the requirements of the Purchase Documents.

The Seller/Servicer also agrees to allow Freddie Mac to conduct monitoring from time to time in order to confirm that the Seller or the Servicer is satisfying its obligations under the Guide to safeguard Borrower nonpublic personal information pertaining to Mortgages purchased by Freddie Mac.

51.10: Notification concerning Principals (09/15/10)

This section has been deleted.

51.11: Servicer performance measurements (10/20/08)

(a) Servicer Performance Profile and Servicer Tiering

A Servicer's performance results in Servicing Mortgages for Freddie Mac is published monthly in a Servicer Performance Profile through MIDANET® for the PC and at **http://www.freddiemac.com/singlefamily/service/tools.html**. The criteria and requirements for determining Tier ratings are also published through MIDANET for the PC and **http://www.freddiemac.com/singlefamily/service/tools.html**, and these criteria and requirements, and changes thereto by Freddie Mac, are incorporated into the Guide by reference. The profile provides a Servicer with a Tier rating of 1 through 4 in each of the following two categories:

- Investor reporting and remitting
- Default management

The Tier numbers correspond to the following levels of performance:

- Tier 1 Superior performance
- Tier 2 Standard performance
- Tier 3 Below standard performance
- Tier 4 Unacceptable performance

If the number of Mortgages that are 90 or more days delinquent that the Servicer services for Freddie Mac is:

- Between 1 and 25, then the Servicer will receive a default management Tier rating of "V"

- Zero, then the Servicer will receive a default management Tier rating of "X"

For purposes of applying the default management Tier to any policies or requirements, Servicers with Tier ratings of "V" or "X" will be considered Tier 2 in default management. However, based on our review and evaluation of the delinquency ratio of a Servicer with a Tier rating of "V" or "X," we may determine that such a Servicer is not eligible to service certain products such as, but not limited to, those listed in Section 51.11(c).

Within each of the two categories there are individual standards to measure performance in the various activities that are part of investor reporting and remitting and default management. For example, in default management, two of the individual standards are the workout-to-REO + workouts ratio and foreclosure time line management. Each individual standard has a range of scores that equates to a Tier rating of 1 through 4. Additionally, each individual standard is assigned a weight and the total of all the scores of the weighted standards becomes the default management Tier rating. For each individual standard, the Servicer will be assigned a sub-Tier on the same 1-4 scale as stated above.

The individual standards may or may not be published in the Guide. However, the standards will always be published with the Servicer Performance Profile. Freddie Mac reserves the right to amend the performance standards and the content of the Servicer Performance Profile, at any time.

(b) Other performance measurements

Freddie Mac has established specific target performance measures that all Servicers are expected to achieve. Refer to Section 65.8 for Freddie Mac's default management performance standards. Refer to Section 76.7.1 for Freddie Mac's investor reporting and remitting performance standards.

(c) Servicer eligibility requirements for certain products

Tier 1 and Tier 2 Servicers are eligible to service the following products:

- Affordable Gold® 97 Mortgages
- Home Possible® Mortgages
- Texas Equity Section 50(a)(6) Mortgages
- A-minus Mortgages
- Freddie Mac 100 Mortgages
- Mortgages secured by Manufactured Homes

Affordable Gold® 97 Mortgages and Freddie Mac 100 Mortgages are no longer eligible for sale to Freddie Mac.

Servicers with a tier rating of "V" or "X" in Default Management may also be eligible to service these products.

Refer to Bulletin 99-2 for further details on Servicing eligibility for certain Mortgages.

(d) Restrictions on Servicing for Tier 3 or 4 ratings

1. **Tier 3**

   If you are rated as a Tier 3, in investor reporting or default management for two consecutive calendar quarters, we may determine, in accordance with Chapter 56, to not approve any Transfer of Servicing request for you to acquire Servicing from another Servicer, or we may condition our approval of your Transfer of Servicing request upon you using an alternative Servicing method acceptable to us for all delinquent Mortgages you will be servicing for us.

2. **Tier 4**

   If you are rated as a Tier 4 in investor reporting or default management for two consecutive calendar quarters, we will, in accordance with Chapter 56, not approve any Transfer of Servicing request for you to acquire Servicing from another Servicer.

   If you are rated as a Tier 4 in investor reporting for two consecutive calendar quarters, you will not be permitted to retain Servicing for any new Mortgages you may deliver to us. If you fail to improve your rating by the end of two additional calendar quarters to at least a Tier 3 in both investor reporting and default management, we will require you to:

   a. Use an alternative servicing arrangement acceptable to us for all delinquent Mortgages you service for us, or
   b. Transfer the portfolio you service for us to a Tier 1 or 2 Servicer

51.12: GoldWorks® Member Subscription Agreement (10/20/08)

This section has been deleted.

51.13: Workout Prospector® User Agreement (10/20/08)

Each Servicer that uses Freddie Mac's Workout Prospector® software will be deemed to be bound by all of the provisions of the Workout Prospector User Agreement, set forth as Exhibit 86, to the same degree as if it had signed such Agreement as a "User."

51.14: Servicer fiscal responsibilities (12/16/02)

The fiscal responsibilities of the Servicer include the following:

1. Preparing the Servicer's balance sheet and other financial statements in a manner that clearly reflects the sale of Mortgages to Freddie Mac as a sale of assets. This is required in addition to the file identification and marking of accounting records required elsewhere in this Guide
2. Maintaining, at all times, minimum Acceptable Net Worth in accordance with the requirements of Section 4.3.

51.15: Mortgage accounting records (09/10/01)

(a) Permanent records

The Servicer must maintain permanent Mortgage accounting records for each Mortgage sold to Freddie Mac. The records must indicate Freddie Mac's Percentage of Participation in each Mortgage and must contain the complete Freddie Mac nine-digit loan number assigned to the Mortgage.

(b) Accounting system

Freddie Mac requires that the Servicer's Mortgage accounting system be able to produce an account transcript for each Mortgage, itemizing the following in chronological order:

- The date, amount and breakdown of principal, interest and Negative Amortization of each payment
- The date to which interest is paid
- The date, amount and nature of each disbursement, advance, adjustment or other transaction affecting the amounts due from or to the Borrower

The system must also be capable of

- Providing the current outstanding principal balance and Negative Amortization of the Mortgage
- Providing the current Escrow (impound) balance
- Providing for disclosure of any insufficiency in Escrow balances for a Mortgage

(c) Accounting principles

The Servicer must maintain the accounts and records for Freddie Mac-owned Mortgages according to sound and generally accepted accounting principles in a manner that permits Freddie Mac's representatives or designees to examine and audit these accounts and records at any time.

51.16: Accounting methods (04/25/06)

(a) Amortization method

The Servicer must use the amortization method of individual loan accounting, with interest calculated in arrears, for each Mortgage it services for Freddie Mac. Under this method, an individual Mortgage payment is applied to interest and principal by first calculating the interest portion and then applying the balance of the payment as a principal reduction.

Unless otherwise specifically required by law, the interest portion of the payment must be determined by computing one full month's interest on the outstanding principal balance (Exhibit 62, Interest Calculation: Amortization Method) regardless of the day on which the payment is actually received. To determine the interest due for the month, multiply the outstanding principal balance by the interest rate of the Mortgage and divide by 12.

Factors used for interest calculations must be carried to at least six decimal places, then rounded to the nearest decimal place based on the third digit. After applying the interest portion of the payment, the remainder is applied to principal.

The Fannie Mae/Freddie Mac Uniform Instruments provide for this amortization method, unless the law of the State where the Mortgaged Premises are located specifically requires a different method. If applicable law specifically requires a different method, the Servicer must so notify Freddie Mac **(see Directory 7)** in writing before remitting payments to Freddie Mac. When computations involve multiple installments, such as several delinquent installments, the interest from each may be computed using the same principal balance (Exhibit 63, Interest Calculation: Amortization Method). The amount to be applied to interest from each installment also may be calculated in succession, using the principal balance remaining after the previous calculation and principal application (Exhibit 64, Interest Calculation: Amortization Method). Similarly, a method that strictly applies payments according to a predetermined amortization schedule is also acceptable.

For Initial Interest℠ Mortgages, the monthly payment will be interest-only followed by fully amortizing principal and interest payments beginning on the First Amortizing Payment Date. For Initial Interest Mortgages, Servicers must have the ability to produce monthly payment statements for Borrowers.

In addition, for Initial Interest 3/1, 5/1 and 7/1 10-year Interest Only Period adjustable-rate Mortgages (ARMs), Servicers must be able to track the first Interest Change Date and the First Amortizing Payment Date separately.

(b) Interest calculations involving a period of less than one month

For interest calculations involving a period of less than one month (for example, Mortgages paid in full or third-party sales), the amount of interest must be based on actual days and a 365-day year.

(c) Interest-in-advance

Freddie Mac does not permit the use of the prepaid interest or interest-in-advance methods on Mortgages purchased. Any Servicer using the interest-in-advance method must convert to the interest-in-arrears method for Mortgages purchased by Freddie Mac before delivering the Mortgages to Freddie Mac.

51.17: Application of payments: general policy (06/07/01)

Except as described in Sections 51.18 through 51.20, all payments of the monthly installment due shall be applied as specified in the Security Instrument.

51.18: Application of payments: differences in collection (02/17/05)

For each Mortgage, all payments received must equal or exceed the monthly principal, interest and Escrow, if applicable, unless a deficiency of $50 or less occurs. You must not create a payment deficiency by deducting a late charge from the regular monthly payment. Refer to Section 64.3(b) for further information on late charge collections.

A Mortgage payment, including Escrow amounts, that is deficient by $50 or less may be:

- Applied by reducing the amount credited to the Escrow balance
- Credited to an unapplied or suspense funds account until a full payment is received
- Returned to the Borrower for a complete payment

If the deficiency exceeds $50, the partial payment must be either credited to unapplied or suspense funds until a full payment is received or returned to the Borrower.

Partial payments received from a Borrower during a repayment plan must be held in our Escrow Custodial Account until a full payment is received.

Refer to Section 77.14 for our requirements regarding the deposit of partial payments to the Escrow Custodial Account.

Checks returned because of insufficient funds must be reflected as a complete reversal of the most recent Escrow, interest, Negative Amortization and principal application.

51.19: Application of payments: Mortgage paid in full (08/21/06)

(a) General Servicer responsibilities

The Servicer must determine and accept the amount required to pay a Mortgage in full, including the interest to the payoff date and remit the total proceeds due Freddie Mac. The Servicer is responsible for providing payoff amounts to individual Borrowers or their agents and is liable to Freddie Mac for any errors in the amount of any payoff.

With respect to a Prepayment Penalty Mortgage, the Servicer must collect the amount of the prepayment penalty provided for in and under the conditions specified in the Mortgage loan instruments and:

1. For Prepayment Penalty Mortgages sold to Freddie Mac prior to October 14, 2005, the Servicer must not assess or collect a prepayment penalty if either:
   - The proceeds received for the payoff of the Mortgage are from the sale of the Mortgaged Premises, or
   - The payoff of the Mortgage is received from any source, including insurance proceeds, in connection with the workout of a delinquent Mortgage or due to a default under the terms of Security Instrument
2. For Prepayment Penalty Mortgages sold to Freddie Mac on and after October 14, 2005, the Servicer must not assess or collect a prepayment penalty if either:
   - The proceeds received for the payoff of the Mortgage are from the sale of the Mortgaged Premises and the prepayment period is more than three years or
   - The payoff of the Mortgage is received from any source, including insurance proceeds, in connection with the workout of a delinquent Mortgage or due to a default under the terms of the Security Instrument

(b) FHA/VA and Section 502 GRH Mortgages

For FHA/VA and Section 502 GRH Mortgages, any notice of prepayment or entitlement to interest past the date of payment-in-full must be waived by the Servicer

on behalf of Freddie Mac. Escrow balances may be either credited to the mortgagor or returned separately.

When an FHA Mortgage is paid in full, the Servicer must collect the amounts due FHA for the adjusted prepayment premium and for pro rata earned Mortgage insurance premiums. The Servicer must then complete any required notice and submit it directly to FHA with the required remittances.

(c) Buydown accounts

Any funds remaining in the buydown account of a Mortgage prepaid in full must be released according to the terms of the buydown agreement.

For further explanation of procedures to be followed in regard to conventional, FHA/VA and Section 502 GRH Mortgage payments-in-full, see Section 78.15.

51.20: Application of payments: partial prepayments (curtailments) (06/28/04)

The Servicer may accept partial prepayments of principal in accordance with the terms of the Note.

Funds received in consideration of a partial release of the Mortgaged Premises or the taking of the Mortgaged Premises in whole or in part by eminent domain will be applied as instructed by Freddie Mac in accordance with Section 51.7.

(a) Adjustable-rate Mortgages (ARMs)

For ARMs, curtailments must first be applied as a reduction of Negative Amortization and then as a reduction to principal. Both applications must be reported as principal due Freddie Mac in the loan-level transaction.

(b) Computing interest

For computing interest, each partial prepayment received after the accounting cycle cutoff of the monthly installment will be credited as of the Due Date of the next monthly installment. The interest portion of the next installment must be computed on the principal balance before crediting the partial prepayment. If curtailment interest is collected at the time of the partial prepayment, the interest portion of the next installment due is then computed on the principal balance after curtailment.

(c) Modifications

Home and Second Mortgage modifications that result in reduced monthly payments due to curtailments may be made without Freddie Mac's approval, provided that:

- The monthly payments are current
- There is no extension of the Note maturity date or the maturity date calculated in accordance with any modification agreement in force at the time of Freddie Mac's purchase of the Mortgage
- MI, VA, RHS or FHA approval is obtained, if applicable
- The Note Rate remains unchanged

All other modifications require prior written approval by Freddie Mac.

(d) Initial Interest[SM] Mortgages

If the Borrower makes a principal curtailment during the Interest Only Period, then the next interest only payment must be recalculated based on the new unpaid principal balance (UPB). The Servicer must remit interest based on the new UPB to Freddie Mac in the accounting cycle immediately following the date the Borrower made the principal curtailment.

Servicers must be able to comply with the terms of the Initial Interest Note and calculate (or recalculate) the first fully amortizing principal and interest payment based on the UPB after application of any partial prepayment received on or before the last interest only payment due date.

Before the effective date of any change in the Borrower's monthly payment, the Servicer must deliver or mail the Borrower a notice of such change. The notice must include the information required in the loan instruments or by applicable law, and must also include the following:

- Name and address of Borrower
- Address of property
- Loan number
- Change in monthly payment
- New monthly payment amount
- Reason for change (i.e., reduction in UPB; loan becomes fully amortizing; change in interest rate, if an ARM)
- Title and telephone number of a person who will answer any questions

51.21: Reapplication of prior repayments (06/07/01)

The Servicer may not automatically reapply prior prepayments or accumulated prepayments for payment of subsequent installments. Payments advanced to satisfy future installments must be accounted for as advanced (prepaid) installments of principal

and interest. The Servicer should contact the Borrower if there is a question about the Borrower's intent.

51.22: Accounting with respect to delinquency relief (06/07/01)

Freddie Mac's Servicing requirements regarding Delinquency relief are described in Chapter A65. These sections should be read in conjunction with the accounting requirements in this section.

When Delinquency relief has been granted, the Servicer must apply funds collected from the Borrower according to the governing Note or repayment agreement. Regardless of cash collected from the Borrower, the Servicer must report to Freddie Mac in accordance with the net yield reporting concept. Freddie Mac will receive its proportionate share of principal collections and the Accounting Net Yield interest for the monthly reporting period.

Section 78.22 sets forth the monthly reporting requirements.

51.23: Eligibility and financial reporting requirements (06/07/01)

Sections 4.8 and 4.10 set forth the requirements for submitting an annual eligibility certification report and a quarterly mortgage bankers financial report.

51.24: Transfer of Servicing (06/07/01)

The Servicer agrees that it will not transfer its Servicing portfolio (in whole or in part) without Freddie Mac's prior written approval. Chapter 56 describes the conditions under which a Transfer of Servicing may take place.

51.25: Biweekly payment plans (06/07/01)

A Borrower may choose to enter into a biweekly payment plan to accelerate the reduction in principal on a Mortgage by applying the equivalent of one or more extra monthly payments each year, thereby reducing total interest costs.

Biweekly payment plans do not change the conditions and terms of the Note regarding the amount of monthly payments, when monthly payments are due, the application of

payments, the assessment of late charges and the calculation of delinquencies, nor do they change the way payments are reported or remitted to Freddie Mac, or the way delinquencies are reported to Freddie Mac.

If the Borrower asks about using a third party's biweekly payment plan and this third party is not a vendor who administers the plan for the Servicer, then the Servicer should advise the Borrower that the:

- Conditions and terms of the Mortgage still apply and will be enforced
- Borrower can make the extra payments directly to the Servicer without a formal plan and without the cost and potential risks of using a third party to administer such a plan (or the Servicer may offer such a plan to the Borrower if the Servicer has such a plan available)
- Borrower will be responsible for any late charges or payment shortages if the third party fails to make timely and sufficient payments to the Servicer
- Borrower should check the type of safeguards that will be in place to protect the Borrower's money from misuse by a third party before it is transferred to the Servicer
- Mortgage could be subject to foreclosure action if the third party fails to remit the Borrower's payment to the Servicer and the Mortgage becomes delinquent, even if the Borrower has taken legal action to recover any payments made to the third party that were not remitted to the Servicer

If the Servicer chooses to enter into a biweekly payment plan with a Borrower after the Mortgage has been sold to Freddie Mac, the Servicer must ensure that the following requirements for the administration of the plan are met:

1. A Servicer may offer or advertise the availability of a biweekly payment plan for Mortgages in the Servicer's portfolio, so long as the Servicer does not specifically target the offer or advertisement to Mortgages that are serviced to Freddie Mac
2. The Servicer must establish the biweekly payment plan pursuant to a separate agreement between the Borrower and the Servicer. The agreement must allow for cancellation by either the Borrower or the Servicer at any time, at which point the monthly payment schedule would be reinstated. The Borrower cannot be charged a fee for canceling the agreement.
3. Any fee that is charged to the Borrower for this service must be allowable under applicable law and be reasonable compared to other providers' fees in the market
4. The Servicer may administer the plan or contract with a third-party vendor to administer the plan
5. The plan must provide that two biweekly payments equate to one monthly payment due under the terms of the Note and that payments collected in a given month are applied as a monthly payment on the first day of the month following the month in which the payments were received. In any month in which a third payment is received, that payment is applied as a principal curtailment in the month following the month in which the payment was received.
6. All biweekly principal and interest payments received from the Borrower must be placed in an Escrow Custodial Account that meets the requirements of Chapter 77. If

the Servicer administers the plan, then the payments must be placed into the Escrow Custodial Account no later than the first Business Day after their receipt by the Servicer. If the Servicer administers the plan through a third party, then the payments must be placed into the Escrow Custodial Account no later than the second Business Day after the date on which the third party deposits the payments into the Servicer's payment clearing account. On the payment due date, sufficient funds to equate to one monthly payment must be posted to the Mortgage record and the funds transferred into the Principal and Interest Custodial Account. The Servicer may use the Escrow Custodial Account that is established for Escrow items such as real estate taxes and insurance so long as the biweekly payment funds can be identified and accounted for separately for each Borrower using the plan, or the Servicer may set up a separate Escrow Custodial Account that meets the requirements of Chapter 77.

7. If the Borrower does not pay the third biweekly payment in a month when a third payment is due under the plan, the Borrower may not be charged a late charge, nor may the Borrower be reported as delinquent.
8. The Servicer must be able to identify which Mortgages have biweekly payment plans and provide this information to Freddie Mac if asked to do so.

51.26: Home Mortgages purchased in part (07/01/00)

(a) Mortgages Purchased in Part

A Freddie Mac participation purchase consists of an ownership interest in a percentage of the unpaid principal balance (UPB) of a Mortgage.

The accounting and reporting requirements for Mortgages Purchased in Part by Freddie Mac reflect:

- A percentage of all principal collections
- A percentage of interest on the outstanding principal balance at the Accounting Net Yield

51.27: Principal and discount on adjustable Mortgages purchased by Freddie Mac (07/01/00)

The specific features of discounting adjustable Mortgages vary depending on the unique characteristics of the applicable adjustable Mortgage program. Freddie Mac has developed various programs for the purchase of adjustable Mortgages.

Chapter 52: Mortgage File Retention

52.1: Contents (12/16/02)

The Servicer must maintain an individual file for each Mortgage serviced for Freddie Mac. The file must contain all documents required to be held by the Seller, as stated in Chapter 47 of this Guide, as well as all legal notices, correspondence, forms and reports concerning the Mortgage and the Mortgaged Premises or Real Estate Owned (REO).

The Servicer must also maintain adequate records of collection efforts and make the records available for Freddie Mac's inspection on request. At a minimum, the records must show:

1. The dates when letters and notices were mailed
2. Dates of personal contacts
3. Reasons for prior and current defaults
4. Results of conversations with the Borrowers
5. Terms of any repayment arrangements
6. Documentation of property inspections, as required in Section 64.7

52.2: Form (10/01/09)

The Servicer must maintain the original of each of the following documents:

- The Security Instrument, complete with recordation notation. Where recorders may keep the originals, a copy certified by the recorder will suffice. In jurisdictions where applicable law or common practice requires the original Security Instrument to obtain a release, the Servicer agrees to maintain a copy certified by the recorder of the original Security Instrument, complete with recordation notation.
- The certificate of title, with the lien properly noted, if the Mortgage is secured by a Manufactured Home in a certificate of title State where there is no procedure for canceling the certificate of title. In jurisdictions where applicable law requires the owner of the Manufactured Home to retain the original certificate of title, the Servicer may maintain a copy of original certificate of title. Refer to Section H33.7(c)3.
- The recorded assignment of the Mortgage to MERS, if applicable, and any Intervening Assignments, if the Servicer has elected to retain the assignments for MERS-registered Mortgages.
- For Mortgages documented using a New York Consolidation, Extension and Modification Agreement (NY CEMA), the Original Old Money Notes, Original New Money Notes (Gap Notes) and, if applicable, Original Consolidated Notes from prior consolidations as required by Sections 6.8.1, 46.2 and 47.2.1

The above documents must be kept in a fire-resistant storage area. If they are maintained in the Mortgage file, the file must be kept in a fire-resistant storage area. Freddie Mac may, at any time, require that, at the Servicer's expense, the Servicer or the Document Custodian affix the Freddie Mac loan number to the face of each Note.

For documents and records other than those specified above, in lieu of originals, the Servicer may maintain copies that are reproduced from the original documents by any photographic, photostatic, microfilm, microfiche, electronic imaging, optical disk or laser disk storage process, if all of the following requirements are met:

1. The copies are allowed under laws or regulations to which the Servicer is subject and in the jurisdiction where the Mortgaged Premises are located
2. The Servicer has a written opinion of its counsel that the copies are admissible evidence in court
3. The copies were made in the regular course of business pursuant to a written policy of the Servicer applicable to all its Mortgage files
4. The copies were made by a process that accurately reproduces or forms a durable medium for reproducing the originals
5. The Servicer maintains, on the premises where the copies are kept, equipment necessary to view or read the copies and to reproduce them into legible hard copies and makes the equipment available for use by Freddie Mac's representatives as needed

52.3: Maintenance (10/01/09)

Regardless of the form in which Mortgage files and records are kept, the Servicer must have control and identification features in place to:

- Permit ready identification of the Freddie Mac loan number assigned to each Mortgage serviced for Freddie Mac and Freddie Mac's Percentage of Participation in each such Mortgage
- Permit ready identification of which Mortgages are MERS-registered and of those that are closed with MERS as original mortgagee of record
- Prevent the pledge or sale to a third party of any Mortgage in which Freddie Mac has a Percentage of Participation
- Permit prompt retrieval and, if applicable, delivery to Freddie Mac of a file or individual components of a file by Freddie Mac loan number
- Permit prompt preparation and delivery to Freddie Mac of scheduled and unscheduled reports that Freddie Mac may require by Freddie Mac loan number and/or Percentage of Participation

If, for any reason, Freddie Mac changes a loan number and has so advised the Servicer, the Servicer must promptly make the necessary changes to the applicable Mortgage file and records to reflect the new Freddie Mac loan number and instruct its Document Custodian, if applicable, to take similar action.

The Servicer must maintain the Mortgage file while Freddie Mac retains an interest in the applicable Mortgage and for at least seven years from the date Freddie Mac's interest in the Mortgage is satisfied.

If the Mortgage was paid in full, the file must contain a copy of the canceled Note. If the Mortgage was repurchased by the Servicer to allow a Transfer of Ownership that is not allowed by Freddie Mac or does not meet Freddie Mac's requirements, the file must contain a copy of the executed Transfer of Ownership or assumption/release of liability instrument.

52.4: Damage or loss (11/07/02)

The Servicer must bear the entire cost of restoring Mortgage files and related documents and records damaged or lost for any reason.

52.5: Ownership of Mortgage file and related records (11/07/02)

All documents in the Mortgage file and all other documents and records of whatever kind or description (whether prepared or originated by the Seller or others, or whether prepared or maintained or held by the Servicer or others acting for and on behalf of the Servicer), including all current and historical computerized data files, that are reasonably required to originate and subsequently service a Mortgage for Freddie Mac will be, and will remain at all times, the property of Freddie Mac. All of these records in the possession of the Servicer are retained by the Servicer in a custodial capacity only.

52.6: Inspection by Freddie Mac (11/07/02)

When Freddie Mac requests, either before or after termination of Servicing, the Servicer must permit Freddie Mac at any time during normal business hours to inspect the Mortgage files and all of the Servicer's records pertaining to Mortgage operations related to Freddie Mac.

52.7: Transfer of file custody; security of file information (10/01/09)

Freddie Mac may at any time require the Servicer to deliver the following documents to a Document Custodian approved by Freddie Mac or a transferee designated by Freddie Mac:

- Any original Note, Security Instrument, assignment and modifying instrument still in the Servicer's custody
- Any Mortgage file, document within a Mortgage file or other related documents and records in the Servicer's or its Document Custodian's custody, whether maintained as originals or as copies in accordance with Section 52.2

The Servicer may, without Freddie Mac's prior approval, entrust custody of all or part of the Mortgage file to the Document Custodian holding Notes and assignments under Section 18.2. When requested, the Servicer must be able to identify to Freddie Mac those file items held by the Document Custodian and document to Freddie Mac the Document Custodian's acknowledgment that such file items:

- Are Freddie Mac's property
- Will be maintained by the Document Custodian according to standards at least equal to those set in this chapter
- Will be maintained in such a way as to ensure the security and confidentiality of the information; protect against anticipated threats or hazards to the security or integrity of the information; and protect against unauthorized access to or use of such information
- Will be surrendered to Freddie Mac at any time Freddie Mac may request them

The Servicer agrees to indemnify Freddie Mac and hold Freddie Mac harmless for any loss, damage or expense (including court costs and reasonable attorney fees) that Freddie Mac may incur as a result of the Document Custodian's holding all or part of the Mortgage file.

The Servicer must maintain a copy (in a form allowable under Section 52.2) of any original document that has been entrusted to the Document Custodian for safekeeping. If all or part of the Mortgage file is held by the Servicer's Document Custodian, the Servicer agrees to recover from the Document Custodian (at the Servicer's expense) and provide to Freddie Mac (at the place and within the timeframe specified by Freddie Mac) any Document Custodian-held original document requested by Freddie Mac for the postfunding quality control detailed in Chapter 47 or in conjunction with a Freddie Mac desktop or on-site review of the Servicer's Servicing operations.

Chapter 53: Servicer Agreements

53.1: The Servicer to perform its obligations at its own expense (07/09/01)

The Servicer is responsible for performing the duties required under this Guide at its own expense and without cost or charge to Freddie Mac, except as provided in this chapter or elsewhere in this Guide. Any costs incurred by the Servicer may be charged to the Borrower only to the extent allowed under the terms of the Security Instrument and any applicable law.

53.1.1: Litigation counsel eligibility criteria (04/17/08)

Having a single law firm handle a Mortgage from foreclosure through eviction, including bankruptcy, increases efficiency and effectiveness by eliminating learning curve problems and delays caused by hand-offs and duplicative title work. Therefore, Servicers are required to ensure that counsel retained for Freddie Mac's Mortgage foreclosures, evictions, deeds-in-lieu of foreclosure and bankruptcies meet the following criteria:

- The law firm retained as litigation counsel must have expertise in all four of the following areas: residential foreclosures, deeds-in-lieu of foreclosure, evictions and secured creditor representation in bankruptcy cases. For foreclosures or evictions on 2- to 4-unit properties, the law firm must also have experience in handling litigation matters on income-producing properties, including appointing receivers and enforcing assignment of rents.

- The attorneys at the law firm who are actually handling Freddie Mac's cases must have a minimum of three years' experience in their particular areas of expertise. For example, an attorney handling a bankruptcy case must have at least three years' experience representing secured creditors in bankruptcy cases. In the event that the attorney handling a matter for Freddie Mac is unavailable, the firm must have an attorney with similar relevant experience who can substitute for the absent attorney without causing a delay.

In addition, when selecting a law firm to handle foreclosures and bankruptcies, Servicers should consider the reputation of the firm as well as whether the firm's attorneys, principals, or managers are, or have been, subject to:

- Disciplinary action by any regulatory authority

- Sanctions imposed by a court or licensing authority

- Legal action by any governmental or regulatory authority resulting from the firm's involvement in single-family loan level foreclosure, bankruptcy, eviction or property closing activities

- Legal action by consumers resulting from the firm's involvement in single-family loan level foreclosure, bankruptcy, eviction or property closing activities

Freddie Mac may, at its option, designate counsel to perform specific duties. Refer to Section 66.15 regarding selecting foreclosure counsel or trustee, also refer to Sections 67.10 through 67.15 regarding when to refer a bankruptcy case to counsel and our requirements for bankruptcy counsel, Sections 67.17 through 67.19 regarding litigation, and Exhibit 79, Designated Litigation Counsel/Trustee, which identifies our designated counsel.

53.1.2: Litigation communication between a Servicer and its foreclosure attorney/trustee and bankruptcy attorney (06/06/03)

A Servicer must maintain communication with the foreclosure attorney/trustee or bankruptcy attorney so that the Servicer can manage the foreclosure and bankruptcy case effectively. No less than one time per month, Servicer must require the attorney or trustee to report the status of the case, request any documentation needed from Servicer and report any relevant information to the Servicer. The Servicer must maintain this information in the Mortgage file or on its Mortgage system.

53.2: The Servicer to satisfy FHA, VA, RHS and MI requirements (05/21/04)

The Servicer must comply with and use its best efforts to obtain compliance by the original Borrower and any transferee of the Borrower with all requirements of the FHA, VA, RHS or MI for Mortgages serviced for Freddie Mac. References to FHA, VA, RHS and MI requirements are made elsewhere in this Guide, and some guidance is given as to the nature of these requirements. The Servicer must ensure that all applicable FHA, VA, RHS and MI requirements are satisfied, so that Freddie Mac receives full benefit of the FHA insurance or RHS guaranty, VA guaranty or Mortgage insurance.

53.3: Confidential information; privacy; conflicts of interest; misuse of material information; security of information (04/01/08)

Through its Servicing of Mortgages for Freddie Mac, the Servicer sometimes obtains confidential information concerning the Borrower and the Mortgaged Premises. This information must not be used in any way that could be construed to represent a conflict of interest or breach of confidentiality and may only be used for purposes of Servicing Mortgages for Freddie Mac and only as permitted under applicable law, including without limitation, all applicable federal, State and local laws relating to data privacy, the safeguarding of information, disclosure of credit information or the purchase and sale of securities. The Servicer must maintain all such confidential information in such a way as to ensure the security and confidentiality of the information; protect against anticipated threats or hazards to the security or integrity of the information; and protect against unauthorized access to or use of such information.

(a) Access to confidential information

The Servicer must disclose to the Borrower, or to any third party authorized in writing by the Borrower, information maintained by the Servicer concerning the Borrower's payment history if the Borrower (or any third party authorized by the Borrower) shall request such information in writing. Information so disclosed must be correct, complete and up-to-date and must accurately reflect the Borrower's performance in meeting payment obligations without the use of codes or abbreviations.

(b) Misuse of material information

Certain information about individual Mortgages or Mortgaged Premises obtained by the Servicer through its Servicing of Mortgages for Freddie Mac may be material to a purchaser or a seller of PCs representing interests in those Mortgages. This information is considered to be material if there is a substantial likelihood that a reasonable investor would consider the information to be important in determining whether to purchase or sell a PC representing interests in the Mortgages. The Servicer may not purchase or sell such a PC (or disclose material information relating to the PC to a third party for its use) without disclosing such material information to the other party to the transaction. However, if disclosure of such information to other parties would contravene applicable law and regulations regarding disclosure of credit information, the Servicer must refrain from trading with respect to the PC.

53.4: Indemnity (02/07/02)

The Servicer must indemnify Freddie Mac and hold it harmless for loss, damage or expenses (including court costs and attorney fees) that Freddie Mac sustains as a result of any failure on the Servicer's part to properly perform its services, duties and obligations under the Purchase Documents.

53.5: Independent contractor (02/07/02)

Under the Purchase Documents, the Servicer contracts with Freddie Mac as an independent contractor to service Mortgages for Freddie Mac. The Servicer is not Freddie Mac's agent or assignee.

53.6: Assignment by Freddie Mac (02/07/02)

Freddie Mac has the unconditional right to sell, assign, convey, hypothecate, pledge or in any way transfer, in whole or in part, its rights under the Purchase Documents. Freddie Mac has the right to direct the Servicer to send remittances, notices, reports and other communications to any party designated by Freddie Mac and may designate any such party to exercise any and all of Freddie Mac's rights hereunder. The Servicer must prepare, at its own expense, any assignment necessary to transfer the Mortgage to Freddie Mac's assignee or transferee.

53.7: Assignment by the Seller or the Servicer (02/07/02)

The Seller or the Servicer further warrants and agrees not to assign, sell, convey, hypothecate, pledge or in any other way transfer, conditionally or otherwise, its interests, rights or obligations under the Purchase Documents except as expressly permitted in the Purchase Documents.

53.8: Compliance with applicable law (09/15/10)

(a) Servicer's Obligation

The Servicer agrees to comply with all applicable federal, State and local laws, ordinances, regulations and orders, including the following:

1. Title VI of the Civil Rights Act of 1964
2. Title VIII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974
3. Section 527 of the National Housing Act
4. The Equal Credit Opportunity Act
5. The Fair Credit Reporting Act and any applicable regulations and orders issued under that Act

6. All applicable federal, State and local laws relating to data privacy and the safeguarding of Borrower personal information, including, without limitation, the Gramm-Leach-Bliley Act and all relevant implementing rules, regulations and guidance prescribed by the Servicer's regulator(s).
7. Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on November 20, 1962
8. The foreign assets control regulations, 31 C.F.R. Part 500, as amended, and any authorizing legislation or executive order relating thereto, as administered by the Office of Foreign Assets Control (OFAC) within the United States Department of the Treasury (collectively "OFAC Regulations")
9. The Bank Secrecy Act, the Money Laundering Control Act and Title III of the USA PATRIOT Act
10. All other applicable federal and State laws, regulations and orders

The Seller/Servicer also agrees to indemnify and hold Freddie Mac harmless from and against all claims, judgments, loss, cost and expense incurred by Freddie Mac arising out of the Seller/Servicer's violation of any federal or State law, regulation, regulatory guidance, ordinance or order.

(b) Incident Response Program and Notice of Breach

Servicers must maintain a "Response Program" consistent with the requirements of the Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice (the "Interagency Guidance")(12 CFR Parts 208 and 225).

If the Servicer believes there has been a "security incident," defined as any unauthorized access to, or acquisition of, information that compromises the security, confidentiality or integrity of "sensitive customer information" (as defined in the Interagency Guidance) maintained by the Servicer, and that security incident is related to Mortgages owned by Freddie Mac, the Servicer must send the following notifications to Freddie Mac **(see Directory 1)**:

- Written notice of the security incident, including a detailed description of its scope and root cause (to the extent then understood) and a description of the notices provided to affected Borrowers, within a reasonable time after the security incident; and

- If the Servicer does not send notices to all Borrowers affected by a certain security incident, the Servicer must provide written notice including a rationale and explanation for not sending notice to all affected Borrowers as soon as practicable after the security incident.

If the Servicer intends to refer to Freddie Mac in any notices it sends to Borrowers on Mortgages whose information was affected by the security incident, the Servicer must notify Freddie Mac within a reasonable time prior to sending those notices to Borrowers. Freddie Mac must have the opportunity to review the content of the notices.

In all such cases, the Servicer must cooperate with Freddie Mac, including, without limitation, by providing all information and assistance requested to enable Freddie Mac to comply with its legal obligations and to manage any issues arising out of the security incident.

(c) Notice of OFAC Match

Pursuant to Section 6.2(d), Seller/Servicers are expected to establish and maintain an effective OFAC compliance program that ensures compliance with OFAC Regulations. In addition, the Servicer must periodically screen the Mortgages that it services for Freddie Mac against OFAC's list of Specially Designated Nationals and Blocked Persons ("SDN List"). The frequency of such screening should be based on the Servicer's OFAC compliance program and be commensurate with the Servicer's OFAC risk profile.

A Servicer that identifies a valid match against the SDN List must notify Freddie Mac's Compliance Division via e-mail within 24 hours of filing a blocked property or rejected transaction report with OFAC (**see Directory 1**). Such e-mail notification must state that the Servicer filed a blocked property or rejected transaction report with OFAC and must provide the following information:

- Freddie Mac loan number
- Borrower name
- Name, title, e-mail address, and telephone number for the point of contact at the Servicer who will be able to discuss the OFAC match

Upon receipt of the notice, a representative from Freddie Mac will contact the Servicer to discuss the match and potential next steps. Freddie Mac may also require the Servicer to provide documentation or additional information regarding the OFAC match.

Freddie Mac expects that, prior to filing a blocked property or rejected transaction report with OFAC, the Servicer will determine whether it is appropriate to confirm with OFAC that a match against the SDN List is valid. Notifying Freddie Mac of a confirmed OFAC match does not absolve the Servicer from its responsibility to file a report with OFAC, as required by OFAC Regulations.

53.9: Notice (08/21/06)

(a) Seller/Servicer notices to Freddie Mac

Except as provided in the Guide or other Purchase Documents, any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by the Seller/Servicer pursuant to the Purchase Documents must be in writing and will be deemed to have been duly given to and received by Freddie Mac on the day such communication, advice, consent, document, notice or direction is actually received by Freddie Mac at the address specified below:

Address: In writing to Freddie Mac **(see Directory 1)** by first class mail

Other addresses may be substituted for the above upon notice of the substitution.

(b) Freddie Mac notices to Seller/Servicer

Any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by Freddie Mac pursuant to the Purchase Documents may be in writing or may be in electronic form in accordance with Section 1.3 of the Guide. Such notice will be deemed to have been duly given to the Seller/Servicer on the date such communication, advice, consent, document, notice or direction is:

- Received in writing via first class mail by the Seller/Servicer at its address set forth in the Purchase Documents, the address of its Servicing office or its address stated in a separate agreement, or
- Received as an Electronic Record in electronic form (e-mail) by the Seller/Servicer's computer information processing system, at its Internet e-mail address provided to Freddie Mac by the Seller/Service, or
- Received as a Record or Electronic Record in electronic form (facsimile) by the Seller/Servicer's electronic facsimile machine or system at a facsimile telephone number provided to Freddie Mac by the Seller/Servicer

Other addresses may be substituted for the above upon notice of the substitution.

53.10: Governing law (02/07/02)

Each Purchase Contract or other contract for the Servicing of Mortgages must be construed, and the rights and obligations of the parties thereunder determined, according to the laws of the United States. The laws of the State of New York are deemed to reflect the laws of the United States when there is no applicable precedent and when to do so would not frustrate any provision of the Purchase Contract or other contracts for Servicing.

53.11: Servicer authorized to service (02/07/02)

The Servicer must be eligible to service Mortgages for Freddie Mac under the requirements of the Purchase Documents. The Servicer warrants that it has complied with all applicable laws related to licensing, qualification to do business or approval to service Mortgages. The Servicer also warrants that the Purchase Documents have been duly authorized, executed and delivered and are valid and enforceable according to their terms. The Servicer further warrants that compliance with the terms and conditions thereof will not conflict with, result in a breach of or default under, or be adversely affected by the following:

- Any terms and conditions of the Servicer's charter, or
- Any agreement or instrument to which the Servicer is a party, or
- Any judgment, order or regulation to which the Servicer is subject

53.12: Minimum Acceptable Net Worth (02/07/02)

The Servicer must maintain, at all times, a minimum Acceptable Net Worth in accordance with the requirements of Section 4.3.

53.13: Adjustable-rate Mortgages (10/28/09)

With respect to each adjustable-rate Mortgage (ARM) serviced for Freddie Mac, the Servicer must correctly calculate any and all adjustments to the interest rate or the monthly payment and give to the Borrower all notices of adjustment of interest rate and monthly payments in strict accordance with the requirements of applicable law and with the terms of the Note and the Security Instrument.

With respect to LIBOR-Indexed ARMs, in the notices of adjustment in the interest rate and monthly payment provided the Borrower before the effective date of the change, the Servicer must inform the Borrower that the LIBOR Index value used to calculate the new interest rate is the average of the London interbank offered rates for six-month or one-year US dollar denominated deposits, as applicable, as published in the print edition of *The Wall Street Journal*.

53.14: Receipt and treatment of confidential information (04/25/06)

Due to its relationship with Freddie Mac as an approved Seller/Servicer, Freddie Mac may provide the Servicer with information and documentation that Freddie Mac has identified as "confidential information." Such confidential information may include, but is not limited to, information and documentation concerning the development, negotiation, operation or terms of various products, programs, technology, business

terms, trade secrets, certain commercial and financial information, and/or "material inside information" within the meaning of the federal securities laws. Confidential information may include confidential information belonging to third parties.

(a) The Servicer must treat all confidential information and all information or materials prepared from confidential information, defined as "derivative information," as strictly confidential and proprietary. The Servicer must not release or disclose or permit the release or disclosure of the confidential information or the derivative information, or any portion thereof, for any purpose at any time except to the extent:

- Allowed by this section
- Expressly required or consented to by Freddie Mac in writing, or
- Ordered by a court or administrative agency

In the event the Servicer anticipates that it may be required, for any reason, to release or disclose confidential information or derivative information, the Servicer shall immediately notify Freddie Mac **(see Directory 1)** to allow Freddie Mac to take any actions it deems necessary to prevent or limit the release or disclosure of the confidential information or derivative information in question.

(b) The Servicer shall not copy or permit copies to be made of the confidential information, the derivative information, or any portion thereof, except to the extent necessary for Servicing or other obligations to Freddie Mac or unless prior written consent from Freddie Mac has been obtained. The Servicer shall mark "Confidential" in a prominent location on all confidential information, derivative information and on all copies.

(c) If necessary for Servicing or other obligations to Freddie Mac, the Servicer may provide confidential information, derivative information, and copies thereof, to those officers, directors, principals, partners, employees of the Servicer, regulators, auditors, counsel and accountants who are necessary for such performance. The Servicer must notify any such individuals receiving such confidential information or derivative information that such individual has the same obligations as the Servicer to keep the confidential information or derivative information confidential.

(d) Confidential information and derivative information do not include any information that is:

- Generally available to the public
- Provided to the Servicer by a third party that is not itself under a confidentiality obligation with respect to the information, or
- Independently developed by the Servicer without use of the confidential information or any portion thereof

53.15: Post-purchase MERS registration (01/02/04)

When registering a Mortgage with the Mortgage Electronic Registration System (MERS) after the Mortgage is sold to Freddie Mac, the Servicer must notify MERS that Freddie Mac is the investor and provide MERS with the Freddie Mac loan number for the Mortgage.

Mortgages secured by Manufactured Homes located in certificate of title States may not be registered with MERS. Refer to Section H33.7.

Chapter 54: Servicing Compensation

54.1: Compensation for Servicing Mortgages (04/25/06)

The compensation for the performance of the Servicer's duties for each Mortgage purchased by Freddie Mac is the amount by which the Note Rate exceeds the Accounting Net Yield, with a Minimum Servicing Spread to provide adequate compensation.

The Minimum Servicing Spread is 0.250% (25 basis points) for all Home Mortgages unless the Purchase Documents provide otherwise.

For Mortgages with annual- or monthly premium lender-paid mortgage insurance, the Minimum Contract Servicing Spread must be no less than the Minimum Servicing Spread plus the amount necessary to pay the mortgage insurance premium when due.

For Mortgages with single-premium lender-paid mortgage insurance, the Minimum Contract Servicing Spread must be no less than the Minimum Servicing Spread.

Refer to Section 8.2.2 for Servicing Spread requirements.

The Minimum Servicing Spread for Second Mortgages is 0.500%.

The Minimum Servicing Spread for Home Improvement Loans (HILs) Purchased in Whole on or before January 10, 1986, is 0.625%.

54.2: Compensation for Servicing Mortgages Purchased in Part by Freddie Mac (04/25/06)

The compensation for the performance of the Servicer's duties for each Home Mortgage and Second Mortgage/HIL in which Freddie Mac has purchased a Percentage of Participation is the difference between the Note Rate and the Accounting Net Yield, with a Minimum Servicing Spread to provide adequate compensation. The Minimum Servicing Spread is applicable to the entire unpaid principal balance (UPB) of the Mortgage (not just Freddie Mac's interest in the Mortgage).

54.3: Servicing compensation for a new Servicer pursuant to Transfer of Servicing initiated by Freddie Mac (04/25/06)

If Freddie Mac transfers Servicing with cause pursuant to the terms and conditions of the Purchase Documents, Freddie Mac reserves the right, at Freddie Mac's discretion, to negotiate a Servicing fee with the subsequent Servicer.

For Home Mortgages and Second Mortgages/HILs Purchased in Part by Freddie Mac, the Servicing compensation will be calculated on the entire unpaid principal balance (UPB) of the Mortgage (not just on Freddie Mac's interest in the Mortgage). If the Note Rate minus the Accounting Net Yield (ANY) is not sufficient to pay the required Servicing compensation plus any applicable mortgage insurance premium to the new Servicer, the Servicer agrees to pay the balance of the required Servicing compensation to the new Servicer. The Servicer acknowledges that its payment of Servicing compensation to the new Servicer is necessary for adequate Servicing of the Mortgage according to this Guide. The Servicer also agrees that the new Servicer and Freddie Mac have a right of offset against principal repayments payable to the Servicer in order to pay the required Servicing compensation if not otherwise done.

54.4: Servicing obligations to be performed for the Servicing compensation (02/07/03)

In consideration for the Servicing Spread, a Servicer is responsible for the performance of all of its Servicing obligations described in the Guide and other Purchase Documents for each of the Mortgages purchased by Freddie Mac. The Servicer's Servicing obligations compensated by the Servicing Spread include, among other things, undertaking all activities required to protect Freddie Mac's interest in the Mortgage in the event of a foreclosure of the property or a bankruptcy of the Borrower, such as:

- Preparing foreclosure packages
- Finding missing documents and/or assignments
- Resolving any title issues that are the result of the Seller's or Servicer's action or inaction
- Managing attorneys
- Working with the Borrower to resolve the delinquency through loss mitigation activities, and
- Handling the bankruptcy management activities specified in Chapter 67

The Servicer may not directly or indirectly charge Freddie Mac, the foreclosure attorney/trustee or the bankruptcy attorney for any of the foreclosure- or bankruptcy-related Servicing obligations of a particular Mortgage, unless this Guide or the other Purchase Documents specifically authorize the charge or compensation.

If Freddie Mac determines that a Servicer or any third party retained by the Servicer to perform any of its Servicing obligations (commonly referred to as outsourcing) has passed or charged, directly or indirectly, to Freddie Mac, the foreclosure attorney/trustee

or the bankruptcy attorney any expenses for Servicing obligations covered by the Servicing Spread or any expenses itemized in Section 71.18, then Freddie Mac may:

- Refuse to reimburse the Servicer for any attorney fees and foreclosure and bankruptcy costs related to the applicable Mortgage, and/or
- Preclude the attorney who pays any such expenses on Freddie Mac Mortgages from processing future foreclosures or bankruptcies for Freddie Mac

If Freddie Mac has already reimbursed the Servicer for such a fee or expense, then Freddie Mac may elect to offset the entire legal fee from future foreclosure expenses or may seek reimbursement of the entire legal fee with interest.

Nothing in the Guide is intended to prohibit a foreclosure attorney/trustee or bankruptcy attorney from assisting a Servicer by working with a Borrower to facilitate a reinstatement of the Mortgage or loss mitigation activity.

Chapter 55: Servicing Reports

55.1: General requirements for Servicing reports (01/01/05)

A Servicer is required to send a monthly report via MIDANET® to Freddie Mac, in conjunction with various paper reports. The following sections of the Guide state these Servicing reporting requirements:

Servicing Reporting Requirements for Home Mortgages and Second Mortgage/HILs	Location
Adverse matters	Chapter 67
Charge-offs	Sections B65.49-B65.53
Credit repositories	Section 55.4
Foreclosures	Chapter 66
Internal Revenue Service (IRS)	Sections 55.2, 55.3 and 55.3.1
Monthly Delinquency (MIDANET)	Section 64.10
Property Inspections	Sections 64.7, 65.29-65.34 and 66.34-66.36
REO	Chapter 70
Repurchases	Chapter 72
Supplemental Delinquency	Section 64.10, Chapters 65, A65, B65 and 66
Transfers of Ownership/Assumptions	Chapter 60

Accounting reporting requirements are set forth in Chapter 78 of this Guide.

Each report and all correspondence for a particular Mortgage must reference the Freddie Mac Seller/Servicer number and the Freddie Mac loan number. The Servicer must ensure that all reports required or requested by Freddie Mac are accurately prepared and promptly submitted.

(a) Computer facsimiles

Freddie Mac will accept computer-generated facsimiles for:

- Form 102, Second Mortgage/HIL Servicing Transmittal
- Form 1013, 1-4 Unit Property Servicing Inspection Report

- Form 105, Multipurpose Loan Servicing Transmittal

Any computer-generated facsimiles of these forms must:

- Reflect the most current comparable Freddie Mac form available
- Be in the same format as the comparable Freddie Mac form with no alterations to the placement of the data fields and no deletions of data fields
- Provide at least two lines of space between detail lines

(b) Additional reports

The Servicer must submit such other reports as Freddie Mac may require from time to time.

(c) Noncompliance fees

Failure to provide timely, complete and accurate reports (regardless of the mode of submission or transmission) subjects the Servicer to the Servicing reporting noncompliance fees set forth in Sections 64.10.1, 66.56 and 78.47.

Accounting reporting and Servicing reporting noncompliance fees are monitored and assessed separately.

Freddie Mac reserves the right to change all fees and other remedies at any time and at its sole discretion.

55.2: IRS Form 1098 (01/02/97)

The Servicer must provide IRS Form 1098, Mortgage Interest Statement, to the IRS and the Borrower as required under Section 6050H of the Internal Revenue Code. This reporting must be done for each Mortgage owned in whole or in part by Freddie Mac. The Servicer's name, address and federal identification number must be reported for "Recipient." The Borrower's name, address and Social Security number must be reported for "Payer."

The Servicer must maintain copies of all statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with the above section of the Internal Revenue Code and make such copies available for examination by Freddie Mac upon request. The Servicer is responsible for any penalty levied by the IRS for nonreporting or reporting of inaccurate information, as applicable, with respect to those statements and reports which Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS.

55.3: IRS Form 1099-A, Acquisition or Abandonment of Secured Property (04/25/06)

The Servicer must provide IRS Form 1099-A, Acquisition or Abandonment of Secured Property, to the IRS and the Borrower as required under Section 6050J of the Internal Revenue Code. This reporting must be done whenever Freddie Mac or a third party acquires an interest in a property in full or partial satisfaction of Freddie Mac's secured debt or when Freddie Mac or the Servicer knows or has reason to know that a property has been abandoned. For the purposes of filing these reports, the following definitions apply:

- Freddie Mac acquires an interest in Mortgaged Premises either:
  - On the date of the foreclosure sale or the date the Borrower's right of redemption, if any, expires, whichever occurs later, or
  - At the time a deed-in-lieu of foreclosure is recorded
- A third party acquires an interest at the time of the foreclosure sale
- Abandonment has occurred when Freddie Mac or the Servicer has reason to know from all the facts and circumstances concerning the status of the Mortgaged Premises that the Borrower intended to and has permanently discarded the property from use. If a Servicer determines that an abandonment has occurred and expects to commence foreclosure proceedings within three months, the reporting obligation generally arises at the end of the three-month period.

The following events trigger the reporting requirement:

- Freddie Mac acquisition (Freddie Mac acquires the Mortgaged Premises at a foreclosure sale or by deed-in-lieu of foreclosure.)
- Third-party sale (A third-party acquires the Mortgaged Premises at a foreclosure sale.)
- Department of Housing and Urban Development (HUD), Rural Housing Service (RHS) or VA acquisition. (The Mortgaged Premises were acquired by HUD, RHS or the VA.)
- Abandonment (The Mortgaged Premises have been abandoned, three months have passed and foreclosure proceedings have not begun.)

A completed IRS Form 1099-A must be filed with the IRS on or before February 28, (March 31, if filing electronically) of the year following the calendar year in which the reportable event occurred. The Servicer must also furnish the Borrower with an information statement on or before January 31 of that year. The requirement for furnishing such statement to the Borrower can be satisfied by sending a completed Form 1099-A to the Borrower's last known address. The form must show Freddie Mac's name and address and include a statement that the information is being reported to the IRS. On the form, the "account number" should include the nine-digit Freddie Mac loan number, followed by one space and the six-digit Seller/Servicer number.

See Section 55.3.1(a) in the event that both Form 1099-A and Form 1099-C, Cancellation of Debt, may be filed as the result of a cancellation of debt in connection with a foreclosure or similar action in the same year for the same Borrower.

Instructions for completing IRS Form 1099-A are set forth in Form 1065, Report of IRS Form 1099-A and Form 1099-C Filing. Servicers must comply with the IRS's and the various States' requirements, as amended from time to time, for filing Form 1099-A. Servicers should consult with either their tax advisors or the IRS concerning questions on such requirements.

The Servicer must file all IRS Forms 1099-A with the IRS using electronic or magnetic media. Paper filing is not an option as the number of IRS Forms 1099-A that will be filed under the Freddie Mac tax identification number will exceed the maximum allowed for paper filing.

(a) Magnetic media reporting

Servicers must file their reports with the IRS no later than February 28 of the year following the calendar year in which the reportable event occurred. Even though a Servicer reports to the IRS on magnetic media, the Servicer is still responsible for providing a copy of the Form 1099-A to the Borrower (copy B) and to those States that require it (copy C). Copy B must be furnished to the Borrower on or before January 31 of the year following the reportable event.

IRS requirements for filing magnetic media reports and corrections are set forth in IRS Publication 1220, *Specifications for Filing Forms 1098, 1099, 5498, and W2-G Electronically or Magnetically*. A Servicer may request this publication by downloading it from the IRS website at **www.irs.gov** or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

When filing by magnetic media, the Servicer must:

- Insert appropriate header information on the magnetic media report it files with the IRS in accordance with the following record description:

Field Name	Data Description
First payer name line	Federal Home Loan Mortgage Corporation
Payer's account number	The nine-digit Freddie Mac loan number and the six-digit Seller/Servicer number, separating these two numbers by one space

- Notify Freddie Mac that the Servicer reported to the IRS on magnetic media:

- When the magnetic media report is sent to the IRS, the Servicer must submit Freddie Mac Form 1065, Report of IRS Form 1099-A and Form 1099-C Filing, to Freddie Mac **(see Directory 3)**
- A Servicer should not send Freddie Mac a copy of the magnetic media report that it filed with the IRS

(b) Correcting or voiding previously submitted IRS Forms 1099-A

To correct or void a previously submitted IRS Form 1099-A, the Servicer must refer to IRS requirements to determine how to report either for magnetic media or manual corrections, or voids. To avoid or minimize penalties that may be imposed by the IRS, the Servicer must report corrections or voids to the IRS when an error is discovered. When corrections or voids are submitted to the IRS, a copy of Freddie Mac Form 1065 must be submitted to Freddie Mac **(see Directory 3)**. Form 1065 should indicate the number of corrected or voided Forms 1099-A submitted to the IRS.

(c) Filing accuracy and documentation

Servicers are responsible for completing the IRS Form 1099-A and for providing the information to the IRS and to the Borrower in a timely and accurate manner. The Servicer must maintain copies of all statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with Section 6050J of the Internal Revenue Code. The Servicer must make such copies available for examination by Freddie Mac upon request until Freddie Mac agrees, in writing, that such records may be destroyed. If the IRS penalizes Freddie Mac or assesses any fee for failure to produce such information or because a Servicer failed to file a return or statement or filed an untimely, incorrect or incomplete return or statement, the Servicer will be required to reimburse Freddie Mac for all costs incurred by Freddie Mac as a result of such penalty or assessment and an amount representing Freddie Mac's total tax liability resulting from such reimbursement. Such reimbursement will not be required if the Servicer can show that it met the filing requirements.

55.3.1: IRS Form 1099-C, Cancellation of Debt (04/25/06)

The Servicer must report cancellations of Borrowers' mortgage debt on IRS Form 1099-C, Cancellation of Debt, as required under Section 6050P of the Internal Revenue Code for all cancellations of mortgage debt occurring on or after January 1, 2005, with respect to Mortgages owned or guaranteed in whole or in part by Freddie Mac. File Form 1099-C for all cancellations of debt of $600 or more. Form 1099-C must be filed regardless of whether the Borrower must report the cancellation of debt as income.

Freddie Mac Form 1065, Report of IRS Form 1099-A and Form 1099-C Filing, includes instructions for completing IRS Form 1099-C.

(a) Coordination with IRS Form 1099-A, Acquisition or Abandonment of Secured Property

If, in the same calendar year, the Servicer cancels a debt in connection with a foreclosure or abandonment of the mortgaged property, it is not necessary to file both Form 1099-A, Acquisition or Abandonment of Secured Property (see Section 55.3), and Form 1099-C for the same Borrower. The Servicer will meet the filing requirement for Form 1099-A by completing boxes 5 and 7 on Form 1099-C. However, the Servicer may complete both Forms 1099-A and 1099-C separately; in that case do not complete boxes 5 and 7 on Form 1099-C. (See Freddie Mac Form 1065 for filing instructions for IRS Forms 1099-A and 1099-C.)

(b) Requesting taxpayer identification numbers (TINs)

A Servicer must make a reasonable effort to obtain the correct name and taxpayer identification number (TIN) of the Borrower whose debt was cancelled. If you do not obtain the TIN before the debt is cancelled, you must request the Borrower's TIN. Such request must clearly notify the Borrower that the IRS requires the Borrower to furnish the TIN and that failure to furnish such TIN subjects the Borrower to a $50 penalty imposed by the IRS. Use Form W-9, Request for Taxpayer Identification Number and Certification, to request the TIN. However, a Borrower is not required to certify the TIN under penalties of perjury.

(c) Exceptions

You are not required to report the following on Form 1099-C:

- **Certain bankruptcies**

  Debt cancelled in bankruptcy is not reported unless the debt was incurred for business or investment purposes. Single-family Mortgages may be incurred either for personal purposes or for business or investment purposes. Thus, Servicers should only file IRS Form 1099-C for discharges of debt in bankruptcy if they are aware that the Borrower is holding the property for investment and not as a personal residence, such as in the case of an Investment Property Mortgage, determined at origination. In that case, report debt cancelled for the later of:

  - The year in which the amount of cancelled debt first can be determined or
  - The year in which the debt is cancelled in bankruptcy

- **Interest**

Servicers do not need to include interest as part of the cancelled debt in box 2. However if interest is reported as part of the cancelled debt in box 2, show the interest separately in box 3.

- **Nonprincipal amounts**

  Nonprincipal amounts include penalties, fines, fees and administrative costs. These do not need to be reported.

- **Release of a Borrower**

  Form 1099-C need not be filed if one of the Borrowers on a Mortgage is released as long as the remaining Borrowers remain liable for the full amount of the unpaid Mortgage.

- **Guarantor or surety**

  Form 1099-C need not be filed for a guarantor or surety. A guarantor is not a debtor for purposes of Form 1099-C, even if demand for payment is made to the guarantor.

- **Multiple Borrowers**

  For Mortgages originated after 1994 that involve Borrowers who are jointly and severally liable for the Mortgage, report the entire amount of the cancelled debt on each Borrower's Form 1099-C. Multiple Borrowers are jointly and severally liable for a debt if there is not clear and convincing evidence to the contrary. If it can be shown that joint and several liability does not exist, a Form 1099-C is required for each Borrower for whom you cancelled a debt of $600 or more.

  - For Mortgages originated before 1995 you must file Form 1099-C only for the primary (or first-named) Borrower
  - If you know or have reason to know that the multiple Borrowers were husband and wife who were living at the same address when the debt was incurred, and you have no information that these circumstances have changed, you may file only one Form 1099-C
  - See the instructions to Freddie Mac Form 1065 for the application of these rules to entity borrowers (i.e., estates or trusts)

(d) Definitions

For purposes of these reports, the following definitions apply:

- A debt may include all amounts owed, including stated principal, stated interest, fees, penalties, administrative costs, and fines. However, only stated principal is

required to be reported. If accrued interest is included in the amount of the stated debt (in box 2), then it must be reported in box 3

- A debt is cancelled on the date an identifiable event occurs. An identifiable event is:

  1. A discharge in bankruptcy under Title 11 of the U.S. Code (but see exceptions in Section 55.3.1(c) # 1 above).

  2. A cancellation or extinguishment making the debt unenforceable in a receivership, foreclosure or similar proceeding.

  3. A cancellation or extinguishment when the statute of limitations for collecting the debt expires, or when the statutory period for filing a claim or beginning a deficiency judgment proceeding expires. Expiration of the statute of limitations is an identifiable event only when the Borrower's affirmative statute of limitations defense is upheld in a final judgment or decision of a court and the appeal period has expired.

  4. A cancellation or extinguishment when a creditor elects foreclosure remedies that by law end or bar the creditor's right to collect the debt. This event applies if collection is barred by local law after a "power of sale" in the Mortgage or deed of trust is exercised.

  5. A cancellation or extinguishment due to a probate or similar proceeding.

  6. A discharge of indebtedness under an agreement with the debtor to cancel the debt at less than full consideration. Freddie Mac will advise the Servicer if such an agreement is reached with a Borrower.

  7. A discharge of indebtedness because of a decision or a defined policy of the creditor to discontinue collection activity and cancel the debt. A creditor's defined policy can be in writing or an established business practice. A practice to stop collection activity and abandon a debt when a particular nonpayment period expires is a defined policy.

  8. The expiration of a nonpayment testing period. This event occurs when a creditor has not received a payment on the debt during the testing period, which is the 36-month period ending on December 31 plus any time when the creditor was precluded from collection activity by a stay in bankruptcy or similar rule under State or local law. A creditor can rebut the occurrence of this identifiable event if:

    - The creditor (or third-party collection agency) has engaged in significant bona fide collection activity during the 12-month period ending on December 31, or

- Facts and circumstances that exist on January 31 following the end of the 36-month period indicate that the debt was not cancelled

For purposes of this event, significant bona fide collection activity does not include nominal or ministerial collection action, such as automated mailings. Facts and circumstances indicating that a debt was not cancelled include the existence of a lien relating to the debt (up to the value of the security) or the sale or packaging for sale of the debt by the creditor.

(e) Reporting IRS Form 1099-C to IRS

The Servicer must file IRS Forms 1099-C on Freddie Mac's behalf. The Servicer must file all Forms 1099-C with the IRS using electronic or magnetic media. Paper filing is not an option as the total number of IRS Forms 1099-C that will be filed under the Freddie Mac tax identification number will exceed the maximum allowed for paper filing.

IRS Publication 1220, Specifications for Filing Forms 1099, 1098, 5498 and W-2G Electronically or Magnetically, sets forth the IRS requirements for filing electronic and magnetic media reports and corrections. The Servicer can obtain this publication by downloading it from the IRS web site at **http://www.irs.gov**, or by calling 1-800-TAX-FORM (1-800-829-3676).

When filing by magnetic media, the Servicer must insert appropriate header information on the magnetic media report it files with the IRS in accordance with the following record descriptions:

Field Name	**Data Description**
"A" Record	
Payer's TIN	520904874
First payer name line	Freddie Mac
Payer shipping address	8200 Jones Branch Drive
Payer City, State and Zip	McLean, VA 22102-3100
"B" Record	
Payer's account number	The 9-digit Freddie Mac loan number and the 6-digit Seller/Servicer number, separating these two numbers by one space

Each Servicer must file its reports with the IRS not later than February 28 (March 31 if filing electronically) of the year following the calendar year in which the cancellation of debt occurs.

(f) Reporting to the Borrower

Even though a Servicer reports to the IRS, the Servicer is still responsible for providing a paper copy of the Form 1099-C to the Borrower (copy B) and to those States that require it (copy C), before January 31 of the year following the calendar year in which the cancellation of debt occurred. The Servicer can satisfy the requirement for furnishing such statement to the Borrower by sending a completed Form 1099-C to the Borrower's last known address. The form must show Freddie Mac's name and address and include a statement that the information is being reported to the IRS.

(g) Notification to Freddie Mac of magnetic media reporting

The Servicer must notify Freddie Mac that the Servicer reported to the IRS on magnetic media. When the magnetic media report is sent to the IRS, the Servicer must submit Freddie Mac Form 1065 to the attention of **(see Directory 3)**. The Servicer should not send Freddie Mac a copy of the magnetic media report that it filed with the IRS.

(h) Correcting or voiding previously submitted IRS Form 1099-C

To correct or void a previously submitted IRS Form 1099-C, the Servicer must refer to IRS requirements to determine how to report either for magnetic media or manual corrections or voids. To avoid or minimize penalties that may be imposed by the IRS, the Servicer must promptly report corrections or voids to the IRS when an error is discovered. When the Servicer submits corrections or voids to the IRS, the Servicer must also submit a copy of Freddie Mac Form 1065 to **(see Directory 3)**. The Servicer must indicate on Form 1065 the number or corrected or voided Forms 1099-C submitted to the IRS.

(i) Filing accuracy and documentation

Servicers are responsible for completing the IRS Form 1099-C and for providing the information to the IRS and to the Borrower in a timely and accurate manner. The Servicer must maintain copies of all statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with Section 6050P of the Internal Revenue Code. The Servicer must make such copies available for examination by Freddie Mac upon request until Freddie Mac agrees, in writing, that such records may be destroyed (which will be a minimum of four (4) years).

If the IRS penalizes Freddie Mac or assesses any fees for failure to produce such information, or because the Servicer failed to file a return or statement, or filed an untimely, incorrect, or incomplete return or statement, the Servicer will be required to reimburse Freddie Mac for all costs incurred by Freddie Mac as a result of such

penalty or assessment and for the amount representing Freddie Mac's total tax liability resulting from such reimbursement. Freddie Mac will not require such reimbursement if the Servicer can show that it met the filing requirements.

55.3.2: IRS Form 1099-MISC, Miscellaneous Income (02/20/09)

Servicers should not prepare or file IRS Form 1099-MISC ("Miscellaneous Income") using Freddie Mac's name or Taxpayer Identification Number. The Servicer should consult with its tax advisor to review its reporting obligations with regard to the filing of Form 1099-MISC.

55.4: Reports to credit repositories (09/30/97)

For each Mortgage serviced for Freddie Mac under the Home Mortgage and Second Mortgage/HIL programs, a Servicer must report on a monthly basis the payment status of the Mortgage to the credit repositories listed in Exhibit 51.

Freddie Mac does not specify a particular day of the month by which the Servicer must perform the full-file reporting. Freddie Mac requires only that the reporting be performed on a monthly basis for all Mortgages regardless of the Mortgage status. The Servicer may report after each month end to allow time for payment corrections, returned checks and other adjustments to be processed. Freddie Mac will audit Servicers for compliance with the full-file credit reporting requirements.

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Note:
Full-file reporting includes Mortgages recently originated, current and delinquent Mortgages, Mortgages liquidated through workout options or foreclosure and chargeoffs. Each credit repository will provide the Servicer with the applicable codes to use to report each Mortgage status type.

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Freddie Mac will not require reporting to a repository that does not serve the jurisdiction for which a report must be filed. Written advice from a repository that it cannot accept a Servicer's report for a given jurisdiction because it does not serve that jurisdiction will be sufficient evidence to Freddie Mac that the Servicer is in compliance with Freddie Mac's requirements for that jurisdiction.

Borrowers, or their representatives, are permitted under the Federal Fair Credit Reporting Act (FCRA) to inquire about or dispute the accuracy of information in their credit repository files. This right to inquire about or dispute the accuracy of information applies

to any Mortgage that the Servicer services for Freddie Mac, just as it does to any other indebtedness of a Borrower. A Borrower may send an inquiry or a notice of dispute concerning the accuracy of reported information about the Borrower's Mortgage directly to the Servicer, or to any of the credit repositories listed in Exhibit 51. Whenever the Servicer receives such an inquiry or notice of dispute from a Borrower, or receives a letter from a credit repository requesting verification or correction of Mortgage-related information, the Servicer must respond in accordance with the requirements of the FCRA.

55.5: Audit confirmation requests (06/30/97)

Sellers or Servicers requiring confirmation from Freddie Mac with respect to the Mortgages sold to and serviced for Freddie Mac must use a format similar to that provided in Exhibit 65. The confirmation request must be directed to Freddie Mac at the address stated in Exhibit 65.

Chapter 56: Transfers of Servicing

56.1: Overview (09/10/01)

Freddie Mac's requirements for Transfers of Servicing are set forth in this chapter.

A Transfer of Servicing can result from either of two actions:

- A negotiation for the sale of a Servicing portfolio from one party (Transferor) to another (Transferee)
- Certain changes in ownership of a Seller/Servicer that result in a conveyance or other transfer, in effect, of Servicing duties and responsibilities set forth in the documents with respect to Mortgages Purchased in Whole or in Part by Freddie Mac. The Seller/Servicer is responsible for:
  - Determining when a Transfer of Servicing will occur due to an organizational change
  - Submitting the appropriate request specified in Section 56.3
  - Complying with other requirements in this Guide, as applicable

See also Section 54.3 a bout Servicing compensation to a new Servicer pursuant to a transfer.

56.2: Defined terms for Transfers of Servicing (09/10/01)

Sellers and Servicers should be familiar with Freddie Mac's definitions for the following terms as they relate to Transfers of Servicing:

- Concurrent Transfer of Servicing
- Effective Date of Transfer
- Subsequent Transfer of Servicing
- Transferee
- Transferor

Definitions for these terms are located in the Glossary of this Guide.

56.3: Submitting requests for Transfers of Servicing (07/01/07)

The Transferor and Transferee must obtain our written approval of each Transfer of Servicing request before the transfer takes place. Our prior written approval is required,

regardless of whether the transfer is initiated or requested by a Servicer or any other party, such as a conservator, receiver or liquidator of the Servicer.

(a) Concurrent Transfers of Servicing

For a Concurrent Transfer of Servicing, the Transferor must obtain Freddie Mac's approval of the Transfer of Servicing before entering into a Master Commitment Contract or Purchase Contract to sell the Mortgages to Freddie Mac. Freddie Mac, at its discretion, may rescind or suspend approval of a Concurrent Transfer of Servicing, if Freddie Mac determines that there has been significant deterioration in the financial condition or performance of either Servicer.

The Transferor and Transferee must complete Form 960, Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages. The Transferor should complete the blanks on Form 960 for the Master Commitment Contract, if available. For transfers of Home Mortgages, requests should be submitted to Freddie Mac **(see Directory 3)**.

Freddie Mac will indicate approval, if appropriate, by executing and returning a copy of Form 960 to the Transferor and Transferee. Freddie Mac's approval of the transfer is effective for Mortgages delivered during the delivery period specified by Freddie Mac on Form 960 or until the Master Commitment Contract is fulfilled. At the expiration of the delivery period, the Transferor must submit a new Form 960 to request renewal of Freddie Mac's approval of the transfer or to request approval of another transfer for future Mortgage deliveries.

Freddie Mac will provide to the Transferee a funding detail report to aid the Transferee in preparing Servicing and accounting reports.

Multiple Transfers of Servicing are allowed for the same Purchase Contract, but no more than one Transferee is allowed for each group of Mortgages delivered under Form 381, Contract Delivery Summary.

The terms of the master Form 960G, Agreement of Concurrent Transfer of Servicing of Single-Family Mortgages through Gold Cash Xtra®, executed by the Transferor and Transferee, will apply to Mortgages sold through Gold Cash Xtra for which Servicing was concurrently transferred.

(b) Subsequent Transfers of Servicing

For a Subsequent Transfer of Servicing, the Transferor and Transferee must complete and submit the following information to Freddie Mac **(see Directory 3)** at least 30 days before the requested transfer date:

- Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages

- List of Mortgages to be Transferred, via MIDANET®

Freddie Mac will indicate approval, if appropriate, by providing an approval letter to the Transferor and the Transferee.

(c) Fee

For each Subsequent Transfer of Servicing request submitted to Freddie Mac with Form 981, the Transferor will be assessed a nonrefundable $500 transfer processing fee. This fee will be billed via the Performing Loans monthly Servicer Billing Statement and must be paid in accordance with the requirements for remitting payment of fees billed on the Servicer's billing statement. Refer to Section 76.23 for information on remitting fees billed on the Performing Loans monthly Servicer Billing Statement.

No fee will be assessed for a Concurrent Transfer of Servicing.

(d) Denied Transfer of Servicing requests

Freddie Mac reserves the right to deny a Transfer of Servicing request. Freddie Mac may provide you written notice of the denial, but is not obligated to provide a written notice explaining the reason for denial.

(e) Freddie Mac's rights

Freddie Mac has the right to transfer Servicing for cause from any purported Transferee of Servicing including another Servicer that has purported to assume a Servicer's Servicing obligations without Freddie Mac's prior written approval. In addition, any such unauthorized transfer and assumption of Servicing constitute grounds for suspension or disqualification of both the Transferor and purported Transferee as Seller/Servicers.

(f) Transfer of Servicing for Mortgages sold under Gold Cash Xtra®

The requirements for transferring the Servicing of Mortgages sold to Freddie Mac under Gold Cash Xtra are contained in Exhibit 28, Loan Servicing Purchase and Sale Agreement

56.4: Review of Transferor and Transferee (09/10/01)

(a) By Freddie Mac

1. Freddie Mac will work with the Transferor and Transferee to approve a Transfer of Servicing, but reserves the right to approve with conditions. Freddie Mac is not obligated to approve a Transfer of Servicing. Freddie Mac will not approve a Transfer of Servicing if Freddie Mac, in the exercise of its judgment and in its sole discretion, determines that such a transfer is not in the best interests of Freddie Mac or determines that the Transferor or Transferee will not be able to adequately service the Mortgages and/or Real Estate Owned (REO) remaining in the post-transfer portfolios.

2. The Transferor and Transferee must be approved Seller/Servicers and must be in compliance with all the requirements of the Purchase Documents. When reviewing a Transfer of Servicing request, Freddie Mac will review both the Transferor and the Transferee. Transferors and Transferees must not be subject to any situations prohibited under Section 5.2. The review will focus on, but not be limited to, financial capacity to honor contractual obligations, existence of any outstanding obligations (such as repurchases), delinquency and REO ratios, and delinquency reporting.

3. Freddie Mac's review of the Transfer of Servicing request may take additional time if either the Transferor or Transferee is subject to any situations prohibited under Section 5.2, or the Purchase Documents reflect negotiated terms, including the sale of Mortgages to Freddie Mac with recourse.

(b) By Transferee Servicer

Freddie Mac encourages the Transferee to perform a due diligence review on the loans in the transfer and on Custodial Accounts, and to be aware of any obligations of the Transferor under the Purchase Documents. The Transferee's due diligence efforts should include, but are not limited to, a review of the following information that the Transferor may provide:

1. Reports and data that confirm and support information provided by the Transferor
2. Pertinent reports prepared by internal or external auditors, including any recently completed Freddie Mac audit
3. Our Servicer Performance Profile for the Transferor

56.5: Additional requirements for Transfers of Servicing (06/30/98)

As a condition of Freddie Mac's approval of a Transfer of Servicing request, the Transferor and Transferee must warrant that they have met the additional requirements in this section relating to the Mortgages being transferred.

(a) Mortgage insurance coverage

The transfer must comply with the requirements of each MI that insures any of the Mortgages. Before the transfer occurs, the Transferor must obtain a commitment from each MI to continue to provide coverage required by Freddie Mac for the benefit of the Transferee. If any MI will not continue to provide coverage for the benefit of the Transferee, the Transferor must obtain a written commitment by another MI to provide equivalent coverage.

(b) Negotiated transactions

The Mortgages being transferred must not be subject to a negotiated contract that prohibits Transfers of Servicing.

(c) Additional delivery data for Concurrent Transfers of Servicing

For Concurrent Transfers of Servicing, the additional Mortgage delivery data required must be submitted by:

- The Transferor if the data are submitted at the time the Mortgages are delivered to Freddie Mac, or
- The Transferee if the data are submitted after Mortgage delivery

The Transferor must obtain Freddie Mac's approval before Mortgage delivery for the Transferee to submit the data after Mortgage delivery.

If Freddie Mac approves postdelivery submission of the data, the Transferor must provide to the Transferee copies of the origination file documents required to complete accurate data delivery.

(d) Participations

The participation interest the Seller/Servicer retains for Mortgages sold in part to Freddie Mac must be retained by the Transferor or sold to the Transferee in an approved Transfer of Servicing.

56.6: Reporting to Freddie Mac (06/17/08)

(a) Servicing reporting

Beginning with reports due for the reporting cycle immediately following the Effective Date of Transfer, the Transferee must submit all Servicing reports, whether required to be submitted by MIDANET® media or by paper copy, in the name and Seller/Servicer number of the Transferee.

(b) Accounting reporting and remitting

All accounting reports due to Freddie Mac must be submitted via MIDANET in accordance with Section 76.21. All funds due to Freddie Mac must be remitted in accordance with Sections 76.21 through 76.24.

All of the following must be reported and remitted by the Transferor:

- Payoffs for which the payoff date is before the Effective Date of Transfer
- Third-party foreclosure sales for which the sale date is before the Effective Date of Transfer
- Reports and funds due for the accounting cycle cutoff date immediately preceding the Effective Date of Transfer

All of the following must be reported and remitted by the Transferee:

- Payoffs for which the payoff date is on or after the Effective Date of Transfer
- Third-party foreclosure sales for which the sale date is on or after the Effective Date of Transfer
- Reports and funds due for the accounting cycle cutoff dates following the Effective Date of Transfer

56.7: Endorsement of Notes and assignment of Security Instruments (10/01/09)

When a Mortgage is sold to Freddie Mac, the Seller must endorse the Note in blank in accordance with Section 16.4. When a Transfer of Servicing occurs, the Transferor Servicer may not complete the blank endorsement or further endorse the Note, but must prepare and complete assignments according to the following requirements:

(a) Concurrent Transfer of Servicing for a Mortgage not registered with the Mortgage Electronic Registration Systems Inc. (MERS)

To prepare and complete assignment of the Security Instrument for a Concurrent Transfer of Servicing for a Mortgage not registered with MERS, the Transferor Servicer must:

- Record any Intervening Assignments to complete the chain of assignments to it from the original mortgagee, in accordance with Section 22.14(a)
- Assign the Security Instruments to the Transferee Servicer, and record the assignment
- Follow the document custodial procedures set forth in Section 56.9 and deliver the assignment to the Transferee Document Custodian to be verified in accordance with the requirements of Section 18.5

See Section 22.14(a) for additional information.

(b) Concurrent Transfer of Servicing for a Mortgage registered with MERS

To prepare and complete an assignment of the Security Instrument for a Concurrent Transfer of Servicing of a Mortgage that is registered with MERS:

- If the **Transferee Servicer is a MERS Member**, no further assignment is needed. The Transferor Servicer must notify MERS of the Transfer of Servicing.
- If the **Transferee Servicer is not a MERS Member**, then for a Concurrent Transfer of Servicing:
  - The Transferor Servicer must prepare and record an assignment of the Security Instrument (on behalf of MERS) from MERS to the Transferee Servicer
  - The Transferor Servicer must follow the document custodial procedures set forth in Section 56.9, and deliver the assignment to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 18.5

See Section 22.14(b) for additional information.

(c) Subsequent Transfer of Servicing for a Mortgage not registered with MERS

To prepare and complete an assignment of a Security Instrument for a Subsequent Transfer of Servicing for a Mortgage not registered with MERS, the Transferor Servicer must:

- Recover and destroy any original unrecorded assignments to Freddie Mac that may have been prepared
- Assign the Security Instrument to the Transferee Servicer and record the assignment
- Follow the document custody procedures set forth in Section 56.9, and deliver the assignment(s) to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 18.5

If an original assignment to Freddie Mac was recorded, no additional assignment need be made.

56.7.1: Concurrent or Subsequent Transfers of Servicing for a Mortgaged secured by a Manufactured Home located in a certificate of title State (01/02/04)

The requirements in this section apply to preparing and completing assignments of the security interest in the Manufactured Home for Concurrent or Subsequent Transfers of Servicing when the Manufactured Home is located in a certificate of title State that does not provide for surrender and cancellation of the certificate of title (see Section H33.7). In a certificate of title State, a lien on the Manufactured Home is evidenced and perfected by notation on the certificate of title to the Manufactured Home. The lien on the land on which the Manufactured Home is permanently attached is perfected by recording the Security Instrument.

Therefore, in addition to the procedures described in Section 56.7 for preparing and completing assignments of the Security Instrument, the following procedures must be followed with respect to the Manufactured Home:

- If the Borrower holds the original certificate of title to the Manufactured Home, and the original certificate of title must be produced to note the assignment, the Seller/Servicer must obtain the original certificate of title from the Borrower and follow the applicable procedure to note the assignment on the certificate of title
- The Transferor must note any intervening assignments from the original mortgagee to the Transferor on the certificate of title and, if required, record the complete chain of assignments from the original mortgagee to the Transferor with the State motor vehicles administration or other authorized agency
- The Transferor must note the assignment of its interest in the Manufactured Home to the Transferee on the certificate of title and, if required, record the assignment with the State motor vehicles administration or other authorized agency
- If the Borrower holds the original certificate of title, the Transferor must make and retain a copy of the original certificate with the noted assignments before returning the original certificate of title with the noted assignments to the Borrower in accordance with applicable procedures
- The Transferor must deliver the certificate of title (or if applicable a copy of the certificate of title) evidencing the complete chain of title to the Transferee who must retain the certificate of title or a copy of the certificate of title, as applicable, in the Mortgage file

56.8: Transfer of records (12/14/04)

(a) Transfer of Mortgage and REO files

No later than 30 days after the Effective Date of Transfer, the Transferor must deliver to the Transferee the following records for each Mortgage and REO for which Servicing is transferred:

1. **Mortgage file**: the Mortgage file that the Servicer is required to maintain in accordance with Chapter 52

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Servicing Note:
If the Transferee does not have the same form of document and records storage (photographic, photostatic, microfilm, microfiche, electronic imaging, optical disk or laser disk storage) as the Transferor, then the Transferor must either convert the documents and records to the form of storage utilized by the Transferee or generate paper copies of all documents and records for the Transferee.
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2. **Payment history:** the complete history of Mortgage payments and, if applicable, Escrow disbursements (including the most recent Escrow analysis), with supporting documentation, from the Origination Date of the Mortgage

3. **Correspondence and reports:** copies of all correspondence with, and reports to, the Borrowers and, as applicable, FHA, VA, RHS, MI, Freddie Mac and any government authority

4. **Notice of transfer:** a copy of the notice to the Borrowers regarding the Transfer of Servicing

5. **REO history:** if REO is being serviced, the complete history of receipts, expenditures and management and marketing activities (including copies of any filed MI claims), with supporting documentation, from the date the REO was acquired

(b) Transfer of portfolio records

No later than the Effective Date of Transfer, the Transferor must deliver to the Transferee the following records for the Mortgages and REO for which Servicing is transferred:

1. **Notices to third parties:** the notices required in Section 56.14, including documentation of MI approval and commitment to insure

2. **Service contracts:** copies of tax and flood hazard determination service contracts, if applicable

3. **Unpaid charges:** a list of Escrowed charges due and unpaid as of the Effective Date of Transfer

4. **Trial balances:** trial balances, as of the close of the last Business Day immediately preceding the Effective Date of Transfer, showing:

   - Transfers of Ownership, payoffs and other Servicing exceptions in process
   - Escrows, Escrow advances and prepayments
   - Where applicable, buydown accounts and balances
   - Delinquencies, foreclosures, bankruptcies and REO

5. **Automatic payments:** a list of Mortgages subject to automatic drafting of monthly payments

6. **Insurance policies:** a list of Mortgages showing expiration dates of the insurance policies on the Mortgaged Premises, whether or not premiums for these policies were Escrowed by the Transferor

7. **Other documents:** ledger records and definitions of codes used in ledger records, trial balances or any other documents required by Freddie Mac to be transferred to the Transferee

(c) Additional requirements for Subsequent Transfers of Servicing

For a Subsequent Transfer of Servicing, the Transferor must deliver to the Transferee, no later than 30 days after the Effective Date of Transfer, the following documents in addition to those specified in Sections 56.8(a) and 56.8(b):

- **Custodial Accounts:** a copy of the depository's reconciliation, as of the close of the bank's last Business Day immediately preceding the Effective Date of Transfer, for each Custodial Account maintained in accordance with Section 76.1

- **Freddie Mac reports:** copies of all Servicing and accounting reports filed with Freddie Mac for the three months immediately preceding the Effective Date of Transfer

56.9: Document custody requirements (10/01/09)

For all Mortgages sold through the Freddie Mac Selling System (Selling System) Servicing Released Sales Process, Freddie Mac's Designated Custodian (**see Directory 4**) shall hold the Notes. The Seller must establish a contractual relationship with the Designated Custodian in accordance with requirements of Section 18.3(b).

(a) Responsibilities for a Concurrent Transfer of Servicing

For a Concurrent Transfer of Servicing, the Transferee Document Custodian must have performed the certifications required in Sections 16.8(a) and 18.6(b) prior to the Delivery Date. The Seller must cooperate with the Transferee Document Custodian and the Designated Custodian to effect a smooth and orderly transfer. The Seller must work with the Transferee Servicer, the Transferee Document Custodian and the Designated Custodian to cure all document deficiencies prior to recertification of the Notes.

- **The Seller must:**
  - Verify that the Transferee Document Custodian has been selected by the Transferee Servicer in accordance with Freddie Mac's requirements as evidenced by a copy of the Transferee Servicer's and Document Custodian's executed Form 1035 or Form 1035DC
  - Deliver to the Transferee Document Custodian the Notes with related documents and all assignments, together with:
    - For Mortgages delivered through the Selling System, the Form 1034E, Custodian Certification Schedule, or the Note Delivery Cover Sheet
    - For Mortgages delivered through MIDANET®, the appropriate Form 1034, Fixed-Rate Custodial Certification Schedule, or Form 1034A, ARM Custodial Certification Schedule, and Form 1034S, Custodian Certification Schedule Summary
  - Ensure that all Mortgages registered and assigned to MERS and all Mortgages closed with MERS as the original mortgagee of record are identified as such. Refer to Section 22.14 for additional requirements for these Mortgages.
- **The Transferee Document Custodian must:**
  - Verify the documents and information required in Section 18.6(b) and that a copy of Form 960, Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages, evidencing Freddie Mac's approval of the Transfer of Servicing, accompanies the Notes and assignments
  - For Mortgages delivered through the Selling System, complete the certification of the Mortgages in the Selling System
  - For Mortgages delivered through MIDANET:
    - Complete and execute the custodial certification on one original Form 1034, or Form 1034A, as applicable
    - Complete Form 1034S, or at the Transferee Document Custodian's option, Form 1034SM, Custodian Certification Schedule Summary for Multiple Purchase Contracts, if multiple Purchase Contracts are being certified
    - Retain the Form 1034 or Form 1034A, as applicable, and the Form 1034S, or Form 1034SM, as applicable, for at least three months from the date the certification is completed. See Section 18.6(g) for requirements on imaging and retention.
    - Return one copy of the signed Form 1034 or Form 1034A, as applicable, and a copy of Form 1034S, or Form 1034SM, as applicable, to the Transferee Servicer

- On behalf of itself and the Transferee Servicer, send a copy of the Form 1034S, or Form 1034SM, as applicable, to Freddie Mac **(see Directory 9)** via facsimile transmission or e-mail, which Freddie Mac shall rely upon in accordance with our requirements in Sections 1.3 and 18.6

- Update its document tracking system in accordance with the requirements in Section 18.2(b)

(b) Responsibilities for Subsequent Transfers of Servicing

The Transferor Document Custodian must cooperate with the Transferee Document Custodian to effect a smooth and orderly transfer.

- **The Transferor Document Custodian must:**
  - Work with the Transferor and the Transferee Servicers, the Transferee Document Custodian and Freddie Mac to cure all document deficiencies prior to recertification of the Notes
  - Verify that the Transferee Document Custodian has been selected by the Transferee Servicer in accordance with Freddie Mac's requirements and that a copy of the Transferee Servicer's executed Form 1035 or Form 1035DC and Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, accompany the Transferor's request to transfer the Notes and assignments
  - Deliver to the Transferee Document Custodian the Notes with related documents, all assignments in its custody and Form 1034T, Subsequent Transfer Custodial Certification Schedule, not later than 30 days after the Effective Date of Transfer
  - Ensure that all Mortgages registered and assigned to MERS and all Mortgages closed with MERS as the original mortgagee of record are identified as such

- **The Transferee Document Custodian must:**
  - Have a Form 1035, or if the Document Custodian is the Designated Custodian a Form 1035DC, in effect with the Transferee Servicer in accordance with Section 18.3
  - Perform the verifications required in Section 18.7(d) and verify that a copy of Form 981, evidencing Freddie Mac's approval of the Transfer of Servicing, accompanies the transfer of Notes with related documents and all assignments
  - Complete, execute and deliver the Form 1034T to Freddie Mac **(see Directory 9)** no later than 180 days after the Effective Date of Transfer

- Retain the Form 1034T for at least three months from the date the certification is completed. See Section 18.6(g) for information on imaging and retention.
- Update its document tracking system in accordance with Section 18.2(b)

- **Transferee and Transferor Servicers utilize the same Document Custodian**
  - **The Transferor Servicer must:**
    - Prepare and execute the Form 1034T
    - Prepare an assignment to the Transferee Servicer, which must be recorded and certified, unless the Mortgage is registered to MERS and the Transferee Servicer is a MERS member
    - Deliver the executed Form 1034T and the assignment to the Document Custodian no later than 30 days after the Effective Date of Transfer
  - **The Document Custodian must:**
    - Remove from the Mortgage file and destroy the recordable but unrecorded assignment, if prepared, from the Transferor to Freddie Mac
    - Execute Form 1034T on behalf of the Transferee Servicer and send a copy to Freddie Mac **(see Directory 9)** no later than 180 days after the Effective Date of Transfer
    - Retain the original or an imaged copy of the Form 1034T for at least three months from the date the certification is completed. See Section 18.6(g) for information on imaging and retention.

    If the Transferee Servicer has elected to hold assignments for MERS-registered Mortgages in the Mortgage files, the Transferee Servicer must provide the Document Custodian with documentation of that election. See Section 18.1(b).

The Transferee is responsible for all representations and warranties with respect to the validity and enforceability of the Mortgage documents.

Other responsibilities of the Document Custodians for the Transferor and Transferee are set forth in Sections 18.6 and 18.7.

56.10: Transfer of funds (12/16/02)

(a) General

All account balances (including, but not limited to, Escrows, prepayments and buydown funds) must be transferred to the Transferee's depository. A final reconciliation of all monies relating to the transfer must be made by the Transferor on the Effective Date of Transfer.

(b) Escrow accounts

The Transferor must forward the entire balance of all Custodial Accounts related to Escrows, buydown funds, repair accounts and replacement reserves (net of documented advances) to the Transferee's depository on the Effective Date of Transfer.

(c) Interest

Delinquent interest advanced to Freddie Mac by the Transferor as of the Effective Date of Transfer net of prepaid interest must be reimbursed to the Transferor by the Transferee no later than the date the funds are due to Freddie Mac.

(d) Principal

Delinquent principal advanced to Freddie Mac by the Transferor as of the Effective Date of Transfer net of prepaid principal must be reimbursed to the Transferor by the Transferee no later than the Effective Date of Transfer.

56.11: Notice to Borrowers (09/10/01)

(a) Transferor's notice to the Borrower

The Transferor must provide timely notice to the Borrowers to ensure a smooth transition, avoid disruption in Mortgage payments and comply with applicable laws and regulations. The Transferor must provide written notice to each Borrower at least 15 days before the first payment is due to be received by the Transferee.

(b) Transferee's notice to the Borrower

The Transferee must provide to each Borrower written confirmation of the information in the Transferor's notice to the Borrowers within 15 days before the date the first payment is due to be received by the Transferee.

(c) Notice requirements

The notice must advise the Borrower of the following:

1. The Effective Date of Transfer
2. The name and address of the Transferee
3. The names and telephone numbers of the contact persons or departments of the Transferor and of the Transferee where the Borrowers' inquiries relating to the transfer should be directed (If toll-free numbers are not available, the letter must indicate that collect calls will be accepted.)

4. The date when the Transferor will no longer collect the Borrowers' payments and when the Transferee will begin to collect them
5. Any previously Escrowed optional Mortgage life or accident and health insurance for which the Transferee will not assume responsibility, with appropriate suggestions or instructions for the Borrower to continue such coverage
6. Procedures for maintenance of automatic draft payments, if applicable

The notice may not amend the terms of a Mortgage other than those relating to where to send payments.

56.12: Borrower issues and inquiries (09/10/01)

The Transferor and Transferee must ensure that their staff and facilities are adequately prepared to process Servicing and accounting transactions and to respond to Borrower inquiries during the transfer transition period. The Transferee must assume responsibility for responding to Borrower inquiries received after the Effective Date of Transfer. If any Servicing or accounting problem cannot be resolved without the involvement of the Transferor, the Transferee, and not the Borrower, should initiate the contact with the Transferor.

During the transfer transition period, the Transferor and Transferee must make reasonable efforts to resolve disputes to the Borrowers' satisfaction when such disputes arise from legitimate Borrower misunderstanding of instructions in the notice of Transfer of Servicing. Late charges must be waived and, if applicable, appropriate adjustments to payment and credit records made for misapplied or unapplied payments due to the Transferee but received by the Transferor.

56.13: Funds and correspondence received after Transfers of Servicing (09/10/01)

Within one day of receipt, the Transferor must deliver to the Transferee any funds for, or correspondence regarding, any of the transferred Mortgages and REO received on or after the Effective Date of Transfer.

56.14: Notices to third parties (04/17/08)

The Transferor must obtain the following approvals and provide the following notices, as applicable:

- Obtain MI approval and commitment to insure as required by Section 56.5(a)

- Advise all applicable property insurers including, if applicable, FEMA, of the transfer and of the name and address of the Transferee to modify the mortgage clause required by Section 58.6

- Provide the required notices to FHA, RHS and/or VA, if applicable

- Notify all other appropriate parties, including, but not limited to, mortgage life and/or accident and health insurers, tax verification/reporting services, and flood zone hazard determination services, tax authorities, homeowners associations, fee owners for leasehold Mortgages, other lienholders and public utilities levying mandatory assessments for which Escrow is collected

56.15: Liabilities of the Transferor and Transferee (06/22/07)

(a) Warranties

Except as stated in the following paragraph, for Transfer of Servicing requests received by Freddie Mac, the Transferee is liable to Freddie Mac for all sale and Servicing representations, covenants and warranties in the Purchase Documents with respect to the Mortgages and Real Estate Owned (REO) for which Servicing is transferred, whether or not the Transferor had such liability.

For Mortgages sold through Gold Cash Xtra® and the Servicing Released Sales Process, the Transferor remains liable to Freddie Mac for all sale representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred. The Transferee is liable to Freddie Mac for all servicing representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred.

(b) Hold harmless

The Transferor and the Transferee, jointly and severally, fully indemnify and agree to hold Freddie Mac, its successors and assigns, harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be made against or be incurred by Freddie Mac as a result of the Transferor's or the Transferee's failure to comply with applicable law or failure to comply with Freddie Mac's Servicing requirements as set forth in the Purchase Documents, including, but not limited to failure to provide the notices required by Section 56.14, failure to make any payment to the appropriate parties for which Escrow is collected and failure to credit properly any payments received from Borrowers.

(c) Servicing

The Transferee hereby agrees to service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprising the Guide, applicable bulletins, the applicable *MIDANET Users' Guide* and any other applicable Purchase Documents, all of which are fully incorporated herein by reference.

Chapter 57: Reserved

Chapter 58: Property Insurance

58.1: General property insurance requirements (10/06/06)

For as long as Freddie Mac owns an interest in a Mortgage, the Seller/Servicer must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in this and subsequent sections.

(a) Licensing of insurer

All insurance companies (insurers) and insurance companies which guarantee coverages provided by other insurance companies (reinsurers) must be licensed, or otherwise authorized by law, to conduct business in the jurisdictions where the Mortgaged Premises are located.

(b) Assessments

Insurance contracts must provide that no assessment may be made against the Seller/Servicer or Freddie Mac and that any assessment made against others may not become a lien on the Mortgaged Premises superior to the lien of the Freddie Mac Mortgage.

(c) Rating of insurer

The required insurance must be provided by one of the following insurers:

1. An insurer whose current rating meets the requirements below:

   - For an insurer rated by A. M. Best Company (A.M. Best), a minimum Financial Strength Rating of B/III, or for a non-U.S. insurer, A/VIII, as reported online at **http://www.ambest.com**
   - For an insurer rated by Demotech, Inc., a minimum Financial Strength Rating of A as reported online at **http://www.demotech.com**
   - For an insurer rated by Standard & Poor's, a division of The McGraw-Hill Companies ("Standard & Poor's"), a minimum Financial Strength Rating of BBB as reported online at **http://www.standardandpoors.com**

2. An insurer whose coverage is guaranteed by a reinsurer under all of the following conditions:

   - The reinsurer's current rating meets the requirements below:
     - For a reinsurer rated by A.M. Best, a minimum Financial Strength Rating of B/III, or for a non-U.S. reinsurer, A/VIII; or

- For a reinsurer rated by Standard & Poor's, a minimum Financial Strength Rating of BBB
- The reinsurer assumes by endorsement 100 percent of the insurer's liability for any covered loss payable but unpaid by the insurer for reason of insolvency.
- The reinsurer assumes by endorsement to give the policyholder, the Seller/Servicer and insurer 90-day written notice before canceling or otherwise terminating the guarantee.
- The above endorsements are attached to each property insurance policy accepted by the Seller/Servicer on account of the endorsements.

3. A state insurance pool created by statutory authority to provide insurance for geographic areas or insurance lines which suffer from lack of voluntary market availability (such pool may be designated as a property insurance plan, a Fair Access to Insurance Requirements (FAIR) plan, an underwriting association, a joint underwriting association or an insurance authority)

4. A nonadmitted insurer whose current rating meets the requirements below:

   - For an insurer rated by A. M. Best, a minimum Financial Strength Rating of A, or
   - For an insurer rated by Standard & Poor's, a minimum Financial Strength Rating of AA-

5. An insurer whose coverage is guaranteed by the National Flood Insurance Program (NFIP) under a Standard Flood Insurance Policy issued pursuant to the National Flood Insurance Act of 1968, as amended

Insurers rated by more than one rating company need only meet one of the rating requirements.

58.2: Minimum property insurance types and amounts (10/06/06)

(a) 1- to 4-unit properties

At a minimum, the insurable improvements on the Mortgaged Premises must be insured for loss or damage from fire, lightning and other perils (windstorm, hail, explosion, riot, civil commotion, damage by aircraft, damage by vehicles and damage by smoke) covered within the scope of standard extended coverage. If any of the preceding perils (e.g., windstorm) is excluded from the primary insurance policy, coverage of the excluded peril must be picked up through a secondary insurance

policy such as may be written by a state insurance pool under Section 58.1(c)(number 3). The insurance limits must at least equal the higher of:

- The unpaid principal balance of the Mortgage*
- 80 percent of the full replacement cost of the insurable improvements

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* If the Mortgage is a Second Mortgage or Home Improvement Loan (HIL), the unpaid principal balance of the Mortgage for insurance calculation purposes is the aggregate unpaid principal balance of the Second Mortgage/HIL and all outstanding superior liens on the Mortgaged Premises.

The coverage required in accordance with the above formula must not exceed the replacement cost of the insurable improvements, even when the unpaid principal balance of the Mortgage exceeds such replacement cost.

The Seller/Servicer must ensure that adequate insurance coverage is in force even when the improvements are vacant or unoccupied and must notify all insurers of any such change in occupancy in order to preserve its rights as mortgagee under the applicable insurance policy.

The deductible for fire, water (not caused by flooding) or wind damage to the insured improvements (generally designated as "dwelling" in the insurance policy) may not exceed 5 percent of the limit maintained for dwelling coverage.

(b) PUDs; ground lease communities

Requirements for 1- to 4-unit properties apply to similar residential properties within a Planned Unit Development (PUD) or a ground lease community.

If the individual units are covered by insurance purchased by their respective owners or leasehold lessees, the PUD homeowners association or the fee simple landowner/lessor of the ground lease community must insure common areas and property for 100 percent of their replacement cost under a commercial package policy which covers, at a minimum, loss from causes identified in the Insurance Services Office's (ISO's) *Commercial Property Causes of Loss — Special Form* endorsement. The policy must provide for loss or damage settlement at replacement cost. The association or fee simple landowner/lessor must also obtain any additional coverage commonly required by private mortgage investors for developments similar in construction, location and use, including the following where applicable and available:

- Agreed Amount, Agreed Value, Replacement Guarantee or Extended Replacement
- Inflation Guard
- Ordinance or Law

- Mechanical Breakdown and Equipment Failure with an Ordinance or Law endorsement

The insurance limit per covered mechanical breakdown or equipment failure must equal the lesser of:

- 100 percent of the replacement cost of the building housing the property which is susceptible to mechanical breakdown or equipment failure, or
- $2 million

If a higher limit is required by private mortgage investors for PUDs similar in construction, location and use, the PUD homeowners association must maintain the higher insurance limit.

The deductible for fire, water (not caused by flooding) or wind damage to the insured improvements (generally designated as "building" in the insurance policy) may not exceed 5 percent of the limit maintained for building coverage.

Freddie Mac will also accept blanket insurance covering all units in the PUD or ground lease community as well as insurable common areas and property, if called for in the PUD's governing documents or in the lease. Such coverage must meet the requirements applicable to each PUD or ground lease community unit and those applicable to insurable common areas and property. Deductibles are allowed under this blanket coverage under the terms and conditions stipulated above.

The insurance policy of the PUD homeowners association or fee simple landowner/lessor of the ground lease community must name the insured in substantially the same language indicated below:

> **For PUDs:** Association of Owners of the [Name of PUD] Planned Unit Development for the use and benefit of the individual owners (designated by name, if required by law or the governing documents).
>
> **For ground lease communities:** [Name of the lessor] of the [Name of the ground lease community] for the use and benefit of the individual lessees (designated by name, if required by law or by the lease).

(c) Condominiums

The condominium owners association must insure common elements and property for 100 percent of their replacement cost under a *Condominium Association Coverage Form* of the ISO or equivalent commercial package policy which covers, at a minimum, loss from causes identified in the ISO's *Commercial Property Causes of Loss — Special Form* endorsement.

Common elements and property that must be insured under the condominium owners association's policy include the following:

- Building and structures in the Condominium Project
- Fixtures, machinery, equipment and supplies maintained for the service of the Condominium Project
- Fixtures, improvements, alterations and equipment within the individual Condominium Units, regardless of ownership, unless the Condominium Unit owners are required by the governing documents to insure these items

The insurance coverage must provide for loss or damage settlement at replacement cost.

The additional coverages required of PUD homeowners associations are also required of condominium owners associations where applicable and available.

The deductible for fire, water (not caused by flooding) or wind damage to the insured improvements (generally designated as "building" in the insurance policy) may not exceed 5 percent of the limit maintained for building coverage.

The insurance policy of the condominium owners association must name the insured in substantially the same language indicated below:

> Association of Owners of the [Name of Condominium Project] Condominium for the use and benefit of the individual owners (designated by name, if required by law or the governing documents).

If the Mortgaged Premises are in a Detached Condominium Project and the condominium governing documents so permit, Freddie Mac will accept insurance for the Mortgaged Premises that meets the requirements of Sections 58.2 through 58.8 applicable to 1- to 4-unit properties. The condominium unit owners association must maintain all other applicable insurance coverages required in Sections 58.2 through 58.8.

58.3: Flood insurance (08/20/09)

A flood zone determination (FZD) must be made for each property securing a Mortgage sold to Freddie Mac.

A FZD made before January 2, 1996, must be documented on the appraisal report required in Section 44.15(d)1. The appraisal report must indicate whether the insurable improvements on the subject property are located in a "Special Flood Hazard Area" (SFHA) as identified by the Federal Emergency Management Agency (FEMA). The flood zone, flood map number and map date must also be stated. The appraiser need not complete this section of the appraisal report if the FZD is made by another party, such as

a non-appraiser on the staff of the Seller/Servicer, a surveyor or a specialized FZD company. If the FZD is not made by an appraiser, the resulting flood zone documentation must contain at least the flood hazard information required in the appraisal report and must be attached to the appraisal report.

Any FZD made by any party on or after January 2,1996, must be documented by a completed FEMA Standard Flood Hazard Determination, FEMA Form 81-93 (Exhibit 13, Standard Flood Hazard Determination Form [SFHDF]) in accordance with federal law. The SFHDF may be used in a printed, computerized or electronic manner and must be retained for the life of the Mortgage in either hard copy or electronic format. Any alternative electronic format must contain all mandatory fields indicated on the SFHDF.

The date in the "Date of Determination" field on the SFHDF must be a date that is no more than 120 days before the Note Date of the Mortgage or, if applicable, the Note Date of the refinance Mortgage.

The loan number or other identifying information in the "Loan Identifier" field on the SFHDF must be the loan number or other identifying information for the Mortgage or, if applicable, the refinance Mortgage.

The Seller/Servicer warrants that any FZD made on or after June 1, 1995 by a party other than the Seller/Servicer is guaranteed by the FZD maker to be accurate, in accordance with federal law. The Seller/Servicer, however, remains responsible to Freddie Mac for the accuracy of any FZD made by the Seller/Servicer or any party other than the Seller/Servicer.

If the SFHDF identifies the insurable improvements on the Mortgaged Premises as located in an area that has been identified as a SFHA designated as Zone "A" or "V" on a flood map (Flood Hazard Boundary Map or Flood Insurance Rate Map) of FEMA, the Seller/Servicer must ensure that flood insurance is obtained and maintained on such improvements for the term of the Mortgage. The flood insurance policy may be issued by any insurer qualified under Section 58.1, but the terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy of the National Flood Insurance Program (NFIP) for the type of improvements insured.

The Seller/Servicer may waive the flood insurance requirement if:

- The Borrower and the Seller/Servicer have obtained, following a joint request to FEMA as provided under federal law, a Letter of Determination Review (LODR) concluding that the insurable improvements are not in the SFHA, or
- The Borrower has provided the Seller/Servicer with a Letter of Map Amendment (LOMA) from FEMA excluding the insurable improvements or the entire property from the SFHA, or
- The Borrower has provided the Seller/Servicer with a Letter of Map Revision (LOMR) from FEMA removing the community's SFHA designation

The Borrower must maintain flood insurance on the insurable improvements until FEMA issues a LOMA, LOMR or LODR. Upon issuance of a LOMA, LOMR or LODR, the Borrower may request from FEMA a refund of paid flood insurance premiums through the insurance agent servicing the flood insurance policy. A copy of the LOMA, LOMR or LODR, as applicable, must be maintained in the Mortgage file in accordance with Chapters 46, 47 and 52.

If the insurable improvements on the Mortgaged Premises are located in an SFHA but the community does not participate in the NFIP ("nonparticipating community"), the Mortgage is not eligible for sale to Freddie Mac.

If the insurable improvements on the Mortgaged Premises are located in an area that has not been mapped by FEMA and the Seller/Servicer is not aware of any flood risks to which the improvements are exposed, the Mortgage is eligible for sale to Freddie Mac without the benefit of flood insurance. If the area has not been mapped by FEMA but the Seller/Servicer is aware that the insurable improvements are exposed to flood risks, the Mortgage is not eligible for sale to Freddie Mac without flood insurance on t he improvements.

(a) 1- to 4-unit properties

If the community where the Mortgaged Premises are located participates in the Emergency Program of the NFIP, the flood insurance coverage on t he insurable improvements must at least equal the lowest of the following:

- The unpaid principal balance of the Mortgage*
- The maximum amount of coverage currently sold under the Emergency Program of the NFIP for the type of improvements insured
- The replacement cost of the insurable improvements

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* If the Mortgage is a Second Mortgage/ Home Improvement Loan (HIL), the unpaid principal balance of the Mortgage for insurance calculation purposes is the aggregate unpaid principal balance of the Second Mortgage/HIL and all outstanding superior liens on the Mortgaged Premises.

The Seller/Servicer must ensure that the Borrower increases flood insurance coverage on the insurable improvements when the community moves into the Regular Program of the NFIP as described below.

If the community where the Mortgaged Premises are located participates in the Regular Program of the NFIP, the flood insurance coverage on t he insurable improvements must at least equal the lowest of the following:

- The unpaid principal balance of the Mortgage*
- The maximum amount of coverage currently sold under the Regular Program of the NFIP for the type of improvements insured

- The replacement cost of the insurable improvements

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* If the Mortgage is a Second Mortgage/HIL, the unpaid principal balance of the Mortgage for insurance calculation purposes is the aggregate unpaid principal balance of the Second Mortgage/HIL and all outstanding superior liens on the Mortgaged Premises.

The deductible may not exceed the maximum deductible amount currently allowed under the NFIP for the type of improvements insured.

(b) PUD or ground lease community units

Flood insurance requirements for 1- to 4-unit properties apply to similar residential properties within a PUD or ground lease community.

(c) Condominium Units

Flood insurance requirements for 1- to 4-unit properties apply to similar residential properties in a Detached Condominium Project.

If the Condominium Unit securing a Mortgage serviced for Freddie Mac is in a building in a Condominium Project other than a Detached Condominium Project and all or part of the building is in an SFHA, one of the following flood insurance coverages is required:

1. **Condominium owners association's coverage**

   The condominium owners association must maintain building coverage on the building for the lower of (i) the building's replacement cost or (ii) $250,000 multiplied by the number of residential units in the building.

   The condominium owners association must maintain contents coverage on the building for the lower of (i) the actual cash value of the contents in the building that are owned in common by the association members or (ii) the maximum amount of contents coverage sold by the NFIP for a condominium building.

   The deductible of the condominium owners association's coverage may not exceed the maximum deductible amount currently allowed under the NFIP for condominium association building coverage. The deductible for association building contents may not exceed the maximum deductible amount currently allowed under the NFIP for association building contents.

2. **Unit owner's coverage**

The Borrower must maintain building coverage on the unit in an amount at least equal to that required on a 1- to 4-unit property and with a deductible not exceeding the maximum deductible allowed for a 1- to 4-unit property.

58.3.1: Earthquake insurance (02/26/10)

Until the California Insurance Commissioner approves the methodology utilized by Risk Management Solutions, Inc., the provisions outlined in Sections 58.3.1(a) through 58.3.1(i) are applicable only to the reduction or waiver of the 1 percent delivery fee required in Section 42.12 for California Condominium Unit Mortgages.

(a) Impacted California Condominium Projects

The insurance requirements set forth in this section apply to any Condominium Unit Mortgage with a Note dated on or after July 1, 1995, if the Condominium Unit is in a Condominium Project, any part of which is located in one or more California "high-risk" zip codes.

In addition, the earthquake insurance requirements of this section may apply to a Condominium Unit Mortgage with a Note dated on or after July 1, 1995, if the Condominium Unit is in a Condominium Project, any part of which is located in one or more California "moderate-risk" zip codes. A Condominium Project in a moderate-risk zip code must have earthquake insurance coverage if required by applying an Earthquake Insurance Requirements Matrix prepared by Risk Management Solutions (RMS). Characteristics of this matrix include: year built, construction class (wood, concrete, steel, reinforced masonry or unreinforced masonry), number of stories and type of parking (tuck-under or multilevel above-grade).

A Seller can call (800) FREDDIE and provide the property zip code and building characteristics to the Freddie Mac representative. The Seller will be provided an answer regarding the Condominium Project's earthquake insurance requirement. A written confirmation will be mailed to the Seller after the telephone call. The Seller can also obtain a copy of the RMS Earthquake Insurance Requirements Matrix or a zip code list by contacting its account representative or (800) FREDDIE.

Current or future zip code classifications may be subject to change from time to time due to the following: (i) action by the United States Postal Service that modifies, adds or deletes zip codes, or (ii) changes that may result from natural or man-made conditions.

Freddie Mac will incorporate any changes and make Seller/Servicers aware of how to access the information.

(b) Purpose of Requirements; Disclosure to Borrowers

The requirements of this section are for the protection of Freddie Mac's interest in any Condominium Unit Mortgage, to the extent that its interest is secured by a Condominium Unit and a Condominium Project. If, as a result of the application of these requirements, it is determined that earthquake insurance is not required by Freddie Mac (with respect to any Condominium Project or Condominium Unit) for the protection of Freddie Mac's interest in a Condominium Unit Mortgage, Freddie Mac will bear any loss relating to its interest in such Mortgage which may result from that determination.

A determination that earthquake insurance is not required under the provisions of Section 58.3.1(a) or 58.3.1(h), or because the Condominium Project is located in a "low-risk" zip code, may not be relied upon by any Seller/Servicer, condominium owners association or Borrower in assessing whether or not they should obtain earthquake insurance to protect their respective interests. In addition, by virtue of the determinations which result from the application of these requirements, neither Freddie Mac nor RMS will be deemed to have made any representation or warranty, express or implied, to any Seller/Servicer, condominium owners association or Borrower concerning the necessity or desirability of their obtaining earthquake insurance to protect their interests, and neither Freddie Mac nor RMS assumes any responsibility for the decisions concerning earthquake insurance made by such persons. Any Seller/Servicer, condominium owners association or Borrower that incurs any loss as a consequence of their decision(s) not to obtain earthquake insurance shall bear such loss in accordance with their interests.

(c) Seller/Servicer Warranties

A Seller/Servicer warrants it has processes in place and has given necessary notice to all applicable parties (including, but not limited to, insurers and condominium owners associations) to ensure that, after the Freddie Mac Funding Date, the Servicer has timely knowledge of any substantive lapse in compliance with any of the requirements of Section 58.3.1. The Servicer must maintain evidence of earthquake insurance coverage that meets the requirements in Sections 58.6 and 58.7.

If the required earthquake insurance is no longer in force, or the Loss Payable Provisions endorsement required in Section 58.6 is not in place by the prescribed deadline, the Servicer must contact the condominium owners association to:

- Determine the reasons for the lapse in coverage or lack of the Loss Payable Provisions endorsement and whether and when coverage will be reinstated or the endorsement obtained
- Advise the condominium owners association that the lack of earthquake insurance coverage or the Loss Payable Provisions endorsement will make future Condominium Unit Mortgages in the Condominium Project ineligible for sale to Freddie Mac

If coverage will not be reinstated or the Loss Payable Provisions endorsement not received within sixty (60) days after the lapse in coverage or lack of endorsement, the Servicer must:

- Advise its loan origination staff, if any, that future Condominium Unit Mortgages in the Condominium Project are not eligible for sale to Freddie Mac
- Notify Freddie Mac **(see Directory 5)** via Form 105, Multipurpose Loan Transmittal, of the lapse in coverage or lack of the Loss Payable Provisions endorsement

(d) Scope and Limit of Insurance: Condominium Projects (excluding Detached Condominium Projects)

The condominium owners association must maintain earthquake insurance coverage for the following:

- Buildings and structures in the Condominium Project
- Fixtures, machinery, equipment and supplies maintained for the service of the Condominium Project
- Fixtures, improvements, alterations and equipment within the individual Condominium Units, regardless of ownership, unless the Condominium Unit owners are required by the governing documents to insure these items

Coverage must be for 100 percent of the replacement cost of the buildings, structures or property described above and provide for loss or damage settlement at replacement cost.

(e) Scope and Limit of Insurance: Detached Condominium Projects

The earthquake insurance coverage specified in Section 58.3.1(d) must be maintained if the governing documents of a Detached Condominium Project require that the condominium owners association maintain blanket insurance for common elements and all Condominium Units.

If the governing documents obligate Condominium Unit owners to provide for individual dwelling or building coverage on their respective Condominium Units, earthquake insurance must be maintained as follows:

- The condominium owners association must maintain earthquake insurance for 100 percent of the replacement cost of the covered items specified in Section 58.3.1(d), except as insured under the Condominium Unit owners' individual dwelling or building coverages.
- Each Condominium Unit that secures a Mortgage originated for sale to Freddie Mac must be covered by the following earthquake insurance:
  - Dwelling or building coverage limit equal to 100 percent of the Condominium Unit's replacement cost

- Loss assessment coverage limit a t least equal to the lesser of the Condominium Unit's prorated share of the condominium owners association's earthquake insurance deductible or the maximum loss assessment coverage limit available from the Condominium Unit owner's insurer

(f) Insurance Deductibles

The amount of the deductible for the condominium owners association's earthquake insurance coverage may be established by mutual agreement between the association and its insurer, provided such deductible is prefunded by one of the following methods:

- Reserves of the condominium owners association which are (i) maintained in the amount of the deductible, (ii) designated for such exclusive use and (iii) replenished to the deductible amount within six months of disbursement for a covered loss
- Condominium Unit owner's earthquake insurance maintained on all Condominium Units in the Condominium Project, each Condominium Unit being insured (a) for dwelling or building coverage, in a limit at least equal to the Condominium Unit's prorated share of the condominium owners association's earthquake insurance deductible, and (b) for loss assessment coverage, in a limit at least equal to the lesser of the Condominium Unit's prorated share of the association's earthquake insurance deductible or the maximum loss assessment coverage limit available from the Condominium Unit owner's insurer
- Any method that fully prefunds the amount of the deductible and is demonstrated in the condominium owners association's governing documents and budget

(g) Additional Coverage

The condominium owners association must obtain ordinance or law coverage for building losses covered by its earthquake insurance.

(h) Site-Specific Waivers

A Seller may waive the earthquake insurance requirement for a Condominium Project located in a "high-risk" or "moderate-risk" zip code. For this requirement to be waived, the Seller must obtain from the condominium owners association a copy of a Site-Specific Earthquake Risk Analysis (SSERA). This SSERA states that the Condominium Project is not required to have earthquake insurance for Condominium Unit Mortgages in the project to be eligible for sale to Freddie Mac. Condominium owners associations can obtain an SSERA from RMS (for a fee payable to RMS) by facsimile transmission (fax) or by overnight mail. To request an SSERA, a condominium owners association must contact RMS at the following address:

Risk Management Solutions, Inc.
(Attn: David Day)
621 SW Commercial, Suite D

Peoria, IL 61602

Fax number: (309) 637-6750
Phone number: (309) 229-2131

Freddie Mac will not be liable for any losses incurred by a Seller/Servicer if the earthquake insurance requirement is waived. The Seller/Servicer must retain a copy of the SSERA in the Mortgage file, as applicable.

(i) Acceptable Insurance Alternatives

The following Condominium Unit earthquake coverages are acceptable alternatives to the Condominium Project coverages required in Sections 58.3.1(d) through 58.3.1(g):

In a Condominium Project where the condominium owners association maintains earthquake insurance in accordance with Sections 58.3.1(d), 58.3.1(e) and 58.3.1(g) (but not Section 58.3.1(f)) with a deductible not exceeding 25 percent of the applicable amount of coverage, the Condominium Unit must have Condominium Unit earthquake insurance under a policy that provides at least the following benefits:

- The policy provides earthquake loss assessment coverage with a minimum limit of $50,000, regardless of the Condominium Unit's replacement cost, and a maximum deductible of $7,500.
- If the condominium owners association rebuilds the Condominium Project in whole or in part after an insured loss and special assessments are made on Condominium Unit owners to fund such rebuilding, payment of any loss assessment claim under the policy (less the applicable deductible) must be made jointly to the Borrower and the Servicer.
- If the condominium owners association does not rebuild the Condominium Project in whole or in part after an insured loss, whether by decision or by default, payment of the unpaid principal balance of the Mortgage (up to the policy limit less the applicable deductible) will be made solely to the Servicer.

In a Condominium Project where the condominium owners association does not maintain earthquake insurance; or maintains earthquake insurance that does not meet the requirements of Sections 58.3.1(d), 58.3.1(e) and 58.3.1(g); or maintains earthquake insurance with a deductible that exceeds 25 percent of the applicable amount of coverage, the Condominium Unit must have Condominium Unit earthquake insurance coverage under a policy that provides at least the following benefits:

- The policy limit must equal the Condominium Unit's replacement cost or $250,000, whichever is less.
- The policy must provide earthquake loss assessment coverage with a limit equal to the policy limit and a maximum deductible of 10 percent of the loss assessment limit.

- If the condominium owners association rebuilds the Condominium Project in whole or in part after an insured loss and special assessments are made on Condominium Unit owners to fund such rebuilding, payment of any loss assessment claim under the policy (less the applicable deductible) must be made jointly to the Borrower and the Servicer. If the policy has a combined single limit of insurance, such payment must be made before payment for other losses claimable under the policy.
- If the condominium owners association rebuilds the Condominium Project in whole or in part after an insured loss, payment of any building/dwelling claim under the policy (less a maximum deductible of 10 percent of the building/dwelling limit) must be made jointly to the Borrower and the Servicer. If the policy has a combined single limit of insurance, such payment must be made after payment of loss assessment claims but before payment for other losses claimable under the policy.
- If the condominium owners association does not rebuild the Condominium Project in whole or in part after an insured loss, whether by decision or by default, payment of the unpaid principal balance of the Mortgage (up to the policy limit less a maximum deductible of 10 percent of the policy limit) must be made solely to the Servicer and before payment for other losses claimable under the policy.

58.3.2: Rent loss insurance (10/06/06)

Rent loss insurance with coverage equal to at least six months of gross monthly rent must be obtained and maintained on each 1- to 4-unit property securing a Mortgage described in Section 22.19 as requiring such insurance.

Rent loss insurance may be designated as "fair rental value" or "fair rental income" under the general heading of "loss of use" or "loss of rents" in property insurance policies which carry diverse labels including but, not limited to, "homeowners policy," "rental dwelling policy," "apartment policy," "landlord protector policy" or "special form, " depending upon the company offering the insurance product and/or the jurisdiction in which the product is offered.

Generally, rent loss insurance pays the insured homeowner ("policyholder"):

- For rental income lost due to the insured property being rendered unrentable by direct physical loss caused by a peril such as fire, lightning, windstorm, hail, etc., for which Freddie Mac requires insurance and the property was covered by such insurance and
- Only for such time needed to repair or replace the property or 12 months, whichever is shorter

There may, however, be insurance policies under which the insurer’s payment of lost rents to the policyholder does not have a specific time limit as described above. Instead, such policies may have a time limit generally described as "the shortest time required to

repair or replace the property" combined with a standard monetary limit of 10 to 30 percent of the insurance maintained for direct physical loss to the "dwelling" on the insured property.

Generally, there is no additional charge to the policyholder for rent loss insurance that is provided as standard coverage under standard terms of a property insurance policy. Policies that contain a standard monetary limit may provide for such limit to be optionally increased at an additional charge to the policyholder. If the standard monetary limit for rent loss insurance applicable to the Mortgaged Premises is less than six months of gross rent for the Mortgaged Premises, the Borrower must pay to have the monetary limit for rent loss insurance increased to equal at least six months of gross rent for the Mortgaged Premises.

58.4: Liability insurance for PUDs and condominiums (10/06/06)

The PUD or condominium owners association or the fee simple landowner/lessor of the ground lease community must maintain commercial general liability (CGL) insurance covering all common areas, common elements, commercial spaces and public ways in the PUD, condominium or ground lease community.

If not already included in the terms of the CGL coverage, there must be a "severability of interest" endorsement precluding the insurer's denial of a unit owner's claim because of negligent acts by the association, the fee simple landowner/lessor or other unit owners.

The association must also maintain any additional coverage commonly required by private mortgage investors for developments similar in construction, location and use, including the following where applicable and available:

1. Comprehensive automobile liability
2. Bailee's liability
3. Elevator collision liability
4. Garage keeper's liability
5. Host liquor liability
6. Workers' compensation and employer's liability
7. Contractual liability

The insurer's limit of liability per occurrence for personal injury, bodily injury or property damage under the terms of the above coverages must be at least $1 million and the coverage must provide for claim settlements on an occurrence basis.

58.5: Fidelity or employee dishonesty insurance for condominiums (03/01/08)

Freddie Mac requires all condominium homeowners associations in Condominium Projects that consist of more than 20 units to obtain and maintain fidelity or employee dishonesty insurance that meets the terms and conditions of coverage detailed in this section. If a Condominium Project is located in a State that requires condominium homeowners associations to obtain and maintain fidelity or employee dishonesty insurance on terms or conditions different from Freddie Mac's, Freddie Mac will deem compliance with the State's requirements to be compliance with Freddie Mac's requirements.

The condominium homeowners association must maintain fidelity or employee dishonesty insurance covering losses resulting from dishonest or fraudulent acts committed by the association's directors, managers, trustees, employees or volunteers who manage the funds collected and held for the benefit of the Condominium Unit owners. A professional management firm must be insured to the same extent as an association that manages its own operation. The management firm must submit evidence of such coverage to the association.

Fidelity or employee dishonesty insurance coverage must have all of the following characteristics:

- The policy must name the condominium homeowners association as the insured, and premiums must be paid as a common expense by the association.
- The coverage must equal no less than the maximum amount of funds in the custody of the condominium owners association or its management firm at any one time. A lower coverage limit is acceptable if the condominium's Project Documents require the homeowners association and any management firm to adhere to certain financial controls. However, in such case, the coverage limit must at least equal the sum of three months of assessments on all units in the Condominium Project.

Freddie Mac will accept reduced fidelity or employee dishonesty insurance coverage based on greater financial controls if such controls include at least one of the following provisions:

- The condominium homeowners association or its management firm maintains separate accounts for the operating budget and the reserve fund. The depository institution in which funds are deposited sends copies of the monthly account statements directly to the association.
- Separate records and accounts are maintained for each condominium homeowners association or other community association using the management firm's services. The management firm does not have the authority to draw checks on or to transfer funds from the reserve fund of the condominium owners association.

- Two or more members of the board of directors must sign any checks drawn on the reserve fund.

58.6: Mortgage clause (10/06/06)

All policies documenting insurance coverage(s) obtained in accordance with Freddie Mac's requirements for 1- to 4-unit properties must have the insurance industry's standard mortgage clause. Such clause must provide that the insurer will notify the named mortgagee at least 10 days before any reduction in coverage or cancellation of the policy.

If the Mortgage is owned in whole by Freddie Mac, "(name of Seller/Servicer), its successors and assigns" should be named as mortgagee instead of Federal Home Loan Mortgage Corporation. In deed-of-trust jurisdictions, the mortgagee should be designated as "(name of Seller/Servicer), its successors and assigns, beneficiary."

If the Federal Home Loan Mortgage Corporation must be named as mortgagee, the endorsement must show the Seller/Servicer's address in lieu of Freddie Mac's, as shown in the example below:

FEDERAL HOME LOAN MORTGAGE CORPORATION
C/O ABC SAVINGS AND LOAN ASSOCIATION
100 MAIN STREET
HOMETOWN USA 12345

If the Mortgage is registered with the Mortgage Electronic Registration Systems Inc. (MERS) and is originated naming MERS as the original mortgagee of record, under no circumstances may MERS be named as loss payee on any property insurance policy.

Regardless of how the mortgage clause is endorsed, or if the Mortgage is registered with MERS, the Seller/Servicer must arrange for all insurance drafts, notices, policies, invoices, etc. to be delivered directly to the Seller/Servicer. Although the MERS address appears in county land records, the address for MERS must not be given to organizations that normally direct mail to the Seller/Servicer or subservicer.

If a California Condominium Unit Mortgage has a Note dated on or after May 1, 1996, and the existence of Condominium Project earthquake insurance was the basis for a Freddie Mac waiver or reduction of the delivery fee required in Section 42.12, the Condominium Project earthquake insurance policy must be endorsed with a Loss Payable Provisions endorsement in the form of Insurance Services Office Form CP 12 18 10 91, or its equivalent, naming the Servicer as loss payee in the Lender's Loss Payable provisions.

When a mortgage clause is not applicable (e.g., in a separate policy of commercial general liability), a certificate of insurance must be provided to the Seller/Servicer. This certificate must contain the information required for certificates or other evidence of

insurance in Section 58.7, with the Seller/Servicer named as certificate holder instead of mortgagee.

58.7: Evidence of insurance (10/06/06)

For each property securing a Mortgage owned by Freddie Mac, the Servicer must maintain evidence of all required insurance coverages in one of the following forms:

- An original policy (including the PUD or condominium owners association or fee simple landowner/lessor's policy under which the required coverages may be provided in whole or in part) and applicable endorsements
- A copy of the original policy and applicable endorsements if the copy meets the requirements of Chapter 52
- A certificate, evidence or declarations of insurance showing at least the following information:

    1. Name insured and mortgagee (where applicable, PUD or condominium owners association or fee simple landowner/lessor and PUD or Condominium Unit or ground lease community mortgagee for all units in which the mortgagee has an insurable interest)
    2. Property address
    3. Type, amount and effective dates of coverage
    4. Deductible amount and coverage to which each such deductible applies
    5. Any endorsement or optional coverage obtained and made part of the original policy
    6. Insurer's agreement to provide at least 10 days' notice to the mortgagee (including any applicable PUD or Condominium Unit or ground lease community leasehold mortgagee) before any reduction in coverage or cancellation of the policy
    7. Signature of an authorized representative of the insurer, if required by law

The Servicer must maintain a specimen of each policy and endorsement for which a certificate, evidence or declarations of insurance is maintained in lieu of the policy and endorsement.

If the Servicer documents and tracks the blanket insurance policy maintained by a condominium owners association and can cross-reference to such policy each Condominium Unit Mortgage the Servicer services for Freddie Mac in the Condominium Project which is covered by such policy, the Servicer need not maintain and track a separate insurance certificate for each such Condominium Unit Mortgage.

The Servicer must carry mortgage impairment or mortgagee interest insurance if it elects not to maintain the documentation described above. The mortgage impairment or mortgagee interest policy must meet the following requirements:

1. Be underwritten by an insurer which is currently rated B/IV or better by A.M. Best and is licensed or otherwise authorized by law to conduct business in the jurisdictions where the properties are located
2. Provide coverage for the Servicer and/or Freddie Mac
3. Provide coverage in scope and amounts at least equal to those required under Sections 4.5 through 4.6
4. Provide for at least 180 days' written notice to the Servicer and, if applicable, Freddie Mac before canceling or terminating the coverage
5. Be approved by any regulatory authority to which the Servicer is subject, if such approval is required

Having a mortgage impairment or mortgagee interest policy does not relieve the Servicer of any of its Servicing obligations under the Purchase Documents, including the obligations to demonstrate to Freddie Mac that all the insurance coverages required in this Chapter 58 on a property securing a Mortgage serviced for Freddie Mac are indeed in force and to take all remedial actions required in this Chapter 58 when any such coverage is not in force.

In addition to all other remedies of Freddie Mac provided for in the Purchase Documents, the Servicer will indemnify Freddie Mac for any loss Freddie Mac sustains due to the Servicer's failure to verify that the required insurance is in force on the Mortgaged Premises. The Servicer's obligation shall in no way be limited to the amount of coverage in force under a mortgage impairment or mortgagee interest policy.

58.8: Insurance charges (04/01/98)

Premiums for insurance covering the Mortgaged Premises will be paid when due by Borrowers or the Servicer if the Servicer collects Escrows for such purposes.

Premiums for insurance obtained by a PUD or condominium owners association for the benefit of the PUD or Condominium Project will be paid by the association as a common expense assessable to all unit owners.

58.9: Special insurance requirements and changes in insurance requirements (06/22/07)

The Seller/Servicer must require the Borrower to obtain appropriate insurance coverage in accordance with the terms of the Security Instrument and applicable law when any of the following conditions exists:

- The Seller/Servicer becomes aware of localized perils (for example, flood, sinkhole, mine subsidence, volcanic eruption, avalanche) that are not covered by standard property insurance.

- The area where the Mortgaged Premises are located was not subject to flood insurance requirements at inception of the Mortgage or when Freddie Mac purchased the Mortgage, but has now been classified as a "Special Flood Hazard Area" (SFHA) by a Federal Emergency Management Agency (FEMA) map change, the Servicer is aware of such classification and the Servicer has determined that the insurable improvements on the Mortgaged Premises are in the new SFHA. Flood insurance required under these provisions must be in force within 120 days of the effective date of the map change or the related Freddie Mac announcement.

The Servicer must have processes in place that allow the Servicer to identify any map change that becomes effective on or after April 1, 1995, determine which insurable improvements on Mortgaged Premises in the community affected by the map change are now "in SFHA" and ensure that affected Borrowers obtain flood insurance within 120 days of the effective date of the map change.

Any new flood zone determination (FZD) necessitated by the above provisions must be documented as required in Section 58.3. The Servicer warrants that any FZD made on or after June 1, 1995, by a party other than the Servicer is guaranteed by the FZD maker to be accurate, in accordance with federal law. The Servicer, however, remains responsible to Freddie Mac for the accuracy of any FZD made by the Servicer or a party other than the Servicer.

- The area where the Mortgaged Premises are located is an SFHA but the community has become a nonparticipating community and flood insurance provided by the NFIP will not be renewed.
- The Borrower does not maintain any of the insurance coverages required of the Borrower in Sections 58.2 through 58.3.2.

The Servicer must follow up to verify that adequate coverage has been obtained and remains in force. If the Borrower does not or cannot obtain such coverage, the Servicer must do so. The Servicer must then adjust the Borrower's Escrow payments accordingly or bill the Borrower to recover the advance if the Servicer does not maintain an Escrow account for the Borrower. If the Borrower refuses to reimburse the Servicer, the Servicer may recommend acceleration to Freddie Mac for the Borrower's default under the terms of the Security Instrument.

If the additional coverage cannot be obtained, the Servicer must immediately make appropriate recommendations to Freddie Mac **(see Directory 5)**.

The Servicer may authorize the Borrower to discontinue flood insurance coverage upon verification of map revision or receipt of one of the following letters:
- A LOMA issued to the Borrower by FEMA, or
- A LOMR issued to the Borrower's community by FEMA, or
- A LODR issued to the Borrower and the Servicer by FEMA

58.10: Insurance loss settlements (08/21/06)

Upon notification of loss or damage to the Mortgaged Premises, the Servicer must monitor and coordinate the claim process with the Borrower and the insurer. The Servicer must take appropriate action to:

- Verify the extent of the loss or damage
- Ensure judicious disbursement of insurance proceeds for the necessary repairs
- Protect the priority of the Mortgage by obtaining, where necessary, waivers of materialman's or mechanic's liens
- Document completion of the repairs

Refer to Section 67.27, Servicing Mortgages on distressed properties, for additional requirements.

The Servicer may be named as loss payee on insurance drafts and must comply with any applicable law and, where applicable, any requirement of the FHA, VA, RHS or MI. Details concerning the loss or damage and disposition of the insurance proceeds must be recorded in the Mortgage file.

The Servicer need not submit a report and related recommendations to Freddie Mac unless:

- The Mortgage is in foreclosure or the Mortgaged Premises have been acquired by the Servicer through foreclosure or deed-in-lieu of foreclosure (See Section 70.16(b) for remittance requirements for insurance loss settlements.)
- The insured improvements have suffered a total or near total loss
- The Servicer wishes to apply insurance proceeds to the Mortgage debt instead of repairing the property, or
- Insurance proceeds exceed the amounts required to restore the property to its original condition

If any of the above conditions exist, the Servicer must submit the recommendation along with the appropriate documentation to us **(see Directory 5)** via Form 105, within five Business Days of learning of the situation.

Following is guidance to assist the Servicer in satisfying the requirements of this section.

(a) Property insurance claims

Property insurance that Freddie Mac requires the Borrowers to maintain should provide sufficient recoveries for losses or damages to the Mortgaged Premises:

- **Loss-of-use or additional living expense clause:** Homeowner insurance policies generally have a loss-of-use or additional living expense clause. This clause covers increases in living expenses necessary for an insured household to:

- Maintain its normal living standards away from a residence that is being repaired or reconstructed
- Permanently resettle elsewhere

- **Claim proceeds:** Insurers generally issue drafts directly to the insured Borrower in payment for losses to contents (as opposed to structural losses) or for off-residence living expenses. If any such payment is made jointly to the Borrower and the Servicer, the Servicer must release the insurance funds to the Borrower without delay.

When an insurance draft for structural losses is payable jointly to the insured Borrower and the Servicer, the Servicer may immediately release insurance funds to Borrowers who legitimately need to advance funds to contractors, provided all of the following conditions are met:

- The Mortgage is current.
- The Borrower's payment history does not show delinquencies of two payments or more.
- The released funds do not exceed the highest of:
  - $10,000.00
  - 10% of the unpaid principal balance (UPB) of the affected Mortgage
  - The amount by which the released funds exceed the UPB of the Mortgage

When the amount of insurance funds released equals or exceeds $10,000, the Servicer must have the Borrower execute an affidavit in which the Borrower expressly agrees to apply the released funds promptly to repair or reconstruct the residence.

A Servicer may unilaterally apply the insurance proceeds to the Mortgage's unpaid balance only to the extent allowed by applicable law and the Security Instrument. The Borrower, however, may unilaterally decide to have the proceeds applied to the Mortgage's unpaid balance.

If repair or reconstruction of the residence is expected to take more than three months, insurance funds retained by the Servicer pending disbursement for such repair or reconstruction must be maintained in a federally insured account that pays interest to the Borrower.

(b) Repair or reconstruction of the Mortgaged Premises

In overseeing the repair or reconstruction of damaged or destroyed residences, the Servicer should, to the extent applicable and practicable, ascertain that:

- The contractor chosen by the Borrower to repair or reconstruct the residence is:
  - Duly licensed under applicable laws and regulations
  - Qualified and experienced to perform the types of work contracted

- Financially able to complete the repair or reconstruction within scheduled timeframes

- The plans and specifications for the work contracted:
  - Describe repair or reconstruction that is generally consistent with the damage or destruction suffered by the residence, as reported in the proof of loss filed by the Borrower with the property insurer and as documented by the insurer's adjuster
  - Establish a reasonable schedule for completion of each phase of repair or reconstruction

- The Borrower and the contractor have executed a contract by which they agree to the following:
  - The contractor will perform the work described in the plans and specifications.
  - The contractor will comply with applicable codes and regulations governing residential repair or reconstruction (including, but not limited to, building codes and zoning, permit and inspection regulations):

    - These codes and regulations may vary from State to State and, within the same State, from county to county. Therefore, Servicers should have adequate measures in place to verify contractors' and inspectors' compliance certifications to protect Freddie Mac's and the Servicer's respective investments.

      If additional funds are needed to bring a damaged or destroyed residence into compliance with applicable codes and regulations, the Borrowers should determine whether their property insurer will waive any policy provision restricting payment for the increased cost of construction resulting from enforcement of codes and regulations.

  - A specified dollar amount is the maximum amount that the contractor may charge for the work.
  - The contractor will be paid a specified advance (if applicable, usually not exceeding 10 percent of the total contract amount) and, subsequently, on a specified draw schedule contingent on verification of satisfactory completion of specified work phases.
  - The contractor, its subcontractors and its material suppliers will provide written acknowledgment of payment for work performed and materials supplied and the necessary lien waivers or releases so that the Mortgaged Premises may remain clear of all such liens and encumbrances.

- Each scheduled work phase has been satisfactorily completed in accordance with the plans and specifications before disbursement of payment for such phase is made in accordance with the contract

The Servicer may choose to have the above described oversight functions performed by its staff or by a third party (such as a specialized firm or another Servicer). However, the Servicer is liable for the performance of any third party it retains. The third party may be compensated from insurance proceeds retained by the Servicer only to the extent agreed to by the Borrower and allowed under applicable law.

58.11: Disaster losses (08/21/06)

This section has been moved to Chapter 68.

Chapter 59: Escrow and Prepayments

59.1: Escrow for taxes, ground rents, assessments and other charges (07/16/10)

The FNMA/FHLMC Uniform Instruments provide for the collection of Escrow, subject to applicable law, unless waived in writing by the lender. If Escrow is being collected when the Mortgage is purchased by Freddie Mac, the Servicer must continue to collect one-twelfth of the yearly charge for Escrow with each monthly installment of principal and interest. The Servicer may, if requested by the Borrower, also collect and administer funds to pay expenses not provided for in the Mortgage, such as life insurance on the Borrower. The Escrow must be held in an account insured by an agency of the United States.

The Servicer must obtain bills for and pay all Escrow items before the applicable penalty or termination date. The Servicer must maintain adequate records to prove payment of all taxes, ground rents, assessments and other charges that are or may become First Liens on the Mortgaged Premises.

At least annually, the Servicer must compute the required Escrow payment based on reasonable estimates of assessments and bills to determine that sufficient funds are being collected to meet all Escrow payments. If the amount held in Escrow by the Servicer, together with the future monthly installments of Escrow, exceeds the amount required to pay charges as they fall due, the Servicer must either repay the excess promptly to the Borrower (if there is no default under the terms of the Security Instrument) or credit the excess to the Borrower by a reduction in monthly Escrow installments. Any interest payable to the Borrower for Escrow or any other funds held by the Servicer, whether due to contractual agreement or operation of law, must be paid by the Servicer at its own expense.

If the amount held in Escrow by the Servicer is deemed insufficient to pay charges when due, the Servicer should obtain the necessary additional funds from the Borrower before the latest date on which the charges may be paid prior to penalty, lapse of insurance policies, etc. If the Borrower fails to remit the deficient amount or if there is insufficient time to obtain the amount, the Servicer must pay any charges due and reflect a shortage in the Borrower's Escrow account. The Servicer may either increase the Borrower's next payment to cover the entire advance or schedule the repayment of such advance over several months. The Servicer may not collect the advance by deducting from one or more regular monthly Mortgage payments.

For delinquent Mortgages, the Servicer must continue to pay Escrow items for the following expenses:

- Taxes, property insurance and other charges as described in the Security Instrument
- Mortgage insurance premiums

You must contact us **(see Directory 5)** before advancing payment of taxes and/or insurance on low balance Mortgages that are at least 120 days delinquent and in which escrow is insufficient to pay charges when due (see UPB requirements for low balance Mortgages in Section B65.50). Failure to obtain our prior approval may result in curtailment of reimbursable expenses.

The Servicer may, by written notification to the Borrower, and without Freddie Mac's approval, start collecting Escrow previously waived.

However, if the Mortgage is secured by a Manufactured Home and the Borrower becomes 60 days or more delinquent, a Servicer must start collecting Escrow that was previously waived as a part of any repayment arrangement.

If a Mortgage had an Escrow account when it was sold to Freddie Mac, the Servicer must not discontinue or waive collecting Escrow if the Mortgage is:

- Secured by a Manufactured Home or a 2- to 4-unit property
- Modified under our loan modification program
- An Affordable Gold® 97 Mortgage
- A Texas Equity Section 50(a)(6) Mortgage
- An A-minus Mortgage
- A Freddie Mac 100 Mortgage
- A Home Possible® Mortgage

In addition, you must follow the requirements of the FHA, VA, RHS or MI regarding waiving and reinstating Escrow.

On Mortgages other than those listed above, the Servicer may discontinue collecting Escrow if:

- The Mortgage has not been delinquent for 30 days or more at any time during the previous six months, and
- The waiver is in writing and grants the Servicer the right to resume collection of Escrow if there is any nonpayment of the items for which Escrow had previously been collected

If the terms of the Security Instrument or applicable law do not provide for collection of Escrow, or if the lender elected not to collect Escrow, or if the Servicer has waived Escrow, the Servicer must, at the time taxes, ground rents, assessments and other charges are due in each jurisdiction, proceed as follows:

- The Servicer must require that the Borrower furnish proof of payment of all taxes, ground rents, assessments and other charges; or

- The Servicer may use other means (such as tax services) commonly employed by private institutional Mortgage investors to satisfy itself that these items have been paid.

If the Mortgaged Premises is a Manufactured Home taxed as personal property, the Servicer must notify the taxing authority that the Servicer must be notified if the Borrower is delinquent in the payment of taxes if provisions for such notification are available under the personal property tax collection procedures of the jurisdiction.

If Escrow is not collected and the Servicer discovers nonpayment of any charge otherwise payable from Escrow, the Servicer must contact the Borrower and allow the Borrower 30 days to provide proof of payment. The Servicer must advance funds for the unpaid charge and any applicable penalty if the Borrower indicates inability to make the payment or does not provide proof of payment within the required 30 days. The Servicer must attempt to work out an arrangement with the Borrower for repayment of any advance and, if allowed by law, must begin to collect Escrow for future bills.

The Servicer must immediately recommend foreclosure if:

- The Borrower fails to pay any charge otherwise payable from Escrow
- The Servicer has advanced funds for the unpaid charge and any applicable penalty
- A mutually satisfactory arrangement cannot be made for the Borrower's repayment of the advance or the Borrower fails to comply with the terms of any such arrangement

59.2: Partial prepayments (curtailments) (10/01/09)

The Servicer may accept partial prepayments of principal in any amount according to the terms of the Note. Upon request by the Borrower, the monthly principal and interest installments may be recalculated, provided that:

- The monthly payments (including payments to superior lienholders, for a Second Mortgage or Home Improvement Loan (HIL)) are current
- There is no extension of the Note maturity date or the maturity date calculated in accordance with any modification agreement in force at the time of Freddie Mac's purchase of the Mortgage
- FHA, VA, RHS or MI approval is obtained, if applicable
- The rate of interest stated in the Note remains unchanged

If the monthly payments are recalculated, a modification agreement must be prepared and executed by or consented to in writing by all necessary parties, such as the holder of the Note, the Borrower and any co-maker, guarantor, surety or other obligor. Freddie Mac need not approve any modification meeting these requirements. The Servicer warrants that any modification agreement submitted to Freddie Mac is legally sufficient under State and federal law to effect the modification.

Freddie Mac's execution of any document submitted by the Servicer does not imply that it has reviewed the document for legal adequacy. This is the Servicer's responsibility. When required by local law or practice, the Servicer must obtain the consent of any statutory or contractual lienholder and binding confirmation by the title insurer that no loss in priority of the lien is incurred. The Servicer must make any necessary recordation. To the extent of local law and practice, the Servicer may require the Borrower to reimburse the Servicer's costs and pay expenses incurred in preparing or recording the modification agreement. For Mortgages Purchased in Whole by Freddie Mac, the Servicer must send the original modification agreement to the Document Custodian holding the Note for its records. See Section 51.20 for Freddie Mac's accounting requirements regarding this subject.

For Initial Interest℠ Mortgages, if the Borrower makes a principal curtailment during the Interest Only Period, then the next interest-only payment must be recalculated based on the new unpaid principal balance (UPB). For an Initial Interest 3/1, 5/1 and 7/1 10-year Interest Only Period ARM, if there is a principal curtailment during the period when the interest rate has begun adjusting annually but the monthly payments are still interest-only, the Servicer must continue to recalculate the next interest-only payment based on the new UPB until the end of the Interest Only Period; after the Interest Only Period, the monthly payment should be recalculated in accordance with the Servicer's standard processes for ARMs.

Principal curtailments can be made any Business Day of the month and must be applied no later than the day on which the curtailment is received. To determine the interest due for the next monthly payment, multiply the UPB by the interest rate of the Mortgage and divide by 12.

59.3: Payoffs (10/01/09)

The Servicer must take all actions required by law, within statutory time limits, to release the lien and discharge the debt of a Mortgage that has been paid in full (paid off). The Servicer agrees to hold Freddie Mac, its successors and assigns, harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be asserted against or be incurred by Freddie Mac as a result of the Servicer's failure to comply with applicable law.

If the Mortgage is evidenced by a Security Instrument, or is insured or guaranteed under a federal program, that prohibits the charging of a release or reconveyance fee upon payoff, the Servicer may not charge such a fee even if permitted to do so under applicable law. This prohibition extends to trustees in deed of trust jurisdictions and applies to "release" fees, "processing" fees, "forwarding" fees, "document preparation" fees and similarly denominated charges. In deed of trust jurisdictions, a Servicer must not knowingly employ or retain a trustee who charges Borrowers for reconveyance services.

If permitted to do so under applicable law and the Security Instrument, the Servicer may charge the Borrower for the actual cost of recording the release or reconveyance.

The Servicer must request the release of the Note and other documents held by the Document Custodian in accordance with Section 18.4(e) for a Mortgage that has been paid in full. The Servicer must comply with any and all statutory requirements and timeframes regarding disposition of the Note, which may require returning the Note to the Borrower following pay off.

Payoff proceeds received by the Servicer must be remitted and reported to Freddie Mac in accordance with applicable provisions of Chapters 78 and 79.

59.4: Release of Note or execution of documents (10/01/09)

All requests for Freddie Mac execution of documents necessary to complete the release, discharge or satisfaction of debt upon pa yoff must be submitted to Freddie Mac **(see Directory 9)**. The documents that require Freddie Mac execution must be attached to Form 105, Multipurpose Loan Servicing Transmittal. This form must state:

1. The nature of the request (release of Note or execution of documents)
2. The reason for the request (maturity, full prepayment, repurchase approved by Freddie Mac, repurchase demanded by Freddie Mac or repurchase in compliance with a recourse agreement)
3. Any special endorsement to the Note required of Freddie Mac by applicable law or circumstances
4. The date applicable funds were remitted to Freddie Mac
5. The address and identity of the official of the Servicer to whom the executed documents should be returned by Freddie Mac
6. Freddie Mac loan number
7. Borrower(s) name(s) and address(es)

Freddie Mac will return the executed documents after verifying that the requesting Servicer has met all conditions as necessitated by the type of action requested and applicable law.

Servicers with a limited power of attorney from Freddie Mac may execute the following documents in our name when the Mortgage has been assigned to us:

- Release documents
- Assignments of the Security Instrument for initiating foreclosures and completing balloon reset transactions.

A Servicer may request a limited power of attorney in accordance with the requirements of Section 51.3 by contacting us **(see Directory 9)**. In addition, under certain circumstances, Freddie Mac may require that a Servicer obtain a limited power of attorney from us and use it to complete specific transactions according to the requirements of Section 51.3.

59.5: Interest on Escrow accounts (11/30/98)

If the Servicer either has entered into an agreement or is required by law to pay interest on Escrow, the Servicer is solely and fully responsible for this payment. The accounting related to the payment of interest on Escrow may not be included with the regular Mortgage accounting for principal and interest.

Chapter 60: Transfers of Ownership (Assumptions)

60.1: General policy (04/25/06)

In general, when the Mortgaged Premises are transferred, the Servicer must accelerate the maturity of a Mortgage owned by Freddie Mac, except as permitted by the provisions of Section 60.6.

Upon learning of a Transfer of Ownership that is subject to acceleration under the terms of this chapter, the Servicer must initiate appropriate acceleration and foreclosure action in accordance with applicable law, the terms of the Security Instrument and Guide Chapter 66. N o penalty may be charged for a prepayment resulting from such acceleration.

It may be in the best interest of Freddie Mac to permit an assumption of a delinquent Mortgage by a creditworthy applicant. Freddie Mac approval is necessary to approve or decline any request to assume a delinquent Mortgage. In these instances, refer to Sections B65.27 through B65.34 for workout Mortgage assumption requirements and contact Freddie Mac **(see Directory 5)** to determine whether a workout Mortgage assumption is an appropriate alternative to foreclosure.

60.2: FHA/VA/Section 502 GRH Mortgages (06/22/07)

The Mortgaged Premises securing FHA and VA Mortgages and assumable Section 502 GRH Mortgages may be transferred in accordance with applicable FHA, RHS or VA regulations.

The Servicer must comply with all applicable FHA, RHS or VA requirements to ensure that the FHA insurance, or RHS or VA guaranty is maintained and must provide all notices and disclosures required under the Equal Credit Opportunity Act, Truth in Lending Act and any other applicable law or regulation.

Freddie Mac need not be notified of any change of ownership allowed by the FHA, RHS or VA, but the Servicer must ensure that all insurance and guaranty documents reflect the change.

When prior FHA, RHS or VA approval is required and such approval is not granted, the Servicer must provide an adverse action notice to all applicable parties, in addition to any other notice or disclosure required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable law or regulation.

60.3: Second Mortgages/HILs (01/02/07)

The Mortgaged Premises securing a Home Improvement Loan (HIL) originated prior to July 1, 1983, on a Fannie Mae/Freddie Mac uniform home improvement Security Instrument without a due-on-transfer rider may be transferred to a creditworthy transferee in accordance with Sections 60.7 through 60.10. Any HIL originated on or after July 1, 1983, on a Fannie Mae/Freddie Mac uniform home improvement Security Instrument must have a due-on-transfer rider and must be accelerated on transfer of the Mortgaged Premises. Second Mortgages must be accelerated on transfer of the Mortgaged Premises.

60.4: Window Period Mortgages (01/02/07)

Michigan, New Mexico and Utah have extended the transferability period for Window Period Mortgages (Mortgages made or assumed during a Window Period) as follows:

Window Period State	Window Period	Transferability period
Michigan	1/5/77-10/15/82	Through the remaining term of the Mortgage
New Mexico	3/15/79-10/15/82	Through the remaining term of the Mortgage
Utah	5/12/81-10/15/82	Through the remaining term of the Mortgage

In those States, the Servicer may not accelerate the maturity of a Window Period Mortgage upon transfer of the Mortgaged Premises if both of the following circumstances exist:

- The transfer occurs before the applicable transferability period has expired.
- The Servicer determines the transferee to be creditworthy according to the provisions in Chapter 37.

Regardless of Window Period restrictions, however, a Mortgage originated by a federal savings and loan association, a federal savings bank, a national bank or a federal credit union must be accelerated upon transfer of the Mortgaged Premises.

A Mortgage originated by the service corporation of a federal savings and loan association will be treated as if it were originated by a State-chartered institution. However, a Mortgage originated by the subsidiary of a national bank will be treated as if it were originated by a national bank.

Whether a Mortgage is subject to Window Period restrictions is determined by the identity of the originating lender at the time of origination. For example:

- A Mortgage originated during a Window Period by a State-chartered savings and loan association that subsequently converts to a federal charter will be treated as a Window Period Mortgage and may not be accelerated upon transfer of the Mortgaged Premises unless the transferee is determined not to be creditworthy.
- The due-on-transfer clause in a Window Period Mortgage originated by a federal savings bank and serviced by a Mortgage banking firm is enforceable without regard to Window Period restrictions.

Freddie Mac may reevaluate its policy in any Window Period State at any time if a State legislature modifies its due-on-transfer restrictions for Window Period Mortgages or if there is any change in State or federal law applicable to due-on-transfer clauses.

60.5: Federal restrictions on the exercise of the due-on-transfer clause (04/25/06)

In the following situations when the Mortgaged Premises are occupied or are to be occupied by the Borrower, the Servicer may not accelerate the maturity of the indebtedness upon transfer of the Mortgaged Premises:

1. The creation of a lien or other encumbrance subordinate to the lender's Security Instrument, which does not relate to a transfer of rights of occupancy in the Mortgaged Premises, provided that the lien or encumbrance is not created pursuant to a contract for deed
2. The creation of a purchase-money security interest for household appliances
3. A transfer by devise, descent or operation of law on the death of a joint tenant or tenant by the entirety
4. The granting of a leasehold interest with a term of three years or less and without an option to purchase
5. A transfer in which the transferee occupies or will occupy the Mortgaged Premises and that is one of the following:
   - A transfer to a relative, resulting from the Borrower's death

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     Note:
     Freddie Mac will consider waiving the occupancy requirement. The Servicer should submit a recommendation for such a waiver on Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)**.
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   - A transfer wherein the spouse or a child becomes an owner of the Mortgaged Premises

- A transfer resulting from a decree of dissolution of a marriage, a legal separation agreement or from an incidental property settlement agreement by which the spouse becomes an owner of the Mortgaged Premises

6. A transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the Mortgaged Premises unless, as a condition precedent to such a transfer, the Borrower refuses to provide the Servicer with reasonable means acceptable to the Servicer by which the Servicer will be assured of timely notice of any subsequent transfer of the beneficial interest or change in occupancy
7. Any other transfer or disposition described in regulations of the Federal Home Loan Bank Board as a basis on which due-on-transfer clauses may not be exercised

60.6: Processing Transfers of Ownership (02/17/05)

In the following situations, Freddie Mac will not restrict transfer of the Mortgaged Premises:

- The Security Instrument does not contain a due-on-transfer clause
- The Security Instrument contains an unenforceable due-on-transfer clause
- The title is acquired by the junior lienholder (that is an institutional lender) as the result of a foreclosure or acceptance of a deed-in-lieu of foreclosure of the junior lien. However, Freddie Mac will require acceleration of the indebtedness if the title is further transferred after acquisition by the junior lienholder.
- The title to the leasehold estate and the improvements are acquired by the fee simple landowner/lessor as the result of the Borrower being evicted from the leasehold estate by court order. However, Freddie Mac will require acceleration of the indebtedness if the title is further transferred to a new lessee after acquisition by the lessor.

In the following situations and if the following conditions are met, Freddie Mac will permit transfer of the Mortgaged Premises:

- At least 12 months have passed since the Origination Date
- The transfer is to a transferee who occupies or will occupy the Mortgaged Premises as a Primary Residence and is:
  - A parent or child of the transferor, or
  - A grandparent or grandchild of the transferor, or
  - A brother or sister of the transferor, or
  - An original co-Borrower of the transferor under the Note, whether or not related to the transferor
- The Servicer has complied with all Mortgage insurance requirements applicable to the transfer

If the transferor requests to be released from liability under the Note, the transferee has been deemed creditworthy in accordance with Chapter 37 and any other Guide sections applicable to the particular Mortgage that will be assumed by the transferee, and a written assumption and release agreement has been executed by all parties concerned in accordance with Section 60.9. Freddie Mac will require acceleration of the indebtedness if title is further transferred by the transferee to someone who is not an eligible transferee under the foregoing provisions.

Freddie Mac need not be notified of such transfers. The Servicer must make any disclosures required by applicable law and take action necessary to continue any required insurance coverages, including Mortgage insurance where applicable.

Freddie Mac will not permit a change in the Note Rate upon a transfer of the Mortgaged Premises. A Servicer that intends to modify the Note Rate must first repurchase Freddie Mac's interest in the Mortgage in accordance with Chapter 72.

In the following situations, the Servicer must process the transfer in accordance with Sections 60.7 through 60.12:

- The Mortgage is a Window Period Mortgage (see Section 60.4)
- The Security Instrument contains a due-on-transfer clause that does not allow unrestricted or automatic acceleration of the indebtedness upon transfer of the Mortgaged Premises to a creditworthy transferee
- The title is acquired by the junior lienholder (that is *not* an institutional lender) as the result of a foreclosure or acceptance of a deed-in-lieu of foreclosure of the junior lien. However, Freddie Mac will require acceleration of the indebtedness if the title is further transferred after acquisition by the junior lienholder.

60.7: Application for approval of a Transfer of Ownership (04/06/01)

The Servicer must advise the transferee of all information and any approval it must obtain to properly evaluate the application, including a completed Form 65, Uniform Residential Loan Application. The transferee must submit Form 65 directly to the Servicer.

The Servicer must also obtain the following:

- A copy of the executed contract of sale
- A current credit report for the transferee, as described in Section 37.10
- Written verification of the transferee's current employment and income from a reliable source. If the transferee is self-employed, a profit and loss statement and a balance sheet or copies of federal income tax returns for the two years before the application date are required

- Verification or other acceptable evidence of the source and amount of funds for the down payment and payment of prepaid items, as reported in the application

The Servicer must comply with the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable law or regulation. (See also Section 53.8 for equal opportunity compliance requirements.) The Servicer must also notify the transferee of the disposition of the application within 25 days after the Servicer receives all information that constitutes a completed application as detailed in Exhibit 54, List of Items for Loan Assumption Application.

60.8: Review of the application (04/14/00)

The Servicer must review the application in accordance with Freddie Mac's credit underwriting guidelines in Sections 37.8.

If the Mortgaged Premises to be transferred secure a Mortgage that is covered by a buydown agreement with 12 or more disbursements remaining in the buydown account and the agreement provides for remaining funds to be maintained and monthly payment subsidies continued for the transferee's benefit until the funds are depleted, the Servicer must underwrite the transferee by applying Freddie Mac's underwriting guidelines based on reduced monthly payments. If fewer than 12 disbursements remain under the buydown agreement or the buydown agreement does not provide for remaining funds to be maintained and disbursed monthly for the transferee's benefit, the Servicer must apply Freddie Mac's underwriting guidelines based on the monthly payment amount shown in the Note.

The Servicer must verify that the following conditions are met:

1. The transferee is paying at least 5 percent of the sale price and all adjustments for real estate taxes, hazard insurance premiums and where applicable, Mortgage insurance premiums from cash or other equity as defined in Sections 26.1 and 26.2.
2. There are no changes in the terms of the Security Instrument and the Note other than a change to the name of the transferee, any release and subsequent assumption of personal liability where applicable and any change allowed in Section 59.2.
3. Where applicable, Mortgage insurance coverage is maintained.
4. In the case of a Second Mortgage/HIL, written consent is obtained from each superior lienholder, specifying the unpaid balance, term and monthly payment amount subsequent to the transfer.
5. In the case of a Second Mortgage/HIL, any change in the terms of any superior lien is identified and taken into account in underwriting the transferee.

60.9: Approval of the application (09/15/95)

The Servicer must approve the transfer if, based on the above review, it reasonably determines that the security will not be impaired by this transfer. Freddie Mac need not be notified unless it becomes necessary later to communicate with Freddie Mac concerning this Mortgage.

The Servicer must prepare the necessary documents and have them executed by all parties concerned. If the transferor requests release from liability under the Security Instrument and Note, a written assumption and release agreement must be executed. If State law requires Freddie Mac to execute the documents, Servicer warrants that:

- The documents fully reflect all terms of Freddie Mac's approval
- All statements set forth in the documents are accurate
- The documents comply with all applicable State and local requirements

The Servicer must:

1. Deliver the original executed assumption agreement to the document custodian, and copies to all other parties concerned
2. Retain a copy in the Mortgage file
3. Arrange for any recordation commonly required by private institutional Mortgage investors or required by law to ensure the priority of the existing lien. Any related costs will be borne by the transferee.
4. Provide all notices and disclosures required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable law or regulation (See also Section 53.8 for equal opportunity compliance requirements.)
5. Ensure that all insurance policies reflect the change of ownership

Where applicable, the Servicer may cancel Mortgage insurance following transfer of the Mortgaged Premises in accordance with Sections 61.2 through 61.4.

60.10: Declination of the application (06/22/07)

The Servicer may not decline any application without prior consent from Freddie Mac. If the Servicer believes an application should be declined for any reason, the following items must be submitted to Freddie Mac for review:

- The complete application package as described in Section 60.7
- All other information obtained during the review process
- A Form 105, Multipurpose Loan Servicing Transmittal, explaining why the application should be declined

Freddie Mac will evaluate the application and the Servicer's recommendation. The Servicer must abide by Freddie Mac's decision. If Freddie Mac approves the application, the Servicer must take all necessary action detailed in Section 60.9. If Freddie Mac concurs with the recommendation to decline the application, the Servicer must provide an

adverse action notice, to all applicable parties. The Servicer must also provide any other notice or disclosure required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable law or regulation.

60.11: File retention (08/10/05)

The originals of all documents relating to the application must be kept in the Mortgage file.

If the application is approved, the documentation must be maintained in the Mortgage file for at least seven years from the date that Freddie Mac's interest in the Mortgage is satisfied.

If the application is declined, the documentation must be kept for the duration required under the Equal Credit Opportunity Act or any other applicable law or regulation.

Microfilm or microfiche copies may be maintained in place of the original documents if they satisfy the requirements of Chapter 52.

60.12: Fees (09/15/95)

Subject to applicable law or regulation, the Servicer may charge and retain a fee for processing a Transfer of Ownership of, or an interest in, the Mortgaged Premises securing a Mortgage purchased by Freddie Mac. Where applicable law or regulation limits the amount of the allowable transfer fee, the Servicer may not charge more than the lesser of:

- The maximum fee allowed under applicable law or regulation, or
- The maximum fee allowed by Freddie Mac as stated below

This fee must be set in accordance with the following provisions:

(a) Security Instruments without a due-on-transfer clause

The fee charged by the Servicer for changing its records for a transfer for which its consent was not required must not exceed $100.

(b) Security Instruments with a due-on-transfer clause

When the Mortgaged Premises are transferred without acceleration subject to the lender's approval of a creditworthy transferee, as provided earlier in this Guide, the Servicer may charge and retain a fee equal to the greater of $400 or 1 percent of the unpaid principal balance, with a maximum fee of $900. Transfer fees may be

exclusive of out-of-pocket expenses paid to independent third parties for services required to comply with the application and approval process contained in Sections 60.7 through 60.10 and to record the change of ownership. Any other services (such as surveys, owner's title policies, etc.), requested by the transferee are the sole responsibility of the transferee. Loan discount fees, yield enhancement fees, lost opportunity fees and similar devices designed to circumvent these limitations or increase the effective interest rate or yield of the Mortgage sold to Freddie Mac, regardless of the Servicer's retained interest in the Mortgage, are expressly prohibited.

The Servicer may establish a transfer fee schedule that results in charges less than those permitted by Freddie Mac. However, if any fee charged by the Servicer on Mortgages sold to Freddie Mac exceeds the amounts stated above, it will be considered a breach of this Guide and, unless refunded to the Borrower, Freddie Mac will take appropriate remedial steps.

60.13: Assumability provisions and rate cap requirements for adjustable-rate Mortgages (ARMs) (06/28/04)

(a) Assumability provisions

The loan instruments used to originate an ARM contain the provisions governing the right of the lender to accelerate the loan, in the event of a transfer of the Mortgaged Premises or any interest in the Mortgaged Premises. These provisions determine whether or not the ARM is assumable by the party to whom the Mortgaged Premises is transferred and who agrees to assume the Mortgage loan obligation. Some loan instruments provide that the ARM is assumable for the life of the loan. Other loan instruments provide that the ARM is assumable only after the initial fixed-rate period has expired or until a specified event has occurred, and is thereafter not assumable. For example, the loan instruments may provide that a Convertible ARM is assumable until the Borrower exercises the option to convert the adjustable interest rate to a fixed interest rate, and is thereafter not assumable.

The Servicer must review the loan instruments to determine the assumption provisions for an ARM. The Servicer must also refer to Sections 60.5 and 60.6 regarding special circumstances in which Freddie Mac requires or permits an ARM to be assumed, notwithstanding the fact that the loan instruments indicate the ARM is not assumable.

(b) Rate cap requirements

If the Note for an ARM sold to Freddie Mac does not provide for a Lifetime Ceiling, the following provision or substantially similar provision must be included in the Mortgage assumption and release agreement:

The interest rate I am required to pay after I assume this Mortgage obligation and for the entire term of this Mortgage will never be greater than (see note below) percent.

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Note:
To determine the appropriate interest rate to insert in the preceding provision, the Servicer must add six percentage points to the sum of the Margin and the Index value in effect on the date of the Mortgage assumption and release agreement.

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The Mortgage assumption and release agreement for a Convertible ARM must contain, in addition to the above provision, the following statement or substantially similar statement:

> This limitation also applies if I exercise my option to convert to a fixed-rate Mortgage.

60.14: Buydown accounts (09/15/95)

Where a Transfer of Ownership is approved, any funds remaining in a related buydown account may continue to be used to reduce the Mortgage payments when both of the following conditions exist:

- The property is sold and the Mortgage is assumed by the purchaser
- The terms of the original buydown plan allow for the continued application of the buydown funds if the Mortgage is assumed

Chapter 61: Mortgage Insurance

61.1: Mortgage insurance warranties (09/10/01)

(a) Terms

The following terms apply for purposes of this chapter:

HPA — The Homeowners Protection Act of 1998, as amended.

HPA Balloon/Reset Mortgage — An HPA Mortgage that is a Balloon/Reset Mortgage.

HPA Effective Date — July 29, 1999, the first date on which requirements of the HPA applied to any HPA Mortgage.

HPA Mortgage — A 1-unit Primary Residence Mortgage originated on or after the HPA Effective Date.

HPA Mortgage Annual Notice — A written statement that, pursuant to the HPA, you must send annually to a Borrower concerning the Borrower's HPA Mortgage. The statement informs the Borrower of mortgage insurance cancellation and termination rights pertaining to the Borrower's HPA Mortgage. The HPA requires different notices, the contents of which depend on whether the HPA Mortgage is a fixed-rate or adjustable-rate Mortgage.

Pre-HPA Balloon/Reset Mortgage — A Pre-HPA Mortgage that is a Balloon/Reset Mortgage.

Pre-HPA Mortgage — Any Home Mortgage originated before the HPA Effective Date.

Pre-HPA Mortgage Annual Notice — A written statement that, pursuant to the HPA, you must send annually to a Borrower concerning the Borrower's Pre-HPA Mortgage. The statement gives instructions to the Borrower on how to contact you to determine if and how mortgage insurance may be canceled.

(b) General warranties; applicability of HPA

You warrant that mortgage insurance is maintained as required in Section 27.1 unless canceled in accordance with the requirements of Sections 61.2 through 61.4.3 or pursuant to applicable law. You also warrant that the Borrower has been given all disclosures required by law, including, but not limited to, the HPA, relating to the terms on which the Borrower-paid mortgage insurance may be canceled. Such disclosures include an initial HPA-related notice given to a Borrower at the Mortgage

closing and an HPA Mortgage Annual Notice or Pre-HPA Mortgage Annual Notice, as applicable.

The HPA contains numerous requirements with which you should be familiar and with which you must comply. The Mortgage Bankers Association of America (MBA) and America's Community Bankers (ACB) have published a book entitled "Implementation Guide to PMI Cancellation: Understanding the Homeowners Protection Act of 1998 ("Implementation Guide"). The Implementation Guide contains substantial information about the HPA's requirements and how they may be implemented. You may find the information set forth in the Implementation Guide to be useful in planning and carrying out your programs for complying with the HPA. You should also seek the services of competent professionals if you require legal advice or other expert assistance to comply with the HPA.

If you wish to purchase copies of the Implementation Guide, you should contact the MBA or ACB, as follows:

Mortgage Bankers Association of America
1125 15th Street, NW, 7th Floor
Washington, DC 20005
(800) 793-MBAA

America's Community Bankers
900 19th Street, NW, Suite 400
Washington, DC 20006
(202) 857-3119

(c) Pre-HPA Mortgage that is modified or reset

The modification or reset of a Pre-HPA Mortgage (a fixed-rate, adjustable-rate or Balloon/Reset Mortgage, including a Pre-HPA Balloon/Reset Mortgage originated on Fannie Mae Uniform Instruments) does not cause the Pre-HPA Mortgage to become an HPA Mortgage or trigger any new obligation under the HPA relating to the Pre-HPA Mortgage.

61.2: Borrower-requested cancellation of Borrower-paid mortgage insurance: 1-unit Primary Residences or second homes (12/14/05)

You must cancel mortgage insurance when the Borrower and the Mortgage meet the requirements of this section. Refer to Section 22.22 for the definition of second homes. The occupancy of the Mortgaged Premises as stated in the Borrower's Mortgage application is determinative of whether the Mortgaged Premises are a Primary Residence, a second home or an Investment Property for mortgage insurance cancellation purposes.

Some of the requirements below, as they apply to 1-unit Primary Residence Mortgages originated on or after July 29, 1999, are derived from the HPA. (See Section 61.1 for additional information about the HPA.)

(a) Cancellation point

<table>
<tr><th>Based on Original Value</th><th colspan="2">Based on Current Value</th></tr>
<tr><td rowspan="4">The LTV ratio must be 80% or less based on the original value as defined in Section 23.1 At the option of the Borrower, this LTV ratio may be based upon (1) the amortization schedule (initial amortization schedule for a fixed-rate Mortgage or current amortization schedule following the most recent rate change for an adjustable-rate Mortgage [ARM]) irrespective of the Mortgage’s unpaid principal balance (UPB) or (2) actual payments.</td><td colspan="2">The LTV ratio must be:</td></tr>
<tr><td>•</td><td>80% or less, if 5 years or more have elapsed since the Origination Date of the Mortgage, or</td></tr>
<tr><td>•</td><td>75% or less, if 2 or more years, but less than 5 years have elapsed since the Origination Date of the Mortgage</td></tr>
<tr><td colspan="2">If substantial improvements to the Mortgaged Premises have increased the market value of the Mortgaged Premises, we will allow cancellation of mortgage insurance at any time (with no minimum seasoning period) when the LTV ratio is 80% or less. For this purpose, the market value of the Mortgaged Premises must be calculated using the current market value estimate in a BPO or an appraisal that is prepared after the relevant improvements have been completed. When ordering a BPO or an appraisal in conjunction with a request to cancel mortgage insurance on the basis of substantial improvements to the Mortgaged Premises, you must require that the broker or appraiser state in the BPO or appraisal the specific nature, extent and cost of the improvements made and the effect of the improvements on the estimated market value. The improvements must conform to local zoning and building codes.</td></tr>
</table>

(b) Evidence of value

Based on Original Value		Based on Current Value	
You must warrant that the value of the Mortgaged Premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance.		You must verify the current value by one of the following methods:	
Alternatively, you must verify the current value by one of the following methods:		•	A current BPO you order from our vendor network at the Borrower's expense. (The BPO must be an interior and exterior BPO performed within 120 days of the date on which you received the Borrower's request to cancel mortgage insurance. Refer to Section 65.39 for details regarding our process to order a BPO for any purpose.) or
•	A current BPO you order from our vendor network at the Borrower's expense. (The BPO must be an interior and exterior BPO performed within 120 days of the date on which you received the Borrower's request to cancel mortgage insurance. Refer to Section 65.39 for details regarding our process to order a BPO for any purpose.) or		
•	A current appraisal with an interior and exterior inspection you order at the Borrower's expense. The appraisal must comply with the requirements of Chapter 44 and be performed within 120 days of the date on which you received the Borrower's request to cancel mortgage insurance.	•	A current appraisal with an interior and exterior inspection you order at the Borrower's expense. The appraisal must comply with the requirements of Chapter 44 and be performed within 120 days of the date on which you received the Borrower's request to cancel mortgage insurance.

(c) Payment history

Based on Original Value		Based on Current Value	
The Borrower's payment history must, as it applies to the age of the Mortgage, show:		The Borrower's payment history must, as it applies to the age of the Mortgage, show:	
•	No payment 30 days or more past due in the preceding 12 months, and	•	No payment 30 days or more past due in the preceding 12 months, and

•	No payment 60 days or more past due in the preceding 24 months	•	No payment 60 days or more past due in the preceding 24 months
The reference to a "preceding" period in the payment history requirements set forth above means the specified time period that immediately preceded the later of (a) the date on which the required LTV ratio was reached or (b) the date on which you received the Borrower's request to cancel mortgage insurance.		The reference to a "preceding" period in the payment history requirements set forth above means the specified time period that immediately preceded the later of (a) the date on which the required LTV ratio was reached or (b) the date on which you received the Borrower's request to cancel mortgage insurance.	

(d) Other conditions

Based on Original Value		**Based on Current Value**	
•	No minimum seasoning of a Mortgage required	•	There must be no other default under the Security Instrument in the last 12 months
•	Except as may otherwise be provided in a Purchase Contract entered into between Freddie Mac and a Seller, you must not request or require that a Borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a Second Mortgage or other subordinate lien on the Mortgaged Premises. If a Purchase Contract contains a condition relating to such a written certification or representation by a Borrower, the Seller and the Servicer of the Borrower's Mortgage must provide to the Borrower all disclosures required by law with respect to the condition set forth in the Purchase Contract.	•	Except as may otherwise be provided in a Purchase Contract entered into between Freddie Mac and a Seller, you must not request or require that a Borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a Second Mortgage or other subordinate lien on the Mortgaged Premises. If a Purchase Contract contains a condition relating to such a written certification or representation by a Borrower, the Seller and the Servicer of the Borrower's Mortgage must provide to the Borrower all disclosures required by law with respect to the condition set forth in the Purchase Contract.

(e) Special provision

Based on Original Value	Based on Current Value
In addition to processing and responding to Borrowers' written requests to cancel mortgage insurance in accordance with the requirements in Section 61.2(a) through 61.2(d), you may also, on your own initiative, do the following: (1) systematically identify all Mortgages you service for us that have reached the mortgage insurance cancellation point set forth above, (2) notify the affected Borrowers of the additional steps that must be taken to determine if mortgage insurance may be canceled, and (3) cancel mortgage insurance upon ascertaining that all of the conditions set forth above have been met.	

61.3: Borrower-requested cancellation of Borrower-paid mortgage insurance: 2- to 4- unit Primary Residences or 1- to 4- unit Investment Properties (10/06/06)

You must cancel mortgage insurance when the Borrower and the Mortgage meet the requirements of this section. The occupancy of the Mortgaged Premises as stated in the Borrower's Mortgage application is determinative of whether the Mortgaged Premises are a Primary Residence, a second home or an Investment Property for mortgage insurance cancellation purposes.

(a) Cancellation point

Based on Original Value	Based on Current Value
The LTV ratio must be 65% or less based on the original value as defined in Section 23.1	The LTV ratio must be 65% or less based on the current value.

(b) Evidence of value

<table>
<tr><th colspan="2">Based on Original Value</th><th colspan="2">Based on Current Value</th></tr>
<tr><td colspan="2">You must warrant that the value of the Mortgaged Premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance.</td><td colspan="2">You must verify the current value by one of the following methods:</td></tr>
<tr><td colspan="2">Alternatively, you must verify the current value by one of the following methods:</td><td rowspan="2">•</td><td rowspan="2">A current BPO you order from our vendor network at the Borrower’s expense. (The BPO must be an interior and exterior BPO performed within 120 days of the date on which you receive the Borrower’s request to cancel mortgage insurance. Refer to Section 65.39 for details regarding our process to order a BPO for any purpose.) or</td></tr>
<tr><td>•</td><td>A current BPO you order from our vendor network at the Borrower’s expense. (The BPO must be an interior and exterior BPO performed within 120 days of the date on which you received the Borrower’s request to cancel mortgage insurance. Refer to Section 65.39 for details regarding our process to order a BPO for any purpose.) or</td></tr>
<tr><td>•</td><td>A current appraisal with an interior and exterior inspection you order at the Borrower’s expense. The appraisal must comply with the requirements of Chapter 44 and be performed within 120 days of the date on which you receive the Borrower’s request to cancel mortgage insurance.</td><td>•</td><td>A current appraisal with an interior and exterior inspection you order at the Borrower’s expense. The appraisal must comply with the requirements of Chapter 44 and be performed within 120 days of the date on which you received the Borrower’s request to cancel mortgage insurance.</td></tr>
</table>

(c) Payment history

Based on Original Value		Based on Current Value	
The Borrower's payment history must, as it applies to the age of the Mortgage, show:		The Borrower's payment history must, as it applies to the age of the Mortgage, show:	
•	No payment 30 days or more past due in the preceding 12 months, and	•	No payment 30 days or more past due in the preceding 12 months, and
•	No payment 60 days or more past due in the preceding 24 months	•	No payment 60 days or more past due in the preceding 24 months
The reference to a "preceding" period in the payment history requirements set forth above means the specified time period that immediately preceded the later of (a) the date on which the required LTV ratio was reached or (b) the date on which you received the Borrower's request to cancel mortgage insurance.		The reference to a "preceding" period in the payment history requirements set forth above means the specified time period that immediately preceded the later of (a) the date on which the required LTV ratio was reached or (b) the date on which you received the Borrower's request to cancel mortgage insurance.	

(d) Other conditions

Based on Original Value		Based on Current Value	
•	No minimum seasoning of a Mortgage required	•	At least 2 years must have elapsed since the Origination Date of the Mortgage.
•	There must be no other default under the Security Instrument in the last 12 months		If substantial improvements to the Mortgaged Premises have increased the market value of the Mortgaged Premises, we will allow cancellation of mortgage insurance at any time (with no minimum seasoning period) when the LTV ratio is 65% or less. For this purpose, the market value of the Mortgaged Premises must be calculated using the current market value estimate in a BPO or an appraisal that is prepared after the relevant improvements have been completed. When ordering a BPO or an appraisal in conjunction with a request to cancel mortgage insurance on the basis of substantial improvements to the Mortgaged Premises, you must require that the broker or appraiser state in the BPO or appraisal the specific nature, extent and cost of the improvements made and the effect of the improvements on the estimated market value. The improvements must conform to local zoning and building codes:
•	Except as may otherwise be provided in a Purchase Contract entered into between Freddie Mac and a Seller, you must not request or require that a Borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a Second Mortgage or other subordinate lien on the Mortgaged Premises. If a Purchase Contract contains a condition relating to such a written certification or representation by a Borrower, the Seller and the Servicer of the Borrower's Mortgage must provide to the Borrower all disclosures required by law with respect to the condition set forth in the Purchase Contract.	•	There must be no other default under the Security Instrument in the last 12 months
		•	Except as may otherwise be provided in a Purchase Contract entered into between Freddie Mac and a Seller, you must not request or require that a Borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a Second Mortgage or other subordinate lien on the Mortgaged Premises. If a Purchase Contract contains a condition relating to such a written certification or representation by a Borrower, the Seller and the Servicer of the Borrower's Mortgage must provide to the Borrower all disclosures required by law with respect to the condition set forth in the Purchase Contract.

61.4: Automatic cancellation of Borrower-paid mortgage insurance: 1-unit Primary Residences or second homes (10/06/06)

Some of the requirements below, as they apply to 1-unit Primary Residence Mortgages originated on or after July 29, 1999, are derived from the HPA. (See Section 61.1 for additional information about the HPA.)

(a) For a Mortgage secured by a 1-unit Primary Residence or second home with an Origination Date on or after July 29, 1999, the requirements for the automatic cancellation of mortgage insurance are as follows:

Cancellation point	Whichever occurs first: 1) The date on which the LTV ratio of the Mortgage, irrespective of the unpaid principal balance of the Mortgage on that date, is first scheduled to reach 78% based on the original value of the Mortgaged Premises as defined in Section 23.1, or 2) The date on which the midpoint of the amortization period of the Mortgage is reached. (The midpoint occurs halfway through a Mortgage's amortization period. As an example, in the case of a 360-month or 30-year Mortgage with a payment Due Date on the 1st of each month, we deem the midpoint to be the 1st day of the 180th month. Assuming that the 180th month is April 2021, and that the Due Date for the April 2021 payment is April 1, and that the payment record conditions below are met, you must have mortgage insurance canceled effective for the 181st month's payment, i.e., the payment whose Due Date is May 1, 2021.) For an adjustable-rate Mortgage or a Balloon/Reset Mortgage (either HPA or Pre-HPA), the LTV ratio set forth above and the midpoint of the amortization period are both based upon the current amortization schedule following the most recent rate change.
Payment record	All Principal and Interest and Escrow installments with Due Dates prior to the cancellation point must be paid by the cancellation point. (In the example set forth above, all installments of Principal and Interest and Escrow with Due Dates before April 1, 2021, must have been paid by April 1, 2021, in order for mortgage insurance to be canceled effective as of

	May 1, 2021.) If any installment of Principal and Interest and Escrow with a Due Date prior to the cancellation point has not been paid by the cancellation point, then the cancellation point must be deferred to the 1st day of the 1st month beginning after the date on which all installments of Principal and Interest and Escrow with Due Dates prior to the new cancellation point are paid.

(b) For a Mortgage secured by a 1-unit Primary Residence or second home with an Origination Date before July 29, 1999, the requirements for the automatic cancellation of mortgage insurance are optional through December 29, 2000, and mandatory effective January 2, 2001, as follows:

Cancellation point	The date on which the midpoint of the amortization period of the Mortgage is reached. (The midpoint occurs halfway through a Mortgage's amortization period. As an example, in the case of a 360-month or 30-year Mortgage with a payment Due Date on the 1st of each month, we deem the midpoint to be the 1st day of the 180th month. Assuming that the 180th month is April 2001, and that the Due Date for the April 2001 payment is April 1, and that the payment record conditions below are met, you must have mortgage insurance canceled effective for the 181st month's payment, i.e., the payment whose Due Date is May 1, 2001.) For an ARM or a Balloon/Reset Mortgage (either HPA or Pre-HPA), the midpoint of the amortization period is based upon the current amortization schedule following the most recent rate change.
Payment record	All Principal and Interest and Escrow installments with Due Dates prior to the cancellation point must be paid by the cancellation point. (In the example set forth above, all installments of Principal and Interest and Escrow with Due Dates before April 1, 2001, must have been paid by April 1, 2001, in order for mortgage insurance to be canceled effective as of May 1, 2001.) If any installment of Principal and Interest and Escrow with a Due Date prior to the cancellation point has not been paid by the cancellation point, then the cancellation point must be deferred to the 1st day of the 1st month beginning after the date on which all installments of Principal and Interest and Escrow with Due Dates prior to the new cancellation point are paid.

(c) Mortgages secured by 2- to 4-unit Primary Residences or 1- to 4-unit Investment Properties, regardless of their Origination Dates, are not eligible for automatic cancellation of mortgage insurance

61.4.1: Cancellation of Borrower-paid mortgage insurance on modified HPA and pre-HPA Mortgages (09/10/01)

For the purpose of canceling mortgage insurance on a modified Mortgage (either HPA or pre-HPA), the required LTV ratios and the midpoint of the amortization period, as applicable, must be based upon the modified terms of the Mortgage.

61.4.2: Cancellation of Borrower-paid mortgage insurance on reset HPA and pre-HPA Mortgages (09/10/01)

For the purpose of canceling mortgage insurance, a Balloon/Reset Mortgage (either HPA or pre-HPA), must be processed pursuant to the same requirements that apply to an adjustable-rate Mortgage.

61.4.3: Cancellation of Borrower-paid mortgage insurance on refinance HPA and pre-HPA Mortgages (09/10/01)

For the purpose of canceling mortgage insurance on a refinance Mortgage (either HPA or pre-HPA), the original value is the appraised value relied upon to approve the refinance transaction.

61.5: Cancellation of lender-paid mortgage insurance (09/10/01)

Lender-paid mortgage insurance is not cancelable but you must provide to the Borrower all related disclosures required by the HPA, if applicable.

61.6: FHA Mortgages (09/10/01)

FHA insurance must not be canceled while Freddie Mac has an ownership interest in the Mortgage. You must, however, discontinue the collection of FHA insurance premiums from a Borrower automatically or pursuant to a Borrower's request in accordance with applicable FHA regulations.

61.7: Transfers of mortgage insurance coverage (09/10/01)

You must not transfer the mortgage insurance coverage in effect at the time you delivered a Mortgage to us, except if any of the following events occur:

1. Coverage must be replaced in conjunction with a third party's assumption of the Borrower's Mortgage obligations
2. The existing MI does not renew the existing coverage
3. We have terminated the approval status of the existing MI
4. We have instructed you to transfer the coverage

61.8: Reporting Mortgage insurance cancellations (09/10/01)

(a) What you must report

You must report the following mortgage insurance cancellation data to us:

1. **Cancellation date**

   The cancellation date is defined as the date you specify to the MI that you canceled the mortgage insurance.

2. **Cancellation reason code**

The cancellation reason code is a two-place, numeric-alpha code as follows:

- 1M — Cancellation resulting from a Borrower request based on original value of property in accordance with Sections 61.2 through 61.3 or applicable law
- 1N — Cancellation resulting from a Borrower request based on current value of property in accordance with Sections 61.2 through 61.3 or applicable law
- 1O — Cancellation based on automatic cancellation provisions of Section 61.4 or applicable law

(b) When you must report

If there is no exception activity to report for a Mortgage whose mortgage insurance you have canceled, you must report the mortgage insurance cancellation data with your monthly loan-level accounting data within three accounting cycles after the calendar month of the cancellation date. For example, if the cancellation date is April 5, 2001, you must report the mortgage insurance cancellation data with your monthly loan-level accounting data no later than the accounting cycle ending July 13, 2001.

If there is exception activity to report for the Mortgage, you must defer reporting the mortgage insurance cancellation data until the first available accounting cycle in which there is no exception activity to report for that Mortgage

Refer to Section 76.17 for our requirements regarding our reporting media.

Chapter 62: Reserved

{Chapter 62 is reserved.}

Chapter 63: Reserved

{Chapter 63 is reserved.}

Chapter 64: Delinquencies

64.1: Overview (04/25/06)

This chapter sets forth Freddie Mac's requirements for Servicing delinquent Mortgages. The following topics are covered in this chapter:

Topic	Section
Late charges	64.3
Collection efforts	64.4
Collection techniques	64.5
Minimum collection requirements	64.6
Property inspections	64.7
Rental property	64.8
Second Mortgage/HIL requirements	64.9
Delinquency reporting	64.10

The Servicer is encouraged to review its collection procedures with its loan servicing specialist at Freddie Mac **(see Directory 5)** for possible suggestions regarding collection techniques.

64.2: General requirements (11/01/10)

(a) Servicer responsibilities

The Servicer must develop, follow and maintain prudent and efficient written procedures that meet Freddie Mac requirements for promptly curing Delinquencies and comply with all applicable laws.

The Servicer must employ staff that is experienced and skilled in financial counseling and Mortgage collection techniques. The Servicer's staff must assist a Borrower in bringing a Mortgage current, while protecting the Borrower's equity and credit rating and protecting Freddie Mac's interests.

(b) Delinquency rates

The Servicer's continued eligibility to service Mortgages for Freddie Mac is contingent on maintaining Delinquency rates that are acceptable to Freddie Mac. Freddie Mac may disqualify or suspend a Servicer if the Servicer's 30-, 60- or 90-day

Delinquency rate or Real Estate Owned (REO) rate for Home Mortgages or Second Mortgage/HILs is more than 50% higher than the average 30-, 60- or 90-day Delinquency rate or REO rate for all home or Second Mortgages owned by Freddie Mac in the same geographical area (Standard Metropolitan Statistical Area, county, State or region) in which the Mortgaged Premises that secure the Mortgages serviced by the Servicer are located.

(c) Collection records

The Servicer must maintain records of all collection efforts and make the records available for Freddie Mac's inspection on request. The Servicer's collection records must evidence:

1. Dates that letters and notices were mailed
2. Dates and results of personal contacts with the Borrower both on the telephone and face-to-face
3. Reasons for prior and current defaults
4. Terms of any repayment arrangements
5. Documentation of property inspections, as required in Section 64.7

(d) Buydown accounts

Funds in a buydown account should not automatically be used to bring a delinquent Mortgage current. Such funds may be applied for this purpose if permissible under the terms of the applicable buydown agreement and the Servicer has determined that, despite the reduction of funds in the buydown account, there is a reasonable prospect that the Borrower will be able to maintain the Mortgage current after the application of buydown funds to cure the Delinquency.

(e) FHA, RHS, VA, and MI requirements

The Servicer must be familiar with and satisfy all applicable requirements of the FHA, RHS, VA or MI. The Servicer is required to file on a timely basis all notices to the FHA, RHS, VA or MI. Copies of routine notices sent to the FHA, RHS, VA, MI or the Borrower must be maintained in the Mortgage file but need not be sent to Freddie Mac, unless specifically requested.

Each notice to the MI must state that Freddie Mac is the owner of each related Mortgage.

(f) Freddie Mac rights

Freddie Mac retains the right to:

- Impose additional Servicing requirements as Freddie Mac deems appropriate

- Direct the Servicer to relinquish Servicing of a delinquent Mortgage and to resume Servicing when appropriate as determined by Freddie Mac. Freddie Mac may manage, or may arrange for the management, of all or part of a Servicer's servicing activities relating to any delinquent Mortgage. The Servicer must cooperate with Freddie Mac and, if applicable, any third party selected by Freddie Mac, with respect to such servicing activities. Unless otherwise determined by Freddie Mac, the Servicer will not receive the compensation provided pursuant to Section B65.8 with respect to such Mortgages. This provision does not affect the Servicer's rights and obligations with respect to the Servicing Spread as set forth in the Guide or any other Purchase Documents. The Servicer may also be required to:

    - Facilitate, at its expense, the transfer of the Mortgage file, payment history, escrow account, copies of all correspondence with the Borrower and any other information, records or documentation pertaining to the Mortgages requested by Freddie Mac

    - Continue to pay advances and remittances required under the Guide or any other Purchase Documents, including interest, taxes, insurance, attorney fees, ground rents, special assessments and other charges including any condominium, homeowners association (HOA) and PUD regular assessments as directed by Freddie Mac, or may be required to reimburse Freddie Mac or, if applicable, a third party selected by Freddie Mac for advances made by Freddie Mac or the third party

    - Provide the Borrower with any notice of the change with respect to the servicing activities as may be required by Freddie Mac

    - Inform any necessary third parties, such as tax and insurance services, attorneys, and vendors of the change with respect to the servicing activities

    - Enter into a contractual arrangement with a third party as may be necessary to accomplish the above

(g) Remitting fees and penalties

Servicers may be assessed fees or penalties associated with its failure to comply with certain Freddie Mac requirements as provided under the Guide. For example, Servicers may be assessed fees for failing to comply with Freddie Mac's Electronic Default Reporting requirements, late foreclosure sale reporting penalties or foreclosure time line penalties. Such fees and penalties will be billed to the Servicer on the Servicer's monthly Servicer Non-Performing Loans Invoice.

Servicers must remit payment of Servicer Non-Performing Loans Invoices via an Automated Clearing House (ACH) draft initiated by Freddie Mac. Freddie Mac will

initiate the ACH draft on the last Business Day of the month in which the Servicer receives the Servicer Non-Performing Loans Invoice from us.

To authorize ACH drafting of Servicer Non-Performing Loans Invoices or to make changes to ACH draft account instructions previously provided, Servicers must submit a Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH), to the address on the form no later than 15 Business Days before the last Business Day of the first month in which the Servicer owes any fees or penalties to Freddie Mac reflected on the Servicer Non-Performing Loans Invoice.

The account the Servicer designates as the ACH draft account must not be a Custodial Account. Servicers may establish one ACH account for the payment of invoices for both the Performing Loans monthly Servicer Billing Statement and the Servicer Non-Performing Loans Invoice, or establish two separate accounts. See Section 76.23 concerning Performing Loans remittances.

64.3: Late charges (08/01/97)

(a) Late charge assessment

The Servicer must not assess a late charge in an amount greater than 5% of the principal and interest payment. On an FHA or VA Mortgage, a late charge may be assessed and collected in accordance with the applicable program terms. The Servicer is responsible for collecting from the Borrower any recording or similar costs incidental to the granting of relief.

The Servicer may not impose a late charge:

If the Mortgage is a:	And an installment is:
Second Mortgage/HIL	Received within 10 days* after the Due Date
Home Mortgage	Received within 15 days* after the Due Date

*If this date is a Saturday, Sunday or federal holiday, it is extended to the next Business Day. The Servicer may retain any late charge collected as additional Servicing compensation if the charge is allowed under the Note.

(b) Late charge collection

Regardless of any provision to the contrary in the Note or the Security Instrument, the Servicer may not collect a late charge by any of the following methods:

1. Charging the Borrower's Escrow or impound account

2. Deducting from a regular monthly installment
3. Deducting from a payment made to partially or fully cure a Delinquency
4. Adding to the outstanding principal balance of the Mortgage
5. Causing a Mortgage to become delinquent or be placed in foreclosure because of an unpaid late charge

For payment application requirements, refer to Sections 51.17 through 51.20.

64.4: Collection efforts (12/15/06)

(a) All collection efforts

The Servicer must treat each Delinquency individually by varying the collection techniques to fit the individual circumstances. The Servicer must avoid establishing a fixed routine; this is particularly ineffective when dealing with chronically delinquent Borrowers.

All collection efforts must be based on the extent of the Delinquency and the Servicer's knowledge of the following factors:

1. Borrower's prior payment history
2. Borrower's credit history
3. Borrower's employment situation
4. Borrower's reason for default
5. Borrower's willingness and ability to repay
6. Borrower's desire to retain the property
7. Borrower is deceased or the property is included as part of the Borrower's estate
8. Mortgaged Premises' condition
9. Mortgaged Premises' occupancy status

For a Second Mortgage/HIL, collection efforts must also be based on the status and unpaid principal balance (UPB) of any superior lien. See Section 64.9 for additional requirements.

If there is a known potential risk of loss or ownership to Freddie Mac, the Borrower must be referred for loss mitigation immediately.

Borrowers on Automatic Withdrawal (Automated Clearinghouse [ACH])

If a Borrower agreed to have his or her monthly payments automatically withdrawn from a bank account, you must ensure that the correct monthly payment is withdrawn (especially after an escrow analysis has taken place) and processed timely. If the ACH payment cannot be processed on the specified date the Borrower has agreed to, you must begin efforts to contact the Borrower within 48 hours to determine the reason for the missed payment.

(b) Delinquent new Borrowers

The Servicer must pay special attention to a delinquent new Borrower, that is, a Borrower whose Mortgage has become delinquent within six months of the Origination Date.

To deter a pattern of chronic Delinquency, the Servicer must:

- Establish personal contact with a delinquent new Borrower between the 5th and 15th day of Delinquency unless:

  1. An alternative arrangement such as an ACH has been established for payment before the 15th day of Delinquency
  2. Collection call campaigns are established that place a high priority on contacting these Borrowers early in the Delinquency

- Determine the cause of Delinquency
- Educate the Borrower on the importance of making each monthly payment on or before the Due Date or encouraging the Borrower to set up A CH payment arrangements

(c) Special Servicing and Early Delinquency Counseling

The requirements of this section apply to Home Possible® Mortgages (see Chapter A34) and other Mortgages for which Freddie Mac requires a Servicer to offer special Servicing and Early Delinquency Counseling.

1. **Consent to Counseling** — As part of the homebuyer process, at or before closing, a Borrower must sign a consent form that authorizes the Servicer, in the event of a Delinquency, to release the Borrower's information to a non-profit third-party homeownership-counseling agency ("counseling agency"). This form must be included in the Mortgage file. The Servicer cannot release information about the Mortgage obtained by the Borrower, including the Borrower's payment history, to a counseling agency unless this executed form is in the Mortgage file or unless the Borrower otherwise later consents in writing to the release of the information.

2. **Special Servicing** — The following actions must be taken with all Borrowers:

   - Welcome Letter. Servicers must send the Borrower a letter, shortly after closing and before the first Mortgage payment is due, stressing the importance of making timely payments and advising the Borrower to contact the Servicer if he or she experiences any financial problems. The letter may be incorporated into the welcome letter sent to Borrowers after closing. The letter must include the following:

- Instructions on how to contact the Servicer if the Borrower is having difficulty making the Mortgage payment on time
- The Servicer's business hours
- A toll-free telephone number to reach the Servicer

3. **Early Delinquency Counseling** — The following provisions apply to Early Delinquency Counseling:

   Early Delinquency Counseling is counseling provided to a delinquent Borrower by a nonprofit third-party homeownership-counseling agency or an eligible Servicer, that involves identifying the reason(s) a Borrower did not make a Mortgage payment on time and working with the Borrower to resolve any financial problems so that future Mortgage payments can be made on a timely basis. The counseling includes a personal and interactive relationship with the Borrower that deals with money management, budgeting and debt management counseling.

   - Applicable Time Periods. Servicers must offer Early Delinquency Counseling including household budget management counseling at no charge to delinquent Borrowers for each Delinquency that occurs during the first year following the Note Date. In addition, if at any time during the life of the Mortgage, the Borrower is having difficulty making Mortgage payments, the Servicer should advise the Borrower to speak with the Servicer or contact a counseling agency for further assistance.
   - Counseling Entity. The Servicer may use the services of a nonprofit third-party homeownership-counseling agency (counseling agency) to conduct the Early Delinquency Counseling or the Servicer may conduct the counseling provided the Servicer maintains a Tier 1 or Tier 2 rating on the Default Management portion of their Servicer Performance Profile and has policies and procedures in place to offer the same kind of comprehensive counseling, budgeting and advising capabilities as a counseling agency.

   If a Servicer relies on a counseling agency, it must be fully aware of the status or outcome of all counseling efforts the counseling agency undertakes with a specific Borrower.

   - Compliance with Applicable Law. All Early Delinquency Counseling efforts must comply with the requirements of applicable federal and State laws, including the Equal Credit Opportunity Act, the Fair Debt Collection Practices Act, and the Fair Credit Reporting Act.

   - Initial Contact with delinquent Borrower. If the Borrower is experiencing a Delinquency, the Servicer must:
     - Send a letter advising the Borrower of the availability of free counseling
     - Contact the delinquent Borrower to determine the Borrower's current financial situation and the reason for the Delinquency

- Counseling Process and Actions. The counseling must include the following:
  - Analyzing the Borrower's financial situation and developing a plan of action for solving the Delinquency, which in most cases will be a budget worksheet or workout plan giving priority to the Mortgage payment
  - Developing a budget and debt repayment plan enabling the Borrower to meet his or her financial obligations
  - Reviewing the budget worksheet or workout plan with the Borrower and the Servicer, if applicable, so a decision can be made on how to proceed

- Time Schedule. The timetable for Early Delinquency Counseling must begin after a Delinquency occurs and proceed according to the following schedule:

Day	**Action**
Day 10	Mail or make telephone contact with the Borrower with a payment notice that reminds the Borrower of the importance of making each payment on or before the Due Date
Day 16	Mail late payment notice to Borrower
Day 20	Telephone or meet with the Borrower to determine cause of missed payment
Day 30	Offer counseling to the Borrower
Day 45	Schedule or conduct initial counseling session with the Borrower

- Servicing File. Regardless of whether the Servicer or a counseling agency provides the counseling, the Servicer must include in the individual loan Servicing file for a Mortgage:
  - A copy of the initial letter to the Borrower after closing
  - The date(s) that counseling was offered
  - The Borrower's response(s)
  - The name of the counseling agency providing the counseling (if not the Servicer)
  - A brief summary of the results of the counseling

- Transfer of Servicing. If the Mortgage is included in a Transfer of Servicing before the end of the 1-year period during which Early Delinquency Counseling is required, the transferee Servicer must be informed of the requirement and must be able to provide the required counseling or make arrangements for a counseling agency, as necessary.

(d) Modified Mortgages

The Servicer must extend additional efforts to a Borrower whose Mortgage has been modified under the loan modification workout option. To deter recurrence of default, the Servicer must:

- Ensure the Borrower has received updated payment coupons prior to the Due Date of the first payment
- During the first three months after the Mortgage is modified, call the Borrower within five Business Days after the payment Due Date if they have not remitted their payment to remind the Borrower that the payment was due on the first day of the month
- Call the Borrower by the 10th day of Delinquency if the payment has not been received
- Send the Notice of Default to the Borrower on the 45th day of Delinquency

64.5: Collection techniques (07/16/10)

(a) Collection techniques

Servicing of a delinquent Mortgage must be based upon personal contact, either by telephone or face-to-face interviews with a Borrower. Form letters and notices, while having a place in any Servicing program, generally are not as effective as personal contact and must not be used exclusively.

The Servicer's collection techniques must include the use of:

1. Telephone contacts or face-to-face interviews
2. Written communications such as notices and letters
3. Other responsible collection techniques used by prudent Mortgage Servicers

(b) Personal contacts with the Borrower

Face-to-face or telephone discussions with the Borrower must result in the Servicer making:

1. A determination of the cause of the Delinquency
2. An evaluation of whether the cause is temporary
3. A determination of the attitude of the Borrower toward the debt
4. A determination of the Borrower's ability to repay the debt
5. A determination of the Borrower's intent to keep the property
6. An attempt to obtain a definite commitment from the Borrower to bring the Mortgage current

64.6: Minimum collection requirements (07/16/10)

The Servicer must:

- Be readily available to the Borrower to offer financial counseling and advice
- Make personal contact with the Borrower as early and often as necessary to promptly cure the Delinquency
- Continue to contact the Borrower if satisfactory arrangements have not been made to cure the Delinquency or until the Servicer determines foreclosure is appropriate

The following chart lists the minimum collection efforts that must be made in an attempt to bring a delinquent Mortgage current:

Days after Due Date	**Action required**
5-15	Identify delinquent new Borrower Mortgages, as defined in Section 64.4(b), and make personal contact with each Borrower
10	Identify delinquent modified Mortgages and Second Mortgages/HILs
11-13	Mail late notices to delinquent modified Mortgage and Second Mortgage/HILs Borrowers
15	Identify delinquent First Lien Mortgages not previously modified
16-18	Mail late notices to Borrowers with a delinquent First Lien Mortgage not previously modified
16-21	Initiate telephone contact with each delinquent Borrower
45-60	Obtain a property inspection unless the Borrower cures the Delinquency or the Borrower has agreed to a repayment plan and has begun making payments required under the repayment plan Contact each known superior lienholder
45-60	Send initial foreclosure alternative letters
60	Mail the breach letter for all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs that do not have satisfactory payment arrangements no later than
120	Refer all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs with expired breach letters to foreclosure no later than

In addition, for leasehold Mortgages, you must contact the lessor and if required under the terms of a non-disturbance agreement, any lender with a prior lien on the fee simple landowner/lessor's fee simple interest.

If satisfactory arrangements to cure a Delinquency have not been obtained, the Servicer must continue to follow up w ith notices, letters, telephone contacts or face-to-face interviews, etc., until the Mortgage has been brought current or until the Servicer determines that foreclosure or an alternative to foreclosure is appropriate.

If collection efforts are unsuccessful, the Servicer must attempt to cure the Delinquency in the shortest period possible by pursuing alternatives to foreclosure set forth in Chapters 65, A65 and B65 or initiating foreclosure action as set forth in Chapter 66. F or Delinquency and credit repository reporting requirements, refer to Sections 64.10 through 64.11 and 55.4.

64.7: Property inspections (07/16/10)

The Mortgaged Premises must be inspected in accordance with the requirements below to determine their physical condition and occupancy status before further Servicing action is taken or recommended.

The Servicer may use a third party to conduct property inspections.

(a) Inspection dates

The Servicer must obtain a property inspection between the 45th and 60th day of Delinquency, and again once every month thereafter until the Delinquency is cured or a repayment plan has been agreed to and the Borrower has begun and continues to make payments according to the terms of the repayment plan.

(b) Curbside inspections

Freddie Mac does not generally consider curbside property inspections to be sufficient. However, there may be circumstances (such as personal danger to the inspector) or legal constraints (such as bankruptcy) under which a curbside inspection would be appropriate.

(c) Abandonment or waste

When the Servicer learns that the Mortgaged Premises have been abandoned or are in a severe state of deterioration, waste or disrepair, the Servicer must take action as required in Sections 67.27 and 67.28.

(d) Documentation requirements

Each property inspection must be documented by an inspection report prepared on Form 1013, 1-4 Unit Property Inspection Report. The Servicer may use its own form or a form prepared by the inspection company performing the inspection, including a computer-generated form, provided that the form allows the Servicer to record and report, at a minimum, the information requested in Form 1013.

(e) Reports

Inspection reports must be retained in the Mortgage file or other form of data storage, as long as the file is retained by the Servicer.

(f) Reimbursement of costs for property inspections

We will reimburse the Servicer for a portion of the cost of property inspections. Refer to Exhibit 57, 1 - to 4- Unit Property Approved Expense Amounts, for additional information.

64.8: Rental property (04/25/06)

If satisfactory arrangements for repayment of the Delinquency have not been made, the Servicer must request that the Borrower consent to the appointment of a real estate agent or other agent to collect rents, maintain the Mortgaged Premises and make payments to the Servicer. If such arrangements are not made, the Servicer must determine what means are available to obtain the rental income and submit a recommendation to Freddie Mac **(see Directory 5)**.

64.9: Second Mortgage/HIL requirements (04/03/00)

(a) Superior lienholder contacts

In addition to the minimum collection requirements, the Servicer must contact all known superior lienholders before the 60th day of Delinquency to determine:

- The status and unpaid principal balance (UPB) of each superior lien
- Whether a First Lien secured by the same Mortgaged Premises has been sold to Freddie Mac
- Whether the Borrower is also delinquent under the loan secured by a superior lien and what the affected lienholder intends to do to resolve the Delinquency

(b) Superior lienholder advances

With Freddie Mac's written approval, the Servicer may make advances to superior lienholders to avoid Delinquency under obligations secured by superior liens, or to

reinstate superior liens, when and to the extent necessary to protect the interests of Freddie Mac and prevent foreclosure. Freddie Mac will reimburse the Servicer in proportion to Freddie Mac's interest in the Second Mortgage/HIL.

If the unpaid balance of the Second Mortgage/HIL or some other consideration does not justify advances to prevent foreclosure by a superior lienholder, the Servicer should recommend charge off in accordance with Sections B65.49 through B65.53.

64.10: Monthly Electronic Default Reporting (EDR) (10/01/09)

(a) Reporting to Freddie Mac

A Servicer must report, within the first three Business Days of a month, applicable information through Electronic Default Reporting (EDR) for:

- All Mortgages that were 30 or more days delinquent or Mortgages for which the Borrower was in bankruptcy during the previous month, regardless of whether the Borrower is current or delinquent in his or her Mortgage payments

- Mortgages for which the Borrower is current in his or her Mortgage payments and for which the Servicer is pursuing an alternative to foreclosure (**Note**: Servicers must comply with all Guide requirements with respect to considering a Borrower who is current in his or her Mortgage payment for an alternative to foreclosure, including, as applicable, any requirement that the Borrower be in imminent default or found to have suffered an involuntary inability to pay.)

  A Servicer must continue to report the applicable information through EDR for each Mortgage until:

  - The Mortgage is fully reinstated or paid off
  - A workout is completed
  - A foreclosure sale is held
  - The Borrower is no longer in bankruptcy and the Mortgage is current
  - For current Mortgages under consideration for an alternative to foreclosure, there are no applicable default action codes to report for the month

The report must be submitted via an EDR transmission and must be usable and accurate. The EDR transmission must be submitted via MIDANET® for the PC or another Freddie Mac-approved transmission method. For more information, contact (800) FREDDIE.

A Servicer must submit an EDR transmission and indicate "no activity to report" if, during the previous month:

- There were no Mortgages 30 or more days delinquent or Borrowers in bankruptcy, and
- There was no new activity to report with respect to Mortgages for which the Servicer was pursuing an alternative to foreclosure.

If a Servicer services Mortgages under more than one Seller/Servicer number, the Servicer must report via EDR for each number.

A Servicer must provide the following data elements for each Mortgage reported:

- Seller/Servicer Number
- Freddie Mac loan number
- Due Date of Last Paid Installment (DDLPI)

In addition, the following data elements must be reported, as applicable:

- Default action(s)
- Default action date(s)

A Servicer must also report the following data elements in the earliest EDR transmission after receiving the information, but no later than when reporting on a Mortgage that is 90 days delinquent:

- Default Reason
- Property Condition
- Occupancy Status

Refer to Exhibit 82, Electronic Default Reporting Transmission Code List, for descriptions of the default action, default reason, property condition, occupancy status and associated codes. For detailed programming instructions, please refer to the *Electronic Default Reporting (EDR) Quick Reference Guide,* available on FreddieMac.com.

Refer to Sections C65.7 and C65.11 for additional reporting requirements under the Home Affordable Modification Program.

(b) Reports from Freddie Mac

In response to a Servicer's monthly EDR transmission, Freddie Mac will make available, via the Freddie Mail option in MIDANET for the PC and Default Reporting Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**, the following reports. The Servicer must retrieve these reports, review them and transmit any necessary information, as indicated below:

- **Default Exception Report** — One Business Day after transmitting EDR information, a Servicer will receive this report that will contain any exceptions

and errors on the Mortgages that were reported. The Servicer must correct all exceptions/errors documented on the report and transmit the corrected data to Freddie Mac.

- **Delinquencies/Foreclosures not Reported** — A Servicer will receive this report the morning of the fourth Business Day of the month. It identifies any Mortgage that was reported as being 90 or more days delinquent during the prior month, but was omitted from the current month's EDR transmission and was not reported as fully reinstated or paid off, or that a foreclosure sale was held, or because a workout option was completed. If the Mortgage is still delinquent, you must report the delinquent Mortgage by the sixth Business Day of the month. If the Mortgage was not reported in the EDR transmission because a full reinstatement or payoff occurred, a foreclosure sale was held, or a deed-in-lieu of foreclosure was executed, a Servicer must report the action to Freddie Mac (see Sections A65.10, B65.48, 66.56 or Chapter 78 for these reporting requirements).
- **Default Compliance Report** — A Servicer will receive this report each day from the fourth through the 13th Business Day of each month. This report identifies the number of loans reported to us that are 30, 60 and 90 or more days delinquent for the current reporting cycle. A Servicer must review the transmission to determine if it contains errors and follow up by transmitting any corrections.

For any questions related to EDR reporting, contact us at edr@freddiemac.com.

64.10.1: Penalties for failure to report via EDR (11/01/10)

A Servicer that fails to comply with the EDR reporting requirements in Section 64.10 will be subject to being assessed the noncompliance fees set forth in Section 78.47.

Freddie Mac will bill the Servicer for such fees on the Servicer Non-Performing Loans Invoice. Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.

In addition, if the Servicer does not report a Mortgage to us as required via EDR and the Servicer requests reimbursement of expenses on that Mortgage, Freddie Mac reserves the right to deny reimbursement of those expenses on account of the Servicer's failure to report.

64.11: Supplemental paper Delinquency reporting (04/25/06)

The Servicer must submit Form 1013, 1-4 Unit Property Inspection Report, as stated below. This inspection report, or an equivalent form that meets the requirements of

Section 64.7(d), must be submitted to Freddie Mac **(see Directory 5)** with appropriate recommendations within five Business Days of receiving any inspection report that indicates that the Mortgaged Premises are abandoned or found to be in a state of deterioration, waste or disrepair that warrants a physical condition rating of "poor." Refer to Section 67.2 for additional requirements relating to abandonment and similar adverse matters.

Chapter 65: Loss Mitigation

65.1: Introduction (05/26/09)

Through your collection efforts you have learned about a Borrower's attitude and intention toward his or her delinquent Mortgage obligation. When it becomes evident that your collection efforts have not resulted in the Borrower curing the Delinquency, your next course of action is to begin loss mitigation activities.

Loss mitigation activities minimize the potential credit losses that may result from a Borrower's inability to pay the Mortgage payments and any subsequent foreclosure action. Loss mitigation activities consist of:

1. Analyzing the Borrower's financial situation, monitoring the condition of the property and oftentimes, determining the property value to find a solution to the Delinquency through the use of alternatives to foreclosure
2. Initiating foreclosure when there is no viable alternative to foreclosure
3. Managing and completing the foreclosure process to reduce expenses and accrued interest, protect and preserve the value of the property, and acquire title to the property within our State foreclosure time lines

This chapter provides you with our philosophy, expectations, guidelines and general requirements for managing your loss mitigation activities.

In pursuing loss mitigation, Servicers must first consider Borrowers in accordance with the requirements of Chapter C65, Home Affordable Modification Program.

65.2: Loss mitigation process (01/02/97)

Loss mitigation activities occur in the part of the Mortgage servicing cycle represented by the fourth and fifth boxes in the following process flow.

65.3: Chapter contents (06/22/07)

Topic	Section(s)
Loss mitigation philosophy	65.4
Managing loss mitigation activities	65.5-65.8
Alternatives to foreclosure	65.9-65.14
Involuntary inability to pay and other evaluation criteria	65.15-65.21
Evaluating the situation	65.22-65.28
Monitoring property conditions	65.29-65.36
Obtaining a property value	65.38-65.39
Valuation costs	65.40
Compensation and fees	65.41-65.43

65.4: Loss mitigation philosophy (04/14/00)

Our interest in a Mortgage, the Borrower and the home securing the Mortgage begins when we purchase the Mortgage. The Borrower's ownership of the home is jeopardized when he or she stops making monthly payments. We are committed to helping this Borrower find a solution to the Delinquency if he or she is experiencing financial difficulty in making his or her Mortgage payment such that the Mortgage is in default or imminent danger of default.

We recognize that not every Borrower who is experiencing financial difficulty can retain ownership of his or her home. When this is the case, you can help a Borrower understand the benefits of selling the property to avoid the consequences of foreclosure and the risk of a deficiency judgment, and preserve his or her credit rating.

We want you to pursue alternatives to foreclosure whenever possible, because they benefit not only the Borrower, but also you, us and other interested parties in the Mortgage by:

1. Eliminating the staff time and expense you incur to service a delinquent Mortgage or a Mortgage in foreclosure
2. Reinstating the servicing fee income you earn if a Mortgage Delinquency is cured
3. Improving your relationship with the Borrower
4. Minimizing our credit losses
5. Reducing a mortgage insurer's (MI) or guarantor's claim payment, when applicable

Even after you have initiated foreclosure, you should still pursue alternatives to foreclosure to mitigate potential credit losses, whenever possible.

65.5: Overview (01/02/97)

We have specific expectations and requirements for how you manage your loss mitigation activities. These expectations and requirements are listed in Sections 65.6 and 65.7. We will evaluate your performance in managing your loss mitigation activities. Our performance standards are provided in Section 65.8.

65.6: Your responsibilities (05/26/09)

Your loss mitigation activities must include

1. Pursuing reinstatement as the first option to resolve a Delinquency
2. Analyzing the Borrower's financial situation, and determining his or her intention toward the Mortgage obligation
3. Determining the value and condition of the property to calculate the Borrower's equity position and our potential loss if we were to acquire the property as a Real Estate Owned (REO)
4. Pursuing alternatives to foreclosure when you determine the Borrower cannot reinstate, and doing so before the 90th day of Delinquency
5. Continuing to pursue alternatives to foreclosure even after you have initiated foreclosure, if the Borrower or property circumstances change
6. Managing the foreclosure process to ensure that expenses and accruing interest are minimized and to obtain clear and marketable title as soon as legally possible

In your loss mitigation activities you must comply with

1. The specific requirements in this chapter and Chapters A65, Reinstatements and Relief Options; B65, Workout Options; C65, Home Affordable Modification Program; and 66, Foreclosure
2. All FHA, RHS, VA or MI requirements, if applicable

65.7: Operations (10/14/05)

Loss mitigation activities must be an integral part of your servicing operations.

Loss mitigation operations

We expect there to be coordination between your collection and loss mitigation staff.

You must ensure that you have:

1. A documented process for loss mitigation activities and approving foreclosures
2. Skilled staff devoted to loss mitigation activities
3. Trained collections and loss mitigation staff who:
   a. Have the ability to gain a Borrower's confidence, and help him or her explore alternatives to foreclosure
   b. Provide counseling to a Borrower early in the Delinquency to explain his or her options, and the consequences of foreclosure or bankruptcy
   c. Maintain a record of conversations with a Borrower in the Mortgage file or other form of data storage
   d. Screen Borrower requests for assistance to identify legitimate workout candidates

65.8: Performance standards (01/02/05)

We will measure the following performance standards:

1. Collection management
2. Loss mitigation
3. Foreclosure time line management
4. Data integrity

Refer to your Performance Profile for the specific criteria in each of the above-mentioned categories.

65.9: Overview of alternatives to foreclosure (05/26/09)

Alternatives to foreclosure are reinstatements, and relief and workout options that, when used, result in a resolution of a Mortgage Delinquency without foreclosing on t he property.

A relief option is an alternative to foreclosure that provides a Borrower with temporary relief and will cure a Delinquency over a defined period of time.

A workout option is an alternative to foreclosure that eliminates or reduces the potential loss that we would incur if the property securing the Mortgage were acquired through a foreclosure sale.

Each option has specific criteria that must be met for the Borrower to be eligible for the option. Refer to Chapter A65 for the specific criteria and requirements for reinstatements and relief options, and Chapter B65 for workout options.

We also have a charge-off option available for use under certain conditions. The specific criteria for this option is contained in Chapter B65.

65.9.1: Monthly Electronic Default Reporting for Mortgages under consideration for an alternative to foreclosure (05/26/09)

Servicers are required to report via Electronic Default Reporting (EDR) applicable details about Mortgages for which they are pursuing an alternative to foreclosure. (Refer to Section 64.10 and Exhibit 82, Electronic Default Reporting Transmission Code List, regarding EDR requirements.)

65.10: Reinstatements (07/01/01)

A reinstatement restores a delinquent Mortgage to current status either with a lump-sum payment of all amounts due or a partial payment followed by a repayment plan.

We have two types of reinstatements:

1. Full reinstatement
2. Partial reinstatement

65.11: Relief options (07/15/99)

A relief option provides temporary relief to a Borrower and allows the Borrower to cure the Delinquency over a defined period of time. Our relief options are:

1. Repayment plan
2. Short-term forbearance
3. Long-term forbearance

65.12: Workout options where the Borrower retains the property (10/06/06)

A loan modification is a workout option that will enable the Borrower to retain homeownership.

65.13: Workout options for a Borrower unable to retain the property (10/06/06)

Our workout options for situations where it is not economically feasible for the Borrower to retain the property are:

1. Short payoff
2. Deed-in-lieu of foreclosure
3. Workout Mortgage assumption

65.14: Charge-off (01/01/07)

A charge-off ceases collection efforts on a Mortgage when the debt is deemed to be uncollectible. You may submit a recommendation for a charge-off if you have considered all other relief and workout options and foreclosure may result in a higher credit loss to us than charging off the debt. See Section B65.50 for situations when we require you to make a recommendation for a charge-off.

65.15: Overview (07/15/99)

A Borrower must be delinquent in his or her Mortgage payments, or be in imminent danger of default, to be considered for an alternative to foreclosure. In most instances, the Borrower must have an involuntary inability to pay to be eligible for an alternative to foreclosure. However, if the alternative to foreclosure is a relief option with a repayment plan equal to, or less than, 12 months in duration then we do not require an involuntary inability to pay.

Exceptions to the involuntary inability to pay requirement are described in Section 65.19.

65.16: Delinquency, default and imminent danger of default (07/15/99)

Throughout this chapter and Chapters A65, B65 and 66, we will use the term Delinquency, which is defined in the Glossary, in our guidelines and requirements rather

than the term default. Many of the specific requirements for relief and workout options are tied to the severity of the Delinquency.

A Borrower is considered to be in imminent danger of default, if, based upon the facts and circumstances of the particular Mortgage and using prudent business judgment, it appears more likely than not that the Borrower will default on his or her Mortgage payments within the next 12 months.

65.17: What is involuntary inability to pay? (04/14/00)

A Borrower is considered to have an involuntary inability to pay if he or she does not have the ability to make the monthly payments because of:

1. An involuntary reduction of income due to:
   (a) Unemployment
   (b) A mandatory pay reduction (could result from elimination of overtime, reduction in regular working hours, or a reduction in base pay)
   (c) Underemployment following a previous job loss
   (d) Death of a Borrower or primary wage earner in the household
   (e) Decline in business earnings for a self-employed Borrower
   (f) Incarceration of a spouse or co-Borrower
   (g) Permanent or short-term disability
   (h) Serious illness of a household member
   (i) A divorce
   (j) A separation
   (k) A natural or man-made disaster impacting the Borrower's place of employment

2. An unavoidable increase in expenditures due to:
   (a) A disability or illness that results in an increase in uninsured major medical expenses
   (b) A natural or man-made disaster damaging the property
   (c) An unanticipated capital expenditure for property maintenance such that, were the maintenance not performed, the property would experience sufficient deterioration to the point of affecting its value as security for the Mortgage, or its habitability
   (d) Overextended credit resulting from an involuntary inability to pay that caused the Borrower to use credit to pay his or her monthly Mortgage payments, medical obligations, food expenses or utility bills

65.17.1: Documenting involuntary inability to pay (04/14/00)

The Borrower must provide you with documentation to establish his or her involuntary inability to pay the Mortgage. The following list provides the minimum supporting documentation that you must obtain from the Borrower based on the situation causing the involuntary inability to pay.

(a) Involuntary reduction of income

Situation	Obtain copies of at least one item in each category
Unemployment	1. Termination notice from the Borrower's employer 2. At least one month of unemployment compensation checks 3. Unemployment notice or filing documents 4. Income tax return or a Form 1099-G reflecting the amount of unemployment benefits received
Mandatory pay reduction	1. Pay stubs showing previous salary and new salary 2. Employer notification

Underemployment following a previous job loss	1. Documentation evidencing job loss 2. Paystubs showing previous salary and new salary 3. Previous year's tax return
Death of a Borrower or primary wage earner in the household	1. Death certificate 2. Obituary or newspaper article reporting the death
Decline in business earnings for a self-employed Borrower	The previous year's income tax return, and year-to-date profit and loss statement, along with signed contracts from clients for work scheduled (if applicable)
Incarceration of a spouse or co-Borrower	1. Legal documents proving the incarceration 2. Newspaper article reporting the incarceration
Permanent or short-term disability	1. Doctor's certificate of disability 2. Insurance notification 3. Proof of monthly insurance benefits or government assistance (if applicable) 4. Tax return showing medical deductions 5. Medical bill collections evidenced on current credit report
Serious illness of a household member	1. Medical bills 2. Doctor's certificate or letter 3. Insurance form 4. Proof of monthly insurance benefits or government assistance (if applicable) 5. Tax return showing medical deductions 6. Medical bill collections evidenced on current credit report
Divorce	1. Divorce decree signed by the court 2. Current credit report evidencing recorded divorce decree 3. Tax returns showing change in marital status
Separation	1. Separation agreement signed by the court if separation is legally documented by the court

	2. Proof that separate income and expense accounts have been established for at least three months if separation is not legally documented by the court
	3. Current credit report evidencing recorded separation agreement
Natural or man-made disaster impacting the Borrower's place of employment	1. Statement from the employer (if income has been reduced, see mandatory reduction in pay above)
	2. Employer notification if employer is closed (see unemployment above)
	3. Newspaper article reporting the disaster

(b) Unavoidable increase in expenditures

Situation	**Obtain copies of at least one item in each category**
Disability or illness that results in an increase in uninsured major medical expenses	1. Medical bills
	2. Doctor's certificate of disability
	3. Proof of monthly insurance benefits or government assistance (if applicable)
	4. Tax return showing medical deductions
	5. Medical bill collections evidenced on current credit report
Natural or man-made disaster which damaged the property	1. Insurance claim
	2. Inspection, engineer's or geological report
	3. Federal Emergency Management Agency grant or Small Business Administration loan
	4. Newspaper article reporting the disaster

Unanticipated capital expenditure for property maintenance that if not done, the property would experience sufficient deterioration to the point of affecting its value as a security for the Mortgage or its habitability	1. Inspection report 2. Environmental reports (if available) 3. Invoices for repairs
Over-extended credit resulting from an involuntary inability to pay that caused the Borrower to use credit to pay his or her monthly Mortgage payments, medical expenses, food expenses or utility bills	1. Credit card bills with description of charges or showing cash advances 2. Documentation from an approved credit counseling agency

65.18: Situations not considered to be an involuntary inability to pay (04/14/00)

A Borrower is not considered to have an involuntary inability to pay if he or she has:

1. Experienced depreciation in his or her property value
2. Voluntarily quit a job (For example, voluntarily quitting to stay home and care for children or return to school.)
3. Voluntarily reduced the number of hours worked, and therefore reduced the amount of pay
4. A job that has normal seasonal layoffs
5. Over-extended credit caused by excessive spending for non-essential items
6. Unnecessary monthly expenses due to personal lifestyle decisions
7. Temporary income interruption, but the Borrower has assets (liquid or that can be liquidated) available to pay the Mortgage
8. Bought another home and the Borrower chooses not to pay both Mortgage payments

65.19: Exceptions to involuntary inability to pay (01/02/04)

A Borrower who is not experiencing an involuntary inability to pay may be eligible for an alternative to foreclosure when one of the following conditions exists:

1. The property is under contract to be sold, marketable title to the property can be conveyed to the purchaser and the Mortgage will be paid in full. In this case, short-term forbearance may be appropriate.
2. The property is under contract to be sold for less than what is owed on the Mortgage, but we will be made whole through mortgage insurance proceeds, a cash contribution and/or a promissory note (make-whole preforeclosure sale).
3. There is a Risk of Property Ownership (refer to Section 65.20 for a definition) to us. In this case, any workout option other than a deed-in-lieu of foreclosure may be appropriate.
4. The Mortgage is secured by a Manufactured Home and the Borrower meets the remaining eligibility requirements for a short payoff or a workout Mortgage assumption. In addition, we will also consider your recommendation for a loan modification. Submit your recommendation as specified in Section B65.17.
5. The Borrower voluntarily relocates over 20 miles from his or her job site and cannot afford to pay both housing expense payments and:
   (a) We receive 100 percent of the "as-is" value with a 90-day marketing time (from a BPO with an interior inspection) for the short payoff, and
   (b) The Borrower is willing to participate in the loss up to his or her ability

65.20: Risk of Property Ownership (01/02/04)

Risk of Property Ownership exists when there is a risk of liability to us if we become the owner of the property. For example, there is Risk of Property Ownership if Hazardous Substances exist on or around the property, or the property has been cited for a lead-based paint violation, or if the property is in such deteriorated condition that it poses a safety risk.

You must review the property inspection reports that you receive to determine if a Risk of Property Ownership exists. Refer to Section 67.27 for the requirements for managing a Mortgage with a Risk of Property Ownership.

65.21: Condition for granting relief or workout options (04/14/00)

The Borrower must make a commitment to reduce any discretionary, unnecessary expenditures as a condition of our granting a relief or workout option. Additionally, the

Borrower is expected to work out similar relief or workout options with other creditors whenever possible.

65.22: Overview (07/09/01)

When you have a Mortgage Delinquency that cannot be cured through your normal collection activities, evaluating the situation is the first and most important step in the loss mitigation process. Counseling the Borrower is the second most important step. To evaluate the situation you must analyze the reason for the Delinquency and determine if the Borrower can cure the Delinquency through reinstatement or a relief option.

If the Borrower cannot reinstate, and a relief option will not resolve the Delinquency, then your next course of action is to:

1. Collect and analyze the Borrower's financial information and circumstances
2. Determine the condition and value of the property, when applicable
3. Analyze the Mortgage characteristics and terms, when applicable
4. Determine the best course of action

These steps are described in Sections 65.23 through 65.28.

65.23: Analyze the reason for Delinquency (07/09/01)

During your collection activities you should have determined why the Borrower has not paid his or her Mortgage payments. Additionally, you should have determined the Borrower's willingness to resolve the Delinquency problem and have counseled the Borrower about the consequences of the Delinquency.

If you have determined the Borrower's reason for not paying the Mortgage payment is temporary, you may consider whether a partial reinstatement, a repayment plan or short-term forbearance may be a solution to cure the Delinquency. To consider such alternatives, the Borrower must have the ability to make payments and bring the Mortgage current within one year. Additionally, the Borrower should want to retain ownership of the home. If the Borrower wants to sell the property and has the property under contract for sale, you may consider a short-term forbearance.

If the Borrower's financial situation and/or circumstances will not permit him or her to bring the Mortgage current within a year, then you need to analyze the Borrower's financial situation to determine a long-term solution to the Delinquency. See Section 65.24 for our requirements and guidelines for analyzing the Borrower's financial situation.

65.24: Collect and analyze the Borrower's financial information and circumstances (08/20/09)

When you have determined that a Borrower cannot cure the Delinquency through a reinstatement, a repayment plan, or a short-term forbearance, then your next step is to collect and analyze the Borrower's financial information and circumstances to determine if a long-term forbearance or a workout would resolve the Delinquency.

You must have the Borrower complete and sign Form 1126, Borrower Financial Information. Additionally, the Borrower must provide you with a letter signed by the Borrower that contains a description of the circumstances that caused the Delinquency, whether he or she wants to retain ownership of the property, and whether he or she has a plan or course of action to resolve the Delinquency.

Analyze the financial information and the Borrower's letter explaining the circumstances to determine what ability he or she has to make payments on the Mortgage now, and in the future. From the documentation and your conversations with the Borrower, you need to determine if he or she has a cooperative attitude and wants to work with you to explore potential solutions to the Delinquency.

In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

65.25: Using a valuation to determine the condition and/or value of the property (08/20/09)

You should be familiar with Freddie Mac's definitions for the following terms as they relate to valuation of the property:

- Broker's Price Opinion (BPO)
- Hazard Distressed BPO

You must obtain a valuation from us through BPOdirect® (refer to Sections 65.38 through 65.39) at the same time you send Form 1126, Borrower Financial Information, to the Borrower. The valuation may be an automated value or a BPO, depending upon the workout type and purpose of your valuation request. A BPO is more comprehensive and contains the probable sale price of the property and information about the condition of the property. A Hazard Distressed BPO is a BPO conducted to determine the value of a damaged property.

See Section 65.38 for instructions on when to order a property valuation.

See Section 65.39 for instructions on how to order a property valuation.

If there are any adverse conditions in, or affecting the property, then you should not consider any course of action (deed-in-lieu of foreclosure or foreclosure) that would lead to our acquiring the property without our prior approval.

65.26: Search for lead-based paint violations on 2- to 4- unit properties in Massachusetts and New York City (10/06/06)

Before considering a long-term forbearance or a workout option on a Mortgage secured by a 2- to 4-unit property located in Massachusetts and built before 1978, you must conduct a search with the local oversight authority that administers lead-based paint law compliance (such as, the Department of Health) to determine whether there are any outstanding lead-based paint citations against the property or property owner.

For properties in New York City (Brooklyn, Bronx, Manhattan, Queens and Staten Island) built before 1960, you must conduct a search with the Health Department to determine whether there are any outstanding health code violations against the property. You must also conduct a search with the Department of Housing Preservation and Development to determine whether there are any outstanding lead-based paint citations or violations against the property.

If there are any outstanding citations or violations, or if you are aware of any lead-based paint litigation against the property or property owner, you must submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

Include on/with Form 105:

1. The number and ages of all children under the age of seven that are residing in the property
2. A copy of the citation or violation and any other pertinent information

65.27: Analyze the mortgage characteristics and terms (05/15/97)

You must review the Mortgage characteristics and terms to determine what effect they might have on determining a course of action to resolve the Delinquency.

You need to compare the unpaid principal balance and any delinquent amounts to the probable sale price of the property to determine the Borrower's equity position and our

potential loss should we have to acquire the property, if the Delinquency cannot be cured or resolved.

Reviewing the Mortgage product type and the current interest rate compared to current market interest rates can alert you to potential roadblocks in curing a Delinquency. For example, if the Mortgage is an adjustable-rate Mortgage, the Borrower may be facing a new monthly payment that he or she cannot afford.

65.28: Determine the best course of action (08/21/06)

After evaluating the Borrower's financial information and circumstances, the value and condition of the property, and the Mortgage characteristics and terms, you can begin to determine the best course of action to resolve the Delinquency. Use the information you gathered and compare the results to the requirements for our various relief and workout options.

If the Borrower's property has been damaged by a natural or man-made disaster, or the Borrower has an extraordinary circumstance, then consider recommending a long-term forbearance. If the Borrower wants to keep the property and has a source of stable monthly income, then consider whether to recommend a loan modification. If the Borrower cannot or does not want to retain ownership of the property, then consider recommending workout options that allow the Borrower to sell or transfer the property.

If a relief or workout option will not resolve the Delinquency, then you must initiate foreclosure in accordance with the requirements in Chapter 66.

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Mortgages secured by properties affected by a disaster.

65.29: Overview (05/15/97)

To protect the value of a property securing a Mortgage, you are required to obtain a property inspection. Section 65.33 details when you must order a property inspection.

65.30: What is a property inspection? (05/15/97)

A property inspection is an exterior inspection of the property to determine

1. The condition of the property
2. If there is any waste, deterioration or vandalism

3. The occupancy status
4. If the property has been abandoned
5. If the property is listed for sale
6. If there are obvious environmental hazards
7. If there is deferred maintenance or there are health and safety problems
8. If visible asset preservation is needed

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Servicing Note:
Generally, we do not consider a curbside inspection to be sufficient. However, there may be circumstances (such as personal danger to the inspector) or legal constraints (such as bankruptcy) under which a curbside inspection would be appropriate.

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65.31: What is deferred maintenance? (05/15/97)

The property is considered to have deferred maintenance when the Borrower has allowed the property condition to deteriorate to a point where general maintenance items such as trash removal, painting, yard work and general repairs have not been performed.

65.32: Documenting inspections (04/03/00)

(a) Form to use

You must document each inspection of the property with an inspection report that is prepared on Form 1013, 1-4 Unit Property Servicing Inspection Report, or a substitute report. The substitute report can be your own form or a form the inspection company performing the inspection prepares, including a computer-generated or automated form. The substitute form must contain all of the data elements on Form 1013.

(b) Retaining inspection reports

You must retain the inspection reports in the Mortgage file or other form of data storage for the same period of time that you retain the Mortgage file.

65.33: When to order a property inspection (07/16/10)

You must obtain a property inspection between the 45th and 60th day of Delinquency, and again once every month thereafter until the Delinquency is cured or a repayment plan has

been agreed to and the Borrower has begun and continues to make payments according to the terms of the repayment plan.

You must also order a property inspection upon identification of the condition stated below, even if the Mortgage payments are less than 45 days delinquent when you:

1. Suspect the Borrower may have abandoned the property
2. Become aware that an adverse condition, such as an environmental hazard, may be affecting the property

65.34: Results of inspection (01/02/04)

Review the completed inspection report and determine if any further action is needed.

IF the property inspection indicated that the property is...	**THEN you must...**
Listed for sale	1. Obtain the name and telephone number of the listing broker and retain for future use 2. Enter on your monthly EDR reporting the date that you became aware that the property was listed for sale
Vacant and/or not maintained	Follow the requirements in Sections 67.27 and 67.28

65.35: What is an abandoned property? (04/03/00)

An abandoned property is:

1. A property to which the owner has voluntarily and intentionally relinquished ownership, claim and control, or
2. As otherwise defined under local laws. Factors evidencing abandonment include vacancy, waste, deterioration and lack of utilities.

65.36: Cost of property inspection (06/22/07)

We reimburse you for a portion of the cost of a property inspection conducted by an outside service. Refer to Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts.

65.37: What is a BPO? (06/22/07)

This section has been deleted.

65.38: When to obtain a property valuation (06/22/07)

You, or your designated counsel/trustee if they are handling the case, must obtain a valuation directly from us through BPOdirect®. If you use our designated counsel or trustee to process a foreclosure, then the designated counsel or trustee will order the valuation for the opening foreclosure bid for you.

You must obtain a property valuation when you are:

1. Recommending a long-term forbearance, workout option or charge-off

   When used for recommending an alternative to foreclosure, you must obtain a valuation when you receive the Form 1126 from the Borrower. In some instances, a Broker's Price Opinion (BPO) with an interior inspection of the property may be required.

2. Preparing bidding instructions for a foreclosure sale, unless State law requires an appraisal report

   - If State law requires that you use an appraisal report to set the bid, then you must obtain our approval to order the appraisal report by submitting Form 105 to us **(see Directory 6)** at least 30 days before the scheduled foreclosure sale date. If you do not obtain our prior approval, we will not reimburse you for the appraisal expense.
   - When State law requires you to order an appraisal report rather than a BPO, and we have approved the use of an appraisal report as described above, you are responsible for ordering it from an appraiser of your choice in accordance with applicable law.
   - In States where the sheriff or trustee orders an appraisal to determine the opening bid at a foreclosure sale, you must still order a BPO to determine the maximum bid you are authorized to make on our behalf, which is the lesser of the 90-day fair market value of our BPO or the total debt.

Additional Notes

- If you have a BPO that is not more than 120 days old, you do not need to order another BPO
- Refer to Chapters A65 and B65 for specific requirements for obtaining a property valuation to recommend an alternative to foreclosure, and Section 66.39 for requirements for obtaining a valuation to prepare bidding instructions

65.38.1: Checking the status of a BPO request (12/14/05)

This section has been deleted.

65.39: How to obtain a property valuation (06/17/08)

You must obtain property valuations via the Internet from our web site at: **https://www.bpodirect.net.** Each employee of a Servicer authorized to obtain valuations must have a separate password and ID to access BPO direct®. An authorized employee who does not have a password and ID should go to the web site and select Servicer Registration. For security purposes, passwords and IDs should not be shared. Once an employee registers, a password and ID will be sent to that employee via e-mail, using the e-mail address that the employee provides.

If you have any questions about obtaining a property valuation, you may contact us (**see Directory 6**).

When you log into BPOdirect, the web site may display an automated value if one is available. If we permit an automated value for the option you are evaluating (refer to Chapters A65 and B65 for specific requirements for obtaining a valuation to recommend an alternative to foreclosure and Section 66.39 for requirements for obtaining a valuation to prepare bidding instructions), then you may use this automated value. There is no cost associated with automated values. If we require a Broker's Price Opinion (BPO) for the situation you are evaluating, then you must take the additional step of ordering a BPO from BPOdirect.

When the broker has completed the BPO, you will be e-mailed a copy of the BPO. This BPO value will also be available to you on BPOdirect.

65.39.1: Checking the status of a Broker's Price Opinion (BPO) order (06/22/07)

You may determine the status of your BPO order by accessing our web site at **https://www.bpodirect.net** and entering the Freddie Mac loan number. If you have questions about your BPO order, you may contact us **(see Directory 6)**.

65.40: Valuation costs (04/22/10)

We do not charge a fee for automated valuations. If the valuation you obtain is a Broker's Price Opinion (BPO), the cost of the BPO varies depending upon the reason it is ordered.

If You Submit a BPO Order to Us:	**Then the BPO Will Include an:**	**And the BPO Cost is:**
Recommend a: Workout on a Mortgage secured by a 2- to 4-unit property Short payoff Deed-in-lieu of foreclosure Workout on a Mortgage secured by a Manufactured Home	interior inspection with interior and exterior photographs	$145
Determine value for cancellation of Borrower-paid mortgage insurance	interior inspection with interior and exterior photographs	$145
Initiation of foreclosure on a Second Mortgage/HIL	exterior inspection with exterior photographs	$110
If an automated value is not available or permitted or the MI requires a BPO, submit a BPO order to us to recommend a:	**Then the BPO will include an:**	**And the BPO Cost is:**
Long-term forbearance Workout Mortgage assumption Loan modification on a 1-unit property (not a Manufactured Home)	exterior inspection with exterior photographs	$110
Prepare bidding instructions for a foreclosure sale	exterior inspection with exterior photographs	$110
Determine value for a bankruptcy	exterior inspection with exterior photographs	$110

65.40.1: Remitting BPO Cost reimbursements to us (08/15/08)

(a) BPOs ordered for loss mitigation or foreclosure

For BPOs ordered for loss mitigation or foreclosure, you must forward a check made payable to the Federal Home Loan Mortgage Corporation at the following address.

FREDDIE MAC
P.O. BOX 93434
CHICAGO, IL 60673-3434

Send overnight and courier deliveries to:

ATTN FREDDIE MAC 93434
JP MORGAN CHASE
131 S. DEARBORN – 6TH FLOOR
CHICAGO, IL 60603
(312) 732-6874

Whenever possible and when State law allows, you must collect the cost of any applicable BPOs from the Borrower if the Mortgage was fully reinstated, paid-off, modified or assumed under our workout Mortgage assumption option. If you were unable to collect the cost of the BPO from the Borrower, you must document in the Mortgage file the reason you were unable to collect the funds. We will review your reasons for noncollection when we audit your files.

If the Borrower is offering to fully reinstate the Mortgage and can pay all arrearages and costs, except for the cost of the BPO, you may reinstate the Mortgage without collecting the BPO cost. You are not required to remit the BPO funds to us. You must document the reason for nonremittance in the Mortgage file.

You may collect accrued late charges from the Borrower once all other arrearages and costs, including the BPO costs, are paid.

(b) BPOs ordered for Borrower-paid mortgage insurance cancellation

For BPOs ordered for cancellation of Borrower-paid mortgage insurance, you will be billed for the cost of the BPO on your Performing Loans monthly Servicer Billing Statement.

65.41: Overview (07/09/01)

We understand that devoting resources to pursuing workouts can increase your servicing costs. Therefore, we have a compensation program to provide incentive payments for settled workouts.

65.42: Compensation program (05/26/09)

We compensate you for certain alternatives to foreclosure that you complete, as described below:

(a) Eligible workouts settled and repayment plans meeting the criteria in Section 65.42(c)

Unless the workout is on a Second Mortgage or HIL, or the Mortgage is insured by the FHA, guaranteed by the VA or RHS, or was sold to us with recourse, or is subject to indemnification, or the workout was processed by us, you are eligible to receive compensation for workouts settled which include loan modifications, short payoffs, makewhole preforeclosure sales and deeds-in-lieu of foreclosure. We also compensate you for eligible repayment plans. See Section 65.42(c) for the specific criteria. These amounts are incentives and are not base servicing compensation. We may change these incentive payments at any time.

(b) Compensation amounts

We will compensate you as follows:

- With a fixed dollar amount for each settled loan modification and deed-in-lieu of foreclosure that is eligible under the program
- According to the criteria set forth in Section B65.8 for each settled short payoff and makewhole preforeclosure sale that is eligible under the program
- For eligible repayment plans (see Section 65.42(c))

Details of the compensation amounts are listed in Section B65.8.

(c) Paying compensation

We will track all workouts you settle on a monthly basis. We will send you a check and the loan detail for all of the eligible workouts you settled and successful repayment plans that occurred during the period for which you are being compensated. We consider a workout settled when the documentation and transmission(s) specified below are received and successfully processed by us.

Documentation/Transmission	Loan Modification	Short Payoff	Deed-in-Lieu of Foreclosure
A copy of the signed Loan Modification Agreement	Required		
Form 1128, Loss Mitigation Transmittal Worksheet	Required		
MIDANET® Transmission: Mortgage paid in full-prepaid		Required	
A copy of the settlement statement		Required	
A copy of the proceeds check		Required	
The original negotiated promissory note(s), if applicable		Required	Required
Borrower cash contribution, if applicable		Required	Required
MIDANET Transmissions: Foreclosure sale/DIL to report the acquisition of the property and loan-level transaction to report Mortgage as a transfer to REO			Required

We will determine if you are entitled to compensation for a successful repayment plan of a Mortgage that was 60 or more days delinquent based on the information you transmit to us via EDR and your monthly loan-level reporting as follows. You must have:

1. Informed us that the Borrower has entered into a repayment plan (default action code 12)
2. Notified us that the Mortgage is current or is paid in full

65.43: Fees and late charges (04/14/00)

You may not charge any additional fees to the Borrower other than those provided for in our relief and workout options. You may not refuse to consider a workout option or require payment of accrued late charges as a condition of doing a workout.

Chapter A65: Reinstatements and Relief Options

A65.1: Introduction (04/25/06)

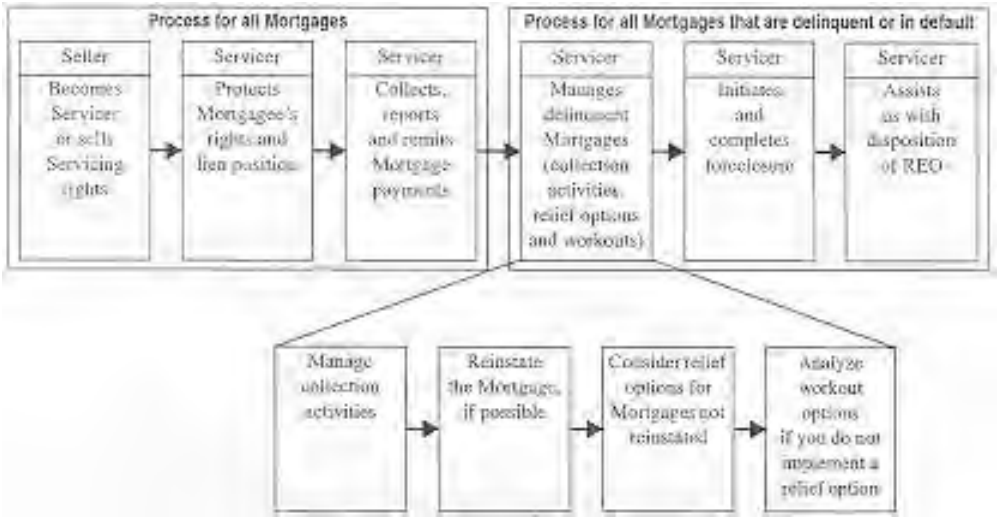
The most desirable resolution to a Delinquency is reinstatement. Reinstatement is the act of restoring a delinquent Mortgage to current status. When your collection efforts do not result in reinstatement of a delinquent Mortgage, you should consider offering the Borrower a relief option.

A relief option is an alternative to foreclosure that provides a Borrower with temporary relief and will cure a Delinquency over a defined period of time.

If you have a Borrower whose situation does not meet our relief option eligibility requirements, but you feel a relief option is still the best possible solution to cure the Delinquency, submit a request to us **(see Directory 5)** for our review. Use Form 105, Multipurpose Loan Servicing Transmittal, and explain why you think a relief option is the best solution to the Delinquency.

A65.2: Reinstatement and relief options process (02/01/96)

You will find the requirements necessary for granting a reinstatement or a relief option to a Borrower in this chapter. Processing reinstatements or relief options occur in the part of the Mortgage servicing cycle represented by the fourth box in the following process flow. This process flow gives you a general overview of the process for accepting reinstatements and offering relief options. Refer to the requirements in this chapter for more details.



A65.3: Chapter contents (02/01/96)

Topic	**Section(s)**
Reinstatements	A65.5-A65.11
Relief options	
Overview	A65.12-A65.13
Repayment plan	A65.14-A65.17
Short-term forbearance	A65.18-A65.21
Long-term forbearance	A65.22-A65.25

A65.4: General requirements (04/25/06)

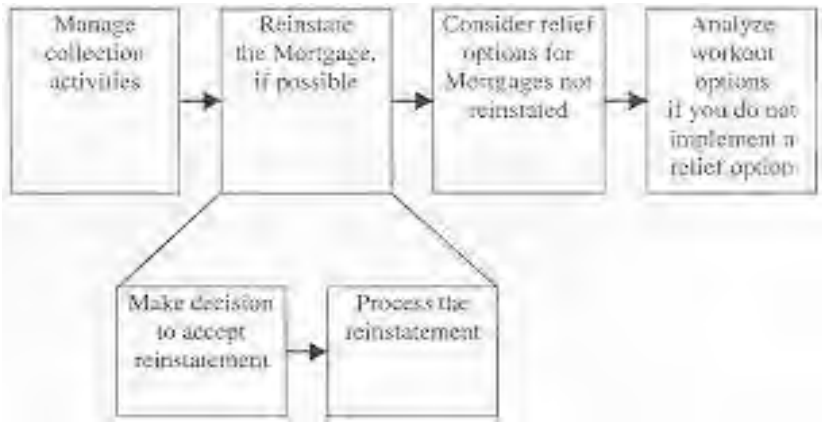
For all reinstatements and relief options you must:

1. Comply with the requirements of the FHA, VA, RHS or mortgage insurer (MI) and obtain approval from the FHA, VA, RHS or MI, if applicable
2. Not demand payment of expenses from the Borrower in excess of the costs you actually incurred at the time the Borrower reinstates the Mortgage. These costs may not exceed our approved expense amounts (see Exhibit 57A, Approved Attorney Fees and Title Expenses), unless you have obtained our approval to exceed these amounts by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** prior to incurring the expense.

3. Not refuse to reinstate a Mortgage if the Borrower is unwilling or unable to pay a reinstatement or relief fee that is allowed by applicable law or the Purchase Documents. Among available options, you may defer collection of the fee until payoff of the Mortgage.
4. Not charge the Borrower any of the costs itemized in Section 71.18
5. Retain any written agreements in the Mortgage file
6. Within two Business Days of the date on which you receive a written request for payoff or reinstatement figures, you must provide complete, written figures as of the request date to the attorney, trustee, workout specialist or outsourcing vendor requesting the information.

A65.5: Reinstatement process (10/31/97)

You will find the requirements necessary to reinstate a Mortgage in this part of the chapter. Reinstatement is the second stage of the manages delinquent Mortgage process, as shown below. This process flow gives you a general overview of the process for reinstating Mortgages. Refer to the requirements in this chapter for more details.



A65.6: Reinstatement contents (10/31/97)

Topic	Section(s)
Reinstatements	A65.7-A65.11

A65.7: Types of reinstatement (06/22/07)

There are two types of reinstatement: full and partial.

(a) Full reinstatement

The Borrower restores a delinquent Mortgage to current status by paying the total amount delinquent, including advances, accrued interest, legal costs and other expenses incurred.

With the exception of inspection fees, you must not charge or collect from the Borrower an amount that exceeds the expense limits specified in Exhibit 57A, Approved Attorney Fees and Title Expenses. In addition, the payment must not include reimbursement for costs you incurred if State law prohibits collection of those costs from the Borrower.

(b) Partial reinstatement

The Borrower restores a delinquent Mortgage in foreclosure to current status by

1. Paying an amount less than the total amount delinquent, including advances, legal costs and other expenses incurred
2. Signing a repayment plan for the remaining arrearage
3. Executing a stipulation or other form of agreement that suspends the foreclosure proceedings during the repayment plan and that allows you to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan
4. Completing the repayment plan

With the exception of inspection fees, you must not charge or collect from the Borrower an amount that exceeds the expense limits specified in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts, and Exhibit 57A. In addition, the payment must not include reimbursement for costs you incurred if State law prohibits collection of those costs from the Borrower.

A65.8: When to accept full reinstatement (07/01/05)

You must accept full reinstatement of a Mortgage if the payment, in cash or certified funds, includes the total amount delinquent, accrued interest, unpaid principal, actual legal costs including any advances, other expenses incurred including the cost of a Broker's Price Opinion (BPO), if applicable, inspection fees and accrued late charges. With the exception of inspection fees, regardless of expenses incurred, you must not charge the Borrower an amount that exceeds the expense limits specified in Exhibit 57A, Approved Attorney Fees and Title Expenses. In addition, the payment must not include reimbursement for costs you incurred if State law prohibits collection of those costs from the Borrower.

You must not refuse to accept a full reinstatement if the Borrower offers to pay all amounts due except for the cost of the BPO, inspection fees and accrued late charges. You may make arrangements with the Borrower to pay the late charges after the Mortgage is reinstated. If the Borrower can pay all arrearages, inspection fees and costs, except for the cost of the BPO, you are not required to collect the BPO cost from the Borrower or remit the cost of the BPO to us. You must document the reason for nonremittance of the BPO cost in the file.

You must collect the cost of the BPO before you can collect any accrued late charges.

A65.9: When to accept partial reinstatement of a Mortgage in foreclosure (04/25/06)

You must accept partial reinstatement of a Mortgage in foreclosure if the following conditions are met.

1. The Borrower submits payment in cash or certified funds of:
   (a) All outstanding legal fees and related expenses, in amounts not to exceed the expense limits specified in Exhibit 57A, Approved Attorney Fees and Title Expenses, and
   (b) An amount equal to, at a minimum, the first payment due under the repayment plan

2. The Borrower must execute a written plan that includes an agreement to repay the remaining delinquent interest, principal and escrow (if applicable) and the scheduled monthly payments, in no more than 12 months from the date you receive the partial reinstatement funds if there is an Escrow account on the Mortgage. If there is no Escrow account on the Mortgage, you must establish one and then may extend the repayment period to no more than 18 months without our approval.

   The plan must state:

   (a) The amount of the partial reinstatement payment
   (b) The amount of the repayment plan payments
   (c) That the Borrower must pay all scheduled monthly payments during the period of the repayment plan
   (d) That the Borrower must continue monthly payments according to the terms of the Note at the end of the plan
   (e) The Borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that you are entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan

3. The Borrower must submit information demonstrating his or her financial ability to make the:

    (a) Partial reinstatement payment
    (b) Repayment plan payments (including the scheduled monthly payment) on a monthly basis
    (c) Monthly payments at the end of the repayment plan

At the end of the repayment plan, you may make arrangements with the Borrower to collect accrued late charges, inspection fees and the cost of the BPO. However, the payment must not include reimbursement for costs you incurred if State law prohibits collection of those costs from the Borrower.

If you or the Borrower propose a partial reinstatement plan that does not meet our criteria, but you believe it will result in the Borrower's reinstatement of the Mortgage, submit the plan on Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** for consideration.

A65.10: Reporting and processing the reinstatement (10/01/09)

(a) Reporting full reinstatements

You must notify us when you accept a full reinstatement of a Mortgage that has been reported to us as 90 or more days delinquent or in foreclosure in the prior month. You must submit an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month in which you accepted the reinstatement funds. Use a default action code of 20 and provide the date of the full reinstatement. Discontinue reporting the Mortgage as delinquent in your monthly EDR transmission.

If the Mortgage has previously been reported as inactive, report the reinstatement in the Loan-Level Transaction as required in Section 78.28.

When you accept a full reinstatement of a Mortgage that was less than 90 days delinquent, you are not required to notify us, and you can discontinue reporting the Mortgage as delinquent in your monthly EDR transmission.

For additional information about EDR, refer to Section 64.10.

(b) Processing partial reinstatements of Mortgages in foreclosure

You must notify us via an EDR transmission within three Business Days of the month following the month that you accepted a partial reinstatement of a Mortgage in foreclosure. You must also notify us that the Borrower is on a repayment plan and provide us with the Due Date of Last Paid Installment (DDLPI). The transaction must include all of the following:

1. Default action code of 20 to indicate a partial reinstatement
2. Default action code of 12 to indicate a repayment plan
3. Date you entered into a repayment plan with the Borrower
4. DDLPI as calculated after the payment is applied

You must continue to report the repayment plan action code of 12 for the Mortgage and the DDLPI in your future monthly EDR transmissions, until the Mortgage has been fully reinstated, paid off, a foreclosure sale is held, or a workout completed.

If the Borrower fails to make payments due under the repayment plan, you must resume foreclosure proceedings and report a default action code of 43 on your EDR transmission.

For additional information about EDR, refer to Section 64.10.

If the Mortgage has been reported to us as inactive, report the partial reinstatement in the Loan-Level Transaction as required in Section 78.28.

(c) Processing requirements

If you accept a full or partial reinstatement on a Mortgage that is or was in foreclosure, then you must process the transaction as follows:

1. Take all necessary actions to prevent additional foreclosure expenses from being incurred, if applicable
2. Pay any foreclosure expenses that were actually incurred
3. Apply any remaining funds to the Mortgage
4. Return the Note, if appropriate, with a paper copy of the original or electronic or system-generated version of Form 1036, Request for Release of Documents, to the Document Custodian by certified mail. If Freddie Mac's Designated Custodian is holding the Note, submit the Note and any additional documentation, if required, as directed by the Designated Custodian. Seller/Servicers using the Designated Custodian's web-based process will include a copy of the electronically generated 1036 Release Receipt Report when returning such items to the Designated Custodian. See Section 18.4(e).

A65.11: Reimbursement of expenses (07/01/05)

If State law prohibits collection of incurred expenses from the Borrower, we will reimburse you for our proportionate share of any allowable expenses you incur. See Exhibit 57A, Approved Attorney Fees and Title Expenses, for details on allowable expenses.

A65.12: Relief options process (09/30/98)

You will find the requirements necessary for offering relief options in this part of the chapter. Offering relief options is the third stage of the manages delinquent Mortgage process, as shown below. This process flow gives you a general overview of the process for offering relief options. Refer to the requirements in this chapter for more details.

A65.13: Relief options contents (09/30/98)

Topic	Section(s)
Repayment plan	A65.14-A65.17
Short-term forbearance	A65.18-A65.21
Long-term forbearance	A65.22-A65.25

A65.14: What is a repayment plan? (07/09/01)

A repayment plan is an agreement between you and a Borrower that gives the Borrower a defined period of time to reinstate the Mortgage by paying normal regular payments plus an additional agreed upon amount in repayment of the delinquency.

A65.15: Borrower requirements (07/09/01)

The Borrower must be cooperative and have the financial capacity to bring the Mortgage current.

A65.16: Repayment plan requirements (11/15/10)

Any repayment plan must:

1. Lead to full reinstatement or payoff at the conclusion of the plan

2. Be in writing if the plan exceeds three months and must specify the:
   (a) Total amount to be repaid
   (b) Beginning and end dates of the repayment period
   (c) Exact amount of the repayment plan payment that will be added to the Borrower's regular monthly payment

3. Be sent to the Borrower. The document does not have to be signed by the Borrower or returned to you as a condition of the repayment plan. However, the Borrower must sign the agreement if the Mortgage is in foreclosure at the time he or she enters into the repayment plan. The repayment agreement must then contain a stipulation, if permitted by local law, that you are entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan.

   In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

   You must keep as part of the Mortgage record or file:

   (a) The repayment plan (do not send us a copy)
   (b) The specifics of the repayment plan and the date you negotiated it with the Borrower
   (c) When you sent it to the Borrower
   (d) The reason why you agreed to the repayment plan

4. Have a term greater than 1 month and less than, or equal to 12 months, unless otherwise approved by us in writing.

The repayment plan may include any accrued late charges due from the Borrower at the time you entered into the repayment plan with the Borrower. However, if the Borrower is paying as stipulated in the agreement, you must not accrue or collect late charges from the Borrower during the repayment plan. If the Borrower defaults on the terms of the repayment plan, late charge accrual may recommence from the date the Borrower defaulted on the plan.

A65.17: Approval authority (08/20/09)

You may approve a repayment plan that has a term greater than 1 month and less than or equal to 12 months without obtaining our approval. In addition, if there is no Escrow account on the Mortgage for taxes, and taxes are not current or the Borrower has not entered into a repayment plan with the taxing jurisdiction, then you may approve a repayment plan of up to 18 months under the following conditions:

1. You must pay the delinquent taxes, and
2. You must set up an Escrow account for future taxes

You must document your reasons for approving a repayment plan in the Mortgage file.

You must obtain our approval for a repayment plan that exceeds 12 months in duration unless the repayment plan includes the repayment of delinquent taxes. To obtain our approval, submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** and attach the following:

1. Completed Form 1126, Borrower Financial Information
2. Borrower's letter explaining why he or she has an involuntary inability to pay (refer to Section 65.17.1)
3. Documentation that substantiates an involuntary inability to pay
4. A copy of the Borrower's most recent pay stub or voucher, indicating year-to-date earnings, or
5. Year-to-date and previous year's profit and loss statements if the Borrower is self-employed

A65.17.1: Reporting repayment plans (07/09/01)

You must notify us via an EDR transmission within the first three Business Days of the month following the month that you entered into a repayment plan with a Borrower. You must continue to report that the Borrower is in a repayment plan until the Borrower has fully reinstated the Mortgage or the Borrower defaults on the repayment plan.

Use a default action code of 12 and provide the date you entered into a repayment plan with the Borrower. This date is when the repayment amount and schedule of payments is verbally negotiated and agreed upon with the Borrower.

For additional information about EDR, refer to Section 64.10.

A65.18: What is short-term forbearance? (10/06/06)

Short-term forbearance is a written agreement between you and the Borrower that, starting from the date of the agreement:

1. Suspends payments for a period not to exceed 3 months, or
2. Reduces payments for a period not to exceed 6 months

At the end of the short-term forbearance period, the Borrower must cure the Delinquency through a full reinstatement, payment in full, a repayment plan or a workout option. A loan modification is a type of workout option which enables the Borrower to retain

homeownership (see Section 65.12). If the Borrower can no longer afford to retain the property, a workout option to liquidate the Borrower's interest in the property (see Section 65.13), such as a short payoff, deed-in-lieu of foreclosure or a workout Mortgage assumption, should be pursued.

Refer to Chapter A65 for requirements on reinstatements and relief options and to Chapter B65 for requirements on workout options.

A65.19: Borrower requirements (07/09/01)

The Borrower may be either current or delinquent in his or her Mortgage and must be cooperative.

A65.20: Short-term forbearance requirements (11/15/10)

The short-term forbearance agreement:

1. Must be in writing
2. Must be signed by you and the Borrower before the plan begins
3. Must lead to full reinstatement or payoff of the Mortgage at the conclusion of the plan. This can be done by converting the short-term forbearance into a repayment plan. The repayment plan must meet the requirements in Sections A65.15 through A65.17.
4. May include any accrued late charges due from the Borrower at the time you entered into the short-term forbearance agreement with the Borrower. You must not accrue or collect late charges from the Borrower during the short-term forbearance period, or any subsequent repayment plan period, if the Borrower is paying as stipulated in the applicable agreement. If the Borrower defaults on the terms of the forbearance agreement, late charge accrual may recommence from the date the Borrower defaulted on the agreement.

In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

A65.21: Approval authority (04/25/06)

You may approve a short-term forbearance without obtaining our approval. You must document your reasons for approving a short-term forbearance in the Mortgage file.

If you want to recommend a repayment plan with a duration of longer than 12 months, you must submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** to obtain our approval before entering into a repayment plan with the Borrower.

A65.21.1: Reporting short-term forbearance plans (07/09/01)

You must notify us via an EDR transmission within the first three Business Days of the month following the month that you and a Borrower entered into a short-term forbearance plan. Use a default action code of 09 and provide the date you entered into a forbearance plan with the Borrower. You must continue to report that the Borrower is in a short-term forbearance plan, until the Borrower has fully reinstated the Mortgage or the plan ends.

For addition information about EDR, refer to Section 64.10.

A65.22: What is long-term forbearance? (08/21/06)

Long-term forbearance is a written agreement between you and the Borrower (or estate) to reduce or suspend monthly payments for a period of 4 to 12 months from the date of the agreement, when one or more of the following conditions exist:

1. The property has been damaged by a natural or man-made disaster
2. A lawsuit that may jeopardize our lien position is pending
3. The Borrower is deceased and the estate is in probate
4. The Borrower is experiencing an involuntary inability to pay due to an outstanding major medical claim

Refer to Chapter 67, Adverse Matters, for additional requirements for Servicing properties affected by disaster or subject to litigation.

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Mortgages secured by properties affected by a disaster.

A65.23: Borrower requirements (08/20/09)

To be eligible for a long-term forbearance, the Borrower must:

1. Be cooperative
2. Complete Form 1126, Borrower Financial Information
3. Provide you with a letter explaining the condition specified in Section A65.22 along with supporting documentation

4. Be able to pay the arrears and maintain regular payments over a repayment period under a repayment plan that meets the requirements in Sections A65.15 through A65.17

In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

If the Borrower is deceased and the estate is in probate, only condition 4 above is applicable. In this case, the estate must be able to meet this condition.

If the property has been damaged the Borrower must be unable to reside in the property until it is repaired, and be unable to make the payments for temporary housing and the monthly payments on the Mortgage while the property is being repaired, if applicable.

A65.24: Long-term forbearance requirements (11/15/10)

You must negotiate the terms of the long-term forbearance agreement with the Borrower. The long-term forbearance agreement:

1. Must be in writing

2. Must be signed by you and the Borrower before the plan begins

3. At the end of the long-term forbearance period, the Borrower must cure the Delinquency through a full reinstatement, payment in full, a repayment plan or a workout option. A loan modification is a workout option that enables the Borrower to retain homeownership (see Section 65.12). If the Borrower can no longer afford to retain the property, a workout option to liquidate the Borrower's interest in the property (see Section 65.13) such as a short payoff, deed-in-lieu of foreclosure or workout Mortgage assumption should be pursued.

   Refer to Chapter A65 for requirements on reinstatements and relief options and to Chapter B65, Workout Options, and Chapter C65, Home Affordable Modification Program, for requirements on workout options.

4. Must state that you will initiate foreclosure if the Borrower defaults on the terms of the agreement

5. May include any accrued late charges due from the Borrower at the time you entered into the long-term forbearance agreement with the Borrower. You must not accrue or collect late charges from the Borrower during the long-term forbearance period or any subsequent repayment plan period, if the Borrower is paying as stipulated in the applicable agreement. If the Borrower defaults on the terms of the forbearance

agreement, late charge accrual may recommence from the date the Borrower defaulted on the agreement.

In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

You must obtain a valuation. If an automated value is unavailable or is not permitted, then you must order a Broker's Price Opinion (BPO) (see Section 65.39 for instructions on how to obtain a valuation) when you receive a completed Form 1126, Borrower Financial Information, from the Borrower. See Section 65.39 for instructions on how to order a BPO. If, at the end of the forbearance term, the Borrower cannot start to repay the Mortgage, you may consider a workout option and/or initiate foreclosure.

A65.25: Approval authority (08/20/09)

You must obtain our written approval to enter into a long-term forbearance agreement with a Borrower.

Submit the following information to us **(see Directory 5)** to obtain approval:

1. Completed Form 1126, Borrower Financial Information, when applicable
2. Form 105, Multipurpose Loan Servicing Transmittal, with the long-term forbearance plan details
3. Borrower's letter explaining why he or she has an involuntary inability to pay, when applicable
4. Documentation that establishes the Borrower's involuntary inability to pay (refer to Section 65.17.1)

A65.25.1: Reporting long-term forbearance plans (07/09/01)

You must notify us via an EDR transmission within the first three Business Days of the month following the month that you and a Borrower entered into a long-term forbearance plan. Use a default action code of 09 and provide the date you entered into a forbearance plan with the Borrower. You must continue to report that the Borrower is in a long-term forbearance plan, until the Borrower has fully reinstated the Mortgage or the plan ends.

If, at the end of the forbearance plan, you enter into a repayment plan with the Borrower as specified in Section A65.24, you must report the repayment plan via EDR according to Section A65.17.1.

For additional information about EDR, refer to Section 64.10.

Chapter B65: Workout Options

B65.1: Introduction (07/28/10)

If a reinstatement or relief option as provided in Chapter A65 is not appropriate based on Borrower circumstances, Borrowers may qualify for a workout option under the Guide. Servicers must consider Borrowers for workout options in the following sequence:

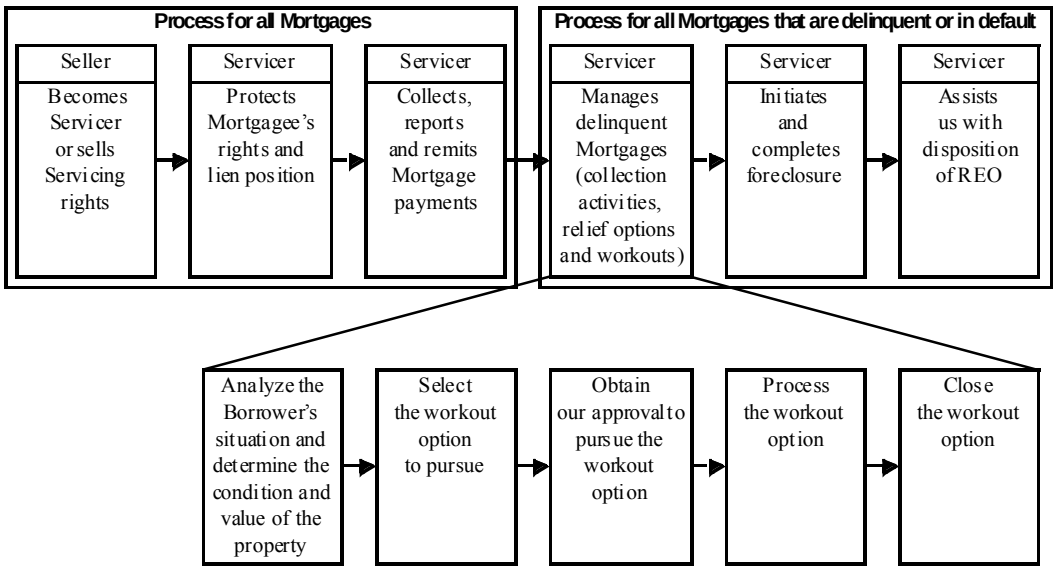
- A Borrower must first be considered for a modification under the federal government's Home Affordable Modification Program (HAMP) in accordance with the requirements of Chapter C65
- If a Borrower is ineligible for HAMP, does not accept a HAMP Trial Period Plan offer, or fails to complete a HAMP modification, you must next consider the Borrower for a modification in accordance with the requirements of this chapter or other Freddie Mac home retention workout options
- If a Borrower is ineligible for, does not accept, or fails to complete a modification in accordance with this chapter or other Freddie Mac home retention workout options, you must next consider the Borrower for a short sale or deed-in-lieu under the federal government's Home Affordable Foreclosure Alternative (HAFA) initiative in accordance with the requirements of Chapter D65
- If a Borrower is ineligible for or fails to complete a HAFA Short Sale or Deed-in-Lieu, you must next consider the Borrower for a short payoff or deed-in-lieu in accordance with the requirements of this chapter

If you have a Borrower whose situation does not meet all the workout option requirements, but you believe that a workout option is still the best solution to the Delinquency, then you may submit a recommendation to us for review along with the reason for your recommendation. Follow the submission procedures in this chapter.

Additionally, we have a charge-off option available to cease collection and loss mitigation activities on a Mortgage, under certain conditions.

B65.2: Workout options process (06/22/07)

You will find the requirements necessary for recommending and processing a workout option or a charge-off in this chapter. Processing workouts and charge-offs occur in the part of the Mortgage servicing cycle represented by the fourth box in the following process flow. This process flow gives you a general overview of the process for working with these options. Refer to the requirements in this chapter for more detail.



B65.3: Chapter contents (01/02/97)

Topic	Section(s)
Loan Modification	B65.11-B65.26
Workout Mortgage Assumption	B65.27-B65.34
Short Payoff	B65.35-B65.41
Deed-in-Lieu of Foreclosure	B65.42-B65.48
Charge-off	B65.49-B65.54
Reimbursement of Expenses	B65.55-B65.58

B65.4: Approval authority (04/25/06)

You must submit each recommendation for a workout to us **(see Directory 5)** for review and decision. Additionally, you must obtain approval from the FHA, RHS, VA or mortgage insurer (MI), if applicable.

B65.5: Our rights (04/01/99)

Our approval of a workout does not limit our right to review the Mortgage file and invoke our remedies under the Guide. If our review of the Mortgage file discloses any failure to comply with the Guide and all other Purchase Documents, we have the right to require you to

1. Compensate us and hold us harmless for any loss, damage or expense (including court costs and attorney fees) that we sustain
2. Repurchase our interest in the Mortgage at any time under any of the circumstances outlined in Section 72.1

B65.6: Steps for processing a workout recommendation (04/01/99)

The process for recommending and completing a workout is as follows:

1. You collect and analyze the required documentation and information as specified in the requirements in Sections 65.17.1 and B65.7
2. You submit the required documentation and your recommendation to us for review
3. We review the documentation and your recommendation and advise you of our decision
4. You ensure that all approval conditions are met
5. You ensure that the workout is closed within our required timeframes
6. You conduct closing activities

B65.7: Documentation requirements (08/20/09)

In addition to the documents required to establish a Borrower's involuntary inability to pay (see Section 65.17.1), you must obtain the minimum required documentation as follows:

Documentation	Loan Modification	Workout Mortgage Assumption	Short Payoff	Deed-in-Lieu of Foreclosure
Borrower Information				
Form 1126, Borrower Financial Information	Y	Y	Y	Y
Borrower letter explaining circumstances	Y	Y	Y	Y
Copy of the Borrower's most recent pay stub or voucher, indicated year-to-date earnings	Y	Y	Y	Y
Self-Employed Borrowers* ■ Year-to-date profit and loss statement ■ Copy of Borrower's signed federal income tax return for the previous year, including all pages and schedules ■ Previous year's profit and loss statement if signed federal income tax return for the previous year is not available	Y	Y	Y	Y

Property Information				
Broker's Price Opinion (BPO)	N+	N+	Y	Y
Title Report	Y**	N	N	Y
Property Sale Information				
Copy of fully executed sales contract with addenda	N	Y	Y	N
Copy of listing agreement	N	N	N	Y
Estimated seller closing costs	N	Y	Y	N
Copy of Form 1077, Uniform Underwriting and Transmittal Summary	N	Y	N	N
MI Approval				
Copy of the approval letter from the MI (This document may be sent after you submit the other documentation required above to us)	Y***	Y***	Y***	Y***

Legend
Y = Yes (required)
N = No (not required)
+ = You are to use an automated value if available. If an automated value is unavailable, order an exterior BPO from us via BPOdirect®. If the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home you may not use an automated value, and you are to order an interior BPO from us via BPOdirect.
* = If the Borrower has been self-employed for less than 12 months, you must contact your Non-Performing Loans (NPL) representative
** = Refer to Section B65.20 for specific requirement and exceptions
*** = If applicable
In lieu of having a Borrower prepare, sign and return paper loss mitigation documents, the Servicer may collect loss mitigation information and documents from a Borrower electronically. See Section 50.3.1 for eligible documents and related requirements.

B65.8: Compensation (11/15/10)

(a) For eligible settled workouts and successful repayment plans, you will be compensated as follows:

Workout/Relief Type	Incentive Amount	Comments
Loan Modification	$800	
Short Payoff and Make-Whole Preforeclosure Sales	$2,200	
Deed-in-Lieu of Foreclosure	$275	
Repayment Plans	$500	For a successful repayment plan, if the following conditions are met: • The Mortgage must have been 60 or more days delinquent at the time the Borrower entered into the repayment plan • The Borrower must completely reinstate or pay off the Mortgage • You must have reported the repayment plan to us via EDR as specified in Section A65.17.1

You are not eligible to receive compensation if:

- The Mortgage was sold to us with recourse
- The Mortgage is a Second Mortgage or Home Improvement Loan (HIL)
- The Mortgage is insured by the FHA
- The Mortgage is guaranteed by the VA or Rural Housing Service (RHS)
- The Mortgage is subject to indemnification

(b) If your eligible settled workouts are performed by Freddie Mac, then you will receive:

Workout/Relief Type	Incentive Amount per Workout	Comments
Loan Modification	$100	For every settled loan modification
Short Payoff	$200	For every settled short payoff

You are not eligible to receive compensation if:

- The Mortgage was sold to us with recourse
- The Mortgage is a Second Mortgage or Home Improvement Loan (HIL)
- The Mortgage is insured by the FHA
- The Mortgage is guaranteed by the VA or Rural Housing Service (RHS)
- The Mortgage is subject to indemnification

Refer to Section 65.42 for additional information on our compensation program.

B65.9: Mortgage insurance claims (05/01/03)

We will file a claim for loss with the MI if the Mortgage is covered by mortgage insurance and we will manage the claims payment process with the MI. If the MI or Freddie Mac requests information or documentation from you pertaining to the claim, then you must provide the information or documentation to the MI or to us within the required timeframes, so that the final claim payment is not reduced or denied.

If the MI reduces or denies the claim due to your actions or actions that you failed to take, then you must reimburse us for the amount that is reduced or denied.

B65.10: Definitions for terms used in this chapter (07/01/05)

The terms defined below are used in this chapter and are unique to the requirements and processes for workout options.

(a) Closing a workout

Closing a workout is the process to complete a workout transaction. Closing includes a settlement transaction (if applicable), recording any required documents with the appropriate government jurisdiction, reporting the transaction to us, remitting all funds collected from the workout to us, and ensuring that we receive your request for reimbursement of any allowable expenses within 30 days of the settlement date.

(b) Indebtedness-to-value ratio

The total indebtedness-to-value (ITV) ratio is the total indebtedness, which includes the unpaid principal balance (UPB), accrued interest, Escrow advances and expenses (see Exhibit 57A, Approved Attorney Fees and Title Expenses, for the applicable expense limits) divided by the probable sale price determined by us.

(c) Home inspection

An inspection of the property conducted by a certified member of the American Society of Home Inspectors to determine the interior and exterior condition of the property.

B65.11: What is a loan modification? (04/14/00)

A loan modification is a written agreement that you enter into with the Borrower that permanently changes one or more of the original terms of the Note, such as a/an:

1. Reduction in the Note rate
2. Reduction in the monthly payment
3. Extension of the maturity date
4. Increase in the amount of the unpaid principal balance (UPB) caused by capitalization of interest, Escrow amounts and/or other advances (no write-off or permanent reduction of the UPB of the Mortgage is allowed). Such an increase may lead to an increase in the monthly payment.
5. Change in the product type

B65.12: When to consider a loan modification (07/28/10)

Borrowers may qualify for a modification under the federal government's Home Affordable Modification Program (HAMP). With respect to your loss mitigation activities, if you have determined that a reinstatement or relief option as provided in Chapter A65 is not appropriate based on Borrower circumstances, then you must consider HAMP eligible Borrowers for a modification in accordance with the requirements of Chapter C65. If you determine that a Borrower is not eligible for a modification under HAMP, you may evaluate the Borrower for another alternative to foreclosure pursuant to the hierarchy in Section B65.1 if the circumstances warrant further consideration.

If the Borrower has a source of stable monthly income but it is not sufficient to pay the Mortgage payments including any other amounts due and the Borrower is cooperative and wants to retain ownership of the property, then you should explore the possibility of a loan modification as a solution to the Delinquency.

You may also recommend a loan modification when:

1. There is Risk of Property Ownership and the Borrower wants to retain ownership of the property
2. The Borrower is on a court-ordered Chapter 13 bankruptcy payment plan
3. The Borrower is not experiencing or has not experienced an involuntary inability to pay, if the Mortgage is secured by a Manufactured Home and you believe it is in our best interest

Refer to Sections B65.13 through B65.16 for the eligibility requirements for a loan modification.

B65.13: Eligibility requirements (04/14/00)

To recommend a Borrower for a loan modification, you must ensure that all the eligibility requirements in the following sections are met:

1. B65.14, Borrower requirements
2. B65.15, Existing Mortgage requirements
3. B65.16, Property requirements

B65.14: Borrower requirements (08/20/09)

The Borrower must meet all of the following requirements to be considered for a loan modification.

The Borrower must:

1. Have stable income to support some level of monthly payment
2. Be delinquent in his or her payments
3. Not qualify for a standard Freddie Mac refinance program as outlined in Chapter 24
4. Complete Form 1126, Borrower Financial Information, including the financial information listed in Section B65.17
5. Agree to contribute funds held in a buydown account, if any, to reduce the Delinquency or amount capitalized
6. Be cooperative and allow access to the interior of the property for a BPO if the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home

We will consider a loan modification for a Borrower who is not delinquent in his or her Mortgage payment, but is in imminent danger of default, as long as the Borrower has an involuntary inability to pay. In addition, even if the Borrower is not experiencing or has not experienced an involuntary inability to pay, we will consider a loan modification if the property is a Manufactured Home and you believe it is in our best interest.

B65.15: Existing Mortgage requirements (08/01/08)

For a Borrower to be eligible for a loan modification, the following requirements must be met. The existing Mortgage must:

1. Be at least 12 months old as of the date the Borrower submits the loan modification request
2. Be a conventional First-Lien Mortgage currently owned in whole or in part by us. We will consider a loan modification on a Second Mortgage if the existing lien status will be maintained.

B65.16: Property requirements (01/02/04)

For the Borrower to be eligible for a loan modification, the property must have flood insurance if the property is located in an area that has been identified by the Director of the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area (SFHA).

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Servicing Note:
You must determine if the area where the property is located has been identified as a SFHA. This step must be taken even if the property was not located in a SFHA when the Mortgage was originated. If the property is located in a SFHA, then you must require that the Borrower purchase flood insurance as required in Section 58.3.
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B65.17: Submitting a recommendation to us (08/20/09)

To recommend a loan modification, you must submit a completed Form 1126, Borrower Financial Information, to us **(see Directory 5)** along with the documentation listed below.

(a) Borrower information

1. Borrower's letter explaining that he or she wants to retain homeownership and the reason why we should consider a loan modification
2. A copy of an in-file credit report dated within 120 days of our approval for the loan modification
3. Documentation that establishes the Borrower's involuntary inability to pay if the Borrower is not delinquent in his or her Mortgage payments but is in imminent danger of default (see Section 65.17.1)

4. A copy of the Borrower's most recent pay stub or voucher obtained within the most recent 60 days, indicating year-to-date earnings
   - If the Borrower has obtained new employment, a copy of the first pay stub that the Borrower receives
   - Additional pay such as bonuses, commissions, tips or overtime; a copy of the most recent pay stub documenting the additional payment; or letter from the employer stating frequency of payment should be included when calculating the Borrower's income
5. If the Borrower is self-employed:
   - A copy of the Borrower's signed federal income tax return for the previous year, including all pages and schedules.
   - A copy of the previous year's profit and loss statement if a copy of the prior year's signed federal income tax return is not available
   - A copy of a year-to-date profit and loss statement

   If the Borrower has been self-employed for less than 12 months, you must contact your Non-Performing Loans (NPL) representative.
6. If the Borrower has other income such as alimony, child support, social security, pension, rental income, public or family assistance, acceptable documentation includes:
   - Court order
   - Letter from provider or benefit letter
   - Proof of consistent payment such as copies of canceled checks, vouchers, bank statements and receipts
7. Complete written payoff or reinstatement figures with a per diem interest as of the date that you submit the information

Servicers must compare the Borrower's Form 1126 and credit report to verify that all of the Borrower's expenses are accurately documented.

If the Borrower is a cosigner or guarantor on a debt for another person, Servicers must determine who is actually making the payments on the debt using canceled checks or other means when deciding whether to include the debt as a Borrower's expense.

If the Borrower does not meet the criteria for a loan modification, but is in default or imminent danger of default, or there are extenuating circumstances that warrant additional consideration, then we may require additional documentation and/or recommend another alternative to foreclosure.

(b) Property information

1. You must obtain a property valuation once you receive a completed Form 1126 from the Borrower. If an automated value is unavailable or the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, then you must order a Broker's Price Opinion (BPO)
2. You must submit a title report, if applicable

(c) Mortgage insurer (MI) Approval

If the Mortgage is covered by mortgage insurance, you must fax a copy of the approval from the MI to us **(see Directory 5)** within two Business Days of your receipt of the MI's approval.

B65.18: Our decision about your recommendation (05/26/09)

We will review the documentation you submit and make a decision to approve or deny the modification request.

(a) Approval of request

If we approve the modification request, we will send you Form 1128, Loss Mitigation Transmittal Worksheet, and an approval letter detailing the following:

1. The interest rate you must use to modify the Mortgage
2. The term for calculating the maturity date of the modified Mortgage
3. The amount of cash the Borrower must pay to complete the transaction
4. Any other conditions of the modification

(b) Denial of request

If we deny the modification request, we will send you an explanation of why we denied the request and provide the course of action you must take to resolve the Delinquency.

B65.19: Approval conditions (07/09/01)

If we approve your recommendation to modify a Mortgage, you must ensure that all the conditions listed on our approval letter are met. Additionally, you must ensure that the requirements of the following sections are met:

1. B65.20, Modified Mortgage conditions
2. B65.21, Other conditions
3. B65.22, Loan modification expenses
4. B65.23, Expenses, delinquent amounts and capitalization rules

B65.20: Modified Mortgage conditions (11/15/10)

The Mortgage, when modified, must meet the following conditions.

The modified Mortgage must:

1. Retain its First Lien position and be fully enforceable. The modification agreement must be executed by the Borrower(s) and must be in recordable form in the following circumstances: (1) if State or local law requires the modification agreement be recorded to be enforceable, (2) if the Mortgage is secured by property located in New York, (3) if the modification agreement must be recorded pursuant to B65.20(1)(d) below, or (4) if your practice for modifying Mortgages in your portfolio is to create modification agreements in recordable form.

   Notwithstanding the foregoing, to ensure the lien position you must:
   - **(a)** Ensure all real estate taxes or, for Manufactured Homes taxed as personal property, personal property taxes, condominium/HOA fees, utility assessments (such as water bills), ground rent and other assessments that could become a First Lien are current
   - **(b)** Obtain a title endorsement or similar title insurance product issued by a title insurance company to ensure that the modified Mortgage retains first lien priority, if (1) the amount capitalized is greater than $50,000 (aggregate capitalized amount of all modifications of the Mortgage completed under our loan modification workout option), or (2) the modified interest rate is greater than the interest rate currently in effect on the Mortgage
   - **(c)** Obtain subordination agreements from any junior lienholders, if required by the title insurance company
   - **(d)** Record the executed Loan Modification Agreement, even if the jurisdiction where the property is located does not require you to do so, if (1) the amount capitalized is greater than $50,000 (aggregate capitalized amount of all modifications of the Mortgage completed under our loan modification workout option), or (2) the modified interest rate is greater than the interest rate currently in effect on the Mortgage, or (3) the remaining term on the Mortgage is less than or equal to ten years and you are extending the term of the Mortgage more than ten years beyond the original maturity date
2. Retain all living signers on the existing Note as obligors except in the circumstance of divorce. When the property has transferred to one spouse in the divorce decree and that spouse qualifies for the loan modification, we may allow you to release the other spouse from liability on the Note.
3. Contain a due-on-transfer provision if the existing Mortgage documents do not contain such a provision (see Exhibit 78, Modification Due on Transfer Rider, for an example of a due-on-transfer rider)
4. Not have any secondary financing included in the unpaid principal balance (UPB)
5. Not provide any cash-out to the Borrower

6. Have an Escrow account for real estate taxes, property, flood, mortgage insurance premiums and ground rent even if the existing Mortgage does not have an Escrow account
7. Retain mortgage insurance coverage if the existing Mortgage has such coverage, and the loss coverage percentage must remain the same
8. Contain an assignment of rents rider if the property is a 1-unit investment property or a 2- to 4-unit property (see Exhibit 78 for an example of an assignment of rents rider)
9. Retain any existing credit enhancement. If you are not the provider of the credit enhancement, you must obtain written approval from the institution providing the enhancement.
10. Contain a Modification Bankruptcy Disclosure Rider for a Borrower who has been discharged from the Freddie Mac debt (see Exhibit 78A, Modification Bankruptcy Disclosure Rider, for an example of the rider)
11. Be a fully amortizing fixed-rate Mortgage. The Mortgage after modification must not be: an interest-only Mortgage, a bi-weekly Mortgage or a daily simple interest Mortgage.

B65.21: Other conditions and requirements (02/01/04)

To process a loan modification transaction you must:

1. Obtain the MI's approval of the loan modification. Additionally, if the Borrower cannot pay all amounts due plus the modification expenses, you must inquire if the MI will make an advance claim payment to pay all or part of the amounts due.
2. Waive all late charges that have accrued prior to the date of the Loan Modification Agreement
3. Retain not more than the lesser of the current Servicing Spread on the Mortgage or 25 basis points as the Servicing Spread for all Mortgages modified after February 1, 2004

Refer to Section 64.4 for collection on these Mortgages.

To service a loan modification you must:

1. Flag the Mortgage on your system to identify it as a modified Mortgage
2. If default recurs, you must resume foreclosure (if a stipulation agreement is in effect) or initiate foreclosure by the 75th day of Delinquency
3. Document the file to reflect that these Servicing activities have occurred, if applicable

B65.22: Loan modification expenses (09/01/08)

Subject to applicable law, loan modification expenses may include, but are not limited to:

1. Notary fees
2. Recordation fees if they meet the requirements in Section B65.20
3. Title report according to the requirements of Sections B65.20 and 71.14. To reduce the expenses, order any required title report from a vendor that is an agent of the current title insurer, when possible.
4. Updated title endorsement or a new title insurance policy according to the requirements of Section B65.20
5. Legal and settlement fees
6. Home inspection cost not to exceed $250
7. Broker's Price Opinion (BPO) cost, if a BPO is used as the property valuation. See Section 65.40 for BPO cost details.

You may not charge the Borrower any processing fee or other administrative fee in connection with the processing of a loan modification.

If you do not modify the Mortgage, you must refund to the Borrower all prepaid, but unused expense funds.

B65.23: Expenses, delinquent amounts and capitalization rules (09/18/09)

(a) Expenses and delinquent amounts

Whenever possible the Borrower must pay, subject to applicable federal, State, and local law and the Mortgage, the following expenses and delinquent amounts in the form of a cash contribution as a condition of the modification:

- Delinquent accrued interest
- Expenses paid to a third party specifically related to the loan modification (e.g., title costs, not to exceed the reimbursable expense limits in Exhibit 57A, Approved Attorney Fees and Title Expenses, notary fees, recordation fees, if applicable, and credit report fees)
- Funds advanced by you, or to be advanced and paid to a third party, prior to the date the Borrower executes the Loan Modification Agreement for the payment of real estate taxes and insurance premiums
- Incurred foreclosure costs, including attorney fees and title costs incurred as part of the foreclosure process, not to exceed the reimbursable expense limits in Exhibit 57A

- Property preservation expenses and property inspection fees, not to exceed the reimbursable limits in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts, and further subject to limitations on the amount or frequency of inspections under applicable federal, State or local law
- Any other expenses that were advanced and paid to a third party related to the preservation of Freddie Mac's lien priority, as specified in Guide Sections 66.29 and 71.13
- Escrow shortages (i.e., the amount needed to establish the Escrow account or to bring it current that, together with the monthly Escrow payment included in the monthly Mortgage payment, will be sufficient to pay the next twelve months of property taxes and insurance premiums when they fall due)
- Any other amounts due and owing that are secured indebtedness under the current Mortgage

You may not charge the Borrower or capitalize any processing fee or other administrative fees in connection with the processing of a loan modification.

(b) Capitalization rules

If the Borrower has inadequate cash reserves or assets that he or she cannot liquidate to pay all of the expenses and delinquent amounts in the form of a cash contribution under Section B65.23(a), then you must first apply any cash contribution the Borrower is able to make to expenses and amounts that may not be capitalized before applying any contribution to expenses and amounts that may be capitalized.

Generally, a Borrower is expected to pay all expenses and other amounts due. If the Mortgage has mortgage insurance, you must contact the MI prior to capitalizing any amounts to determine if the MI will pay all or a portion of the expenses and delinquent amounts due. You may capitalize any expense or delinquent amount set forth in the table below:

- Provided such capitalization is not prohibited by applicable federal, State or local law,
- The amount to be capitalized is part of the indebtedness secured by the current Mortgage, and
- Subject to any listed limitations (e.g., Exhibits 57 and 57A)

Expense or delinquent amount	May be capitalized (if part of the secured indebtedness and subject to applicable law)
Delinquent accrued interest	Yes
Expenses paid to a third party specifically related to the loan modification (e.g., title costs, notary fees, recordation fees, if applicable, and credit report fees)	No
Funds advanced by you, or to be advanced and paid to a third party, prior to the date the Borrower executes the Loan Modification Agreement for the payment of real estate taxes and insurance premiums	Yes
Escrow shortages to fund an Escrow account for future post-modification advances.	No
Incurred foreclosure costs, including attorney fees and title costs incurred as part of the foreclosure process	Yes (not to exceed the reimbursable expense limits in Exhibit 57A)
Property preservation expenses and property inspection fees	Yes (not to exceed the reimbursable limits in Exhibit 57)
Any other expenses that were advanced and paid to a third party related to the preservation of Freddie Mac's lien priority, as specified in Guide Sections 66.29 and 71.13	Yes

With respect to Escrow shortages, if the Borrower is unable to pay the Escrow shortage as a lump sum, then the Borrower must pay the shortage as part of the monthly payment on the modified Mortgage. If the Escrow shortage is paid as part of the monthly payment and the interest rate is being reduced on the Mortgage as part of the modification:

- The Escrow shortage amount must be spread equally over a 60-month period, and

- You must take into account the remaining unpaid amount of the Escrow shortage in any subsequent Escrow analysis to ensure that the Borrower may continue to pay those amounts over the remaining portion of the 60-month period. You may not accelerate or compress the remaining unpaid amount of the Escrow shortage into a new Escrow payment as a result of a future Escrow analysis. To facilitate this, you may choose to spread any additional Escrow shortage that results from a subsequent Escrow analysis over the remaining months of the 60-month period.

For all other Mortgages in which the interest rate is not being reduced as part of the modification, the Escrow shortage amount must be spread equally over no less than a 12-month period, but no greater than a 60-month period, subject to applicable federal, State and local law.

If the Borrower is unable to make a cash contribution or there are insufficient funds to be applied to expenses and amounts that may not be capitalized, then:

- You may waive any expenses and amounts that may not be capitalized; however, you may not seek reimbursement of such amounts from Freddie Mac, or
- You may proceed with another foreclosure alternative and if none are available, then you may proceed with foreclosure.

B65.24: Preparing to close the loan modification (08/01/08)

After you receive our written approval for a loan modification, you must, within five Business Days:

1. Prepare two original Loan Modification Agreements for the Borrower's signature (see Exhibit 76, Loan Modification for Delinquent Mortgages, for an example of a Loan Modification Agreement – this agreement must be revised as necessary to conform with federal, State and local law). Note the following:
    - The modification agreement and applicable notices to the Borrower(s) must comply with federal, State, and local law
    - The modification agreement must be executed by the Borrower(s) and must be in recordable form in the following circumstances: (1) if State or local law requires the modification agreement be recorded to be enforceable, (2) if the Mortgage is secured by property located in New York, (3) if the modification agreement must be recorded pursuant to Section B65.20(1)(d), or (4) if your practice for modifying Mortgages in your portfolio is to create modification agreements in recordable form
    - The Borrower's first monthly payment under the agreement is due on the first day of the month following the effective date
2. Prepare an assignment of rents rider, if applicable (see Section B65.20)
3. Prepare a due-on-transfer rider, if applicable (see Section B65.20)
4. Prepare a Modification Bankruptcy Disclosure Rider, if applicable (see Section B65.20)
5. Prepare any documents necessary to modify the Mortgage, including applicable disclosure statements
6. Arrange to obtain a title endorsement or similar title insurance product, if applicable. Refer to Section B65.20 for specific information.

B65.25: Closing the loan modification (10/01/09)

To close the loan modification, you must, within 25 calendar days of our approval:

1. Have the Borrower sign two originals of the Loan Modification Agreement and two originals of any other applicable riders. The Loan Modification Agreement and the other applicable riders must accurately reflect the terms of our approval.
2. Have the Borrower pay, in certified funds, all amounts due and not capitalized
3. Obtain and apply all collected funds to the Mortgage. When applicable, advance any funds due from the MI and collect those funds from the MI.
4. Submit an original Loan Modification Agreement for recordation if required (see Section B65.20) within one Business Day of your receipt of the executed agreement. After receiving the recorded Loan Modification Agreement, you must retain the agreement in the Mortgage file.
5. Send the other original Loan Modification Agreement to the Document Custodian holding the Note
6. Complete the Form 1128, Loss Mitigation Transmittal Worksheet, you received with our approval letter reflecting the terms of the modified Mortgage
7. Send the signed and dated Form 1128 to us **(see Directory 5)** within one Business Day of your receipt of the executed Loan Modification Agreement
8. Ensure you receive the title insurance policy endorsement according to the requirements of Section B65.20
9. If you reported the Mortgage to us as 90 days or more delinquent or in foreclosure in the prior month, notify us of the reinstatement via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month you executed the loan modification. You must report this reinstatement using default action code 20.

B65.26: Reporting and remittance requirements (10/20/08)

You must comply with the following reporting and remittance requirements to complete processing of the loan modification:

(a) Before the first modified payment is due

After the Loan Modification Agreement has been executed and before the first modified payment is due, you must report and remit to us as follows:

1. If the Mortgage has been reported as inactive then:
   - **(a)** Reinstate the Mortgage in your monthly Loan-Level Transaction (see Section 78.28 for instructions on reinstating a Mortgage)

(b) On the applicable remittance due date for the Mortgage, remit the interest through the automated cash remittance system (see Exhibit 68, Cash Remittance System). Refer to Sections 77.21 and 77.22, and Chapter 78 for information on initiating a remittance through the cash remittance system, and Section 78.28 for additional remittance requirements for reinstatements.

2. If the Mortgage has not been reported as inactive, then:
   - **(a)** Report the Mortgage as a non-exception using the terms of the existing Mortgage in your monthly Loan-Level Transaction
   - **(b)** Continue to remit the monthly interest through the automated cash remittance system on the applicable remittance due date for the Mortgage

(b) After you have transmitted the Loan-Level Transaction

After you have transmitted the Loan-Level Transaction, you must update your Mortgage records to reflect the modified terms.

(c) In the next monthly accounting cycle

In the next monthly accounting cycle after you have transmitted the Loan-Level Transaction, you must report and remit to us as follows:

1. Report the Mortgage in your Loan-Level Transaction using the modified terms and report any payments received after the Loan Modification Agreement has been executed. If the modified Mortgage includes capitalized amounts, then the unpaid principal balance (UPB) field must reflect the modified UPB amount.
2. We will enter a credit for our proportionate share of the capitalized amount, if applicable, on the Adjustment Line of your Monthly Account Statement (MAS).
3. On the applicable remittance due date for the Mortgage, remit all modified principal and interest payments to us. You must update your Mortgage records to reflect the modified terms of the Mortgage as soon as the Loan Modification Agreement has been executed.

B65.27: What is a workout Mortgage assumption? (06/28/04)

A workout Mortgage assumption permits a qualified applicant to assume title to the property and the Mortgage obligation from a Borrower who is currently delinquent or in imminent danger of default on his or her Mortgage because of an involuntary inability to pay.

This workout option has different requirements than the requirements for Transfers of Ownership allowed under certain Mortgage documents or federal law. (For example, the workout Mortgage assumption recommendation must be submitted to us for our approval.) Refer to Chapter 60 for those requirements.

B65.28: When to consider a workout Mortgage assumption (01/02/04)

If the Borrower's involuntary inability to pay is permanent or long term and he or she cannot or does not want to retain ownership of the property, but is cooperative and has a potential buyer for the property, then you should explore the possibility of a workout Mortgage assumption as a solution to the delinquency.

In addition, if the Mortgage is secured by a Manufactured Home, you may recommend a workout Mortgage assumption even if the Borrower is not experiencing or has not experienced an involuntary inability to pay if the Borrower has a buyer for the property.

Refer to Section B65.29 for the eligibility requirements for a workout Mortgage assumption.

B65.29: Eligibility requirements (08/20/09)

To recommend a Borrower for a workout Mortgage assumption you must complete Form 1077, Uniform Underwriting and Transmittal Summary, and ensure that all of the following eligibility requirements are met:

1. Unless the Mortgage is secured by a Manufactured Home and the Borrower has a buyer for the property, the Borrower must be experiencing or have experienced an involuntary inability to pay
2. The Borrower must be delinquent in his or her payments, or in imminent danger of default
3. The Borrower must complete Form 1126, Borrower Financial Information
4. If the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, the Borrower must be cooperative and allow access to the interior of the property for a BPO
5. The ITV ratio must be equal to or greater than 85% (You must obtain a valuation of the property from us via BPOdirect®. If an automated value is available you may use this value to calculate the ITV for 1-unit properties that are not Manufactured Homes. If no automated value is available, or the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, then you must order a BPO and use the "as-is" value with a 90-day marketing timeframe from the BPO to calculate the ITV.)
6. The applicant assuming the Mortgage must meet our underwriting guidelines in Chapter 37 and Section 60.7 as documented on Form 1077
7. The applicant must pay a down payment of at least 5% of the total indebtedness

B65.30: Submitting a recommendation to us (08/20/09)

To recommend a workout Mortgage assumption, you must submit a completed Form 1126, Borrower Financial Information, to us **(see Directory 5)** along with the following documentation:

(a) Borrower information

1. Borrower's letter explaining why he or she has an involuntary inability to pay
2. Documentation that establishes the Borrower's involuntary inability to pay (see Section 65.17.1)
3. A copy of the Borrower's most recent pay stub or voucher, indicating year-to-date earnings
4. If the Borrower is self-employed:
   - A copy of the Borrower's signed federal income tax return, for the previous year, including all pages and schedules
   - A copy of the previous year's profit and loss statement if a copy of the prior year's signed federal income tax return is not available
   - A copy of a year-to-date profit and loss statement

   If the Borrower has been self-employed for less than 12 months, you must contact your NPL representative.

5. Completed Form 1077, Uniform Underwriting and Transmittal Summary, detailing your underwriting of the applicant

(b) Property information

You must obtain a valuation once you receive a completed Form 1126 from the Borrower. If an automated value is unavailable or the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, then you must order a Broker's Price Opinion (BPO). You do not need to submit the valuation to us because we will have access to the value via BPOdirect®.

(c) Property sale information

1. A copy of the fully executed sales contract and addenda
2. Estimated seller closing costs, if applicable

(d) MI approval

1. If the Mortgage is covered by mortgage insurance, you must fax a copy of the approval from the MI to us **(see Directory 5)** within two Business Days of your receipt of the MI's approval.

B65.31: Our decision about your recommendation (06/22/07)

We will review the documentation you submit and make a decision to approve or deny the workout Mortgage assumption request.

(a) Approval of request

If we approve the assumption request, we will send you an approval letter detailing any conditions of our approval.

(b) Denial of request

If we deny the assumption request, we will send you an explanation of why we denied the request and provide you with the course of action you must take to resolve the Delinquency. You must provide an adverse action notice to all applicable parties, in addition to any other notice or disclosure required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable law or regulation.

B65.32: Approval conditions (05/21/04)

If we approve your recommendation to allow an assumption of the Mortgage, you must ensure that all conditions listed on our approval letter are met. Additionally, you must ensure that the following requirements are met. You must:

1. Obtain approval from the FHA, RHS, VA or MI, if applicable; for leasehold Mortgages, obtain the consent of the fee simple landowner/lessor to the assignment of lease, if required under the lease;
2. Complete an Escrow analysis or establish an Escrow account to ensure that there are sufficient funds to pay the real estate taxes, or for Manufactured Homes taxed as personal property, personal property taxes, property and mortgage insurance premiums, and ground rent when they become due, if State law allows
3. Process the assumption so that the settlement occurs within 30 days of our approval, and submit the assumption agreement for recordation within one Business Day of the settlement
4. Comply with the documentation requirements in Section 60.11
5. Ensure that the Borrower does not receive any cash-out from the transaction unless we receive all sums due to us
6. Ensure that all delinquent amounts, including taxes, insurance and fees are brought current at the time of settlement
7. Retain any credit enhancement, if the existing Mortgage has a credit enhancement (If you are not the provider of the credit enhancement, you must obtain written approval from the institution providing the enhancement.)

8. For leasehold Mortgages, ensure the transferee has acquired the transferor's leasehold interest either by obtaining a new lease or assuming the existing lease and that the transfer of the leasehold interest is recorded.

B65.33: Closing requirements (04/25/06)

After the workout Mortgage assumption has been closed, submit the following to us **(see Directory 5)** to settle the workout:

1. A copy of the settlement statement
2. A copy of the executed assumption agreement
3. A copy of the deed
4. Borrower's contribution or promissory note, if applicable
5. A copy of the written approval from the provider of the credit enhancement, if applicable

B65.34: Your fee (04/06/01)

You may charge the applicant a fee not to exceed the greater of $400 or 1% of the unpaid principal balance (UPB) of the Mortgage, to a maximum fee of $900.

B65.35: What is a short payoff? (01/02/04)

A short payoff is the sale of a property for less than the total amount necessary to satisfy the Mortgage obligation.

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Servicing Note:
When the sale proceeds are less than the total amount due, but there is a mortgage insurance claim payment or a Borrower contribution that results in our receiving all sums owed on the Mortgage, then we consider the transaction to be a "make-whole" preforeclosure sale. You do not need to obtain our prior approval. Refer to Section B65.38 for our make-whole preforeclosure sale requirements.
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B65.36: When to consider a short payoff (01/02/04)

If the Borrower's involuntary inability to pay is permanent or long term and he or she cannot or does not want to retain ownership of the property, but is cooperative, and a sale of the property will net less than the Borrower owes on the Mortgage, then you should explore the possibility of a short payoff as a solution to the Delinquency.

If there is Risk of Property Ownership or other special circumstances (for example, the property has deteriorated resulting in a decline in the property value) that make a short payoff a cost-effective alternative to foreclosure, you may also consider recommending a short payoff.

Also, if the Mortgage is secured by a Manufactured Home, you may recommend a short payoff to us even if the Borrower is not experiencing or has not experienced an involuntary inability to pay if the Borrower has a buyer for the property.

Additionally, if the Mortgage had been modified under our loan modification workout option and the Borrower has become delinquent in his or her payments, then you must consider a short payoff with the Borrower, if appropriate.

Refer to Section B65.37 for the eligibility requirements for short payoffs.

B65.37: Eligibility requirements (08/20/09)

To recommend a Borrower for a short payoff you must ensure that all of the following eligibility requirements are met:

(a) Borrower requirements

The Borrower must:

1. Be experiencing or have experienced an involuntary inability to pay, unless the Mortgage is secured by a Manufactured Home and the Borrower has a buyer for the property
2. Be delinquent in his or her payments, or in imminent danger of default
3. Complete Form 1126, Borrower Financial Information
4. Be cooperative and allow access to the interior of the property for a BPO
5. Have had the property listed by a real estate broker at a price based on a market sales comparison using the as-is value with a 90-day marketing timeframe
6. Make the maximum possible contribution toward any deficiency from the sale in cash and/or a promissory note
7. Not have entered into a program or arrangement where a third party takes title to the property and arranges a short payoff in exchange for a fee
8. Waive reimbursement of any Escrow, buydown funds or prepaid items and assign any insurance proceeds to us, if applicable

(b) Requirements when the Borrower does not have an involuntary inability to pay

If the Borrower does not meet the involuntary inability to pay requirement, but one of the following conditions exist, you may consider recommending the Borrower for a short payoff:

1. There is a Risk of Property Ownership to us
2. Litigation is pending against the Borrower that affects the property and could jeopardize a successful foreclosure sale
3. The Mortgage is secured by a Manufactured Home and the Borrower has a buyer for the property

4. The Borrower has a voluntary job relocation at least 20 miles from his or her current job site, and cannot afford to pay both housing expenses, and
   (a) We receive 100% of the "as-is" value with a 90-day marketing time from a BPO with an interior inspection, and
   (b) The Borrower is willing to participate in the loss up to his or her ability

(c) Sales transaction requirements

1. The sale must be an arms-length transaction. All parties involved in the sale must be unrelated and unaffiliated.
2. The Borrower must not receive a commission from the sale of the property, if the Borrower is the selling or listing real estate broker
3. The Borrower must not receive any proceeds from the sale of the property
4. Unless a real estate broker's sales commission exceeds 6% of the property sales price, the Servicer must not, as a condition of the Servicer's acceptance of an offer, renegotiate the real estate broker's sales commission to an amount that is lower than the amount that was originally agreed upon between the broker and the Borrower. In the event the sales commission exceeds 6%, the Servicer must renegotiate the commission to limit it to 6% of the property sales price.

B65.38: Submitting a short payoff recommendation to us or notifying us of a make-whole preforeclosure sale (08/20/09)

(a) Short payoff

To recommend a short payoff, you must submit a completed Form 1126, Borrower Financial Information, to us **(see Directory 5)** along with the following documentation:

1. **Borrower information**

   a. Borrower’s letter explaining why he or she has an involuntary inability to pay
   b. Documentation that establishes the Borrower’s involuntary inability to pay (see Section 65.17.1)
   c. A copy of the Borrower’s most recent pay stub or voucher, indicating year-to-date earnings
   d. If the Borrower is self-employed:
      - A copy of the Borrower’s signed federal income tax return for the previous year, including all pages and schedules
      - A copy of the previous year’s profit and loss statement if a copy of the prior year’s signed federal income tax return is not available
      - A copy of a year-to-date profit and loss statement

If the Borrower has been self-employed for less than 12 months, you must contact your NPL representative.

2. **Property sale information**

   a. A copy of the fully executed sales contract with addenda, stating that the property is being purchased in "as-is" condition. If the buyer obtains FHA, RHS or VA financing, then the contract does not need to include the "as-is" condition if FHA, RHS or VA requires the condition to be removed.
   b. Estimated seller closing costs

3. **MI approval**

   A copy of the letter from the MI approving the sale of the property, if applicable

4. **Property information**

   You must order a BPO when you receive the completed Form 1126 from the Borrower. You do not need to submit the BPO to us because the original will be sent to us by the vendor performing the BPO.

(b) Make-whole preforeclosure sale

To notify us that you have approved a make-whole preforeclosure sale, you must complete the following parts of Form 1126 and submit the form to us **(see Directory 5)**:

1. Part 1, Borrower Financial Information, complete Part A with the Borrower/co-Borrower names and addresses
2. Page 2, For Lender Use Only, complete all applicable information and check the make-whole box

Attach the following to Form 1126:

1. Copy of the executed sales contract
2. Copy of the MI's approval letter
3. A breakdown of the transaction to show how the property sale plus any other proceeds will result in a total satisfaction of the debt

B65.39: Our decision about your recommendation or our response to your notification (08/20/09)

(a) Short payoff

We will review the documentation you submit and make a decision to approve or deny the short payoff request.

1. **Approval of request**

   If we approve the short payoff request, we will send you an approval letter detailing any condition of our approval.

2. **Denial of request**

   If we deny the short payoff request, we will send you an explanation of why we denied the request and provide you with the course of action you must take to resolve the Delinquency.

(b) Make-whole preforeclosure sale

Upon receipt of Form 1126, Borrower Financial Information, we will send you a confirmation acknowledging your approval of the transaction. Report and close the transaction according to the requirements in Sections B65.41(a) and B65.41(c).

B65.40: Approval conditions (09/01/10)

If we approve your recommendation to allow a short payoff, you must ensure that all conditions listed on our approval letter are met. Additionally, you must ensure that the following requirements are met:

You must:

1. Pay any delinquent real estate taxes, or, for Manufactured Homes taxed as personal property, delinquent personal property taxes and assessments and ground rent prior to and outside of the transaction. We will reimburse you for these expenses in accordance with Sections B65.54 through B65.58.
2. Ensure that the Borrower pays all cash contributions in the form of cash or certified funds at settlement
3. Ensure that the title is conveyed directly from the Borrower to the buyer
4. Complete the short payoff within 60 calendar days of our approval
5. Waive your rights to any accrued late fees or property inspection costs
6. Document all offers and counter offers in the Mortgage file that you negotiated with the Borrower

In addition, you must obtain an affidavit wherein the parties to the transaction attest that the sale constitutes an “arm’s length” transaction. An “arm’s length transaction” is a transaction between parties who are independent of one another, and unrelated and unaffiliated by family, marriage or commercial enterprise, other than the purchase and sale of the Mortgaged Premises between the Borrower(s) and the purchaser(s) that is the specific subject of the proposed short sale as disclosed to you. This affidavit is to be executed before or at the time of closing of the sale of the Mortgaged Premises by all Borrower(s), purchaser(s), real estate brokers representing any of the parties, the escrow/closing agent performing the closing of the sale, and the transaction facilitator facilitating the sale (if any) certifying under penalty of perjury that:

(a) The sale of the Mortgaged Premises is an “arm’s length” transaction, between parties who are unrelated and unaffiliated by family, marriage, or commercial enterprise;

(b) There are no agreements, understandings or contracts between the parties that the Borrower will remain in the Mortgaged Premises as a tenant or later obtain title or ownership of the Mortgaged Premises, except to the extent that the Borrower is permitted to remain as a tenant on the Mortgaged Premises for a short term, as is common and customary in the market but no longer than ninety (90) days, in order to facilitate relocation;

(c) Neither the Borrower(s) nor the purchaser(s) will receive any funds or commissions from the sale of the Mortgaged Premises;

(d) There are no agreements, understandings or contracts relating to the current sale or subsequent sale of the Mortgaged Premises that have not been disclosed to you;

(e) Each signatory understands, agrees and intends that you and Freddie Mac are relying upon the statements made in the affidavit as consideration for the reduction of the payoff amount of the Mortgage and agreement to the sale of the Mortgaged Premises;

(f) Each signatory agrees to indemnify you and Freddie Mac for any and all loss resulting from any negligent or intentional misrepresentation made in the affidavit including, but not limited to, repayment of the amount of the reduced payoff of the Mortgage;

(g) The certification will survive the closing of the transaction; and

(h) Each signatory understands that a misrepresentation may subject the responsible party to civil and/or criminal liability

All signatures to the affidavit must be notarized. The affidavit may be included with the sales contract, an addendum, or other pre-closing or closing documents as long as all signatures are obtained before or at the time of closing.

In the event the closing agent to the sale is prohibited from signing the affidavit by applicable local, State, or federal law, you may waive the closing agent's signature requirement upon request. You must condition the waiver upon the closing agent's agreement that it will not also act as the closing agent on a subsequent transaction involving the Mortgaged Premises within one year of closing the short payoff transaction. In all other circumstances, signatures from all parties identified above are required as a condition to Freddie Mac's agreement to accept a short payoff of the Mortgage.

If a party reveals an agreement, understanding or contract relating to the current sale or subsequent sale of the Mortgaged Premises that indicates the transaction is not an "arm's length" transaction, that the purchaser intends to re-sell the Mortgaged Premises in 120 days or less without having substantially refurbished or added value to the Mortgaged Premises, or otherwise indicates bad faith, collusion or fraud on the part of the parties, you must withdraw agreement to the short payoff of the Mortgage and immediately notify Freddie Mac at **mortgage_fraud_reporting@freddiemac.com**.

You must:

- Maintain the original arm's length affidavit in the Mortgage file in accordance with the requirements of Section 52.3
- Provide Freddie Mac with a copy of the arm's length affidavit upon our request.

B65.41: Closing, reporting and remittance requirements (10/20/08)

(a) Reporting the transaction and remitting the proceeds

To close a short payoff, or a make-whole preforeclosure sale, complete the following accounting, reporting and remittance steps:

1. Report the Mortgage as paid in full-prepaid by the 2nd Business Day after you receive the settlement proceeds. When reporting, ensure that the
   a. Ending unpaid principal balance (UPB) is zero
   b. Principal collected is the ending balance of the Mortgage (Not the proceeds collected from the sale of the property)
   c. Payoff date is the date you received the Settlement Proceeds
   d. Due Date of Last Paid Installment (DDLPI) reflects the due date of the last fully paid installment
2. Remit our proportionate share of the proceeds check received from the sale through the automated cash remittance system by the 5th Business Day after you receive the settlement proceeds. The proceeds check may include cash contributions and the mortgage insurance claim payment paid at settlement (if table funded). See Sections 77.21 and 77.22 for information on initiating a remittance through the cash remittance system and Sections 78.17 and 78.18 for additional requirements.

3. Forward the following documentation to us (see Directory 5) and include the Freddie Mac loan number on all documentation:
   a. A copy of the settlement statement
   b. A copy of the proceeds check
   c. The original negotiated promissory note(s), if applicable
   d. Copies of any addenda to the sales contract subsequent to our approval

(b) Charging off the deficiency

When we receive the information in Section B65.41(a) on a short payoff, we will produce and send you a charge-off form. The charge-off form indicates the difference between the ending balance of the Mortgage plus interest from the DDLPI to the payoff date, and the proceeds from the sale of the property. This difference must be charged off. When you receive this report you must verify the information on the form is correct, and report any discrepancies within one Business Day of receiving the form **(see Directory 5)**.

Please note that we will enter the total adjustment from the charge-off form, if applicable, on the Adjustment Line of your Monthly Account Statement (MAS).

(c) Remitting additional proceeds

If there are any proceeds that were not included in the proceeds check (for example, property insurance premium rebate, refunded Escrow advance prepayments), remit our proportionate share by check and send to us (see Directory 5) within five Business Days of receipt of the proceeds.

(d) Requesting reimbursement

Request reimbursement for any applicable expenses, in accordance with the requirements in Sections B65.54 through B65.58.

B65.41.1: Fraudulent transactions (09/01/10)

Should you allow a short payoff transaction to close in violation of Section B65.40, Freddie Mac will invoke its remedies provided by the Guide and the other Purchase Documents including, but not limited to, a repurchase of the Mortgage, if still existent, a call on a credit enhancement and/or indemnification by you for any loss, damage or expense suffered by Freddie Mac, including, but not limited to, court costs, attorney fees and the difference between the full payoff of the Mortgage and the amount remitted to Freddie Mac as a result of the short payoff transaction.

Any party to the transaction who engages in fraudulent activity with respect to a short payoff transaction may be added to the Freddie Mac Exclusionary List, barring future involvement in Freddie Mac business, and reported to applicable regulatory authorities.

B65.41.1: Fraudulent transactions (01/01/11)

Should you allow a short payoff transaction to close in violation of Section B65.40, Freddie Mac will invoke its remedies provided by the Guide and the other Purchase Documents including, but not limited to, a repurchase of the Mortgage, if still existent, a call on a credit enhancement and/or indemnification by you for any loss, damage or expense suffered by Freddie Mac, including, but not limited to, court costs, attorney fees and the difference between the full payoff of the Mortgage and the amount remitted to Freddie Mac as a result of the short payoff transaction.

Any party to the transaction who engages in fraudulent activity with respect to a short payoff transaction may be added to the Freddie Mac Exclusionary List, barring future involvement in Freddie Mac business, and reported to applicable regulatory authorities.

See Chapter 7 for more information on Freddie Mac requirements for fraud prevention, detection and reporting.

B65.42: What is a deed-in-lieu of foreclosure? (09/30/98)

A deed-in-lieu of foreclosure is a Borrower's voluntary conveyance of clear title to the property to us in exchange for a discharge of debt.

B65.43: When to consider a deed-in-lieu of foreclosure (01/02/04)

If the Borrower's involuntary inability to pay is permanent or long term and he or she cannot retain ownership of the property, and has been unsuccessful in attempts to sell the property, then you should explore the possibility of a deed-in-lieu of foreclosure as a solution to the Delinquency.

All other relief and workout options should be considered before recommending a deed-in-lieu of foreclosure. If the property is located in a State requiring a judicial foreclosure, and the foreclosure process takes longer than six months, then a deed-in-lieu of foreclosure may be appropriate to avoid a lengthy and costly foreclosure.

We will not accept a deed-in-lieu of foreclosure on a Mortgage secured by a Manufactured Home, unless the BPO indicates that the property is in very good condition, there are no other liens on the property and the Borrower has been unable to sell the property.

If a Borrower has been discharged from a Chapter 7 bankruptcy and the Mortgage payments are not current, then you should consider recommending a deed-in-lieu of foreclosure.

B65.44: Eligibility requirements (09/30/98)

To recommend a Borrower for a deed-in-lieu of foreclosure you must ensure that all of the following eligibility requirements are met:

(a) Borrower Requirements

The Borrower must:

1. Be experiencing or have experienced an involuntary inability to pay
2. Be delinquent in his or her payments, or in imminent danger of default
3. Complete Form 1126
4. Be cooperative and allow access to the interior of the property for a BPO
5. Have had the property listed for sale in the Multiple Listing Service (MLS) (unless there is no MLS in the area where the property is located) with a licensed real estate broker for at least 90 days, at no more than 110 percent of market value, and all attempts to sell the property have been unsuccessful

(b) Requirements when the Borrower does not have an involuntary inability to pay

If the Borrower does not meet the involuntary inability to pay requirement, but all of the following conditions exist, you may consider recommending the Borrower for a deed-in-lieu of foreclosure:

1. The property is located in a state where pursuit of a deficiency judgment is not practical, and
2. The total indebtedness is equal to or greater than 115 percent of the probable sale price of the property based on an as-is value with a 90-day marketing timeframe
3. The Mortgage is 90 days or more delinquent

(c) Property requirements

The property must not:

1. Have any type of structural damage, environmental hazard, or condition that poses a health or safety risk
2. Pose a Risk of Property Ownership to us
3. Have any other liens or encumbrances filed against it, or if so, the lien holder must agree to release its lien

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Servicing Note:
You must order a BPO to determine the value and condition of the property.

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B65.45: Submitting a recommendation to us (08/20/09)

To recommend a deed-in-lieu of foreclosure, you must submit a completed Form 1126, Borrower Financial Information, to us **(see Directory 5)** along with the following documentation:

(a) Borrower and Mortgage information

1. Borrower's letter explaining why he or she has an involuntary inability to pay
2. Documentation that establishes the Borrower's inability to pay (refer to Section 65.17.1)
3. A copy of the Borrower's most recent pay stub or voucher indicating year-to-date earnings
4. A copy of the Borrower's signed federal income tax returns for the previous year, including all pages and schedules
5. Year-to-date and previous year's profit and loss statements (if the Borrower is self-employed)

(b) Property information

1. You must order a BPO when you receive a completed Form 1126 from the Borrower. However, you do not need to submit the BPO to us because the original will be sent to us by the vendor performing the BPO.
2. Title report

(c) Property sale information

A copy of the Listing agreement (current or expired)

(d) MI approval

If the Mortgage is covered by mortgage insurance, you must fax a copy of the approval from the MI to us **(see Directory 5)** within two Business Days of your receipt of the MI's approval.

B65.46: Our decision about your recommendation (06/07/02)

We will review the documentation you submit and make a decision to approve or deny the deed-in-lieu of foreclosure request.

(a) Approval of request

If we approve the deed-in-lieu of foreclosure request, we will send you an approval letter detailing any conditions of our approval.

(b) Denial of request

If we deny the deed-in-lieu of foreclosure request, we will send you an explanation of why we denied the request and provide you with the course of action you must take to resolve the Delinquency.

B65.47: Approval conditions (10/06/06)

If we approve your recommendation to allow a deed-in-lieu of foreclosure, you must ensure that all conditions listed on our approval letter are met. Additionally, you must ensure that the following requirements are met:

1. You must obtain the executed deed-in-lieu of foreclosure and for leasehold Mortgages, either an assignment of the lease or a new lease of the same priority within 30 days of approval

2. The Borrower must
   (a) Pay all costs associated with the deed-in-lieu of foreclosure
   (b) Contribute to any loss, if possible
   (c) Vacate the property and provide you with the keys to the property at the time of conveyance, unless the property is a 2- to 4-unit property and we allow one tenant to remain in the property
   (d) For leasehold Mortgages, obtain the consent of the fee simple landowner/lessor, if required under the lease, and provide evidence of consent to you

3. The property must have no other liens or encumbrances except our First-Lien Mortgage. If there is a subordinate lien, the lien holder must agree to the deed in lieu, release its lien and provide evidence of the release to you.

4. You must request approval from the MI, if applicable

B65.48: Closing, reporting and remittance requirements (04/25/06)

To close the deed-in-lieu of foreclosure, complete the following steps once you receive the executed deed or for a leasehold Mortgage, the executed lease assignment or a new lease.

(a) Reporting requirements

1. Report the transaction via MIDANET®, using the Foreclosure Sale/DIL transmission, within one Business Day of receiving the executed deed. The date you received the executed deed is the date you use for the Sale Reported Date.

2. Submit within five Business Days of receiving the executed deed or for a leasehold Mortgage, the executed lease assignment or new lease.
    a. Borrower's contribution or promissory note, if applicable, to us **(see Directory 5)**
    b. A copy of the deed, executed lease assignment or the new lease, to us **(see Directory 6)**

3. Report the Mortgage as a Transfer to REO via MIDANET. Ensure that the:
    a. Ending unpaid principal balance (UPB) is the ending balance of the Mortgage
    b. Principal collected field is zero
    c. REO acquisition date is the date the deed was executed
    d. DDLPI reflects the due date of the last fully paid installment

(b) Remittance requirements

Remit any funds contributed by the Borrower within five Business Days of receipt of the funds to us **(see Directory 5)**.

(c) Other requirements

1. Ensure that
    a. Clear and marketable title, or for a leasehold Mortgage, a marketable real estate leasehold interest is conveyed to us
    b. The deed, or for a leasehold Mortgage, the lease, is submitted for recordation within one Business Day of your receipt of the deed
    c. The recorded deed or lease, as applicable is forwarded to us within one Business Day after you receive it from the recorder's office

2. Secure the property at time of possession and take all necessary actions to protect the property from waste, damage and vandalism
3. Request reimbursement for any applicable expenses, in accordance with Sections B65.54 through B65.58

4. Report the acquisition of the property to the IRS according to the requirements in Section 55.3 on Form 1099-A, Acquisition or Abandonment of Secured Property

B65.49: What is a charge-off? (06/22/07)

A charge-off ceases collection efforts on a Mortgage when all appropriate measures have been exhausted to collect on the delinquent Mortgage and you have deemed the debt to be uncollectible. A charge-off does not cancel the Note nor does it release the lien on the property.

There are three types of charge-offs:

1. A charge-off of a balance left over after a short payoff
2. A charge-off of a low balance Mortgage (less than $5,000)
3. A full charge-off of a Mortgage when the property has been condemned (see Section B65.50 for more details)

B65.50: When you must recommend a charge-off (07/16/10)

You must recommend a charge-off to us instead of foreclosure when the debt that is secured by the property is deemed uncollectible and either of the following two conditions exists:

1. The property has been condemned due to deterioration, a disaster or a Hazardous Substance, and
   (a) It is not economically feasible to repair the property and the land has little or no value, and/or
   (b) The Borrower's property insurance policy does not cover the peril affecting the property, and/or
   (c) There is no legal recourse against the Borrower or a third party for the damage.

2. You have satisfied the following collection efforts and the Mortgage meets the following unpaid principal balance (UPB) guidelines.

   (a) Collection effort requirements for charge-offs

   You must, prior to the Mortgage becoming 90 days delinquent:
   - Solicit a payoff or other form of workout from the Borrower and respond to all Borrower inquiries and requests about the Mortgage

- Ensure that payments have been correctly applied to the Mortgage. (In certain circumstances, we may request that you provide documentation to substantiate that payments have been applied correctly to the Mortgage. If we determine that the payments were not applied correctly, you will be required to satisfy the debt.)
- Model the Mortgage in Workout Prospector®, if available, or submit a Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** together with a copy of the payoff statement and the collection records for the current period of Delinquency

(b) UPB guidelines

- Conventional Mortgages-UPB is $5,000 or less, regardless of the equity in the property

  For Conventional Mortgages with UPBs of $5,000 or less that are at least 120 days delinquent, you must not incur any expenses for taxes, insurance, property preservation or legal fees if escrow is insufficient to pay charges when due without Freddie Mac's prior approval **(see Directory 5)**. If the Borrower of the low balance Mortgage is current under a workout plan or is current under a bankruptcy protection plan, you do not need to obtain prior approval for normal expenditures or advances within our Guide expense limits. However, if the Borrower should later default on the plan, you must obtain Freddie Mac's approval before making Servicing advances.

  If we deny the charge-off request on a Mortgage with a UPB of $5,000 or less, we will send you a denial letter. Our charge-off denial letter will instruct you to immediately resume normal default servicing activity, including all escrow advances, property preservation and legal activities.

- FHA, VA and RHS Mortgages-UPB is $2,000 or less, regardless of the equity in the property

When we charge-off a Mortgage, we will retain our lien on the property and negotiate an amount for the release of the lien if the Borrower requests that we do so. However, there may be circumstances when it would be in our best interest to release the lien. In such cases, we may agree to charge-off the debt and release our lien.

In addition to the above requirements, if the Mortgage is a matured Mortgage, you must comply with the requirements of Section 76.21 with respect to the payoff of such matured Mortgage.

B65.51: Submitting a recommendation to us (06/22/07)

You must take the following steps when you recommend a charge-off to us:

1. You must submit the following to us **(see Directory 5)** on all recommendations to charge-off a Mortgage:

   (a) A completed Form 105, Multipurpose Loan Servicing Transmittal, detailing the reasons for your recommendation
   (b) Documentation describing the condition of the property, including a BPO or a Hazard Distressed BPO if applicable (see Section B65.51) (number 2)). We do not require you to obtain a property valuation for the recommendation of a low balance charge-off.
   (c) Any Borrower financial information you may have collected
   (d) In the case of Delinquency, a copy of your collection records for the present period of Delinquency
   (e) If the Mortgage is secured by a Manufactured Home, you must provide the documentation specified in Section 66.16.1(a) or 66.16.1(b) to evidence that the Manufactured Home and the land are real property under the laws of the State where the property is located

   If the Manufactured Home is located in a certificate of title State (see Section H33.7), then you must provide the documentation in Section 66.16.1(c).

2. You must order a Hazard Distressed BPO from BPOdirect® on all recommendations to charge-off a Mortgage due to condemnation, disaster or Hazardous Substance affecting the Mortgaged Premises

B65.52: Our decision about your recommendation (06/10/05)

We will review the documentation you submit and make a decision to approve or deny the charge-off request.

(a) Approval of request

If we approve the charge-off request, we will send you an approval letter detailing any conditions of our approval.

(b) Denial of request

If we deny the charge-off request, we will provide you with a written explanation of the reason we denied the request together with the course of action you must take to resolve the Delinquency.

B65.53: Closing, reporting and remittance requirements (10/01/09)

(a) Closing requirements

Within three Business Days of receiving our approval letter, you must

1. Notify the Borrower in writing that the Servicing of the Mortgage has been transferred to us. The notice must include
   a. Our nine-digit loan number
   b. Our telephone number
   c. Instructions that the Borrower is responsible for paying real estate taxes and insurance premiums

2. Submit the Form 105, Multipurpose Loan Servicing Transmittal, with the following documentation to us **(see Directory 5)**
   a. Original Note
   b. Original Security Instrument
   c. Recorded assignment of the Security Instrument to "Federal Home Loan Mortgage Corporation"
   d. A copy of the original Loan Application

==========
Servicing Note:
If the assignment to the Federal Home Loan Mortgage Corporation has not previously been prepared or recorded, then prepare, execute and send a copy of the assignment to us at this time and record the original. Forward the recorded assignment to us **(see Directory 5)** when you have received it from the recorder's office. Do not release the lien (unless otherwise instructed by us in writing) and do not inform the Borrower that you have charged off the Mortgage. When sending us the package, do not send the entire Servicing file; send only items in 2(a) through 2(d) listed above in this Section B65.53(a).
==========

If you request reimbursement for any applicable expenses, in accordance with Sections B65.54 through B65.58, we must receive the request within 30 days of the date on our approval letter.

(b) Reporting requirements

Within two Business Days after you receive our approval letter, complete the following steps:

1. If the Mortgage was inactivated, reinstate the Mortgage
2. Report the Mortgage as paid in full-prepaid via MIDANET®. Ensure that the
   a. Ending unpaid principal balance (UPB) is zero
   b. Principal collected field is completed with the ending balance of the Mortgage
   c. Payoff date is the date you received the approval letter from us
   d. Due Date of Last Paid Installment (DDLPI) reflects the due date of the last fully paid installment

(c) Charging-off the Delinquency

When we receive the above information, we will produce and send you a charge-off form. When you receive this report you must verify the information on the charge-off form is correct, and report any discrepancies to us using the contact name and telephone number provided on the form within one Business Day of receiving the form.

Please note that we will enter the total adjustment from the charge-off form, if applicable, on the Adjustment Line of your Monthly Account Statement (MAS).

(d) Remittance requirements

There is no remittance to us.

(e) Requesting reimbursement

Request reimbursement for any applicable expenses, in accordance with the requirements in Sections B65.54 through B65.58.

B65.54: When to request reimbursement (03/01/09)

You must submit a request for reimbursement of expenses to us **(see Directory 5)** so that we receive the request within 30 days of the workout settlement date. We reserve the right to refuse any request for reimbursement that we receive after this date. Refer to Section 71.7 for information related to the expense reimbursement process.

B65.55: Documentation requirements (03/01/09)

This section has been deleted.

Refer to Chapter 71 for information on our expense reimbursement requirements.

B65.56: Income credits (03/01/09)

This section has been deleted.

Refer to Chapter 71 for information on our expense reimbursement requirements.

B65.57: Form 104SF audits (03/01/09)

This section has been deleted.

Refer to Chapter 71 for information on our expense reimbursement requirements.

B65.58: Reimbursement of expenses for rejected workouts (03/01/09)

If we reject a workout recommendation that you have made, we will reimburse you for any title report and in-file credit report expenses that you incurred in accordance with Exhibit 57A, Approved Attorney Fees and Title Expenses. To request reimbursement, you must submit Form 104SF, Statement of Loan, Workout and REO Expenses and Income, within 30 days of the rejection letter.

Chapter C65: Home Affordable Modification Program

C65.1: Overview (09/01/10)

This chapter provides Servicing requirements in connection with the federal government's Home Affordable Modification Program (HAMP).

A Borrower should be reviewed for the reinstatement and relief options available in Chapter A65 prior to being reviewed for HAMP. A Borrower who has the financial ability to fully reinstate the Mortgage and maintain the monthly Mortgage payments, or partially reinstate the Mortgage coupled with the ability to fulfill a repayment plan, should be offered the appropriate reinstatement or relief option under Chapter A65.

Under HAMP, Borrowers who meet certain eligibility criteria will be offered a modification of their existing Mortgage. The Borrower must first demonstrate both hardship and his or her ability and willingness to pay under the modified terms by entering into a Trial Period Plan under which the Borrower will be required to remit three monthly payments at an estimated modified payment amount. If the Borrower is not eligible for HAMP, does not accept a HAMP Trial Period Plan offer, or fails to complete a HAMP modification, then the Servicer must consider the Borrower for other Freddie Mac home retention workout options.

This chapter sets forth Freddie Mac's eligibility, underwriting, processing and other requirements for modifying Mortgages under HAMP. The following topics are covered in this chapter:

Topic	Section
HAMP documentation	C65.2
Delegation of authority and HAMP waivers, Supplemental Directives and Frequently Asked Questions	C65.3
Eligibility	C65.4
Borrower solicitation	C65.5
Acknowledgement of Initial Package and verification of eligibility	C65.5.1
Determining imminent default	C65.5.2
Underwriting the Borrower	C65.6
Modification process	C65.7
Foreclosure actions and Borrowers in bankruptcy	C65.7.1
Other general requirements	C65.8
HAMP incentives	C65.9

Special investor reporting and remitting requirements	C65.10
HAMP activity reporting requirements	C65.11
Disclosures and communications with Borrowers	C65.12
Fair treatment and legal compliance	C65.13
Responsiveness to Borrower inquiries	C65.14
Compliance	C65.15
Special requirements for Mortgages with a second mortgage lien	C65.16
Electronic transactions	C65.17
Stated income process	C65.18

(a) Defined terms

Servicers should be familiar with Freddie Mac's definitions for the following terms as they relate to HAMP:

- AVM
- Borrower (within the context of HAMP, the term “Borrower” includes all Borrowers obligated on the Note)
- Broker’s Price Opinion (BPO)
- Delinquency
- Escrow
- First Lien
- Manufactured Home
- Primary Residence
- Purchase Documents
- Servicing Spread
- Treasury

Definitions for these terms are located in the Glossary of this Guide.

In addition, Servicers should be familiar with the following terms as they relate to HAMP:

- **HAMP**: Home Affordable Modification Program

- **Borrower Notice:** The notice that a Servicer must send to every Borrower who has been evaluated for HAMP when one of the events described in Section C65.12(b) occurs

- **Compliance Agent**: Freddie Mac acting as a financial agent of Treasury

- **Conforming Jumbo Mortgages**: Conforming Jumbo Mortgages are conventional Mortgages sold to Freddie Mac under negotiated Purchase Contracts only that were originated between July 1, 2007 and December 31, 2008, with original

unpaid principal balances that exceed Freddie Mac's base conforming loan limits ($417,000 for a 1-unit property). The original unpaid principal balance of a Conforming Jumbo Mortgage may not exceed the lesser of:

- 125% of the "area median house price" (as determined at a County level) of a residence of applicable size, or
- 175% of the base conforming loan limit - $729,750 for a 1-unit property (except in Alaska, Hawaii, Guam and the U.S. Virgin Islands, where the limit is higher). The Conforming Jumbo loan limits were enacted as part of the Economic Stimulus Act of 2008

- **Current Monthly Housing Expense:** The Borrower's pre-modified monthly housing expense payment that consists of:
  - Monthly payment required under the existing Mortgage (e.g., principal and interest payment, interest-only payment)
  - Monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
  - Monthly pro rata amount for property and flood insurance, if applicable, plus applicable monthly Escrow cushion
  - Monthly pro rata amount of homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent, as applicable
  - Any existing monthly Escrow shortage payment amounts subject to a repayment plan, if applicable

- **Forbearance Limit:** When forbearing a portion of the unpaid principal balance to achieve the Target Payment, the Forbearance Limit is equal to the greater of (i) 30% of the unpaid principal balance of the Mortgage including the capitalization of arrearages **or** (ii) an amount resulting in a modified interest-bearing balance that would create a Mark-to-Market LTV Ratio equal to 100%

- **Home Value Explorer® (HVE)**: HVE is part of Freddie Mac's Home Value Suite of tools that automate collateral valuation. HVE provides a point value estimate for a property with a Confidence Score and Forecast Standard Deviation, indicating the accuracy of the estimated value. HVE Forecast Deviation scores of 0.20 and lower indicate that the degree of confidence in the valuation estimate is of a high or medium level. Forecast Standard Deviation scores above 0.20 indicate that the degree of confidence in the valuation estimate is low.

- **HOPE for Homeowners**: The Federal Housing Administration's HOPE for Homeowners program created by Congress to help those at risk of default and foreclosure refinance into more affordable, sustainable loans. HOPE for Homeowners is an additional mortgage option designed to keep Borrowers in their homes. The HOPE for Homeowners program is effective from October 1, 2008 to September 30, 2011.

- **Imminent Default Indicator™**: Freddie Mac's HAMP Servicing tool that uses statistical models and economic data, in conjunction with specific data elements submitted by a Servicer, to help the Servicer determine whether a Borrower is in imminent default.

- **Initial Package**: The documents that must be submitted by a Borrower in order to be evaluated for HAMP. The Initial Package includes the following:
  - Making Home Affordable Request for Modification and Affidavit ("RMA") (Freddie Mac Form 1114) or a proprietary financial form that complies with the requirements of Section C65.2(b)
  - IRS Form 4506-T, Request for Transcript of Tax Return, or IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript
  - Evidence of income

  If the Servicer has not received all of the above or the RMA is submitted but not fully completed, the documentation package is considered to be an incomplete Initial Package.

- **Interest Rate Cap**: The Interest Rate Cap is the Freddie Mac Weekly Primary Mortgage Market Survey Rate for 30-year fixed-rate conforming mortgages, rounded to the nearest one-eighth of one percent (0.125%), that was in effect as of 12:01 a.m. on the date that the Modification Agreement is prepared. The Freddie Mac Weekly Primary Mortgage Market Survey Rate is available on FreddieMac.com.

- **Mark-to-Market LTV Ratio**: The ratio that is based upon the modified interest-bearing principal balance of the Mortgage and the current value of the property

- **Modification Effective Date**: The first day of the month following the end of the three month Trial Period, which is also the first payment due date of the modified Mortgage. In the event the Servicer utilizes the option to include an interim month following the Trial Period as provided in Section C65.7 (d), then the Modification Effective Date and the due date of the first modified payment will be the first day of the second month following the end of the three-month Trial Period. Once the modification is effective, the terms of the modified Mortgage are established so that the first payment due under the modified Mortgage pays interest in arrears that accrued during the prior month under the modified terms.

- **PITIAS Payment**: The monthly payment that must be used to calculate the Target Payment that consists of:

  - A modified monthly principal and interest payment
  - Monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
  - Monthly pro rata amount for property and flood insurance, if applicable, plus applicable monthly Escrow cushion
  - Monthly pro rata amount of homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent, as applicable, and
  - If applicable, the Projected Monthly Escrow Shortage Payment, if any (see Section C65.6(d) titled "Escrows")

- **Program Administrator:** Fannie Mae, acting as a financial agent of Treasury. The Program Administrator promulgates Treasury's non-Government Sponsored Enterprise (GSE) HAMP guidelines and collects Freddie Mac's HAMP data from Freddie Mac Servicers.

- **Projected Monthly Escrow Shortage Payment:** For purposes of HAMP, the Escrow shortage is the amount, that together with the monthly Escrow payment is necessary to pay taxes and insurance premiums that are not yet due or payable before the Modification Effective Date, plus any funding cushion permitted under applicable law. The Projected Monthly Escrow Shortage Payment is the Escrow shortage equally divided into 60 monthly payments.

- **Target Payment**: Monthly PITIAS Payment that achieves a monthly housing expense-to-income ratio that is as close as possible to, but no less than, 31% of the Borrower's gross monthly income

- **Treasury NPV Model:** The tool that Servicers use to submit loans for the Treasury net present value (Treasury NPV) test that compares the Treasury NPV result for a modification completed under HAMP to the Treasury NPV result for not modifying the Mortgage

- **Trial Period**: The three-month period during which the Borrower makes payments that are an estimate of the anticipated modified payment amount, as one of the preconditions to modification

- **Trial Period Plan**: A temporary forbearance plan that sets forth in writing those terms and conditions with which the Borrower must comply during the Trial Period in order to obtain a permanent HAMP modification

- **Trial Period Plan Effective Date**: The date on which the first Trial Period payment is due under the terms of the Trial Period Plan

- **Trial Period Plan Offer Deadline:** The last day of the month in which both the Borrower's first Trial Period payment is due and the Trial Period Plan Effective Date occurs
- **Workout Prospector®:** A Freddie Mac-owned loss mitigation application, which assists in analysis and structuring of workouts and other foreclosure alternatives for Freddie Mac Mortgages. Workout Prospector accesses specific Mortgage information from Freddie Mac's database as well as data input by the Servicers to assist Servicers with the structuring of foreclosure alternatives on Freddie Mac Mortgages.

C65.2: HAMP documentation (11/15/10)

The documents, forms and Uniform Instrument(s) identified in this section have been developed for, and, with respect to the documents identified as mandatory below, must be used with, HAMP and are available on our web site at **http://www.freddiemac.com/singlefamily/service/mha_modification.html**.

All parties who signed the original Mortgage documents or their duly authorized representative(s) must execute any required HAMP documents. Refer to Section C65.7(b) for additional requirements and exceptions related to the execution of HAMP documents. Refer to Section C65.17 for requirements related to the preparation, signature and transmission of HAMP documents electronically.

(a) HAMP documents

Servicers may amend the terms of the non-uniform documents identified below in accordance with applicable laws or local real estate practice and may customize the forms with Servicer specific logos. Any and all changes to the non-uniform documents must comply with applicable laws, rules and regulations.

HAMP documents include the following:

Non-uniform documents

- Making Home Affordable Request for Modification and Affidavit ("RMA") (Freddie Mac Form 1114): For all HAMP evaluations, Servicers must obtain the Borrower's financial information on either the RMA or their proprietary financial forms that are substantially similar in content to the RMA (refer to Section C65.2(b))

- Making Home Affordable Hardship Affidavit ("MHA Hardship Affidavit") (Freddie Mac Form 1115): If a Servicer elects to use a proprietary financial information form(s) in lieu of the RMA, the Servicer must either obtain an executed MHA Hardship Affidavit from the Borrower or incorporate the content of the MHA Hardship Affidavit into the proprietary financial form

- Home Affordable Modification Program Trial Period Plan Notice - Verified Income ("Trial Period Plan Notice (Verified)") (Freddie Mac Form 1117): Must be used when the Trial Period Plan Effective Date is on or after June 1, 2010

- HAMP Agreement Cover Letter (Freddie Mac Form 1118): May be used in conjunction with the Home Affordable Modification Agreement (Form 3157)

- HAMP Counseling Referral Letter (Freddie Mac Form 1119): Must be used to notify Borrowers with a total monthly debt payment-to-income ratio equal to or greater than 55% that they must enter a counseling program as a condition for the modification (refer to Section C65.6(c))

- HAMP Proactive Solicitation Letter ("Proactive Solicitation Letter") (Freddie Mac Form 1120): May be used to broadly solicit Borrowers who are 31 days or more delinquent

- HAMP Documentation Request Letter ("Documentation Request Letter") (Freddie Mac Form 1121): May be used to collect additional information required from the Borrower

Uniform Instruments

- Home Affordable Modification Agreement (Form 3157 (rev. 10/10))

The Home Affordable Modification Agreement ("Modification Agreement") is a Fannie Mae/Freddie Mac Uniform Instrument available on our Uniform Instrument web site at **http://www.freddiemac.com/uniform/**. Servicers *may not make any changes or additions to* the Modification Agreement, except for changes and modifications that are required or permitted by Freddie Mac. Servicers must refer to *Authorized Changes to Modification/Special Purpose Documents* posted on Freddie Mac's Uniform Instruments web site at **http://www.freddiemac.com/uniform/** for information regarding required or permitted changes and for instructions on how to make such changes.

(b) Use of the RMA

The RMA:

- Provides the Servicer with Borrower and co-Borrower financial information, including the cause of the Borrower's or co-Borrower's hardship
- Solicits data related to the race, ethnicity and gender of the Borrower, referred to as Government Monitoring Data (GMD)

The financial information and hardship sections of the RMA must be completed and executed by the Borrower and co-Borrower, if applicable. The Borrower is not required to provide GMD. Servicers may not refuse to accept an RMA because the Borrower did not furnish the GMD. Refer to Section C65.13(b) for additional requirements related to GMD.

Servicers must require the use of the RMA by all Borrowers requesting consideration for HAMP, or may use other proprietary financial information forms that are substantially similar in content to the RMA (e.g., obtaining, at a minimum, the same financial information as the RMA) and request the same information and attestations from the Borrower. When provided by or on behalf of a Borrower, Servicers must accept the RMA in lieu of any Servicer specific form(s). When the RMA is not used, Servicers must either obtain an executed MHA Hardship Affidavit from the Borrower or incorporate all of the information on the MHA Hardship Affidavit into their own proprietary financial information form(s).

Throughout this chapter, "RMA" is used to indicate either the RMA form or any Servicer proprietary financial information form(s) meeting the requirements of this section, including the MHA Hardship Affidavit either as a separate form or incorporated into the Servicer's proprietary financial information form(s), substituted for the RMA.

(c) Authorized Changes to the Trial Period Plan Notice (Verified)

Servicers must amend the Trial Period Plan Notice (Verified) as necessary to ensure compliance with applicable laws, rules and regulations.

If the Borrower previously received a Chapter 7 bankruptcy discharge, but did not reaffirm the mortgage debt under applicable law, the Servicer must add the following Borrower representation as paragraph G in Section 1:

If you previously received a Chapter 7 bankruptcy discharge, but did not reaffirm the mortgage debt under applicable law:

- *You agree that you were discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that you will not have personal liability on the debt pursuant to this Trial Period Plan.*

If under applicable law, a Servicer may not establish an Escrow account, the Servicer must delete the following language from the Trial Period Plan Notice (Verified):

Page 2:
If you did not have an escrow account before, the timing of your tax and insurance bills may require that you make a payment to cover any such bills when they come due. This is known as an escrow shortage. Your loan has an escrow shortage of $_____; this can either be paid in a lump sum when the loan is modified or over the next ____ years (or _____ months). If you wish to pay the total shortage as a lump sum, please contact us.

Page 3:

Like your trial period payment, your new monthly payment will also include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowner's insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

Page 4:

If your monthly payment did not include escrows for taxes and insurance, you are now required to do so:

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree to establish an escrow account and to pay required escrows into that account.

(d) Spanish translations of HAMP documents

Spanish translations of certain HAMP documents are available on our HAMP web site at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**.

Spanish translations of HAMP documents and the Authorized Changes for Home Affordable Modification Program (Form 3157) supplement the English-language documents and may be provided to consumers as supplemental educational material when modifying Mortgages under HAMP. The Spanish translations of all HAMP-related documents are for reference only and may not be executed by the Borrower or otherwise used in lieu of the English-language documents. The Servicer must only obtain completed English-language HAMP documents from the Borrower.

(e) Co-branding/use of Freddie Mac's logo and the Making Home Affordable logo

Servicers may download the Freddie Mac logo and the Making Home Affordable logo for use on HAMP letters, envelopes and packages from FreddieMac.com at **http://www.freddiemac.com/singlefamily/service/mha_modification.html**.

A Servicer may use the Making Home Affordable logo by itself, together with the Servicer's logo, or together with the Servicer's and Freddie Mac's logos on envelopes and packages used to send HAMP materials to Borrowers. The Servicer's name and return address must be shown on any solicitation materials sent to Borrowers.

A Servicer may use Freddie Mac's logo together with its own logo, to co-brand the solicitation letter and HAMP cover letters. However, a Servicer may not use the Freddie Mac logo without also including its own logo.

C65.3: Delegation of Authority and HAMP waivers, Supplemental Directives and Frequently Asked Questions (07/28/10)

(a) Delegation of authority

Unless otherwise notified by Freddie Mac, all Freddie Mac Servicers are eligible to enter into a Trial Period Plan with a Borrower and approve a modification of a Mortgage under HAMP in accordance with the requirements of this chapter without obtaining prior approval from Freddie Mac.

(b) HAMP waivers, Supplemental Directives and Frequently Asked Questions

- **Temporary waivers issued by Treasury**

  The Program Administrator may post temporary HAMP waivers on **http://www.HMPadmin.com**. Unless Freddie Mac otherwise notifies Servicers in writing, Servicers may implement such waivers, but in doing so must comply with the terms of such waivers when Servicing Mortgages for Freddie Mac.

- **Permanent waivers, Supplemental Directives and Frequently Asked Questions**

  The Program Administrator may publish permanent HAMP waivers, Supplemental Directives and Supplemental Documentation - Frequently Asked Questions on **http://www.HMPadmin.com**. Unless Freddie Mac otherwise notifies Servicers in writing, Servicers **must not** follow or implement the requirements and guidance specified in these Program Administrator documents when Servicing Mortgages for Freddie Mac.

C65.4: Eligibility (11/15/10)

The following requirements are included in this section:

- Mortgage, property and Borrower eligibility requirements
- Mortgages ineligible to be modified under HAMP

(a) Mortgage, property and Borrower eligibility requirements

The requirements in this chapter apply to Freddie Mac-owned Mortgages that meet the following requirements:

- First Lien Mortgages owned, securitized or guaranteed by Freddie Mac originated on or before **January 1, 2009**, including Cooperative Share Mortgages and Conforming Jumbo Mortgages sold to Freddie Mac under a Seller's negotiated Purchase Documents, which are secured by:

  - 1- to 4-unit, single-family Primary Residences, including Condominium Units and Guide-eligible Manufactured Homes that are not abandoned, vacant or condemned

Servicers must verify that the property securing the Mortgage serves as the Primary Residence for at least one of the Borrowers. Refer to Section C65.5.1 for more information about this verification requirement.

The property securing the Mortgage may be owned by an *inter vivos* trust, provided the Borrower (i) is a trustee of the trust, (ii) is a primary beneficiary of the trust, and (iii) occupies the property as the Borrower's Primary Residence.

- The Borrower must have a Current Monthly Housing Expense-to-income ratio that is greater than 31% of the Borrower's verified and documented gross monthly income as determined in accordance with Section C65.5.1.
- The Borrower must document a financial hardship and represent that he or she does not have sufficient income or liquid assets to make the monthly Mortgage payments by signing and submitting to the Servicer a completed RMA. If the Servicer determines, based on a review of the RMA and other documentation, that the Borrower has not experienced a hardship or has sufficient liquid assets to make the monthly payments, then the Borrower is not eligible for a modification under HAMP. For example, a Borrower is not eligible for a modification under HAMP if the Borrower has the financial ability to fully reinstate the Mortgage, or partially reinstate the Mortgage coupled with the ability to fulfill a repayment plan under Chapter A65's requirements for reinstatements and repayment plans.
- The Borrower may be either delinquent or current on the Mortgage. However, if the Borrower is current or less than 60 days delinquent (i.e., less than three monthly payments past due), the Borrower must first be determined to be in imminent default in accordance with the criteria set forth in Section C65.5.2 in order to be eligible for HAMP.

A new co-Borrower may, at the request of another Borrower, be added to the Mortgage, provided the Servicer verifies that the new co-Borrower occupies the property as a Primary Residence in accordance with the requirements of Section C65.5.1.

With respect to FHA, VA and Rural Housing Service (RHS) Mortgages, Servicers must comply with the guidance issued by the relevant agency. Freddie Mac will not pay a workout compensation fee or "Pay for Performance" or "Pay for Success" incentives on modified Mortgages insured by the FHA or guaranteed by the VA or RHS. Refer to Section C65.9 for additional information related to incentive payments.

Program expiration

HAMP will expire on **December 31, 2012**. For a Mortgage to be eligible for modification under HAMP, the Servicer must have received the first Trial Period payment from the Borrower on or before **December 31, 2012**. A Servicer may not extend a Trial Period Plan to a Borrower with a Trial Period Plan Effective Date of January 1, 2013 or later.

Foreclosure/Bankruptcy
The Mortgage may be in foreclosure or in other pending litigation. The Borrower may be in active bankruptcy or enter into active bankruptcy during the Trial Period; however, the Servicer should consult with its own legal counsel on the proper method to communicate with and offer a modification under HAMP to a Borrower in active bankruptcy and obtain all required court approvals. Servicers must follow applicable federal, State and local laws, including, but not limited to, judicial and professional rules of conduct governing discussions with opposing parties in litigation when represented by counsel and federal bankruptcy laws, rules and regulations that govern entering into a HAMP Trial Period Plan or modification when the Borrower is a debtor in bankruptcy.

For Borrowers who have received a Chapter 7 bankruptcy discharge but did not reaffirm the mortgage debt under applicable law, the Servicer must make an authorized change to the Trial Period Plan Notice (Verified) and the Modification Agreement (refer to Section C65.2 for information regarding authorized changes to the Trial Period Plan Notice (Verified) and Modification Agreement.)

Escrows
Servicers must establish an Escrow account on the Mortgage if an Escrow account is not currently maintained on the Mortgage, provided its establishment is not prohibited under applicable federal, State or local law. (Refer to Sections C65.2(c) and C65.6(d) for additional information.)

FHA HOPE for Homeowners

Servicers must consider Borrowers for refinancing into the FHA HOPE for Homeowners program. If the underwriting process for a HOPE for Homeowners refinance would delay eligible Borrowers from receiving a HAMP modification offer, Servicers must use the sequential process in Section C65.6 to begin the Home Affordable Modification evaluation process and work to complete the HOPE for Homeowners refinance during the Trial Period. Consideration for a HOPE for Homeowners refinance should not delay eligible Borrowers from receiving a HAMP modification offer and beginning the Trial Period.

(b) Mortgages and Borrowers ineligible for HAMP

Mortgages ineligible for HAMP include:

- Any Mortgage secured by an Investment Property or second home
- Any Mortgage that has been previously modified under HAMP or for which the Borrower failed to comply with the terms of a HAMP Trial Period Plan by not (i) making all required Trial Period payments, or (ii) providing all required documentation in accordance with the requirements of this chapter

A Borrower may only qualify for one Trial Period Plan. For example, a non-occupying co-Borrower who was party to an earlier HAMP Trial Period Plan, whether extended in connection with a Freddie Mac Mortgage or any other Mortgages, may not obtain another HAMP Trial Period Plan on his or her Primary Residence.

C65.5: Borrower solicitation (09/01/10)

The following requirements are included in this section:

- Borrower solicitation
- Reasonable Effort Solicitation Standard
- Required communication upon ”right party contact”

(a) Borrower solicitation

Borrowers who are current or less than 31 days delinquent
A Servicer may not solicit a Borrower whose Mortgage is current or less than 31 days delinquent (i.e., no more than one payment past due) for a modification under HAMP. If a Borrower who is current or less than 31 days delinquent contacts the Servicer to inquire about eligibility for HAMP, the Servicer must first evaluate the Borrower for eligibility for a Freddie Mac Relief Refinance Mortgage^{SM} – Same Servicer or advise the Borrower of the availability of the Freddie Mac Relief Refinance Mortgage^{SM} – Open Access offering (refer to Chapters A24 and B24). If the Borrower is not eligible for a Freddie Mac Relief Refinance Mortgage the Servicer must then determine whether the Borrower is in imminent default in accordance with Section C65.5.2.

Borrowers who are 31 days or more delinquent
Servicers must pre-screen all First Lien Mortgages where Borrowers are 31 days or more delinquent (i.e., two or more payments past due) to determine if they meet the eligibility requirements in Section C65.4. Servicers must proactively solicit for HAMP any Borrower whose Mortgage passes this pre-screen no later than the 50th day of delinquency, and solicitation must include written communication clearly describing HAMP. Servicers must also ensure that their solicitation letters include a notice regarding foreclosure rescue scams and availability of HUD-approved counselors (“Foreclosure Scam Notice”) similar to the following:

Beware of Foreclosure Rescue Scams. Help is free!
• There is never a fee to get assistance or information about the Making Home Affordable Program from your lender or a HUD-approved housing counselor.   ◦ For a HUD-approved counselor, visit: **http://www.hud.gov/offices/hsg/sfh/hcc/fc/** • Beware of any person or organization that asks you to pay a fee in exchange for housing counseling services or modification of a delinquent loan.

- Beware of anyone who says they can “save” your home if you sign or transfer over the deed to your house. Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.
- Never make your mortgage payments to anyone other than your mortgage company without their approval.

Use of Form 1120, HAMP Proactive Solicitation Letter, or Form 1121, Documentation Request Letter, satisfies this requirement. Servicers may send a HAMP solicitation letter prior to or at the same time as the foreclosure alternative letter specified in Section 64.6 but no later than the 50th day of delinquency.

Note: Servicers are not required to solicit Borrowers in an active Chapter 7 or Chapter 13 bankruptcy proactively for HAMP. (Refer to Section C65.7.1 for additional requirements related to Borrowers in bankruptcy.)

If a Borrower who is 31 to 59 days delinquent responds to the solicitation, the Servicer must first determine the Borrower to be in imminent default in accordance with Section C65.5.2 prior to considering the Borrower for a Trial Period Plan under HAMP.

(b) Reasonable Effort Solicitation Standard

A Servicer is deemed to have made a reasonable effort to solicit a Borrower if over a period of at least 30 calendar days the Servicer takes the following actions (“Reasonable Effort Solicitation Standard”):

(1) Makes a minimum of four telephone calls to the last known phone numbers of record, at different times of the day; and

(2) Sends two written notices to the last address of record by sending one letter via certified/express mail or via overnight delivery service (such as Federal Express or UPS) with return receipt/delivery confirmation and one letter via regular mail.

Any contact with eligible Borrowers, whether by telephone, mail or otherwise, must:

(1) Advise Borrowers that they may be eligible for HAMP

(2) Clearly describe the Initial Package required to be submitted by the Borrower pursuant to the requirements of this section and state what other information the Servicer needs to complete the HAMP analysis

(3) Provide a toll-free telephone number through which the Borrower can reach a Servicer representative; and

(4) Identify any unique requirements the Servicer may have established for submission of an Initial Package received later than 30 calendar days prior to a scheduled foreclosure sale date

The Servicer must document all contact attempts in the Mortgage file or in its Servicing system in accordance with the requirements of Section C65.8(i).

The solicitation requirements described above are in addition to the collection requirements set forth in Chapter 64.

(c) Required communication upon "right party contact"

Successful efforts by a Servicer to communicate with the Borrower or co-Borrower about resolution of the delinquency are referred to as "right party contact" for purposes of this section.

If right party contact is established and the Borrower expresses an interest in HAMP, the Servicer must send a written communication to the Borrower via regular or electronic mail that clearly describes the Initial Package the Borrower must submit to request a HAMP modification ("Initial Package communication"). The Initial Package communication must:

- Describe the income evidence required to be evaluated for HAMP
- Provide the RMA
- Include an Internal Revenue Service (IRS) Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript (or IRS Form 4506-T, Request for Transcript of Tax Return, if necessary)

The Initial Package communication must also include clear language stating that during the HAMP evaluation the Mortgaged Premises will not: (i) be referred to foreclosure; or (ii) be sold at a foreclosure sale if the foreclosure process has already been initiated.

In the Initial Package communication, the Servicer must include a specific date by which the Initial Package must be returned, which must be **15 calendar days** from the date of the Initial Package communication. In the event the 15th calendar day falls on a non-Business Day, the Servicer must specify the following Business Day as the date by which the Initial Package must be returned. Electronic mail for this purpose may only be sent to an e-mail address provided by the Borrower when right party contact was made. Such e-mail address must be documented in the Mortgage file. (Refer to C65.17 for additional requirements related to electronic transactions).

If right party contact is established prior to satisfaction of the Reasonable Effort Solicitation Standard, the Servicer must continue to take steps to satisfy the Reasonable Effort Solicitation Standard until the Borrower submits the Initial Package. If the Borrower does not submit an Initial Package by the date specified in the Initial Package communication, the Servicer must immediately resend the Initial Package communication and must include a specific date by which the Initial Package must be returned, which must be **15 calendar days** from the date of the **second** Initial Package communication. In the event the 15th calendar day falls on a non-Business Day, the Servicer must specify the following Business Day as the date by which the Initial Package must be returned. If the Borrower does not respond by providing an Initial Package within the required time period set forth in the second Initial Package communication, the Servicer may determine the Borrower to be ineligible for HAMP.

If right party contact is established but the Borrower submits an incomplete Initial Package within the required time period, the Servicer must comply with the incomplete information notice requirements set forth in Sections C65.5.1(a) and C65.12(b). If the Borrower does not respond to either the initial 30-day incomplete information notice or the subsequent 15-day incomplete information notice by providing a complete Initial Package within the required time period, the Servicer may determine the Borrower to be ineligible for HAMP.

The Servicer is not required to send an Initial Package communication if, as a result of discussions with the Borrower, the Servicer determines that the Borrower does not meet the basic eligibility criteria for HAMP as described in Section C65.4, or the Servicer determines that the Borrower's current PITIAS Payment is substantially less than 31% of the Borrower's gross monthly income. The Servicer must document its decision in the Mortgage file in accordance with Section C65.8(i).

C65.5.1: Acknowledgement of Initial Package and verification of eligibility (11/01/10)

The following requirements are included in this section:

- Servicer response requirements
- Verification of eligibility
- Consideration for alternative loss mitigation options
- Continued eligibility for HAMP

(a) Servicer response requirements

If the Borrower expresses an interest in HAMP, the Servicer may only evaluate a Borrower for HAMP after receipt of an Initial Package.

Within 10 Business Days following receipt of an Initial Package, the Servicer must acknowledge in writing the Borrower's submission of the Initial Package by sending the Borrower a confirmation that states that the Initial Package was received and describes the Servicer's evaluation process and time line. Additionally, the written communication must include clear language that states that during the HAMP evaluation, the Mortgaged Premises will not: (i) be referred to foreclosure; or (ii) be sold at a foreclosure sale if the foreclosure process has already been initiated. A Servicer may amend the written communication to address situations where a court with jurisdiction over the foreclosure proceeding (if any) or public official charged with carrying out the activity could fail or refuse to halt the sale. If the Initial Package is received from the Borrower via e-mail, the Servicer may, subject to ensuring compliance with applicable privacy and data security laws, e-mail the acknowledgement to the same e-mail address from which the Initial Package was received or other e-mail address designated by the Borrower. The Servicer must

maintain evidence of the date of receipt of the Borrower's Initial Package in its records in accordance with Section C65.8(i).

Within 30 calendar days following the Servicer's receipt of an Initial Package, the Servicer must review the documentation provided by the Borrower for completeness.

Complete documentation

If the Borrower's documentation is complete, the Servicer must either:

- Send the Borrower a Trial Period Plan Notice (Verified); or
- Make a determination that the Borrower is not in imminent default, when such a determination is required, and/or not eligible for HAMP and communicate this determination to the Borrower in accordance with the Borrower Notice requirements provided in Section C65.12(b)

A single written communication sent within 10 Business Days of receipt of a Borrower's request for HAMP participation may also include, at the Servicer's discretion, the results of its review of the Initial Package.

Incomplete information notice

If the Servicer receives an incomplete Initial Package or needs additional documentation to verify the Borrower's eligibility and income, the Servicer must send the Borrower an incomplete information notice that lists the additional required verification documentation. The incomplete information notice must include a specific date by which the documentation must be received, which must be **30 calendar days** from the date of the notice. In the event the 30th calendar day falls on a non-Business Day, the Servicer must specify the following Business Day as the date in which the documentation must be received.

If the documents are not received by the date specified in the notice, the Servicer must make one additional attempt to contact the Borrower in writing regarding the incomplete documents. This additional notice must include the specific date by which the documentation must be received, which must be **15 calendar days** from the date of the second notice. In the event the 15th calendar day falls on a non-Business Day, the Servicer must specify the following Business Day as the date in which the documentation must be received. If a Borrower is unresponsive to these requests for documentation, the Servicer may discontinue document collection efforts and determine the Borrower to be ineligible for HAMP. If the Borrower is determined to be ineligible for HAMP, the Servicer must communicate this determination to the Borrower in accordance with the Borrower Notice requirements provided in Section C65.12(b).

(b) Verification of eligibility

Servicers must evaluate a Borrower for HAMP only after receipt of the complete Initial Package. For Trial Period Plans with an effective date prior to June 1, 2010

where verbal income information was relied upon to extend a Trial Period Plan offer, refer to Section C65.18 for requirements related to the stated income process.

A Servicer may accept and rely on any information and documentation submitted on behalf of a Borrower by the Borrower's authorized trusted advisor, such as a HUD-approved housing counselor, to determine HAMP eligibility, provided the Servicer complies with applicable privacy and other laws and, when necessary, obtains and maintains in the Mortgage file evidence of the Borrower's written consent to the Servicer's sharing of the Borrower's private financial and any other protected information with the Borrower's trusted advisor.

1. Verification of housing expense-to-income ratio

The Servicer must use verified income to determine that the Borrower's Current Monthly Housing Expense-to-income ratio is greater than 31%. For purposes of this determination, the Servicer must divide the Borrower's Current Monthly Housing Expense by the Borrower's monthly gross income (or the Borrowers' combined monthly gross income in the case of co-Borrowers) plus any allowable non-obligor household income.

If a Borrower has indicated that there are homeowner's association dues or Condominium Unit or cooperative unit maintenance fees or ground rent, but has not been able to provide written documentation to verify these amounts, the Servicer may rely on the information provided by the Borrower if the Servicer has made reasonable efforts to obtain the amounts in writing.

The Current Monthly Housing Expense does not include mortgage insurance premium payments or payments due to holders of subordinate liens.

2. Verification of Primary Residence

Servicers must verify that the property serves as the Primary Residence for at least one of the Borrowers by reviewing a credit report for an individual or joint report for such persons. Such credit report must be no more than 90 days old as of the date the Servicer first determines Borrower eligibility in accordance with Section C65.4. If the credit report does not indicate that the property securing the Mortgage is the Primary Residence for a Borrower, then the Servicer must use good business judgment in reconciling the inconsistency. This additional due diligence on the part of the Servicer must be documented in the Mortgage file/Servicing system for compliance review purposes in accordance with Section C65.8(i).

If a party claims that a Borrower, co-Borrower, or other signatory on the Mortgage has divorced or separated (including dissolution of a civil union or similar domestic partnership under applicable law), the party remaining in the home must submit, as applicable, a copy of the divorce decree, court filed separation agreement or a copy of a recorded quit claim deed evidencing that the departed party has relinquished all rights to the property.

A Borrower, who is temporarily displaced from the property (e.g., temporary Foreign Service assignment, military service, incarceration, etc.), is eligible, even if that Borrower is the only Borrower on the original Mortgage, provided that the Borrower intends to occupy the property as the Borrower's Primary Residence upon return. However, if the property is being leased to a tenant during the period of displacement, the Mortgage is not eligible for HAMP.

3. Verification of income

The Servicer must verify the gross monthly income for all Borrowers on the Note. For purposes of HAMP, a Borrower's income must be supported by documentation that is not more than 90 days old as of the date that the Initial Package is received by the Servicer in connection with evaluating a Mortgage for HAMP. The verified gross monthly income determined in accordance with this section must be input into the Treasury NPV Model when determining the NPV result in Section C65.6(a).

Determining gross monthly income

The Borrower's gross income includes all taxable and non-taxable income, before any payroll deductions, including, but not limited to, base wages and salaries, overtime pay, commissions, fees, tips, bonuses, housing allowances, other compensation for personal services, Social Security payments, including Social Security received by adults on behalf of minors or by minors intended for their own support, payments from annuities, insurance policies, retirement funds, and pensions, disability or death benefits, and positive net rental income, except that the Borrower may, but is not required to, provide alimony, child support or separation maintenance income.

Net and nontaxable income

Net income or tax-exempt income may be used for preliminary screening and qualification, but must be multiplied by 1.25 to obtain an estimate of gross income. If the actual amount of federal and state taxes that would generally be paid by a wage earner is more than 25% of the Borrower's nontaxable income, the Servicer may use that amount to obtain an estimate of gross income.

Income documentation and verification

Except as noted otherwise, Servicers must obtain the following income documentation as part of the Initial Package in order to evaluate a Borrower for HAMP:

- **IRS Form 4506-T or Form 4506T-EZ**. All Borrowers must provide the Servicer a signed and completed IRS Form 4506-T, Request for Transcript of Tax Return, or IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript.

IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, may be submitted in lieu of IRS Form 4506-T for Borrowers who filed a Form 1040 series tax return on a calendar year basis. Both IRS forms are available on **www.HMPadmin.com**. Borrowers may access Form 4506T-EZ in either English or Spanish on **www.MakingHomeAffordable.gov**. Servicers are encouraged to use both the new Form 4506T-EZ and the IRS Income Verification Express Service (IVES), which uses secure e-mail to deliver tax return transcripts to Servicers.

Subsequent references to the IRS Form 4506-T include IRS Form 4506T-EZ, unless noted otherwise.

- **Tax transcript or most recent federal income tax return**. A Servicer must submit the Borrower's Form 4506-T to the IRS for processing unless the Borrower provides a signed copy of his or her most recent federal income tax return, including all schedules and forms. A Servicer also must submit the Borrower's Form 4506-T to the IRS for processing if required by Freddie Mac.

  If the Borrower submits an unsigned tax return without evidence of electronic filing, the Servicer may either submit the Form 4506-T to the IRS for processing or return the tax return to the Borrower for signature. Upon execution, the Borrower should return the "signed" tax return to the Servicer.

  If a Borrower is not required to file a tax return, the Borrower must document why he or she does not need to file one. The Servicer must review and approve this rationale, and document the rationale in the Mortgage file and Servicing system. If the Borrower has not filed a tax return but was required to do so, the Borrower is ineligible for a HAMP Trial Period Plan.

  If, based on the Servicer's good business judgment, the Borrower's tax return information is inconsistent with the income information disclosed by the Borrower or with other income documentation relevant to the HAMP decision, the Servicer must obtain other documentation to reasonably reconcile such inconsistencies. Servicers must also document such material differences in their Servicing system. If the Servicer cannot reconcile such material differences, the Servicer must not offer the Borrower a Trial Period Plan.

- **Employment income.** For wage earners, copies of two recent paystubs, not more than 90 days old as of the date the paystubs are received by the Servicer, for each wage earner on the Note that reflects year-to-date earnings.

  - Servicers may accept paystubs that are not consecutive if, based on the Servicer's good business judgment, it is evident that the Borrower's income has been accurately established.

- When two paystubs indicate different periodic income, Servicers may use year-to-date earnings to determine the average periodic income, and account for any non-periodic income reflected in either of the paystubs.

- When verifying annualized income based on the year-to-date earnings reflected on paystubs, Servicers may, based on their good business judgment, make adjustments when it is likely that sources of additional income (bonus, commissions, etc.) are not likely to continue.

- **Self-employment income.** The most recent signed and dated quarterly or year-to-date profit and loss statement that reflects activity for the most recent three months for each self-employed Borrower. Audited profit and loss statements are not required.

  When calculating gross income for self-employed Borrowers, a Servicer should include the Borrower's net profit plus any salary draw amounts that were paid to the Borrower in addition to adding any of the allowable adjustments used in analyzing the tax returns for the business, such as non-recurring income and expenses, depreciation and depletion (if applicable).

- **Other earned income.** For additional income such as bonuses, commissions, housing allowance, tips or overtime, reliable third party documentation describing the nature of the income (e.g., an employment contract or printouts documenting tip income).

- **Benefit income (other than unemployment benefits).** For other income such as Social Security, disability, death benefits, pension, public assistance or adoption assistance, evidence of (i) the amount and frequency of the benefits such as letters, exhibits, a disability policy or benefits statement from the provider, and (ii) receipt of payment, such as copies of the two most recent bank statements showing deposit amounts. If a benefits statement is not available, Servicers may rely only on receipt of payment evidence, if it is clear that the Borrower's entitlement is ongoing. (Note: Educational grant funds may not be used as a source of income for purposes of determining Borrower eligibility for a Trial Period Plan under HAMP.)

- **Unemployment benefits.** A Servicer must not consider unemployment benefits as a source of income when evaluating a Borrower for a Trial Period Plan under HAMP.

- **Rental Income**. If the Borrower has rental income, it must be documented using the Schedule E – Supplemental Income and Loss for the most recent tax year.

- When Schedule E is not available to document rental income because the property was not previously rented, Servicers may accept a current lease agreement and bank statements or cancelled rent checks.

- If the Borrower is using income from the rental of a portion of the Borrower's Primary Residence, the income must be calculated at 75% of the monthly gross rental income, with the remaining 25% considered vacancy loss and maintenance expense.

- If the Borrower is using rental income from properties other than the Borrower's Primary Residence, the income to be calculated for HAMP purposes should be 75% of the monthly gross rental income, reduced by the monthly debt service on the property (i.e., Current Monthly Housing Expense), if applicable.

- Rental income should not be included in the Borrower's monthly gross income if there is currently no rental income being received due to vacancy (even if rental income was identified in their tax return or tax transcript). The Servicer must reconcile any differences between what the Borrower communicates and the Borrower's verified information. For example, the Servicer may choose to perform a property inspection of the rental property.

- **Alimony, Separation Maintenance and Child Support Income**. For Borrowers who choose to provide alimony, separation maintenance and/or child support income, receipt of this income should be documented with (i) copies of the divorce decree, separation agreement or other legal agreement filed with a court, or a court decree that provides for the payment of alimony or child support and states the amount of the award and the period of time over which it will be received, and (ii) evidence of receipt of payment, such as copies of the two most recent bank statements showing deposit amounts. If the Borrower voluntarily provides such income, and that income renders the Borrower ineligible for a HAMP offer, the Servicer may remove that income from consideration and re-evaluate the Borrower for HAMP eligibility.

- **20% Threshold for Passive and Non-Wage Income.** Notwithstanding the foregoing, a Borrower is not required to document passive and non-wage income that the Borrower declares (including rental, part-time employment, bonus/tip, investment and benefit income) if the Borrower is 60 days or more delinquent at the time of evaluation and it is less than 20% of the Borrower's total income.

  (Note: Pursuant to Section C65.5.2, Servicers must document all passive and non-wage income when evaluating Borrowers for imminent default; the 20% threshold does not apply for such Borrowers.)

- **Non-Borrower Income.** Servicers should include non-Borrower household income in the monthly gross income if:
  - It is voluntarily provided by the Borrower;
  - The Servicer verifies the non-Borrower occupies the subject property as a Primary Residence based on a review of the credit report obtained in compliance with the Fair Credit Reporting Act; and
  - There is documentary evidence to support that the income has been, and reasonably can continue to be, relied upon to support the Mortgage payment

  All non-obligor or "non-Borrower" household income included in monthly gross income must be documented and verified by the Servicer using the same standards for verifying a Borrower's income. A Servicer should not consider expenses of non-Borrower household members, but may only consider the percentage of his or her income that the non-Borrower routinely contributes to the household.

Fraud detection

Servicers must not modify a Mortgage if there is reasonable evidence indicating the Borrower submitted false or misleading information or otherwise engaged in fraud in connection with the modification. Servicers must use good business judgment in determining whether the evidence is reasonably indicative of a Borrower's intentional misrepresentation or submission of false or misleading information.

Document authenticity

Servicers must use good business judgment when determining whether verification documents are authentic and accurate, and allow the Servicer to underwrite the Borrower in accordance with this chapter. Servicers may elect to accept documentation with imperfections (blank fields, erasures, use of correction tape, inaccurate dates, etc.) if the Servicer determines that the imperfections are immaterial to the eligibility decision, are not indicative of fraud and do not impact the Servicer's ability to verify the completeness and accuracy of the Borrower's financial representations.

(c) Consideration for alternative loss mitigation options

When a Borrower is determined to be ineligible for a HAMP modification, the Servicer is required to consider that Borrower for all other available loss mitigation options available under the Guide. Pursuant to the Borrower Notice requirements in Section C65.12(b), available loss mitigation options must be described in the Borrower Notice.

(d) Continued eligibility for HAMP

A Borrower who has been evaluated for HAMP but does not meet the minimum eligibility criteria described in Section C65.4(a), or who meets the minimum eligibility criteria but is not qualified for HAMP by virtue of a Treasury NPV result that is less than negative $5,000, excessive forbearance or other financial reason, may request reconsideration for HAMP at a future time if they experience a change in circumstance provided the Borrower or the Borrower's Mortgage is not otherwise ineligible under Section C65.4(b).

C65.5.2: Determining imminent default (11/01/10)

The following topics are included in this section:

- Overview
- Income, asset and Imminent Default Hardship documentation and verification
- Cash Reserves test
- Freddie Mac Imminent Default Indicator test
- Imminent Default Hardship test
- General requirements and information

(a) Overview

Borrowers who are current or less than 60 days delinquent (i.e., no more than two payments past due) who claim an eligible HAMP hardship, and who otherwise appear to meet the eligibility criteria for HAMP, must first be determined to be in imminent default in accordance with this Section C65.5.2 before being considered for a HAMP Trial Period Plan.

An imminent default evaluation is necessary when the status of the Mortgage is current or less than 60 days delinquent as of the date the Servicer commences the initial evaluation of the Borrower's financial condition using the Cash Reserves test and the Imminent Default Indicator™ test as described below.

The Servicer must rely on the same Mortgage status used to initiate the imminent default evaluation to complete the imminent default determination process, regardless of whether the Borrower becomes 60 days or more delinquent during the imminent default evaluation.

A Borrower, who is current or less than 60 days delinquent at the time the Servicer commences the initial evaluation, is in imminent default if:

- The Borrower's Cash Reserves are less than $25,000 and the Borrower's Imminent Default Indicator result is "1"; **or**
- The Borrower's Cash Reserves are less than $25,000, the Borrower's Imminent Default Indicator result is "2," and the Borrower can document an imminent default hardship that occurred after the Mortgage was originated and is currently causing, and is expected to continue to cause, a long-term or permanent decrease in income or increase in expenses ("Imminent Default Hardship").

(Note: The standards for determining "imminent default" for purposes of HAMP eligibility under this chapter do not alter the definition of "default" under the Mortgage documents.)

(b) Income, asset and Imminent Default Hardship documentation and verification

1. Documentation and verification

In order to evaluate a Borrower for imminent default, the Servicer must, at a minimum, obtain income documentation and a credit report to verify debt expenses pursuant to Sections C65.5.1(b) and C65.6(c), and comply with the following additional requirement:

- **Verification of passive and non-wage income –** Servicer must document and verify all passive and non-wage income prior to evaluating a Borrower for imminent default. The 20% threshold for passive and non-wage income provided in Section C65.5.1(b) does not apply when evaluating a Borrower for imminent default.

2. Imminent Default Hardship documentation

In situations where the Borrower must demonstrate an Imminent Default Hardship, as described below, all documentation supporting the Imminent Default Hardship must be submitted before the Borrower can be determined to be in imminent default.

3. Verification of income and assets; resolution of inconsistencies

Servicers must review all required documentation submitted by the Borrower and compare information contained in that documentation to the information in the tax return or tax transcript to identify any inconsistencies. If, based on the Servicer's good business judgment, the Borrower's tax return information is inconsistent with the income or asset information disclosed by the Borrower or with other documentation relevant to the imminent default decision, the Servicer must obtain other documentation to reasonably reconcile such inconsistencies. Servicers must also document such material differences in their Servicing system. If the Servicer cannot reconcile such material differences, the Borrower cannot be considered in imminent default and is therefore ineligible for a modification under HAMP under these circumstances.

(c) Cash Reserves test

The Servicer must complete an evaluation of the Borrower's Cash Reserves in accordance with the requirements of this Section C65.5.2(c). The Borrower **must** have Cash Reserves of less than $25,000 to be further evaluated for imminent default. If the Borrower either discloses or provides documentation indicating the Borrower has Cash Reserves equal to or greater than $25,000, then the Borrower is not in imminent default and therefore is ineligible for a modification under HAMP.

1. **Definition of Cash Reserves**

   For purposes of determining imminent default, Cash Reserves are defined as follows:

   Cash Reserves: Any non-retirement liquid asset the Borrower has available for withdrawal from any financial institution or brokerage, including funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account, stocks, bonds, mutual funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (e.g., New York Stock Exchange, National Association of Securities Dealers Automated Quotations, Midwest SE, Chicago Board Of Trade or Over the Counter) for which the price can be readily verified through financial publications.

   Assets are only considered retirement assets if they are held in a qualified retirement account such as a 401k, 403b, 457, Individual Retirement Account (IRA) or pension fund. If the assets are not held in a retirement account, the assets must be considered Cash Reserves.

2. **Calculating and verifying Cash Reserves**

   The Servicer must calculate and verify the Borrower's Cash Reserves in accordance with the following requirements:

   - The Servicer must determine that all of the Borrower(s) Cash Reserves have been accounted for on the RMA and verified; except that, in the event the Borrower discloses Cash Reserves of $25,000 or more, the Servicer need not verify the Cash Reserves and the Borrower may not be determined to be in imminent default.

   - In verifying and making the determination that all Cash Reserves have been accounted for, Servicers must review the Borrower's federal income tax return or tax transcript, including information from applicable schedules (i.e., Schedules B - *Interest & Ordinary Dividends*, D - *Capital Gains & Losses*, E - *Supplemental Income & Loss*) and all other available information provided by the Borrower to determine if the asset information stated on the RMA is reasonably consistent with information available from the tax return or tax transcript, or other information. The Servicer must ensure that the Borrower's disclosure of assets is consistent with the interest, dividend income or gain/loss information reflected in the tax return information.

     If, upon reviewing the Borrower's tax return or tax transcript, the Servicer observes interest, dividend income or gains/losses that, in total, could not be reasonably produced by the Borrower's disclosed Cash Reserves, and such income indicates deposits, securities holdings or other assets that could be in excess of the amounts disclosed by the Borrower on the RMA, the Servicer must reconcile the inconsistency with the Borrower. The Servicer must require the Borrower to produce a signed federal tax return and all relevant schedules, in the event the Servicer used a tax transcript in lieu of a tax return, along with any other relevant documentation that verifies the disposition

and/or current status of those assets, which produced the income or gains/losses to resolve the inconsistency.

The Servicer must ensure that the Borrower's disclosure of assets is reasonably accurate despite the inconsistency between the disclosed assets and the income or gain/loss from assets reported on the tax return or tax transcript. In determining what documentation is needed to reconcile an inconsistency, the Servicer must review the detailed tax return schedules and forms, and request from the Borrower copies of recent and past statements from those asset holdings or transactions indicated on the schedules and forms that produced the income or gain/loss (e.g., checking, savings, brokerage account statements, asset sale statements or records, etc).

- If there are inconsistencies between the Borrower's disclosure of assets and the tax return information that cannot be reconciled, or the required Cash Reserves documentation cannot be obtained from the Borrower, the Borrower cannot be considered in imminent default and is therefore ineligible for a modification under HAMP under these circumstances. (See Section C65.5.2(b) for additional information on resolution of inconsistencies.)

If the Servicer determines that the Borrower is not in imminent default in accordance with this Section C65.5.2(c), the Servicer may evaluate the Borrower for other available loss mitigation alternatives if the Servicer, based on the Guide, determines that the circumstances warrant further consideration.

If the Servicer determines the Borrower has Cash Reserves of less than $25,000, the Servicer must next evaluate the Borrower using Imminent Default Indicator.

(d) Freddie Mac Imminent Default Indicator test

If the Servicer determines that a Borrower meets the requirements of Section C65.5.2(a) - (c), the Servicer must continue evaluating the Borrower for imminent default using Freddie Mac's Imminent Default Indicator.

Imminent Default Indicator requires the submission of a specific set of data elements in order to return a result. Three of these specific data elements that the Servicer must input into Imminent Default Indicator include the Fair Isaac Corporation (FICO™) score, the Borrower's monthly debt payment-to-income ratio and the property value. These data elements must be determined in accordance with the requirements below.

Imminent Default Credit Score

Servicers must choose one FICO score that is adequately indicative of the credit reputations of all Borrowers currently on the Mortgage. Servicers may not use a credit score based on any other credit scoring model except FICO. This score, referred to as the "Imminent Default Credit Score," will be input into Imminent Default Indicator and must be obtained and determined in accordance with the requirements below:

1. Obtaining FICO scores for each Borrower

The Servicer must request a FICO score for each Borrower on the Mortgage from any one of the following three credit repositories:

- Equifax Credit Information Services
- Experian Information Systems and Services
- TransUnion Credit Information Company

The Borrower's FICO score must be less than 90 days old on the date the Servicer performs the Imminent Default Indicator test.

Borrowers with no available FICO score

It is unusual for any Borrower who has obtained a Mortgage not to have a FICO score. If no single FICO score can be identified for a Borrower, the Servicer must recheck the information provided when ordering the FICO scores and resubmit a request. If the Servicer still is unable to obtain a FICO score for that Borrower, it may rely on the FICO scores of all other Borrowers as detailed below. If a FICO score is not available for any Borrower on the Mortgage, then Imminent Default Indicator may not be used to evaluate the Borrower. In such instances, the Servicer must (i) maintain documentation in the Mortgage file that demonstrates the Servicer's attempts to obtain FICO scores from all three credit repositories on all Borrowers, (ii) enter a "2" as the Imminent Default Indicator result into Workout Prospector®, and (iii) proceed to the Imminent Default Hardship test below to determine if an Imminent Default Hardship exists.

2. Determining the Imminent Default Credit Score

The Servicer must identify the Imminent Default Credit Score to be input into Imminent Default Indicator in accordance with the following:

- The Servicer must first select a single FICO score for each Borrower on the Mortgage. If the Servicer obtains multiple FICO scores for a single Borrower, the Servicer must use the middle/lower method to select the single FICO score for that Borrower. This method is the most predictive when determining a single Borrower's overall credit reputation. If three FICO scores are obtained for a Borrower, the single score for that Borrower is the one with the middle value. For example, if the FICO scores were 660, 656, 640, the single FICO score selected by the Servicer should be 656. When there is a duplicate score, the Seller must select that score to be the single score. If the FICO scores for a Borrower were 660, 660 and 640, the Servicer should select 660. If two FICO scores were obtained for a Borrower, the Servicer must select the lower of the two FICO scores to be the single FICO score for that Borrower.
- If there is only one Borrower on the Mortgage, the single FICO score, determined in accordance with the above requirements, is the score that is input into Imminent Default Indicator as the Imminent Default Credit Score.
- If there are multiple Borrowers on the Mortgage, the Servicer must determine the single FICO score for each Borrower using the method described above. The Servicer must then select either the lowest FICO score across all Borrowers on the Mortgage or the average FICO score from all Borrowers' single scores. (Note: Whichever method is used, the lowest or the average, the Servicer should choose the single FICO score using the same method and

procedure for all Borrowers and for all Mortgages consistent with fair lending laws.) This score is the Imminent Default Credit Score that must be input into Imminent Default Indicator.

Monthly debt payment-to-income ratio for Imminent Default Indicator

The monthly debt payment-to-income ratio the Servicer inputs into Imminent Default Indicator is calculated by dividing the Borrower(s) total monthly debt payments, determined, verified and documented in accordance with Section C65.6(c), by the Borrower(s) total monthly gross income, determined, verified and documented in accordance with Section C65.5.1(b).

Property value

The current property value that the Servicer must input into Imminent Default Indicator is the property value obtained in accordance with Section C65.6(e).

The property value determination must be less than 90 days old on the date the Servicer performs the Treasury NPV test when qualifying the Borrower for a HAMP Trial Period Plan offer using accurate and complete inputs into the Treasury NPV Model. Therefore, a Servicer must ensure that the property value input into Imminent Default Indicator does not subsequently become more than 90 days old by the time the Servicer completes the initial evaluation of the Borrower using the Treasury NPV Model, if the Borrower is determined to be in imminent default.

Imminent Default Indicator results

Freddie Mac will provide Servicers with an output file with an Imminent Default Indicator result.

- If the Imminent Default Indicator result equals “1” and Cash Reserves are less than $25,000, the Borrower is in imminent default. The Servicer must evaluate the Borrower for a HAMP Trial Period Plan and no further analysis is required by the Servicer to determine imminent default.
- If the Imminent Default Indicator result equals “2” and Cash Reserves are less than $25,000, the Servicer must further evaluate the Borrower using the Imminent Default Hardship test below to determine the Borrower’s likelihood of imminent default.

(e) Imminent Default Hardship test

If the Borrower’s Cash Reserves are less than $25,000 and the Imminent Default Indicator result equals “2,” the Borrower is in imminent default if the Borrower provides the Servicer with documentation evidencing that an Imminent Default Hardship occurred since the current Mortgage was originated based on the requirements specified below. The Imminent Default Hardship must currently cause and be expected to continue to cause a long-term or permanent decrease in income or increase in expenses.

Required Documentation for an Imminent Default Hardship

One or more of the following documents is required to verify each of the following hardship events:

Imminent Default Hardship Event	Documentation for verification of event
Death of Borrower/co-Borrower	▪ Death certificate; ***or*** ▪ Obituary or newspaper article reporting the death; ***and*** ▪ Income documentation prior to the event compared to income documentation of the remaining Borrower after the event
Long term or permanent disability or illness of Borrower/co-Borrower or dependent family member	▪ Doctor's certificate of illness or disability; ***and*** ▪ Medical bills; ***or*** ▪ Proof of monthly insurance benefits or government assistance (if applicable); ***or*** ▪ Tax return showing medical deductions above minimum for itemized deductions
Divorce or legally-documented separation of Borrower/co-Borrower	▪ Divorce decree signed by the court; ***or*** ▪ Current credit report evidencing recorded divorce decree; ***or*** ▪ Separation agreement signed by the court if separation is legally documented by the court; ***or*** ▪ Current credit report evidencing recorded separation agreement; ***and*** ▪ Income or expense documentation prior to the event compared to the income or expense documentation of the remaining Borrower after the event

Separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law	▪ Recorded quit claim deed evidencing that the non-occupying Borrower or co-Borrower has relinquished all rights to the property; ***and*** ▪ Income or expense documentation prior to the event compared to income or expense documentation of the remaining Borrower after the event

If the Imminent Default Hardship documentation confirms that the hardship is an Imminent Default Hardship and the Borrower's Cash Reserves are less than $25,000, the Borrower is in imminent default. The Servicer must evaluate the Borrower for a HAMP Trial Period Plan and no further analysis is required by the Servicer to determine imminent default.

Based on the Imminent Default Hardship evaluation, if the Servicer determines that the Borrower is not in imminent default, the Servicer may evaluate the Borrower for other available Freddie Mac home retention workout options if the Servicer, based on the Guide, determines that the circumstances warrant further consideration.

(f) General requirements and information

- If the Servicer determines that a Borrower is in imminent default, the Servicer must continue evaluating the Borrower using the underwriting requirements outlined in Section C65.6 to determine if the Borrower qualifies for a HAMP Trial Period Plan.
- The Servicer must comply with all applicable federal, State and local laws when qualifying the Borrower for imminent default or otherwise determining eligibility, including, but not limited to, those identified in Section C65.13.
- Servicers must use Imminent Default Indicator, subject to the requirements of the Guide, to evaluate a Borrower who is current or less than 60 days delinquent for imminent default pursuant to the requirements of this Section C65.5.2, and may not use Imminent Default Indicator for any other purpose.
- Imminent Default Indicator is accessible from Freddie Mac's Servicing Technology Tools web site at **http://www.freddiemac.com/singlefamily/service/tools.html**. Servicers must access Imminent Default Indicator using their existing Workout Prospector user ID and password.
- Imminent Default Indicator requires the submission of specific data elements in order to return a result. The Servicer must ensure that all data input into Imminent Default Indicator is true, complete and accurate and that all data is entered correctly.

- An Imminent Default Indicator users' guide is available on our web site at **http://www.freddiemac.com/singlefamily/service/mha_modification.html**. The users' guide describes the data elements and file format requirements for scoring loans, in addition to providing detailed instructions for uploading an input file, downloading the output file and understanding error messages that may be received.
- When using Imminent Default Indicator, Servicers are deemed to be bound by all of the provisions of Exhibit 90, Imminent Default Indicator™ License Agreement, to the same degree as if they had signed such agreement as a "Licensee."

C65.6: Underwriting the Borrower (11/15/10)

The objective of underwriting the Borrower is to achieve a Target Payment based upon a monthly housing expense-to-income ratio that is as close as possible to, but no less than 31% of the Borrower's gross monthly income. The Servicer must underwrite the Borrower and calculate the Target Payment, once the Servicer has:

- Established that the Mortgage, property and the Borrower are eligible under HAMP
- Collected the necessary income information and required documentation from the Borrower
- Analyzed the Borrower's financial situation and verified that all of the information needed to calculate the Target Payment has been provided

This section provides the following requirements related to underwriting the Borrower:

- Net present value (NPV) requirements
- Sequential process for calculating a Target Payment
- Total monthly debt payment-to-income ratio
- Escrows
- Collateral valuation requirements
- Workout Prospector®

(a) Net present value requirements

All Mortgages that meet HAMP eligibility criteria must be evaluated using the Treasury NPV test that compares the Treasury NPV result for a modification completed under HAMP to the Treasury NPV result for not modifying the Mortgage.

Servicers must determine whether a Treasury NPV result is positive or negative, by calculating and documenting the difference between the Treasury NPV output for the modification less the Treasury NPV output for the Mortgage without a modification. If the Treasury NPV output of the modified Mortgage is higher than or equal to the

Treasury NPV output of the Mortgage without modification, the Treasury NPV result is considered to be "NPV positive." If the Treasury NPV output of the Mortgage without a modification is higher than the Treasury NPV output of the modified Mortgage, the Treasury NPV result is considered to be "NPV negative."

The Mortgage is eligible for HAMP if the Treasury NPV result is not less than negative $5,000. Regardless of the Treasury NPV result, the Mortgage is subject to all other eligibility requirements, including the amount of principal forbearance that is permitted. (Refer to Section C65.6(b) for the eligibility requirements for Mortgages with partial principal forbearance.)

Determining when to obtain a Treasury NPV result

A Servicer must obtain the Treasury NPV result for the proposed modification terms when qualifying the Borrower for the Trial Period Plan. The Servicer must retain the Treasury NPV results (in addition to all assumptions, inputs, outputs and version) for the Mortgage in the Mortgage file.

Options for obtaining a Treasury NPV result

Servicers may use the following options when obtaining a Treasury NPV result:

- Servicers may submit Mortgage data to the Treasury NPV Model. The Treasury NPV Model is available on the Home Affordable Modification Program servicer web portal accessible through **http://www.HMPadmin.com**. Detailed guidelines for obtaining access to the model and submitting proposed modification data for evaluation are also available on this portal. Each time that a Servicer processes a new evaluation of a Trial Period Plan under HAMP, it represents and warrants to Freddie Mac that it is using the most current version of the Treasury NPV Model and that the data input into the Treasury NPV Model is accurate and has been input accurately.
- Servicers having at least a $40 billion Servicing book (inclusive of Freddie Mac and non-Freddie Mac Mortgages) may request permission from Freddie Mac, as Compliance Agent, to replicate a system/model to reflect the latest version of the Treasury NPV Model to determine whether a proposed modification meets Freddie Mac's HAMP requirements.

  Before a Servicer may replicate the Treasury NPV Model into its own system, the Servicer must provide its Freddie Mac Default Asset Management account representative with a copy of the most recent written approval the Servicer received from the Compliance Agent. The Compliance Agent's written approval must certify that the Servicer's Treasury NPV Model is built in accordance with Treasury's NPV Model specifications and requirements, and that the Servicer is authorized to use its system to determine a modification's eligibility under Treasury's HAMP guidelines ("Certified Servicer Treasury NPV Model"). Each time a Servicer uses its Certified Servicer Treasury NPV Model to determine whether a proposed modification of a Mortgage is eligible under Freddie Mac's HAMP requirements, it represents and warrants to Freddie Mac that:

- The Compliance Agent's written approval continues to be valid with respect to the Certified Servicer Treasury NPV Model;
- It used the most current release of the Treasury NPV Model in its own system, subject to the Treasury requirements concerning the effective dates for required implementation of any upgrades or changes to the Treasury NPV Model;
- Its results are accurate; and
- It is using the discount rate as specified by Freddie Mac
- It did not change any of the base Treasury NPV Model assumptions including, but not limited to, default or re-default rate, home price projections and REO discount assumptions

The Servicer may not use its Certified Servicer Treasury NPV Model to evaluate Freddie Mac-owned Mortgages if the Servicer has changed any of the base Treasury NPV Model assumptions. In this case, the Servicer must use the Treasury NPV Model that is available through the HAMP servicer web portal, even if it has obtained prior written approval from the Compliance Agent to use its Certified Servicer Treasury NPV Model on mortgages that are not Freddie Mac-owned Mortgages.

(b) Sequential process for calculating a Target Payment

Step 1: Calculate the Target Payment
The Servicer must use the sequential steps below to the extent necessary to calculate a Target Payment.

Based on information input into Workout Prospector by the Servicer, Workout Prospector will determine the terms of the Trial Period Plan and modification, but does not determine Borrower eligibility for imminent default or for HAMP. If Workout Prospector is not able to determine the terms of the Trial Period Plan and modification, Servicers must manually calculate those terms according to the sequential process described in this Section C65.6(b). (See Section C65.6(g) for information on the use of Workout Prospector.)

To determine the necessary steps to achieve the Target Payment, the Servicer must calculate the PITIAS Payment after each sequential step (e.g., after every 0.125% decrease in rate, after every additional month in term, if any, and after each forbearance of $100, if any).

The PITIAS Payment is the monthly payment that must be used to calculate the Target Payment. The Servicer must **not** include non-housing debt, payments on junior liens or mortgage insurance premium payments in the calculation of:

- The PITIAS Payment or
- The PITIAS Payment-to-income ratio.

However, the Servicer must include such payments in the calculation of the Borrower's total monthly debt payment-to-income ratio.

In addition, Borrowers are not required to satisfy any outstanding junior lien(s). Refer to Section C65.16 for additional information regarding Mortgages with a second mortgage lien.

Servicers must follow the sequential process in the order specified below only to the extent necessary to achieve the Target Payment. The Servicer must continue to apply the sequential process to the point that the Target Payment falls just below 31% of the Borrower's gross monthly income and then reverse that last sequential step in order to determine the payment that is closest to, but not less than 31% of the Borrower's gross monthly income.

All Mortgages must be modified to a fully amortizing fixed-rate Mortgage. A Servicer may not modify the current Mortgage to, or maintain the current Mortgage as, an adjustable-rate Mortgage, an interest-only Mortgage, a bi-weekly Mortgage or a daily simple interest Mortgage.

For eligible Mortgages with a scheduled interest rate or payment adjustment occurring during the Trial Period, when the adjustment cannot be determined at the time the Trial Period Plan documents are prepared, Servicers should calculate the Target Payment and underwrite the Borrower assuming the interest rate and the minimum payment legally due under the Note at the time of the underwriting remains unchanged during the Trial Period.

Step 2: Capitalization of arrearages
Amounts that may be capitalized to the unpaid principal balance (UPB) if they are part of the secured indebtedness and subject to applicable law are limited to the following:

- Delinquent accrued interest (and amounts expected to accrue during the Trial Period)

- Funds advanced by the Servicer, or to be advanced and paid to a third party during the Trial Period, for the payment of real estate taxes and insurance premiums

- Foreclosure expenses incurred, including attorney fees and title costs incurred as part of the foreclosure process, subject to the reimbursable limits in Exhibit 57A, Approved Attorney Fees and Title Expenses

- Property preservation expenses or property inspection fees not to exceed the reimbursable limits in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts

- Any other expenses that were advanced and paid to a third party, as specified in Guide Sections 66.29 and 71.13, provided that they were paid to a third party during the Trial Period

A Servicer may capitalize only the first incurred late fee, interest or penalty associated with the late payment of real estate taxes on a non-escrowed Mortgage. If there has been more than one delay in payment of real estate taxes on a non-escrowed Mortgage, a Servicer must not capitalize any additional late fees, penalties or interest beyond the first incurred late fee or penalty, nor can it seek reimbursement of these additional amounts from Freddie Mac or the Borrower.

Title costs incurred outside of the foreclosure process (i.e., to preserve the First Lien priority of the modified Mortgage, if applicable) are reimbursable through the reimbursement of expenses process described later in this chapter and are not permitted to be capitalized.

Servicers may not capitalize junior lien holder subordination fees. Servicers are not required, but may choose to pay those fees out of pocket and offset such costs out of their incentive payments.

In addition, Servicers must not capitalize lender-paid mortgage insurance premiums.

Step 3: Interest rate reduction
The Servicer must next reduce the current interest rate on the existing Mortgage in decrements of 0.125%, only to the extent necessary, to achieve the Target Payment. However, the Servicer may not reduce the interest rate below the 2% interest rate floor.

If the resulting interest rate is at or above the Interest Rate Cap, this modified interest rate will be the new Note Rate for the life of the modified Mortgage.

If the resulting rate is below the Interest Rate Cap, this reduced rate will be in effect for the first five years of the modified Mortgage. Beginning with the sixth year, the modified interest rate will increase annually by 1% per year (or such lesser amount that may be needed) until the interest rate reaches the Interest Rate Cap, and will remain fixed at that Interest Rate Cap for the remaining life of the modified Mortgage.

> **Example:** The current interest rate on the Mortgage is 8.0% and the Interest Rate Cap is 6.5%. In order to achieve the Target Payment, the interest rate on the Mortgage must be reduced to 5.0%. The interest rate on the modified Mortgage will be fixed at 5.0% for the first five years and then increase by 1.0% in year 6 to 6.0%, and increase by 0.5% in year 7 to 6.5%. Thereafter, the interest rate will remain at 6.5% for the remaining term of the Mortgage.

The Mortgage is not eligible for a modification under HAMP if the Borrower's interest rate does not drop at least one-eighth of 1% (0.125%) without the modified monthly Mortgage payment ratio going below 31%.

If the Target Payment is reached based on a reduction to the interest rate and the Treasury NPV requirements set forth in Section C65.6(a) are met, then the Servicer must prepare and send the Borrower the Trial Period Plan. If the Servicer is unable to achieve the Target Payment using Step 3, then the Servicer must consider extending the term of the Mortgage as provided in Step 4.

Step 4: Extend amortization term
The Servicer must extend the Mortgage term in one-month increments only to the extent necessary to achieve the Target Payment. However, the Servicer may not extend the term to allow more than 480 modified payments from the Modification Effective Date.

If the Target Payment is reached based on Steps 3 and 4 and the NPV requirements set forth in Section C65.6(a) are met, then the Servicer must prepare and send the Borrower the Trial Period Plan using only these steps. If the Servicer is unable to achieve the Target Payment using Step 4, then the Servicer must consider forbearance of part of the Mortgage principal as provided in Step 5.

Step 5: Partial principal forbearance

The Servicer must incrementally forbear a portion of the unpaid principal balance in $100 amounts, only to the extent necessary, until the payment on the remaining interest-bearing balance creates the Target Payment. This process requires the Servicer to treat the debt as if it is composed of two separate balances: an interest-bearing amortizing principal balance and a deferred non-amortizing principal balance. The deferred principal balance, or principal forbearance balance, is non-interest-bearing and non-amortizing and will be due in the form of a balloon payment upon the earlier of transfer of all or a portion of the property, the payoff of the interest-bearing balance, or the new maturity date of the modified Mortgage.

Limitations on the amount of partial principal forbearance

When forbearing a portion of the unpaid principal balance to achieve the Target Payment, Servicers may not forbear principal in an amount that exceeds the Forbearance Limit. The Forbearance Limit is equal to the greater of (i) 30% of the unpaid principal balance of the Mortgage including the capitalization of arrearages **or** (ii) an amount resulting in a modified interest-bearing balance that would create a Mark-to-Market LTV Ratio equal to 100%.

If the amount of partial principal forbearance necessary to achieve the Target Payment is greater than the Forbearance Limit, then the Mortgage is not eligible for modification under HAMP and the Servicer must send a Borrower Notice and include excessive forbearance as the reason for the declination. The Servicer may, but is not required to, run the Treasury NPV Model.

Note: In accordance with Section C65.7(d), Servicers may forbear principal in excess of the Forbearance Limit to achieve the Target Payment when determining the final amounts to be capitalized and preparing the Modification Agreement.

If the Target Payment is achieved while complying with the Forbearance Limit and complies with the NPV requirements set forth in Section C65.6(a), then the Servicer must prepare and send the Borrower the Trial Period Plan Notice (Verified).

Additional requirements

For Mortgages that have principal forbearance, the Servicer must make the authorized changes to the Modification Agreement. Refer to Section C65.2 for information on authorized changes to the Modification Agreement.

Refer to Section C65.10 for special investor reporting and remitting requirements.

Step 6: Non-qualified Borrowers

If the Target Payment cannot be achieved using Steps 2-5 above, or if the Mortgage is not eligible for a HAMP modification based on the Treasury NPV result, or the Borrower affirmatively rejects or does not accept the Trial Period Plan offer (e.g., fails to make the first Trial Period payment), the Servicer must consider the Borrower for other alternatives to foreclosure and offer the Borrower options for which he or she may qualify.

If the Servicer is unable to offer the Borrower a HAMP modification or a different alternative to foreclosure under the Guide, the Servicer must refer the Mortgage to Freddie Mac for review to determine whether the Servicer evaluated the Mortgage in accordance with the HAMP requirements set forth in this chapter ("Second Level Review").

Second Level Review

If the Second Level Review indicates the Servicer did not evaluate the Borrower in accordance with HAMP requirements, the Servicer will be advised to reconsider the Borrower for HAMP and may be provided notice of those specific requirements where the Servicer appears to have erred. Only the Servicer has the authority to determine HAMP eligibility and to deny a Borrower for a HAMP Trial Period Plan. If the Servicer is able to qualify the Borrower for another alternative to foreclosure other than HAMP, the Mortgage does not need to be submitted for a Second Level Review.

To refer a Mortgage for Second Level Review, the Servicer must submit the following documentation:

- Contact name, phone number, and e-mail address for the Servicer
- Borrower and co-Borrower credit reports

- Any and all information used to determine whether the Borrower qualifies for a HAMP Trial Period Plan or Modification Agreement, including, but not limited to: all income documentation, the RMA, documents that support a Borrower's Imminent Default Hardship as applicable and any documentation provided by the Borrower to reconcile inconsistencies or discrepancies

Freddie Mac has engaged Home Retention Services to assist with Second Level Reviews specific to HAMP. To expedite timely review, the documentation set forth above must be submitted directly to Home Retention Services. Servicers must submit a Mortgage for a Second Level Review using one of the following methods:

1. The Home Retention Services web portal (a secure user ID and password are required for access). To obtain a user ID, Servicers should contact Home Retention Services directly at (866) 877-8109 or via e-mail at **fresecondlook@stewart.com.** Instructions on how to use the portal will be provided along with the user ID and password; or
2. Fax the documentation described above as one submission to Home Retention Services at **(800) 332-1839**

In addition, the Servicer must ensure that in Workout Prospector:

- All applicable fields in the HAMP data entry screens have been populated (including Escrow amounts and Treasury NPV values)
- The sequential process to achieve the Target Payment using steps 2-5 above ("the waterfall") has been executed
- The HAMP status has been saved to a "Draft - Borrower Declined Terms/Ineligible" status

Servicers must temporarily suspend any foreclosure sale and must not refer a Mortgage to foreclosure while Freddie Mac is conducting the Second Level Review.

(c) Total Monthly Debt Payment-to-Income Ratio

Servicers must calculate the Borrower's total monthly debt payment-to-income ratio using monthly expenses verified by obtaining a credit report for each Borrower (or a joint report for co-Borrowers) that is not more than 90 days old as of the date the Servicer receives a complete Initial Package, in addition to any monthly obligations provided by the Borrower either verbally or in writing. If the credit report is inconsistent with other information provided by the Borrower, the Servicer must use good business judgment in reconciling the inconsistency. (Note: Refer to Section C65.5.2 for information on the seasoning requirements for credit scores used for the imminent default evaluation.)

The Servicer must calculate a total monthly debt payment-to-income ratio for each Borrower to whom a Trial Period Plan is being offered. For this purpose, the total monthly debt payment is the sum of the monthly charges for the following:

- PITIAS Payment (see Section C65.1(a))
- Payments on all installment debts with more than 10 months of payments remaining, including debts that are in a period of either deferment or forbearance. When payments on an installment debt are not on the credit report or are listed as deferred, the Servicer must obtain documentation to support the payment amount included in the monthly debt payment. If no monthly payment is reported on a loan that is deferred or is in forbearance, the Servicer must obtain documentation verifying the proposed monthly payment amount, or use a minimum of 1.5% of the balance.
- Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment will be calculated by multiplying the outstanding balance by 3%
- Monthly payment on a Home Equity Line of Credit (HELOC) must be included in the total monthly debt payment-to-income ratio using the minimum monthly payment reported on the credit report. If the HELOC has a balance but no monthly payment is reported, the Servicer must obtain documentation verifying the payment amount, or use a minimum of 1% of the balance.
- Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
- Car lease payments, regardless of the number of payments remaining
- Aggregate negative net rental income from all Investment Properties owned
- Monthly mortgage payment for second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowner association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges))
- Payments on any subordinate lien
- Payments for mortgage insurance premiums, if applicable.

Credit counseling

Borrowers with a total monthly debt payment-to-income ratio (calculated as described above inclusive of the Target Payment) that is equal to or greater than 55% are required to enter a counseling program with a Department of Housing and Urban

Development (HUD)-approved housing counseling agency as a condition for the modification.

Servicers must notify Borrowers with a total monthly debt payment-to-income ratio equal to or greater than 55% of the counseling requirement using the HAMP Counseling Referral Letter (see Section C65.2), and must retain a copy of the HAMP Counseling Referral Letter provided to the Borrower in the Mortgage file.

The modification will not take effect until the Borrower provides a signed statement indicating that he or she will obtain counseling. The Modification Agreement that the Borrower must sign includes such a statement and will satisfy this requirement.

A list of HUD-approved counseling agencies is available at **http://www.hud.gov** or by calling the toll-free number at **1-800-569-4287**.

(d) Escrows

Unless prohibited by applicable law, an Escrow account must be created on the Mortgage when Escrows are not maintained on the existing Mortgage. Prior to or during the Servicer's determination of the Borrower's eligibility for HAMP, the Servicer must perform an Escrow analysis in accordance with the Real Estate Settlement Procedures Act (RESPA) and any applicable federal, State, or local law. The Servicer must then establish the Escrow account at the time the Trial Period Plan becomes effective and provide any disclosures required by applicable federal, State, or local law within the time periods prescribed by such laws.

Escrows advanced by the Servicer
Any advances previously made by the Servicer or any advances that will be made during the Trial Period to pay property taxes or insurance premiums must be capitalized in the modified unpaid principal balance (UPB) as long as they were or will be paid to third parties prior to the modification. The Servicer must take these capitalized amounts into consideration, including advances that will be made during the Trial Period, when determining Borrower eligibility under HAMP.

Servicers must use verified amounts due for taxes and insurance premiums when determining the final terms of the Modification Agreement.

Escrow reserve deficiencies
For taxes and insurance premiums that are not yet due before the Modification Effective Date, the Servicer must determine the amount needed to establish the Escrow account (Escrow shortage) that, together with the monthly Escrow payment included in the monthly Mortgage payment, will be sufficient to pay all future taxes and insurance premiums when they fall due.

The Borrower may either remit the Escrow shortage as a lump sum payment or as a Projected Monthly Escrow Shortage Payment paid as part of the Target Payment. This amount may not be capitalized in the UPB of the Mortgage.

If the Borrower elects to make Projected Monthly Escrow Shortage Payments, the amount must be spread equally over a 60-month period and be included when calculating the proposed Target Payment. The Servicer must prepare the Trial Period Plan Notice (Verified) based on this election.

Subsequent Escrow analyses
If the Borrower elected to pay the Escrow shortage described above over a 60-month period, the Servicer must take that into account in any subsequent Escrow analysis to ensure that the Borrower may continue to pay those amounts over the remaining months and not have the amounts accelerated or compressed into a new Escrow payment as a result of a future Escrow analysis. To facilitate this, Servicers may choose to spread any additional Escrow shortage as a result of a subsequent Escrow analysis over the remaining months of the 60-month period.

> **Example**: The Escrow analysis completed at the beginning of the Trial Period indicates an Escrow shortage of $1,000 and the Borrower elected to pay this shortage over a 60-month period, which equaled a Projected Monthly Escrow Shortage Payment of $16.67 included as part of the proposed Target Payment. A subsequent Escrow analysis completed 12 months after the loan has been modified resulted in an additional Escrow deficiency of $500. The Servicer may spread this shortage amount of $500 over the remaining 48 months of the Escrow shortage payment period, which would result in a total monthly Escrow shortage payment of $27.09 to fund the Escrow account.

Remittance of Escrow if Failure of Trial Period Plan
Once the Escrow account is established, the Borrower must continue to make monthly Escrow payments, even if the Borrower fails to comply with the Trial Period Plan and the Mortgage subsequently reinstates.

(e) Collateral valuation requirements

The Servicer must obtain a property valuation for each Mortgage under consideration for a modification under HAMP. This value must be used to perform the NPV test and be input into Workout Prospector if not already available in Workout Prospector. The property value determination must be less than 90 days old on the date the Servicer evaluates the Borrower for a Trial Period Plan using the Treasury NPV Model.

Servicers must obtain a value in accordance with the following requirements:

- For Mortgages that are 31 days or more delinquent, the Servicer may either use the property value available in Workout Prospector or the Automated Valuation

Model (AVM) collateral value provided by Freddie Mac, if such value is available, in a special report that we provide on our web site at **http://www.freddiemac.com/singlefamily/service/mha_modification.html**. Servicers may access the report of AVM collateral values using their Mortgage Servicing products user ID and password. This report will be updated by the fifth Business Day of each month.

If a property value is not available in Workout Prospector and an AVM collateral value is not available, Servicers must obtain the value through our website at **https://www.bpodirect.net** in accordance with the requirements of Section 65.39.

- For Mortgages that are current or less than 31 days delinquent, the Servicer must either obtain a value through our web site at **https://www.bpodirect.net** in accordance with Section 65.39 or request an HVE point value estimate through one of Freddie Mac's HVE distributors

  HVE provides the following data:

  - HVE point value estimate
  - HVE Low value
  - HVE High value
  - Forecast Standard Deviation
  - Confidence Score

  HVE point value estimates may only be obtained for 1-unit attached or detached dwellings or Condominium or PUD units. Mortgages secured by 2- to 4-unit properties, Manufactured Homes, dwellings on a leasehold estate, and, if eligible under a Seller's negotiated Purchase Documents, Cooperative Share Mortgages are not eligible for HVE.

  The HVE point value that the Servicer uses must have a Forecast Standard Deviation that is no greater than 0.20 (corresponding to a high or medium confidence score).

  If a Servicer has not yet set up a relationship to obtain HVE values through one of our distributors, the Servicer should consider doing so now. Information related to HVE and our distributors can be found at **http://www.freddiemac.com/hve/hve.html**.

If the Servicer has a Freddie Mac Broker's Price Opinion (BPO) or appraisal that is less than 90 days old on the date the Servicer evaluates the Borrower for a HAMP Trial Period Plan using the Treasury NPV Model, the Servicer may use that BPO or appraisal.

(f) Borrower Qualification Worksheet

This section has been deleted.

(g) Workout Prospector

Servicers must use Workout Prospector for all Mortgages for which Borrowers are being evaluated for a Trial Period Plan and modification under this chapter. Servicers represent and warrant that they will only use Workout Prospector for the purpose of modifying Freddie Mac Mortgages and not mortgages owned by other investors. Moreover, both the input and output of Workout Prospector is considered Freddie Mac confidential information that the Servicer agrees not to disclose to third parties, except as authorized by Freddie Mac. Servicers using Workout Prospector are deemed to be bound by all of the provisions of the Workout Prospector User Agreement, included in this Guide as Exhibit 86, to the same degree as if they had signed such Agreement as a "User."

Servicers must use Workout Prospector for any Mortgage that meets the eligibility requirements in Section C65.4.

Once the Servicer has initially determined that the Borrower meets the eligibility requirements specified above and has sufficient information to underwrite the Borrower, the Servicer must access the Workout Prospector application and submit all required data for Borrowers under consideration for a modification under HAMP:

- Servicers must ensure that the evaluation date in Workout Prospector accurately reflects the date of the initial evaluation of the Mortgage
- For Borrowers who are current or less than 60 days delinquent, the Servicer must first evaluate the Borrower for imminent default in accordance with Section C65.5.2 and enter the Imminent Default Indicator result and the Imminent Default Hardship reason, if applicable, into Workout Prospector
- If a Borrower is 60 or more days delinquent, or current or less than 60 days delinquent and determined to be in imminent default, the Servicer must calculate the Borrower's Target Payment and determine the modification terms in accordance with the sequential process (the waterfall) provided in Section C65.6.
- Once the Servicer has calculated the proposed modification terms in Workout Prospector, the Servicer must ensure the terms are in compliance with the Forbearance Limit in accordance with Section C65.6 and then evaluate those terms using the Treasury NPV Model in accordance with Section C65.6. The Treasury NPV result must be entered into Workout Prospector.
- If the Servicer is able to obtain a Target Payment that complies with the Forbearance Limit and the Treasury NPV requirements in Section C65.6, then the Servicer must save the data for the Mortgage by changing the status to "Trial Period Verified Income – Approve" status
- If the Servicer is unable to achieve a Target Payment, the proposed modified terms violate the Forbearance Limit, or the Treasury NPV result is less than negative $5,000, or the Servicer determines that a Borrower that is current or less

than 60 days delinquent is not in imminent default, then the Servicer must select the “Trial Period Verified Income - Borrower Declined Terms/Ineligible” status. The Servicer must also select at least one “Declined Reason” from the options provided.

- Upon successful completion of the Trial Period, the Servicer must update the principal balance as of the Modification Effective Date and any applicable fields to reflect the final amounts that must be capitalized in accordance with Section C65.7(d). Upon receipt of the signed Modification Agreement from the Borrower, the Servicer must change the status to “HAMP Modification Approve” and transmit the model to Freddie Mac.

If Workout Prospector is not able to provide terms for the Trial Period Plan or Modification Agreement for the Borrower based on information the Servicer has provided, the Servicer must manually underwrite the Borrower in accordance with the requirements of Chapter C65 prior to resubmitting the information into Workout Prospector. If a Servicer is unable to complete a submission into Workout Prospector the Servicer should contact (800) FREDDIE.

Accuracy of data

Workout Prospector requires the submission of specific data elements in order to return a complete workout solution. Complete details of the required data fields as well as the data field specifications can be found on our secure web site at **https://www.freddiemac.com/slearnctr/hamp/index.html**. The Servicer must ensure that all data input into Workout Prospector is true, complete and accurate and that all data is entered correctly.

Use of Servicer proprietary system

Servicers may use their own proprietary system to generate the terms of the Trial Period Plan and the Modification Agreement; however, the Freddie Mac data also must be entered in its entirety into Workout Prospector (i.e., the Servicer must input required data at the time of initial evaluation of the Mortgage for HAMP and continuously throughout the modification process into Workout Prospector). Servicers must structure the terms of a HAMP Trial Period Plan, Modification Agreement or other foreclosure alternative in accordance with the results generated by Workout Prospector, their own proprietary system, or a third-party system. However, in relying on their own proprietary or a third-party system, Servicers must ensure that their results are the same as the results generated by Workout Prospector prior to sending out the Trial Period Plan Notice (Verified) or Modification Agreement to the Borrower.

General information

- A secure user ID and password are required to access Workout Prospector. To obtain access or add additional users, Servicers must complete and submit the signup form provided on **http://www.freddiemac.com/service/msp/wp2order.html.**

- A Workout Prospector Users' Guide with detailed instructions for transmitting and processing Mortgages under consideration for the HAMP is available via our secure web site at **https://www.freddiemac.com/slearnctr/hamp/index.html**

- Servicers may import information into Workout Prospector via a batch process; however, Servicers must manually select and save the HAMP status for each individual Mortgage through Workout Prospector once the data has been imported. The bulk upload system specifications can be found on our web site, which you can access by visiting our secure HAMP web site at **https://www.freddiemac.com/slearnctr/hamp/index.html**.

Use of Workout Prospector when pursuing other alternatives to foreclosure

Servicers must also use Workout Prospector to structure other Freddie Mac foreclosure alternatives (with the exception of short-term and long-term forbearance plans) in the following instances:

- Mortgages for which the Borrower failed the HAMP Trial Period
- Mortgages that did not qualify for HAMP
- Mortgages for which the Borrower did not accept the terms of the Trial Period Plan or Modification Agreement under HAMP

C65.7: Modification process (09/01/10)

Servicers must utilize a two-step process for modifications under HAMP. The first step is to send the Borrower a Trial Period Plan Notice (Verified) that describes the terms of the Trial Period and the conditions upon which the Borrower's Mortgage may be modified. The Servicer must perform this step once the Servicer has determined using the sequential process described in Section C65.6(b) that the Borrower qualifies for a modification under HAMP. During the Trial Period the Borrower will be required to make payments at the estimated modified payment amount.

The second step involves sending the Borrower a Modification Agreement. The Servicer must calculate the terms of the modification once all final amounts that must be capitalized are known.

This section describes the following requirements for offering and processing the Trial Period Plan Notice (Verified) and the Modification Agreement:

- Processing the Trial Period Plan offer
- Execution of HAMP documents
- Requirements during the Trial Period
- Conversion to permanent modification
- Authorized changes to the Modification Agreement
- Closing the modification

(a) Processing the Trial Period Plan offer

If the Borrower qualifies for a modification under HAMP, the Servicer must offer the Borrower a Trial Period Plan.

The Servicer must send the Borrower:

- **The Trial Period Plan Notice (Verified).** Servicers must make certain authorized changes to the Trial Period Plan Notice (Verified) as required in Section C65.2. When preparing the Trial Period Plan Notice (Verified), the Servicer must determine the Trial Period Plan Effective Date and the due date of the first Trial Period payment in accordance with the following instructions:

If the Servicer sends the Trial Period Plan Notice (Verified) to the Borrower:	… then the Trial Period Plan Effective Date and the due date of the first Trial Period payment is:
On or before the 15th of the month	The first day of the next month
After the 15th of the month	The first day of the month after the next month

  For example, if the Servicer sends the Trial Period Plan to the Borrower on June 10, the Trial Period Plan Effective Date and first Trial Period payment due date are both July 1. If the Servicer sends the Trial Period Plan to the Borrower on June 17, the Trial Period Plan Effective Date and first Trial Period payment due date are both August 1.

  Notwithstanding the requirement above, after the Trial Period Plan Notice (Verified) was sent to the Borrower, the Servicer may commence the Trial Period on the first day of the next month if the Borrower consents to commence the Trial Period earlier than the effective date requirements set forth above.

  If the Borrower fails to submit the first Trial Period payment on or before the last day of the first Trial Period Month (e.g., on or before July 31st in the first example above) the Servicer ***must*** consider the Trial Period Plan offer to be rejected by the Borrower. In such a case, the Borrower is ineligible to be considered for a HAMP Trial Period Plan in the future. See Section C65.4(b).

- **Any applicable disclosures** related to the establishment of an Escrow account and any other disclosures required by applicable federal, State and local law. The Servicer must collect from the Borrower and maintain in the Mortgage file all Borrower executed disclosures, if any, to the extent applicable federal, State or local law requires executed disclosures to be retained by the provider.

- **The HAMP Counseling Referral Letter** if the Borrower's total monthly debt payment-to-income ratio is equal to or greater than 55%. For information about the HAMP Counseling Referral Letter, see Section C65.6(c).

The Servicer must retain a copy of the Trial Period Plan Notice (Verified) in the Mortgage file and note the date that it was sent to the Borrower.

Borrower acceptance of offer
Borrowers are not required to sign or return the Trial Period Plan Notice (Verified). Timely receipt of the first payment due under the Trial Period Plan Notice (Verified) is evidence of the Borrower's acceptance of the Trial Period Plan terms and conditions. The Servicer must receive the Borrower's first Trial Period payment on or before the last day of the month in which the Trial Period Plan Effective Date occurs (Trial Period Plan Offer Deadline). Otherwise, the Servicer must consider the Trial Period Plan offer to have expired.

For Trial Period Plan offers made using the Home Affordable Modification Trial Period Plan (Form 3156, dated 3/09 (rev. 8/09)) with Trial Period Plan Effective Dates prior to June 1, 2010, a Borrower in a Trial Period Plan who makes the first Trial Period payment, but does not sign and return the Trial Period Plan (Form 3156) prior to the end of the Trial Period, must receive a HAMP modification provided the Servicer has received all required Trial Period Plan payments, the Servicer has determined the Borrower to be eligible based on review of all other HAMP-required documentation, and the Borrower provides a fully executed Home Affordable Modification Agreement (Form 3157).

(b) Execution of HAMP documents

All Borrowers and any other signatory to the Security Instrument must sign the Modification Agreement and all other required HAMP documents except the following:

- A Borrower, co-Borrower, or signatory on the Security Instrument who is deceased, as evidenced by a death certificate, or an obituary or newspaper article reporting the death

- A Borrower, co-Borrower, or signatory on the Security Instrument who is divorced or legally separated from another party, as evidenced by a divorce decree signed by the court or court filed separation agreement, or

- A Borrower, co-Borrower, or signatory on the Security Instrument, who is unrelated by marriage, civil union or similar domestic partnership under applicable law and who purchased or owned the property and has since vacated and no longer occupies the property, provided the remaining Borrower submits a copy of a recorded quit claim deed evidencing that the departed party has relinquished all rights to the property.

Servicers may evaluate requests on a case-by-case basis when the Borrower is unable to sign due to circumstances such as mental incapacity, military deployment, etc. Furthermore, a Borrower may elect to add a new co-Borrower, provided the new co-Borrower occupies the property as a Primary Residence.

For Mortgages secured by a property owned by an eligible *inter vivos* trust, the Borrower must sign all HAMP-related documents in both an individual capacity and as trustee of the *inter vivos* trust. The Servicer must also make certain authorized changes to the Modification Agreement. (Refer to Section C65.2 for information on authorized changes to the Modification Agreement.)

(c) Requirements during the Trial Period

The first Trial Period payment is due by the Trial Period Plan Offer Deadline. The Servicer must require the Borrower to remit timely payments. For all Trial Period Plans with a Trial Period Plan Effective Date on or after June 1, 2010, each Trial Period payment must be received no later than the last day of the month in which the Trial Period payment is due. Borrowers who fail to make timely Trial Period payments are considered to have failed the Trial Period and are not eligible for a HAMP modification. Servicers must use good business judgment in determining whether Trial Period payments were received timely or if mitigating circumstances caused the payment to be late. Exceptions must be documented in the Servicer's records.

Although the Borrower may make scheduled Trial Period payments earlier than expected, under HAMP, the payments may not result in acceleration of the Modification Effective Date.

During the Trial Period, Servicers must service the Mortgage consistent with the Servicing requirements for Mortgages on a forbearance plan, except as set forth in this chapter. In addition, the Servicer must:

- Continue to report and remit to Freddie Mac in accordance with the investor reporting and remitting requirements set forth in the Guide, which include the advancing of scheduled interest (and principal, if applicable) under the existing Mortgage terms to Freddie Mac, provided that the Servicer has not inactivated the Mortgage

- Credit to an unapplied or suspense funds account, payments made by the Borrower during the Trial Period. Once enough funds have accumulated in the unapplied or suspense funds account to satisfy a full payment under the existing Mortgage terms (including applying the portion of the Trial Period payment allocable to escrowed items to the existing or newly established Escrow account), the Servicer must apply the payment in accordance with the current Note and Security Instrument.

Late charges may accrue during the Trial Period subject to the requirements of Section 64.3. However, all accrued and unpaid late charges must be waived in the event the Mortgage is modified.

For additional requirements related to foreclosure actions and Borrowers in bankruptcy, refer to Section C65.7.1.

Refer to Section C65.11 for special Electronic Default Reporting requirements during the Trial Period.

Changes to tax and insurance premium payments during the Trial Period
If there are changes in a Borrower's tax and insurance premium payments during the Trial Period after the Borrower has been qualified based on verified information and documentation, the Servicer is not required to re-qualify the Borrower based on the subsequent changes in taxes and insurance. However, the Servicer must provide written notice to the Borrower – in addition to any Escrow notification required by RESPA – which explains the impact of the new Escrow payment on the modification.

Special credit reporting requirements
The Servicer must continue to report a "full-file" status report to the four major credit repositories for each loan under HAMP in accordance with the Fair Credit Reporting Act and credit bureau standards as provided by the Consumer Data Industry Association (CDIA).

"Full-file" reporting means that the Servicer must describe the exact status of each Mortgage it is Servicing as of the last Business Day of each month.

(d) Conversion to permanent modification

Determining final amounts to be capitalized
Once the Servicer knows the final amounts that must be capitalized, the Servicer must recalculate the final modification terms using the Borrower's verified income and prepare the Modification Agreement. (Pursuant to Section C65.1, Servicers must use the Freddie Mac Weekly Primary Mortgage Market Survey® Rate as of the date that the Modification Agreement is prepared rounded to the nearest one-eighth of 1% (0.125%).)

If there is any remaining balance of payments made by the Borrower in the unapplied or suspense funds account at the end of the Trial Period that is insufficient to satisfy a scheduled payment under the existing Mortgage terms, the Servicer must apply this balance in accordance with the Security Instrument towards the outstanding arrearages on the Mortgage before such amounts are capitalized. Any excess funds remaining after the Trial Period must not be returned to the Borrower regardless of whether or not the Mortgage is modified.

The Servicer, only when determining the final capitalized amount to prepare the Modification Agreement, may forbear principal beyond the Forbearance Limit, but only to the additional extent necessary to achieve the Target Payment as a result of unanticipated capitalization amounts.

Preparing the Modification Agreement

A Servicer should allow sufficient processing time to prepare the Modification Agreement and provide it to the Borrower for execution, so that the Borrower has sufficient time to return it to the Servicer and make the first modified payment by its due date, which is the first day of the month following the final Trial Period month. A Servicer may not submit an official loan set up record to the Program Administrator to report the permanent modification until the Servicer has obtained a fully executed Modification Agreement.

To prepare the Modification Agreement, the Servicer must:

- Prepare the Modification Agreement in accordance with Guide Section B65.20(1) and revise it as necessary to comply with federal, State and local law. The Servicer must also ensure that the Mortgage, whether during the Trial Period or upon modification, retains its First Lien position and is fully enforceable in accordance with Section B65.20(1). The Servicer does not need to obtain a subordination agreement from any junior lien holder unless the title insurer requires it to issue a title endorsement. If the Servicer is unable to obtain a title policy endorsement, if required, the Servicer must not send the Borrower a Modification Agreement. (Refer to Section C65.2 for authorized changes to the Modification Agreement.)

- Set the Modification Effective Date in the Modification Agreement and the due date of the first payment due after the Trial Period (the "First Modified Payment") to be the first day of the month following the end of the Trial Period. The new interest rate and new principal balance on the modified Mortgage are effective retroactive to the first day of the last month of the Trial Period (i.e., which is exactly one month prior to the First Modified Payment date to allow for payment of interest in arrears). (See below for information on the "interim month option.")

- Mail the Borrower two unsigned copies of the Modification Agreement, together with any applicable disclosures, and provide the Borrower the date by which the Borrower must sign and return the two executed Modification Agreements (and disclosures, if applicable), which must be no more than 14 calendar days from the date the Servicer sent the Modification Agreement. The Borrower must sign both copies of the Modification Agreement and return them to the Servicer. Once the Borrower has made the last required monthly payment due during the Trial Period and otherwise remains in compliance with the terms of the Trial Period Plan, the Servicer must sign the two Modification Agreements, and return one Modification Agreement with all signatures to the Borrower in order for the modification to take effect.

Interim month option
In the event the Borrower does not pay the final Trial Period payment on or before the due date set forth in the Trial Period Plan Notice (Verified), then the Servicer may, at its option, prepare the Modification Agreement such that the Modification Effective Date and the date the First Modified Payment is due is the first day of the second month following the final Trial Period month. However, in this case interest will not begin to accrue at the modified interest rate on the modified principal balance until the first day of the month following the final Trial Period month to accommodate the First Modified Payment of interest in arrears ("interim month option.")

For example, if the final Trial Period payment is due March 1 and the Servicer elects the option described above, the Borrower is not required to make any payment during April, and the First Modified Payment under the Modification Agreement is due on May 1. During the month of March, interest will accrue at the current rate under the current loan documents. The modified interest rate and the modified principal balance will take effect on April 1. The First Modified Payment due on May 1 will pay interest in arrears that accrued during April on the modified principal balance at the modified interest rate.

If the Servicer elects this option, the Borrower will not be required to make an additional Trial Period payment during the month (the "interim month") between the final Trial Period month and the month in which the First Modified Payment is due. Neither the Borrower nor the Servicer will be entitled to accrue incentive compensation for the interim month if the Borrower does not submit funds in an amount that is at least equivalent to the Trial Period payment during the interim month. (See Sections C65.9(a) and (b).)

A Servicer must treat all Borrowers the same in applying this option by selecting, in its discretion and evidenced by a written policy, the date by which the final Trial Period payment must be submitted ("cutoff date") before the Servicer applies this option. The cutoff date must be after the due date for the final Trial Period payment as set forth in the Trial Period Plan Notice (Verified).

In the event the Borrower does not submit funds during the interim month, the effects of the interim month and attendant capitalization of arrearages on the terms of the Modification Agreement may not alter the Servicer's previous determination of the Borrower's eligibility.

The Servicer must modify the Home Affordable Modification Agreement Cover Letter to inform the Borrower of (i) the delay of the Modification Effective Date and First Modified Payment due date by one month and (ii) the effects of the interim month, including, but not limited to, the delay in the effective date of the modified interest rate, any increase in the delinquent interest capitalized, and the loss of one month's accrual of the incentive payment if the Borrower does not

submit additional funds in an amount that is at least equivalent to the Trial Period payment during the interim month.

(e) Authorized changes to Modification Agreement

This section has been deleted. See Section C65.2 for information regarding authorized changes to Modification Agreement.

(f) Closing the modification

Once the Servicer has sent the Borrower an original Modification Agreement with both the Servicer's and Borrower's signatures, the Servicer must:

- Submit the other original Modification Agreement with both the Servicer's and Borrower's signatures for recordation if required (see Section C65.7(d) and Section B65.20) within one Business Day of the Servicer's receipt of either the executed Modification Agreement signed by the Borrower or the final Trial Period payment, whichever is later. If the Modification Agreement must be recorded and the original Security Instrument was registered with Mortgage Electronic Registration Systems, Inc. (MERS), the Servicer is authorized and directed to execute the Modification Agreement on behalf of MERS.

- If recordation is not required, send the other original Modification Agreement to the Servicer's Document Custodian.

  If the other original Modification Agreement is sent for recordation, send a certified copy of the executed Modification Agreement to the Servicer's Document Custodian to be maintained with the Note. Once the other original Modification Agreement is returned from the recorder's office, send it to the Servicer's Document Custodian.

- Retain a copy of the executed Modification Agreement in the Mortgage file

- Transmit the status for all Mortgages due for settlement into Workout Prospector and submit a signed and dated copy of the completed Form 1128, Loss Mitigation Transmittal Worksheet, ("LMTW") to Freddie Mac via fax at (571) 382-4905 (or as otherwise directed by Freddie Mac), no later than the 4th Business Day of the month in which the First Modified Payment is due.

  By completing, signing and submitting the LMTW for Mortgages modified under HAMP, the Servicer represents and warrants to Freddie Mac that it has completed the LMTW in accordance with the LMTW's HAMP instructions and that all information set forth on the LMTW is accurate. In completing the LMTW, the Servicer must ensure, among other things, that:

  - The "Current UPB (pre-modification)" entered on line 10 and the Due Date of the Last Paid Installment (DDLPI) entered in the LOAN DATA section of the

LMTW match the unpaid principal balance (UPB) and DDLPI reported to Freddie Mac as of the last accounting cycle cutoff in the month prior to the First Modified Payment due date

- The "Interest-Bearing Modified UPB" entered on line 20 and the "Deferred Non-Interest-Bearing UPB," if applicable, entered on line 19 of the LMTW, when added together, equal the principal balance due as of the Modification Effective Date and must match the "New Principal Balance" in Section 3.B. of the Modification Agreement
- The data entered on the LMTW matches the terms of the Modification Agreement as determined by Workout Prospector. Pursuant to Section C65.6(g), the Servicer must enter the data into Workout Prospector as required and submit the transaction with the Workout Prospector results.

Freddie Mac will not accept for settlement any HAMP modifications undertaken by the Servicer where required settlement documentation is not provided in accordance with the time frame set forth above.

Once the LMTW has been submitted to Freddie Mac, Servicers should monitor the status of the modification in Workout Manager®, which is accessible from our Servicing Technology Tools web page at **http://www.freddiemac.com/singlefamily/service/tools.html**. All Mortgages that are scheduled to be processed in our systems will appear on the Modifications Pending Update report in Workout Manager. Servicers will need a secure user ID and password to access this application. If Servicers do not currently have a user ID and password, they may request access by completing and submitting the Servicing Applications Sign-Up Form, which is also available on the web page.

In addition, we will notify Servicers that the modification has been processed in our systems via the Loan Modifications Processed report. If a Servicer attempts to report a monthly loan-level transaction on a Mortgage based on the modified terms prior to the modification being processed in our systems, the Servicer will not be able to successfully complete the transaction.

- Submit the transaction to the Program Administrator. (Refer to Section C65.11 for additional information on reporting loan-level data to the Program Administrator.)

- Comply with the reporting and remitting requirements set forth in Section B65.26 to complete the loan modification. We will enter a credit for our proportionate share of the capitalized amount, if applicable, on the Adjustment line of the Servicer's Monthly Account Statement (MAS) plus an adjustment for any miscellaneous interest on a modified Mortgage that is settled after the month in which the First Modified Payment is due.

C65.7.1: Foreclosure actions and Borrowers in bankruptcy (09/01/10)

This section describes the requirements for:

- The initiation and continuation of foreclosure actions
- Extending HAMP to Borrowers who have filed for bankruptcy court protection

(a) Foreclosure actions

1. Prohibition on referral and sale

A Servicer may not refer any Mortgage to foreclosure or conduct a scheduled foreclosure sale *unless* and *until* at least one of the following circumstances exists:

- The Borrower is evaluated for HAMP and is determined to be ineligible (refer to Section C65.6(b) Step 6 for information on Second Level Review); or
- The Borrower is offered a Trial Period Plan, but fails to make a Trial Period payment by the last day of the month in which such payment is due; or
- The Servicer has established right party contact, has sent at least two written requests asking the Borrower to supply required information in accordance with Section C65.5 and has otherwise satisfied the Reasonable Effort Solicitation Standard described in Section C65.5(b), and the Borrower failed to respond by the dates indicated in those requests; or
- The Servicer has satisfied the Reasonable Effort Solicitation Standard without establishing right party contact; or
- The Borrower or co-Borrower states he or she is not interested in pursuing a HAMP modification and such statement is reflected by the Servicer in its Servicing system or the Borrower fails to return the signed Modification Agreement by the deadline provided by the Servicer.

2. Borrower response period

Section C65.12(b) describes the circumstances in which a written non-approval notice must be provided to Borrowers who have not been approved for HAMP. The Servicer may not conduct a foreclosure sale within the 30 calendar days after the date of a non-approval notice or any longer period required to review supplemental material provided by the Borrower in response to a non-approval notice unless the reason for non-approval is due to:

- An ineligible Mortgage; or
- An ineligible property; or
- An offer not accepted by Borrower/request withdrawn; or
- A Mortgage previously modified under HAMP or previously subject to a canceled or failed Trial Period Plan

A model clause describing these rights is posted on our web site at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**. Use of the model clause is optional; however, it illustrates the level of specificity that is deemed to be in compliance with the requirements of this section.

3. Halt of existing foreclosure actions during a Trial Period based on verified income

With respect to a Borrower who submits a request for HAMP consideration after a Mortgage has been referred to foreclosure but a sale date has not been scheduled, the Servicer shall, immediately upon the Borrower's acceptance of a Trial Period Plan based on verified income and for the duration of the Trial Period, take those actions within its authority that are necessary to halt further activity and events in the foreclosure process, whether judicial or non-judicial, including but not limited to refraining from scheduling a sale or causing a judgment to be entered.

Servicers must not halt further foreclosure activity when a Borrower received a HAMP offer and failed to make one or more payments under the Trial Period Plan by the last day of the month in which it was due.

The Servicer shall not be in violation of this requirement to the extent that:

(a) A court with jurisdiction over the foreclosure proceeding (if any), or the bankruptcy court in a bankruptcy case, or the public official charged with carrying out the activity or event, fails or refuses to halt some or all activities or events in the matter after the Servicer has made reasonable efforts to move the court or request the public official for a cessation of the activity or event;

(b) The Servicer must take some action to protect the interests of Freddie Mac in response to action taken by the Borrower or other parties in the foreclosure process; or

(c) There is not sufficient time following the Borrower's acceptance of the Trial Period Plan for the Servicer to halt the activity or event, provided that in no event shall the Servicer permit a sale to go forward.

The Servicer must document in the Mortgage file if any of the foregoing exceptions to the requirement to halt an existing foreclosure action are applicable.

4. Deadline for suspension of foreclosure sales

When a Borrower submits a request for HAMP consideration (i.e., a complete Initial Package, including all income documentation) after a foreclosure sale date has been scheduled and the request is received no later than midnight of the seventh Business Day prior to the foreclosure sale date (the "Deadline"), the Servicer must suspend the sale as necessary to evaluate the Borrower for HAMP.

Servicers must not suspend a foreclosure sale when:

(a) A request for HAMP consideration is received after the foreclosure sale date has been scheduled, but before the Deadline, and the Borrower's Initial Package is incomplete;

(b) A request for HAMP consideration is received after the Deadline;

(c) A Borrower received a HAMP modification and lost good standing;

(d) A Borrower received a HAMP offer and failed to make one or more payments under the Trial Period Plan by the last day of the month in which it was due; or

(e) A Borrower was evaluated based upon an Initial Package and was determined to be ineligible for HAMP

The Servicer shall not be in violation of this requirement to the extent that:

- A court with jurisdiction over the foreclosure proceeding (if any), or the bankruptcy court in a bankruptcy case, or the public official charged with carrying out the activity or event, fails or refuses to halt the sale after the Servicer has made reasonable efforts to move the court or request the public official for a cessation of the sale; or
- The Servicer must take some action to protect the interest of Freddie Mac in response to action taken by the Borrower or other parties in the foreclosure process

The Servicer must document in the Mortgage file if one of the foregoing exceptions to the requirement to suspend an existing foreclosure sale is applicable.

Borrower will be deemed to have requested consideration for HAMP when a complete Initial Package is received by the Servicer or its foreclosure attorney/trustee prior to the Deadline. However, the Servicer may establish additional requirements for requests received later than 30 calendar days prior to a scheduled foreclosure sale date, including, for example, a requirement that a complete Initial Package be delivered through certified/express delivery mail with return receipt/delivery confirmation to either the Servicer or the foreclosure attorney/trustee. These requirements must be posted on the Servicer's web site and communicated to the Borrower in writing in accordance with the Borrower solicitation requirements set forth in Section C65.5 or through other written communication.

If the Borrower contacts the Servicer prior to the Deadline, the Servicer must inform the Borrower of the Deadline and any submission requirements.

5. Mitigating foreclosure impact

The Servicer must take the following actions to mitigate foreclosure impact:

- **Simultaneous Trial Period Plan and foreclosure explanation.** When a Borrower is simultaneously in foreclosure and is either being evaluated for HAMP or is in a Trial Period Plan, the Servicer must provide the Borrower with a written notification that explains, in clear language, the concurrent modification and foreclosure processes and state that even though certain

foreclosure activities may continue, the Mortgaged Premises will not be sold at a foreclosure sale while the Borrower is being considered for HAMP or while the Borrower is making payments under a Trial Period Plan. A model clause for this notification is posted on our web site at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**. Use of the model clause is optional; however, it illustrates the level of specificity that is deemed to be in compliance with the requirements of this section.

- **Foreclosure attorney/trustee communication.** Servicers must develop and implement written policies and procedures to provide notification to their foreclosure attorney/trustee regarding a Borrower's HAMP status, including whether the Borrower is potentially eligible for HAMP (and is subject to the Borrower solicitation requirements of Section C65.5), and whether the Borrower is being evaluated for, or is currently in, a HAMP Trial Period Plan. Servicers must ensure that their foreclosure attorney/trustee adheres to all of the requirements of this section with respect to referral to foreclosure, stay of foreclosure actions and suspension of foreclosure sales.

- **Certification prior to foreclosure sale.** Servicers must develop and implement written procedures applicable to all Mortgages that are potentially eligible for HAMP (and are subject to the Borrower solicitation requirements of this Section C65.5) that require the Servicer to provide to the foreclosure attorney/trustee a written certification that (i) one of the five circumstances under the "Prohibition on referral and sale" identified in Section C65.7.1(a) exists, and (ii) all other available loss mitigation alternatives have been exhausted and a non-foreclosure outcome could not be reached. This certification must be provided no sooner than seven Business Days prior to the scheduled foreclosure sale date (the Deadline) or any extension thereof.

(b) Borrowers in bankruptcy

Borrowers in active Chapter 7 or Chapter 13 bankruptcy cases must be considered for HAMP if the Borrower, Borrower's counsel or bankruptcy trustee submits a request to the Servicer. With the Borrower's written permission that is provided to the Servicer, a bankruptcy trustee may contact the Servicer to request a HAMP modification. Servicers are not required to solicit these Borrowers proactively for HAMP.

1. **Borrowers filing for bankruptcy during the Trial Period**
   Borrowers who are in a Trial Period Plan and subsequently file for bankruptcy may not be denied a HAMP modification on the basis of the bankruptcy filing. The Servicer and its counsel must work with the Borrower or Borrower's counsel to obtain any court and/or trustee approvals required in accordance with local court rules and procedures. Servicers should extend the Trial Period Plan as necessary to accommodate delays in obtaining court approvals or receiving a full remittance of the Borrower's Trial Period payments when they are made to a

trustee, but they are not required to extend the Trial Period beyond two months, resulting in a total five-month Trial Period. In the event of a Trial Period extension, the Borrower must make a Trial Period payment for each month of the Trial Period, including any extension month, in order to remain eligible for a HAMP modification.

- **Chapter 13 bankruptcy**
  When a Borrower in an active Chapter 13 bankruptcy is in a Trial Period Plan and the Borrower has made post-petition payments on the Mortgage in the amount required by the Trial Period Plan, a Servicer must not object to confirmation of a Borrower's Chapter 13 plan, move for relief from the automatic bankruptcy stay, or move for dismissal of the Chapter 13 case on the basis that the Borrower paid only the amounts due under the Trial Period Plan, as opposed to the non-modified Mortgage payments.

  A Servicer may not convert a Mortgage to a permanent HAMP modification for such a Borrower unless the Mortgage is released from the bankruptcy plan on or before the proposed due date of the first modified payment. Servicers must clearly communicate this requirement to bankruptcy counsel, the bankruptcy trustee, and the bankruptcy court in connection with any request for the bankruptcy court's approval to modify the Mortgage. In addition, Servicers must modify the Trial Period Plan Notice (Verified) to inform the Borrower that conversion to a permanent modification is conditioned on obtaining the bankruptcy court's approval to modify the Mortgage and release of the Mortgage from the bankruptcy plan prior to the end of the Trial Period.

- **Chapter 7 bankruptcy**
  Borrowers who have received a Chapter 7 bankruptcy discharge in a case involving the Mortgage and who did not reaffirm the Mortgage debt under applicable law, are eligible for HAMP. Refer to Section C65.2 for more information regarding authorized changes to the Modification Agreement related to a Chapter 7 bankruptcy.

Note: If the Borrower filed the bankruptcy pro se (without an attorney), it is recommended that the Servicer provide information relating to the availability of a HAMP modification to the Borrower with a copy to the bankruptcy trustee. Servicers must consult their legal counsel for appropriate language.

2. Substitution of income documents

When a Borrower is in an active Chapter 7 or Chapter 13 bankruptcy, the Servicer may accept copies of the bankruptcy schedules and tax returns (if returns are required to be filed) in lieu of the RMA and Form 4506-T, and may use this information to determine Borrower eligibility (with the income documentation). Servicers should request the schedules and tax returns from the Borrower, Borrower's counsel or bankruptcy court. If the bankruptcy schedules are greater than 90 days old as of the date that such schedules are received by the Servicer,

the Borrower must provide updated evidence of income to determine HAMP eligibility. Additionally, either directly or through counsel, Borrowers must provide a completed and executed MHA Hardship Affidavit (or RMA).

C65.8: Other general requirements (07/28/10)

This section provides the information on the following topics:

- Retention of existing credit enhancements required
- Additional requirements for Mortgages with mortgage insurance
- Servicing Spread
- Other requirements for Mortgages modified under HAMP
- Administrative Costs/Fees
- Reservation of rights to invoke remedies
- Transfers of Servicing
- Reimbursement of expenses
- Document retention requirements

(a) Retention of existing credit enhancements required

Servicers may approve modifications on Mortgages with in-place credit enhancements provided that, if the Servicer is not the credit enhancement provider, the Servicer first obtains any required approval under the terms of the credit enhancement from the entity providing the enhancement, in writing. For example, if the Mortgage has mortgage insurance, the Servicer must first receive approval from the mortgage insurer (MI) of the modification (or have obtained a blanket delegation of authority from the MI directly or through Freddie Mac to approve the modification on the MI's behalf) to enter into a Modification Agreement that complies with the requirements of this chapter.

(b) Additional requirements for Mortgages with mortgage insurance

Mortgage insurer approval of Mortgage modifications
Servicers are reminded that they must comply with all requirements of applicable mortgage insurance policies when Servicing Freddie Mac-owned Mortgages. Servicers must service all Mortgages, including any Mortgage to be modified in accordance with the terms of HAMP, so as to preserve and not to impair existing mortgage insurance coverage. When executing a Mortgage modification under HAMP, a Servicer must either (i) obtain the applicable mortgage insurer's approval of the terms of the Mortgage modification made in accordance with the requirements of HAMP for each Mortgage on a case-by-case basis, or (ii) ensure that the applicable mortgage insurer has provided a delegation of authority to approve Mortgage modifications made in accordance with the requirements of HAMP on its behalf directly to the Servicer or to Freddie Mac for implementation through its Servicers and Servicer's compliance with the delegation of authority.

Regardless of the grant of delegated authority from a MI, Servicers should always consult the applicable MI for specific processes related to the reporting of modified terms, payment of premiums, and other operational matters in connection with Mortgages modified under HAMP and to determine compliance with mortgage insurance requirements, including the existence of and compliance with the terms of any delegation of authority.

Application of mortgage insurance premium payment
Servicers should consult directly with any MI regarding future mortgage insurance premium payment calculations once the Mortgage has been modified.

Cancellation of Borrower-paid mortgage insurance
Servicers must accurately determine any automatic cancellation of Borrower-paid mortgage insurance or Borrower-requested cancellation of Borrower-paid mortgage insurance in accordance with Chapter 61, the Homeowners Protection Act of 1998 (HPA) and any other applicable federal, State and local law. For the purpose of canceling mortgage insurance on a modified Mortgage (either HPA or pre-HPA) with a partial principal forbearance, the required loan-to-value (LTV) ratios and the midpoint of the amortization period, as applicable, must be based on the gross capitalized UPB (including the amount of any partial principal forbearance).

(c) Servicing Spread

The Servicing Spread the Servicer retains on the Mortgage once modified will be as specified in Section B65.21. For Mortgages with a partial principal forbearance, the Servicing Spread is based on the interest-bearing unpaid principal balance.

(d) Other requirements for Mortgages modified under HAMP

- If a Mortgage that is not subject to a due-on-sale provision receives a modification under HAMP, the Borrower agrees that the modification will cancel the assumability feature of that Mortgage.

- If the loan instruments on the existing Mortgage contain a prepayment penalty provision, the prepayment penalty provision will be null and void upon modification of the Mortgage

See Section C65.2 for information on authorized changes to the Trial Period Plan Notice (Verified) and Modification Agreement.

(e) Administrative Costs/Fees

Servicers may not charge the Borrower a processing fee, or any other administrative costs or fees associated with the processing of the modification. Further, the Servicer may not require any upfront cash contributions from the Borrower, except to the extent the Borrower chooses to fund the entire amount, or a portion, of any Escrow

shortage. Servicers must permit Borrowers who so choose to make a cash contribution.

Servicers may request reimbursement for certain costs associated with the modification that would otherwise be paid by the Borrower (e.g., notary fees, title costs and recordation fees, if applicable). See Section C65.8(h) for information on the process for requesting reimbursement of such expenses.

(f) Reservation of rights to invoke remedies

Notwithstanding the terms of this chapter and Freddie Mac's delegation of authority to Servicer to approve modifications under HAMP, Freddie Mac reserves its rights to exercise any remedies provided by the Guide and the other Purchase Documents, including, but not limited to, a repurchase of the Mortgage, a call on a credit enhancement and/or indemnification by the Servicer for any loss, damage or expense, including court costs and attorney fees, suffered by Freddie Mac in the event Freddie Mac determines that there has been a failure to comply with any selling or Servicing representation or warranty or requirement of the Guide or other Purchase Documents.

(g) Transfers of Servicing

When a Transfer of Servicing includes Mortgages modified under HAMP or in a Trial Period, the Transferor Servicer must provide special notification to the Transferee Servicer. Specifically, the Transferor Servicer must advise the Transferee Servicer that Mortgages modified under the Home Affordable Modification Program or in a Trial Period are part of the portfolio being transferred and must confirm that the Transferee Servicer is aware of and agrees to assume the additional responsibilities associated with the Servicing of these Mortgages.

If the portfolio being transferred includes Mortgages in a Trial Period or modified under HAMP, the Transferor Servicer must so indicate on Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages. In addition, the Servicer must indicate on Form 981 whether the transfer includes modified Mortgages that have a step-rate provision (i.e., the interest rate is subject to incremental increases beginning in year 6 of the modification) or a partial principal forbearance.

If the portfolio being transferred includes Mortgages that have been modified electronically, the Transferor Servicer must indicate on Form 981 that the Modification Agreement is electronic, provide a list of such Mortgages and indicate the name of the repository holding the eModification Agreement.

Additionally, Servicers must follow the Program Administrator's standardized process for the Transfer of Servicing rights related to all HAMP Mortgages as outlined on www.HMPadmin.com, except that, the Transferor Servicer first must obtain approval from Freddie Mac for the Transfer of Servicing on a Mortgage in a

Trial Period or modified under HAMP before notifying the Program Administrator of the proposed Transfer of Servicing.

Servicers must comply with all other requirements with respect to Transfers of Servicing provided under Chapter 56.

(h) Reimbursement of expenses

Servicers may request reimbursement for the following costs associated with the modification under HAMP that would otherwise be paid by the Borrower and which may not be capitalized:

Expense Description	Expense Code	Notes
Recordation fees	**300003**	Actual cost
Title costs, if applicable (except with respect to title costs in connection with a foreclosure proceeding)	**300004**	Reimbursable amounts are in accordance with the limits specified in Exhibit 57A
Notary fees	**042001**	Actual cost. Reimbursement limited to expenses paid to third parties only
HVE	**400003**	Actual cost

Servicers must request reimbursement of the above expenses using the Spreadsheet for HAMP Reimbursement, which is located on our web site at **http://www.freddiemac.com/singlefamily/service/mha_modification.html**. The spreadsheet must be submitted to **overallowables@freddiemac.com** by the fifth Business Day of the month for all expense reimbursement requests on modifications completed in the prior month. All reimbursement requests must be received by Freddie Mac within 30 days of the first modified payment due date, unless there is a delay in recordation of the Modification Agreement that causes the Servicer to exceed this time frame.

Servicers should contact Freddie Mac via **overallowables@freddiemac.com** with any questions about the reimbursement process for expenses associated with modifications under HAMP.

(i) Document retention requirements

Servicers must retain all documents and information received during the process of determining Borrower eligibility for a modification under HAMP, including Borrower income verification, total monthly Mortgage payment and total monthly gross debt payment calculations, NPV calculations and results (Treasury NPV Model and version used, assumptions, inputs and outputs), evidence of the Servicer's application of each step of the waterfall, Escrow analysis, Escrow advances, and

Escrow set up. Servicers must retain all documents and information related to the monthly payments during and after the Trial Period, as well as incentive payment calculations and such other required documents.

All documents, records, data and information required to be maintained by the Servicer under this Chapter C65 are, will be, and will remain at all times, the property of Freddie Mac. The Servicer must retain such documents, records, data and information in a custodial capacity and otherwise comply with the Mortgage file retention requirements set forth in Guide Chapter 52. All documents required to be maintained under this Chapter C65 must be maintained in the Mortgage file.

As it relates to imminent default, a Servicer must document in its Servicing system the basis for its determination that a Borrower is in imminent default and retain all documentation and data used to reach its conclusion. The Servicer's documentation must also include any Imminent Default Indicator input and output files and data.

Servicers must retain detailed records of Borrower solicitations or Borrower-initiated inquiries regarding HAMP, the outcome of the evaluation for modification under HAMP and specific justification with supporting details if the Borrower was determined to be ineligible for a modification under HAMP.

Servicers must maintain appropriate documentary evidence of their HAMP-related activities, including, but not limited to, the following:

- The Servicer's process for pre-screening non-performing Mortgages against the basic HAMP requirements
- All HAMP-related communications, whether verbal or written, with or to the Borrower or person identified in a written authorization by the Borrower and provided to the Servicer in accordance with Section C65.5.1(b) (Authorized Person) (including but not limited to the dates of communications, names of contact person(s), and a summary of the conversation), including any e-mail correspondence to or from the Borrower or Authorized Person
- Phone contact with Borrowers or Authorized Persons relating to HAMP
- Policies and procedures that include HAMP-related activities
- Training materials relating to HAMP
- Pre-screening of Mortgages for HAMP prior to referring any Mortgage to foreclosure or conducting scheduled foreclosure sales
- Postponement of scheduled foreclosure sales in applicable scenarios
- Substitution of income documents for Borrowers in active Chapter 7 or Chapter 13 bankruptcy
- Certification prior to foreclosure sale
- Evidence of receipt of the Initial Package from a Borrower

- Any reports, memoranda, or other documentation relating to HAMP
- The decision-making process when applying good business judgment in accordance with HAMP and, where applicable, referencing the Servicer's associated policies and procedures

With respect to phone contact with Borrowers or Authorized Persons related to HAMP, well-documented Servicer system notes (including, but not limited to date, names of contact persons, and a summary of the conversation) constitute appropriate documentation. Written correspondence should be retained in the Mortgage file and made available upon request by Freddie Mac.

Records must also be retained to document the reason(s) for a Borrower's failure to successfully complete the Trial Period. If a HAMP modification is not pursued when the NPV result is less than negative $5,000 (i.e., negative $5,000.01 or lower), the Servicer must document its consideration of other foreclosure prevention options. If a Borrower under a HAMP modification loses good standing by becoming 90 days or more past due (e.g., three monthly payments are due and unpaid on the last day of the third month), the Servicer must retain documentation of its consideration of the Borrower for other loss mitigation alternatives.

With respect to requirements related to the request for Borrower and co-Borrower information for government monitoring purposes, the Servicer must retain the appropriate documentation in the Mortgage file (see Section C65.13(b)).

Servicers must retain required documents for the period set forth in Section 52.3.

C65.9: HAMP incentives (11/15/10)

No incentives of any kind will be paid if the Borrower's Current Monthly Housing Expense-to-income ratio starts below 31 percent prior to the implementation of HAMP because in this case, the Borrower is ineligible for HAMP. The calculation and payment of all incentive compensation will be based strictly on the Borrower's verified income.

(a) Servicer incentives

Freddie Mac will pay Servicers:

- A workout compensation fee of $1,000 for each modification meeting the requirements of HAMP. This fee will be in lieu of the $800 workout compensation fee provided in Section B65.8. Modified Mortgages insured by the FHA or guaranteed by the VA or Rural Housing Service (RHS) are not eligible for this workout compensation fee.

- An additional $500 incentive payment for each modification for an eligible Borrower who was current under the original Mortgage prior to the Trial Period Plan Effective Date. The Servicer must maintain records and documentation evidencing that the Borrower was current on the day prior to the Trial Period Plan Effective Date. Modified Mortgages insured by the FHA or guaranteed by the VA or RHS are not eligible for this $500 incentive payment.

  Note: Servicers must remind their current Borrowers in writing that they must make all contractual payments due under the original Mortgage until the effective date of the Trial Period Plan.

The $1,000 workout compensation fee and the $500 incentive payment will be considered earned when the Borrower has made timely payments under the Trial Period Plan and has executed the Modification Agreement.

In addition, Freddie Mac will pay Servicers a "Pay for Success" fee of up to $1,000 a year for three years. Freddie Mac will not pay Pay for Success incentives on modified Mortgages insured by the FHA or guaranteed by the VA or RHS.

The Servicer will only receive a Pay for Success fee provided the fee has accrued and has been earned. The fee can be earned if the Borrower's modified monthly PITIAS Payment results in at least a 6% reduction from the Current Monthly Housing Expense payment used to determine eligibility. Annual Pay for Success fees will be:

- Equal to the lesser of (i) $1,000 ($83.33/month) or (ii) one-half the reduction in the Borrower's annualized monthly Mortgage payment

- Accrued monthly provided that, prior to the first, second or third anniversary of the Trial Period Plan Effective Date, (i) the Mortgage has not been paid off or (ii) the Borrower has not lost good standing by becoming 90 days or more past due (e.g., three monthly payments are due and unpaid on the last day of the third month) on the modified Mortgage. However, in instances where the Servicer elected to add an interim month and establish the due date of the first modified payment as the first day of the second month following the final Trial Period month as provided in Section C65.7(d), the Servicer will not be entitled to accrue the Pay for Success fee for the interim month if the Borrower does not submit funds in an amount that is at least equivalent to the Trial Period payment during the interim month (See Section C65.7(d) for additional information).

- Considered earned if, as of the first, second, and third anniversaries of the Trial Period Plan Effective Date, (i) the Mortgage has not been paid off or (ii) the Borrower has not lost good standing by becoming 90 days or more past due on the modified Mortgage. Once a Borrower has lost good standing, that Servicer is ineligible for future incentive payments even if, thereafter, the Borrower becomes less than 90 days past due.

- Paid annually in the month of the anniversary of the Trial Period Plan Effective Date

(b) Borrower incentives

Borrowers who remain current on their monthly Mortgage payments due under a HAMP Modification Agreement will receive "Pay for Performance" incentives, provided the incentive has accrued and has been earned in accordance with the requirements below. The incentive can be earned if a Borrower's modified monthly PITIAS Payment results in at least a 6% reduction from the Current Monthly Housing Expense payment used to determine eligibility. Annual Pay for Performance incentives will be:

- Equal to the lesser of (i) $1,000 ($83.33/month) or (ii) one-half the reduction in the Borrower's annualized monthly Mortgage payment

- Accrued monthly for each month the Mortgage remains current (including timely payments during the Trial Period and any interim month) for five years from the Trial Period Plan Effective Date or until the Mortgage is paid off, whichever occurs earlier, provided no incentive will accrue for any late Mortgage payment. However, in instances where the Servicer elected to add an interim month and establish the due date of the first modified payment as the first day of the second month following the final Trial Period month as provided in Section C65.7(d), the Borrower will not be entitled to accrue the Pay for Performance incentive for the interim month if the Borrower does not submit funds in an amount that is at least equivalent to the Trial Period payment during the interim month (See Section C65.7(d) for additional information).

- Considered earned if, as of the anniversary of the Trial Period Plan Effective Date, (i) the Mortgage has not been paid off or (ii) the Borrower has not lost good standing by becoming 90 days or more past due on the modified Mortgage prior to any payment anniversary. Once a Borrower has lost good standing, that Borrower is ineligible for future incentive payments even if, thereafter, the Borrower becomes less than 90 days past due.

- Paid to the Servicer annually in the month of the anniversary of the Trial Period Plan Effective Date and must be applied as described below to the Borrower's account upon receipt

Note: Freddie Mac will not pay Pay for Performance incentives on modified Mortgages insured by the FHA or guaranteed by the VA or RHS.

If the Borrower's Pay for Performance incentive payment is less than the interest-bearing UPB, then the incentive payment must be applied to the interest-bearing UPB. If the incentive payment is equal to or greater than the interest-bearing UPB,

then the incentive payment must be applied to the deferred UPB and any remaining incentive payment to the interest-bearing UPB.

Servicers are not required to reamortize the Borrower's Mortgage balance to reduce the Mortgage payment as a result of the application of this incentive to the unpaid principal balance.

If a Borrower's Pay for Performance incentive is due to be paid when the Borrower is delinquent, but still in good standing on the payment date, the Borrower's incentive should continue to be applied as a curtailment to the interest-bearing UPB.

Servicers should prepare and send to the Borrower information on a monthly basis regarding the accrual of Pay for Performance principal balance reduction payments. Servicers are encouraged to incorporate this information into the Borrower's monthly statements.

(c) Payment process

Servicer and Borrower incentives will be paid via the Program Administrator's payment process. Incentive payments will be paid in one lump sum payment for all incentives due for the month via Automated Clearing House (ACH) on the 27th of the month or on the business day prior to the 27th, if the 27th falls on a weekend or a holiday.

The Program Administrator will provide Servicers with a Cash Payment Summary Report that includes the compensation amount on a loan-level basis and identifies Freddie Mac as the payor. The report is accessible via the HAMP reporting secure web site at **https://hamp.lpsappliedanalytics.com**, one business day before the compensation is deposited into Servicer accounts.

In the event of an overpayment of amounts paid for Servicer and/or Borrower incentives, Servicers must reimburse Freddie Mac in accordance with the Program Administrator's or Freddie Mac's instructions.

If there is a discrepancy between amounts paid for Servicer and/or Borrower incentives and Freddie Mac's records, Servicers must work with Freddie Mac and the Program Administrator, as necessary, to resolve such discrepancies. For inquiries or disputes on incentive payments, the Servicer should contact the Program Administrator directly at MHA_Comp@fanniemae.com or complete the HAMP Incentive Inquiry Request form located on www.HMPadmin.com. If the Servicer submits a loan-level inquiry to the Program Administrator related to an incentive dispute or correction on a Freddie Mac Mortgage, the Servicer must copy Freddie Mac on such an inquiry via e-mail to WKOUT_HAMP_RECON@freddiemac.com. (Refer to Section C65.10 for additional information on the process for correcting previously applied Borrower incentive payments.)

C65.10: Special investor reporting and remitting requirements (07/28/10)

(a) Monthly Reporting

In addition to the loan-level reporting requirements for all Mortgages pursuant to Chapter 78 and Exhibit 60, Loan-Level Reporting Data Description, Servicers must comply with the following monthly loan-level reporting requirements for all Mortgages modified under HAMP, including Mortgages with a partial principal forbearance (see Section C65.6(b) for additional information on Mortgages modified with a partial principal forbearance):

Data Field	Description
Current UPB	**For all Mortgages**, this is the unpaid principal balance ("UPB") of the Mortgage as of the accounting cycle cutoff. **For Mortgages with partial principal forbearance**, the reported UPB must equal the sum of the interest-bearing UPB (the amortizing principal balance of the Mortgage) (the "interest-bearing UPB") and the principal forbearance balance ("deferred UPB"), as of the accounting cycle cutoff.
Interest-bearing UPB	**For Mortgages with partial principal forbearance,** report the amount of the interest-bearing UPB (the amortizing principal balance of the Mortgage) as of the accounting cycle cutoff. (Note: Monthly "Interest Due Freddie Mac" must be calculated and reported based on the interest-bearing UPB only.
Deferred UPB	**For Mortgages with partial principal forbearance,** report the amount of deferred UPB as of the accounting cycle cutoff. (Note: The deferred UPB is non-interest-bearing and non-amortizing, and will be due in the form of a balloon payment upon the earlier of the transfer of all or a portion of the property, the payoff of the interest-bearing UPB, or the new maturity date of the modified Mortgage.)

Data Field	Description
Borrower incentive curtailment (BIC)	**For all Mortgages modified under HAMP,** report the amount of any Borrower "Pay for Performance" incentive payments paid by Freddie Mac and applied to the UPB during the accounting cycle. This is reported to Freddie Mac only once a year for each eligible Mortgage. (Note: The Borrower Pay for Performance incentive is paid once a year and must be applied upon receipt to the interest-bearing UPB of the Mortgage and then to any principal forbearance amount (i.e., Deferred UPB), if applicable. (See Sections C65.9(b) and C65.10(c) for additional information.)
Principal Due Freddie Mac	**For all Mortgages**, Freddie Mac's share of principal payments, including prepayments of principal (i.e., curtailments) applied to the interest-bearing UPB of the Mortgage during the accounting cycle. (Note: This field does not include curtailments resulting from the Borrower's Pay for Performance incentive payment).
Deferred Principal Curtailment Amount	**For Mortgages with partial principal forbearance,** report the amount of any principal curtailment applied to the deferred UPB during the accounting cycle. This amount must be included in the "Deferred UPB" field. (See Section C65.10(c) below for additional information on the application of partial prepayments of principal.)

Reporting corrections
Servicers must comply with the requirements of Section 78.29 in the event of an understatement or overstatement of principal reduction to either the interest-bearing UPB or the deferred UPB.

If there is a discrepancy between amounts paid for Servicer and/or Borrower incentives and Freddie Mac's records, Servicers must work with Freddie Mac and the Program Administrator, as necessary, to resolve such discrepancies. Refer to Section C65.9(c) for more information.

In the event of an overpayment of disbursed funds to the Servicer, a correction of such overpayment will result in a draft back of any funds owed to Freddie Mac. If a previously applied BIC payment must be reduced or reversed, the UPB of the Mortgage will be increased in the same manner in which the BIC payment was

previously applied. That is, if the BIC payment was applied as a reduction to the interest-bearing UPB, then the Servicer must report an increase in the interest-bearing UPB for the amount of the correction, using the principal balance correction exception code. (Refer to Exhibit 60 for information on reporting a principal balance correction exception code.)

(b) Interim reporting and remitting for a payoff of a Mortgage with partial principal forbearance

Servicers must comply with the applicable interim reporting requirements set forth in Chapter 78 except that, when reporting the payoff of a Mortgage with a partial principal forbearance, Servicers must also comply with the following:

- The Current UPB, Interest-bearing UPB and Deferred UPB fields must be reported as zero
- The amount of deferred UPB as reported in the previous accounting cycle must be reported in the "Deferred Principal Curtailment Amount" field
- The amount of the current UPB (i.e., combined interest-bearing UPB and deferred UPB) as reported in the previous accounting cycle, plus or minus the exception interest, must be remitted with the Servicer's interim remittance. Exception interest must be based on the interest-bearing UPB only.

  Servicers must calculate payoff proceeds in accordance with the following:

	Interest-Bearing UPB
+	Deferred UPB
+ /-	Borrower Incentive Curtailment Amount (if applicable)
+/-	Exception interest (calculated based on the interest-bearing UPB)
=	Proceeds due Freddie Mac

- Non-exception interest (based on the interest-bearing UPB only) due Freddie Mac as of the accounting cycle cutoff in the month in which the Mortgage was paid off must be remitted with the Servicer's monthly remittance

(c) Application of partial prepayments of principal

If the partial prepayment of principal ("principal curtailment") is less than the interest-bearing UPB, it must be applied to the interest-bearing UPB. If the principal curtailment (including principal curtailments as a result of a Borrower Pay for Performance incentive payment) is equal to or greater than the interest-bearing UPB, then the principal curtailment must first be applied to the deferred UPB and any remaining curtailment to the interest-bearing UPB.

Servicers must report the amount of any curtailment applied to the deferred UPB during the accounting cycle in the "Deferred Principal Curtailment Amount" data field.

(d) Monthly statements

Freddie Mac recommends the Servicer include the amount of the deferred UPB and the combined interest-bearing and deferred UPBs on the Borrower's monthly statement.

(e) Credit bureau reporting for all Mortgages with a partial principal forbearance

Servicers can access additional information on credit reporting unique to HAMP including the reporting of Mortgages with a partial principal forbearance from the Consumer Data Industry Association, which gives general credit reporting guidelines for Mortgage and home equity loans in response to current financial conditions, at **http://www.cdiaonline.org**.

C65.11: HAMP activity reporting requirements (07/28/10)

(a) Reporting activity to Freddie Mac

Electronic Default Reporting (EDR) – Servicers must report specific loan-level information, as applicable, to Freddie Mac through EDR using the codes described below, in addition to complying with other EDR requirements set forth in Section 64.10 and Exhibit 82, Electronic Default Reporting Transmission Code List.

Description	EDR Code	Reporting Requirement

Solicitation Letter Sent	H4	Report code H4 to notify Freddie Mac that a solicitation letter has been sent to the Borrower on a Mortgage that is 31 days or more delinquent. Report the date in which the solicitation letter was sent, one time, in the month following the month in which the activity occurred. This code may be reported at the same time the Servicer reports default action code H6 (Eligible for HAMP), default action code H7 (HAMP in Review), or default reason code HMP with default action code 09 (Forbearance) to notify Freddie Mac that the Mortgage is in a Trial Period Plan.
Positive Solicitation Response	H5	Report code H5 to notify Freddie Mac that the Borrower has responded to the solicitation and is interested in pursuing an alternative to foreclosure. Report the date in which the response from the Borrower was received, one time, in the month following the month in which the activity occurred. Default action code H4 (Solicitation Letter Sent) must be reported in a previous cycle or in the same cycle in which code H5 is reported. The date code H5 is reported must be equal to or later than the date code H4 is reported.
Eligible for HAMP	H6	Report code H6 together with the date the Borrower was determined to be eligible for HAMP (including the determination that Borrowers, who are current or less than 60 days delinquent, are in imminent default). This event may occur prior to or on the same date as the date the Servicer begins to review the Borrower for a modification under HAMP, or sends the solicitation letter or Trial Period Plan Notice (Verified).

HAMP in Review	H7	Report code H7 together with the date the Servicer begins to review an eligible Borrower for a modification under HAMP. This event may occur on the same date as the date the Servicer determines the Borrower to be eligible for a modification under HAMP, or sends the solicitation letter or Trial Period Plan Notice (Verified).
HAMP Modification Agreement Sent	H8	Report code H8 together with the date the Servicer sends the Borrower the HAMP Modification Agreement (not the Trial Period Plan)
HAMP Modification Agreement Received	H9	Report code H9 together with the date the Servicer receives the signed Modification Agreement from the Borrower.
HAMP Trial Period	Default Action Code "09" and Default Reason Code HMP	Report codes "09" and "HMP" in the first EDR reporting cycle for the month in which the Trial Period Plan Effective Date occurs, provided the Servicer receives the first payment due under the Trial Period Plan on or before the Trial Period Plan Offer Deadline. The Servicer must report the Trial Period Plan Effective Date as the default action date for each month that the status applies. These codes would no longer be reported once the Mortgage is modified, or the Borrower fails to comply with the terms of the Trial Period Plan, or the Borrower reinstates the Mortgage.

Refer to the EDR Quick Reference Guide available on FreddieMac.com for additional information on the reporting of these codes.

(b) Reporting to the Program Administrator

All Servicers are required to register with the Program Administrator. To register, Servicers must complete and submit the HMP Registration Form, which is available on the **http://www.HMPadmin.com** web site.

The Servicer must report Freddie Mac's HAMP loan-level data to the Program Administrator. Servicers should refer to the reporting requirements published by the Program Administrator on **http://www.HMPadmin.com**.

Freddie Mac's HAMP data must be submitted through the HAMP Reporting Tool available on the Servicer web portal available through **http://www.HMPadmin.com**. Servicers must contact Lender Processing Services, Inc. (LPS) regarding registration and set-up information for access to the HAMP Reporting Tool and/or direct integration options by calling the HAMP Support Center at 1-866-939-4469.

(Note: With respect to the reporting of loan set up data for Mortgages with Trial Periods that include an interim month, the Servicer should report the length of the Trial Period on the loan set up record for the approved modification it reports to the Program Administrator, excluding the interim month if the Borrower does not submit funds in an amount that is at least equivalent to the Trial Period payment during the interim month, and including the interim month in the length of the Trial Period if the Borrower does submit such funds. See Section C65.7(d) for additional information on the requirements for the interim month.)

The Freddie Mac HAMP loan-level data the Servicer reports to Freddie Mac must be consistent with the Freddie Mac HAMP data provided to the Program Administrator.

C65.12: Disclosures and communications with Borrowers (07/28/10)

(a) Borrower disclosures

When promoting or describing Mortgage modifications, Servicers/lenders should provide Borrowers with information designed to help them understand the modification terms that are being offered and the modification process. Such communication should help minimize potential Borrower confusion and complaints, foster good customer relations and reduce legal compliance and other risks in connection with the transaction.

Servicers also must provide Borrowers with clear and understandable written information about the material terms, costs and risks of the modified Mortgage in a timely manner to enable Borrowers to make informed decisions. The letters set forth in Section C65.2 (Proactive Solicitation Letter, Documentation Request Letter and HAMP Agreement Cover Letter) are templates and may be altered at the Servicer's discretion as they deem necessary to meet the requirements of this Section C65.12 and to comply with disclosure and other requirements under applicable federal, State or local law.

Information should be provided, as applicable, that:

- Describes how the modified loan balance is calculated
- Describes any new terms, interest rates, payment amounts, or loan maturity dates

- Describes how the new interest rate will be determined and provides a payment schedule that illustrates how subsequent increases in the modified interest rate will cause payment amounts to increase correspondingly over time
- Provides the amount and date of any balloon payments
- Describes applicable Escrow requirements for taxes and insurance
- Explains the need to make full and timely payments on the modified loan
- Describes Borrower incentive payments for timely loan payments
- Explains the consequences of failure to make timely payments on the Trial Period Plan (loss of loan modification) and Modification Agreement (risk of loss of the home through foreclosure)
- Provides the Foreclosure Scam Notice required in Section C65.5

(b) Borrower Notices and Borrower dispute of NPV values

Servicers must send a Borrower Notice to every Borrower who has been evaluated for HAMP when one of the following events occurs:

- The Servicer determines that the Borrower is not approved for a Trial Period Plan
- The Servicer determines that the Borrower is not approved for a Modification Agreement
- The Borrower has failed to make one or more Trial Period payments
- The Borrower satisfies the Mortgage or reinstates the Mortgage into current status
- The Borrower affirmatively withdraws a request to be considered for a Trial Period Plan or Modification Agreement
- The Borrower is at risk of losing eligibility for HAMP because he or she has failed to provide required documentation
- The Borrower is offered a Trial Period Plan or Modification Agreement but does not accept or affirmatively rejects the offer
- The Borrower has not submitted required documentation in response to an incomplete information notice

The Servicer must send the Borrower Notice to the Borrower within 10 Business Days of the date of the event that triggered the Borrower Notice except for an incomplete information notice, which must be sent in accordance with the requirements set forth in Section C65.5.1.

Borrower Notices must comply with all applicable federal, State and local laws as described more fully in Section C65.13. Under some circumstances, the Borrower may

dispute information contained in the Borrower Notice and the Servicer must investigate and resolve any such disputes.

i. **Content of Borrower Notices**

The timing and content of the Borrower Notices will vary depending on the information intended to be conveyed or the determination made by the Servicer. All Borrower Notices must be written in clear, non-technical language, with acronyms and industry terms such as "NPV" explained in a manner that is easily understandable. The explanation(s) should relate to one or more of the Not Approved/Not Accepted reason codes specified in *Schedule IV of Supplemental Directive 09-06 (Schedule IV)* or any other document subsequently published by Treasury that is intended to replace or supplement *Schedule IV*. Model clauses for Borrower Notices that relate to the reason codes in Schedule IV ("Model Clauses") are also posted on our web site at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**. Use of the Model Clauses is optional; however, they illustrate a level of specificity that is deemed to be in compliance with the requirements of this Section C65.12.

For Borrowers who are in bankruptcy or represented by an attorney and the Servicer does not have authorization to communicate with the Borrower directly, the Borrower Notice should be sent to the bankruptcy attorney or trustee, as applicable provided the Servicer complies with all applicable federal, State, and local laws, including, but not limited to, applicable privacy laws and regulations (e.g., the Gramm-Leach-Bliley Act) and receives written authorization from the Borrower as provided for in Section C65.5.1(b).

- ***Non-approval***: For Borrowers not approved for a Trial Period Plan or Modification Agreement, Servicers must send a Borrower Notice providing the primary reason or reasons for the non-approval and should clearly state that the Borrower was considered for but is not eligible for HAMP. The Servicer must describe other Freddie Mac home retention workout options for which the Borrower may be eligible in the Borrower Notice. The Borrower Notice must identify the steps the Borrower must take in order to be considered for the workout options identified. If the Servicer has already approved the Borrower for another workout option, information necessary to participate in or complete the workout option should be included. The Borrower Notice must also comply with all applicable laws and regulations, including the Equal Credit Opportunity Act (ECOA) and Regulation B when applicable to the transaction.
  - ***Special requirements for Borrowers who are ineligible for HAMP because the proposed modification failed the Treasury NPV test:*** When the Borrower is not approved for a HAMP modification because the proposed modification terms failed the Treasury NPV test described in Section C65.6(a), the Servicer must send a non-approval Borrower Notice that, in addition to including an explanation of the Treasury NPV, must include the values used to populate the Treasury NPV input fields as defined in the Model Clauses for Borrowers

Notices and include the date the Treasury NPV calculation was completed. The purpose of providing this information is to allow the Borrower the opportunity to provide documentation to the Servicer in order to correct values that may impact the analysis of the Borrower's eligibility. Servicers must not provide the numeric Treasury NPV results or other Treasury NPV input values not enumerated in the Model Clauses.

In the non-approval Borrower Notice, the Servicer also must include a specific date by which the Borrower must respond, which must be **no later than 20 calendar days** from the date of the notice, if the Borrower wishes to contest or appeal any of the disclosed values used to populate the Treasury NPV input fields. The non-approval Borrower Notice must inform the Borrower that any appeal of NPV values must be supported by documentation that conclusively demonstrates the correct values to be used and must inform the Borrower that the timely submission of an appeal and supporting documentation does not guarantee a court's or public official's cessation or rescheduling of the scheduled foreclosure sale. The Servicer must continue to suspend and halt foreclosure activity in the most cost effective way and ensure there is minimal impact on the foreclosure time line **until 30 calendar days** after the Servicer delivers the non-approval notice to the Borrower. If the Borrower fails to submit a timely appeal or fails to submit adequate documentation, the Servicer may continue with the scheduled foreclosure sale, provided the sale occurs no earlier than 30 calendar days after the date the non-approval Borrower Notice was sent.

Upon written receipt from the Borrower, or the Borrower's authorized representative, of documentation demonstrating that one or more of the Treasury NPV input values is inaccurate, the Servicer must review the documentation to determine whether the relevant Treasury NPV input value(s) are accurate. If the evidence provided demonstrates that a Treasury NPV input value is inaccurate, and the revised value is material to the HAMP decision and likely to change the Treasury NPV result, the Servicer must re-run the Treasury NPV test. Other values not affected by the correction should not be changed from the first Treasury NPV test. If the Borrower identifies inaccuracies in the Treasury NPV input values and the Mortgage is already scheduled for foreclosure, the Servicer must postpone the foreclosure sale in the most cost effective way and ensure there is minimal impact on the foreclosure time line until the inaccuracies are reconciled. The Servicer shall not be in violation of this requirement to the extent that a court with jurisdiction over the foreclosure proceeding (if any), or the bankruptcy court in a bankruptcy case, or the public official charged with carrying out the activity or event, fails or refuses to halt the sale provided the Servicer has made reasonable efforts to move the court or request the public official for a cessation of the sale.

- ***Payment default during the Trial Period Plan:*** This Borrower Notice informs the Borrower that the Borrower failed to make timely Trial Period payment under the Trial Period Plan and is in default under the terms of the Trial Period Plan.

(Failure to make the first Trial Period payment in a timely manner is not considered a payment default; it is considered a rejection of the Trial Period Plan offer and would require the Servicer to send the "Non-Acceptance of Offer" Borrower Notice described below). The Servicer must describe other Freddie Mac home retention workout options for which the Borrower may be eligible in the Borrower Notice. The Borrower Notice must also identify the steps the Borrower must take in order to be considered for the workout options identified. If the Servicer has already approved the Borrower for another workout option, information necessary to participate in or complete the workout option should be included.

- ***Loan satisfied or reinstated:*** The Servicer must send this Borrower Notice when the subject Mortgage was satisfied or reinstated and must include the payoff or reinstatement date. If the Mortgage was reinstated and the Borrower was sent a Trial Period Plan, this Borrower Notice must include a statement that the Borrower may contact the Servicer to request reconsideration under HAMP if the Borrower experiences a subsequent financial hardship.
- ***Withdrawal of request or non-acceptance of offer:*** The Servicer must send this Borrower Notice when the Borrower withdraws the request for consideration for either a Trial Period Plan or Modification Agreement or did not accept either a Trial Period Plan or Modification Agreement offer. Failure to make the first Trial Period payment in a timely manner is considered "non-acceptance" of the Trial Period Plan. The Servicer must describe other workout options offered under the Guide for which the Borrower may be eligible in the Borrower Notice prior to sending it to the Borrower. The Borrower Notice must also identify the steps the Borrower must take in order to be considered for the workout options identified. If the Servicer has already approved the Borrower for another workout option, information necessary to participate in or complete the workout option should be included.
- ***Incomplete information:*** The Servicer must send this Borrower Notice within 30 calendar days of receipt of an incomplete Initial Package from a Borrower. The Borrower Notice must set forth a list of documents required to verify Borrower income or other information that the Servicer previously requested from the Borrower but has not received. The incomplete information notice must include a specific date by which the documentation must be received, which must be 30 calendar days from the date of the notice.

  If the documents are not received by the date specified in the incomplete information notice, the Servicer must make one additional attempt to contact the Borrower in writing regarding the incomplete documents. This additional notice must include the specific date by which the documentation must be received, which must be 15 calendar days from the date of the second notice. If a Borrower is unresponsive to these requests for documentation, the Servicer may discontinue document collection efforts and determine the Borrower to be ineligible for HAMP.

- ***Information to be contained in all Borrower notices:*** All Borrower Notices must also include the following:
  - A toll-free number through which the Borrower can reach a Servicer representative capable of providing specific details about the contents of the Borrower Notice and reasons for a non-approval determination
  - The HOPE Hotline Number (888-995-HOPE), with an explanation that the Borrower can seek assistance at no charge from HUD-approved housing counselors and can request assistance in understanding the Borrower Notice by asking for MHA HELP
  - Any information, disclosures or notices required by the Borrower's Mortgage documents and applicable federal, State and local law

C65.13: Fair treatment and legal compliance (07/28/10)

(a) Compliance with applicable laws

The Servicer's implementation of HAMP and all actions taken under this chapter must comply with all applicable federal, State and local laws and regulations, including, but not limited to:

- Section 5 of the Federal Trade Commission Act and similar applicable laws that prohibit unfair or deceptive acts or practices

- The Equal Credit Opportunity Act and its implementing regulations, when applicable (for example, with respect to Borrower Notices, if applicable), and the Fair Housing Act, which prohibits discrimination on a prohibited basis in connection with mortgage transactions. Servicers should ensure that loan modification programs comply with all applicable laws and regulations prohibiting discrimination. Servicers must not treat a Borrower less favorably than other Borrowers based even in part on race, religion, national origin, sex, marital or familial status, age, handicap, or receipt of public assistance income, or any other protected class or basis under applicable federal, State and local laws, in connection with any loan modification.

- The Real Estate Settlement Procedures Act, which imposes certain disclosure requirements and restrictions relating to transfers of the Servicing of certain loans and Escrow accounts.

- The Fair Debt Collection Practices Act, which restricts certain abusive debt collection practices by collectors of debts, other than the creditor, owed or due to another

(b) Government monitoring data

The Department of Housing and Urban Development (HUD) has directed Freddie Mac, pursuant to HUD's authority under Section 1325(2) of the Federal Housing Enterprises Financial Safety and Soundness Act (FHEFSSA), 24 C.F.R. 81.44(a) and (b), 12 C.F.R. 202.5(a)(2), and its general regulatory authority under the Fair Housing Act, 42 U.S.C. 3601 et seq. ("Act") to require Servicers to request and report data on the race, ethnicity, and sex of Borrowers and co-Borrowers involved in potential loan modifications under HAMP ("Government Monitoring Data") in order to monitor compliance with the Act and other applicable fair lending and consumer protection laws. As a result of such direction from HUD, this section of this chapter constitutes an agreement entered into between Freddie Mac, on behalf of HUD, and Freddie Mac's approved Servicers. As such, this is an agreement entered into by Freddie Mac's approved Servicers with an enforcement agency (i.e., HUD) to permit the enforcement agency to monitor or enforce compliance with federal law, within the meaning of 12 C.F.R. 202.5(a)(2).

HUD has specified that the Government Monitoring Data shall be collected in the Hardship Affidavit. The RMA contains the Hardship Affidavit. Servicers must request, but not require, that each Borrower who completes an RMA in connection with HAMP furnish the Government Monitoring Data. If any Borrower chooses not to provide the Government Monitoring Data, or any part of it, the Servicer must note that fact on the RMA in the space provided. In such circumstances, and if the RMA is completed in a face-to-face setting, the Servicer, its representative or agent shall then also note on the form, to the extent possible on the basis of visual observation or surname, the race, ethnicity and sex of any Borrower or co-Borrower who has not furnished the Government Monitoring Data. If any Borrower declines or fails to provide the Government Monitoring Data on an RMA taken by mail or telephone or on the Internet, the data need not be provided. In such a case, the Servicer must indicate that the request for a loan modification was received by mail, telephone or Internet, if it is not otherwise evident on the face of the RMA.

Servicers must comply with the additional requirements governing the collection and reporting of Government Monitoring Data that are set forth in the Home Affordable Modification Program Government Monitoring Data Requirements for Freddie Mac-owned Mortgages posted on our website at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**.

C65.14: Responsiveness to Borrower inquiries (07/28/10)

Servicers should have procedures and systems in place to be able to track and respond to inquiries and complaints about Mortgage modifications. Servicers should ensure that such inquiries and complaints are provided fair consideration, and timely and appropriate responses and resolution. This information should be available for review by Freddie Mac.

C65.15: Compliance (07/28/10)

Servicers must comply with all Freddie Mac HAMP requirements and must document the execution of loan evaluation, loan modification and accounting processes. Servicers must develop and execute a quality assurance program that includes either a statistically based (with a 95% confidence level) or a 10% stratified sample of loans modified, drawn within 30-45 days of final modification and reported on within 30-45 days of review. In addition, a trending analysis must be performed on a rolling 12-month basis.

The scope of the assessments will include, among other things, an evaluation of the Mortgage file, Servicing system and all other documentation required to be maintained to confirm the Servicer's adherence (e.g., accuracy and timeliness) to Freddie Mac's requirements with respect to the following:

- Evaluation of Borrower and property eligibility
- Compliance with underwriting guidelines
- Execution of net present value (NPV)/waterfall processes
- Completion of Borrower incentive payments
- Investor subsidy calculations
- Data integrity

The review may also evaluate the effectiveness of the Servicer's quality assurance program; such evaluation may include, without limitation, the timing and size of the sample selection, the scope of the quality assurance reviews, and the reporting and remediation process.

Freddie Mac may conduct one or both types of compliance assessments: on-site and remote. Both on-site and remote reviews may consist of the following activities (among others): notification, scheduling, self assessments, documentation submission, interviews, file reviews, and reporting.

For on-site reviews, Freddie Mac will strive to provide the Servicer with (i) a 30-day advance notification of a pending review and (ii) subsequent confirmation of the dates of the review. However, Freddie Mac reserves the right to arrive at the Servicer's site unannounced. Freddie Mac will request the Servicer to make available documentation, including, without limitation, policies and procedures, management reports, loan files and a risk control self assessment ready for review. Additionally, Freddie Mac may request additional loan files during the review. Loan files subject to review (for both on-site and remote reviews) include (but are not necessarily limited to) files relating to loan modifications that are (i) approved or declined by the Servicer under HAMP, (ii) approved by the Servicer, but as to which the offer to modify is not accepted by the Borrower, and (iii) subject to a default by the Borrower during or after the Trial Period. In connection with on-site reviews, interviews will usually be conducted in person.

During the review window, Freddie Mac will review loan files and other requested documentation to evaluate compliance with HAMP terms. Upon the completion of the

review, Freddie Mac will conduct an exit interview with the Servicer to discuss preliminary assessment results.

For remote reviews, Freddie Mac will request the Servicer to send documentation, including, without limitation, policies and procedures, management reports, loan files and a risk control self assessment within 30 days of the request. In addition, time will be scheduled for phone interviews, including a results summary call after the compliance review is completed to discuss preliminary results.

The targeted time frame for publishing the Servicer assessment report is 30 days after the completion of the review.

There will be an issue/resolution appeal process for Servicer assessments. Servicers will be able to submit concerns or disputes to an independent quality assurance team within Freddie Mac.

C65.16: Special requirements for Mortgages with a second mortgage lien (07/28/10)

(a) Sharing of information with second lien servicers and obtaining Borrower consent to share information

Pursuant to the Treasury Supplemental Directive 09-05, Treasury introduced the Second Lien Modification Program ("2MP"), which was subsequently revised on March 26, 2010. Under 2MP, when a Borrower's first lien mortgage is modified under HAMP and the servicer of the second lien is a 2MP participant, that servicer must offer either to modify the Borrower's second lien according to a defined protocol or accept a lump sum payment from Treasury in exchange for full extinguishment of the second lien. The servicer of the second lien may rely on the financial information provided by the Borrower in conjunction with the modification of the first-lien under HAMP.

In order to facilitate the communication of HAMP modification information between first and second lien servicers, Lender Processing Services' (LPS) Applied Analytics division will maintain on behalf of Treasury a database of second liens that may be eligible under 2MP and that are serviced by servicers participating in 2MP.

Freddie Mac Servicers that modify any first-lien Mortgages in accordance with the requirements of this chapter must cooperate with the servicer of the second lien in order to facilitate the successful modification of the second lien including the sharing of first-lien modification data with LPS under 2MP through Fannie Mae.

Extinguishment of a junior lien on the property is not a pre-requisite to receiving a modification under, or otherwise a requirement of, HAMP.

(b) Borrower incentive compensation for second lien modifications under 2MP

Borrowers will receive an annual "Pay for Performance" principal balance reduction payment of up to $250 for up to five years following the effective date of the second lien modification as long as both the HAMP modification of the first lien and the 2MP modification remain in good standing and have not been paid in full as of the date the payment is made. This payment will be paid to the Servicer of the second lien Mortgage and must be applied towards reducing the unpaid principal balance on the second lien in the same manner as the Borrower's first-lien modification "Pay for Performance" incentive payment is applied to the Borrower's unpaid principal balance (see also Section C65.9(b)).

C65.17: Electronic transactions (09/01/10)

(a) Electronic submission of HAMP documents

In lieu of having the Servicer or Borrower, as applicable, prepare, sign and return paper documents, certain documents may be prepared, signed and sent electronically by a Servicer to the Borrower or by a Borrower to the Servicer, provided such electronic transactions comply with the requirements of Section 50.3.1 and this Section. With the exception of IRS Form 4506-T, Request for Transcript of Tax Return and IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, all documentation required to be prepared, signed or sent by either the Servicer or the Borrower under HAMP are considered "loss mitigation documents" for purposes of Section 50.3.1. (IRS Form 4506-T or IRS Form 4506T-EZ may only be a loss mitigation document for purposes of Section 50.3.1 if either of those forms is received from the Borrower in a manner that permits the Servicer to submit the form to the IRS in strict compliance with the IRS instructions and any other applicable IRS requirements.) Refer to Section C65.17(c) for additional requirements related to the Home Affordable Modification Agreement (the HAMP eModification Agreement).

All electronic loss mitigation documents, and any other electronic Mortgage file documents ("Electronic Records"), must be capable of being retrieved and printed in a manner that accurately reflects the information originally contained in the Electronic Records. All Electronic Records must be accessible (either electronically or on paper) and promptly made available to Freddie Mac upon request.

(b) Electronic solicitation

Servicers may solicit Borrowers for a modification under HAMP electronically (e.g., by e-mail or fax) unless provided otherwise in this chapter, provided all of the following requirements are met:

- The Borrower has previously expressly consented to the receipt of Servicer communications concerning the Borrower's Mortgage through such electronic means

- The Servicer has reasonable assurance that the Borrower's contact information for receipt of the communication is accurate (e.g., e-mail address)

- The solicitation is conducted in compliance with all applicable federal, State and local laws, including, without limitation, the federal Electronic Signatures in Global and National Commerce Act ("E-Sign"), disclosure regulations, the Gramm-Leach-Bliley Act and its implementing regulations, and other applicable privacy and data security laws and regulations

Note: Servicers must comply with the Reasonable Effort Solicitation Standard of Section C65.5, which include the permissible use of and requirements for electronic communication with the Borrower.

(c) HAMP eModification agreements

Special representations and warranties

A Servicer allowing Borrowers to receive, transmit or electronically sign a HAMP eModification Agreement represents and warrants to Freddie Mac that it has complied with the requirements of the Guide and that the HAMP eModification Agreement is authentic, its terms are valid and enforceable against the Borrower, and the Mortgage maintains a First Lien position.

Restrictions on the use of a HAMP eModification Agreement

A HAMP eModification Agreement may be, but is not required to be, a Category 3 SMARTDoc (v1.02), unless the recording jurisdiction requires that format and Chapter C65 requires the Modification Agreement to be recorded or in recordable format.

Servicers may **not** use a HAMP eModification Agreement if:

- The Mortgage, as modified by the HAMP eModification Agreement, would be invalid or unenforceable or would no longer be in First Lien position
- A new Borrower is to be added to the original (or previously modified) Note or Security Instrument as part of the HAMP modification
- An existing Borrower is to be released from the original (or previously modified) Note or Security Instrument as part of the HAMP modification
- A Borrower is currently engaged in litigation other than a foreclosure action with Freddie Mac involving the Mortgage
- The jurisdiction in which the HAMP eModification Agreement would be recorded does not permit or provide for recordation of electronic documents and Chapter C65 requires the Modification Agreement to be recorded or in recordable form

- The Servicer is unable to comply with the recording jurisdiction's recordation and formatting requirements for an electronic document, and Chapter C65 requires the Modification Agreement to be recorded or in recordable form

A Servicer of a Mortgage with an electronic Note or eNote (an "eMortgage") must contact their Freddie Mac representative for requirements regarding the use of a HAMP eModification Agreement to modify an eMortgage.

Any costs resulting from a Servicer choosing to use a HAMP eModification Agreement will not be reimbursed by Freddie Mac and such costs may not be assessed to a Borrower.

General Requirements Applicable to all Freddie Mac HAMP eModification Agreements

Servicers must:

- Process, modify and store HAMP eModification Agreements of Freddie Mac-owned Mortgages electronically under no less stringent requirements than the Servicer follows when electronically processing, modifying and storing its own mortgages in its portfolio
- Consult with their legal counsel to ensure that the Servicer's use, processing, and storage of a HAMP eModification Agreement complies with all applicable federal, State and local laws, including, without limitation, the federal Electronic Signatures in Global and National Commerce ("E-Sign") Act and/or the Uniform Electronic Transactions Act (UETA), as enacted in the local jurisdiction, the Gramm-Leach-Bliley Act, and its implementing regulations, and other applicable privacy, disclosure, and data security laws and regulations
- Provide for electronic notarization when required, subject to applicable law
- Be able to comply with all Guide requirements to service the Mortgage, as modified by a HAMP eModification Agreement, including, but not limited to, Servicing obligations related to payoff (e.g., cancellation of the Mortgage, Note and HAMP eModification Agreement), grant of a deed-in-lieu of foreclosure, foreclosure, repurchase of an electronically modified Mortgage, and litigation
- Notify Freddie Mac when initiating legal action, including foreclosure, on a Mortgage that has been electronically modified, and further, must use counsel that has the experience or demonstrated ability to enforce claims under electronically created Mortgages, Notes or other financial instruments

Additional requirements when the HAMP Modification Agreement must be recorded or in recordable format

When Section C65.7(f) requires a HAMP Modification Agreement to be recorded or in recordable format, a Servicer may use a HAMP eModification Agreement, provided the Servicer is able to record the HAMP eModification Agreement in

compliance with the recording jurisdiction's recordation and electronic format requirements.

Document custodial requirements

Upon execution of a HAMP eModification Agreement, Servicers must provide a copy of the executed HAMP eModification Agreement (**explicitly designated as a copy**) to its Document Custodian in a paper or other format that is acceptable to the Document Custodian, to be maintained with the Note.

If recordation is required, Servicers must provide a copy of the recorded HAMP eModification Agreement or a copy of any evidence of recordation together with a copy of the executed HAMP eModification Agreement to its Document Custodian.

Storage and safekeeping of HAMP eModification Agreements

HAMP eModification Agreements (including printed paper copies of facsimiles of HAMP eModification Agreements) must be stored in accordance with the Guide requirements for storing Mortgage file documents. HAMP eModification Agreements must be associated with all paper Mortgage file documents so that all Servicing records (both paper and electronic) are identified with, and associated to, the particular Mortgage transaction.

Transfers of Servicing

For requirements related to the Transfers of Servicing of an eModification, refer to Section C65.8(g).

Data security requirements and data privacy protection

Servicers must follow the data security requirements in Section 1.3 and the data privacy protection standards in Section 53.3. Servicers are required to maintain their Servicing records storage system and conduct periodic information security reviews of the data stored and maintained in their Servicing records storage system based on, but not limited to, applicable federal, State and local laws and regulations and the Guide.

Freddie Mac reserves the right to require a Servicer to implement additional security measures regarding its Servicing records storage system.

Disaster Recovery/Business Continuity Plan

Servicers must create and maintain a Disaster Recovery/Business Continuity Plan (DR/BCP) that includes a backup storage site that is not susceptible to the same types of major disasters as the primary storage site. The DR/BCP must provide for recovery of functionality, availability, and data services back to the point of failure within a commercially reasonable period of time (usually within 48 hours of a disaster).

C65.18: Stated income process (07/28/10)

The following requirements set forth the eligibility process that Servicers must continue to follow when determining the final eligibility for a modification under HAMP of Borrowers who were offered a Trial Period Plan based on stated income.

Servicers **may not** offer a Trial Period Plan based on stated income with a first payment due date:

- On or after April 1, 2010 to any Borrower who was current or less than 60 days delinquent and was required to be evaluated for imminent default
- On or after June 1, 2010 to any Borrower

Except as set forth below, Servicers determining eligibility for a modification under HAMP based on stated income must follow all other requirements set forth in this Chapter C65.

(a) HAMP documents

In addition to the documents set forth in C65.2, HAMP documents include the following:

- HAMP Hardship Affidavit (Form 1122) Note: Applicable only to Trial Period Plan offers sent to a Borrower prior to March 1, 2010
- Home Affordable Modification Program Trial Period Plan Notice (Stated Income) ("Trial Period Plan Notice (Stated)") (Freddie Mac Form 1116) Note: Applicable only to Trial Period Plan offers sent to a Borrower prior to April 16, 2010
- Home Affordable Modification Trial Period Plan (Form 3156, 3/09 (rev. 8/09)) Note: Applicable only to Trial Period Plan offers sent to a Borrower prior to March 1, 2010

(b) Determining imminent default

On and after March 1, 2010

On and after March 1, 2010, Servicers must first evaluate Borrowers who are current or less than 60 days delinquent in accordance with the imminent default requirements specified in Section C65.5.2.

Prior to March 1, 2010

Borrowers who were evaluated for imminent default and preliminarily determined to be eligible to receive a stated income Trial Period Plan offer prior to March 1, 2010, should continue to be evaluated under the imminent default requirements in effect at the time of the initial imminent default evaluation upon receipt of income and other required documentation.

If the Servicer made a preliminary determination that a Borrower who was current or less than 31 days delinquent has a hardship and was otherwise eligible for evaluation under HAMP, the Servicer must determine whether the Borrower is in imminent default in accordance with the procedures described below once the Servicer receives all of the income and other required documentation. This imminent default calculation is independent of the calculation of the Current Monthly Housing Expense-to-income ratio, the PITIAS Payment-to-income ratio and the total monthly debt payment-to-income ratio.

The Servicer must consider the Borrower's financial condition, liquid assets, combined monthly income from wages and all other identified sources of income, monthly liabilities (including personal debts, revolving accounts and installment loans), other monthly expenses, including a reasonable allowance for living expenses such as food, utilities, etc., and make a determination of whether the Borrower is in imminent default based on the following evaluation:

- The Servicer must consider the Borrower for a modification under HAMP if both:
  - The Borrower's Debt Coverage Ratio ("DCR Ratio") is less than 1.20; and
  - The Borrower's Cash Reserves are less than three times the Current Monthly Housing Expense payment (if the loan is not currently escrowed, use estimated taxes, insurance and HOA assessments)

  The following are definitions for purposes of these calculations:

  - **Disposable Net Income**: The Borrower's monthly Disposable Net Income is the Borrower's monthly gross income less (1) payroll deductions, (2) monthly escrow allocations of property taxes, insurance premiums, and mortgage insurance premiums (or if the loan does not have escrows, the monthly amounts of such items should be pro-rated as if the amounts were escrowed), (3) monthly HOA assessments, (4) monthly allocations of all other monthly credit obligations (except investor mortgages covered in item 6 below and excluding principal and interest payments on the Mortgage being modified), (5) all other reasonable living expenses allocated monthly, and (6) any other net negative amounts paid or incurred by Borrower (such as rental income that is exceeded by associated Mortgage payments)
  - **DCR Ratio**: The DCR Ratio is the ratio of the Borrower's Disposable Net Income divided by the Borrower's current monthly principal and interest payment (not including escrows)
  - **Cash Reserves**: Cash Reserves are any non-retirement liquid assets the Borrower has available for withdrawal from any financial institution or brokerage, including checking and savings accounts, CDs (even if held for an extended time), mutual funds, money market funds, stocks or bonds

If the Servicer determines the Borrower is not in imminent default or otherwise does not qualify for HAMP, then the Servicer should evaluate the Borrower for other available loss mitigation alternatives.

If the Servicer determines that default is imminent, the Servicer must continue to process the request using the required HAMP parameters set forth in this chapter.

A Servicer must document in its Servicing system the basis for its determination of whether a payment default is imminent and retain all documentation used to reach its conclusion. The Servicer's documentation must also include information on the Borrower's financial condition as well as the condition and circumstances of the property securing the Mortgage loan, pursuant to the requirements described above. (See Section C65.8(i) for additional information regarding documentation retention requirements.)

The Servicer must comply with all applicable federal, State and local laws in making the determination.

(c) Verification of Borrower eligibility

For Borrowers in a Trial Period Plan based on stated income, following receipt of a completed and signed RMA and income or other required documentation, the Servicer must verify the Borrower's financial information and eligibility, including completing a final Treasury Net Present Value (NPV) evaluation. When determining final eligibility, Servicers must apply the NPV rules and Forbearance Limit that were in effect at the time the Servicer conducted the initial HAMP evaluation.

Determining when to run the Treasury NPV Model

If the Servicer relied on stated income to prepare and send the Trial Period Plan or Trial Period Plan Notice (Stated) to the Borrower, before signing and returning the Trial Period Plan to the Borrower or sending an approval notice, the Servicer must:

- Determine continued Borrower eligibility based on verified income and other required documentation, and
- If the verified income differs from the stated income, run the proposed modification terms through the Treasury NPV Model again using the **same major Treasury NPV Model version** that was used to qualify the Borrower for the Trial Period. The Servicer must retain the Treasury NPV Model's results (in addition to all assumptions, inputs, outputs and version) for both evaluations for the Mortgage in the Mortgage file. However, if the verified income is the same as the stated income, a re-run of the proposed modification terms through the Treasury NPV Model is not required.

All Treasury NPV inputs should remain constant when the Borrower is retested, except (i) those that were found to be incorrect at the time of the initial Treasury NPV

evaluation and (ii) inputs that have been updated based on the Borrower's documentation. Inputs that may be updated based on the Borrower's documentation are limited to the following:

- Homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, or ground rent, as applicable before modification
- Monthly hazard and flood insurance
- Monthly real estate taxes
- Monthly gross income
- Interest-bearing unpaid principal balance (UPB) after modification
- Principal forbearance amount
- Interest rate after modification
- Amortization term after modification
- Principal and interest payment after modification

Inputs that may not change regardless of their evolution since the Trial Period's initiation include:

- UPB before modification
- FICO score(s)
- Property value
- Interest rate before modification
- Term before modification
- Monthly principal and interest payments before modification
- Months past due
- Data collection date
- Imminent default status
- NPV run date
- Advances/Escrow
- Discount rate risk premium (spread of discount rate over Primary Mortgage Market Survey® rate)

Refer to Section C65.6(a) for additional NPV requirements.

Determining eligibility when verified income differs from stated income

If the verified income using the Borrower's documentation is different than the initial stated income used by the Servicer to enter into a Trial Period Plan with the

Borrower, the Servicer must reevaluate the Borrower's eligibility for HAMP based on the documented and verified income. If this reevaluation determines that the Borrower is still eligible, including meeting the NPV test requirements under Section C65.6(a), then the Borrower may continue under the current terms of the existing Trial Period Plan. Servicers **may not restart such Borrowers on a new Trial Period Plan.** However, Servicers must use verified income when calculating the modified monthly Mortgage payment and other modified terms when preparing the Modification Agreement.

Refer to Section C65.5.1(b) for additional income documentation and verification requirements.

Homeowner association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent

If a Borrower has indicated that there are homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, or ground rent, as applicable, but has not been able to provide written documentation to verify these amounts, the Servicer may rely on the information provided by the Borrower if the Servicer has made reasonable efforts to obtain the information in writing.

Refer to Section C65.6(b), Step 1 for additional requirements related to calculating the Target Payment.

Escrow analysis

Servicers may perform an Escrow analysis based on estimates prior to extending a Trial Period Plan offer. However, if a Servicer estimates the Escrow payments for the Trial Period Plan offer, the Servicer is not permitted to use national averages in the estimated calculations. Prior to determining the Borrower's final eligibility for HAMP based on documentation, Servicers must complete an Escrow analysis in accordance with applicable federal, State and local law to determine the exact Escrow payments before signing the Trial Period Plan or sending an approval notice.

Refer to Section C65.6(d) for additional requirements related to Escrows.

(d) Servicer response

If the Borrower is currently in a Trial Period Plan based on stated income, within 30 calendar days following the Servicer's receipt of a completed RMA, Form 4506-T and all required income and other information, the Servicer must complete its evaluation of Borrower eligibility and notify the Borrower of its determination as follows:

- If the Servicer determines that the Borrower is approved for a Trial Period Plan, the Servicer must send a Trial Period Plan Notice (Verified) or a written notice indicating that the Borrower has been approved for a HAMP modification pending timely receipt of all Trial Period payments

- If the Servicer determines that a Borrower cannot be approved for a HAMP modification, the Servicer must communicate that determination to the Borrower in writing in accordance with the Borrower Notice guidance provided in C65.12(b) and consider the Borrower for another alternative to foreclosure

If the Servicer receives incomplete financial information or needs additional documentation to verify the Borrower's eligibility and income, the Servicer must send the Borrower an incomplete information notice that lists the additional required verification documentation. The Servicer must send the notice not less than 30 calendar days prior to the expiration of a Trial Period Plan based on stated income.

Refer to Sections C65.5.1 and C65.12 for additional requirements related to Servicer response and Borrower notifications.

(e) Modification Process

Processing the Trial Period Plan

For Borrowers who were qualified for a Trial Period Plan based on stated income information, the Servicer may not continue to accept Borrower payments under the Trial Period Plan from those Borrowers who do not qualify for HAMP once the Servicer determines ineligibility based on verification of income and other information. Any further Borrower payments are to be credited to the Borrower's account in accordance with the current Mortgage documents.

The Servicer should encourage the Borrower to return the following documentation by no later than the Trial Period Plan Offer Deadline (it should be received no more than 60 calendar days from the date the Trial Period Plan offer was sent or the Trial Period Plan Offer Deadline, whichever is later):

- Documentation to verify occupancy, as applicable (see Section C65.4 (a))
- Income documentation (see Section C65.5.1(b))
- Signed IRS Form 4506-T, Request for Transcript of Tax Return or Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript
- Fully executed MHA or HAMP Hardship Affidavit ("Hardship Affidavit") (only if the RMA was not obtained)
- Completed and signed RMA
- Executed disclosures, if any, to the extent applicable federal, State or local law requires executed disclosures to be retained by the provider

We encourage the Servicer to contact the Borrower before the Trial Period Plan Offer Deadline if the Borrower has not yet submitted the first Trial Period payment due under the Trial Period Plan and all other required documentation.

Upon expiration of the Trial Period Plan Offer Deadline, the Servicer must make final determinations for HAMP eligibility in accordance with the following:

- If the Borrower has not made all required Trial Period payments, or has not submitted any income documentation, the Servicer must find the Borrower ineligible for a permanent HAMP modification and cancel the Trial Period Plan from the Treasury system of record and save the Mortgage in Workout Prospector to the applicable "Borrower Declined Terms/Ineligible" HAMP status. When a Trial Period Plan is cancelled, the Servicer must consider the Borrower for other alternatives to foreclosure under the Guide and send the Borrower the appropriate Borrower Notice in accordance with Section C65.12(b).

- If the Borrower has submitted all required Trial Period payments, and the Borrower has submitted some form of income documentation, the Servicer must evaluate the Borrower, determine whether the Borrower is eligible for a permanent HAMP modification, and promptly communicate the eligibility determination to the Borrower. If the income documentation is insufficient to make a HAMP decision, and the Servicer is unable to obtain the required documentation from the Borrower, the Servicer must find the Borrower ineligible for a permanent HAMP modification and cancel the Trial Period Plan from the Treasury system of record. In addition, the Servicer must save the Mortgage in Workout Prospector to the applicable "Borrower Declined Terms/Ineligible" HAMP status. When a HAMP Trial Period Plan is cancelled, the Servicer must consider the Borrower for other alternatives to foreclosure under the Guide and send the Borrower the appropriate Borrower Notice in accordance with Section C65.12(b).

Refer to Section C65.7(c) and (d) for requirements related to processing the Trial Period Plan and applying the interim month option.

Special EDR requirements during the Trial Period

Servicers must report codes "09" and "HMP" in the first EDR reporting cycle for the month in which the Trial Period Plan Effective Date occurs provided the Servicer receives the first payment due under the Trial Period Plan on or before the Trial Period Plan Offer Deadline, even if the Servicer has yet to receive an executed Trial Period Plan, or the required income verification and other documentation from the Borrower. The Servicer must report the Trial Period Plan Effective Date as the default action date for each month that the status applies. The Servicer must report these codes even if the Trial Period offer was based on stated income and the Servicer has not yet verified the Borrower's continued eligibility based on verified income for each month that the status applies.

For example, the Servicer would no longer report these codes once the Mortgage is modified, the Borrower fails to comply with the terms of the Trial Period Plan, or the Borrower is re-underwritten based on verified income and is no longer eligible for a modification.

Refer to Section C65.11 for additional reporting requirements.

Incomplete document submissions

If the Borrower's document submission is incomplete, the Servicer should work with the Borrower in accordance with the following requirements to complete the submission.

IRS Form 4506-T or Form 4506T-EZ

If a Borrower has not submitted a signed and completed Form 4506-T or 4506T-EZ, but has submitted the most recent signed tax return (including all applicable schedules), has made all required Trial Period payments and is otherwise eligible for a HAMP modification, the Servicer should send the Modification Agreement and the Form 4506-T or 4506T-EZ, as applicable, to the Borrower in the same package and instruct the Borrower to execute and return both documents in order to receive a permanent HAMP modification. If the Borrower fails to return a signed 4506-T or 4506T-EZ and Modification Agreement by the end of the month in which the first modified payment is due, the Borrower's Mortgage may not be modified under HAMP.

Hardship Affidavit

If a Borrower has not submitted or signed the Hardship Affidavit, but has made all required Trial Period payments and is otherwise eligible for a HAMP modification, the Servicer should send the Modification Agreement and the Hardship Affidavit to the Borrower in the same package and instruct the Borrower to execute and return both documents in order to receive a permanent HAMP modification. If the Borrower fails to return a completed and signed Hardship Affidavit by the end of the month in which the first modified payment is due, the Borrower's Mortgage may not be modified under HAMP. Note: A Servicer may not send a Trial Period Plan Notice (Stated) without having first received a signed RMA or MHA Hardship Affidavit.

Home Affordable Modification Trial Period Plan

A Borrower in a Trial Period Plan who makes all required Trial Period payments, but does not sign and return the Trial Period Plan (Form 3156) prior to the end of the Trial Period, must receive a HAMP modification provided the Servicer has received all required Trial Period Plan payments, the Servicer has determined the Borrower to be eligible based on review of all other HAMP-required documentation, and the Borrower provides a fully executed Home Affordable Modification Agreement (Form 3157).

Preparing the Modification Agreement

Refer to Section C65.7(d) for requirements for preparing the Modification Agreement.

(f) Disclosures and communications with Borrowers

Refer to Section C65.12(a) for Borrower disclosure requirements.

Chapter D65: Home Affordable Foreclosure Alternatives

D65.1: Overview (11/15/10)

This chapter provides the requirements for implementation of the federal government's Home Affordable Foreclosure Alternatives (HAFA) initiative, which includes short sale and deed-in-lieu alternatives to foreclosure, and is a component of the Home Affordable Modification Program (HAMP) described in Guide Chapter C65.

The following topics are covered in this chapter:

Topic	Section
Foreclosure alternatives	D65.2
HAFA consideration	D65.3
Evaluation	D65.4
HAFA Short Sale	D65.5
HAFA Deed-in-Lieu	D65.6
General terms and conditions	D65.7
Incentive compensation	D65.8
Standard form documents	D65.9
Reporting requirements	D65.10
Compliance	D65.11

(a) Definitions

Servicers should be familiar with Freddie Mac's definitions for the following terms as they relate to HAFA:

- Borrower (within the context of HAFA, the term "Borrower" includes all Borrowers obligated on the Note)
- Business Day
- Condominium Unit
- Cooperative Share Mortgage
- Conforming Jumbo Mortgage
- First Lien
- Mortgaged Premises
- Mortgage
- Note
- Primary Residence
- Purchase Documents
- Security Instrument

In addition to the definitions applicable to HAMP found in Chapter C65, Servicers should be familiar with the following terms as they relate to HAFA:

- **Allowable Transaction Costs:** The costs that the Servicer is permitted by Freddie Mac to deduct from the gross sales proceeds of a short sale, as determined in Section D65.5(a)

- **Cash Reserves:** Any non-retirement liquid asset the Borrower has available for withdrawal from any financial institution or brokerage, including funds on deposit in the Borrower's checking, savings, money market or certificate of deposit account or other depository account, stocks, bonds, mutual funds, U.S. Government Securities and other securities that are traded on an exchange or marketplace generally available to the public (e.g., New York Stock Exchange, National Association of Securities Dealers Automated Quotations, Midwest SE, Chicago Board Of Trade or Over the Counter) for which the price can be readily verified through financial publications. Assets are only considered retirement assets if they are held in a qualified retirement account such as a 401k, 403b, 457, IRA or pension fund. If the assets are not held in a retirement account, the assets must be considered Cash Reserves. Refer to Section D65.4(b) for information on calculating and verifying Cash Reserves.

- **HAFA:** Home Affordable Foreclosure Alternatives

- **HAFA Deed-in-Lieu:** A voluntary transfer of title to the Mortgaged Premises to Freddie Mac in exchange for full satisfaction of the Mortgage, as described in Section D65.6

- **HAFA Short Sale:** The sale of the Mortgaged Premises, by agreement of all parties with an interest in the Mortgaged Premises, for less than the total amount necessary to satisfy the Mortgage obligation, as described in Section D65.5

- **HAMP:** Home Affordable Modification Program

- **HAMP Modification:** A loan modification pursuant to Chapter C65

- **B65 Deed-in-Lieu:** A deed-in-lieu pursuant to Sections B65.42 through B65.48

- **B65 Modification:** A loan modification pursuant to Sections B65.11 through B65.26

- **B65 Short Payoff** (a.k.a. “short sale”)**:** A short payoff pursuant to Sections B65.35 through B65.41

(b) HAFA forms

Servicers must use the following forms for HAFA, which are available on our web site at **http://www.freddiemac.com/singlefamily/service/hafa.html** under the Borrower Solicitation and Documentation tab. Servicers may amend the terms of these documents only as necessary to comply with applicable federal, State and local law and this chapter.

Refer to Section D65.9 for additional information.

- **Short Sale Agreement ("SSA") (Form 1135):** The agreement between the Borrower and the Servicer under which the Borrower may sell the Mortgaged Premises to a third party and Freddie Mac will accept the sales proceeds in full satisfaction of the Mortgage as described in Section D65.5

- **Request for Approval of Short Sale ("RASS") (Form 1136):** This form must be used by a Borrower to request approval for a HAFA Short Sale as described in Section D65.5(e), once the Borrower has received a purchase offer

- **Approval of Short Sale (Form 1137):** The form the Servicer executes in which the Servicer consents to and approves a Borrower's request for approval of a HAFA Short Sale that was submitted via Form 1136, Request for Approval of Short Sale

- **Disapproval of Short Sale (Form 1138):** The form the Servicer executes in which the Servicer disapproves a Borrower's request for approval of a HAFA Short Sale that was submitted via Form 1136, Request for Approval of Short Sale

- **Deed-in-Lieu Agreement ("DIL Agreement") (Form 1139):** The agreement between the Borrower and the Servicer to allow the Borrower to transfer ownership of Mortgaged Premises to Freddie Mac in lieu of foreclosure as described in Section D65.6

Co-branding/use of Freddie Mac's logo and the Making Home Affordable logo

Servicers may download the Freddie Mac logo and the Making Home Affordable logo for use on HAFA forms, envelopes and packages from FreddieMac.com at **http://www.freddiemac.com/singlefamily/service/mha_modification.html.**

A Servicer may use the Making Home Affordable logo by itself, together with the Servicer's logo, or together with the Servicer's and Freddie Mac's logos on envelopes and packages used to send HAFA materials to Borrowers. The Servicer's name and return address must be shown on any solicitation materials sent to Borrowers.

A Servicer may use Freddie Mac's logo together with its own logo. However, a Servicer may not use the Freddie Mac logo without also including its own logo.

D65.2: Foreclosure alternatives (06/01/10)

HAFA provides incentives to Borrowers and Servicers to convey a Mortgaged Premises without undergoing the time and expense of a foreclosure sale. Such conveyances generally maximize the sales price and minimize the impact of vacant homes on surrounding communities. Servicers must consider and evaluate Borrowers for HAFA as described in this chapter. If a Borrower is ineligible for HAFA, then the Servicer must consider the Borrower for a B65 Short Payoff or a B65 Deed-in-Lieu. While there are similarities between the foreclosure alternatives described in Chapter B65 and the HAFA Short Sale and HAFA Deed-in-Lieu, there are also differences between them including eligibility criteria, processing, incentives and standardized forms. One major difference is that a Borrower may not be required to make a cash contribution or provide a promissory note as a condition of either a HAFA Short Sale or a HAFA Deed-in-Lieu.

Under Freddie Mac's HAFA requirements, eligible Borrowers must be offered a HAFA Short Sale, in accordance with this chapter. If the Mortgaged Premises do not sell within the marketing period provided in the SSA, the Servicer may offer eligible Borrowers a HAFA Deed-in-Lieu, if authorized by Freddie Mac.

Servicers must adopt a written policy for the consideration, evaluation and processing of Borrowers for HAFA. The written policy must be consistent with the requirements of this chapter. Servicers may adopt and incorporate this chapter by reference into their policy applicable to Mortgages serviced for Freddie Mac.

Activities under HAFA are considered part of HAMP and, therefore, must comply with the provisions of Section C65.13.

D65.3: HAFA consideration (06/01/10)

(a) Consideration process

(i) Servicers must first consider Borrowers for a HAMP Modification and then for a B65 Modification or other home retention workout options before considering them for foreclosure alternatives under HAFA. A Mortgage meets the basic eligibility criteria for HAFA if all of the following conditions are met:

- The Mortgage is a First Lien owned, securitized or guaranteed by Freddie Mac originated on or before January 1, 2009, including super conforming Mortgages and Conforming Jumbo Mortgages sold to Freddie Mac under a Seller's negotiated Purchase Documents, which are secured by 1- to 4-unit single-family Primary Residences, including Condominium Units and Guide-eligible Manufactured Homes that are not abandoned, condemned or vacant (except as otherwise specified in D.65.4(b))

- The Mortgaged Premises are occupied by the Borrower as the Borrower's Primary Residence

- The Borrower is more than 60 days delinquent in payment of the Mortgage

- The Borrower's original total monthly Mortgage payment prior to a loan modification, if any, exceeds 31% of the Borrower's gross monthly income as described in Chapter C65

- The Servicer previously considered the Borrower for a HAMP Modification, a B65 Modification or other home retention workout options, but the Borrower was either ineligible or refused a modification as described below

(ii) Every potentially eligible Borrower who meets the qualifications of Section D65.3(a)(i) must be considered for HAFA before the Borrower's Mortgage is referred to foreclosure or a pending foreclosure sale is conducted. Servicers must consider HAMP eligible Borrowers for HAFA within 30 calendar days of any of the following events, as applicable:

- The Borrower is determined by the Servicer not to qualify for a HAMP Trial Period Plan

- The Borrower does not successfully complete a HAMP Trial Period Plan

- The Borrower is delinquent on his or her modified Mortgage by missing at least two consecutive payments

- The Borrower is offered, but refuses, a HAMP Trial Period Plan, B65 Modification or other home retention workout options and requests a short sale or deed-in-lieu of foreclosure

The date and outcome of the HAFA consideration must be documented in the Mortgage file.

Borrowers may be accepted into HAFA if an SSA or DIL Agreement, as described in this chapter, is fully executed by the Borrower and received by the Servicer on or before December 31, 2012.

A Borrower may not participate in a HAMP Trial Period Plan, HAMP Modification or B65 Short Payoff and agree to an SSA simultaneously, and the Servicer may not offer an SSA to a Borrower if the Borrower is currently in an active HAMP Trial Period Plan, is performing on a HAMP Modification or is in the process of being reviewed for a B65 Short Payoff.

Borrowers in active Chapter 7 or Chapter 13 bankruptcy cases must be considered for HAFA if the Borrower, Borrower's counsel or bankruptcy trustee submits a request to the Servicer. With the Borrower's permission, a bankruptcy

trustee may contact the Servicer to request a short sale or DIL under HAFA. Servicers are not required to solicit these Borrowers proactively for HAFA. The Servicer and its counsel must work with the Borrower or Borrower's counsel to obtain any court and/or trustee approvals required in accordance with court rules and procedures. Servicers must extend the deadlines specified in this Chapter D65, as necessary, to accommodate delays in obtaining court approvals or receiving any periodic payment when they are made to a trustee.

Mortgages ineligible for HAFA include the following:

- Mortgages secured by Investment Properties or second homes
- Cooperative Share Mortgages
- Leasehold Mortgages
- Mortgages sold to Freddie Mac on a participation basis
- Mortgages sold to Freddie Mac with recourse or indemnification
- FHA, VA and RHS Mortgages

(b) Borrower notice if considered for HAFA at Borrower request

If the Borrower requests to be considered for HAFA and is found to be ineligible, the Servicer must send the Borrower a notice ("Borrower Notice") containing the following information within 10 days after the consideration:

- The primary reason(s) why the Borrower was ineligible

- If the Borrower is eligible for a B65 Short Payoff, the steps the Borrower must take in order to proceed with a B65 Short Payoff. The Servicer must evaluate the Borrower for a B65 Short Payoff prior to sending the Borrower Notice.

- A toll-free number through which the Borrower can reach a Servicer representative capable of providing specific details about the contents of the Borrower Notice

- The HOPE Hotline Number (888-995-HOPE), with an explanation that the Borrower can seek assistance at no charge from Department of Housing and Urban Development (HUD) approved housing counselors and can request assistance in understanding the Borrower Notice by asking for "MHA help"

- Any information, disclosures or notices required by the Borrower's Note, Security Instrument and applicable federal, State and local law

If the Servicer considers the Borrower for a HAFA Short Sale, but did not do so pursuant to the Borrower's request and determines the Borrower is ineligible, then the Servicer does not have to send a Borrower Notice.

After the Servicer has determined the Borrower is ineligible for a HAFA Short Sale, the Servicer must consider the Borrower for a B65 Short Payoff.

D65.4: Evaluation (11/15/10)

If the Servicer determines that the Borrower is eligible for HAFA pursuant to Section D65.3, the Servicer must follow the steps below to determine if the Servicer may extend an SSA to the Borrower:

(a) Borrower solicitation and response

Servicers may not solicit a Borrower for HAFA until the Borrower has been evaluated for a HAMP modification in accordance with the provisions of Chapter C65. If the Servicer has not already discussed a HAFA Short Sale with the Borrower, the Servicer must proactively notify the Borrower in writing of the availability of a HAFA Short Sale, unless the Borrower is in an active Chapter 7 or Chapter 13 bankruptcy case. The Servicer must allow the Borrower 14 calendar days from the date of the notice to contact the Servicer by verbal or written communication and request consideration under HAFA. If the Borrower fails to contact the Servicer within that period, or at any time indicates that he or she is not interested in a HAFA Short Sale or B65 Short Payoff, the Servicer has no further obligation to evaluate the Borrower for HAFA or any other loan workout option. The Servicer must then (i) continue with delinquency collection efforts pursuant to Chapter 64, or (ii) initiate or continue foreclosure pursuant to Chapter 66, as applicable.

(b) Evaluation criteria

If a HAFA-eligible Borrower responds to the Servicer's solicitation or otherwise requests evaluation for HAFA, the Servicer must conduct the following evaluation to determine whether to extend an SSA to the Borrower. If the Borrower was previously considered for HAMP, the Servicer must use the documentation collected during the HAMP evaluation process as long as it is less than or equal to 90 days old from the date of the HAFA evaluation (excluding the tax return or tax transcript). If the documentation is older than 90 days or the Borrower was not previously evaluated for HAMP the Servicer must collect the necessary documentation from the Borrower.

If the Servicer must order a new credit report, the Servicer may not require the Borrower to pay in advance for the credit report but the Servicer may add the cost to the amount owed under the Mortgage to the extent permitted by the Note, Security Instrument and applicable law in the event the HAFA Short Sale or HAFA Deed-in-Lieu is not completed. If a HAFA Short Sale or Deed-in-Lieu is completed, the Servicer must pay for the credit report from the Servicer incentive payment received under Section D65.8(b).

(i) Borrower criteria

In order to be eligible for an SSA, the Borrower must:

- Currently occupy the Mortgaged Premises as his or her Primary Residence. The Servicer must obtain a credit report for each Borrower or a joint report for co-Borrowers showing the Mortgaged Premises as the Borrower's Primary Residence.

  The Servicer may make an exception to the occupancy requirement if the Mortgaged Premises are vacant no more than 90 days prior to the effective date of the Short Sale Agreement if the Borrower provides documentation that he or she was required to relocate at least 100 miles from the Mortgaged Premises to accept new employment or was transferred by the current employer. The Borrower must declare in writing that he/she has not purchased prior to the HAFA evaluation, or is not currently in the process of purchasing, another one-to-four unit property until the HAFA agreement is completed, and there is no evidence, such as credit report information, indicating that the Borrower has purchased or is in the process of purchasing another one-to-four unit property. The Servicer must obtain reasonable assurances that the Borrower will maintain and preserve the condition of the Mortgaged Premises while vacant at the Borrowers expense.

- Submit a signed Form 1114, Request for Modification and Affidavit (RMA), Internal Revenue Service (IRS) Form 4506-T or 4506T-EZ, and income documentation (as described in Section C65.6(b)). The Servicer must process the Borrower's Form 4506-T/4506T-EZ with the IRS and receive the tax transcripts from the IRS, unless the Borrower provides a signed copy of his or her most recent federal income tax return (including all schedules and forms).

  Servicers may use other proprietary financial information forms in lieu of the RMA, provided that the forms are substantially similar in content to the RMA, and the information and attestations requested from the Borrower are the same. When the RMA is not used to obtain the Borrower's financial information, Servicers must obtain an executed Form 1115, MHA Hardship Affidavit ("MHA Hardship Affidavit") from the Borrower. In lieu of the Form 1115, Servicers may incorporate all of the information on the MHA Hardship Affidavit into their own form.

- Have Cash Reserves as of the date of the evaluation that are less than the greater of $5,000 or three times the Borrower's total monthly payment on the Mortgage, determined as follows:

  - Principal and interest based on the existing Mortgage terms
  - Monthly pro rata amount for real estate taxes, property and flood insurance, if applicable
  - Monthly pro rata amount of homeowner's association/condominium fees
  - Any Escrow payment shortage amounts subject to a repayment plan

The process for calculating and verifying Cash Reserves is as follows:

1) The Servicer must determine that all of the Borrower's Cash Reserves have been accounted for on the RMA and verified. In verifying and making the determination that all Cash Reserves have been accounted for, Servicers must review the Borrower's federal income tax return or tax transcript, including information from applicable schedules (i.e., Schedules B - *Interest & Ordinary Dividends*, D - *Capital Gains & Losses*, E - *Supplemental Income & Loss*) and all other available information provided by the Borrower to determine if the asset information stated on the RMA is reasonably consistent with information available from the tax return or tax transcript, or other information. The Servicer must ensure that the Borrower's disclosure of assets is consistent with the interest, dividend income or gain/loss information reflected in the tax return information.

2) If, upon reviewing the Borrower's tax return or tax transcript, the Servicer observes interest, dividend income or gains/losses that, in total, could not be reasonably produced by the Borrower's disclosed reserves, and such income indicates deposits, securities holdings or other assets that could be in excess of the amounts disclosed by the Borrower on the RMA, the Servicer must reconcile the inconsistency with the Borrower. The Servicer must require the Borrower to produce a signed federal tax return and all relevant schedules, in the event the Servicer used a tax transcript in lieu of a tax return, along with any other relevant documentation that verifies the disposition and/or current status of those assets, which produced the income or gains/losses to resolve the inconsistency. The Servicer must ensure that the Borrower's disclosure of assets is reasonably accurate despite the inconsistency between the disclosed assets and the income or gain/loss from assets reported on the tax return or tax transcript. In determining what documentation is needed to reconcile an inconsistency, the Servicer must review the detailed tax return schedules and forms, and request from the Borrower copies of recent and past statements from those asset holdings or transactions indicated on the schedules and forms that produced the income or gain/loss (e.g., checking, savings, brokerage account statements, asset sale statements or records, etc).

3) If there are inconsistencies between the Borrower's disclosure of assets and the tax return information that cannot be reconciled with the Borrower, or the required Cash Reserves documentation cannot be obtained from the Borrower, the Borrower cannot be considered for HAFA.

4) Based on the Cash Reserves test, if the Servicer determines that the Borrower's Cash Reserves exceed the greater of $5000 or three times the

monthly payment (as determined above) at the time of evaluation, the Borrower is not eligible for HAFA, and the Servicer must evaluate the Borrower for a B65 Short Payoff.

(ii) Mortgaged Premises criteria

The Servicer must order an interior Broker's Price Opinion (BPO) or appraisal using the 90 da y "as is" marketing value from our web site at **https://www.bpodirect.com** in accordance with the requirements of Section 65.39. The BPO or appraisal may not be more than 30 days old from the date the Servicer evaluates the Borrower for a HAFA Short Sale.

The Servicer must review the BPO or appraisal to confirm that the Mortgaged Premises are occupied and not abandoned, condemned or vacant (except as otherwise specified in D65.4(b)). If there are inconsistencies between the BPO and the credit report or other documentation, the Servicer must reconcile the inconsistencies.

The Servicer may not require the Borrower to pay in advance for the valuation, but the Servicer may add the cost to the amount owed under the Mortgage to the extent permitted by the Note, Security Instrument and applicable law.

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(iii) Mortgage insurer approval

If the Mortgage is covered by mortgage insurance, the Servicer must receive at least preliminary approval for the HAFA Short Sale as described in Section D65.7(e) prior to entering into an SSA with the Borrower.

(iv) Title criteria

The Servicer must review readily available information provided by the Borrower, the Borrower's credit report, the Mortgage file, the foreclosure file, if any, and other available sources to identify subordinate liens and other claims on title to the Mortgaged Premises to determine if the Borrower will be able to deliver clear, marketable title to a prospective purchaser or Freddie Mac. If the Servicer's review of the title information reveals a l ien, claim, encumbrance or defect that prevents the Borrower from conveying clear, marketable title to the Mortgaged Premises that cannot be satisfied by payment to subordinate lien holders in accordance with Section D65.7 herein, or cannot be resolved without litigation or court order, then the Borrower is ineligible for a HAFA Short Sale or a HAFA Deed-in-Lieu.

(c) Borrower Notice and transition to B65 Short Payoff

If the Servicer determines that the Borrower is ineligible for HAFA after being evaluated, the Servicer must evaluate the Borrower for a B65 Short Payoff, unless the

reason for ineligibility was for title reasons under Section D65.4(b)(iv). Within 10 calendar days after the Servicer evaluates a Borrower for HAFA and determines that the Borrower is ineligible, the Servicer must send a Borrower Notice that meets the requirements of Section D65.3(b). If the Servicer determines that the Borrower is ineligible for a B65 Short Payoff, then the Servicer must (i) continue with delinquency collection efforts pursuant to Chapter 64, or (ii) initiate or continue foreclosure pursuant to Chapter 66, as applicable.

D65.5: HAFA Short Sale (06/01/10)

(a) Preparing and offering the SSA

If the Servicer evaluates the Borrower and determines that the Borrower is eligible for a HAFA Short Sale pursuant to this chapter, the Servicer must comply with the following steps to prepare and offer the Form 1135, Short Sale Agreement, (SSA) to the Borrower. The Servicer is not required to obtain Freddie Mac's prior approval to enter into an SSA with the Borrower, provided that the Servicer complies with the following:

(i) Minimum acceptable net proceeds

The Servicer must document the minimum acceptable net proceeds from the sale of the Mortgaged Premises in the Mortgage file prior to preparing and offering an SSA to the Borrower. The minimum acceptable net proceeds for a HAFA Short Sale are the 90 day "as is" marketing value as determined by the Broker's Price Opinion (BPO) or appraisal minus (1) the Allowable Transaction Costs as determined below, (2) the maximum amount payable to subordinate lien holders under Section D65.7(b), and (3) the Borrower relocation incentive paid under Section D65.8(a). For example, if the valuation of the Mortgaged Premises are $100,000, then the minimum acceptable net proceeds will be $82,000:

$100,000	(gross sales price)
- $9,000	(maximum Allowable Transaction Costs)
- $6,000	(maximum aggregate payment to subordinate lien holders)
- $3,000	(Borrower relocation incentive)
$82,000	(minimum acceptable net proceeds)

After signing an SSA, the Servicer must not:

- Increase the minimum acceptable net proceeds until the initial SSA termination date is reached and only if authorized by Freddie Mac
- Decrease the minimum acceptable net proceeds unless authorized by Freddie Mac
- Disclose the minimum acceptable net proceeds amount to any party, including but not limited to the Borrower, the real estate broker and any prospective buyer, except as authorized by Freddie Mac

(ii) Allowable Transaction Costs

Freddie Mac will pay up to a total of 9% of the final sales price towards (1) reasonable closing costs customarily paid by a seller in the jurisdiction where the Mortgaged Premises are located of up to 3% of the final sales price, and (2) real estate brokerage commissions of up to 6% of the final sales price. Any closing costs or commissions that exceed these percentages will not be paid by Freddie Mac.

(iii) SSA

The SSA outlines the roles and responsibilities of the Servicer and the Borrower in the HAFA Short Sale process and provides key marketing terms. After the Servicer has performed an evaluation pursuant to Section D65.4 and determined that the Borrower is eligible for a HAFA Short Sale, the Servicer must prepare and send an SSA to the Borrower. The Servicer must also send the Borrower Form 1136, Request for Approval of Short Sale (RASS), pre-populated with the Servicer's contact information, the address of the Mortgaged Premises and the Servicer loan number. Prior to sending the SSA and RASS to the Borrower, the Servicer must complete all missing information and delete all inapplicable language in accordance with this section as follows:

- A fixed termination date that is 120 calendar days from the effective date of the SSA ("Effective Date"). The Effective Date must be stated in the SSA and is the date the SSA is mailed to the Borrower. The Servicer must not extend the termination date of the SSA without authorization from Freddie Mac as described in Section D65.5(h).

- The minimum list price which shall be the 90 day "as is" marketing value as determined by the BPO or appraisal, as applicable. See Section D65.4(b)(ii) for additional information.

- The Allowable Transaction Costs which may be deducted from the gross sale proceeds are (1) the reasonable closing costs customarily paid by a seller in the jurisdiction where the Mortgaged Premises are located of up to 3% and (2) real estate brokerage commissions of up to 6%, for a total of 9% of the final sales price paid by the buyer at closing

- If the Servicer retains a vendor to facilitate the transaction, including a vendor retained by the Servicer to assist the listing broker, the Servicer must indicate that fact in the SSA. The Servicer may not require the vendor be paid from a portion of the brokerage commission or by the Borrower, but the Servicer may pay the vendor from the Servicer incentive payment received under Section D65.8(b).

- The amount of the monthly mortgage payment the Borrower will pay during the term of the SSA, which shall be equal to 31% of the Borrower's verified gross monthly income

- A closing date that is no less than 45 calendar days from the date of the sales contract without the consent of the Borrower and no more than 60 calendar days from the date of the sales contract without the consent of Freddie Mac

(b) Borrower obligations

The Borrower must sign and return the SSA within 14 calendar days from its Effective Date, along with a copy of the real estate broker listing agreement, which expires no earlier than the termination date of the SSA, a copy of the multiple listing service ("MLS") listing advertising the Mortgaged Premises, if available, and information regarding any subordinate liens. In returning and signing the SSA the Borrower agrees to the following:

- Provide all information and sign documents required to verify HAFA eligibility

- Cooperate with the listing broker to actively market the Mortgaged Premises and respond to Servicer inquiries

- Maintain the interior and exterior of the Mortgaged Premises in a manner that facilitates marketability

- Work to clear any liens or other impediments to title that would prevent conveyance of clear, marketable title to the Mortgaged Premises

- Make the monthly payment stipulated in the SSA

(c) Monitoring marketing activity; cause for termination

The Servicer must terminate the SSA before its expiration if any of the following events occur:

- The Borrower's financial situation improves significantly, the Borrower qualifies for and accepts a modification of the Mortgage, or the Borrower brings the Mortgage current or pays the Mortgage in full

- The Borrower or the listing broker fails to act in good faith in listing, marketing and/or closing the sale, or otherwise fails to abide by the terms of the SSA or applicable law

- A significant change occurs to the condition and/or value of the Mortgaged Premises

- There is evidence of fraud or misrepresentation, including, but not limited to, any evidence of a non-arms length relationship between any parties involved in the transaction (e.g., the Borrower, real estate broker, any prospective buyer, transaction facilitator, BPO provider or appraiser)

- The Borrower files for bankruptcy and the court declines to approve the SSA

- Litigation is initiated or threatened that could affect title to the Mortgaged Premises or interfere with a valid conveyance of clear, marketable title to the Mortgaged Premises

The Borrower's failure to make monthly payments on the Mortgage during the marketing period under the SSA is not a cause for termination, unless it is accompanied by another breach of the SSA.

(d) Title work and identification of claims on title

After receipt of the signed SSA from the Borrower, the Servicer must order title work to identify subordinate liens and other claims on title to the Mortgaged Premises, unless the Servicer is certain based on its examination under Section D65.4(b)(iv) that the Borrower will be able to deliver clear, marketable title to a prospective purchaser or Freddie Mac. If the Servicer has previously ordered title work or obtained title work from the foreclosure file then the Servicer need only order updated title work. The Servicer must share the title work with the Borrower and/or the listing broker as necessary to assist them in communicating with subordinate lien holders or to resolve title issues, if any.

The Servicer may not require the Borrower to pay in advance for the title work, but the Servicer may add the cost to the amount owed under the Mortgage to the extent permitted by the Note, Security Instrument and applicable law in the event that the HAFA Short Sale or HAFA Deed-in-Lieu is not completed. If a HAFA Short Sale or Deed-in-Lieu is completed, the Servicer may request reimbursement of the expense for the title work, subject to the limits provided in Exhibit 57A, Approved Attorney Fees and Title Expenses, by submitting a Form 104SF, Statement of Loan, Workout and REO Expenses and Income. Refer to Chapter 71 for additional information on submitting a request for reimbursement.

Refer to Section D65.10 for reporting requirements during the marketing period.

(e) Request for approval of a HAFA Short Sale

The Borrower must submit the RASS to the Servicer when an offer for the Mortgaged Premises is received. The RASS provides the terms and conditions of the HAFA Short Sale and together with the sales contract, provides settlement instructions to the settlement agent. Within three Business Days following receipt of an executed sales

contract, the Borrower or the listing broker must deliver to the Servicer a completed RASS describing the terms of the sale transaction, along with the following:

- A copy of the executed sales contract and all addenda
- Buyer's documentation of funds or buyer's pre-approval or commitment letter on letterhead from a lender
- Copies of all documentation indicating that subordinate lien holders have agreed to release their liens and the Borrower from liability
- A preliminary HUD-1 Settlement Statement

(f) Approval or disapproval of a HAFA Short Sale

(i) Net sale proceeds equal or exceed minimum acceptable net proceeds

Within ten (10) Business Days of receipt of the RASS and all required attachments, the Servicer must indicate its approval of the proposed sale by signing Form 1137, Approval of Short Sale, and mailing it to the Borrower, provided the terms of the net sale proceeds equal or exceed the minimum acceptable net proceeds determined by the Servicer prior to execution of the SSA and all other terms and conditions in the SSA have been met.

Within one (1) Business Day of approval of a RASS, the Servicer must enter all terms of the transaction and other required information into Workout Prospector® and transmit the model to Freddie Mac. When entering the transaction terms into Workout Prospector, Servicers must:

- Enter information related to the Borrower relocation incentive and the payment(s) to subordinate lien holders on the HUD-1 screen of Workout Prospector as follows:

  - Line 1306: Enter the $3,000 Borrower relocation incentive with a note to indicate "Borrower Relocation Incentive." (Note: The instructions for how to account for the Borrower relocation incentive on the HUD-1 Settlement Statement at closing differ from the instructions for entering this incentive payment in Workout Prospector. Refer to Section D65.8(a) for additional information.)

  - Line 505: Enter the total amount of payments made to subordinate lien holders

- In the "Recommendations" section of the Warnings and Comments screen, indicate the following in all caps: **HAFA SHORT SALE**

- Send an email to **NPL_file_prep@freddiemac.com** and in the subject line of the e-mail provide the Freddie Mac loan number and notation **"HAFA Short Sale – Approval"**

The Servicer may not require, as a condition of approving a HAFA Short Sale, a reduction in the real estate commission below the commission stated in the listing agreement.

The Servicer may require that the closing take place within a reasonable period following acceptance of the RASS, but in no event may the Servicer require that the closing occur in less than 45 calendar days from the date of the sales contract without the consent of the Borrower or in more than 60 calendar days from the date of the sales contract without the consent of Freddie Mac.

(ii) Net sale proceeds less than minimum acceptable net proceeds

Within ten (10) Business Days of receipt of the RASS and all required attachments, the Servicer must indicate its disapproval of the proposed sale by signing Form 1138, Disapproval of Short Sale, if the terms of the sale would yield net sale proceeds to Freddie Mac that are less than the minimum acceptable net proceeds. The Servicer must make a counteroffer on the form or in an accompanying attachment for an amount that would meet the minimum acceptable net proceeds.

The Servicer must also evaluate the terms of the offer to determine if the Borrower would be eligible for a B65 Short Payoff and discuss that option with the Borrower. The Servicer must clearly communicate to the Borrower that he or she would not be entitled to any incentives under a B65 Short Payoff. If the Borrower agrees to a B65 Short Payoff, the Servicer must process the offer pursuant to the requirements of Sections B65.35 through B65.41.

(g) HAFA Short Sale request received, but Borrower not previously evaluated for HAMP

If the Borrower has an executed sales contract that would result in a short payoff of the Mortgage and requests that the Servicer approve a HAFA Short Sale before an SSA has been executed, then the Servicer must inform the Borrower that he or she will be considered for a B65 Short Payoff instead of a HAFA Short Sale. The Servicer must clearly communicate to the Borrower that he or she would not be entitled to any incentives under a B65 Short Payoff. The Servicer must then process the sales contract in accordance with Sections B65.35 through B65.41 before the sales contract expires.

(h) Extensions of SSA

If an acceptable purchase offer has not been received prior to the expiration date of the SSA, the Servicer may submit a recommendation to Freddie Mac to extend the SSA if (i) the Borrower has fully complied with the SSA and the Borrower was not the cause of the failure of the Mortgaged Premises to sell, and (ii) the Servicer believes that an extension of the SSA is likely to result in an offer that meets the minimum acceptable net proceeds requirement.

The Servicer must submit a recommendation for an extension no fewer than 15 calendar days prior to the expiration of the SSA via e-mail with the subject line "Request for Extension of SSA" to **HAFA@freddiemac.com**. The Servicer must also provide any recommendations relating to the marketing of the Mortgaged Premises, such as the number of days the SSA should be extended, adjustments to the listing price and choice of real estate broker.

If Freddie Mac approves the extension, the Servicer must prepare a written extension agreement extending the SSA in accordance with Freddie Mac's instructions. The extension agreement must also amend other terms of the SSA, as necessary, and be executed by the Borrower before the expiration date of the SSA. If an extension is not recommended by the Servicer or not approved by Freddie Mac, the Servicer must consider the Borrower for a HAFA Deed-in-Lieu pursuant to Section D65.6.

(i) Closing, reporting and remitting requirements

Within five Business Days after settlement of the HAFA Short Sale, the Servicer must submit copies of the following documents to Freddie Mac via fax at (571) 382-4910 (or as otherwise directed by Freddie Mac):

- Proceeds check or wire communication notice, which must include the Freddie Mac reference number
- Copy of the final sales contract, including any addenda to the sales contract
- Final HUD-1 Settlement Statement, which must be certified true if not the original and signed by the Borrower and the purchaser(s)
- Proof that subordinate liens have been paid and commitment from the subordinate lien holder(s) to release the lien(s)

In addition, the Servicer must comply with the reporting and remitting requirements of Section B65.41; however, the Servicer must advance from its own funds, and include with its remittance, the $3,000 Borrower relocation incentive. (Refer to Section D65.8 for additional information.)

Servicers must refer to and comply with the additional requirements of Section B65.41 with respect to charging off the deficiency, remitting additional proceeds and requesting reimbursement for expenses.

D65.6: HAFA Deed-in-Lieu (06/01/10)

The Servicer must consider a Borrower for a HAFA Deed-in-Lieu upon the following terms:

(a) Submitting requests for a HAFA Deed-in-Lieu

The Servicer must not offer a HAFA Deed-in-Lieu unless the Borrower has previously marketed the Mortgaged Premises under the HAFA Short Sale process. If an SSA has expired without completing a sale of the Mortgaged Premises, there are no impediments to the Borrower conveying clear, marketable title to Freddie Mac and all subordinate lien holders, if any, have agreed to release their liens in accordance with Section D65.7(b), the Servicer must request permission from Freddie Mac to enter into a HAFA Deed-in-Lieu as soon as possible but no later than 10 calendar days after the expiration of the SSA by complying with the following requirements:

- Completing all required fields in Workout Prospector® and transmitting the model to Freddie Mac. When entering the transaction terms into Workout Prospector, Servicers must enter information related to the Borrower relocation incentive and the payment(s) to subordinate lien holders in the following expense fields on the Deed-in-Lieu Overrides screen:

  - **Miscellaneous Expenses**: Enter the $3,000 Borrower relocation incentive with a note to indicate "Borrower Relocation Incentive"
  - **Liens (Junior and Senior)**: Enter the total amount of payments made to subordinate lien holders

  In addition, in the "Recommendations" section of the Warnings and Comments screen, the Servicer must indicate the following in all caps: **HAFA Deed-in-Lieu**.

- Sending an email to **NPL_file_prep@freddiemac.com** and in the subject line of the e-mail provide the Freddie Mac loan number and notation **"HAFA Deed-in-Lieu – Approval"**

- Ordering a new Broker's Price Opinion (BPO) or appraisal from **https://www.bpodirect.com**

- Faxing copies of the following documentation to Freddie Mac at (571) 382-4910
  - RMA, MHA Hardship Affidavit or equivalent servicer proprietary form
  - All documentation collected under Section D65.4
  - Listing agreement
  - MLS listing, if available
  - Title work
  - Approval from the mortgage insurer, if applicable
  - Approval from the subordinate lien holder(s), if applicable

If the Mortgage is covered by mortgage insurance, the Servicer must contact and receive approval for the HAFA Deed-in-Lieu as described in Section D65.7(e) prior to submitting the request to Freddie Mac. Freddie Mac will notify the Servicer if it approves or disapproves the HAFA Deed-in-Lieu request via Workout Prospector within seven Business Days of receipt of all required information.

(b) DIL Agreement and terms

If Freddie Mac approves the Borrower for a HAFA Deed-in-Lieu, the Servicer must use Form 1139, Deed-in-Lieu Agreement ("DIL Agreement"), to offer a HAFA Deed-in-Lieu to the Borrower. Within three Business Days of receiving Freddie Mac's approval, the Servicer must complete the DIL Agreement in accordance with this section and send it to the Borrower. The Borrower must sign and return the DIL agreement within 14 calendar days from the date of the agreement. Servicers should modify the DIL Agreement to include the date by which the agreement must be returned to the Servicer.

The DIL Agreement contains the following terms, which the Servicer should attempt to discuss with the Borrower prior to sending the DIL Agreement:

- **Marketable Title:** The Borrower must be able to convey clear, marketable title to Freddie Mac. Freddie Mac will pay the amounts to release subordinate liens as described in Section D65.7(b).

- **Written Agreement:** The DIL Agreement must set forth the conditions for acceptance of a HAFA Deed-in-Lieu and be signed by the Servicer and the Borrower

- **Monthly Payment**: The amount of the monthly mortgage payment the Borrower will pay during the term of the DIL Agreement, which shall be equal to 31% of the Borrower's verified gross monthly income. The Borrower's failure to make monthly payments on the Mortgage during the term of the DIL Agreement is not a cause for termination, unless it is accompanied by another breach of the DIL Agreement.

- **Vacancy Date:** The DIL Agreement must specify the date by which the Borrower must vacate the Mortgaged Premises, which shall be no less than 30 calendar days nor more than 60 calendar days, from the date of execution of the DIL Agreement, unless the Borrower voluntarily agrees to an earlier date

- **Relocation Assistance:** Borrowers who execute a HAFA DIL Agreement are eligible for $3,000 in relocation assistance as described in Section D65.8(a)

(c) Closing, reporting and remitting requirements

To close the HAFA Deed-in-Lieu, the Servicer must complete the following steps upon receipt of the executed deed:

(i) Reporting requirements

1. Report the transaction via MIDANET®, using the Foreclosure Sale/DIL transmission, within one Business Day of receiving the executed deed. The date the Servicer received the executed deed is the date used for the Sale Reported Date.

2. Within five Business Days of receiving the executed deed, submit the following to Freddie Mac via fax at (571) 382-4905 (or as otherwise directed by Freddie Mac):

- Proof that subordinate liens have been paid or released
- Copy of the executed deed showing conveyance between the Borrower and Freddie Mac

3. Report the Mortgage as a Transfer to REO via MIDANET. Ensure that the:

- Ending unpaid principal balance is the ending balance of the Mortgage
- Principal collected field is zero
- REO acquisition date is the date the deed was executed
- Due Date of Last Paid Installment reflects the due date of the last fully paid installment

(ii) Other requirements

1. Secure the Mortgaged Premises at time of possession and take all necessary actions to protect the Mortgaged Premises from waste, damage and vandalism

2. Request reimbursement for any applicable expenses, in accordance with Sections B65.54 through B65.58

3. Report the acquisition of the Mortgaged Premises to the Internal Revenue Service according to the requirements in Section 55.3 on Form 1099-A, Acquisition or Abandonment of Secured Property

(d) Borrower ineligible

If the Borrower is ineligible or Freddie Mac does not authorize the Servicer to offer a HAFA Deed-in-Lieu, the Servicer must consider the Borrower for a B 65 Deed-in-Lieu. If the Borrower is ineligible for a B 65 Deed-in-Lieu, the Servicer must (i) continue with delinquency collection efforts pursuant to Chapter 64, or (ii) initiate or continue foreclosure pursuant to Chapter 66, as applicable.

D65.7: General terms and conditions (06/01/10)

(a) Suspension of foreclosure sales

The Servicer must continue with an existing foreclosure proceeding during the HAFA process. However, the Servicer must not refer a Mortgage to foreclosure or complete a foreclosure sale in the following situations:

- While determining the Borrower's eligibility and qualification for HAFA
- While awaiting the timely return of a fully executed SSA
- During the term of a fully executed SSA

- While awaiting approval from Freddie Mac to offer the Borrower a HAFA Deed-in-Lieu
- Pending transfer of title to the Mortgaged Premises based on an approved sales contract per the RASS
- Pending transfer of title to the Mortgaged Premises via a HAFA Deed-in-Lieu by the date specified in the DIL Agreement

(b) Release of subordinate liens

It is the responsibility of the Borrower to deliver clear, marketable title to the purchaser (in the case of a HAFA Short Sale) or Freddie Mac (in the case of a HAFA Deed-in-Lieu) and to work with the listing broker, settlement agent and/or lien holders to clear title impediments. The Servicer may, but is not required to, negotiate with subordinate lien holders on behalf of the Borrower. Prior to releasing any funds to a subordinate lien holder, the Servicer or real estate broker must obtain written commitment from the subordinate lien holder that it will fully release the Borrower from all claims and liability relating to the lien in exchange for payment received at the HAFA Short Sale closing. The Servicer will be in compliance with this Chapter if the Servicer requires the closing attorney or agent to confirm receipt of the written commitment from each subordinate lien holder on the HUD-1 Settlement Statement, or requires that a copy of the written commitment provided by the subordinate lien holder be sent to the Servicer with the HUD-1 Settlement Statement in advance of the closing.

Subordinate lien holder(s) may not require contributions from either the real estate agent or Borrower as a condition for releasing its lien and releasing the Borrower from personal liability. In addition, any payments to subordinate lien holder(s) related to the HAFA Short Sale must be reflected on the HUD-1 Settlement Statement, as applicable.

The Servicer, on behalf of Freddie Mac, will authorize the settlement agent to allow up to an aggregate of $6,000 as payment(s) to subordinate lien holder(s) in exchange for a lien release and full release of Borrower liability. Each lien holder, in order of lien priority, may be paid up to 6% of the unpaid principal balance of their loan, until the $6,000 aggregate cap is reached.

For a HAFA Short Sale, payments to the subordinate lien holders must be made at closing from the gross proceeds and must be reflected on the HUD-1 Settlement Statement.

For a HAFA Deed-in-Lieu, the Servicer must advance the payments to subordinate lien holders, if any, to the appropriate parties prior to receipt of the deed. Servicers will be reimbursed for such advances via Fannie Mae's payment process, in its capacity as program administrator for the United States Department of the Treasury ("Program Administrator"), once the Servicer has reported the transfer of title to the

Mortgaged Premises to the Program Administrator. Refer to Section D65.10 for additional information.

A Borrower does not qualify for a HAFA Short Sale and HAFA Deed-in-Lieu unless all subordinate lien holders waive any right to require additional sums (either as a cash contribution or by a promissory note) from the Borrower as a collection for deficiencies. The subordinate lien holders may not request or receive payments from the Borrower directly in exchange for an agreement to the HAFA Short Sale or HAFA Deed-in-Lieu. Any such request or receipt violates the terms of the SSA or DIL Agreement and this chapter and, in the event the Servicer becomes aware of such act, the Servicer must report it to Freddie Mac in accordance with the Guide.

(c) Release of First Mortgage Lien

The Servicer must release its First Lien within the time required by applicable local or State law after receipt of sale proceeds from a HAFA Short Sale or delivery of the deed and Mortgaged Premises in a HAFA Deed-in-Lieu transaction. If local or State law does not require release within a specified time, the Servicer must release its First Lien within 30 Business Days after receipt of the sale proceeds from a HAFA Short Sale or delivery of the deed and Mortgaged Premises in a HAFA Deed-in-Lieu. Additionally, with respect to a HAFA Short Sale or HAFA Deed-in-Lieu, the Servicer, for itself and on behalf of Freddie Mac, must waive all rights to seek a deficiency judgment and may not require the Borrower to sign a promissory note or make a cash contribution for the deficiency.

(d) Borrower fees

The Servicer may not charge the Borrower any administrative processing fees in connection with HAFA. The Servicer must pay all out-of-pocket expenses, including, but not limited to: notary fees, recordation fees, release fees, title costs, property valuation fees, credit report fees or other allowable and documented expenses. The Servicer, however, may add these costs to the outstanding debt to the extent permitted by the Note, Security Instrument and applicable laws in the event the HAFA Short Sale or Deed-in-Lieu is not completed. If a HAFA Short Sale or HAFA Deed-in-Lieu is completed, the Servicer may request reimbursement for reimbursable expenses in accordance with Exhibit 57, 1 - to 4- Unit Property Approved Expense Amounts; Exhibit 57A, Approved Attorney Fees and Title Expenses; and Chapter 71.

The Servicer must require the Borrower to waive reimbursement of any remaining Escrow, buy down funds or prepaid items, and assign any insurance proceeds to Freddie Mac, if applicable. Those funds will not be applied to reduce the total net proceeds from the sale.

(e) Mortgage insurer approval

For Mortgages that have mortgage insurance coverage, the Servicer must comply with all requirements of the mortgage insurer and the terms of coverage. The Servicer must obtain preliminary mortgage insurer approval for a HAFA Short Sale prior to the execution of the SSA. The Servicer must also request and obtain final approval from the mortgage insurer prior to executing and returning the Approval of Short Sale form, if required by the mortgage insurer. Additionally, the Servicer must receive mortgage insurer approval prior to entering into the DIL Agreement. If the mortgage insurer denies approval at any time, then the Borrower will be ineligible for HAFA. The Servicer is encouraged to obtain blanket or delegated approval from mortgage insurers, if possible. A Mortgage does not qualify for HAFA unless the mortgage insurer waives any right to collect additional sums (cash contribution or a promissory note) from the Borrower.

(f) Workout Prospector

The Servicer must use Workout Prospector® for all Mortgages being considered for HAFA under this chapter. The Servicer represents and warrants that it will only use Workout Prospector for Mortgages serviced for Freddie Mac, and not for mortgages owned by other investors. Moreover, both the input and output of Workout Prospector are considered Freddie Mac confidential information that the Servicer agrees not to disclose to third parties, except as authorized by Freddie Mac. When the Servicer uses Workout Prospector, the Servicer is deemed to be bound by all of the provisions of Exhibit 86, Workout Prospector User Agreement, to the same degree as if they had signed such Agreement as a user.

Workout Prospector requires the submission of specific data elements in order to return a complete workout solution. The Servicer must ensure that all data input into Workout Prospector is true, complete and accurate and that all data is entered correctly.

(g) Reservation of rights to invoke remedies

Notwithstanding the terms of this chapter and Freddie Mac's delegation of authority to Servicer to approve a HAFA Short Sale or HAFA Deed-in-Lieu, Freddie Mac reserves its rights to exercise any remedies provided by the Guide and the other Purchase Documents including, but not limited to, a repurchase of the Mortgage, a call on a credit enhancement and/or indemnification by the Servicer for any loss, damage or expense, including court costs and attorneys fees, suffered by Freddie Mac in the event Freddie Mac determines that there has been a failure to comply with any selling or Servicing representation, warranty or requirement of the Guide or other Purchase Documents.

D65.8: Incentive compensation (06/01/10)

A Borrower and a Servicer will be eligible for HAFA incentives upon successful completion of the HAFA Short Sale or HAFA Deed-in-Lieu if an SSA or DIL

Agreement, as applicable, was executed by the Borrower and received by the Servicer on or before December 31, 2012 and complies with all the requirements of this chapter. The amount of any contribution paid by a mortgage insurer or other provider of credit enhancement shall not be considered in determining whether the Mortgage was paid in full and whether the Servicer is eligible for such incentive compensation.

For a HAFA Short Sale or HAFA Deed-in-Lieu, incentives will be paid as follows.

(a) Borrower relocation incentive

Following the closing of a HAFA Short Sale or HAFA Deed-in-Lieu in accordance with the requirements of this chapter, the Borrower shall be entitled to an incentive payment of $3,000 to assist with relocation expenses.

For a HAFA Short Sale, the Servicer must instruct the settlement agent to pay the Borrower from sale proceeds at the same time that all other payments, including the payoff to the Servicer, are disbursed by the settlement agent. The amount paid to the Borrower must appear on the HUD-1 Settlement Statement as $3,000 in line 403 (Cash to Seller) with a note to indicate "HAFA Relocation Assistance" and the closing agent must adjust line 504 (Payoff to first mortgage loan) to reflect a reduction for the same amount. In all cases, the cash to the Borrower (i.e., Seller) shown on line 603 must be exactly $3,000.

The Servicer must advance the amount of the Borrower relocation incentive to Freddie Mac by including it w ith the payoff remittance. The Servicer will be reimbursed for the full amount of the Borrower relocation incentive via Fannie Mae's payment process, in its capacity as program administrator for the United States Department of the Treasury ("Program Administrator"), after the Servicer has reported the HAFA Short Sale transaction to the Program Administrator.

For a HAFA Deed-in-Lieu, the Servicer must mail a check for the relocation incentive to the Borrower within five Business Days from the date of the Borrower's execution of the deed conveying title to the Mortgaged Premises or the Borrower's vacancy and delivery of keys to the Servicer or the Servicer's agent, whichever is later, in accordance with the DIL Agreement. The Servicer will be reimbursed for the full amount of the relocation incentive via the Program Administrator's payment process after the Servicer has reported the transfer of title to the Mortgaged Premises to the Program Administrator.

Refer to Section D65.10 for additional information on r eporting to the Program Administrator.

(b) Servicer incentive

Freddie Mac will pay the Servicer the amount of $2,200 to cover administrative and processing costs for each HAFA Short Sale completed in accordance with this

chapter. Freddie Mac will pay the Servicer the amount of $1,500 to cover administrative and processing costs for each HAFA Deed-in-Lieu completed in accordance with this chapter. The Servicer incentive fees will be paid via the Program Administrator's payment process after the Servicer reports the completed HAFA transaction to the Program Administrator as described in Section D65.10.

D65.9: Standard form documents (06/01/10)

(a) Use of standard form documents

Servicers must use the forms identified in Section D65.1 for HAFA. Refer to Section D65.1 for additional information on the use of standard HAFA forms.

(b) Document retention

In addition to complying with the requirements for Mortgage file retention described in Chapter 52, the Servicer must retain all documents and information received during the process of determining Borrower eligibility and qualification for HAFA. The Servicer must retain detailed records of Borrower solicitations or Borrower-initiated inquiries regarding HAFA, the outcome of the evaluation for foreclosure alternatives under HAFA and specific justification with supporting details if foreclosure alternatives were denied. Records must also be retained to document the reasons for termination of the SSA or expiration of HAFA transactions without a completed short sale or acceptance of a HAFA Deed-in-Lieu. The Servicer must retain required documents for the period set forth in Section 52.3.

(c) Signatures and electronic documents

All HAFA documentation must be signed by an authorized representative of the Servicer and reflect the actual date of signature by the Servicer's representative. All Borrowers and any other signatory to the Security Instrument must sign all the required HAFA documents. However, in instances where a Borrower, co-Borrower, or other signatory to the Security Instrument has divorced, separated from, or, if unrelated by marriage, civil union or similar domestic partnership under applicable law, vacated the Mortgaged Premises, only those Borrower(s) and signatories to the Security Instrument who currently occupy the Mortgaged Premises are required to sign the required HAFA documents provided the Borrower submits, as applicable, a copy of the divorce decree, court filed separation agreement or a copy of a recorded quit claim deed evidencing that the departed signatory has relinquished all rights to the Mortgaged Premises.

Servicers may evaluate requests on a case-by-case basis when the Borrower is unable to sign due to circumstances such as mental incapacity, military deployment, etc.

For Mortgages secured by Mortgaged Premises owned by an eligible *inter vivos* revocable trust, the Borrower must sign all HAFA-related documents in both an individual capacity and as trustee of the *inter vivos* revocable trust.

All documents required under HAFA, except a deed, are considered "loss mitigation documents" under Sections 50.3.1 and C65.5 and must comply with those sections applicable to loss mitigation documents sent and/or signed electronically. All electronic loss mitigation documents, and any other electronic Mortgage file documents ("Electronic Records") must be capable of being retrieved and printed in a manner that accurately reflects the information originally contained in the Electronic Records. All Electronic Records must be accessible (either electronically or on paper) and promptly made available to Freddie Mac, as investor and in its role as HAMP Compliance Agent for Treasury, upon request.

D65.10: Reporting requirements (09/01/10)

(a) Reporting to the program administrator

The Servicer must collect and report the information required under HAMP prior to reporting any HAFA information required under this section. In addition to reporting to Freddie Mac, the Servicer is required to provide periodic HAFA loan level data to Fannie Mae, in its capacity as program administrator for the United States Department of the Treasury ("Program Administrator"), as a condition to receiving the incentive payments offered through HAFA. The data submitted must be accurate, complete, timely, and agree with the Servicer's records. Data must be reported by the Servicer at the following key milestones in the transaction, as applicable:

- **Notification** – When the SSA or the DIL Agreement is signed and executed, or updated following an extension of the marketing terms
- **Short Sale/Deed-in-Lieu loan set up** – At the transfer of ownership of the Mortgaged Premises (closing of a HAFA Short Sale or acceptance of a HAFA Deed-in-Lieu)
- **Termination** – When the SSA or DIL Agreement expires or when the SSA or DIL Agreement is terminated by the Servicer

Each milestone is a separate data transmission and must be reported no later than the fourth Business Day of the month following the event. A Servicer should refer to the reporting requirements published by the Program Administrator on **http://www.HMPadmin.com** for the required data elements associated with each data file and detailed guidelines for submitting the data files.

(b) Reporting to Freddie Mac

Monthly Electronic Default Reporting

Servicers must report the following codes, as applicable, in their monthly Electronic Default Reporting (EDR). These codes must be reported in addition to all other applicable EDR codes required under Section 64.10, C 65.11 and Exhibit 82, Electronic Default Reporting Transmission Code List.

Description	EDR Code	Reporting Requirements
Short Sale in Review	Event code HB	Report code HB to notify us that you are reviewing the Mortgage for a short sale, pursuant to the Borrower's request or response to your solicitation. Report code HB and the date on which you began the review for the short sale, one time, in the first EDR cycle following the date the event took place.
Ineligible for Short Sale	Event code HC	Report code HC to notify us that the Mortgage is ineligible for a short sale. Report code HC and the date on which the request was denied, one time, in the first EDR cycle following the date the event took place.
Short Sale Agreement (SSA) - Borrower Execution	Default action code HF	Report code HF to notify us that the Borrower has executed the HAFA SSA. Report code HF and the date the Borrower executed the SSA, one time, in the first EDR cycle following the date the event took place.
Forbearance Plan	Default action code 09 and Default reason code HAF	Report codes "09" and "HAF" in the first EDR cycle following the Effective Date of the SSA, and each month thereafter, for as long as the Mortgaged Premises is being marketed for a HAFA Short Sale. (The Effective Date of the SSA is the date the SSA is mailed to the Borrower.)

Servicers should review the EDR Quick Reference Guide, available on our web site at **http://freddiemac.com/learn/pdfs/service/edr_quickref.pdf** for detailed information on Freddie Mac's EDR requirements, including detailed instructions on the reporting requirements for all EDR codes, accessing and utilizing EDR reports, and correcting errors.

(c) Credit bureau reporting

The Servicer should continue to report a “full file” status to the four major credit repositories for each loan processed under HAFA in accordance with the Fair Credit Reporting Act and credit bureau standards as provided by the Consumer Data Industry Association’s (CDIA) Metro 2 Format credit bureau requirements. “Full file” reporting means that the Servicer must describe the exact status of each Mortgage it is servicing as of the last Business Day of each month. More detailed information on these reporting standards will be published by the CDIA.

D65.11: Compliance (06/01/10)

The Servicer must comply with the HAFA Short Sale and HAFA Deed-in-Lieu requirements specified in this chapter. The Servicer must have adequate staffing and resources for responding to Borrower requests for participation, for receiving and processing HAFA documents in accordance with pertinent guidelines and for ensuring that inquiries and complaints about HAFA receive fair consideration, along with timely and appropriate response and resolution. The Mortgage file and all applicable documentation, system notes and other information about the Mortgage and the subject HAFA transaction must be retained by the Servicer and provided to Freddie Mac or its designated vendor for file quality review and audit purposes upon request.

Chapter 66: Foreclosure

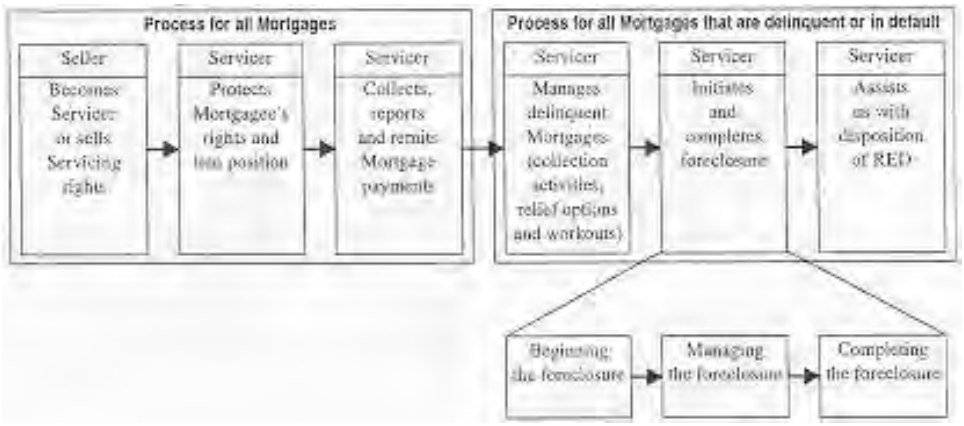
66.1: Introduction (06/06/03)

You must initiate foreclosure within the timeframes in Sections 66.9 and 66.10 when there is no viable alternative to foreclosure. Additionally, we require you to manage the foreclosure process to acquire title to the property in a cost-effective, expeditious and efficient manner.

At least monthly, and preferably more often, you must communicate with the foreclosure attorney or trustee to obtain updates on the case and provide the attorney or trustee with necessary documentation or information.

66.2: Foreclosure process (02/01/96)

You will find the requirements necessary to process foreclosures in this chapter. Foreclosure occurs in the part of the Mortgage servicing cycle represented by the fifth box in the following process flow. This process flow gives you a general overview of the process for performing foreclosures.



66.3: Foreclosure contents (02/01/96)

Topic	Section(s)
Beginning the foreclosure	
Overview	66.6-66.7
Timing for initiating foreclosure	66.8-66.11

Approving initiation of foreclosure	66.12-66.14
Selecting foreclosure counsel or trustee	66.15
Initiating foreclosure	66.16-66.21
Managing the foreclosure	
Overview	66.22-66.23
Monitoring the foreclosure process	66.24-66.29
Monitoring the foreclosure time lines	66.30-66.33
Maintaining the property	66.34-66.36
Completing the foreclosure	
Overview	66.37-66.38
Obtaining the value of the property	66.39-66.41
Preparing bidding instructions	66.42-66.46
Preserving deficiency rights	66.47-66.52
Completing the foreclosure	66.53-66.58
Completing third-party sale	66.59-66.62
Expense reimbursement and foreclosure reporting	
Overview	66.63-66.64
Reimbursing foreclosure expenses	66.65-66.69
Reports we send you	66.70-66.73
Credit Repository and Internal Revenue Service (IRS) Reporting	66.74-66.75

66.4: General requirements (10/03/03)

The foreclosure process is governed by:

1. The terms and conditions of the Mortgage documents
2. Applicable federal, State and local laws and customs
3. Requirements of FHA, VA, RHS or the mortgage insurer (MI), if applicable

66.5: Our rights (02/07/03)

We reserve the right to:

1. Select the foreclosure counsel or trustee

2. Direct and manage the actions taken by the foreclosure counsel or trustee, on a case-by-case or individual State basis
3. Assess penalties and/or seek repayment of losses sustained due to errors, omissions or delays by you or your agent

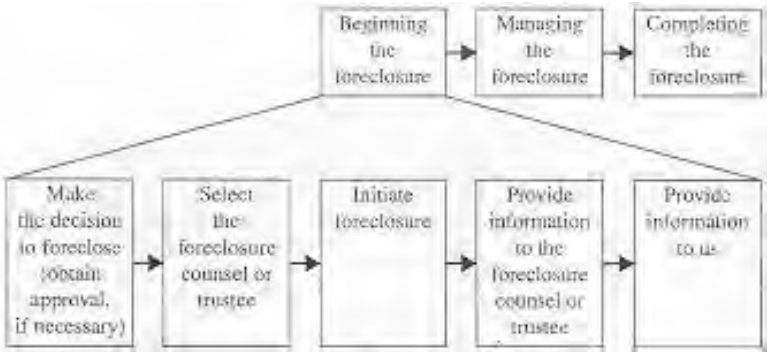
If we determine that you have directly or indirectly passed or charged to us:

- Expenses for Servicing obligations covered by the Servicing Spread, or
- Any expenses itemized in Section 71.18,

then we may refuse to reimburse you for any attorney fees and foreclosure and bankruptcy costs related to the applicable Mortgage. If we have already reimbursed you for such a fee or expense, then we may elect to offset the entire legal fee from future foreclosure expenses or may seek reimbursement of the entire legal fee with interest.

66.6: Beginning the foreclosure process (02/01/96)

You will find the requirements necessary to begin foreclosure in this part of the chapter. Beginning foreclosure is the first stage in the foreclosure process, as shown below. This process flow will give you a general overview of the process for beginning foreclosure. Refer to the requirements in this chapter for more details.



66.7: Beginning the foreclosure contents (02/01/96)

Topic	Section(s)
Timing for initiating foreclosure	66.8-66.11
Approving initiation for foreclosure	66.12-66.14

Selecting foreclosure counsel or trustee 66.15

Initiating foreclosure 66.16-66.21

66.8: What is initiation of foreclosure? (02/03/97)

Initiation of foreclosure is the submission of a Mortgage case and appropriate foreclosure documentation to litigation (foreclosure) counsel or trustee after taking all appropriate actions to accelerate the Mortgage. You are considered to have initiated foreclosure on the date you send the case to the foreclosure counsel or trustee.

66.9: When to initiate foreclosure on a First-Lien Mortgage (08/01/08)

You must initiate foreclosure on a First-Lien Mortgage no later than 150 days from the Due Date of Last Paid Installment (DDLPI) (120th day of Delinquency) unless a workout or relief option has been approved or the property has one of the conditions in Section 66.12.

Additionally, unless we require you to obtain our approval prior to initiating foreclosure, if the Borrower has abandoned the property, then you must initiate foreclosure as soon as it is legally possible for you to do so. Refer to Section 66.12.

You must comply with the requirements of the FHA, VA, RHS or MI, if applicable.

66.10: When to initiate foreclosure on a Second Mortgage/HIL (08/01/08)

You must submit a recommendation to us to initiate foreclosure no later than 150 days from the DDLPI (120th day of Delinquency) on a Second Mortgage/HIL. See Section 66.13 for details on submitting the recommendation to us.

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Servicing Note:
You must order a Broker's Price Opinion (BPO) between the 45th and 60th day of Delinquency. See Section 65.39 for instructions on how to order a BPO.
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66.11: Delaying initiation of foreclosure (04/25/06)

If you are waiting for a decision from us on a workout recommendation you have submitted, you are still required to initiate foreclosure as required in Section 66.9 or 66.10 unless you obtain approval in writing from us to postpone the initiation. To obtain this approval, submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

66.12: Approving initiation of foreclosure on a First-Lien Mortgage or Second Mortgage/HIL in First-Lien position (08/21/06)

You are responsible for initiating foreclosure on a First-Lien Mortgage, or a Mortgage originated as a Second Mortgage/HIL that is now in First Lien position. You do not need our approval unless one or more of the following conditions exist.

If the Property Has...	**Then You Must...**	**And...**
Hazardous Substances located on or near that could impact the habitability, value or occupancy of the property	Request our approval to initiate foreclosure by submitting Form 105 , Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, to us **(see Directory 5)** within five Business Days of discovering the condition	We will approve or deny the initiation of foreclosure and provide any necessary instructions to you
Damage from fire, flood or natural or man-made disaster		
Deteriorated and requires asset preservation or the property is a Manufactured Home that has significantly decreased in value		
A forfeiture action being litigated		

If the 2- to 4-unit property was built before 1978 and located in Massachusetts, or built before 1960 and located in New York City (Brooklyn, Bronx, Manhattan, Queens or Staten Island), refer to the requirements in Section 66.14 before initiating foreclosure.

Refer to Chapter 67, Adverse Matters, for additional Servicing requirements for Servicing Mortgages on distressed properties.

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Mortgages secured by properties affected by a disaster.

66.12.1: Approving initiation of foreclosure on Mortgaged Premises owned by Borrowers in active military service (12/18/08)

The Servicemembers Civil Relief Act of 2003 and other applicable laws contain provisions regarding foreclosure of Mortgaged Premises. You must be familiar and comply with these laws.

If a Borrower is on active duty, you must request our approval to initiate foreclosure by submitting to us **(see Directory 5)** Form 105, Multipurpose Loan Servicing Transmittal, for a First Lien Mortgage and Form 102, Second Mortgage/HIL Servicing Transmittal, for a Second Mortgage/HIL. You must include information regarding any statutory protection the Borrower is entitled to and whether the Borrower has invoked such protection.

Servicers must not initiate or resume foreclosure for at least 90 days after a service member has been released from active duty. During this period, you must work with the Borrower to explore all the relief options available. If no foreclosure alternative is agreed upon during this period, you must submit Form 105, Multipurpose Loan Servicing Transmittal to us **(see Directory 5)** for our approval to proceed with foreclosure.

Pursuant to the Housing and Economic Recovery Act of 2008, Servicers must not initiate or resume foreclosure for at least nine months after the service member has been released from active duty. This requirement will remain in effect through **December 31, 2010**. During this period, all other requirements listed in this section and Chapter 82 continue to apply.

66.13: Approving initiation of foreclosure on a Second Mortgage/HIL (04/25/06)

To initiate foreclosure on a Mortgage originated as a Second Mortgage/HIL, which is still in second lien position, you must obtain our approval by completing and submitting Form 102, Second Mortgage/HILServicing Transmittal, to us **(see Directory 5)**.

When you submit a recommendation to us **(see Directory 5)** include:

1. The name of the owner of the first Mortgage and the name, address, phone number and contact person of the Servicer of the first Mortgage on the form
2. A payoff statement for the first Mortgage

66.14: 2- to 4-unit properties in Massachusetts and New York City (10/06/06)

Before initiating foreclosure on a 2- to 4-unit property built before 1978 and located in Massachusetts you must conduct a search with the local oversight authority that administers lead-based paint law compliance (such as the Department of Health) to determine whether there are any outstanding lead-based paint citations against the property or property owner.

Before initiating foreclosure on a 2- to 4-unit property built before 1960 in New York City (Brooklyn, Bronx, Manhattan, Queens and Staten Island), you must conduct a search with the Health Department to determine whether there are any outstanding health code violations against the property, and you must conduct a search with the Department of Housing Preservation and Development to determine whether there are any outstanding lead-based paint citations or violations against the property.

If there are any outstanding citations or violations, or if you are aware of any lead-based paint litigation affecting the property or property owner, then you must notify us **(see Directory 5)** of the situation by submitting Form 105, Multipurpose Loan Servicing Transmittal, and including:

1. The number and ages of children less than seven years old residing in the property
2. A copy of the citation
3. Copies of documentation related to a lead-based paint violation

After reviewing the documentation, we will provide you with instructions on the course of action to take.

66.15: How to select foreclosure counsel or trustee (04/23/09)

When making foreclosure and bankruptcy referrals, you must ensure that you are diversifying your referrals by engaging in a relationship with at least two law firms, or trustees, in higher-volume States (States in which you have 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year).

In higher-volume States, you must take one of the following approaches to diversifying your foreclosure and bankruptcy referrals:

1. You must make foreclosure and bankruptcy referrals on Mortgages you service on behalf of Freddie Mac to at least two law firms or trustees, ensuring that at least a substantial minority of the referrals are made to the law firm or trustee that receives the fewest referrals, or

2. You must make foreclosure and bankruptcy referrals to at least two law firms or trustees, with respect to your entire servicing portfolio, ensuring that at least a substantial minority of the referrals are made to the law firm or trustee that receives the fewest referrals.

If you fail to diversify your foreclosure and bankruptcy referrals in a higher-volume State, we may deny your foreclosure and bankruptcy fees and costs in that State and penalize you $500.

In addition, all Servicers must have a contingency plan in place, either in the form of a stand-alone document or incorporated into policies and procedures, to redirect new foreclosure and bankruptcy referrals in the event a law firm or trustee you are using is no longer able to accept new referrals.

You must use the same entity that you retain to represent you in a bankruptcy action on a Mortgage, to process the foreclosure.

The foreclosure counsel or trustee must be free from any conflict of interest with the Borrower.

(a) Foreclosure on a property in a State where we have designated counsel or trustees

We have designated counsel or trustees in the following selected States:

1. Arizona
2. California
3. Connecticut
4. Florida
5. Georgia
6. Illinois
7. Indiana
8. Maryland
9. Massachusetts
10. Michigan
11. Nevada
12. New Jersey
13. New York
14. North Carolina
15. Ohio
16. Pennsylvania
17. South Carolina
18. Texas
19. Virginia
20. Washington

You must use one of our designated counsel or trustees for the foreclosure (unless the Mortgage on which you are foreclosing was sold to us with recourse or it is an FHA Mortgage, VA Mortgage, or Section 502 GRH Mortgage) if the Mortgage is secured by a:

1. 2- to 4-unit property in Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia or Washington

2. A Manufactured Home in Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia or Washington

3. 1- to 4-unit property in Texas and the Mortgage was a Texas Equity Section 50(a)(6) Mortgage

Additionally, we may require you to use our designated counsel or trustees on 1-unit properties in one or more of the selected States based on our evaluation of your foreclosure performance. We will notify you in writing if you must use designated counsel or trustees in any of the selected States.

Refer to Exhibit 79, Designated Litigation Counsel/Trustee, for a listing of the designated counsel or trustees in the applicable States. Even if you are not required to use designated counsel or trustees, you may elect to use them for foreclosures or bankruptcies in any of the States listed in Exhibit 79. Because you must use the same entity for all related legal actions, if you retained bankruptcy counsel that is not a designated counsel, you must not refer the foreclosure to one of our designated counsel.

(b) Foreclosure on a property in a State where we do not have designated counsel or trustees or when you are not required to use designated counsel or trustees

Unless you use our designated counsel or trustees as required in Section 66.15(a), you must select either a foreclosure counsel or trustee, as appropriate under applicable law, to represent you in the foreclosure action.

You must use the same entity to conduct a foreclosure and any bankruptcy pertaining to a particular Mortgage. In those States where it may be common practice to use a trustee to conduct a foreclosure, the trustee must be associated with a bankruptcy law firm meeting the criteria specified in Section 53.1.1. Any bankruptcy filed on a Mortgage in foreclosure being processed by a trustee, must be handled by the trustee's associated bankruptcy law firm. The trustee and the associated bankruptcy

law firm must transfer information regarding the case seamlessly and must not in any way increase the bankruptcy or foreclosure timelines.

The foreclosure counsel or trustee you choose must meet the eligibility requirements in Section 53.1.1.

When selecting the foreclosure counsel or trustee, you must base the selection on the prior performance of the foreclosure counsel or trustee in the following areas:

1. Completing foreclosures
2. Delivering clear and marketable title to us
3. Facilitating reinstatements and workouts with Borrowers
4. Resolving litigation delays (foreclosure counsel only)

You must communicate our foreclosure time line expectations and our allowable fee schedule to the foreclosure counsel or trustees whom you select. You must also communicate to the attorney or trustee that if they pay the Servicer or its vendor, either directly or indirectly, for any of the Servicing obligations covered by the Servicing Spread or any expenses itemized in Section 71.18, Freddie Mac may preclude the attorney or trustee who pays any such expenses on Freddie Mac Mortgages from processing future foreclosures or bankruptcies for Freddie Mac.

66.15.1: Penalty for failure to use designated counsel or trustee when required (12/16/02)

If you are required to use our designated counsel or trustee for a foreclosure and you use another counsel or trustee, we will penalize you $500 and we will not reimburse you for any foreclosure expenses that you incur. Additionally, we may assess the penalty described in Section 66.33, if applicable.

66.15.2: Use of designated counsel or trustees and foreclosure time line penalties (12/16/02)

You will not be penalized for a foreclosure and/or bankruptcy handled by a designated counsel or trustee that is not completed within our required time lines, as long as the delay was not caused by your failure to refer the Mortgage to foreclosure and/or send all of the documentation, information, signatures and/or funds to the designated counsel or trustee as required.

If you elect to use our designated counsel or trustees, and you do not use that same designated counsel or trustee for both foreclosure and bankruptcy, we will not give you

credit for using designated counsel or trustees for purposes of foreclosure time line penalty protection.

66.16: How to initiate foreclosure (11/15/10)

After taking all appropriate actions to accelerate the Mortgage, you must initiate foreclosure with the foreclosure counsel or trustee. If we need to execute a document for you to conduct the foreclosure, submit the document with Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

(a) Designated counsel or trustee

1. Send the designated counsel or trustee the following information by facsimile transmission or other electronic means:
   a. Name, mailing address and telephone number of the Borrower(s)
   b. Property address (if different from the Borrower's mailing address)
   c. A statement that the Mortgage is a Freddie Mac-owned Mortgage and the nine-digit Freddie Mac loan number
   d. Name and address of the person to contact in your foreclosure department

2. Submit the Mortgage case file and appropriate foreclosure documentation, as outlined in Section 66.19, to the designated counsel or trustee

(b) Non designated counsel or trustee

Submit the Mortgage case file and appropriate foreclosure documentation to the foreclosure counsel or trustee.

66.16.1: How to initiate foreclosure on a Mortgage secured by a Manufactured Home (04/25/06)

In addition to the requirements in Section 66.16, if the Mortgage is secured by a Manufactured Home, you must notify the foreclosure attorney or trustee that the property is a Manufactured Home when you submit the case to the foreclosure attorney or trustee. You must also provide the attorney/trustee with evidence that the property is legally classified as real property under the laws in the State where the property is located.

(a) Evidence that the property is real property in a non-certificate of title State

You must provide the foreclosure attorney or trustee with copies of the following documentation in non-certificate of title States (see Section H33.7) evidencing that the Manufactured Home and the land are real property under the laws of the State where the property is located:

- Information stating the legal basis (statutory or common law) for determining that the Manufactured Home is real property that is exempt from certificate of title requirements. This information may be included in the documentation received at origination of the Mortgage from the title insurance company that the Manufactured Home is real property, and
- Evidence that a certificate of title has not been issued, such as the manufacturer's statement of origin, if the manufacturer's statement of origin is not required to be surrendered to a State agency

(b) Evidence that the property is real property in a certificate of title surrender State

You must provide the foreclosure attorney or trustee with copies of the following documentation in certificate of title surrender States (see Section H33.7) evidencing that the Manufactured Home and the land are real property under the laws of the State where the property is located:

- A certificate of cancellation, notification letter or other acknowledgment from the Department of Motor Vehicles (DMV) or the appropriate State agency to which the certificate of title was surrendered, or a copy of the documents submitted in connection with the surrender along with evidence that the documents were delivered and received by the appropriate State agency, and
- Copies of the documents, such as an affidavit of affixture, recorded in the land records as part of the title surrender procedures to show the Manufactured Home has been converted to real property

(c) Evidence of clear and marketable title to the Manufactured Home and land in certificate of title States

You must provide the foreclosure attorney or trustee with the following documentation in certificate of title States (see Section H33.7) evidencing the Borrower's ownership of both the Manufactured Home and the land on which it is permanently affixed and documentation evidencing that the land is legally classified as real property under the laws in the State where the property is located:

- The original or a copy of the certificate of title showing the Borrower as owner of the Manufactured Home. The certificate of title must have a notation of the original Seller/Servicer's security interest in the Manufactured Home in the name of the Seller and its successors in interest and assigns and have a notation of all intervening assignments from the original mortgagee to each successive Servicer, ending with the current Servicer, and
- A copy of the deed evidencing ownership of the land showing the owner of the land on the deed to be identical to the owner of the Manufactured Home on the certificate of title

This and any other relevant information must be provided within five days of the initiation of foreclosure so that the foreclosure attorney or trustee has the information necessary to simultaneously enforce the liens (whenever possible) and so as not to lengthen our published foreclosure time lines in the State where the property is located.

If the foreclosure sale will take additional time beyond the State standard time line stated in Exhibit 83, Freddie Mac State Foreclosure Time Lines — In Calendar Days, you must request our approval for an extension in the foreclosure time line by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**

66.17: Foreclosing in your name (10/01/09)

You must instruct the foreclosure counsel or trustee to process the foreclosure in your name.

If an assignment of the Security Instrument has been recorded to us, then the Security Instrument must be assigned back to you before the foreclosure counsel or trustee files the first legal action. Refer to Section 66.18 for an explanation of first legal action.

To have the Security Instrument assigned back to you, you must submit a completed assignment with Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 9)**. We will execute the assignment and return it to you within seven Business Days of receiving the documents.

If you are foreclosing on a Mortgage registered with the Mortgage Electronic Registration Systems Inc. (MERS), you must either:

1. Instruct the foreclosure counsel or trustee to process the foreclosure in the name of MERS, or
2. Prepare an assignment of the Security Instrument from MERS to your institution and instruct the foreclosure counsel or trustee to foreclose in your name and take title in our name according to the requirements of Section 66.54. You must record the prepared assignment only where required by State law. State mandated recordings are non-reimbursable by Freddie Mac, are not considered part of the Freddie Mac allowable attorney fees and must not be billed to the Borrower.

If the Mortgage is an FHA, Section 502 GRH or VA Mortgage, then follow FHA, RHS or VA guidelines to determine in whose name the foreclosure action should be brought.

If you are foreclosing on a property in the State of Oregon, you must destroy any unrecorded assignment to Freddie Mac no later than 10 days after the date you refer the foreclosure to your foreclosure attorney or trustee. If the Borrower subsequently reinstates his or her Mortgage, you do not need to prepare a new assignment to Freddie

Mac. Refer to Section 22.14 for additional information on our requirements for assignments of the Security Instrument.

66.18: What is first legal action? (12/16/02)

The first legal action is the first public action required in the jurisdiction where the property is located, such as filing a complaint or petition, recording a notice of default, or publication of a notice of sale.

66.18.1: Choosing a judicial or nonjudicial foreclosure process (04/25/06)

In States where you have the option of pursuing a judicial or nonjudicial foreclosure process, you must choose the nonjudicial process. However, if you believe your filing of a judicial foreclosure will preserve the right to pursue a deficiency judgment, you must obtain our approval prior to initiating the judicial foreclosure. You must request our approval by submitting a completed Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** with an explanation for your request and any supporting documentation. Refer to Section 66.47 regarding when to request our approval to preserve deficiency rights.

66.19: What is appropriate foreclosure documentation? (11/15/10)

Appropriate foreclosure documentation includes all documents required by the foreclosure counsel or trustee to complete the first legal action. You must continue to comply with applicable law, but at a minimum, must supply the foreclosure attorney or trustee with the following:

1. Copies of the Note (or the original Note if required by applicable law) evidencing the indebtedness along with any intervening assignments, endorsements, powers of attorney or any applicable modifying instrument, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement
2. Mortgage or Deed of Trust
3. Copy of the original title insurance policy
4. Copy of the breach, acceleration or demand letter sent to the Borrower
5. Military affidavits
6. Executed Substitution of Trustee, as necessary
7. Payoff statement with per diem interest as of the date of the foreclosure referral

If you use our designated counsel/trustee to process a foreclosure, refer to Exhibit 79, Designated Counsel/Trustee, for the required documentation you must supply to initiate a foreclosure.

66.20: Obtaining the original Note (11/15/10)

If the original Note is needed to perform the foreclosure, you must request the Note from the Document Custodian holding the Note by submitting to the Document Custodian a completed Form 1036, Request for Release of Documents, or an electronic or system-generated version of the form (or, in the case of the Designated Custodian, a copy of the electronically generated 1036 Release Receipt Report) in accordance with the requirements of Section 18.4(e).

If there is a full or partial reinstatement of the Mortgage, you must return the Note with either the original Form 1036 or a copy.

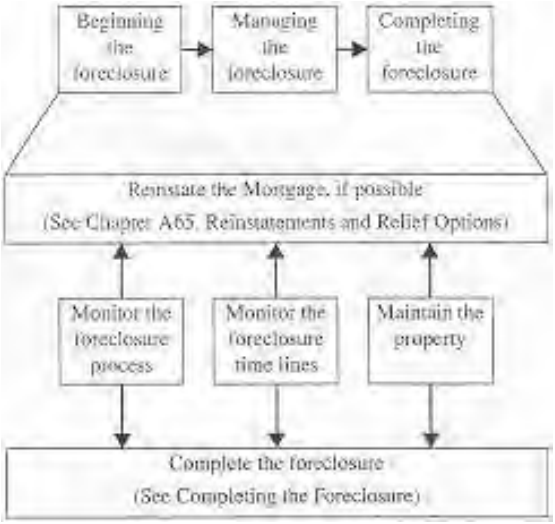
For foreclosures referred to designated counsel, if you fail to provide the above information in a timely manner as required by the designated counsel, the designated counsel may request the Note from the Document Custodian holding the Note by submitting to the Document Custodian a completed Form 1036DC, Designated Counsel's Request for Release of Documents. The designated counsel may contact you to identify the Document Custodian holding the Note, and you must cooperate in providing the necessary information. In addition, you must pay any release fees and expenses required by the Document Custodian.

66.21: Reporting requirements (11/30/98)

You must notify us via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that you initiated foreclosure. Use a default action code of 43 and provide the date foreclosure was initiated.
For additional information about EDR, refer to Section 64.10.

66.22: Managing the foreclosure process (02/01/99)

You will find the requirements necessary to manage a foreclosure in this part of the chapter. Managing a foreclosure is the second stage in the foreclosure process, as shown below. This process flow will give you a general overview of the process for managing a foreclosure. Refer to the requirements in this chapter for more details.



66.23: Managing the foreclosure contents (02/01/99)

Topic	Section(s)
Monitoring the foreclosure process	66.24-66.29
Monitoring the foreclosure time lines	66.30-66.33
Maintaining the property	66.34-66.36

66.24: Your relationship with foreclosure counsel or trustee (01/01/01)

Once you have initiated foreclosure on a Mortgage, you must work with the foreclosure counsel or trustee and:

1. Monitor the progress of the foreclosure
2. Facilitate prompt and efficient completion of the foreclosure proceedings and acquisition of clear and marketable title, including conducting the foreclosure in a way that will expedite an eviction of the tenant or Borrower
3. Facilitate reinstatement, when possible

66.25: Providing information to the foreclosure counsel or trustee during foreclosure (06/10/05)

For any Mortgage you service for us referred for foreclosure, you must provide complete written reinstatement or payoff figures to the attorney, trustee, workout specialist or outsourcing vendor requesting the information. You must supply this information within two Business Days of the date on which you receive a written request. You may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

If the foreclosure counsel or trustee requests additional documentation from you (such as certificates of judgment or proofs of claim) while a case is pending, you must provide the foreclosure counsel or trustee with the documentation within two Business Days of receiving the request.

66.25.1: Monthly foreclosure reporting (09/10/01)

Once you have reported that foreclosure is initiated on a Mortgage (refer to Section 66.21), you must report a default action code 68 with the date of the first legal action as defined in Section 66.18. You must continue to report that the Mortgage is in foreclosure in your monthly EDR transmission using a default action code of 43 until:

- You report the results of a foreclosure sale or the execution of a deed-in-lieu of foreclosure, or
- You report that the Mortgage is fully reinstated or paid off, or
- A workout is completed

In States where you must restart a foreclosure after you have stopped it, you must stop reporting default action code 43 and instead, report a default action code appropriate to the situation. For additional information about EDR, refer to Section 64.10.

66.26: Responding to and reporting Borrower defenses (09/10/01)

(a) Responding to Borrower defenses

You must respond to legal actions, such as bankruptcy and contested foreclosure, brought by the Borrower during the foreclosure. Refer to Chapter 67 for specific requirements for handling bankruptcy matters.

(b) Reporting a bankruptcy filing

If the Borrower files bankruptcy during the foreclosure process, you must report the bankruptcy filing to us. You must submit this notification via an EDR transmission within the first three Business Days of the month following the month that the bankruptcy was filed. You must include the date of the filing and the applicable default action code to indicate the bankruptcy chapter number, as shown below.

Bankruptcy Chapter	Default Action Code
Chapter 12 bankruptcy petition filed	59
Chapter 7 bankruptcy petition filed	65
Chapter 11 bankruptcy petition filed	66
Chapter 13 bankruptcy petition filed	67

You must also notify us when the bankruptcy plan is confirmed by using a default action code of 69, and provide the date the plan was confirmed. You must continue to report each month that the Borrower is in bankruptcy until the bankruptcy is cleared or the stay lifted and you have reported the event to us.

When the bankruptcy is cleared or the stay is lifted, you must notify us via an EDR transmission within the first three Business days of the month following the month that the action occurred. Use a default action code of 76 and provide the date that the action occurred.

For additional information about EDR refer to Section 64.10.

(c) Reporting a contested foreclosure and/or other litigation

You must notify us of a contested foreclosure. You must also notify us of any pending litigation that affects the enforceability of the Mortgage or the marketability of the property securing the Mortgage. You must submit this notification via an EDR transmission within the first three Business Days of the month following the month that the action occurred. Use a default action code of 33 and provide the date that the action occurred.

You must report each month that the foreclosure is being contested or about the other litigation as long as the case is pending.

For additional information about EDR, refer to Section 64.10.

66.27: Reimbursement of expenses for responding to Borrower defenses (03/01/09)

We will reimburse you for our proportionate share of expenses for responding to Borrower defenses. To request reimbursement of expenses, submit Form 104SF, Statement of Loan, Workout and REO Expenses and Income, to us. Refer to Chapter 71 for information on our expense reimbursement process.

66.28: Reporting lead-based paint violations (04/25/06)

If during the foreclosure process you are notified that lead-based paint violations exist on the property, then you must report such violations on Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** within five Business Days of learning of the violation. You must include:

1. The number and ages of children less than seven years old residing in the property on the form
2. A copy of the citation
3. Copies of documentation related to a lead-based paint violation

66.29: Expenses that may become First Liens on the property (10/19/07)

You must obtain bills, and make payment for all expenses requiring payment under the Security Instrument. Such expenses may include, but are not limited to, real estate or personal property taxes, special assessments, water bills, ground rents and other charges including condominium, homeowners association (HOA) and Planned Unit Development (PUD) regular assessments, that are, or may become, a First Lien priority on the property or that if not paid would result in the termination of the Borrower's interest in the property. If the Borrower's Escrow Funds are insufficient to pay these items as they become due during foreclosure, or if there is no Escrow account or if the Escrow account does not hold funds for these expenses, you must advance funds to pay these expenses, when and to the extent necessary, to protect our interest in the property.

You must contact us **(see Directory 5)** before advancing payment of these expenses on low balance Mortgages that are at least 120 days delinquent and for which escrow is insufficient to pay charges when due (see UPB requirements for low balance Mortgages in Section B65.50). Failure to obtain our prior approval may result in curtailment of reimbursable expenses.

66.30: What are foreclosure time lines? (04/06/01)

A foreclosure time line is the time it takes to process a foreclosure. The time line is measured in days from the DDLPI to the date of the foreclosure sale.

Therefore, the time line consists of the time it should take to initiate foreclosure (see Sections 66.9 and 66.10), and the time it should take from the initiation of foreclosure to the foreclosure sale date.

The time line does not include any post-sale redemption or confirmation periods.
We have a time line for each State which is the number of days it should take to process a foreclosure in the State under most circumstances.

If the foreclosure sale was delayed due to one of the circumstances in Section 66.32, we will adjust the time line to account for the delay.

66.30.1: Reporting the scheduled foreclosure sale date (04/06/01)

You must notify us via an EDR transmission within the first three Business Days of the month following the month that a foreclosure sale has been scheduled. Use a default action code of 71 and provide the scheduled sale date. When you report the scheduled foreclosure sale in your EDR transmission, you must also indicate that the Mortgage is in foreclosure using a default action code of 43. Therefore, you will be reporting multiple default action codes in the same EDR transmission.

For additional information about EDR, refer to Section 64.10.

66.31: Foreclosure time lines by State (01/01/06)

(a) FHA, RHS and VA Mortgages

You must comply with FHA, RHS and VA time lines for all FHA, RHS and VA Mortgages.

(b) Conventional Mortgages

You must complete the foreclosure within the foreclosure time line for the State in which the property is located, as listed in Exhibit 83, Freddie Mac State Foreclosure Time Lines — In Calendar Days.

66.32: Delays in completing a foreclosure (04/25/06)

The foreclosure time line for each State will be extended under the following circumstances:

1. When a Borrower files for bankruptcy protection we will add the lesser of the total amount of time in the bankruptcy or 80 days to the foreclosure time line in every State for a Chapter 7 bankruptcy and 125 days for a Chapter 12 or 13 bankruptcy.

This allows sufficient time to obtain relief from the automatic stay in the bankruptcy proceeding. The additional days are included and reflected in the Servicer Performance Profile Default Management Category, Inventory Past Standard and the foreclosure time line penalty calculation.

2. A delay because the property is distressed and you are waiting for instructions from us on how to proceed (see Section 67.27 for an explanation of a distressed property)
3. A delay imposed by a governmental authority such as probate, government seizures of property and military indulgence under the Servicemembers Civil Relief Act of 2003
4. A delay we have approved in writing

The time lines provide you with the flexibility to postpone a foreclosure sale for a brief period of time to complete a reinstatement or settle an alternative to foreclosure. However, if the postponement will cause you to exceed our foreclosure time line, then you must obtain our approval, in writing, for a longer delay. To obtain our approval submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

You are not authorized to postpone a foreclosure sale in situations where we have designated the foreclosure counsel or trustee.

66.33: Foreclosure time line performance assessment (11/01/10)

(a) Determination of time line performance

Based on all foreclosures you complete in a calendar year, we will measure your compliance with our foreclosure time lines. To determine your overall foreclosure time line performance we will complete the following steps:

1. Based on the information that you report to us via your monthly Electronic Default Reporting (EDR) submission and the foreclosure sale/deed in lieu transmission you send to us after the completion of the foreclosure sale, we determine how long it took you to complete each foreclosure
2. We will aggregate the information provided and determine the net number of days which you either managed within or exceeded our time line requirements

The result of the aggregation is the net number of days by which you either met or exceeded our foreclosure time lines. Refer to Exhibit 83A, Determining Your Foreclosure Time Line Performance Penalties, for examples of how this calculation is done.

The time lines used in determining your performance will be adjusted for the period of time for which the foreclosures were delayed for any of the reasons in Section 66.32.

(b) Remedies and penalties

If the result of the aggregation of your foreclosure time line performance for a calendar year, as set forth in Section 66.33(a), is a determination that your performance exceeded our time line requirements, then the following apply:

1. You may be required to use foreclosure counsel in a particular State that we designate to process foreclosures.
2. You may be penalized $30 for each day you exceeded our time lines in all States. Freddie Mac will bill you for such penalties on the Servicer Non-Performing Loans Invoice. Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.

If a delay in the foreclosure or bankruptcy process is due to a Servicer not providing information to the counsel or trustee, then we may not reimburse the Servicer for the foreclosure or bankruptcy expenses incurred during the bankruptcy or foreclosure.

66.34: Preserving the property (04/17/08)

You must take the following actions to preserve and maintain the property during the foreclosure process:

1. Ensure the property is covered by property insurance throughout the foreclosure process, in accordance with the requirements of Section 70.16(a). This includes taking all actions required in the mortgage clause of all applicable property insurance policies, including, but not limited to, providing all notices to the insurer required under such clause, in order to preserve the coverage and its maximum benefits for you and/or Freddie Mac, as mortgagee.

2. Take all necessary steps to protect the property from waste, damage and vandalism

3. Obtain approval from us for property preservation expenses that exceed the guidelines in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Section 71.21, by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**

4. Obtain approval from us to delay protective action if such delay will result in deterioration of the property or impairment of the value of the property, by submitting Form 105 to us **(see Directory 5)**

5. Comply with any requirements of the FHA, RHS, VA or MI, if applicable

6. For leasehold Mortgages, ensure that payments required under the terms of the lease are made to prevent termination of the lease

66.35: Frequency of property inspections (12/14/05)

You must obtain and review property inspections every month during the foreclosure process until the date of the foreclosure sale.

Refer to Sections 65.29 through 65.36 for more information on reviewing property inspections.

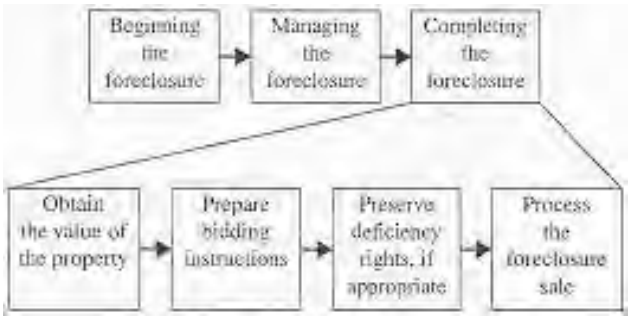
Refer to Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts for more information on reimbursement of property inspections.

66.36: Reimbursement for property inspection and preservation expenses (03/01/09)

We will reimburse you for allowable property preservation expenses and for a portion of the cost of property inspections. Refer to Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts. See Section 71.12 for additional information regarding the reimbursement of property preservation and property inspection expenses.

66.37: Completing the foreclosure process (08/01/97)

You will find the requirements necessary to complete a foreclosure in this part of the chapter. Completing a foreclosure is the third stage in the foreclosure process, as shown below. This process flow will give you a general overview of the process for completing a foreclosure. Refer to the requirements in this chapter for more details.



66.38: Completing the foreclosure contents (08/01/97)

Topic	Section(s)
Obtaining the value of the property	66.39-66.41
Preparing bidding instructions	66.42-66.46
Preserving deficiency rights	66.47-66.52
Completing the foreclosure	66.53-66.58
Completing third-party sale	66.59-66.62

66.39: When to obtain a valuation for foreclosure sale bidding (06/22/07)

If the Mortgaged Premises are located in a State where we have designated counsel/trustee, and we have required you to use, or you voluntarily use, designated counsel/trustee, then the designated counsel/trustee will obtain the valuation via our process. Both you and your designated counsel will be able to access the valuation in BPOdirect®.

(a) Time frame for obtaining a valuation

To ensure you have a valuation in time for the foreclosure sale, we recommend that you obtain the value no less than 30 days before the sale (see Section 65.39 for instructions on how to obtain a valuation) You may use an automated value when available except for foreclosure sale bidding for Mortgages secured by 2- to 4-unit properties or by Manufactured Homes.

If the property is in a State where the sheriff or trustee orders an appraisal to determine the opening bid at a foreclosure sale you must still order a Broker's Price Opinion (BPO) to determine the maximum bid you are authorized to make on our behalf, which is the lesser of the 90-day fair market value of our BPO or the total debt.

You do not need to order a BPO if you already have a BPO dated within 120 days of the foreclosure sale date.

(b) Appraisal

If State or local law requires an appraisal report to establish the bid amount for a foreclosure sale, then you must:

1. Obtain our approval prior to ordering the appraisal report by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** at least 30 days before the scheduled foreclosure sale date
2. After you receive our approval, obtain the appraisal report in sufficient time to complete the foreclosure by the scheduled sale date

We will not reimburse you for appraisal reports on which you have not obtained our prior approval.

66.40: Requirements for appraisal reports (08/10/05)

If State or local law requires an appraisal report to establish the bid amount, and we have given you approval to obtain an appraisal report pursuant to the provisions of Section 66.39, then the appraisal report must:

1. Be completed in accordance with the requirements in Chapter 44
2. Be dated no more than 120 days before the foreclosure sale date
3. Be completed by an appraiser who meets the requirements of Sections 44.4 and 44.15(n) (if applicable) and who is free from any conflict of interest or financial interest in the transaction other than the appraiser's reasonable fee for such an opinion
4. Be based on an exterior inspection, if an interior inspection cannot be obtained
5. Document any conditions that relate to the existence of Hazardous Substances or conditions that would affect the habitability, safety, value or occupancy of the property

An appraisal report is valid for 120 days. If you need to reaffirm the value of the property after 120 days, you must have the appraiser recertify the appraisal report. You must not order a new appraisal report.

66.41: Reimbursement for appraisal report expenses (07/01/05)

We will reimburse you for the cost of an appraisal report you order in compliance with Sections 66.39, 66.40 and Section 71.15. If you need to reaffirm the value of the property after 120 days, we will reimburse for a recertification of the appraisal report.

66.42: Delegated bidding (06/17/09)

After obtaining the as-is probable sale price of the property with a 90-day marketing timeframe or the estimated market value from the appraisal report, if applicable, you

must prepare the bidding instructions for the foreclosure sale. You must offer a bid on all foreclosures. We delegate to you responsibility to establish the bid according to the guidelines in Sections 66.43 through 66.45, unless one of the following conditions exist:

1. It is not in our best interest for you to enter a bid in accordance with the guidelines
2. A hazard insurance claim is pending and the bid will jeopardize the approval or payout of the claim
3. The Mortgage is a Second Mortgage/HIL (unless the Mortgage is now in First Lien position)

If any of the above conditions exist, you must fax to us **(see Directory 5)** Form 105, Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HILServicing Transmittal, for a Second Mortgage/HIL, at least three Business Days prior to the foreclosure sale date. We will send you approval on the bid amount no later than two Business Days after we receive your request.

If the valuation has been ordered by designated counsel/trustee according to the requirements of Section 66.39, then designated counsel/trustee will determine the beginning bid and final bid at a foreclosure of the Mortgaged Premises securing one of our Mortgages according to our directions and requirements. Designated counsel may not prepare the bidding instructions for Mortgages with mortgage insurance coverage since the Servicer is responsible to the MI for such bids (see Section 66.44).

66.43: First-Lien Mortgages not covered by mortgage insurance (06/22/07)

For a First-Lien Mortgage not covered by mortgage insurance, you must set the foreclosure bid at an amount equal to the lesser of:

1. 100% of the automated value, or if there is no automated value available or the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, the "as-is" probable sale price of the property with a 90-day marketing timeframe as indicated by the BPO (or the estimated market value from the appraisal report if an appraisal report is required by State law), or
2. Total indebtedness, or
3. Such other amount as may be required by State law

If the property valuation has been ordered by designated counsel/trustee according to the requirements of Section 66.39, then designated counsel/trustee will determine the beginning bid and final bid at a foreclosure of Mortgaged Premises securing one of our Mortgages.

66.44: Mortgages covered by mortgage insurance (06/17/09)

For a First-Lien Mortgage covered by mortgage insurance, you must bid an amount approved by the MI. If the MI elects not to issue bidding instructions, you must follow the instructions in Section 66.43.

66.45: FHA, VA and RHS Mortgages (04/25/06)

If the Mortgage is a FHA, VA or RHS Mortgage, then you must follow FHA, VA or RHS guidelines for bidding instructions. If the Mortgage is a VA Mortgage, then you may not enter a bid on our behalf in excess of the upset price established by the VA. If you do not receive the VA upset price, you must contact us for instructions by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** at least three Business Days prior to the foreclosure sale.

66.46: Failure to bid appropriately (10/01/99)

You must bid at the foreclosure sale to preserve our rights to a deficiency according to the requirements in Sections 66.47 through 66.49. We may require you to indemnify us for any loss we incur due to incorrect bidding that results in our inability to pursue a deficiency or lessens the amount that we are able to collect.

66.47: When to preserve deficiency rights (06/30/97)

You must identify and recommend to us appropriate cases where the pursuit of a deficiency judgment is in our best interest. If the Mortgage has mortgage insurance, you must follow the MI's instructions for pursuing deficiency judgments.

You are required to preserve our rights to pursue a deficiency in the following States:

Alabama	New Hampshire
Colorado	New Mexico
Delaware	North Carolina
District of Columbia	Ohio
Florida	Rhode Island

Indiana	Tennessee
Maryland	Texas
Massachusetts	Virginia
Mississippi	Wyoming

66.48: States where preserving deficiency rights is optional (04/25/06)

If the property is not located in one of the States listed in Section 66.47, and you believe it is in our best interest to preserve our right to pursue a deficiency against the Borrower, you must complete and submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** requesting approval. If possible, you should send the recommendation to us before you initiate foreclosure. However, under no circumstances should you delay initiating foreclosure to obtain our approval to preserve our deficiency rights.

66.49: Abandonment (04/25/06)

Preservation of deficiency rights and pursuit of a deficiency should be sought against a Borrower who has abandoned the property. It is your responsibility to recommend these cases to us by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** within five Business Days of discovering the property is abandoned.

66.50: Special circumstances requiring our approval (04/25/06)

If you know that delays in the foreclosure process and/or additional costs are going to occur to preserve deficiency rights (this should not occur in the States listed in Section 66.47), then you must obtain our approval by completing and submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

66.51: Working with vendors to collect deficiencies (04/14/00)

We may use vendors to assist in the collection of deficiencies. You must assist such vendors to obtain any necessary case file documentation upon the vendor's request.

66.52: Reserved (04/14/00)

This section is reserved.

66.52.1: Assigning deficiency rights after the foreclosure sale (12/18/08)

If the Mortgage has mortgage insurance and is not covered by any other credit enhancement, do not execute deficiency assignment documents you may receive from the MI or a third party. These documents must be sent directly to us **(see Directory 5)**. We will coordinate the execution of these assignment documents.

You may execute deficiency assignment documents that transfer deficiency rights from you to us when requested by an MI or third-party vendor.

66.53: Delivery of clear and marketable title (06/06/03)

(a) Property located in a State without a redemption or confirmation period

When you are the purchaser of the property at a foreclosure sale, you must ensure that the foreclosure attorney or trustee provides us with clear and marketable title to the property after the foreclosure sale. The title must be free of any liens, claims, defects and encumbrances. The title must be marketable so we can sell the property freely to others.

The foreclosure counsel or trustee must:

1. Submit the foreclosure deed for recordation within one Business Day after receipt of the deed
2. Obtain the recorder's receipt as evidence that the deed was presented for recordation
3. Send you the recorder's receipt within three Business Days after receiving it from the recorder
4. Provide the recorded deed to you within three Business Days after receiving the deed from the recorder's office. Retain the deed in the Mortgage file.

(b) Property located in a State with a redemption or confirmation period

After the redemption period has expired or the foreclosure sale has been confirmed, you must ensure that clear and marketable title is obtained as stated in Section 66.53(a).

66.54: Vesting the title and avoiding transfer taxes (04/25/06)

After the foreclosure sale you must ensure that the title to the property is vested to the appropriate party.

(a) Conventional Mortgages

You must ensure that your foreclosure counsel or trustee conducts the foreclosure in your name, or for a Mortgage registered with Mortgage Electronic Registration Systems Inc. (MERS) in either your name or in the name of MERS, and that title to the property is vested in our name (if the property is not purchased by a third party). This must be done in a manner that does not result in an obligation to pay transfer taxes. We will not reimburse you for any transfer taxes.

If the foreclosure involves a Manufactured Home in a certificate of title State, you must conduct the replevin or other legal action necessary to repossess the home in your name and have the new certificate of title issued in our name.

(b) FHA, Section 502 GRH or VA Mortgages

You must follow FHA, RHS or VA guidelines for conveying title to the foreclosed property to the applicable agency.

66.55: File retention (05/21/04)

You must maintain accurate and complete records of the foreclosure proceedings for Mortgages in the Mortgage file. You must maintain the Mortgage file for at least seven years from the date of the foreclosure sale.

66.56: Reporting foreclosure sale results (11/01/10)

(a) Reporting requirements

You must notify us of the results of all foreclosure sales, including successful third-party bids.

1. You must notify us through the Foreclosure Sale/DIL Transmission via MIDANET® no later than the Business Day immediately following the date of the foreclosure sale

2. If the property was purchased by a third party at the foreclosure sale and the purchase price is not sufficient to pay off the Mortgage, then you must send us the claim package described in Section 66.61 once the foreclosure sale is confirmed and you have received the sale proceeds

3. If a Borrower filed a bankruptcy petition of which you were not aware, and the foreclosure sale has been completed, the sale may not be valid. This situation is known as an "REO rollback." If you have already notified us of the results of the foreclosure through the Foreclosure Sale/DIL transmission via MIDANET, you must notify us that the sale may be invalid by submitting Form 105 to us **(see Directory 5)** within one Business Day of learning that the Borrower filed for bankruptcy protection. If you file a motion for relief of stay with the bankruptcy court to grant the release of the bankruptcy and to validate the foreclosure sale, then you must follow up to determine the results of the hearing so that you meet the following time frame.

   Once the foreclosure sale is valid, you must notify us by submitting Form 105 to us **(see Directory 5)** within five calendar days of the date the judge signs the order validating the foreclosure sale and enters it on the court docket.

4. In the event you become aware of an approved and closed workout after you have reported the foreclosure sale results to us, you must contact us immediately **(see Directory 5)** for further instructions

(b) Penalty for failing to comply with reporting requirements

Failure to comply with the requirements of Section 66.56(a), will result in a penalty to you of $100 per day for every day that the foreclosure sale is not reported correctly. If the results of the foreclosure sale are not reported correctly by the 30th day after the sale, we may require you to repurchase the REO or indemnify us for any loss.

Freddie Mac will bill you for such penalties on the Servicer Non-Performing Loans Invoice. Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.

The notification is considered to be correctly reported if the Foreclosure Sale/DIL Transmission is accepted by MIDANET when it reaches us and is free of errors.

66.57: Reporting redemption period or confirmation date changes (04/25/06)

You must notify us if either the projected expiration of the redemption period changes, or the scheduled confirmation date changes from the date you transmitted via the MIDANET® Foreclosure Sale/DIL Transmission.

You must report the change by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 6)** no later than one Business Day after you receive notification of the change.

66.58: Redemptions (03/01/09)

(a) Redemptions of Real Estate Owned (REO) properties

- **Reporting requirements for REO redemptions**

  You must notify us that the REO property is redeemed no later than one Business Day after redemption by completing and submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 6)** for a 1-unit property or 2- to 4-unit properties. If we must execute any documents related to the redemption, send the documents with Form 105 to the appropriate address.

- **Sending us the REO redemption proceeds — 1-unit and 2- to 4-unit properties**

  If the property is redeemed, you must forward to Freddie Mac the principal and interest amount due (through the redemption date) and all amounts that are reimbursable by Freddie Mac pursuant to Chapter 71 within five Business Days of receiving the funds. When the redemption proceeds include the principal and interest due Freddie Mac and all amounts that are reimbursable to you by Freddie Mac, you may net out any amounts included in the redemption proceeds that are due you from the Borrower but are not reimbursable by Freddie Mac (e.g., late fees, NSF fees, property inspections and other items permitted by applicable law).

  If the redemption proceeds are not sufficient to cover both the principal and interest due Freddie Mac and all amounts that are reimbursable to you by Freddie Mac pursuant to Chapter 71, then you must remit the entire redemption proceeds to Freddie Mac.

  Checks should be made payable to the Federal Home Loan Mortgage Corporation and must reference the property address and the nine-digit Freddie Mac loan number on the check. Remittances should be forwarded to the appropriate business address below.

  Overnight mail or courier deliveries:

JP Morgan Chase
National Wholesale LockBox TX 1-0029
14800 Frye Road
Fort Worth, TX 76155
Attn: Freddie Mac #730453

Wire proceeds:

JP Morgan Chase Bank
Benefit FHLMC
55 Water Street
New York, NY 10041
ABA #021000021
FAO: Freddie Mac #9102418887

Submit the claim for the related expenses to us via the Online Reimbursement System available at **http://www.freddiemac.com/singlefamily/service/tools.html**.

(b) Redemptions of properties initially reported as third-party sales

- **Reporting requirements**

  If the property was purchased by a third-party at foreclosure sale and is redeemed, send the Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** within one Business Day after redemption. Form 105 must indicate the breakdown of the redemption funds, including principal, interest and any other expenses reimbursed to you by the party redeeming the property.

- **Remittance requirements**

  The remittance requirements for redemptions of third-party sales are the same as the remittance requirements for third-party foreclosure sales. If you receive redemption proceeds, you must remit the required principal and interest owed to Freddie Mac (as required in Section 78.16) no later than five Business Days after you receive the proceeds.

  You must comply with our investor and reporting requirements in Chapter 78.

  If, after remitting the required amount to Freddie Mac, you are owed reimbursable expenses (pursuant to Chapter 71) or reimbursable principal and interest, then you must send us a claim package as described in Section 66.61.

66.59: Sales proceeds and reimbursement of fees (08/21/06)

(a) Remitting the sale proceeds

If a third party purchases the property at the foreclosure sale and the sale price is less than the total indebtedness, you must instruct the foreclosure counsel or trustee conducting the sale to remit the entire sale proceeds to you via overnight mail or wire transfer no later than three Business Days after receiving the proceeds.

(b) Obtaining reimbursement for foreclosure counsel and trustee fees and costs

We will not reimburse you for foreclosure costs incurred on a Mortgage that was sold to us with recourse. The foreclosure counsel or trustee must obtain reimbursement of all fees and costs from you. The foreclosure counsel or trustee should not net their fees and/or costs from the sale proceeds check. If the foreclosure was a judicial foreclosure and State law mandates that the sheriff or auctioneer deduct their fees from the sale proceeds before remitting them to the foreclosure counsel or trustee, you must instruct the foreclosure counsel or trustee to send you an accounting of the sheriff's or auctioneer's costs with the sale proceeds.

You must submit your request for reimbursement of any shortage in the sales proceeds so that we receive the request no later than 30 days after the date that you receive the sales proceeds. (See Section 66.61 for details on the associated claim package.)

66.60: Executing documents (04/25/06)

If we need to execute a document related to a third-party foreclosure sale, you must submit Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** with the name of the buyer(s) and include the document we need to execute.

66.61: Reporting and remittance requirements (10/20/08)

To complete the third-party foreclosure sale when the sale proceeds are less than the total indebtedness, you must complete the following steps:

1. Report the Mortgage as a third-party foreclosure sale using the Loan-Level Transaction in MIDANET® no later than the 2nd Business Day after you receive the proceeds. When reporting, ensure that the:

(a) Foreclosure sale date is the date that the foreclosure sale occurred

(b) Ending principal balance is zero

(c) Principal collected field is completed with the unpaid principal balance (UPB) as of the last reporting cycle before the Mortgage was inactivated

(d) DDLPI is the date of the last fully paid monthly installment

2. Remit the required principal and interest owed to us (as required by Section 78.16) through the automated cash remittance system no later than the 5th Business Day after you receive the proceeds. See Sections 77.21 and 77.22 for information on initiating a remittance through the cash remittance system

   See Section 78.16 for additional reporting and remitting requirements for third-party foreclosures.

   If, after remitting the required amount to Freddie Mac, you are owed reimbursable expenses (pursuant to Chapter 71) or reimbursable principal and interest (pursuant to Section 78.44), then you must send a claim package to us **(see Directory 5)**.

   The claim package must include:

   - Form 105, Multipurpose Loan Servicing Transmittal, with Section D Indebtedness completed
   - Copy of the Broker's Price Opinion (BPO) used for the foreclosure bid
   - Copy of the proceeds check
   - Itemization of the distribution of the proceeds, if the sale proceeds are less than the sale price (e.g., if the foreclosure court order required the payment of sheriff expenses from the sale price). If the sale proceeds equal 100% of the sale price, then this itemization is not needed.
   - Hard copy of Freddie Mac Form 104SF, Statement of Loan, Workout and REO Expenses and Income, with corresponding backup (i.e., copy of payment history for escrow advances, invoice copies for property preservation expenses, non-designated counsel fees and costs)
   - Hard copy of Freddie Mac Form 104DC, Designated Counsel/Trustee, if you used Freddie Mac designated counsel for the foreclosure

   The Third Party Sales group will forward the Form 104SF and/or Form 104DC to our Fees and Claims area in order for you to receive reimbursement of your allowable fees and costs.

66.62: Charging off the deficiency (12/19/07)

We will prepare a charge-off form when we receive the claim package from you outlined in Section 66.61. Freddie Mac Investor Accounting will return the charge-off form to you within seven Business Days of receiving the MIDANET® transmission. The charge-off form will contain the amount to be charged off on the Mortgage.

When you receive the charge-off form you must verify that the information on the form is correct and report any discrepancies to us **(see Directory 5)** within one Business Day of receiving the form.

66.63: Expense reimbursement and foreclosure reporting process (09/30/97)

You will find the requirements necessary to obtain reimbursement for expenses and reporting of foreclosure activity to us in this part of the chapter. Obtaining reimbursement for expenses, and reporting foreclosure activity occurs throughout the foreclosure process, as shown below. This process flow will give you a general overview of the process for obtaining reimbursement for expenses, and reporting. Refer to the requirements in this chapter for more details.

66.64: Expense reimbursement and foreclosure reporting contents (09/30/97)

Topic	Section(s)
Reimbursing foreclosure expenses	66.65-66.69
Reports we send you	66.70-66.73
Credit Repository and Internal Revenue Service (IRS) Reporting	66.74-66.75

66.65: When to request reimbursement (03/01/09)

We must receive a request for initial reimbursement via Form 104SF, Statement of Loan, Workout and REO Expenses and Income, within 30 days of the foreclosure sale, or the expiration of any applicable confirmation or redemption period, if applicable. We reserve the right to refuse any request for reimbursement we receive after this date. Refer to Chapter 71 for additional information on expense reimbursement.

For Section 502 GRH Mortgages, refer to Section 71.6 for instructions on requesting reimbursement.

66.66: How much we will reimburse (03/01/09)

The amount of the reimbursement will be proportionate to our interest in the Mortgage. If foreclosure proceedings are discontinued, all available fees and costs you incur should be collected from the Borrower (unless prohibited by local law). If local law prohibits reimbursement from the Borrower, we will share the expenses with you in proportion to our interest in the Mortgage.

You are prohibited from charging the Borrower for any costs or fees that you have not incurred. In addition, you must not charge the Borrower any reinstatement fee. The amount of reimbursement you request must be offset by any positive Escrow balance.

Refer to Section 71.6 for additional information.

66.67: Foreclosure counsel and trustee fees (07/01/05)

The foreclosure counsel or trustee fees must be reasonable and comparable to those customarily charged in the area where the property is located. Exhibit 57A, Approved Attorney Fees and Title Expenses, provides guidelines for these expenses. You must obtain our written approval prior to incurring fees in excess of the guidelines. Refer to Section 66.69 for details on how to obtain our approval.

66.68: Foreclosure expenses (03/01/09)

We will reimburse you for our proportionate share of the foreclosure expenses you incur during the foreclosure process. Refer to Chapter 71 for additional information on expense reimbursement.

66.69: Approval for exceeding expense guidelines (04/25/06)

Unless you use one of our designated counsel or trustees, you must obtain our approval before you incur expenses that exceed the established guidelines. Submit requests for approval to exceed expense guidelines on Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**. If you fail to obtain written approval, we will adjust the expense reimbursement to the amount in Exhibit 57A, Approved Attorney Fees and Title Expenses.

66.70: What we will send you (08/11/04)

In response to your monthly EDR transmission, we will send the reports listed in Sections 66.71 and 66.72 via the Freddie Mail option in MIDANET® for the PC. You must receive these reports via MIDANET for the PC, review them and transmit any necessary information to us.

66.71: Default exception report (09/30/97)

One Business Day after transmitting EDR information, you will receive the Default Exception Report, which will contain any exceptions and errors on the Mortgages that were reported. You must correct all exceptions/errors documented on the report and transmit the corrected data to us by the sixth Business Day of the same month.

66.72: Delinquencies/foreclosures not reported (09/30/97)

You will receive the Delinquencies/Foreclosures not Reported report the morning of the fourth Business Day of the month. It identifies any Mortgage that was reported as being in foreclosure during the prior month, but was omitted from the current month's reporting and was not reported as fully reinstated or paid off, or that a foreclosure sale was held, or because a workout option was completed. If the Mortgage is still in foreclosure, you must report on the delinquent Mortgage by the sixth Business Day of the month. If the Mortgage was not reported because a full reinstatement or payoff occurred, a foreclosure sale was held, or a deed-in-lieu of foreclosure was executed, you must report the action to us. Refer to Section 59.4, A65.10, B65.48 or 66.56 for reporting requirements.

66.73: Default feedback report (08/11/04)

This section has been deleted.

66.74: Reporting to credit repositories (09/30/97)

Report all foreclosure sales to the credit repositories listed in Exhibit 51, Credit Repositories and Information to Report, according to the requirements in Section 55.4.

66.75: Reporting to the IRS (09/30/97)

Report the acquisition or abandonment of the property to the IRS according to the requirements in Section 55.3 on Form 1099-A, Acquisition or Abandonment of Secured Property.

Chapter 67: Adverse Matters

67.1: Introduction (08/21/06)

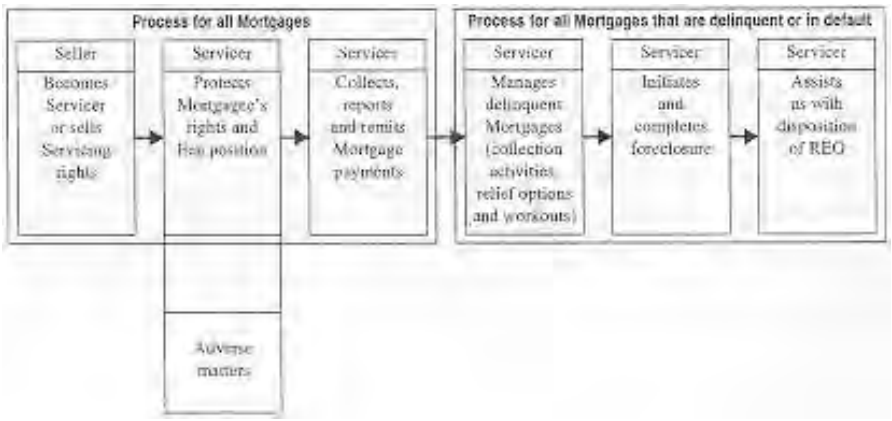
This chapter provides you with our requirements for Servicing Mortgages when the following, which we consider to be adverse to our interest in the Mortgage or the property securing the Mortgage, occurs:

- Bankruptcies
- Litigation matters
- Properties seized by government agencies
- Distressed properties
- Abandoned properties

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Mortgages secured by properties affected by a disaster.

67.2: Process flow (09/30/97)

You will find in this chapter our processes and requirements for dealing with a variety of adverse matters. Servicing and responding to such matters occurs in the part of the Mortgage Servicing cycle represented by the second box in the following process flow:



67.3: Chapter contents (09/30/97)

Topic	Section(s)
Bankruptcy and litigation matters	67.6-67.19
Protecting the property	67.20-67.29

67.4: The Servicer's role (09/30/97)

Your role is to act without delay, and in accordance with applicable law and the requirements contained in this chapter, when an adverse matter occurs.

Accuracy and timeliness in complying with applicable law and meeting the requirements contained in this chapter are vital and are part of your responsibilities to the Borrower and your warranties to us. We hold you responsible for properly Servicing our Mortgages and protecting our interests in the properties securing them.

67.5: Our rights (09/30/97)

We reserve the right, at our sole discretion, to:

1. Request that you submit copies of any and all records related to our Mortgages under the requirements contained in this chapter
2. Request you to compensate us and hold us harmless for any loss, damage or expense, including court costs and attorney fees, that we sustain as a result of your failure to comply with the requirements of this chapter, applicable law, or resulting from errors, omissions or delays by you or your agent
3. Use our own counsel or trustee, or require you to use our designated counsel or trustee, or select the counsel or trustee to represent us in any matter related to the requirements contained in this chapter
4. Limit the amount of a reimbursement for attorney fees if those fees are not consistent with the fees commonly charged for similar services in the area where the affected property is located
5. Deny your request for reimbursement of expenses incurred as a result of Servicing our Mortgages under the requirements of this chapter if you do not obtain our prior written approval as required
6. Assess fees and penalties in accordance with the requirements of Section 55.1 and Chapter 78 if you fail to comply with the requirements contained in this chapter
7. Require you to repurchase the affected Mortgage, or indemnify us for any loss, if you do not comply with the requirements contained in this chapter

67.6: Introduction (04/06/01)

This part of the chapter provides you with our requirements for Servicing Mortgages subject to bankruptcy proceedings or litigation. You must take appropriate action to protect our interest during bankruptcy proceedings in which the Borrower is the debtor or when there is litigation of either a routine or non-routine nature.

67.7: Bankruptcy general requirements (02/20/08)

When you receive notice, or confirm information that a Borrower has filed a bankruptcy petition, at a minimum, you must:

1. Comply with all applicable laws and regulations, including working with debtor's pre-bankruptcy credit counseling agency on a debt management plan, if applicable
2. Obtain a copy of the Borrower's (debtor's) bankruptcy petition or other bankruptcy notice.
3. Accurately complete and file a proof of claim within the time limitations set by the bankruptcy court. This includes providing timely information, documentation and payoff and reinstatement figures necessary for bankruptcy counsel to meet the time limits set by the bankruptcy court if counsel is representing you in the case. If additional costs are incurred after confirmation of the bankruptcy plan, work with the trustee to ensure all steps are taken to recover those costs allowable by law from the debtor through the plan, if applicable.
4. Monitor the bankruptcy filing and obtain status of the proceedings from the trustee in a timely manner. This includes, at a minimum, assisting with any motions for relief of stay and monitoring the first meeting of creditors, proof of claim and/or confirmation of the bankruptcy plan, pre- and post-petition payments, pleadings and notices. If counsel requests additional documentation from you, you must provide counsel with the documentation within two Business Days of receiving the request.
5. Maintain copies of all relevant documents related to the bankruptcy including the notice of first meeting of creditors, proof of claim, pleadings, notices, etc.
6. Determine whether the Borrower wishes to keep the property.
7. Not require the Borrower to sign a reaffirmation of debt agreement. If you choose to have the Borrower reaffirm the debt, you must comply with all applicable laws, including obtaining the court's approval of the reaffirmation agreement, if necessary. We will not reimburse you for any legal costs incurred in obtaining a reaffirmation agreement.
8. Review any bankruptcy reorganization plan proposed under Chapters 11 or 13 (refer to Section 67.13 regarding your servicing responsibilities should a bankruptcy judge order a bankruptcy cramdown) of the U.S. Bankruptcy Code and respond in a manner that protects our interests. Likewise, review any bankruptcy plan proposed under Chapter 12 of the U.S. Bankruptcy Code and respond in a manner that protects our interests. Such review includes verifying that the bankruptcy repayment plan does not extend past the maturity date of the Mortgage, and the bankruptcy repayment plan sets forth the proper monthly payment to include the outstanding debt and sufficient funds to pay taxes, all property insurance and mortgage insurance premiums when they become due. If the bankruptcy repayment plan will extend past the maturity date of the Mortgage, you must object.

9. If appropriate, file an action with the bankruptcy court to secure a determination that the property is abandoned. In the event the court considers the property abandoned, file an order lifting the automatic stay.
10. Monitor and properly apply payments received under any bankruptcy repayment plan. If the Borrower becomes delinquent on two post-petition and/or plan payments, instruct counsel to take immediate action to modify the stay order and initiate, or resume, foreclosure proceedings.
11. Conduct a monthly inspection of the property for any delinquent Mortgage unless a bankruptcy repayment plan is in place and being adhered to
12. Verify that the Borrower is current on his or her tax and insurance payments or, if there is an Escrow account for taxes and insurance, perform an Escrow analysis to determine if a bankruptcy repayment plan must include additional Escrow Funds to maintain the Escrow account. In addition, perform a periodic Escrow analysis and notify the trustee of any change to the payment amount resulting from the analysis.
13. Immediately notify the trustee of any Transfer of Servicing (both the transferor and transferee must notify the trustee). See Chapter 56 for specific requirements for Transfer of Servicing, including Concurrent Transfers of Servicing and Subsequent Transfers of Servicing.
14. For leasehold Mortgages:
    - Take appropriate action to assume the lease payments to the lessor if the lease is rejected by the Chapter 7 trustee in bankruptcy and the Borrower ceases making payments on the lease
    - Object to any Chapter 13 plan that does not provide for payment of the ground rent in addition to the Mortgage payments and real estate taxes
    - In cases when the trustee will pay post-petition payments, it is your responsibility to notify the trustee of all changes, including any missed post-petition payment, and to send copies of breach/acceleration letters to the trustee
15. Immediately upon release of bankruptcy, if the Mortgage is delinquent, you must either:
    - Resume foreclosure activities, if the Mortgage was in foreclosure previous to the bankruptcy filing, in accordance with Chapter 66, or
    - Initiate or resume collection activity in accordance with Chapter 64

67.8: Multiple bankruptcy filings (08/21/06)

A Borrower may file for bankruptcy protection more than once or under different chapters of the bankruptcy laws. When you receive notice of a Borrower filing a petition for protection under the bankruptcy laws, you must check your Mortgage records to determine if the Borrower has previously filed for bankruptcy protection. If your records disclose a previous bankruptcy filing for that Borrower and the Mortgage is delinquent, you must refer the bankruptcy case to counsel.

You must direct counsel to take appropriate action including:

- If the Borrower has filed multiple times, but the bankruptcies are more than 12 months apart:
  1. Motion to annul the automatic stay to confirm foreclosure sale if you were unaware that the Borrower had filed for bankruptcy and you had conducted a foreclosure sale
  2. Motion to dismiss the bankruptcy case if it can be shown that there has been no substantial change in the Borrower's financial circumstances since the last bankruptcy filing, or it can be shown the Borrower has no prospect of repayment under a reorganization plan
  3. Objection to the confirmation of a Chapter 13 Plan and a motion to dismiss in connection with a Chapter 13 bankruptcy in which the reorganization plan appears to be infeasible, offered in bad faith or it can be shown that there has been no substantial change in the Borrower's financial circumstances since the last bankruptcy filing
  4. Motion for "in rem" relief or 180 day bar to prevent the Borrower from filing another bankruptcy case in the future affecting the property securing our Mortgage when there are successive filings with a scheme of fraudulent property transfers
  5. Any other actions as deemed appropriate and permitted under the *Bankruptcy Abuse Prevention and Consumer Protection Act of 2005*

- If the multiple filing is within 12 months of the previous filing:
  1. Object in the event that the Borrower petitions to extend the automatic stay when (i) the Borrower's bankruptcy is presumptively filed not in good faith under the Bankruptcy Code, (ii) you believe that the filing was offered in bad faith or (iii) if there has been no substantial change in the Borrower's financial circumstances since the last bankruptcy filing. (See Section 71.14 for related fee for filing the objection.)
  2. Any other actions as deemed appropriate and permitted under the *Bankruptcy Abuse Prevention and Consumer Protection Act of 2005*

67.9: Notifying us of bankruptcy proceedings (12/14/05)

You must report a bankruptcy filing to us, regardless of whether the Borrower is current or delinquent in his or her Mortgage payments. You must submit this notification via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month in which you received notice of the filing. You must also include the filing date and the applicable default action code (as listed below) to indicate the bankruptcy chapter number.

Refer to Section 66.32 for how bankruptcy may affect your foreclosure time line.

The bankruptcy petition chapters and applicable default action codes are:

Bankruptcy chapter	Default action code
Chapter 7	65
Chapter 11	66
Chapter 12	59
Chapter 13	67

You must also notify us when the court confirms the bankruptcy plan via an EDR transmission using default action code 69 (Bankruptcy plan confirmed) within the first three Business Days of the month following the month in which the confirmation occurred.

You must continue to report via an EDR transmission each month that the Borrower is in bankruptcy until the court clears the bankruptcy or lifts the stay. You must notify us within the first three Business Days of the month following the month in which either of these actions occur via an EDR transmission using default action code 76 (Bankruptcy court clearance obtained/Stay lifted). Include the date the action occurred.

If a bankruptcy converts from one Chapter to another, you must report a default action code 76 (Bankruptcy court clearance) to close the prior bankruptcy Chapter. The conversion date is the bankruptcy release date for the prior bankruptcy Chapter and the filing date for the new Chapter.

For example, if a Chapter 13 converted to a Chapter 7 on 01/30/xx, you would report default action code 76 using 01/30/xx to close the Chapter 13 status and a default action code 65 using 01/30/xx to open the Chapter 7 bankruptcy.

For additional information about EDR reporting, refer to Section 64.10.

67.10: Managing new bankruptcy filings (04/25/06)

- **For Mortgages current at the time of filing**

  If a Borrower is current in his or her Mortgage payments at the time the Borrower files a Chapter 7, 12 or 13 bankruptcy petition, you are not required to refer the matter to counsel and we will not reimburse you if you do so. If the Mortgage is a Balloon/Reset Mortgage, refer to Section 67.12 for our requirements.

  If you determine that special circumstances exist that require case management by counsel on a current Mortgage, then you must obtain our prior written approval to

obtain counsel in accordance with the requirements in Section 53.1.1 and to incur the legal expense by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

All Chapter 11 bankruptcy cases must be referred to counsel as soon as you receive notice that the Borrower has filed for bankruptcy protection, regardless of whether the Mortgage payments are current. Refer to Section 67.15 for our requirements on selecting bankruptcy counsel.

- **For Mortgages delinquent at the time of filing**

If the Borrower is at least 30 days delinquent in his or her Mortgage payments at the time bankruptcy is filed, you must refer the bankruptcy to counsel, whether a Chapter 7, 11, 12, or 13, in accordance with the requirements of Section 53.1.1 within three Business Days of your receipt of notice that a petition has been filed. We will reimburse you for expenses you incur in accordance with the limits listed in Exhibit 57A, Approved Attorney Fees and Title Expenses. (The expense limits in Exhibit 57A, Approved Attorney Fees and Title Expenses do not apply if a designated counsel is processing the bankruptcy.)

When you refer a bankruptcy case to counsel, you must provide complete written reinstatement or payoff figures to the attorney or trustee requesting the information within two Business Days of the date on which you receive a written request. You may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

Refer to Section 67.15 for our requirements on selecting bankruptcy counsel.

You must instruct counsel to file a motion for relief from the automatic stay:

1. In a Chapter 7 case, at the same time you refer the case to counsel
2. In a Chapter 11, 12, or 13 case, when the Borrower misses his or her second post-petition and/or plan payments to either you or the trustee

You must follow all general requirements found in Section 67.7, particularly in regard to monitoring and assisting throughout the bankruptcy proceedings. At least monthly, and preferably more often, you must communicate with the bankruptcy attorney to obtain case status updates, provide information requested by the attorney and work with the attorney to facilitate either timely reinstatement or relief from the automatic stay.

67.11: Managing Mortgages that become delinquent subsequent to bankruptcy filing (12/14/05)

If the Borrower was current at the time of filing bankruptcy and subsequently becomes 30 days or more delinquent in payments to either you or the trustee, then you must refer the case to counsel in accordance with the requirements in Section 53.1.1. We will reimburse you for expenses you incur according to the requirements contained in Section 67.16 and Chapter 71.

You must refer the bankruptcy case to counsel and instruct counsel to file for relief from the automatic stay after the Borrower becomes:

1. 30 days delinquent in a Chapter 7 case
2. 45 days delinquent in payments to either you or the trustee in a Chapter 12 or 13 case

Whether you refer a bankruptcy to counsel for special circumstances or due to delinquency, you must provide complete written reinstatement and/or payoff figures to the attorney, trustee, workout specialist or outsourcing vendor at the time of referral. Also, you must respond to any additional requests for reinstatement and/or payoff figures after referral within two Business Days of the date on which you receive the request. You may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

67.12: Managing bankruptcies on Balloon/Reset Mortgages (02/23/07)

You must refer all of the following bankruptcy cases on Balloon/Reset Mortgages to counsel:

1. Chapter 11 bankruptcy cases
2. Chapter 12 or 13 bankruptcy cases that include Mortgages having a Balloon Maturity Date of less than five years from the filing date

Refer to Section 67.10 and 67.11 for our requirements for managing Chapter 7 cases. Refer to Section 67.15 for our requirements for selecting bankruptcy counsel.

(a) Chapter 11 cases

If the Chapter 11 reorganization plan extends the term of the Mortgage beyond the Balloon Maturity Date, counsel must object to the reorganization plan.

(b) Chapter 12 or 13 cases

If the Chapter 12 or 13 reorganization plan extends the term of the Mortgage beyond the Balloon Maturity Date, and does not call for the Borrower to satisfy any additional obligations (such as accrued interest and Escrow deposits) beyond the Balloon Maturity Date, counsel must object to the reorganization plan.

In addition, when counsel files the Proof of Claim, counsel must include, as a part of the Mortgage obligation, the entire balance that will be due on the Balloon Maturity Date and any amounts that may accrue after the Balloon Maturity Date if the plan extends the repayment period beyond that date. Such expenses include, but are not limited to:

- Interest
- Real estate taxes
- Property insurance premiums
- Mortgage insurance premiums
- Legal fees and costs

If you discover after the confirmation of a Chapter 13 plan that the Balloon Maturity Date will occur during the life of the plan, the terms of the confirmed plan will now apply even if the Balloon Maturity Date passes. In this circumstance, if the Borrower's payments under the reorganization plan are current, and the Balloon Maturity Date will occur before completion of the repayment period, you must instruct counsel to take the following course of action:

1. File a motion for relief from the automatic stay advising the court that the plan did not modify the original Security Instrument and stating that the entire Mortgage balance will still be due on the Balloon Maturity Date, and

2. Contact the Borrower's attorney to propose a Consent Order to extend the maturity date through the date of the bankruptcy discharge.

67.13: Bankruptcy cramdowns (04/25/06)

When a Borrower files bankruptcy and the value of the property has declined to a value less than the amount owed on the Mortgage, a federal bankruptcy judge may order a division of the bankruptcy claim.

Under a bankruptcy cramdown, the court divides the Mortgage debt into two claims: a secured claim in the amount of the current appraised value of the property and an unsecured claim for the remaining balance of the debt.

All of, or a portion of, the remaining unsecured claim balance is forgiven upon completion of the court-ordered repayment plan. This is known as a cramdown.

If the Borrower's reorganization plan requests a cramdown, you must fax a copy of the bankruptcy reorganization plan and any accompanying motions filed by the Borrower's counsel to us **(see Directory 5)** accompanied by Form 105, Multipurpose Loan Servicing Transmittal, within one Business Day of receiving the plan. You must direct counsel to file an objection to the proposed plan alleging that the plan may not modify the original

Security Instrument and Note. If the Mortgage is a Balloon/Reset Mortgage you must direct counsel to include in the objection that the entire Mortgage balance will be due on the Balloon Maturity Date.

We will review the feasibility of litigation and work with you to determine the appropriate course of action.

You must submit Form 105 to us **(see Directory 5)** with the information specified below within one Business Day of the following events:

1. After receiving notice that the court has approved or rejected the cramdown, you must send us a copy of the court's decision
2. When the Borrower is 30 or more days delinquent on a payment under the reorganization plan, or has otherwise breached the terms of the plan, you must indicate the type of default and include your recommendation as to how to proceed

67.14: Servicing bankruptcies on Mortgages secured by income properties (12/16/02)

If a Borrower on a Mortgage secured by income producing property files a bankruptcy petition and we have an assignment of rents, you must take action to prohibit the Borrower from using any income from the property for any purpose other than making payments on the Mortgage by instructing counsel to:

1. File a motion for sequestration of rental income, or
2. Obtain an adequate protection order

67.15: Selecting bankruptcy counsel (04/23/09)

You must diversify your foreclosure and bankruptcy referrals in higher-volume States (States in which you have 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year). In addition, you must have a contingency plan to redirect new foreclosure and bankruptcy referrals in the event a law firm or trustee you are using is no longer able to accept new referrals **(see Section 66.15)**.

Bankruptcy counsel must be free from any conflict of interest with the Borrower.

You must use the same entity that you retained to represent you in a foreclosure action on a Mortgage to represent you in a subsequent bankruptcy. (For example, if you retained foreclosure counsel that is not a designated counsel, then you must use that same law firm for any bankruptcy. You must not refer the bankruptcy to one of our designated counsel.) Likewise, if at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, you must use the same law firm to handle the foreclosure as you used for the bankruptcy.

If you do not use the same entity representing you in a foreclosure action to represent you in a subsequent bankruptcy, you may not be reimbursed. See Chapter 71 for more details on reimbursement for bankruptcy costs and fees.

If you determine that special circumstances exist that require case management by counsel on a current Mortgage, then you must obtain our prior written approval to obtain counsel and incur the legal expense in accordance with the requirements in Section 53.1.1 and by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

We will become directly involved in litigation only if we deem it appropriate.

(a) Selecting bankruptcy counsel in a State where we have designated counsel

You must use our designated counsel for the bankruptcy (unless the Mortgage on which the bankruptcy was filed was sold to us with recourse or it is an FHA Mortgage, VA Mortgage, or Section 502 GRH Mortgage) if the Mortgage is secured by a:

1. 2- to 4-unit property in Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia or Washington
2. Manufactured Home in Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia or Washington
3. 1- to 4-unit property in Texas and the Mortgage was a Texas Equity Section 50(a)(6) Mortgage
4. You must also use designated bankruptcy counsel in a designated counsel State for a Mortgage regardless of property type if we have sent you written notification of such a requirement

Refer to Section 66.15.1 regarding our penalty for failure to use designated counsel when required.

(b) Selecting bankruptcy counsel in a State where we do not have designated counsel

The bankruptcy counsel you choose must meet the eligibility requirements in Section 53.1.1. In addition, you must base the selection on the prior performance of the bankruptcy counsel in the following areas:

1. Timely filings of motion for relief

2. Length of time to obtain automatic stay or case dismissal

3. Facilitation of loss mitigation options where appropriate

If at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, you must use the same law firm to handle the foreclosure as you used for the bankruptcy. However, in those States where it may be common practice to use a trustee to conduct a foreclosure, you must use a trustee that is associated with the law firm that handled the bankruptcy.

67.16: Reimbursement of expenses related to a bankruptcy (04/25/06)

When legally permissible, you should attempt to obtain payment of the attorney fees and costs resulting from the bankruptcy proceedings directly from the Borrower and/or the bankruptcy court.

Unless you use one of our designated counsel, you must obtain our prior written approval for any fees in excess of the fees listed in Section 71.14 by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**.

We will not reimburse you for attorney fees or legal costs on any bankruptcy case if:

1. The Borrower was current in his or her Mortgage payments at the time he or she filed for bankruptcy protection, has remained current, and we did not approve a referral to bankruptcy counsel for special circumstances
2. You are required to use designated counsel but used other counsel
3. You incurred costs for reaffirmation agreements
4. You incorrectly reported the bankruptcy through EDR. See Section 67.9 for more details on how to report bankruptcies through EDR.

67.17: Litigation matters (07/09/01)

Litigation matters fall into two categories:

- Routine litigation
- Non-routine litigation

(a) Routine litigation

This category includes civil actions in which the plaintiff has named us a party as a result of our interest in the property. Routine litigation matters include, but are not limited to:

1. Foreclosures by junior lienholders
2. Sales of properties for nonpayment of taxes
3. Property partition actions
4. Eminent domain proceedings
5. Actions to acquire or enforce public utility easements and rights of way
6. Title claims covered by title insurance policies
7. Contested foreclosure actions in which the Borrower alleges a procedural defect in the foreclosure or a routine defense

(b) Non-routine litigation

This category includes civil actions in which the plaintiff seeks to divest us of our interest in a property, or to recover damages from us based on an allegation that we engaged in conduct or committed an act that caused injury or damage to the plaintiff. Non-routine litigation includes, but is not limited to, claims of a violation of statutory obligations (such as the Truth-in-Lending Act, fair lending practices, the Real Estate Settlement Procedures Act (RESPA) or the Equal Credit Opportunity Act) or allegations of misconduct or fraud that challenge the validity of the Mortgage. This category also includes class action litigation against you involving our Mortgages or allegations which could ultimately affect our interests.

67.18: Servicing routine litigation matters (04/25/06)

You must act without delay and in accordance with applicable law when responding to any routine litigation matter. If the routine litigation matter involves a Mortgage that is 30 or more days delinquent, you must report the litigation matter to us via EDR within the first three Business Days of the month following the month in which you became aware of the litigation, using default action code 33 (Contested foreclosure and litigation).

You must obtain our prior written approval before incurring any expenses in the Servicing of a routine litigation matter. To obtain our approval you must submit a Form 105 to us **(see Directory 5)**. When the delay of taking protective action might result in the impairment of the property or jeopardize our lien position, you must call us **(see Directory 5)** for immediate approval to take the necessary action that will incur an expense. If the circumstance of incurring the expense is such that you cannot get our prior

approval either by submitting the Form 105, Multipurpose Loan Servicing Transmittal, or calling us, then you must notify us **(see Directory 5)** by the next Business Day after you incurred the expense. If your determination to incur the expense was reasonable, we will reimburse you for the expense.

67.19: Servicing non-routine litigation matters (04/25/06)

You must act without delay and in accordance with applicable law when responding to any non-routine litigation matter. If the non-routine litigation matter involves a Mortgage that is 30 or more days delinquent, you must report the litigation matter to us via EDR within the first three Business Days of the month following the month in which you became aware of the litigation using default action code 33 (Contested foreclosure and litigation).

You must obtain our prior written approval before incurring any expenses in the Servicing of a non-routine litigation matter. To obtain our approval you must submit a Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**. When the delay of taking protective action might result in the impairment of the property or jeopardize our lien position, you must call us **(see Directory 5)** for immediate approval to take the necessary action that will incur an expense. If the circumstances of incurring the expense is such that you cannot get our prior approval either by submitting Form 105, or calling us, then you must notify us **(see Directory 5)** by the next Business Day after you incurred the expense. If your determination to incur the expense was reasonable, we will reimburse you.

(a) Servicing non-routine litigation requirements when we are named as a party

You must not litigate any non-routine civil action in which the plaintiff has named us as a party to the litigation without our approval and monitoring by our legal division. When a plaintiff names us as a party in a non-routine litigation matter, you must notify us by submitting Form 105 **(see Directory 5)** via a fax transmission within seven Business Days of receiving any of the following:

1. Complaint
2. Litigation notice
3. Pleadings

If you have retained counsel in the litigation, the counsel must meet the requirements of Section 53.1.1. When you send the Form 105, you must include the name, address and phone number of your counsel on the Form 105 and an estimate of the attorney's fees and litigation costs. The estimate must include, but is not limited to, the attorney's hourly rate and expected fees and costs. If you need an immediate response to the Form 105, you must call us **(see Directory 5)**.

We will provide you with instructions on how to proceed after receipt of your Form 105. We reserve the right to direct and manage the actions you take on our behalf and to retain counsel to represent us regarding the litigation.

(b) Servicing non-routine litigation requirements when we are not named as a party

You must notify us if the non-routine litigation in which we are not named as a party (such as a class-action suit against you which involves our Mortgages or which may ultimately affect our interests) by submitting Form 105 with a description of the action (or a copy of the complaint) to us **(see Directory 5)** via fax within seven Business Days of receiving notice of the litigation. The Form 105 must include the name and phone number of a person we can contact if we require additional information. If we request additional information you must provide it to us within seven Business Days of the date on our request.

67.20: Introduction (08/21/06)

This part of the chapter provides you with our requirements for Servicing Mortgages for which the ownership or condition of the property may be in jeopardy. Such occurrences include:

- Property seizures
- Distressed properties
- Abandoned properties

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Mortgages secured by properties affected by a disaster.

67.21: Property seizure (04/25/06)

Under various federal, State and local laws, a law enforcement agency may, in some circumstances, seize and cause the forfeiture of real property that is obtained with the proceeds of activities, or which is used to facilitate activities, committed in violation of federal, State or local laws. Such laws include those relating to controlled substances, gambling and prostitution. Actions that result in the loss of possession of real property by a legal action or process are called property seizures. These different laws commonly provide some avenue of relief from forfeiture for a mortgagee that can prove it is an "innocent owner" (or "innocent lienholder").

An important course of action in protecting the mortgagee’s innocent owner status is prompt and cooperative communication with law enforcement agencies.

(a) Your designee for contacts with law enforcement agencies

To properly handle the sensitive area of mortgagee-law enforcement agency cooperation, and maximize mutual benefits from such cooperation, you must limit contacts with, or from, law enforcement agencies to a designated management-level employee that you select. You must alert your employees to direct all information regarding a property seizure to the appropriate designee, including, but not limited to, the following:

1. Unsolicited information
2. Government notices
3. Government or other third-party inquiries
4. Telephone calls or written correspondence

(b) Documentation

The management level employee selected as your designee to handle a property seizure must:

1. Maintain complete, detailed and accurate records of:
   - All information received, relayed or reported, including (where applicable) the names of all contacting and contacted parties
   - All actions taken by you
   - The dates of all contacts and actions
2. Confirm in writing all telephone communications with us and appropriate law enforcement agencies
3. Deliver the original Mortgage file to us **(see Directory 5)** when and if we request you to do so

(c) Restriction on foreclosure action

You must request our approval to initiate foreclosure by submitting Form 105, Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, to us **(see Directory 5)**.

(d) Applicability of requirements

The requirements in Sections 67.21 through 67.26 address forfeitures arising from violations of federal, State or local laws specified in Section 67.21(a). However, all of these requirements also extend to government seizure and forfeiture of the property for the Borrower's violation of any other laws.

67.22: Unsolicited disclosure of preseizure information (04/25/06)

You must relay the following information to the asset forfeiture team in the Drug Enforcement Administration (DEA) office nearest to the location of the property:

1. Unsolicited information that you receive from any party (other than a l aw enforcement official) regarding a possible connection between alleged or suspected drug transactions and the Mortgage or the property. You must relay the information without verifying or passing judgment on its source or veracity.
2. Visual observations of suspected drug transactions by any party on t he property as reported to you by an employee or a contractor of yours while on a routine inspection of the property.

You must cooperate with all law enforcement agencies to the extent that applicable law allows. If the DEA or another law enforcement agency requests information about the Borrower, Mortgage or property, or requests that you take certain actions, whether or not in response to a voluntary disclosure of information, you must determine if:

1. The request complies with the provisions of applicable law including, but not limited to, the Right to Financial Privacy Act (RFPA)
2. Your compliance with the request is allowed under applicable law
3. Your compliance with the request would expose you or your staff to potential harm and/or liability

(a) Reporting requirements

Within five Business Days of receiving the DEA's or other law enforcement agency's request, you must report the information in writing to the DEA or other law enforcement agency. You must send a copy of that report to us under cover of Form 105, Multipurpose Loan Servicing Transmittal, within three Business Days of reporting the information to the DEA or other law enforcement agency.

When submitting information to the DEA, you must:

1. Advise the DEA that you are Servicing the Mortgage for us
2. Disclose to the DEA the name, telephone number and mailing address of your contact with us **(see Directory 5)**
3. Forward the information to any other applicable federal or local law enforcement agency as the DEA may request

All reporting to the DEA and/or to us must be in writing unless an emergency warrants reporting by telephone. You must also report all developments after the initial contact to us **(see Directory 5)** via Form 105 within three Business Days of any such development.

(b) Property inspection

You must order a property inspection according to the requirements contained in Section 64.7, within three Business Days of receiving unsolicited information regarding a possible connection or observation of alleged or suspected drug transactions in connection with the property, unless inspecting the property would expose you or your staff to potential harm or liability. You must submit a copy of the inspection report with a Form 105 to us **(see Directory 5)** within three Business Days of your receipt of the report.

67.23: Requested disclosure of preseizure information (04/25/06)

You must cooperate with all law enforcement agencies to the extent that applicable law allows. If the DEA or another law enforcement agency requests information about the Borrower, the Mortgage or the property, or requests that you take certain actions (whether or not in response to a voluntary unsolicited disclosure of information by you as provided in Section 67.21), you must determine if:

1. The request complies with the provisions of applicable law including, but not limited to, the RFPA
2. Your compliance with the request is allowed under applicable law
3. Your compliance with the request would expose you or your staff to potential harm and/or liability

(a) Reporting requirements

Within three Business Days of receiving the DEA's or other law enforcement agency's request, you must report the request to us **(see Directory 5)** by submitting Form 105, Multipurpose Loan Servicing Transmittal, reporting the request with a copy of your response to the agency and any other information you submitted. You must also report to us **(see Directory 5)** via Form 105 all developments after the initial contact, within five Business Days of any such development.

When submitting information to the DEA or another law enforcement agency, you must:

1. Advise the agency that you are Servicing the Mortgage for us
2. Disclose to the agency the name, telephone number and mailing address of your contact with us **(see Directory 5)**
3. Forward the information to any other applicable federal or local law enforcement agency as may be requested by the law enforcement agency making the request

All reporting to the DEA and/or to us must be in writing unless an emergency warrants reporting by telephone. You must also report all developments after the

initial contact to us **(see Directory 5)** via Form 105 within three Business Days of any such development.

(b) Property inspection

You must order a property inspection according to the requirements contained in Chapter 64, within three Business Days of receiving a request from a law enforcement agency, unless inspecting the property would expose you or your staff to potential harm or liability. You must submit a copy of the inspection report with a Form 105 to us **(see Directory 5)** within three Business Days of your receipt of the report.

67.24: Government notice of property seizure to you (04/25/06)

When you receive notice that a law enforcement agency has seized and/or intends to initiate forfeiture proceedings against the property, you must comply with the procedures detailed below.

(a) Reporting to us

You must immediately report the notice of seizure and/or intent to forfeit to us by telephone at (800) FREDDIE. Within two Business Days of receiving the notice, you must forward such notice to us **(see Directory 5)** by overnight mail. With the notice, you must submit all of the following:

1. A completed Form 105, Multipurpose Loan Servicing Transmittal, that supplies the following information related to the Mortgage:
   - Mortgage status (current, delinquent or in foreclosure)
   - Unpaid principal balance (UPB), interest and per diem interest amount
   - Any other outstanding amounts
   - Any other information regarding the Borrower or the property that you deem relevant to the law enforcement agency's action
2. A copy of the Note and any modifying instrument
3. A copy of the Security Instrument with applicable recording information
4. A copy of all assignments of the Security Instrument with applicable recording information relating to the property
5. Such other documents and information as we may request

Upon receiving the required documents from you, we will forward such documents to our Legal Division which will assume responsibility for representing us and you, where applicable, in the forfeiture proceedings. Where warranted, you will receive appropriate instructions from us.

If the Mortgage is delinquent, you must report to us via an EDR transmission within the first three Business Days of the month following the month that the law enforcement agency seized the property unless the Mortgage was current. If the Mortgage is current and a law enforcement agency seized the property, you may, but are not required to report the event in the EDR transmission. Use default action code 24 (Government seizure), and provide the date that the seizure occurred. For additional information about EDR, refer to Section 64.10.

(b) Reporting to FHA, RHS, VA or MI

You must report the seizure and our role in seeking relief from forfeiture to the FHA, RHS, VA or MI, as applicable, and relay any response to us **(see Directory 5)** by submitting a Form 105 within three Business Days of receiving the response. You must include with Form 105, a copy of any instructions issued by the FHA, RHS, VA or MI as a result of your report and, unless otherwise instructed by us, must comply with such instructions.

(c) Property inspection

You must order a property inspection on the property according to the requirements contained in Chapter 64, within three Business Days of receiving a notice of property seizure from a law enforcement agency, unless inspecting the property would expose you or your staff to potential harm or liability. You must submit a copy of the inspection report with a Form 105 to us **(see Directory 5)** within three Business Days of your receipt of the report.

67.25: Government notice of property seizure to us (04/25/06)

If we receive a notice of seizure and/or intent to forfeit, we will notify you as soon as possible. Within two Business Days of our notification to you, or sooner if requested, you must submit to us **(see Directory 5)** all of the documents and information cited in Section 67.24 and comply with all other requirements of that section.

67.26: Reimbursement of expenses related to property seizures (04/25/06)

We will reimburse you for allowable expenses listed in Exhibit 57A, Approved Attorney Fees and Title Expenses, that you incur to comply with our requirements regarding property seizure only if the expenses are not legally collectible from the Borrower.

You must obtain our written approval prior to incurring expenses that are not listed, or that exceed our expense limits, in Exhibit 57A by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**. If unusual or emergency circumstances do not allow you to request our prior approval either by submitting the Form 105 or by calling us, then you must notify us **(see Directory 5)** by the next Business Day after you incurred the expense. If your determination to incur the expense was reasonable, we will reimburse you for the expense.

67.27: Servicing Mortgages on distressed properties (04/17/08)

You are responsible for acting without delay, and in an efficient and responsible manner to protect both your interests and ours when you become aware of a distressed property.

A distressed property is real property that has sustained significant physical deterioration or whose value has been significantly affected by physical deterioration. A distressed property is one that:

- Requires substantial repairs, or
- Has been condemned by a local authority, or
- Poses a Risk of Property Ownership to us

Even if the owner has abandoned the property, you must report all Mortgages on distressed properties that are 30 or more days delinquent to us via an EDR transmission within the first three Business Days of the month following the month in which you identified the problem using default reason code 011 (Property problem) and the applicable occupancy code.

You must report all Mortgages with a Risk of Property Ownership, even if the Mortgage is not delinquent, by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** within three Business Days of identifying the risk. You must include a copy of the property inspection report and any other information pertaining to the Risk of Property Ownership. You must conduct a search of the records of the local code authority to determine if there are any outstanding health or safety violations filed against either the Borrower or the property. If you discover any code violations, you must report them to us **(see Directory 5)** by submitting Form 105 within three Business Days of identifying the violation.

If a property is distressed you must:

1. Maintain a record of when the condition was discovered and take all necessary actions to protect the property from waste, damage and vandalism and prevent any loss

2. Inspect the property monthly until the condition is resolved

3. Ensure that property insurance coverage is maintained. This includes taking all actions required in the mortgage clause of all applicable property insurance policies, including, but not limited to, providing all notices to the insurer required under such clause, in order to preserve the coverage and its maximum benefits for you and/or Freddie Mac, as mortgagee.

4. File a claim with the applicable property insurer on our behalf if the property is damaged and the Borrower has not filed a claim

5. Comply with the requirements of the VA, RHS, FHA or MI, if applicable

You must obtain our prior written approval by submitting Form 105 to us **(see Directory 5)** before incurring expenses that exceed the limits contained in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts. When a delay in taking protective action may result in impairment of the property, you must call us **(see Directory 5)** for immediate approval. If unusual or emergency circumstances do not allow you to request our prior approval either by submitting the Form 105 or by calling us, then you must notify us **(see Directory 5)** by the next Business Day after you incurred the expense. If your determination to incur the expense was reasonable, we will reimburse you for the expense.

You must obtain our prior written approval to initiate foreclosure of a Mortgage on a distressed property as required in Section 66.12.

For a Second Mortgage/HIL, you must immediately contact all superior lienholders to determine their intentions.

67.28: Servicing Mortgages on abandoned properties (04/17/08)

You are responsible for acting without delay and in an efficient and responsible manner to protect both your interests and ours when you become aware of an abandoned property.

An abandoned property is real property to which the owner has voluntarily and intentionally relinquished ownership, possession, claim and control, or real property defined as abandoned property by applicable laws. Including vacancy, other conditions that may lead to abandonment include waste, deterioration, lack of utilities or Delinquency.

You must report all Mortgages on a bandoned properties that are 30 or more days delinquent to us via an EDR transmission within the first three Business Days of the

month following the month you determined the property is abandoned, using default reason code 008 (Abandonment of property) and occupancy code 01.

You must determine if the Borrower has, in fact, abandoned the property and take the following actions:

1. Attempt to locate the Borrower and determine the reason for abandonment

2. Take all necessary actions to protect the property from waste, damage and vandalism, including the continuation of utility services where necessary

3. Maintain accurate reports of any of these conditions, detailing actions to prevent losses

4. Ensure that property insurance is maintained. This includes taking all actions required in the mortgage clause of all applicable property insurance policies, including, but not limited to, providing all notices to the insurer required under such clause, in order to preserve the coverage and its maximum benefits for you and/or Freddie Mac, as mortgagee. If the property is damaged, file a claim with the applicable property insurance company.

5. Inspect the property monthly

6. Comply with the requirements of the VA, FHA, RHS or MI, if applicable

7. Initiate foreclosure proceedings if the Mortgage payments are delinquent

8. Provide to the Internal Revenue Service (IRS) and the Borrower, IRS Form 1099-A, Acquisition or Abandonment of Secured Property, as required under Section 6050J of the Internal Revenue Code (For IRS filing requirements see Section 55.3)

You must obtain our prior written approval by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** before incurring expenses that exceed the limits contained in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts. When a delay in taking protective action may result in impairment of the property, you must call us **(see Directory 5)** for immediate approval. If the circumstance of incurring the expense is such that you cannot get our prior approval either by submitting the Form 105 or calling us, then you must notify us **(see Directory 5)** by the next Business Day after you incurred the expense. If your determination to incur the expense was reasonable, we will reimburse you for the expense.

For a Second Mortgage/HIL, you must immediately contact all superior lienholders to determine their intentions.

67.29: Servicing Mortgages on properties affected by a disaster (08/21/06)

This section has been deleted.

Chapter 68: Servicing Mortgages Impacted by a Disaster

68.1: Introduction (08/21/06)

This chapter provides Servicers with our requirements for Servicing Mortgages when a property securing a Mortgage serviced for us is located in a county, parish or municipality that has been declared by the President of the United States to be a Major Disaster Area where federal aid in the form of individual assistance is being made available.

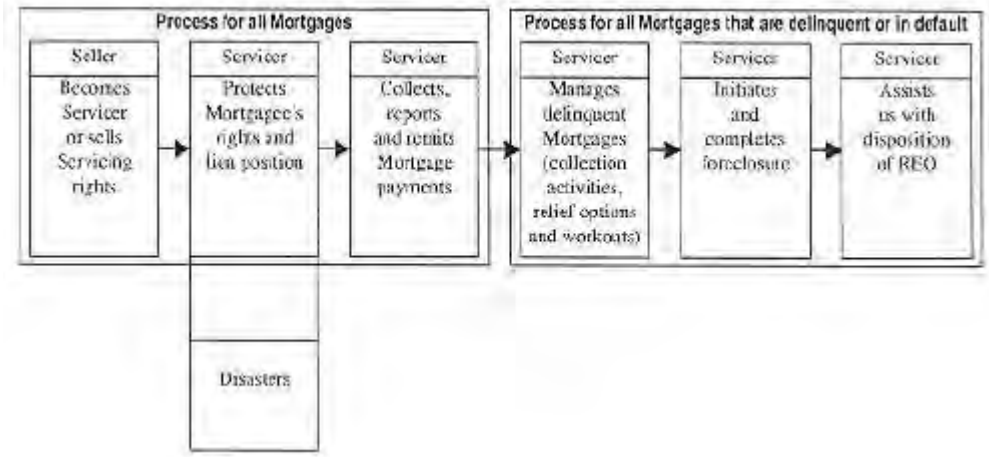
A disaster may be a natural disaster (e.g., an earthquake. flood or hurricane) or a man-made disaster (e.g. a civil disturbance) that adversely affects a geographical area encompassing properties that secure our Mortgages or Borrowers' places of employment.

Servicing Mortgages secured by property located in a disaster area includes activities related to property insurance as well as property protection, collection and foreclosure activities.

Topic	Section
Introduction	68.1
Process Flow	68.2
General Requirements	68.3
Property Protection Activities	68.4
Collection and Foreclosure Activities	68.5
Reporting to Freddie Mac	68.6
Disaster Affects a Servicer's Operations	68.7

68.2: Process flow (08/21/06)

This chapter establishes our processes and requirements for managing properties located in a disaster area. Servicing and responding to such matters occurs in the part of the Mortgage Servicing cycle represented by the second large box ("Process for all Mortgages that are delinquent or in default") in the following process flow:



68.3: General requirements (08/21/06)

Servicers must assist all Borrowers affected by a disaster in a way that best protects Freddie Mac's interests and complies with all applicable laws and regulations.

68.4: Property protection activities (08/21/06)

In the event of a disaster impacting Mortgages serviced for Freddie Mac, a Servicer must:

- Ascertain the number of such Mortgages
- Determine the extent of the damage to or losses suffered by the properties securing such Mortgages
- Secure abandoned properties if the properties have not sustained significant or total damage
- Provide assistance to the Borrower regarding options for local, State or federal disaster assistance
- Monitor and coordinate the insurance claim process and the progress of repairs in accordance with Section 58.10

If a Servicer determines that the disaster has affected a Mortgaged Premises where there is a risk of ownership to us, the Servicer must notify Freddie Mac **(see Directory 5)** via Form 105, M ultipurpose Loan Servicing Transmittal, within five Business Days of learning of the situation.

Refer to Section 67.27, Servicing Mortgages on distressed properties, for additional requirements on properties that become distressed.

68.5: Collection and foreclosure activities (08/21/06)

Collection, foreclosure and eviction proceedings may be suspended at the Servicer's discretion for up to 12 months from the date a disaster strikes, based on the relative merits of each case. When applicable, such a suspension of Servicing action must be pre-approved by the Mortgage Insurer (MI), Federal Housing Administration (FHA), Rural Housing Service (RHS) or U.S. Department of Veterans Affairs (VA) to avoid jeopardizing benefits of any applicable insurance or guaranty.

In making such a determination, a Servicer should:

- Evaluate the effects of the disaster on the delinquency status of a Mortgage. Before considering a Borrower for relief or a workout option, you must first require the Borrower to file any applicable insurance claims and to apply for local, State or federal disaster assistance
- Assist the Borrower by providing counseling and offering any appropriate repayment plan as provided under Sections A65.14 through A65.25.1 and as coordinated with the benefits of property insurance and/or disaster assistance
- Determine if foreclosure is the only option and then commence foreclosure in accordance with Chapter 66

  Relevant factors to consider in determining whether to suspend collection, foreclosure or eviction activity include the degree to which the disaster has:

  - Reduced the Borrower's income or ability to pay his or her Mortgage
  - Increased the Borrower's living expenses
  - Caused damage to the property
  - Affected the Delinquency status of the Mortgage
  - Limited the availability of alternative housing

Servicers should reassess each impacted Mortgage on a r egular basis during the forbearance or suspension period to determine if forbearance or suspension should continue to be extended up to a total of 12 months.

At the end of the suspension period, Servicers must reassess the individual Borrower's circumstances, based on updated property inspections and Borrower financial information, to determine if forbearance in the form of a suspension or reduction of payments should be extended or whether the Servicer should initiate or resume collection, foreclosure or eviction proceedings.

If the Servicer believes forbearance beyond a total of 12 m onths is warranted, the Servicer should make that recommendation to Freddie Mac for consideration **(see Directory 5)**.

Servicers may also use existing workout options to reinstate Borrowers ready to resume Mortgage responsibilities (See Chapters A65 and B65).

Servicers must not assess late charges as long as the Borrower is on a forbearance plan or paying as agreed on a repayment plan.

A Borrower to whom forbearance or a repayment plan is extended because of disaster-related circumstances must not be reported to credit repositories.

If there is a risk of ownership to Freddie Mac even if the Mortgage is not delinquent, then the Servicer must obtain our approval before initiating or resuming foreclosure by submitting the recommendation by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** within three Business days of identifying the risk.

Refer to Section 67.27, Servicing Mortgages on distressed properties, for additional requirements in situations where a property impacted by a disaster becomes distressed.

68.6: Reporting to Freddie Mac (08/21/06)

Servicers must report all Mortgages affected by a disaster that are 30 or more days delinquent to Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month the Servicer learned of the disaster using default action reason code 019 (casualty loss).

A Servicer must report all Mortgages that are subject to a repayment plan or a short or long-term forbearance plan resulting from disaster-caused involuntary inability to pay via an EDR transmission using default code 09 (forbearance or repayment plan) within the first three Business Days of the month following the month that the plan was entered into. The Servicer must continue to report that the Mortgage is under the plan until the Mortgage is fully reinstated or the plan ends. Refer to Chapter A65 for more details.

68.7: Disaster affects a Servicer's operations (06/17/08)

Contents of this section have been moved to Section 51.1.

Chapter 69: Reserved

{Chapter 69 is reserved.}

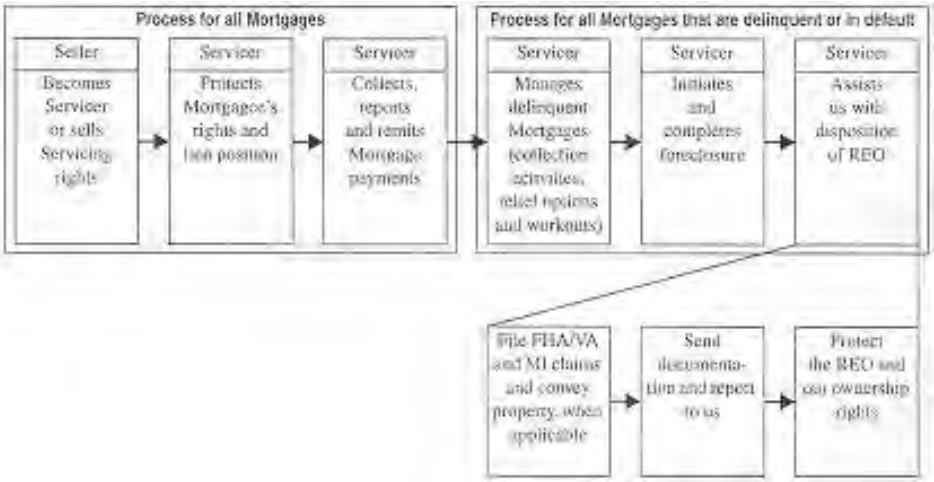
Chapter 70: REO

70.1: Introduction (12/16/02)

Once we have acquired a property as a Real Estate Owned (REO), you must assist us with the disposition of the REO. This chapter details our Servicing requirements for assisting us with the disposition of the REO.

70.2: REO process (12/16/02)

You will find the requirements necessary to process the REO in this chapter. Assisting us with the disposition of the REO occurs in the part of the Mortgage Servicing cycle represented in the sixth box in the following process flow. This process flow gives you a general overview of the process for Servicing the REO.



70.3: Chapter contents (06/28/04)

Topic	Section(s)
FHA/RHS/VA claims	70.5
Remitting FHA and VA claim proceeds	70.6
Mortgage insurance claims	70.7-70.11
Documentation and recording	70.12-70.14
Protecting the REO and our ownership rights	70.15-70.21

70.4: General requirements (10/20/08)

You are responsible for protecting our interest in an REO property until you receive notification from the real estate broker in the form of a Property Condition Certificate (PCC) as provided in Section 70.12. Until receipt of this notification, your responsibilities include, but are not limited to, the following:

1. Ensuring the property is secured including locked doors and windows to avoid potential vandalism, trespassing and/or injury to individuals

2. Maintaining the property by performing monthly on-site property inspections to monitor condition and occupancy, reporting to us any potential vandalism and claimable property damage and winterizing the property, as needed
3. Making advances to superior lienholders (when applicable)

Once you have notified us that we have acquired the property as an REO (see Section 66.56), and have taken possession of the REO, and you have received the PCC, we will assume the responsibility for marketing, inspecting, maintaining, securing and rehabilitating the REO unless we notify you otherwise.

You will be responsible for the following activities pending the sale of the REO by us, the MI, FHA, RHS or VA:

1. Filing and concluding FHA, RHS and VA claims, if applicable. (We will file MI claims.)
2. Filing and concluding property insurance claims, if applicable, and canceling the existing property insurance policies upon receipt of the PCC, and applying for premium refunds, in accordance with Section 70.16. We may instruct you to maintain property insurance (even if the property is vacant and has no claimable damage). If we make this request, you must continue the insurance coverage until we notify you that we have sold the REO.
3. Paying and maintaining as current taxes, special assessments, homeowners association (HOA) dues and condominium assessments and for leasehold estates, all payments required under the lease. You are also responsible for paying all utility bills incurred on an REO property after the REO acquisition date until you receive the PCC.
4. Referring all inquires and offers regarding purchase of the REO to us **(see Directory 6)** within one Business Day of the inquiry or offer
5. Evicting occupants when we direct you to do so

6. Fulfilling all requests we make, including attorney selection. If you require the assistance of an attorney in fulfilling any of the obligations set forth in this chapter, you must use an attorney who meets the criteria in Section 53.1.1.
7. During the REO holding period, keeping abreast of the status of the REO and obtaining information via REO Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**. You may also obtain information from the real estate broker who provided you with the PCC. If a PCC was not provided, contact (800) FREDDIE to obtain this information. We will not send you a written notice of the sale of the REO.

70.5: FHA/RHS/VA claim filing (04/01/07)

After a foreclosure sale on a Mortgage that is insured by the Federal Housing Administration of the Department of Housing and Urban Development (FHA) or guaranteed by the Rural Housing Service (RHS) or the Department of Veterans Affairs (VA), you must process the claim for FHA or RHS insurance or VA guaranty benefits within the agency's established timeframes and according to the agency's requirements to ensure that you receive the maximum claim payment amount.

When you submit a claim for benefits to the FHA, RHS or VA, you must forward a copy of the claim to us **(see Directory 5)** and include the Freddie Mac loan number on the copy. If you receive any communication or requests for information from them regarding the claim, you must send a copy of the correspondence to us **(see Directory 5)** and include a copy of any response you make.

(a) FHA claim filing

For Mortgages Purchased in Whole and Mortgages Purchased in Part, you must file the claim to ensure that payment is made directly to you.

(b) VA claim filing

For Mortgages Purchased in Whole and Mortgages Purchased in Part, you must file the claim to ensure that payment is made directly to you.

(c) RHS claim filing

You must submit the claim in our name so payment is made directly to us **(see Directory 6)**, whether the Mortgage is a Mortgage Purchased in Whole or in Part.

70.6: Remitting our share of claim payments to us (04/01/07)

This section has been deleted.

70.7: Mortgage insurance claim filing (02/17/06)

We will file a claim for loss with the MI if the Mortgage is covered by mortgage insurance and we will manage the claims payment process with the MI. If the MI or Freddie Mac requests information or documentation from you pertaining to the claim, then you must provide the information or documentation to the MI or to us within the required timeframes, so that the final claim payment is not reduced or denied. You must file all mortgage insurance claims on FHA, VA and RHS Mortgages.

70.8: Offers to purchase the property with a pending mortgage insurance claim (02/17/06)

A Servicer that receives an offer to purchase an REO property must contact its Freddie Mac REO claim specialist within 24 hours of receiving the offer.

70.9: Receipt of claim payment (04/25/06)

If you receive a claim payment intended for us, you must send the funds to us **(see Directory 6)** within 10 Business Days after you receive them. You must also include all supporting documentation relating to the claim payment received from the MI, including a copy of the claim payment check.

70.10: Reduced, suspended or denied claims (04/25/06)

If the claim payment amount is reduced, suspended or denied by the MI due to your failure to perform one or more of the duties required by the MI (such as, failing to file the Notice of Default as required), then we will bill you for the difference between the full claim amount and the actual payment to us. You must remit the funds to us **(see Directory 6)** within 10 days of the date on the letter we send you requesting payment. We may also require you to indemnify us for any loss we incur or require that you repurchase the REO in accordance with Chapter 72.

70.11: Remittance of claim payments (12/16/02)

When we receive the claim payment from the MI, we will remit any portion of the proceeds due to you, less any outstanding amounts due to us from you.

70.12: Introduction (02/17/06)

In this part of the chapter, we specify our requirements for submitting documentation and reporting information to us during the REO holding period.

Once we receive notification from you that we have acquired the REO, we will order a Property Condition Certificate (PCC) from one of our approved real estate brokers. The real estate broker will forward a copy of the completed PCC directly to you. You will use this PCC throughout the REO disposition process. If the occupancy status of the REO changes from occupied to vacant, you will receive an updated PCC from our approved real estate broker.

70.13: Required REO documentation and reporting (04/25/06)

You must report the Mortgage status as REO using the Foreclosure Sale/DIL Transmission via MIDANET® no later than the Business Day immediately following the date of the foreclosure sale. Refer to Section 66.56.

You must submit to us **(see Directory 6)** any information we request from the Mortgage file within 15 Business Days of the date of our request. Refer to Section 52.3 for our record retention requirements for Mortgage files on foreclosed Mortgages.

70.14: Notifying the taxing authority/HOA (04/25/06)

Within 30 days of our obtaining clear and marketable title to the REO, you must notify the taxing authority and homeowners association (HOA), if applicable, of our ownership of the property.

When you contact these organizations, you must have the REO titled as follows:

Federal Home Loan Mortgage Corporation
c/o (Servicer's Name)
(Servicer's street address)
(Servicer's city, state and zip code)

Important: You are responsible for paying the real estate taxes, condominium assessments and HOA dues and for leasehold estates, all payments required under the lease, as they become due after the foreclosure. You must continue paying these items until we notify you that we have sold the REO. See Section 59.1 for more details regarding payment of taxes.

There are special requirements for REO located in California. California taxing authorities re-assess properties for supplemental taxes from the foreclosure sale date to the sale date of the REO. Also, taxing authorities often generate a supplemental tax statement long after the REO sale date. Therefore, when we notify you that we have sold the REO, you must notify the taxing authority in writing to send any supplemental tax bills to us **(see Directory 6)**. You must also send us **(see Directory 6)** a copy of the letter you send to the taxing authority.

70.15: Introduction (12/16/02)

In this part of the chapter we specify our requirements for protecting the REO and our ownership rights once we have acquired the REO.

70.16: Property insurance (10/20/08)

You must maintain or cancel the existing property insurance policy according to the requirements in Section 70.16(a). Additionally, you must assist in the filing of a property insurance claim, when applicable, according to requirements in Section 70.16(b).

(a) Maintaining or canceling property insurance

You must take all actions required in the mortgage clause of all applicable property insurance policies including, but not limited to, providing all notices to the insurer required under such clause, in order to preserve the coverage and its maximum benefits for you and/or Freddie Mac, as mortgagee. You must cancel such policies within 14 days after the property has been inspected and is vacant, even if there is claimable damage to the property. You will be notified that the property has been inspected and is vacant via the Property Condition Certificate (PCC). In the event you do not receive a PCC within five Business Days after REO acquisition, you must check the status via REO Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**, or you can call (800) FREDDIE.

If the REO is located in a State in which the Borrower may be permitted to redeem the property, you must wait to cancel the insurance until the redemption period has expired and you have received a PCC from the broker indicating the occupancy status.

(b) Filing claims

A property recovery firm will handle the insurance claim filing process on our behalf. You must provide that firm with the necessary information to file and process the claim within three Business Days of their request for such information.

(c) Obtaining a refund for the unearned insurance premiums

After you cancel the policy, you must submit a request for the unearned portion of the insurance premium to the insurance company for any premium that you paid on behalf of the Borrower, if applicable. You must offset any refund you receive from the insurance company against funds you request via your final Form 104SF, Statement of Loan, Workout and REO Expenses and Income.

70.17: Canceling utilities (06/22/07)

You must wait to receive the Property Condition Certificate (PCC) as your notification that the utilities have been transferred to us. Once the real estate broker has sent you the PCC, you can obtain reimbursement for any utility bills you paid that we approved in advance or you incurred from foreclosure sale through the date you receive the PCC.

70.18: Condominium/HOA and PUD fees and ground rent (12/16/02)

If the REO is located in a Condominium Project or Planned Unit Development (PUD) and/or is a leasehold estate, you must pay the assessment fees of the condominium, HOA or PUD, and for leasehold estates, make all required payments under the lease, during the REO holding period. We will reimburse your proportionate share for the fees after the sale of the REO, as specified in Section 71.13.

70.19: Eviction requirements (12/15/06)

We will conduct the eviction proceedings if the property is occupied. If we request information or documentation from you pertaining to the eviction, then you must provide the information or documentation to us within the requested timeframes.

If we direct you to evict the occupant(s), you must engage counsel experienced in conducting evictions in the area of the REO's location. Your actions to vacate the REO are determined by the circumstances of the case, applicable law concerning evictions and instructions from us. You must comply with all applicable laws when evicting an

occupant from the REO. You must monitor the attorney's progress to ensure he or she completes the eviction within our required timeframes. Refer to Section 53.1.1 for our eligibility requirements for eviction attorneys.

During the redemption period (if the REO is occupied) and until the occupants have been evicted, you must continue to conduct monthly inspections of the property and forward copies of the monthly inspection reports to us **(see Directory 6)**. Refer to Chapter 65 for specific requirements relating to property inspections.

Unless required by applicable law, we will not authorize hiring a moving company to store an occupant's personal belongings. You must obtain our written approval in this instance by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 6)**. Any personal belongings left at the property after the eviction must remain there. You must give the occupants 30 days' written notice to remove their belongings, unless required otherwise by law.

70.20: Reimbursement of expenses incurred (07/01/05)

For an REO not acquired by a third-party at the foreclosure sale, or for legal expenses not legally collectible from the third-party purchaser, we will reimburse you for reasonable expenses incurred in accordance with the provisions in Chapter 71, Exhibit 57A, Approved Attorney Fees and Title Expenses, and/or those approved by us during the foreclosure process.

70.21: Final settlement between you and us (04/25/06)

After we have received all proceeds from the sale of the REO and you have submitted all claims for reimbursement to us **(see Directory 6)**, we will calculate and complete the final settlement of foreclosure expenses between you and us.

We will bill you for your proportionate share of any expenses we have advanced during the REO holding period if we are not able to recover them from your share of the proceeds. Otherwise, we will net these expenses against your proportionate share of the sale proceeds and we will send the balance of your share to you. We will also collect any fees, charges or other amounts you owe us with this settlement.

Chapter 71: Reimbursement of Expenses

71.1: Introduction (07/01/05)

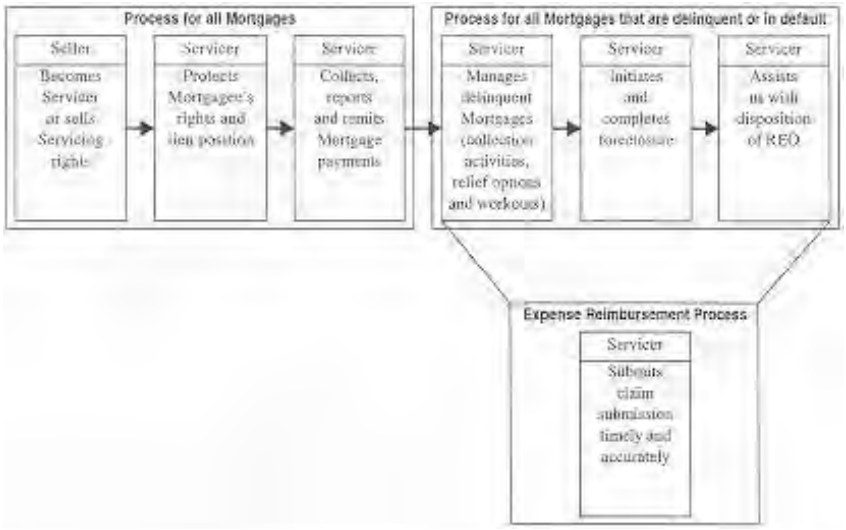
This chapter provides you with our philosophy, expectations, guidelines and general requirements for requesting and obtaining reimbursement from us for expenses you incurred but could not collect from a Borrower. We expect you to obtain reimbursement of these expenses and costs directly from the Borrower whenever legally permissible.

There are, however, expenses that the Security Instrument and/or federal, State and local law prohibit you from collecting from the Borrower. To receive reimbursement of these expenses from us, you must submit Form 104SF, Statement of Loan, Workout and REO Expenses and Income, in accordance with the conditions and requirements in this chapter and subject to the Exhibit 57A, Approved Attorney Fees and Title Expenses. We will reimburse you for these expenses unless:

1. We consider the expenses to be your standard operating costs, or
2. You have not obtained our prior approval for exceeding our established expense limits

71.2: Reimbursement process (08/01/97)

In this chapter you will find the requirements necessary for completing and submitting a request for reimbursement of expenses. Requests for reimbursement of expenses occur in the fourth, fifth and sixth boxes in the following process flow. This process gives you an overview of when, and under what circumstances, reimbursable expenses occur.



71.3: Chapter contents (03/01/09)

Topic	Section(s)
Reimbursement request requirements	71.7-71.19
Submitting Form 104SF, Statement of Loan, Workout and REO Expenses and Income	71.20-71.27

71.4: General requirements (03/01/09)

Except as set forth below in this section, Servicers must submit Form 104SF, Statement of Loan, Workout and REO Expenses and Income, and Form 104DC, Designated Counsel/Trustee, expense reimbursement requests electronically through the Online Reimbursement System available at **http://www.freddiemac.com/singlefamily/service/tools.html**.

Servicers must deliver a completed and executed paper Form 104SF or Form 104DC, as applicable, to the address indicated on the form for:

- Expense reimbursement requests for FHA Mortgages, VA Mortgages and RHS guaranteed Mortgages
- Resubmissions of expenses we adjusted or denied on a previous claim submission
- Expense reimbursement requests for Mortgages secured by properties sold to a third party for less than total debt

Unless stated otherwise, references to the Form 104SF and Form 104DC apply to both those forms we require you to submit electronically and those forms we require you to deliver via paper.

The expense reimbursement process is governed by the requirements in this chapter and the following:

1. The terms and conditions of the Mortgage documents
2. Applicable law
3. Requirements of FHA, RHS, VA or the mortgage insurer (MI), if applicable

71.5: Approval authority (07/01/05)

We require that you obtain approval from us by submitting Form 105, Multipurpose Loan Servicing Transmittal, before incurring expenses that are not reimbursable or exceed the expense limits established in Exhibit 57, 1 - to 4- Unit Property Approved Expense Amounts. The fees and expenses for our designated counsel or trustee may be different than the allowable fees stated in Exhibit 57A, Approved Attorney Fees and Title Expenses. You must pay the amount billed by the designated counsel or trustee.

71.6: Our rights (10/19/07)

The amount of the reimbursement will be proportionate to our interest in the Mortgage. If foreclosure proceedings are discontinued, all available fees and costs you incur must be collected from the Borrower (unless prohibited by applicable law). You are prohibited from charging the Borrower for any costs or fees that you have not incurred and you must not charge the Borrower any reinstatement or relief fees that are not allowed by applicable law or the Purchase Documents. If applicable law prohibits reimbursement from the Borrower, we will share the expenses with you in proportion to our interest in the Mortgage.

The amount of reimbursement you request must be offset by any positive Escrow balance.

We reserve the right to net from a future expense reimbursement request, any amount you owe us and have not remitted to us from a previous submission in the expense reimbursement process.

We may deny your request for reimbursement of expenses if we do not receive your Form 104SF, Statement of Loan, Workout and REO Expenses and Income, within our established time frames. We explain our time frame requirements in more detail in Section 71.7.

We will not reimburse you for expenses incurred on Mortgages pending repurchase. When we require you to repurchase our interest in a Mortgage in accordance with Chapter 72, our calculation of the repurchase price will include all amounts known to us as of the repurchase notification date. We will bill you for expenses and/or losses incurred or discovered after the repurchase notification date and/or the date of our receipt of the repurchase proceeds from you.

We will reimburse you for additional expenses that appear on the claim forms submitted to the Rural Housing Service (RHS) only if we receive these funds in the claim proceeds. Expenses submitted on the final Form 104SF will not be reimbursed until we have received the RHS claim proceeds.

71.7: Form 104SF types and time frames (03/01/09)

You must comply with the requirements of this chapter to obtain reimbursement for expenses. Expense reimbursement may occur after the completion of either a non-REO action, or in the case of REO, acquisition of the REO and completion of the REO sale on a particular Mortgage. Each of these claim submissions has differing submission types and time frames. Sections 71.7(a) and 71.7(b) provide a summary of the requirements for each claim submission type and highlight key non-REO and REO events.

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Servicing Note:
If the Borrower is delinquent and files for bankruptcy protection and a reorganization plan is entered into, we will not reimburse you for your expenses. You must seek reimbursement for your allowable expenses through the Borrower's bankruptcy plan.

If the Borrower breaches the bankruptcy plan, you must not submit your Form 104SF, Statement of Loan, Workout and REO Expenses and Income, until the final non-REO event occurs (such as a workout) or after we acquire the property at foreclosure (REO event).

==========

(a) Non-REO Expenses

Usually you only need to submit one Form 104SF for a non-REO claim submission and we refer to that Form 104SF as the "final" Form 104SF. Any additional claim submissions are referred to as "supplemental" Forms 104SF. Refer to Sections 71.12 through 71.18 for detailed descriptions of non-REO related expenses. Non-REO expenses may include, but are not limited to, costs associated with one of the following:

1. Workout settlements (short payoffs and deeds in lieu of foreclosure)
2. Full reinstatements (only for Mortgages in foreclosure)
3. Bankruptcy completion on a current Mortgage (after final court action while the loan remains current)
4. Other expenses, preapproved by us, deemed reimbursable upon receipt from you
5. Purchase of a property by a third party at foreclosure sale (after our approval of the deficiency charge-off amount)
6. Mortgages guaranteed by the Rural Housing Service (RHS)
7. Title and in-house credit reports related to rejected workouts

In addition, the following table outlines the specific Form 104SF types and time frames for submission of non-REO expenses:

Type	Description	Time Frame
Final Form 104SF	Filed to request reimbursement of expenses that you incurred	Must be received within 30 days after completion of a non-REO workout activity or event (as noted in Section 71.7(a))
Supplemental Form 104SF	Filed after the final Form 104SF to request reimbursement of an expense omitted from the final; usually a delayed invoice	Must be received by us no later than 60 days from completion of the non-REO event or activity (as noted in Section 71.7(a))
	Expenses we adjusted or denied on a previous claim submission (for example, expense adjustments you are correcting or contesting)	Paper Form 104SF must be received by us within 10 days of the final Form 104SF due date.

(b) REO Expenses

We consider a property an "REO" upon our acquisition of the property.

The table below outlines the purposes of the types of Form 104SF that you typically file for reimbursement of pre- and post-acquisition expenses. The table also outlines the specific time frames for submission of REO expenses.

Type	Description	Time Frame
Initial Form 104SF	Filed to request reimbursement of expenses incurred up to and including the acquisition date	Must be received by us within 30 days of the acquisition date (the acquisition date is the foreclosure sale date, date of the expiration of the redemption period and/or confirmation/ratification date, whichever occurs last)
Supplemental Form 104SF	Expenses we adjusted or denied on a previous claim submission (for example, expense adjustments you are correcting or contesting)	Paper Form 104SF must be received by us within 10 days of the initial Form 104SF due date
Final Form 104SF	Filed to request reimbursement of allowable expenses incurred after the acquisition date	May be submitted any time, as necessary, after the acquisition date, but must be submitted no later than 60 days after the settlement of the sale of the REO

During the REO holding period you must keep abreast of the status of the REO and obtain information via REO Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**. You may also obtain information from the real estate broker who provided you with the Property Condition Certificate (PCC). If a PCC was not provided contact (800) FREDDIE to obtain this information. We will not send you a written notice of the sale of the REO.

71.8: Overview of expenses: reimbursable and nonreimbursable (07/01/05)

We will reimburse you for reasonable expenses you incur in accordance with the provisions of this chapter and Exhibit 57A, Approved Attorney Fees and Title Expenses, and/or as specifically approved in advance by us during the delinquency, foreclosure or bankruptcy process and the period pending disposition of the REO for:

1. Non-REO related actions (see Section 71.7(a))
2. REO property acquired by us (see Section 71.7(b)), or
3. Legal expenses not collectable from the third-party purchaser of the property

Expense reimbursement will always be in proportion to our Percentage of Participation in the Mortgage. You must not offset anticipated or received mortgage insurance claim payments, property insurance claim proceeds or sales proceeds against any expenses incurred.

71.9: Reimbursement of taxes (04/17/08)

You must administer all funds in the Borrower's Escrow account to pay expenses in accordance with the terms set forth in the Note, Security Instrument and State and local requirements. As explained in Section 59.1 and Section 66.29, you must maintain sufficient Escrows and/or verify timely payments of those taxes.

We will reimburse you for taxes if they were incurred and paid up to 12 months prior to the Due Date of Last Paid Installment (DDLPI) and through the Real Estate Owned (REO) sale date. If you advanced taxes as required in Section 59.1 and entered into a repayment plan for the taxes with the Borrower, and the Borrower breached the repayment plan during the repayment period, we will reimburse you for the taxes the Borrower did not pay if you provide us with documentation of:

1. The repayment plan and the sequence of events
2. Evidence that you initiated foreclosure as required in Section 59.1

We will reimburse you for the first tax penalty incurred on a non-escrowed Mortgage that goes to foreclosure on the condition that you have complied with the requirements of Section 59.1. We will not reimburse you for the interest or other charges accrued on delinquent taxes.

We will not reimburse you for any late fees, interest and penalties other than the first tax penalty on a non-escrowed Mortgage. The "first tax penalty" is the first penalty assessed for any tax, not the first penalty assessed on each type of tax. If you submit a Form 104SF, Statement of Loan, Workout and REO Expenses and Income, requesting reimbursement of real estate taxes and we paid the same taxes as part of the settlement costs when we sold the REO, we will not reimburse you for such taxes and we will send you an adjusted Form 104SF. You are responsible for obtaining a refund from the taxing authority for the taxes you paid.

In California, properties are reassessed for supplemental taxes from the foreclosure sale date to the sale date of the REO. A supplemental tax statement is often generated long after the REO sale date. Therefore, you must notify the taxing authority, in writing, when we inform you that we have sold the REO, that any supplemental tax bills must be sent to us **(see Directory 6)**. You must also send us a copy of the letter you sent to the taxing authority.

71.10: Reimbursement of insurance premiums (10/19/07)

We will reimburse you for property insurance premiums if they were incurred and paid up to 12 months prior to the Due Date of Last Paid Installment (DDLPI).
After the DDLPI, the following insurance expenses are reimbursable in every jurisdiction:

1. Mortgage insurance premiums are reimbursable if paid after the DDLPI and before the Real Estate Owned (REO) acquisition date. The acquisition date is the foreclosure sale date, the date of the expiration of the redemption period and/or the confirmation/ratification date, whichever occurs last.
2. Property insurance premiums are reimbursable for a period up to 14 days after the final non-REO activity or up to 14 days after your receipt of a Property Condition Certification (PCC) from a broker indicating the property has been inspected and is vacant. Refer to Section 70.16 for additional information.

71.11: Reimbursement of liens (04/25/06)

If you have obtained our approval in advance by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)**, we will reimburse you for priority liens.

71.12: Reimbursement for property inspection and property preservation expenses (03/01/09)

We will reimburse you for a portion of the cost of property inspections. Refer to Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, for more information.

In the case of abandoned properties, it may be necessary for you to incur certain property preservation expenses, such as the cost of utilities, to protect the property from waste, damage and vandalism. In such an event, we will reimburse you for our proportionate share of such costs according to the guidelines in Exhibit 57 and Section 67.28 for expenses incurred from the Due Date of Last Paid Installment (DDLPI) through the date you receive the Property Condition Certificate (PCC). (Refer to Section 70.17 for details

regarding the PCC.) Once a property becomes REO and you receive the PCC you are no longer responsible for expenses, therefore we will not reimburse you for preservation costs or utility bills incurred after that time. If the expense of the preservation exceeds our approved limits, you must obtain our approval prior to incurring the expense by submitting Form 105, Multipurpose Loan Servicing Transmittal, to us (**see Directory 5**). You may request reimbursement for these costs by completing Form 104SF, Statement of Loan, Workout and REO Expenses and Income.

Costs related to preservation that are reimbursable include:

1. Those listed in Exhibit 57
2. Costs we have approved prior to your incurring them
3. Costs that were incurred in an emergency situation to protect our interest in the property. We will reimburse you only if you notify us **(see Directory 5)** of the emergency on the same day or, if you are unable to so notify us, within one Business Day of the occurrence.

71.13: Reimbursement of condominium, HOA and PUD fees, assessments and ground rent (06/17/08)

You must pay post-foreclosure condominium, homeowners association (HOA) and Planned Unit Development (PUD) regular assessments (dues) and special assessments from the foreclosure sale date up to the REO settlement date.

We will reimburse you for post-foreclosure condominium, HOA and PUD regular assessments (dues) and special assessments incurred from the foreclosure sale date through the REO settlement date. We will not reimburse you for late fees, interest, collection expenses or attorney fees.

In addition, if applicable State law creates a lien priority for condominium, HOA or PUD assessments, or for leasehold estates, the lease, over the Mortgage lien for fees assessed before the foreclosure sale date, then we will reimburse up to a total of six months over the life of the Mortgage for regular condominium, HOA or PUD assessments and/or ground rent payments incurred prior to the foreclosure sale date. We will not reimburse you for late fees, interest, collections expenses or attorney fees.

71.14: Reimbursement of costs incurred during legal proceedings (08/21/06)

You must direct your attorney or trustee to use the non-judicial foreclosure process whenever possible. If you recommend filing a judicial foreclosure to preserve the right to pursue a deficiency judgment, you must secure our approval prior to initiating the judicial foreclosure by submitting a completed Form 105, Multipurpose Loan Servicing Transmittal, to us **(see Directory 5)** with an explanation for your request and any supporting documentation. Refer to Section 66.47 for further information.

A number of legal costs and expenses are reimbursable when you foreclose on a property or take other routine legal action. Those costs include such items as:

1. Attorneys fees as set forth in Exhibit 57A, Approved Attorney Fees and Title Expenses (for designated counsel/trustees, Exhibit 57A limits are not applicable, we will reimburse you for the amount you submit via Form 104DC). We will not pay any additional fees for preparing a foreclosure deed because the cost of doing so is included in the attorney's fees listed in Exhibit 57A.
2. Filing costs and other costs required by a court
3. Costs for full or limited trustees sale guarantees (TSG) or other title insurance policies if approved by us or when reimbursed by the VA
4. Costs as set forth in Exhibit 57A for title work required for foreclosures. We will reimburse for the actual full or limited TSG policy if the Mortgaged Premises go to foreclosure sale. We will not reimburse for any additional title abstract or commitment. If you must get an update to the title because the original is stale due to bankruptcy or some other delay for which you have secured our written prior approval, we will reimburse you up to $75 for the update.
5. Costs of serving legal notices, when required by law
6. Cost of posting notices of foreclosure or other legal proceedings as required by law
7. Postage for certified or registered mail that is required for legal notices as required by law
8. Bankruptcy costs and fees as listed below:

Chapter	**Allowable Fee**
Chapter 7	$500
Chapters 11, 12 and 13	• $450 through confirmation of the plan • $350 for post plan confirmation default, if applicable
Multi-filer defense*	$350

If a case converts, we will reimburse you for up to the allowable legal fee for each of the chapters filed.

* If a Borrower is a multiple-bankruptcy filer and petitions the court to extend the automatic stay, we will reimburse you for up to $350 to file an objection to an extension of the automatic stay and attend the related court hearings. If the objection to an extension of the stay is denied and you must then handle protecting our interests

in the bankruptcy proceeding, we will additionally reimburse you for the allowable bankruptcy fee for the chapter of bankruptcy filed.

9. Eviction costs and expenses when requested by us
10. Obtaining a summary judgment required for a contested foreclosure is reimbursable up to $250 when and if necessary

    We will not reimburse you for attorney's fees and litigation costs on Mortgages sold to us with recourse. If you used designated counsel to process the foreclosure, eviction or bankruptcy, you must inform counsel that you are responsible for paying all associated costs.

71.14.1: Resuming foreclosure (07/01/05)

If you have to resume a foreclosure proceeding in certain States due to a delay in the process such as bankruptcy or a delay for which you have secured our written prior approval, we will reimburse you as follows:

1. All of the reimbursable actual costs of each foreclosure per the requirements of the Guide
2. Up to 100% of the approved attorney or trustee's fees for the first foreclosure attempt
3. Up to 70% of the approved attorney or trustee's fees for a subsequent foreclosure

Refer to Section 66.32 for an explanation of such a delay.

We have noted the States affected by this requirement with a double asterisk in Exhibit 57A, Approved Attorney Fees and Title Expenses. Those States are:

Alabama	Missouri
Alaska	Mississippi
Arkansas	Montana
District of Columbia	New Hampshire
Georgia	North Carolina
Guam	Rhode Island
Hawaii	Tennessee
Idaho	Texas
Massachusetts	Virginia
Maryland	West Virginia
Michigan	Wyoming
Minnesota	

In all other States, we will reimburse only one foreclosure fee and costs per the requirements of the Guide.

71.15: Reimbursement of Broker's Price Opinion (BPO)/appraisal reports (06/22/07)

Since you do not incur an expense when you order your BPO from us via BPOdirect®, a BPO is not an expense for which you may seek reimbursement via our 104 reimbursement process. We will only reimburse you for an appraisal report if we have approved the expense in advance via Form 105, Multipurpose Loan Servicing Transmittal.

71.16: Reimbursement of Scheduled Principal (07/01/98)

Guaranteed timely Scheduled Principal, paid under the super ARC option (as described in Sections 76.10 and 78.23), is reimbursable via expense code 503000 when advanced on REO, short payoffs, other workouts and charge-offs.

71.17: Reimbursements for required use of designated counsel (03/01/09)

If you were required to use designated counsel and did not, we will not reimburse you for any foreclosure or bankruptcy expenses (in addition to any other noncompliance penalties imposed).

71.18: Expenses we will not reimburse (12/14/05)

We consider the following items to be standard operating costs for you, the attorney or broker and, as part of the cost of doing business, not reimbursable:

1. Appraisal reports, except when approved by us in advance or when reimbursed by the VA
2. Attorney fees resulting from correction of matters that should have been resolved before the foreclosure sale including any costs to resolve real property title issues that are the result of Seller's or Servicer's actions or inactions

3. Documentary stamp taxes/transfer taxes/excise taxes on real estate conveyance (we are exempt under title 12 of the United States Code section 1452(e)), unless you received our written approval to incur the taxes prior to the foreclosure sale
4. Facsimile transmission (fax) charges
5. Interest, penalties, late charges, or legal fees for late payment of taxes and HOA assessments
6. Long distance telephone calls
7. Mailgram charges
8. Mileage or travel costs
9. Mortgage credit life insurance premiums
10. Other costs of an attorney, such as time or fees for curing a Delinquency, document preparation, word processing or notary public services performed by an attorney; co-counsel fees; referral fees, packaging fees or other similar fees and new case start-up fees
11. Photocopy costs
12. Photographs
13. Regular postage
14. The actual or imputed value of in-house counsel time expended when the reimbursable matter is handled by in-house counsel
15. Additional fees for preparing a foreclosure deed because the cost of doing so is included in the attorney's fees listed in Exhibit 57A, Approved Attorney Fees and Title Expenses

Expenses incurred prior to the expiration of the redemption period should not be submitted for reimbursement until after the redemption expiration.

71.19: Form 104SF submission process; denials and adjustments of expense reimbursement requests (03/01/09)

(a) Submission process

Except as noted in Section 71.4, you must submit all requests for reimbursement of expenses you incurred to us electronically through the online Form 104SF, Statement of Loan, Workout and REO Expenses and Income, available in the Online Reimbursement System at **http://www.freddiemac.com/singlefamily/service/tools.html**.

You must completely fill in Form 104SF, including the Servicer and property information, loan status and workout type, tax information, claim submission type and expenses and income.

(b) Denials or adjustments of expense reimbursement requests

We reserve the right to withhold payment on a reimbursement request if:

1. A paper Form 104SF is illegible or does not include all required supporting documentation
2. You fail to provide us with supporting documentation we have requested
3. We did not receive the request within the time required
4. The request includes expenses that are non-reimbursable, unless you have obtained our prior approval, in writing, to incur the expense via Form 105, Multipurpose Loan Servicing Transmittal (see Section 66.69)
5. The request includes expenses for an amount in excess of the expense limits in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Exhibit 57A, Approved Attorney Fees and Title Expenses, unless you have obtained our prior written approval to incur the additional expense (see Section 66.69)

If we deny your reimbursement or adjustment request:

- We will include the appropriate adjustment reason code on the Customer Expense Payment Advice. Exhibit 75, Adjustment Codes for Form 104SF, and Form 104DC, Designated Counsel/Trustee, contain a list of the adjustment reason codes with an explanation of the codes.
- You may resubmit the expense within 10 Business Days (**see Directory 5**) for reconsideration. The resubmission must be on a paper Form 104SF, claiming only the disallowed expense, with the appropriate document that includes a justification for why the expense should be reimbursed. We reserve the right to refuse reimbursement if the Form 104SF does not comply with our requirements.

71.20: Form 104DC (02/26/10)

Form 104DC, Designated Counsel/Trustee, is submitted separately from your initial Form 104SF, Statement of Loan, Workout and REO Expenses and Income, submission. Our designated counsel/trustee will complete Form 104DC online, which you will then submit to us through the Freddie Mac Online Reimbursement System once you verify the pre-populated fields are correct. (**Note**: Exhibit 57A, Approved Attorney Fees and Title Expenses, is not applicable to designated counsel/trustees. We will reimburse you for the amount you submit via the Form 104DC.)

When using our designated counsel program, Form 104DC serves as supporting documentation for designated counsel fees and expenses. Our designated counsel will keep supporting documentation of their expenses on file and if we need the information, we will contact them directly.

For a property acquired as a Real Estate Owned (REO), you must submit the Form 104DC so that Freddie Mac receives it within 30 da ys of the acquisition date. The acquisition date is the foreclosure sale date, date of the expiration of the redemption period or confirmation/ratification date, whichever occurs last.

You must submit a Form 104DC for non-REO expenses, so that Freddie Mac receives it within 30 days of completion of the non-REO activity or event. (Refer to Section 71.7(a) for what constitutes a "non-REO event.")

71.21: Default reporting requirements (07/15/99)

The legal costs and expenses requested on the Form 104SF, Statement of Loan, Workout and REO Expenses and Income, must reflect the same billing dates as reported via Electronic Default Reporting (EDR). Failure to report delinquency, foreclosure, bankruptcy and other relevant information will result in the adjustment and rejection of the claim request.

71.22: REO related costs and expenses (07/15/99)

We will reimburse you for reimbursable expenses as described in this chapter incurred when a property has been acquired as REO, and you must assist us with the disposition of the REO. Please refer to Chapter 70 for further information on REO processing.

71.23: Expense offsets (07/16/10)

Funds remaining in the Borrower's Escrow account at default must be entered on Form 104SF, Statement of Loan, Workout and REO Expenses and Income, as income to offset expenses. Funds remaining in a temporary buydown account before the foreclosure action was started must be applied as set forth in Section 25.4. Additionally, you are required to offset any incurred reimbursable expenses with the proceeds of rental income you receive during the foreclosure or REO holding period.

Mortgage insurance premium refunds should be refunded directly to Freddie Mac by the MI on the claim for loss. However, should the MI send a refund of the mortgage insurance premium to you directly, you must credit the refund on Form 104SF when you file your request for expense reimbursement.

If the income you report on Form 104SF exceeds the expenses requested, there will be a balance due to Freddie Mac. You must send a check to us (**see Directory 5**) for the full amount. The check must be payable to the Federal Home Loan Mortgage Corporation and reference the Freddie Mac loan number. In situations where you have income that is due to Freddie Mac but you have no expenses to offset the income, you will be unable to

complete a Form 104SF for us to process the income, but rather you must send us a check (see Directory 5) payable to the Federal Home Loan Mortgage Corporation with a reference to the Freddie Mac loan number.

71.24: Forwarding remittances to us (10/19/07)

You are required to forward non-REO related funds to us **(see Directory 5)** and REO related funds to us **(see Directory 6)** within 10 Business Days of your receipt of the funds. Such funds typically include, but are not limited to, mortgage insurance claim proceeds and property insurance claim proceeds.

You must forward the funds via check payable to the Federal Home Loan Mortgage Corporation and include the Freddie Mac loan number along with copies of related documentation with the check. You must not offset any expenses against property insurance claim proceeds.

You may deduct certain proceeds from expenses incurred. These proceeds include property insurance refunds, positive Escrow at default, and interest on Escrow.

71.25: Supporting documentation for expense reimbursement (03/01/09)

(a) Submitted via online Form 104SF, Statement of Loan, Workout and REO Expenses and Income

For a request for reimbursement of expenses submitted electronically through the Online Reimbursement System, we will not generally require you to submit supporting documentation.

We may, however, request supporting documentation for specific expenses that we cannot readily process through our expense reimbursement system without additional information. You must fax a copy of any documentation that supports the requested reimbursement within one Business Day of our request to avoid any delay in the payment of your request for reimbursement. Any delay beyond the one Business Day may result in the rejection of the online Form 104SF and subsequent manual processing.

(b) Paper Form 104SF

For situations where we require a paper Form 104SF, the paper Form 104SF must be accompanied by the appropriate supporting documentation, as described in Section 71.26. All supporting documentation must be clearly labeled, legible and attached to Form 104SF in the same order that the item is listed on the form. We may withhold

reimbursement if the required documentation or dates are not included with the paper Form 104SF. Incomplete submissions will delay consideration of the reimbursement request pending your resubmission of a completed and legible package.

71.26: Required supporting documentation (03/01/09)

When you are required to deliver a paper Form 104SF, Statement of Loan, Workout and REO Expenses and Income, the following is the standard supporting documentation you must submit to us with your Form 104SF:

1. Copies of original bills/invoices for expenses incurred, such as attorney legal fees and costs, preservation costs, utility bills, and invoices detailing the services performed, and the property address. Copies of checks and/or detailed Mortgage histories for these bills/invoices. If you submit adding machine tapes for each expense code it may expedite the reimbursement process.
2. Copy of the Mortgage history and a transaction code legend to interpret the Mortgage history. (Proof of payment of normal Escrow items are not required if shown in the history. However, if tax payments are not consistent with the other taxes or if they were paid in a lump sum, you must submit documentation from the taxing authority providing the breakdown of the taxes, penalty and interest.) The Mortgage history must include, at a minimum:
   (a) Freddie Mac loan number
   (b) Transaction codes (if the history does not clearly state an explanation of the expense incurred), payment due date, paid date and amount
   (c) Expense description or transaction code legend. We will not reimburse you for any items we are unable to interpret.
   (d) Escrow account balance to verify positive Escrow balance at DDLPI or a zero or negative balance proving that the Mortgage does not have an Escrow account
3. The check number used for payment of expenditures reflected on the Mortgage history or a copy of the actual check if Mortgage histories are not available
4. The buydown account balance, if applicable
5. Copies of the claim filed with the Rural Housing Service

Refer to Exhibit 74, Expense and Income Codes for Form 104SF, for additional details of supporting documentation specific to the different expense types.

If you submit your request for reimbursement electronically via an online Form 104SF, you must submit a copy of any requested documentation within one Business Day of our request. See Section 71.19 for additional information on submitting an online Form 104SF.

If you use designated counsel, you need only submit to us Form 104DC prepared electronically for you via our Online Reimbursement System by our designated counsel as your expense submission. We will contact the designated counsel directly should we require any supporting documentation.

71.27: Form 104SF audits (11/01/10)

We will perform audits of submitted Form 104SF, Statement of Loan, Workout and REO Expenses and Income, to ensure compliance with our requirements. If we find a Form 104SF that is not in compliance with our established requirements, we may deny the reimbursement or adjustment.

We will select a sample of requests for reimbursement that you submit through the online Form 104SF process for post-submission audit. You must provide any documentation that supports the requested reimbursement within 10 Business Days of our request.

If we determine through the audit that we owe funds to you, we will remit the funds to you within 30 calendar days of the date we notify you of the audit findings.

If we determine through the audit that an expense was not eligible for reimbursement, we will:

- Provide you with an explanation of our audit findings
- Bill you for the amounts due back to Freddie Mac on your monthly Servicer Non-Performing Loans Invoice. (Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.)

Chapter 72: Repurchases

72.1: Repurchases required by Freddie Mac (09/15/10)

In addition to any other remedies Freddie Mac may have at law or in equity for any Mortgage it purchased, we may require the Seller or Servicer to repurchase Freddie Mac's interest in a Mortgage if the Seller or Servicer has:

1. Not complied with a requirement, term or condition of the Purchase Documents, or
2. Breached any agreement in the Purchase Documents, or
3. Delivered a Mortgage that is not of investment quality, or
4. Made false warranties or representations in the Purchase Documents, or
5. Been unable to supply satisfactory evidence of compliance with the Purchase Documents, or
6. Not underwritten and/or documented a Mortgage at the time of origination in accordance with the requirements of the Purchase Documents, or
7. Failed to provide Freddie Mac with information that is true, complete and accurate concerning the Mortgage, or
8. Violated or failed to comply with any applicable law designed to protect the health and safety of the Mortgaged Premises' occupants (including failure to take any action available to the Seller or Servicer that would relieve the Mortgage holder from liability under such law or regulation), or
9. Delivered or serviced a Mortgage in violation of the Seller's or Servicer's representations and warranties

Freddie Mac may also require the Seller or Servicer to repurchase Freddie Mac's interest in a Mortgage if:

- The Borrower or any other party in the Mortgage transaction has made any false representation in conjunction with such transaction, whether or not the Seller or Servicer was a party to, or had knowledge of, such false representation, or
- The MI cancels coverage and/or denies a claim under such coverage due to fraud, misrepresentation or omission of a material fact, or for any other reason related to the eligibility of the Mortgage for mortgage insurance. (The Servicer's reimbursement to Freddie Mac of the amount of the claim denied by the MI is not an acceptable substitute for repurchase of Freddie Mac's interest in the Mortgage.)

Freddie Mac will require the Seller or Servicer to repurchase Freddie Mac's interest in a Mortgage if:

- The Seller or Servicer wants to exercise its authority under applicable law in a Window Period State that allows the Note Rate to be increased by a limited or specified amount upon transfer of the Mortgaged Premises, or

- The Seller or Servicer wants to allow transfer of the Mortgaged Premises when Freddie Mac requires automatic acceleration upon such transfer, or
- The repurchase is required under the terms of the Purchase Documents

Freddie Mac's decision to require the Seller or Servicer to repurchase a Mortgage shall be conclusive. Failure to comply with Freddie Mac's repurchase requirement may result in suspension of selling and/or Servicing privileges or disqualification as a Freddie Mac Seller and/or Servicer. Suspension or disqualification shall not limit Freddie Mac's right to take other action to enforce its rights or protect its interests.

The Seller or Servicer must repurchase Freddie Mac's interest in the identified Mortgage within 30 days of the date of Freddie Mac's request or within such other time frame as specified by Freddie Mac. Any appeal of Freddie Mac's repurchase request must be made in accordance with the requirements of Section 72.6.

72.2: Repurchases requested by the Seller/Servicer (04/25/07)

Under exceptional circumstances, the Seller/Servicer may be allowed to repurchase Freddie Mac's interest in a Mortgage. Each repurchase must have Freddie Mac's prior written approval and be documented in the applicable Mortgage file. To request a repurchase, the Seller/Servicer must complete a Form 105, Multipurpose Loan Servicing Transmittal, and submit it to Freddie Mac via e-mail at repurchase@freddiemac.com. (**see Directory 1** for additional submission options).

Generally, only a Mortgage that is 90 or more days delinquent or being foreclosed upon may be repurchased under this section.

72.3: Repurchase price (06/17/09)

The repurchase price is calculated as follows:

- **Active Mortgages:**
  - The amount of Freddie Mac's participation interest in the unpaid principal balance (UPB) of the Mortgage, including any Negative Amortization on an adjustable-rate Mortgage (ARM)
  - PLUS accrued interest at the current Accounting Net Yield rate from the first day of the month of repurchase through the day before repurchase

  Refer to Section 80.4.3 for the calculation of the repurchase price for the repurchase of a Convertible ARM where the adjustable interest rate has been converted to a fixed interest rate pursuant to the requirements of that section.

- **Inactive Mortgages:**
  - The amount of Freddie Mac's participation interest in the UPB of the Mortgage, including any Negative Amortization on an ARM
  - PLUS accrued interest at the current Accounting Net Yield rate from the Due Date of Last Paid Installment through the day before repurchase
  - PLUS any expenses reimbursed by Freddie Mac to the Servicer
  - PLUS any other costs incurred by Freddie Mac and the Servicer in connection with foreclosure or the liquidation of the Mortgage in default
  - MINUS any mortgage insurance proceeds, sale proceeds, other proceeds, rental income or refunds remitted to Freddie Mac by or on behalf of the Servicer

- **Real Estate Owned (REO):**
  - The amount of Freddie Mac's participation interest in the UPB of the Mortgage as of the acquisition date or the date of acceptance of a deed-in-lieu of foreclosure, including any Negative Amortization on an ARM
  - PLUS accrued interest at the:
    - Accounting Net Yield (ANY) from the Due Date of Last Paid Installment (DDLPI) through the earlier of the day before the repurchase due date or the 150th day from the DDLPI
    - Average of the prime rate for the month preceding the repurchase request date minus one half of 1% from the 151st day from the DDLPI through the earlier of the day before the repurchase due date or 60 days after the settlement date of the sale of the REO (if applicable)
  - PLUS any expenses reimbursed by Freddie Mac to the Servicer
  - PLUS all costs associated with the acquisition, maintenance, rehabilitation and disposition of the property acquired, including any incentive or below market financing provided by Freddie Mac and the Servicer of the Mortgage in connection with the REO property
  - PLUS an allocation for general and administrative expenses
  - PLUS any other cost incurred by Freddie Mac and the Servicer in connection with the REO property, foreclosure or the liquidation of Mortgages in default
  - PLUS the cost of advancing payment for expenses net of any proceeds received at the:
    - ANY from the DDLPI through the earlier of the day before the repurchase due date on the 150th day from the DDLPI
    - The average of the prime rate for the month preceding the repurchase request date minus one half of 1% from the 151st day from the DDLPI through the earlier of the day before the repurchase due date or 60 days after the settlement date of the sale of the REO
  - MINUS any mortgage insurance proceeds, sale proceeds, other proceeds, rental income or refunds remitted to Freddie Mac by or on behalf of the Servicer

- **For active Mortgages, inactive Mortgages and REO for which a Servicer remits under the super accelerated remittance cycle (super ARC) option (as described in Sections 76.10 and 78.23):**

- The amount of Freddie Mac's participation interest in the UPB of the Mortgage, as decreased by any Scheduled Principal payments made by the Servicer but not received by the Servicer from Borrower
- The applicable additional calculations stated above

The Seller/Servicer agrees that, in the event of repurchase, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the transfer of Mortgages.

At Freddie Mac's discretion, the repurchase price may also include any premium paid for Mortgages we purchased, or with respect to Mortgage delivery through the Guarantor program, the premium (expressed as a percentage) that was or would have been applicable to the PC Pool comprising the particular Mortgages, based on market conditions existing on the Settlement Date as determined by Freddie Mac, multiplied by the outstanding UPB of the particular Mortgage on the repurchase date. In addition, the repurchase price will include an amount equal to any buyup proceeds paid by Freddie Mac to the Seller in connection with the sale of the Mortgage to Freddie Mac and an amount equal to any loss, damage or expense, including court costs and reasonable attorney fees, as incurred by Freddie Mac in connection with its purchase, ownership and resale to the Seller of its participation interest in the Mortgage.

The Seller/Servicer must remit the repurchase funds or comply with the repurchase appeal requirements in Section 72.6 within 30 days of the date of Freddie Mac's repurchase letter. If the Seller/Servicer does not submit a written appeal to Freddie Mac within 30 days or within such other time frame as specified by Freddie Mac, it will be assumed that the Seller/Servicer does not contest the repurchase and that the repurchase funds are due to Freddie Mac. If Freddie Mac does not receive the repurchase funds by the repurchase due date, then the Seller/Servicer may be charged a late remittance fee on the total amount owed. The rate of interest on the late remittance amount will equal the highest quoted prime rate printed on the first Business Day following the 15th day of the month prior to the repurchase funds due date plus 3% (300 basis points). The prime rate is published in *The Wall Street Journal's* "Money Rates" column or comparable section. If the prime rate is not published, Freddie Mac will determine the interest rate (see Section 78.49).

72.4: Documenting and reporting repurchases (06/10/05)

All repurchases must be documented in the applicable Mortgage files and are subject to Freddie Mac review. In addition, for any repurchase made to allow a Transfer of Ownership under Section 72.1, the Seller/Servicer must also retain the documentation required in Section 60.11 after the transfer has occurred.

Repurchases other than those for which the Seller/Servicer has received written demand by Freddie Mac and other than those made pursuant to Section 80.4.3 must have Freddie Mac's prior written approval. Refer to Section 72.2 for information on submitting a request to repurchase a Mortgage.

A repurchase is not completed until the reporting and remitting requirements of Section 78.20 have been satisfied.

72.5: Survival of Freddie Mac's remedies; misrepresentations by the Seller or Servicer (12/16/02)

Freddie Mac's decision to require or allow a repurchase in no way diminishes its right to pursue further action such as disqualification, suspension or termination of Servicing under the provisions of Chapter 5 and/or 73. Freddie Mac may also exercise these remedies when its inspection of the documentation of a repurchased Mortgage reveals facts materially different from those for which Freddie Mac originally approved this repurchase.

72.6: Appealing a repurchase request (12/16/02)

If a Seller or a Servicer has additional supporting information and/or documentation that may affect Freddie Mac's decision, one appeal may be filed by the Seller (if the liability for representations and warranties has been retained by the Seller) or by the Servicer.

The appeal process is as follows:

1. Within 30 days from the date of Freddie Mac's letter requiring repurchase or within such other time frame as specified by Freddie Mac, the Seller or the Servicer may submit a written appeal. If no written appeal is received within the 30-day period or within such other time frame as specified by Freddie Mac, the procedures in this section will be unavailable to the Seller or the Servicer for that particular repurchase request.
2. An appeal of a Home Mortgage repurchase request must be sent in writing to the Freddie Mac office requesting the repurchase
3. The appeal package must contain:
   - A statement of all relevant facts concerning the underwriting and/or the Servicing of the Mortgage
   - An explanation of why these facts were not disclosed in the file during the origination of the Mortgage
   - A statement of why Freddie Mac's decision should be reversed
   - Supporting documentation, if any

4. Freddie Mac will review all appeals and advise the Seller or the Servicer in writing of the appeal decision
5. If the appeal is denied, the Seller or the Servicer must complete the repurchase of the Mortgage within 15 days from the date of Freddie Mac's denial letter or within such other time frame as specified by Freddie Mac
6. Freddie Mac's decision on the appeal is conclusive

Chapter 73: Termination of Servicing

73.1: Termination of Servicing (07/01/00)

Freddie Mac may terminate Servicing by the Servicer at any time with cause for any of the reasons for disqualification and/or suspension cited in Section 5.2 and for maintaining Tier 4 status as described in Section 51.11(a). Upon the termination of Servicing with cause, any of the Servicer's rights in the unitary, indivisible master Servicing contract terminate, and the Servicer will have no right to service any Mortgages for Freddie Mac or to receive any compensation for the performance of Servicing. The notice of termination of Servicing with cause and the Servicer's opportunity to appeal are governed by Sections 5.3 through 5.5. Termination of Servicing with cause is a basis for immediate disqualification or suspension as a Seller/Servicer. Freddie Mac may, in its discretion, permit a Servicer whose termination of Servicing is based on a Tier 4 rating as described in Section 51.11, up to 90 calendar days to transfer the Servicing of Mortgages to a Servicer with a Tier 1 or 2 rating and to retain any compensation for such transfer.

73.2: Transfer (07/01/00)

If Freddie Mac transfers the Servicing of any Mortgage, the Servicing compensation (as stated in Sections 54.1 through 54.2) is paid to the new Servicer. Freddie Mac reserves the right to negotiate a Servicing fee with the subsequent Servicer. Freddie Mac will have the exclusive right to receive any amount that may be paid by the new Servicer for the right to the Servicing compensation. A Transfer of Servicing with cause does not relieve the Servicer of any of its obligations under the Purchase Documents with respect to the transferred Mortgages.

73.3: Documents and records (07/01/00)

Upon termination of the Servicing of any Mortgage, the Servicer is responsible for supplying and (if applicable) causing its Custodian to supply all reports, documents and information (including, but not limited to, all Mortgage records specified in Section 51.9) requested by Freddie Mac on the date specified by Freddie Mac. The material, including an accounting of the current status of each Mortgage for which Servicing is being terminated, must be prepared in the form requested by Freddie Mac and delivered to the new Servicer and the new Custodian, if applicable, designated by Freddie Mac.

73.4: Remittance to Freddie Mac (07/01/00)

The remittance to Freddie Mac of Mortgage collections for each Mortgage for which Servicing is terminated must be made on the date specified by Freddie Mac

(notwithstanding Freddie Mac's regular remittance requirements). Additionally, all Escrow Funds, Escrow accounts and prepaid installments held by the Servicer for each Mortgage for which Servicing is being terminated must be transferred to the new Servicer on the date specified by Freddie Mac.

The Servicer must use its best efforts to effect the orderly and efficient Transfer of Servicing to the new Servicer.

73.5: Reimbursement (07/01/00)

If Servicing is terminated with cause and Freddie Mac obtains a new Servicer, Freddie Mac is entitled to reimbursement from the Servicer for any loss, damage or expense incident to the Transfer of Servicing. Such expenses include, but are not limited to, court costs, reasonable attorney fees, copying costs, costs of the physical transfer of files and the cost of an audit or examination of the Servicer's records, if Freddie Mac determines that such a procedure is appropriate.

73.6: Outstanding purchase commitments (07/31/94)

If the terminated Servicer holds outstanding commitments for the purchase by Freddie Mac of additional Mortgages, Freddie Mac, in its discretion, may:

- Transfer the Servicing of those Mortgages to a new Servicer immediately upon funding the purchases of the Mortgages, or
- Assign the outstanding commitments to another Seller, or
- Pair off the outstanding commitments, or
- Cancel the outstanding commitments

73.7: Termination without cause (07/31/94)

Freddie Mac may terminate Servicing by the Servicer without cause with respect to any Mortgage Purchased in Whole or in Part by Freddie Mac. Freddie Mac will notify the Servicer 90 days before the scheduled date of the termination of Servicing without cause. Within that 90-day period, the Servicer may arrange to transfer Servicing to another Servicer that is approved by Freddie Mac to service the particular portfolio being transferred. Such a Transfer of Servicing is subject to the requirements of Chapter 56 and, if approved, must be completed within the time frame specified when Freddie Mac approves the transfer.

If the Servicer is unable to arrange to transfer Servicing within the 90-day period, as provided for above, Freddie Mac will terminate Servicing by the Servicer following the end of the 90-day period and will transfer the Servicing to a Servicer of Freddie Mac's choice. In this event, Freddie Mac will pay the terminated Servicer a termination fee equal to the market value of the Servicing portfolio being transferred as of the date the Servicing is actually transferred. Any dispute concerning market value shall not delay the transfer of the Servicing.

Before Freddie Mac's payment of a termination fee, the Servicer must complete all repurchases required under Chapter 72 of the Guide and fulfill any other outstanding obligations of the Servicer to Freddie Mac. If the Servicer fails to do so, Freddie Mac will offset the sum of such repurchases and any other outstanding obligations of the Servicer against the termination fee.

Freddie Mac's payment to a Servicer of the termination fee will constitute the entire compensation payable in consideration of the termination of Servicing. A Servicer will not be entitled to any additional compensation from Freddie Mac for any reason or cause relating to any consequential, incidental or indirect damages arising out of, or in connection with, the termination of Servicing. A Transfer of Servicing without cause does not relieve the Servicer of its obligations under the Purchase Documents with respect to the transferred Mortgages.

Notwithstanding Sections 5.3 through 5.5, Freddie Mac's decision to suspend or disqualify a Seller without cause or to terminate Servicing without cause is conclusive. (Termination of Servicing with cause continues to be governed by the requirements of Sections 73.1 through 73.6. If Servicing is terminated with cause, a termination fee will not be paid to the Servicer.)

Chapter 74: Reserved

{Chapter 74 is reserved.}

Chapter 75: Reserved

{Chapter 75 is reserved.}

Chapter 76: Basics of Investor Accounting

76.1: Introduction (04/17/08)

Investor accounting responsibilities include maintaining accurate records, collecting payments and reporting to us, sending funds to us and reconciling the bank accounts in which you deposit funds.

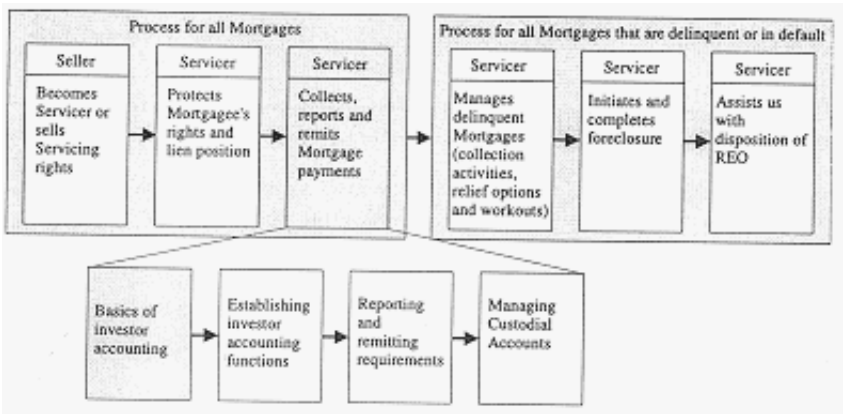
This chapter provides you with the basic requirements you need to know to understand investor accounting. Understanding the requirements will help you with:

1. Cash accounting
2. Determining when, what and how to report and remit to us
3. Resolving accounting problems and reconciling our funds

The next three chapters specify the actions you must take to comply with the investor accounting requirements of our Home Mortgage purchase program. Chapter 77, Establishing Investor Accounting Functions, explains the requirements of what you need to do to begin accounting for our Mortgages. Chapter 78, Reporting and Remitting Requirements, states our requirements for each transaction you must report and remit to us. Chapter 79, Managing Custodial Accounts, states what you must do to comply with our administrative and reconciliation requirements. Chapters 80, 81 and 82 contain special reporting requirements for adjustable-rate Mortgages, Seconds Mortgages, Home Improvement Loans (HIL) and SCRA-Capped Mortgages.

76.2: Process flow (06/30/97)

You will find in this chapter the basic requirements of investor accounting. Investor accounting activities occur in the part of the Mortgage Servicing cycle represented by the third box in the process flow shown below. This process flow gives you an overview of the process for investor accounting. Refer to the requirements in this chapter for complete details.



76.3: Chapter contents (06/30/97)

Topic	Section(s)
Cash Accounting	76.8-76.14
Investor reporting and remitting responsibilities	76.15-76.27
Managing Custodial Accounts	76.28-76.30

76.4: Definitions (10/20/08)

We define the following terms used throughout this chapter in the Glossary:

- Accounting Net Yield (ANY)
- Business Day
- Custodial Account
- Home Mortgage
- MIDANET®
- Mortgages Purchased in Whole or in Part
- PC (Participation Certificate)
- Percentage of Participation

- Purchase Documents
- Required Net Yield (RNY)
- Scheduled Interest
- Scheduled Principal

76.5: Your role as a Servicer (09/15/10)

In the context of the Borrower/Servicer/Freddie Mac/Mortgage-backed security holder relationship, your role as a Servicer is to collect, account for and pass through principal and interest to us. We in turn pass the principal and interest to the Mortgage-backed security holders.

Accuracy and timeliness for these accountabilities are vital and are part of your warranties to us and part of our warranty to our Mortgage-backed security holders. We remit funds to investors who hold our participation certificates (PC) secured by the Mortgages that we own and you service.

76.6: General requirements (06/30/97)

Once we purchase a Mortgage from you, or you acquire the Servicing rights on a Mortgage we own through a Transfer of Servicing, you must:

1. Maintain accurate records for our Mortgages
2. Deposit all required funds into the appropriate Custodial Accounts
3. Report and remit to us throughout the month and monthly as required
4. Resolve any discrepancies between your records and ours

76.7: Investor accounting responsibilities (09/15/10)

In your investor accounting activities, you must comply with the requirements in this chapter and Chapters 77, Establishing Investor Accounting Functions; 78, Reporting and Remitting Requirements; and 79, Managing Custodial Accounts. Your investor accounting responsibilities include the following:

(a) Cash accounting

Your responsibilities in administering the funds you receive for our Mortgages include:

1. Collecting, processing and depositing Borrowers' payments to the corresponding Custodial Accounts
2. Administering the Escrow accounts

(b) Investor reporting and remitting

Your responsibilities for reporting and remitting funds to us for our Mortgages include:

1. Reporting all principal and interest due to us
2. Reporting current information for each Mortgage
3. Remitting the proper amount of principal and interest and fees due to us
4. Reconciling your cash accounting and investor reporting systems with our loan-level accounting records

(c) Custodial Accounts management

Your responsibilities in managing the Custodial Accounts for our funds include:

1. Ensuring that Custodial Accounts are safeguarded
2. Ensuring that the Custodial Accounts are funded and reconciled

76.7.1: Performance standards (01/01/06)

We will measure your performance standards in the following areas of investor reporting and remitting:

- Cash management
- Data integrity management
- Operational management

Refer to your Servicer Performance Profile for the specific criteria in each of the above-mentioned categories.

76.8: Introduction (07/15/99)

This part of the chapter provides you with requirements for investor accounting from the moment you receive funds for one of our Mortgages or acquire Servicing rights for one or more of our Mortgages through a Transfer of Servicing, until you report and remit to us.

76.9: Custodial Accounts (07/15/99)

A Custodial Account is a Demand Deposit Account or Interest-Bearing Deposit Account you must establish and maintain at an Eligible Depository for the safekeeping of funds associated with our Mortgages. You must maintain Principal and Interest Payments and Escrow Funds in separate Custodial Accounts until you remit them to us or a third party.

Refer to Chapter 77, Establishing Investor Accounting Functions for requirements on establishing Custodial Accounts. Chapter 79, Managing Custodial Accounts, states our requirements for administering and reconciling the cash in the Custodial Accounts.

76.10: Accounting reporting methods (09/15/10)

You must account for all Home Mortgages, Mortgages Purchased in Whole or in Part and both fixed-rate and adjustable-rate Mortgages (ARMs) you service for us. The three accounting reporting methods used to pass through principal and interest to us are as follows:

(a) Net yield

We require you to account for our Mortgages using the net yield accounting reporting method, except in the instances noted in Sections 76.10(b) and 76.10(c).

Under this method you must report and remit a constant rate of interest and our proportionate share of any principal payments collected for each monthly reporting period (Scheduled Interest and actual principal). The Accounting Net Yield (ANY) is the amount of interest that you will be required to send us for each Mortgage that you service for us. You may have to advance your own funds to ensure that you remit the correct amount of interest. Refer to Exhibit 60, Loan-Level Reporting Data Description, and Exhibit 61, Interest and Principal Due Freddie Mac, regarding the accounting reporting methods.

(b) Timely Principal and Interest

This method applies to Mortgages we purchased under the super accelerated remittance cycle (super ARC) option or Timely Principal and Interest program. Under this accounting reporting method you must report and remit interest at the ANY and our proportionate share of principal payments due for each monthly reporting period (Scheduled Interest and Scheduled Principal). You may have to advance your own funds to ensure that you remit the correct amount of principal and interest. (You must use the formula described in Exhibit 66, Determining Borrower's Scheduled Principal Payments, to calculate what funds are due to us.)

(c) Alternate method

We allow you to use the alternate method of accounting reporting only if one of the following conditions applies:

1. Applicable law prohibits the use of the net yield method.
2. You have accepted a partial reinstatement on a Mortgage and opted to report under the alternate method. Refer to Chapter A65, Reinstatements and Relief Options and Chapter 78, Reporting and Remitting Requirements.
3. We have instructed you to do so.

The principal and interest you report and remit depends on actual payments collected (actual interest and actual principal). If you do not collect interest, you do not report interest to us. If you collect interest for more than one accounting cycle, you report and remit all of the interest collected. As in the net yield method, you report and remit only our proportionate share of actual principal payments received. Refer to Exhibit 61 for interest calculation formulas used in the alternate method of accounting reporting.

If you use the alternate method of accounting reporting for a reason other than a partial reinstatement, and we have not instructed you to do so, you must notify us **(see Directory 7)** in writing. Otherwise, we will assume that you are using the net yield interest method to report and remit to us.

76.11: Calculating Mortgage interest (09/15/10)

Regardless of the accounting reporting method used, you must calculate Mortgage interest due to us by multiplying our share of the unpaid principal balance (UPB) by the net yield divided by the applicable period of time. You must use the following principles when calculating Mortgage interest due us:

1. Interest is due in arrears.
2. Interest is due for full calendar months, based on a 12-month, 360-day year.
3. Interest is due for partial months based on the actual number of days, 365-day year.
4. To calculate monthly interest for newly funded Mortgages you must use the funded balance, which is the beginning UPB. For all other mortgages, use the UPB reported at the previous accounting cycle cutoff.

For an adjustable-rate Mortgage that allows Negative Amortization, the amount by which the monthly interest calculated at the Note rate exceeds the Borrower's scheduled monthly payment to you is a Negative Amortization increase and is accounted for in the calculation of principal due us.

76.12: Our percentage of ownership (09/15/10)

Mortgages in which we own 100% of the principal we call whole Mortgages. Mortgages in which we own a partial interest, we call participation Mortgages. The Percentage of Participation is the portion of the Mortgage that we purchase and can range from 50 to 95%, in 5% increments.

You must identify on your permanent accounting records, in the Mortgage file and in your reporting to us, whether the Mortgage sold to us is a whole Mortgage or a participation and the Percentage of Participation.

You must report 100% of the UPB in your monthly reporting and remit only our Percentage of Participation share of the Principal and Interest Payments to us.

76.13: Net yield interest (06/28/04)

You must calculate the interest due us by using the net yield stated on the Form 15, Loan Purchase Statement, and the Funding Detail Report or as stated in the Transfer of Servicing records referenced in Section 56.8.

The yield is dependent upon the method of pricing chosen at the time the Mortgage was sold to us. Generally, the yield equals the Note Rate minus the Servicing Spread. Refer to Chapters 9 and 10 for pricing methods and product descriptions.

76.14: Servicing fee (04/17/08)

The Servicing fee, referred to as the Servicing Spread, is the compensation you earn for performing your duties to service our Mortgages.

Refer to Chapter 54, Servicing Compensation, for detailed information on Servicing fees, Section 81.3 for Second Mortgages/HILs, Section 82.6 for SCRA-Capped Mortgages and Section 83.19 for Balloon/Reset Mortgages.

76.15: Introduction (06/30/97)

This part of the chapter lists the basic requirements for reporting on our Mortgages and remitting our funds to us.

76.16: Reporting format (10/20/08)

We use a common, industry-wide electronic data interchange (EDI) investor reporting format. The American National Standards Institute (ANSI), Accredited Standards Committee (ASC) is the nationally recognized governing body for the development and maintenance of electronic data standards. We use the standardized investor reporting format, known as the Investor Reporting (203) transaction set, developed by ASC.

The reporting media you select to report to us determines your use of EDI.

- If you report via MIDANET® for the PC, you are not required to use the EDI format
- If you report via another electronic communication path, you must use the EDI format

- If you use a service bureau to report data to us, the service bureau must use the EDI format

Refer to the Investor Reporting EDI Implementation Guide or call (800) FREDDIE for further information.

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Servicing Note:
Do not confuse EDI with Electronic Default Reporting (EDR). EDR is an electronic means of reporting monthly delinquency and default information for our Mortgages.
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76.17: Reporting media (10/20/08)

We require you to use of one of the following methods to report activity on the Mortgages you service for us:

1. MIDANET® for the PC, our automated system for transmitting both the monthly and interim investor reporting activity via software on your personal computer. You will also be able to receive daily investor accounting reports from us via MIDANET for the PC. You must order separate copies of our software for each personal computer on which you intend to install MIDANET for the PC. The software will identify each computer with a unique site number that is the address we use for transmitting and receiving data.
2. Internet-based communications method (referred to as “GCS”). GCS provides a variety of secure protocols that support a wide range of generic file transfer situations.

   You will not be able to receive certain investor accounting reports from us, such as your daily Edit Reports, adjustable-rate Mortgage (ARM) notifications, and special request reports through this path. You may retrieve those reports either through MIDANET for the PC or Investor Accounting Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**.

   For additional information on setting up a reporting method, contact (800) FREDDIE.
3. Any other Freddie Mac-approved reporting method

If you fail to comply with our reporting requirements, we will assess an accounting reporting noncompliance penalty in accordance with the requirements of Section 78.47. See Section 76.16 for additional information on reporting formats.

For further information, call (800) FREDDIE.

76.18: Loan-level transaction (06/30/97)

The term loan-level transaction refers to the required monthly reporting of all activity that occurs during each accounting cycle for each active Mortgage and the reporting data for each inactive Mortgage you service for us. An active Mortgage may be current or delinquent but an inactive Mortgage is one on which you have reported that you have initiated foreclosure and inactivated the Mortgage. Refer to Exhibit 60, Loan-Level Reporting Data Description.

76.19: Accounting cycle (06/30/97)

The accounting cycle is a one month period that begins on the 1st day after the accounting cycle cutoff each month and ends on the 15th day of the following month. The 15th is the last day of the accounting cycle and we call that day the accounting cycle cutoff. If the 15th falls on a weekend or Freddie Mac observed holiday, the accounting cycle cutoff is the previous Business Day.

76.20: Cash float (04/01/02)

We do not require you to remit our funds until the contract specified remittance due date. As a result, you may earn interest on the cash float of funds you deposited into the Custodial Accounts. This may offset the effect of advancing your funds for delinquent Mortgages. Refer to Section 79.8 for our requirements regarding the investment of funds in the Custodial Accounts.

76.21: Reporting and remitting (09/15/10)

You must report a loan-level transaction to us monthly for all active and inactive Mortgages you service for us. You must also report certain activity to us as it occurs, which we call interim activity. Refer to Chapter 78, Reporting and Remitting Requirements, for requirements on monthly and interim reporting and remitting:

(a) Monthly activity

You must report a loan-level transaction once a month by the fifth Business Day after the accounting cycle cutoff.

You must remit funds to us based on the loan-level transaction you reported and according to the remittance options you selected at the time the Mortgages were sold to us. This may result in more than one monthly remittance for the Mortgages you service for us.

The remittance option, sometimes called the remittance cycle, determines the due date for remitting monthly principal and interest due us. Form 15, the Funding Detail

Report, and the Transfer of Servicing records referenced in Section 56.8, specify the remittance cycle and the remittance due date.

(b) Interim activity

For payoffs-matured or prepaid, you must report by the second Business Day after the activity. For all other interim activity, you must report by the fifth Business Day after the activity. You must remit any funds due us by the fifth Business Day after the activity.

(c) Additional reporting and remitting requirements for matured Mortgages

You must report the payoff of a matured Mortgage by the second Business Day after the maturity date and remit the payoff proceeds by the fifth Business Day after the maturity date. (Refer to Chapter 83 for the servicing requirements for Balloon/Reset Mortgages that are approaching or have reached the Balloon Maturity Date.)

If you fail to report the payoff of a Mortgage that has reached maturity, we will process a payoff transaction for the Mortgage as of the first calendar day of the month following the maturity date. However, if we elect not process a payoff transaction for a matured Mortgage, we, in our sole discretion, may exercise our right to require you to repurchase the Mortgage. You will be responsible for all accrued interest through the date of payoff and you will incur a late remittance fee if you do not remit the payoff proceeds timely. In addition, we reserve the right to assess a late reported payoff fee for all matured Mortgages for which you fail to report the payoff timely.

You will receive an edit if you attempt to report a non-exception transaction in the next accounting cycle following the month of maturity.

Refer to Section B65.50 for additional requirements for delinquent Mortgages with an unpaid principal balance of $5,000 or less.

76.22: Monthly remittance due date (04/01/02)

The monthly remittance due date varies according to the accounting method and remittance option selected at the time the Seller sold the Mortgage to us. Refer to Chapter 78, Reporting and Remitting Requirements, for monthly remitting requirements.

76.23: Remitting our funds to us (11/01/10)

(a) Remitting monthly remittances

You must remit monthly remittance funds to us so that they are available on the remittance date stated on the Form 15/A/C, Loan Purchase Statement, the Funding Detail Report, and the Transfer of Servicing records referenced in Section 56.8. You must remit funds to us via our automated cash remittance system. Before you initiate your remittance, you must ensure that the account from which your remittance will be drafted is adequately funded.

The automated cash remittance system uses the information you call in to create an Automated Clearing House (ACH) debit file. The file is used to create an ACH draft to transfer the remittance funds to us from the Custodial Account.

We do not have use of our funds until one Business Day after you initiate your remittance via our automated cash remittance system. Therefore, you must initiate the transfer by 9 p.m., Eastern Time, on the Business Day before the remittance due date so that our funds are available to us by the remittance due date.

You must not remit investor accounting funds via check unless we instruct you to do so. The only funds you must remit by check are Real Estate Owned (REO) proceeds and Escrow refunds for taxes or property insurance premiums in connection with a foreclosure or REO.

See Sections 77.21 and 77.22 for information on initiating a remittance through the cash remittance system.

(b) Remitting fees and penalties

You must remit fees and penalties you owe us via an ACH draft that we will initiate. The draft will collect any fees and penalties for which you may be billed on the Performing Loans monthly Servicer Billing Statement. To authorize ACH drafting of fees and penalties, you must:

1. Submit a Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH), to the address on the form no later than 15 Business Days before the last Business Day of the first month in which you are liable to pay us any fees or penalties, to set up or make certain changes to the draft account, and
2. Designate an account other than one of our Custodial Accounts from which we will draft the amount due

Servicers may establish one ACH account for the payment of invoices for both the Performing Loans monthly Servicer Billing Statement and the Servicer Non-Performing Loans Invoice, or establish two separate accounts. See Section 64.2 concerning Non-Performing Loans remittances.

76.24: Other reporting and remitting requirements (06/28/04)

You must process the remittance for a repurchase in accordance with the requirements in Section 78.20. In addition, you must transfer your funds into the Custodial Account prior to remitting the repurchase proceeds to us.

Refer to Chapter 72 for additional requirements for repurchases required by us or repurchases approved by us at your request. Refer to Section 80.4.3 for additional requirements for the repurchase of a Freddie Mac-Owned Converted Mortgage.

The following are default management procedures that have reporting and remitting requirements specified in other Sections of the Guide:

Topic		**Section**
1.	Repayment plans	A65.17.1
2.	Loan modifications	B65.26
3.	Short payoffs and make-whole preforeclosure sales	B65.41
4.	Deeds-in-lieu of foreclosure	B65.48
5.	Charge offs	B65.53
6.	Third-party foreclosure sales	66.61

76.25: Fees and penalties (02/13/01)

We require your reporting and remitting to be on time and accurate. If you report or remit late or submit inaccurate data we incur a loss. As a result, you may be subject to an accounting or Servicing reporting noncompliance penalty or a late remittance reimbursement fee. Refer to Chapter 78, Reporting and Remitting Requirements, for noncompliance fees and penalties.

76.26: Service bureau liability (02/13/01)

If you use a service bureau for data processing, you remain responsible for all obligations to us under the Purchase Documents (Section 51.4(d)). This is why you must pay any noncompliance fees and penalties, even though it may be your service bureau's error that causes the noncompliance.

76.27: Backup reporting (04/25/06)

If we do not receive a loan-level transaction by the required reporting date for any reason, you must be able to provide us **(see Directory 7)** with corrected or replacement transmissions within 24 hours of our request and you will be subject to accounting reporting noncompliance penalties. Refer to Chapter 78, Reporting and Remitting Requirements, for noncompliance penalties.

76.28: Introduction (07/15/99)

This part of the chapter will provide you with requirements for the management of Custodial Accounts. You are responsible for administering Custodial Accounts to safeguard funds due us. In addition, you must ensure that you adequately fund and reconcile the accounts. Refer to Chapter 77, Establishing Investor Accounting Functions, for requirements on establishing Custodial Accounts. Chapter 79, Managing Custodial Accounts, states our requirements regarding administering and reconciling the cash in the Custodial Accounts.

76.29: Custodial Account reconciliation basics (07/15/99)

You must reconcile all Custodial Accounts monthly as of the accounting cycle cutoff. A Custodial Account reconciliation compares the funds on deposit as of the accounting cycle cutoff to the total liability of the same date. Any differences between any two parts of the investor accounting process may cause a Custodial Account to be out of balance. Refer to Chapter 79, Managing Custodial Accounts, for our requirements.

76.30: Servicer advances required (07/15/99)

You must advance your funds into the Principal and Interest Custodial Account if:

1. There are insufficient funds to cover a remittance due us
2. You are completing a Mortgage repurchase

You must make any advances for funds due us prior to the remittance due date.

You must make a deposit advanced from your funds into the Escrow Custodial Account whenever a deficiency occurs in an individual Escrow account. You must not use the Escrow collections from one Mortgage to offset the deficiency of another.

Your institution may reimburse itself for any advances of Principal and Interest Payments upon subsequent receipt of any Principal and Interest Payments. Your institution may reimburse itself for advances of Escrow from Escrow Funds received for the Mortgage for which you made the advance.

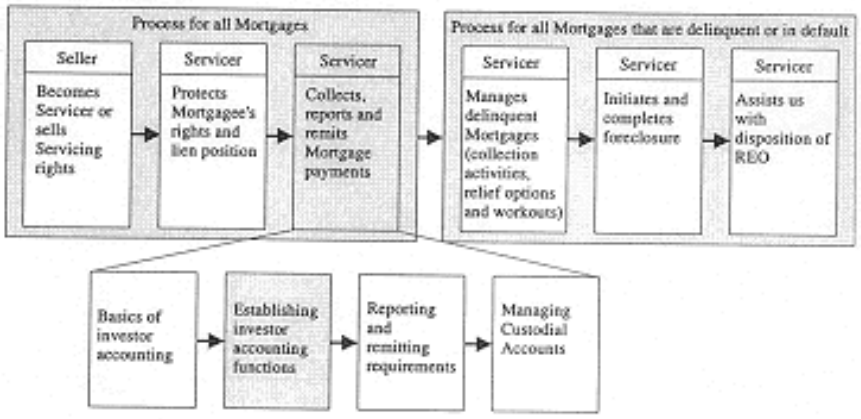
Chapter 77: Establishing Investor Accounting Functions

77.1: Introduction (06/30/97)

In Chapter 76, Basics of Investor Accounting, we provide you with what you need to know to understand your investor accounting responsibilities. This chapter specifies our requirements of what you need to do to begin accounting for our cash and reporting and remitting to us.

77.2: Process flow (06/30/97)

You will find in this chapter our requirements for establishing the processes, procedures and business relationships necessary for completing your investor accounting responsibilities. Establishing the framework for investor accounting occurs in the part of the Mortgage Servicing cycle represented by the third box in the following process flow. This process flow gives you a general overview of the process for investor accounting. Refer to the requirements in this chapter for complete details.



77.3: Chapter contents (06/30/97)

Topic	Section(s)
Opening Custodial Accounts	77.5-77.18
Establishing a cash remittance system	77.19-77.24
Implementing an automated reporting system	77.25-77.28
Setting up a Mortgage record	77.29-77.35

77.4: Definitions (10/20/08)

The following terms used throughout this chapter are defined terms contained in the Glossary:

- Business Day
- Cash Purchase Contract
- Concurrent Transfer of Servicing
- Custodial Account
- Demand Deposit Account
- Eligible Depository
- Escrow Custodial Account
- Escrow Disbursement Clearing Account
- FDIC; FDIC Insured Depository
- Federal Reserve Bank
- Funding Date
- Interest-Bearing Deposit Account
- MI
- MIDANET®
- Mortgages Purchased in Whole or in Part
- NCUSIF; NCUSIF Insured Depository
- Negative Amortization
- PC
- Percentage of Participation
- Principal and Interest Custodial Account
- Principal and Interest Disbursement Clearing Custodial Account
- Purchase Documents
- Purchase Proceeds
- Subsequent Transfer of Servicing

The following additional term is used in this chapter. The term is italicized here and when used in the chapter.

Accounting cycle cutoff

The *accounting cycle cutoff* for monthly reporting is the close of business on the 15th of the month. If the 15th is not a Business Day, the *accounting cycle cutoff* is the last Business Day before the 15th.

77.5: Introduction (07/15/99)

Once you commence Servicing one or more Mortgages for us, you must open a Principal and Interest Custodial Account and a separate Escrow Custodial Account at an Eligible Depository. Depositing funds into Custodial Accounts safeguards the funds collected for

Mortgages in which we hold an ownership interest. The requirement to hold any funds you receive for our Mortgages in a Custodial Account applies at all times.

77.6: Custodial Accounts required (08/20/09)

For all of our Mortgages, whether Purchased in Whole or in Part, you must open and maintain a Custodial Account for Principal and Interest Payments and a separate Custodial Account for Escrow Funds for each Seller/Servicer number. You must open these accounts in accordance with the requirements of Sections 77.6 through 77.17. You must maintain these funds in their respective Custodial Accounts until you remit the funds to us or pay Escrow Funds for allowed Mortgage expenses:

(a) Principal and Interest Custodial Account

You must open a Principal and Interest Custodial Account for each Seller/Servicer number to deposit Principal and Interest Payments for the Mortgages you service for us. At your option, you may open more than one Principal and Interest Custodial Account. If you open more than one Principal and Interest Custodial Account, you must designate one of them as the primary remittance and drafting account or, alternatively, you may open a separate Principal and Interest Disbursement Clearing Custodial Account. Refer to Section 77.7 for the Disbursement Clearing Custodial Account requirements.

See Section 79.9 for information on maintaining the Principal and Interest Custodial Account.

(b) Escrow Custodial Account

You must hold Escrow Funds in a separate Escrow Custodial Account for each Seller/Servicer number. Even if you do not collect Escrow Funds, you must open an Escrow Custodial Account in the event that you receive funds for insurance claims proceeds, partial payments or buydown funds. In addition, although we allow you to hold buydown funds in your Escrow Custodial Account, at your option you may open a separate Buydown Custodial Account for buydown funds.

See Section 79.10 for information on maintaining the Escrow Custodial Account.

77.7: Disbursement Clearing Custodial Accounts (02/20/09)

A disbursement clearing account is a bank account you maintain for the deposit of funds that you remit to us or pay to third parties.

(a) Principal and Interest Disbursement Clearing Custodial Account

You may, but are not required, to open and use a Principal and Interest Disbursement Clearing Custodial Account.

A Principal and Interest Disbursement Clearing Custodial Account is only necessary if you choose to maintain the account from which we draft funds as a separate account. You may not clear our funds through an operating account or a general account through which you process non-Freddie Mac Automated Clearing House (ACH) transfers.

If you choose to open and use a Principal and Interest Disbursement Clearing Custodial Account, you must meet the following requirements:

1. Open, maintain and designate the account in accordance with the requirements of Sections 77.8 through 77.12
2. Deposit only funds you are remitting to us
3. Transfer funds into this disbursement clearing account concurrent with, or no more than one Business Day prior to, the remittance due date

(b) Escrow Disbursement Clearing Account

We do not require you to maintain a separate Escrow Disbursement Clearing Account for Escrow Funds. However, if you elect to deposit Escrow Funds into an Escrow Disbursement Clearing Account, you:

- May deposit Escrow Funds for our Mortgages into an Escrow Disbursement Clearing Account common to all Mortgages you service
- Must transfer the Escrow Funds from the Escrow Custodial Account to your Escrow Disbursement Clearing Account concurrent with, or no more than one Business Day prior to, the disbursement of any Escrow Funds.

An Escrow Disbursement Clearing Account is not subject to Custodial Account designation or documentation requirements, as set forth in Sections 77.11 and 77.12.

77.8: Opening Custodial Accounts (12/14/05)

You must open and maintain all Custodial Accounts at an Eligible Depository separate from a general ledger account. You may record the deposit of the funds in a general ledger account provided that you open a separate Custodial Account and the general ledger account is not a substitute for the Custodial Account.

A financial institution at which you open and maintain Custodial Accounts must qualify as an Eligible Depository. If your institution is an Eligible Depository and meets the requirements contained in this chapter, you may open and maintain Custodial Accounts

within your own financial institution. Refer to Sections 77.9 and 77.10 for the eligibility requirements.

The Custodial Accounts must be Demand Deposit Accounts or Interest-Bearing Deposit Accounts. Your use of an Interest-Bearing Deposit Account is conditioned upon Freddie Mac's ability to present a sight draft and your ability to remit funds when due being maintained. If an Interest-Bearing Deposit Account limits the number of withdrawals, or requires prior notice for withdrawals, you are responsible for any payments or penalties that result from excessive withdrawals or withdrawals where advance notice is insufficient. Interest-Bearing Accounts do not include money market mutual fund accounts.

If the Custodial Accounts are maintained in an Eligible Depository that is a FDIC-Insured Depository or a NCUSIF-Insured Depository, you must maintain your books and records in a manner that meets all legal and regulatory requirements for obtaining full federal insurance coverage for the Custodial Accounts. Your books and records must reflect that the funds in the Custodial Accounts are held in a custodian capacity for the benefit of Freddie Mac and/or other specified parties, and must identify the respective interests of all such persons. Your books and records must be maintained in good faith and in the regular course of business.

77.9: Depository eligibility requirements (04/06/01)

To ensure the safety of funds in the Custodial Accounts, we have specific eligibility requirements that a depository must meet.

An Eligible Depository for the Custodial Accounts must be one of the following:

1. A Federal Reserve Bank
2. A Federal Home Loan Bank
3. An FDIC-Insured Depository
4. An NCUSIF-Insured Depository

If you choose to open your Principal and Interest Custodial Account, or a Principal and Interest Disbursement Clearing Custodial Account, at an FDIC-Insured Depository or an NCUSIF-Insured Depository, the depository institution must also meet our minimum tier rating requirements specified in Section 77.10.

Depositories for Escrow and buydown Custodial Accounts must meet our depository eligibility requirements, but are not subject to the tier rating requirements.

77.10: Insured depository tier ratings (10/15/10)

An FDIC-Insured Depository or an NCUSIF-Insured Depository, as referenced in Section 77.9, must meet our minimum rating requirements for all Principal and Interest Custodial Accounts. We group services that rate depositories into two categories; Tier 1 and Tier 2. If a Tier 1 service does not rate your insured depository, you must use a Tier 2 service. If both Tier 1 and Tier 2 services rate your insured depository, you must use our minimum rating requirements listed for the Tier 1 service. You must use and monitor the most current ratings issued by these services both when you open your Custodial Accounts and on a continuing basis. Tier 1 services continually update their ratings and Tier 2 services update their ratings on a quarterly basis.

(a) Tier 1 minimum rating requirements

IF the insured depository is rated by these services...	**THEN our minimum rating requirements are...**
Fitch	Short-term deposit rating of F3 or better
Standard and Poor's Corporation	Short-term Certificate of Deposit (CD) rating of A-3 or better
Moody's Investors Service	Short-term bank deposit rating of P3 or better
IF the insured depository is rated by...	
• All three Tier 1 services, then it must meet any two rating requirements • Any two Tier 1 services, then it must meet both rating requirements	

(b) Tier 2 minimum rating requirements

IF the insured depository is rated by these services...	**THEN our minimum rating requirements are...**
IDC Financial Publishing (IDC)	125 or better, if the relationship is established on or after October 15, 2010. For relationships established (that is, when accounts were already opened) before October 15, 2010, the insured depository rating must be 75 or better and the depository must comply with the minimum rating of 125 by March 31, 2011

LACE Financial Corporation	C+ or better, if the relationship is established on or after October 15, 2010. For relationships established (that is, when accounts were already opened) before October 15, 2010, the insured depository rating must be C or better and the depository must comply with the minimum rating of C+ by March 31, 2011
Fitch (formerly known as Bank Watch®)	Financial Performance Score 3.5 or better
IF the insured depository is rated by...	
• All three Tier 2 services, then it must meet any two rating requirements • Any two Tier 2 services, then it must meet one rating requirement • Only one of the Tier 2 services, then it must meet that rating requirement	

A depository institution that is a subsidiary of a holding company or an affiliate of another depository may, on a case-by-case basis, have its eligibility rating affected by the rating of its holding company or affiliate. FDIC regulations may require related depository institutions to guarantee the obligations of the troubled depository institutions. As a result, the related depository institution may be subject to a risk of regulatory action even if it meets our minimum rating requirements and we may deem it to be ineligible. You may want to consider this when selecting or monitoring your depository.

77.11: Custodial Account designation requirements (12/14/05)

You must designate Custodial Accounts exactly as stated in subsections (a) through (d) below. All of your books and records pertaining to Custodial Accounts must at all times comply with these account designation requirements. You represent and warrant to Freddie Mac that all books and records of the Eligible Depository pertaining to such Custodial Accounts shall at all times be designated in compliance with requirements in subsections (a) through (d) below.

(a) Principal and Interest Custodial Accounts

The following account designation must be used: "(Name of Depositor/Servicer), as Custodian and/or bailee for Federal Home Loan Mortgage Corporation and/or various owners of interests in mortgages and/or mortgage-related securities and/or various mortgagors."

Alternatively, a Principal and Interest Custodial Account may be designated by the following abbreviated designation: "Freddie Mac P & I Custodial Account." However, if the abbreviated designation is used, then for all purposes of the Purchase Documents, and with respect to all rights and interests of Freddie Mac and/or various owners of interests in Mortgages and/or Mortgage-related securities and/or mortgagors, the abbreviated account designation shall be deemed to be the same as the unabbreviated account designation and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the Principal and Interest Custodial Account and the funds deposited or held therein.

(b) Principal and Interest Disbursement Clearing Custodial Accounts

The following account designation must be used: "(Name of Depositor/Servicer), as custodian and/or bailee for Federal Home Loan Mortgage Corporation and/or various owners of interests in mortgages and/or mortgage-related securities and/or various mortgagors."

Alternatively, a Principal and Interest Disbursement Clearing Custodial Account may be designated by the following abbreviated designation: "Freddie Mac P & I Clearing Custodial Account." However, if the abbreviated designation is used, then for all purposes of the Purchase Documents, and with respect to all rights and interests of Freddie Mac and/or various owners of interests in Mortgages and/or Mortgage-related securities and/or mortgagors, the abbreviated account designation shall be deemed to be the same as the unabbreviated account designation and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the Principal and Interest Disbursement Clearing Custodial Account and the funds deposited or held therein.

(c) Escrow Custodial Accounts

The following account designation must be used: "(Name of Depositor/Servicer), as trustee and/or custodian for Federal Home Loan Mortgage Corporation and various mortgagors, respectively."

Alternatively, an Escrow Custodial Account may be designated by the following abbreviated designation: "Freddie Mac Escrow Custodial Account." However, if the abbreviated designation is used, then for all purposes of the Purchase Documents, and with respect to all rights and interests of Freddie Mac and/or mortgagors, the abbreviated account designation shall be deemed to be the same as the unabbreviated account designation and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the Escrow Custodial Account and the funds deposited or held therein.

(d) Buydown Custodial Accounts

If an optional Buydown Custodial Account is used in accordance with the provisions of Section 77.6(b), the following account designation must be used: "(Name of Depositor/Servicer), as trustee and/or custodian of mortgage loan subsidy buydown funds for Federal Home Loan Mortgage Corporation and various mortgagors, respectively."

Alternatively, a Buydown Custodial Account may be designated by the following abbreviated designation: "Freddie Mac Buydown Custodial Account." However, if the abbreviated designation is used, then for all purposes of the Purchase Documents, and with respect to all rights and interests of Freddie Mac and/or mortgagors, the abbreviated account designation shall be deemed to be the same as the unabbreviated account designation and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the Buydown Custodial Account and the funds deposited or held therein.

77.12: Custodial Account documentation requirements (04/25/06)

You must submit the following documentation to us upon opening your Custodial Accounts at an Eligible Depository. We base the required documentation on whether you open the accounts at your own financial institution or at another Eligible Depository.

(a) Custodial Accounts opened at your own financial institution

If you are an Eligible Depository and open Custodial Accounts at your own financial institution, you must complete, execute and return the following documentation to us **(see Directory 1)** for each Custodial Account:

1. Form 1059SF, Letter Agreement for Single-Family Principal and Interest, or P & I Disbursement Clearing Custodial Account
2. Form 1060SF, Letter Agreement for Single-Family Buydown or Escrow Custodial Account

You must also send us a copy of the bank statement or signature card for each account, designated as required in Section 77.11. The documentation must identify the depository institution at which the account is maintained and the bank account number.

(b) Custodial Accounts opened at another Eligible Depository

If you open Custodial Accounts at an Eligible Depository other than your own financial institution, both you and the depository's representative must complete, execute and return the following documentation to us **(see Directory 1)** for each Custodial Account:

1. Form 1057SF, Letter Agreement for Servicer's Single-Family Principal and Interest, or P & I Disbursement Clearing Custodial Account
2. Form 1058SF, Letter Agreement for Servicer's Single-Family Buydown or Escrow Custodial Account

You must also send us a copy of the bank statement or signature card for each account, designated as required in Section 77.11. The documentation must identify the depository institution at which the account is maintained and the bank account number.

(c) Additional requirements

We also require that you submit the following documentation to us **(see Directory 1)** for each Seller/Servicer number for the Principal and Interest Custodial Account or Principal and Interest Disbursement Clearing Custodial Account you select as your remittance drafting account according to the requirements of Sections 77.6(a) and 77.7(a):

1. Copy of the Letter of Authorization (Exhibit 58, Draft Letter of Authorization) printed on your institution's letterhead. Even if you open your Custodial Account at your own financial institution, you must execute this letter. The depository where you opened the account must keep the original of this letter.
2. Voided blank check or magnetic ink character recognition (MICR) specification sheet providing us with the routing number and account number information. A deposit ticket or letter is not acceptable.

77.13: Honoring sight drafts (11/16/98)

The Eligible Depository you select must honor sight drafts we may present at any time against any Custodial Account and/or related Time Deposit that you maintain. Our authorized officer, employee, representative, agent or attorney must sign the sight draft. We will identify the authorized individual in Form 1061, Certificate of Incumbency...to Draft Against Custodial Accounts, or a similar form containing identical information, including a photocopy or facsimile copy.

The sight draft we present may be an original, a photographic or facsimile copy of our Form 1062, Sight Draft, or a similar form containing identical information. Honoring such a sight draft is one of the requirements in the letter agreements referenced in Section 77.12(a) or 77.12(b).

77.14: What funds to deposit to the Custodial Accounts (11/16/98)

You must deposit the following funds for Mortgages in which we hold an ownership interest to a Principal and Interest Custodial Account or an Escrow Custodial Account. You must not deposit funds from Mortgages that we do not own or from other investors into the Custodial Accounts that you maintain to hold funds for our Mortgages:

(a) Principal and Interest Custodial Accounts

You must deposit only funds due to us into a Principal and Interest Custodial Account. As an exception, you may deposit the full Principal and Interest Payment received into the Principal and Interest Custodial Account and subsequently withdraw your Servicing fee or Percentage of Participation. Following is a list of the funds you must deposit into the Principal and Interest Custodial Account for our Mortgages:

1. Principal and Interest Payments on all of our Mortgages whether received from the Borrower or paid on the Borrower's behalf, applied from the buydown account or advanced by you
2. Biweekly payments that require biweekly amortization based on the Note terms of Mortgages originally sold to us as biweekly
3. Principal curtailments
4. Payoff proceeds including those from short payoffs and third-party foreclosure sales
5. Prepayment penalties, if applicable
6. Repurchase proceeds

(b) Escrow Custodial Accounts

You must deposit all Escrow Funds for our Mortgages into an Escrow Custodial Account opened and maintained according to our requirements. Following is a list of the funds that you must deposit into the Escrow Custodial Account for our Mortgages:

1. All Escrow Funds paid by, or on behalf of, the Borrower or advanced by you.
2. Funds deposited by you on a Borrower's behalf such as property insurance claim proceeds.
3. Payments held as unapplied or in suspense pending proper distribution such as, partial payments and biweekly payments from plans that allow for biweekly collection of payments on monthly amortizing Mortgages.
4. Buydown funds scheduled for future application as part of a Borrower's Principal and Interest Payment. You may also choose the option of maintaining buydown funds separately as provided in Section 77.6(b).

77.15: When to deposit funds to the Custodial Accounts (06/30/97)

You must deposit all funds you receive for our Mortgages into the Custodial Accounts no later than the 1st Business Day after you receive them.

However, if you use a lockbox service or other service to collect payments, you must apply the payment and deposit the funds to our corresponding Custodial Accounts no later than the 2nd Business Day after the day on which the lockbox or other service received the payment.

Other than a Borrower's payment, you must make all additional required deposits to the Custodial Accounts as referenced in Section 77.14 so the funds are available by the remittance drafting or Escrow disbursement due date.

77.16: Changing or transferring Custodial Accounts (06/30/97)

For information on changing or transferring your established Custodial Accounts, refer to Sections 79.13 through 79.15 for our requirements.

77.17: Administering and reconciling Custodial Accounts (06/30/97)

You must reconcile all of our Custodial Accounts on a monthly basis. Refer to Chapter 79, Managing Custodial Accounts, for our administration and reconciliation requirements.

77.18: Freddie Mac resources available (10/20/08)

The following are additional resources related to the preceding topic:

1. Exhibit 58, Draft Letter of Authorization: Sample letter provides you with the information you must include in the letter of authorization
2. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information

You may also call (800) FREDDIE for information on training, manuals or with other questions.

77.19: Introduction (10/20/08)

When you open your Custodial Accounts according to the requirements of Section 77.12, you must select one Principal and Interest Custodial Account from which we will draft the remittances you initiate through our automated cash remittance system. You may initiate the drafts either telephonically or online via Investor Accounting Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**. Setup information for using our automated cash remittance system is available on the web site.

77.20: Establishing an automated cash remittance process (10/20/08)

Upon the completion of the automated cash remittance system setup process (at **http://www.freddiemac.com/singlefamily/service/tools.html**) and receipt and review of the copy of the Letter of Authorization and voided blank check or MICR as referenced in Section 77.12(c), we will provide you access to our automated cash remittance system. We will give you a 60-day grace period from the date you first deliver a Mortgage to us to begin using the automated cash remittance system for remitting.

We may require up to 15 Business Days from the date we receive the required documentation to process remittance instructions for new Custodial Accounts.

We will notify you to begin using the automated cash remittance system. Our notification will include:

1. Information on remittance via:
   - Investor Accounting Manager SM (IAM) at **http://www.freddiemac.com/singlefamily/service/tools.html**
   - A toll-free telephone number for touch-tone transfers. Exhibit 68, Cash Remittance System, provides instructions for initiating remittances telephonically.
2. Your unique six-digit cash remittance identification number for use with all remittances
3. A unique PIN number for use when remitting via the web interface within IAM
4. Freddie Mac's User's Guide for Cash Remittances

You must remit by check to us **(see Directory 7)** until you receive our written confirmation that you must begin remitting via our automated cash remittance system. You must include your Seller/Servicer number on the check you send us. Once you receive our written confirmation, you must use the automated cash remittance system to remit to us. If you fail to do so, you may be subject to the assessment of noncompliance penalty or late remittance interest reimbursement fees.

We will post remittances that we receive by check with an effective date five Business Days after receipt. We will use this effective date to determine if you made the remittance in accordance with our requirements.

See Sections 77.21 and 77.22 for more information on initiating a cash remittance.

77.21: Remitting via the automated cash remittance system (09/15/10)

You must transfer all funds referenced below via the automated cash remittance system by Seller/Servicer number, with the exception that you must send REO-related remittances to us **(see Directory 6)** by check. Refer to Section 71.24 for specific requirements regarding REO-related remittances.

Before initiating the remittance, you must total your remittances into the following categories. These categories represent the funds you must remit and the order in which you must report:

1. Non-payoff amounts, which include:
   (a) Monthly principal and interest
   (b) Curtailments and reductions in Negative Amortization
   (c) Interest due on reinstated Mortgages
   (d) Cash adjustments initiated by us
   (e) Net adjustment for REO and FHA/VA foreclosure interest advanced by you

2. Payoff amounts, which include proceeds due for:
   (a) Paid in full Mortgages
   (b) Third-party foreclosure sales
   (c) Repurchases

See Section 78.10 for additional information.

77.22: Initiating remittances to Freddie Mac (10/20/08)

To initiate your remittance via the automated cash remittance system, you must:

1. Calculate your two-digit verification code as explained in Exhibit 68, Cash Remittance System, or Freddie Mac's User's Guide for Cash Remittances, using the total amount of all categories of remittances that you are making
2. Access the automated cash remittance system via telephone or Investor Accounting Manager℠ (IAM) at **http://www.freddiemac.com/singlefamily/service/tools.html** (preferred)

3. Authorize the transfer of funds using your unique six-digit identification number and if initiating via the interface within IAM, your unique PIN
4. Key in the appropriate remittance amount(s)

You must calculate a two-digit verification code using the amounts of all remittances you are making.

- If initiating the remittance via IAM, you must enter the amounts and the two-digit verification code via the on-line screen. If your remittance amount and verification code are accepted, you will receive a four-digit acceptance code. If your remittance amount and verification code are not accepted, you should check the calculation of your verification code and, if necessary, place a telephone call to an operator who will assist you.

- If initiating the remittance telephonically, you must enter the amounts and the two-digit verification code via the telephone keypad for transmission to the audio response unit (ARU). If the ARU accepts the remittance amount and verification code that you provide, the ARU will read back the amount reported and a four-digit verification code. The four-digit verification code confirms your ID, call date, time and reported amount. If the ARU does not accept the remittance amount and verification code that you enter, then the amount you reported will not be drafted and the ARU will transfer you to an operator who will assist you.

77.23: Changing or transferring the drafting account (12/15/99)

If you want to change or transfer the Principal and Interest Custodial Account from which we draft our remittances, you must comply with the requirements in Sections 79.13 through 79.15.

77.24: Freddie Mac resources available (10/20/08)

The following are additional resources related to the preceding topic:
1. Exhibit 68, Cash Remittance System: Complete instructions for using the telephonic cash remittance system
2. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information

You may direct written questions concerning the cash remittance system to us at **(see Directory 3)**. You may also call (800) FREDDIE for information on training, manuals or with other questions.

77.25: Introduction (05/01/98)

We require you to submit all reports to us via one of our automated systems. Your portfolio size and available technology will help determine which system or combination of systems you will need.

77.26: Implementing our reporting media (10/20/08)

This section has been deleted.

77.27: Transmitting and receiving investor accounting information (10/20/08)

Below are the media you may use to transmit loan level data to us or to receive certain information from us:

ACTIVITY	MEDIA
Transmit loan level activity to us	■ Internet-based transmission (GCS) ■ MIDANET® for the PC ■ Other Freddie Mac-approved reporting method
Receive transmission confirmations from us	■ Internet-based transmission (GCS) ■ MIDANET for the PC
Receive reports and communications from us	■ Investor Accounting Manager ■ MIDANET for the PC
Receive purchase statements and funding detail reports	■ Freddie Mac Selling System ■ MIDANET for the PC
Receive software updates for MIDANET for the PC	■ MIDANET for the PC

77.28: Freddie Mac resources available (10/20/08)

The following are additional resources related to the preceding topic:

1. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information
2. Investor Reporting EDI Implementation Guide

You may also call (800) FREDDIE for information on training, manuals or with other questions.

77.29: Introduction (06/30/97)

The last part of this chapter contains requirements for:
1. Documentation you receive from us when we purchase a Mortgage from you
2. Setting up newly funded Mortgages and Mortgages you receive via Concurrent Transfers of Servicing for reporting and remitting to us
3. Purchase adjustments and how to request them
4. First time reporting and remitting requirements for newly funded Mortgages or Mortgages you receive via a Concurrent Transfer of Servicing

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Servicing Note:
For requirements on Mortgages you receive due to Subsequent Transfers of Servicing, refer to Chapter 56, Transfers of Servicing, or call (800) FREDDIE.
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77.30: Pre-purchase activity (04/25/06)

Refer to Volume 1 for our Mortgage processing and purchase requirements:
- Chapter 9, Fixed-Rate Cash Through the Selling System
- Chapter A9, RNY Cash Through MIDANET®
- Chapter B9, Gold Cash® Through MIDANET
- Chapter 10, WAC ARM Cash Through the Selling System
- Chapter A10, ARM Cash Through MIDANET
- Chapter 16, Documentation Delivery
- Chapter 17, Mortgage Delivery and Settlement Processing, for our requirements for documentation delivery, completion of a delivery and other special delivery instructions

77.31: Our purchase of your Mortgage (06/01/09)

When we purchase a Mortgage, we will take the following actions:
1. Issue Form 15/A/C, Loan Purchase Statement
2. Issue a Funding Detail Report
3. Wire the Purchase Proceeds to the Seller for a Cash Purchase Contract or issue a security (PC or Giant PC) for Guarantor or MultiLender Swap programs

(a) Form 15/A/C, Loan Purchase Statement

Upon purchase, we will issue Form 15/A/C which will summarize the pertinent data from Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission

Voucher. Form 15/A/C will include the calculation of the total amount we are funding to the Seller and a statement of the Percentage of Participation we purchased. Depending on the type of purchase, you will receive one of the following forms:

1. Form 15 for Cash
2. Form 15A for fixed-rate Guarantor
3. Form 15C for WAC ARM Guarantor

Forms 11 and 13SF are located in Volume 1A of the Guide.

(b) Funding Detail Report

We will send you a Funding Detail Report when we purchase a Mortgage or when you acquire the Servicing of one or more of our Mortgages through a Concurrent Transfer of Servicing. (See Chapter 56, Transfers of Servicing, for information on Transfers of Servicing.) The Funding Detail Report contains all of the information you need to setup and report a Mortgage (see Section 77.32).

(c) Wiring the Purchase Proceeds or issuing a PC or Giant PC

We will notify the Seller of our purchase and initiate a wire transfer to credit the Seller's account on the Funding Date for Cash Purchase programs. See Section 16.11 for additional information regarding establishing and maintaining wire transfer instructions for cash proceeds. For Guarantor or certain MultiLender Swaps, we will issue a PC; for other MultiLender Swaps, we will issue a Giant PC (see Section 11.1 for more information).

The Seller is responsible for verifying the receipt of funds. If the Seller finds that the wired funds are not credited to the account by the morning of the next Business Day, the Seller should contact us **(see Directory 3)**.

77.32: Setting up a Mortgage record (09/15/10)

We will send you a Form 15/A/C, Loan Purchase Statement, and Funding Detail Report via MIDANET® for the PC, or you may access them through the Freddie Mac Selling System. (Contact (800) FREDDIE to request access to the Selling System for this purpose.) You must verify the data on the Funding Detail Report to the Note, Mortgage record and Purchase Documents and take the following actions for each newly funded or Concurrently Transferred Mortgage. For Subsequent Transfers of Servicing, the previous Servicer must supply the loan-level data to you.

Upon our purchase, prompt identification of the accounting records for Mortgages sold to us is essential for accurate reporting and remitting. You must take the following actions:

1. Identify on your Servicing system Mortgages in which we have an ownership interest

2. Setup a Mortgage record on MIDANET by importing the loan-level data, or by manually adding a record
3. Deposit any principal and interest and Escrow Funds to the Custodial Accounts

You must also maintain the Mortgage files in accordance with the various requirements in Section 51.9 and Chapter 52, Mortgage File Retention.

77.33: Purchase adjustments (04/25/06)

When the information on the Funding Detail Report does not match the information on the Note or your loan record, you may request an adjustment to the amount we disbursed to purchase the Mortgage. You must notify us in writing and include supporting documentation.

In most circumstances we will not adjust purchase balances after the Funding Date because we have pooled the Mortgages for resale as PCs. However, after we settle and before we pool the Mortgages, we may be able to adjust a purchase balance. We will not change the Percentage of Participation stated on Form 381, Contract Delivery Summary, and Form 15/A/C, Loan Purchase Statement, for differences of $1,000 or less.

If the Seller has any questions about purchase balances prior to funding, as delivered on the Form 381 that is transmitted via MIDANET® the Seller should contact us **(see Directory 8)**.

77.34: Reporting and remitting on a newly funded Mortgage (09/15/10)

The Mortgage balance and the timing of the Funding Date determine when you must report for the first time on a newly funded Mortgage. You must remit for the newly funded Mortgage according to your Purchase Documents. When we purchase a Mortgage from you, we will pay you interest on the funded principal balance at the net yield from the first of the month up to the Funding Date. You must ensure that you properly fund your Principal and Interest Custodial Account for this interest. The table on the following page summarizes when you must report to us.

IF the Funding Date is between the...	AND the ending balance at the *accounting cycle cutoff*...	THEN our reporting requirements are...	AND, our remittance requirements are...
1st Business Day of the month, up to and including the *accounting cycle cutoff* date	Is not different from the funded balance	We do not require reporting in the funding month, but you may report for the first time if you choose to do so	No remittance is due
	Is different from the funded balance	You must report for the first time in the funding month	You must remit our share of principal received and zero interest according to the remittance cycle
1st Business Day after the *accounting cycle cutoff*, up to and including the last Business Day of the month	Is not different from the funded balance	You must report for the first time in the month following the funding month since we funded the Mortgage after the *accounting cycle cutoff*	You must remit principal and interest according to the remittance cycle
	Is different from the funded balance	You must report for the first time in the month following the funding month since we funded the Mortgage after the *accounting cycle cutoff*	You must remit our share of principal received and interest according to the remittance cycle

77.35: Freddie Mac resources available (10/20/08)

The following are additional resources related to the preceding topic:

1. Exhibit 60, Monthly Loan-Level Reporting Data Description
2. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information

You may also call (800) FREDDIE for information on training, manuals or with other questions.

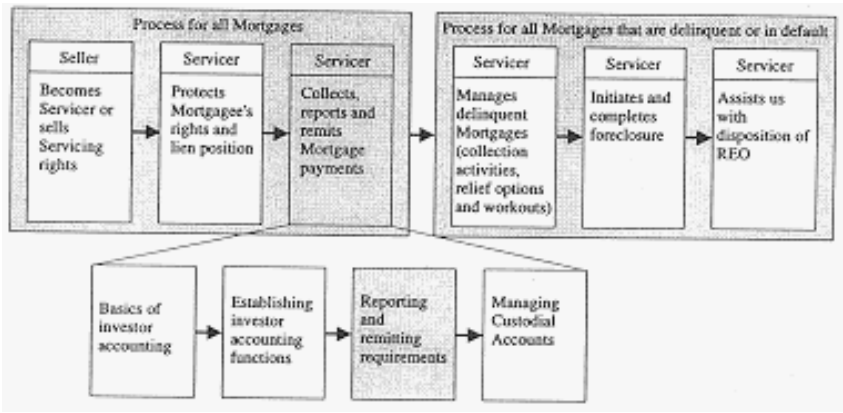
Chapter 78: Reporting and Remitting Requirements

78.1: Introduction (06/30/97)

Chapter 76, Basics of Investor Accounting, and Chapter 77, Establishing Investor Accounting Functions, provide our requirements for you to begin investor reporting to us. This chapter will provide specifics on each transaction that you must report to us. This chapter will also state our requirements for reviewing daily edits and monthly account statements and fees and penalties related to our Servicing requirements.

78.2: Process flow (06/30/97)

You will find in this chapter the requirements for reporting and remitting funds due to us, clearing your daily edits, reconciling your monthly reports and fees and penalties related to late reporting and remitting. Reporting and remitting occurs in the part of the Mortgage Servicing cycle represented by the third box in the following process flow. This process flow gives you a general overview of our investor accounting requirements related to your reporting and remitting responsibilities. Refer to the requirements in this chapter for more details.



78.3: Chapter contents (06/30/97)

Topic	Section(s)
Overview of reporting and remitting	78.6-78.12
Interim reporting and remitting	78.13-78.20

Monthly reporting and remitting	78.21-78.33
Correcting reporting errors	78.34-78.38
Reconciling your monthly reporting activity	78.39-78.45
Fees and penalties	78.46-78.50

78.4: Definitions (09/15/10)

The following terms used throughout this chapter are defined terms contained in the Glossary:

- Business Day
- Due Date of Last Paid Installment (DDLPI)
- MIDANET®
- Mortgages Purchased in Whole or in Part
- Payoff Date
- Purchase Documents
- Real Estate Owned (REO)
- Scheduled Principal

The following additional terms are used in this chapter. The terms are italicized here and when they are used in the chapter.

(a) *Accounting cycle cutoff*

The *accounting cycle cutoff* for monthly reporting is the close of business on the 15th of the month. If the 15th is not a Business Day, the *accounting cycle cutoff* is the last Business Day before the 15th.

(b) *Active* Mortgage

An *active* Mortgage is a current or delinquent Mortgage on which you report and remit according to the remittance option selected for the Mortgage.

(c) *Inactive* Mortgage

An *inactive* Mortgage is a Mortgage in foreclosure for which you have changed the *reporting status* to foreclosure to suspend remitting funds to us. You may inactivate a Mortgage after you have notified us that you have initiated foreclosure. No monthly remittance is due for Mortgages that you inactivated via an EDR transmission in a previous accounting cycle.

(d) ***Exception activity***

Exception activity is anything other than a regular monthly Principal and Interest Payment and partial prepayment.

(e) ***Non-exception activity***

Non-exception activity is the regular monthly Principal and Interest Payment due us and any partial prepayment.

(f) ***Remittance due date***

Remittance due date is the contract specified remittance date, or if not specified in the Purchase Documents, it is the third Business Day after the *accounting cycle cutoff*.

(g) ***Reporting status***

The *reporting status* represents the information listed in Exhibit 60, Loan-Level Reporting Data Description, that you must report to us at least monthly for all *active* and *inactive* Mortgages you service for us.

78.5: Our rights (06/30/97)

We reserve the right to assess fees and penalties in accordance with the requirements of this chapter if you fail to comply with our reporting and remitting requirements. The fees and penalties are set forth in Sections 78.46 through 78.49.

78.6: Introduction (10/20/08)

Reporting and remitting are separate but related activities that we require you to complete for all Mortgages Purchased in Whole or in Part by us. Reporting is the process of transmitting the *reporting status* of all our Mortgages to us via one of the Freddie Mac-approved reporting media described in Section 76.17. Your transmissions must be usable, accurate and timely. Remitting is the process of transferring funds due us for those Mortgages.

Refer to the following exhibits about reporting and remitting to us: Exhibit 60, Loan-Level Reporting Data Description, Exhibit 61, Interest and Principal Due Freddie Mac and Exhibit 68, Cash Remittance System.

These exhibits will provide you with the data elements and calculations necessary for each transaction.

78.7: Reporting to us (10/20/08)

You must report specific exception activities to us throughout each month, also known as interim reporting. You must also report to us monthly all *non-exception* and some

exception activities, also known as monthly reporting, by the 5th Business Day after the *accounting cycle cutoff*. (See Section 76.17 for information on reporting methods.)

Your accounting data must be reported as follows:

(a) Interim reporting

You must report to us during the month all *exception activities* that change the *reporting status* of a Mortgage you service for us.

If the exception activity is:	**You must report by:**
Payoff of a matured or prepaid Mortgage	The 2nd Business Day after the exception activity occurred
Third party foreclosure sale	The 2nd Business Day after the exception activity occurred
Short payoff	The 2nd Business Day after the exception activity occurred
Make-whole preforeclosure sale	The 2nd Business Day after the exception activity occurred
Charge-off	The 2nd Business Day after the exception activity occurred
Repurchase of a Freddie Mac-Owned Converted Mortgage	The 5th Business Day after the Conversion Date
Repurchase required by us or a repurchase approved by us at the Seller/Servicer's request	The 30th day from the date of our repurchase notification or our approval of your request to repurchase

Refer to Sections 78.13 through 78.20 for interim reporting and remitting requirements.

(b) Monthly reporting

You must report to us monthly by the 5th Business Day after the *accounting cycle cutoff* all *non-exception activities* and some *exception activities* reflecting the *reporting status* of all Mortgages you service for us. Refer to Sections 78.21 through 78.33 for monthly reporting and remitting requirements.

The *non-exception activities* you must report are:

1. Principal and Interest Payments due us on an *active* Mortgage (including newly funded Mortgages) and the reporting data for each inactive mortgage you service for us. (Refer to Section 76.18)

2. Principal balance corrections

3. Inactivations

4. Reinstatements

The *exception activities* you must report are:

1. FHA/VA foreclosure/conveyance

2. Transfer to Real Estate Owned (REO) (acquired by us either through foreclosure sale or through a deed-in-lieu of foreclosure)

78.8: Correcting reporting errors (09/15/10)

If you discover an error after you have transmitted your accounting reporting information, you must:

1. Correct the source of the error,
2. Transmit a revision to us, or
3. Call us **(see Directory 7)** for instructions on how to correct the information.

If you fail to send us the appropriate information to clear any reporting errors within the applicable timeframe, we will make those corrections on your behalf subject to the applicable fees and/or penalties.

If you report a payoff to us in error, you must transmit a revision within the same accounting cycle in which you erroneously reported it. If you report a payoff to us in error and you do not reverse it within the same accounting cycle, we will not be able to reactivate the Mortgage for you. You must remit your own funds to Freddie Mac to liquidate the Mortgage.

You must maintain accurate records for our review and inspection of the actual principal reductions and adjustments made to correct any reporting errors.

78.9: Reporting seminars (10/20/08)

This section has been deleted.

78.10: Remitting to us (09/15/10)

You must remit all funds due to us using our automated cash remittance system, so that they are available to us by the remittance due date.

Before initiating the remittance, you must total your remittances into the following two categories that represent the funds you must remit and the order in which you must report:

1. Non-payoff amounts, which include:

   (a) Monthly principal and interest
   (b) Curtailments and reductions in Negative Amortization
   (c) Interest due on reinstated Mortgages
   (d) Cash adjustments initiated by us
   (e) Net adjustment for REO and FHA/VA foreclosure interest advanced by you

2. Payoff amounts, which include proceeds for:

   (a) Paid in full Mortgages
   (b) Third-party purchase at foreclosure sales
   (c) Repurchases

If you have not yet received our written confirmation of access to our automated cash remittance system, you must remit to us (**see Directory 7**) by check in accordance with the requirements in Section 77.20.

See Sections 77.21 and 77.22 for information on initiating a remittance. See Section 78.11 regarding the availability of funds.

(a) Remitting for interim reporting

You must remit all funds due to us for *exception activity* referenced in Section 78.7(a) by the fifth Business Day after the exception date. Refer to Sections 78.14 through 78.20 for remittance requirements for specific exception activities, and Section 78.11 regarding the availability of funds.

(b) Remitting for monthly reporting

You must remit all funds due to us for all *non-exception activity* and certain *exception activities* as referenced in Section 78.7(b) according to the *remittance due date*. Refer to Section 78.11 regarding the availability of funds.

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Servicing Note:
If you have an REO-related remittance, refer to the requirements specified in Section 71.24.

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78.11: Availability of remittances (10/20/08)

You must initiate your remittance through our automated cash remittance system no later than 9 p.m. Eastern time on the Business Day before the *remittance due date*.

You must initiate the remittance by the required date and time or the remittance will not be available to us until after your *remittance due date*. Late remittances will result in the assessment of a late remittance interest reimbursement fee as referenced in Section 78.49.

78.12: Correcting a remittance (04/25/06)

An overremittance can occur when the amount you called in is greater than what we expected. In the event of an overremittance of funds, you must contact us **(see Directory 7)** for instructions on how to correct the overremittance.

An underremittance can occur when the amount called in is less than what we expected. When you underremit funds, you must immediately contact our service bureau to remit the remaining amount due us. You are in violation of the Purchase Documents if you fail to comply with the remittance requirements or underremit funds, and we will assess a late remittance interest reimbursement fee. Refer to Sections 78.46 through 78.49 for additional fees and penalties.

78.13: Introduction (09/15/10)

You must complete interim reporting and remitting throughout the month for specific *exception activity* for our Mortgages Purchased in Whole or in Part. All interim reporting and remitting involves *exception activity*. There is no *non-exception activity* in interim reporting and remitting. Refer to Exhibit 60, Loan-Level Reporting Data Description and Exhibit 61, Interest and Principal Due Freddie Mac, for what you must report and how to calculate the principal and interest due us.

78.14: Interim reporting and remitting (07/16/10)

You must report specific *exception activity* to us via one of the reporting media identified in Section 76.17.

The chart below lists the due dates for each *exception activity* that you must report and remit as part of your interim reporting and remitting.

If the activity is a:	Then the property or Mortgage is:	And you must report and remit by the:
Payoff – prepaid	Paid in full during the current accounting cycle	Report by the 2nd Business Day and remit by the 5th Business Day after you receive the proceeds
Payoff – matured	Paid in full as of the maturity date	Report by the 2nd Business Day after the maturity date and remit the payoff by the 5th Business Day after the maturity date
Third-party foreclosure sale	Purchased by a third party at the foreclosure sale	Report by the 2nd Business Day and remit by the 5th Business Day after you receive the proceeds
Short payoff	Sold for less than the total amount due with our prior approval	Report by the 2nd Business Day and remit by the 5th Business Day after you receive the proceeds
Make-whole preforeclosure sale	Sold for less than the total amount due; however, there is a pending mortgage insurance claim or a Borrower contribution that results in full satisfaction of the debt.	Report by the 2nd Business Day and remit by the 5th Business Day after you receive the proceeds
Charge-off	Determined by us to be uncollectible	Report by the 2nd Business Day after you receive our charge-off approval letter (no remittance is due)
Repurchase required by us or repurchase approved by us at the Seller/Servicer's request	Repurchased by you pursuant to the requirements in Chapter 72	Report and remit by the 30th day from the date of our repurchase notification or approval of the Seller/Servicer's request
Repurchase of a Freddie Mac-Owned Converted Mortgage	Repurchased by you pursuant to the requirements in Section 80.4.3	Report and remit by the 5th Business Day after the Conversion Date

78.15: Payoff -- matured or prepaid (07/16/10)

A payoff is the repayment of a Mortgage due to full amortization or prepayment-in-full. Refer to Section 78.8 regarding an erroneously reported payoff.

You must complete the following steps to report and remit a payoff of a Mortgage:

1. To report a prepayment-in-full, report the payoff by the second Business Day after you receive the payoff proceeds

   To report the payoff of a matured Mortgage, report the payoff by the second Business Day after the maturity date

2. Initiate two separate remittances in accordance with Sections 77.21 and 77.22 as follows:

   (a) For a prepayment-in-full, you must remit the unpaid principal balance (UPB) due us as reported in the previous cycle, plus or minus the exception interest in your interim remittance so the proceeds are available to us by the fifth Business Day after you receive the proceeds

   For a payoff of a matured Mortgage, you must remit the UPB due us as reported in the previous cycle, plus or minus the exception interest by the fifth Business Day after the maturity date, in your interim remittance, whether or not you have received proceeds from the Borrower

   (b) In your monthly remittance you must remit the monthly, non-exception interest or any reinstatement interest due us as of the *accounting cycle cutoff* in which you paid off the Mortgage based on the *remittance due date*

3. Do not report or remit funds on this Mortgage in future cycles

78.16: Third-party foreclosure sale (10/20/08)

A third-party foreclosure sale is a sale of the secured property where title to the property is not conveyed to Freddie Mac. You must comply with the requirements of Chapter 66, Foreclosure, regarding foreclosures and Section 55.3 regarding the submission on our behalf of Internal Revenue Service Form 1099-A, Acquisition or Abandonment of Secured Property.

Notify us of the third-party foreclosure sale by the 1st Business Day after the completion of the foreclosure sale through a Foreclosure Sale/DIL transmission via MIDANET®.

You must complete the following steps to report and remit when you receive the proceeds from a third-party foreclosure sale:

1. Report the receipt of the third-party foreclosure sale proceeds by the 2nd Business Day after you receive the proceeds
2. Initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a third-party foreclosure sale as follows:

   (a) In your interim remittance you must remit the UPB due us as reported in the previous cycle, plus or minus the exception interest, so that they are available to us by the 5th Business Day after you receive the proceeds
   (b) In your monthly remittance you must remit the monthly, non-exception interest or any reinstatement interest due us as of the *accounting cycle cutoff* in which you paid off the Mortgage based on the *remittance due date*

3. Do not report or remit funds on this Mortgage in future cycles

78.17: Short payoff (10/20/08)

A short payoff is the sale of a property for which you have received our approval to sell for less than the total amount necessary to satisfy the Mortgage obligation. You must comply with the requirements of Sections B65.35 through B65.41 regarding a short payoff and charging off a deficiency and Section 55.3 regarding the submission on our behalf of Internal Revenue Service Form 1099-A.

You must complete the following steps to report and remit when you receive the funds for a short payoff:

1. Report the short payoff as paid in full-prepaid by the 2nd Business Day after you receive the settlement proceeds
2. Remit the proceeds of the sale to us in accordance with Sections 77.21 and 77.22 by the 5th Business Day after you receive the proceeds
3. When you receive a charge off form from us, verify it for accuracy and report any discrepancies to us using the contact name and telephone number provided on the form within one Business Day of receiving the form
4. Do not report or remit funds on this Mortgage in future cycles

78.18: Make-whole preforeclosure sale (10/20/08)

A make-whole preforeclosure sale is the sale of a property for which you have received our approval to sell the property for less than the total amount necessary to satisfy the Mortgage obligation, however, there is a mortgage insurance claim payment or a Borrower contribution that satisfies the deficiency. You must comply with the requirements of Sections B65.37(a)(2) and B65.38(b) regarding a make-whole preforeclosure sale.

You must complete the following steps to report and remit when you receive the proceeds from a make-whole preforeclosure sale:

1. Report the Mortgage as paid in full-prepaid by the 2nd Business Day after you receive the settlement proceeds.
2. Initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a make-whole preforeclosure sale as follows:
   (a) In your interim remittance you must remit the UPB due us as reported in the previous cycle, plus or minus the exception interest, so that they are available to us by the 5th Business Day after you receive the proceeds
   (b) In your monthly remittance you must remit the monthly, non-exception interest or any reinstatement interest due us as of the *accounting cycle cutoff* in which you paid off the Mortgage based on the *remittance due date*

3. Do not report or remit funds on this Mortgage in future cycles

78.19: Charge off (10/20/08)

Our approval of a charge off ceases collection efforts on a Mortgage when the debt is deemed to be uncollectible. A charge off does not cancel the Note nor does it release the lien on the property. You must comply with the requirements of Sections B65.49 through B65.53 regarding a charge off.

You must complete the following steps to report a charge off:

1. Report the charge off as paid in full-prepaid by the 2nd Business Day after you receive our approval letter confirming the charge off request
2. There is no remittance to us
3. Do not report or remit funds on this Mortgage in future cycles
4. When you receive a charge off form from us, verify it for accuracy and report any discrepancies to us using the contact name and telephone number provided on the form within one Business Day of receiving the form

78.20: Repurchase (10/20/08)

You must follow the requirements of this Section 78.20 for reporting and remitting a repurchase when:

- We require you to repurchase a Mortgage, or
- You are repurchasing a Convertible ARM that has been converted to a fixed interest rate (Converted Mortgage) pursuant to the requirements of Section 80.4.3, or
- We have approved your written request to repurchase a Mortgage. (Note: Only under exceptional circumstances, and on an individual basis, will we allow you to

repurchase our interest in a Mortgage. Generally, we will only allow you to repurchase a Mortgage that is 90 or more days delinquent or in foreclosure.)

For a repurchase required by us or a repurchase approved by us at your request, you must document the Mortgage file with our written notification requiring the repurchase, or with our prior written approval of your request.

Repurchased Mortgages may be *active* or *inactive* Mortgages or Mortgages transferred to REO. You must comply with the requirements of Chapter 72 regarding a repurchase.

Refer to Section 80.4.3 for the calculation of the repurchase price for the repurchase of a Converted Mortgage. Refer to Section 72.3 for the calculation of the repurchase price for all other *active* Mortgages or *inactive* Mortgages, as applicable.

You must complete the following steps to report and remit a Mortgage repurchase:

1. Report the repurchase to us as follows:

   - For the repurchase of a Converted Mortgage pursuant to Section 80.4.3, by the 5th Business Day after the Conversion Date, using exception code 66 (Payoff — Mortgage converted from an adjustable interest rate to fixed interest rate). In the field titled "Exception date," enter the Conversion Date. (In accordance with the requirements of Section 30.11, you must resell the Converted Mortgage to us within 60 days following the Conversion Date. Refer to Section 17.40 for the requirements for delivering a Freddie Mac-Owned Converted Mortgage.)

   - For all other repurchases, within 30 days following the date of our notification requiring the repurchase or approving your repurchase request, using exception code 65 (Payoff — Mortgage repurchased)

2. If you did not transfer the property to REO, initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a Mortgage repurchase as follows:

   (a) In your interim remittance you must remit the unpaid principal balance (UPB) due us as reported in the previous cycle, plus or minus the exception interest, so that they are available to us:

      - For the repurchase of a Converted Mortgage pursuant to Section 80.4.3, by the 5th Business Day after the Conversion Date
      - For all other repurchases, by the 5th Business Day after the repurchase date as reported in your repurchase reporting, and no later than the 30th day from the date of our repurchase notification or approval of your request

(b) In your monthly remittance you must remit the monthly, non-exception interest or any reinstatement interest due us as of the *accounting cycle cutoff* in which you repurchased the Mortgage based on the *remittance due date*

3. If you transferred the property to REO, you must submit the proceeds to us **(see Directory 6)** with a copy of the repurchase letter and a copy of the Single-Family Servicing All-In Economic Gain/Loss Calculation that we send to you within 30 days following the date of our letter requiring or approving the repurchase

4. Do not report or remit funds on this Mortgage in future cycles

78.21: Introduction (09/15/10)

The loan-level transaction is what we call the monthly reporting of each *active* and *inactive* Mortgage you service for us. The loan-level transaction includes reporting monthly net yield interest, principal reductions and principal increases due to Negative Amortization.

Principal reductions include curtailments and Negative Amortization decreases since the previous month's cutoff, Scheduled Principal and prepaid Scheduled Principal. Refer to Exhibit 60, Loan-Level Data Reporting Description, Exhibit 61, Interest and Principal Due Freddie Mac, and Exhibit 66, Determining Borrower's Scheduled Principal Payments, for what you must report and how to calculate the remittance due us.

In the following section we will provide you with requirements for reporting and remitting on monthly *non-exception* and certain *exception* activities.

78.22: Monthly reporting and remitting requirements (10/20/08)

You must submit the following to us monthly by the 5th Business Day after the *accounting cycle cutoff*:

1. The *reporting status* and any activity for each Mortgage you service for us via the loan-level transaction via one of the reporting media described in Section 76.17
2. Form 1100, Supplemental Report of Curtailments for Super ARC, if applicable

(See Section 78.33 for specific requirements about submitting Form 1100.)

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Servicing Note:

If you transmit your monthly reporting prior to the *accounting cycle cutoff*, we will consider it a test transmission rather than monthly reporting and may not process your data.

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You must remit funds due us via our automated cash remittance system so they are available to us by the contract specified *remittance due date*, or if not specified, by the 3rd Business Day after the *accounting cycle cutoff*.

Failure to comply with our reporting and remitting requirements will result in the assessment of fees and penalties as set forth in Sections 78.46 through 78.49.

78.22.1: Quarterly reporting and remitting requirements (04/25/06)

You must submit Form 1071, Supplemental Accounting Report of SCRA Mortgages, if applicable, to us **(see Directory 3)** quarterly in March, June, September and December by the 5th Business Day after the *accounting cycle cutoff*. Refer to Section 78.33 for specific requirements about submitting Form 1071.

78.23: Monthly remittance cycles (04/25/06)

The remittance cycle, sometimes called the remittance option, determines the due date for remitting monthly principal and interest due to us. The *remittance due date* varies according to the remittance cycle the Seller selected at the time we purchased the Mortgage. The Funding Detail Report; Form 15/A/C, Loan Purchase Statement; or the Transfer of Servicing records referenced in Section 56.8 indicates the remittance cycle. Refer to Exhibit 6, Matrix of Remittance Cycle Options.

The following chart summarizes the various remittance cycles, which are available under the Cash, Guarantor and MultiLender Swap programs.

If the Remittance Cycle is:	**Then Funds Must be Available to Us by the:**	**And You Must Remit the Following Funds for all *Active* Mortgages:**
Super Accelerated Remittance Cycle (super ARC)	Contract-specified day between and including the 1st and 15th days of the month	Scheduled net yield interest Scheduled principal Previous cycle's curtailments

Accelerated Remittance Cycle (ARC)	Contract-specified Business Day, or if not specified, by the 3rd Business Day after the *accounting cycle cutoff*	Scheduled net yield interest (including interest due on reinstated Mortgages) Actual principal reduction
Gold	3rd Business Day after the *accounting cycle cutoff*	
Original	lst Tuesday of the month following the *accounting cycle cutoff*	
First Tuesday	lst Tuesday of the month following the *accounting cycle cutoff*	

78.24: Remittance due dates (06/30/97)

You must make all funds due to us available for our use by the *remittance due date*. If the *remittance due date* is on a non-Business Day, the funds must be available to us on the preceding Business Day. If the preceding Business Day is in a different calendar month, then the remittance must be available to us on the 1st Business Day after the original *remittance due date*. Refer to Section 78.11 for availability of remittances.

78.25: Monthly reporting and remitting (10/20/08)

You must report the following to us monthly by the 5th Business Day after the *accounting cycle cutoff*:

1. All *non-exception activities* for all *active* Mortgages
2. *Exception activities* listed in the chart below
3. The *reporting status* of all *inactive* Mortgages

You must remit to us monthly via our automated cash remittance system the *non-exception activity* for all *active* Mortgages according to the *remittance due date*. For an *inactive* Mortgage no remittance is due in the cycle following the cycle in which you inactivated the Mortgage. See Section 78.26 for information on inactivating a Mortgage.

Refer to Section 78.11 for specific requirements about when funds must be available to us and to Section 56.6 for initial reporting and remitting requirements on Transfers of Servicing. Refer to Sections 77.19 through 77.22 for information on our automated cash remittance system.

The following chart summarizes the *remittance due dates* for the *exception activity* you must remit to us monthly:

Activity	**Description**	**Remit funds so that they are available to us by the...**
Inactivation	The process of suspending the remittance of funds for a Mortgage in foreclosure	*Remittance due date*
Newly funded Mortgage	A Mortgage that was sold to us during the current accounting cycle	
Reinstatement	A Mortgage that you inactivated during a previous accounting cycle that the Borrower has partially or fully reinstated, or for which you have completed a loan modification	
Principal balance correction	A Mortgage on which the ending UPB is higher than the beginning UPB for a reason other than negative amortization	
Deed-in-lieu of foreclosure	A Borrower's voluntary conveyance of clear title to the property with our approval in exchange for a discharge of debt	No funds are due if the Mortgage was *inactive*. You must take a credit for the interest you advanced for the delinquent Mortgage on the contract specified *remittance due date*. If the Mortgage was *active*, remit any interest due us by the contract specified *remittance due date*, or if not specified, by the 3rd Business Day after the *accounting cycle cutoff*.
FHA/VA foreclosure	A property that did not sell at the foreclosure sale for which you have filed a claim with FHA/VA	
Transfer to Real Estate Owned (REO)	A property we acquired through foreclosure	

78.26: Inactivation (09/15/10)

Inactivation is the process you may complete to suspend remitting funds to us for a Mortgage in foreclosure. You may inactivate a Mortgage after you have notified us that you have initiated foreclosure. You may not inactivate a Mortgage that is accounted for under the Timely Principal and Interest program.

You must notify us of the initiation of foreclosure through an Electronic Default Reporting (EDR) transmission no later than the third Business Day of the month following the month in which you initiated foreclosure. You may inactivate the Mortgage for the next accounting cycle following the EDR notification. Inactivate the Mortgage effective as of the first day of the month following the month in which you initiated foreclosure. (Refer to Section 64.10 for information on EDR.)

You must complete the following steps to inactivate a Mortgage in foreclosure:

1. Report the *inactive reporting status* and the monthly interest due us by the fifth Business Day after the *accounting cycle cutoff*.
2. Remit the monthly interest due us via our automated cash remittance system by the *remittance due date*. You must remit because the Mortgage was *active* as of the previous *accounting cycle cutoff.*

Once you have inactivated the Mortgage, you must report it to us monthly as non-exception activity with zero principal and zero interest due. You must continue to report it in this manner until the Mortgage is reactivated by a full or partial reinstatement, paid off, sold at foreclosure sale or transferred to REO.

78.27: Newly funded mortgage (09/15/10)

A newly funded Mortgage is a Mortgage sold to us during the current accounting cycle. The Funding Date and the Mortgage balance at the end of the accounting cycle determine when you must report a newly funded Mortgage. You must comply with the requirements of Section 77.34 regarding the initial reporting of and remitting for a newly funded Mortgage.

You must complete the following steps to report and remit a newly funded Mortgage:

1. Report the newly funded Mortgage to us by the fifth Business Day after the *accounting cycle cutoff* (Refer to 77.34)
2. Remit the one month's non-exception interest and any principal due us via our automated cash remittance system by the *remittance due date*
3. Continue to report and remit monthly

78.28: Reinstatement (09/15/10)

Reinstatement is the process of restoring a delinquent Mortgage or a Mortgage in foreclosure to current status. A full reinstatement requires full payment of all past-due amounts. A partial reinstatement requires partial payment of past-due amounts. You must comply with the requirements as specified in Sections A65.5 through A65.11 regarding full and partial reinstatements.

(a) Full reinstatement of a Mortgage in foreclosure

If you have previously notified us via an EDR transmission of the initiation of foreclosure, you must notify us of the full reinstatement through an EDR transmission no later than the third Business Day of the month following the month in which you accepted the reinstatement funds.

You must complete the following steps to report and remit when you fully reinstate a Mortgage in foreclosure:

1. Report the reinstatement to us by the fifth Business Day after the *accounting cycle cutoff* following the reinstatement
2. Remit the full amount of delinquent interest and any principal due us via our automated cash remittance system by the *remittance due date*
3. Report and remit on this Mortgage as *non-exception activity* in future cycles, unless the reinstatement resulted in a payoff

(b) Partial reinstatement of a Mortgage in foreclosure

If you have previously notified us via an EDR transmission of the initiation of foreclosure, you must notify us of the partial reinstatement through an EDR transmission no later than the third Business Day of the month following the month in which you accepted the partial reinstatement funds.

You must complete the following steps to report and remit when you partially reinstate a Mortgage in foreclosure:

1. When you partially reinstate a Mortgage in foreclosure, you have a choice of one of the following accounting methods. We will call you to confirm the partial reinstatement and which of the two following reporting methods you chose:

   Net yield

   a. You must advance the total amount of delinquent interest needed to fully reinstate the Mortgage
   b. Report the reinstatement to us by the fifth Business Day after the *accounting cycle cutoff*
   c. Remit the full amount of delinquent interest and any principal due us via our automated cash remittance system by the *remittance due date*

d. Report and remit on this Mortgage as *non-exception activity* in future cycles

Alternate method

a. To use this option, you must convert the Mortgage to the alternate method of accounting reporting on our system. Report the reinstatement to us by the fifth Business Day after the *accounting cycle cutoff*. When you report the partial reinstatement, you may also recover the interest you previously advanced to us by netting the amount against the Borrower's initial and partial payments under the repayment plan.

b. Remit the Borrower's initial principal and interest payment under the repayment plan to us via our automated cash remittance system by the *remittance due date*

c. During the repayment plan, you must report and remit to us using the alternate method of accounting reporting only when you have collected one or more of the Borrower's full monthly payments

d. Once the Mortgage is current, report and remit funds to us using the original accounting method for the Mortgage

When you choose to report a partial reinstatement of a Mortgage in foreclosure using the alternate method of accounting reporting, and the Mortgage was sold to us under the fixed-rate Guarantor or MultiLender Swap programs for which you selected the super ARC alternative, the remittance cycle for the Mortgage will be converted to the Gold or ARC remittance cycle during the repayment plan.

78.29: Principal balance correction (12/18/08)

If you report an erroneous principal reduction amount, you must comply with the following requirements:

(a) Understated principal reduction

If you understate a principal reduction for an accounting cycle, you must adjust the amount of the understatement on the following accounting cycle's loan-level transaction by increasing the amount of total principal reduction.

(b) Overstated principal reduction

If you overstate the principal reduction for a given Mortgage by $3,000 or less, you may adjust the principal balance in the following accounting cycle's loan-level transaction. This will result in an increase in the unpaid principal balance (UPB) of that Mortgage, which we refer to as negative principal reduction. A negative principal reduction occurs when the UPB of a Mortgage is increased during the

accounting cycle for reasons other than Negative Amortization. (Refer to Exhibit 61, Interest and Principal Due Freddie Mac.)

If the overstatement of principal reduction is more than $3,000, you must contact us to discuss correction options (**see Directory 7**). One of the options is that we may require you to repurchase the Mortgage.

Reporting a principal balance correction does not guarantee our approval. You may confirm the processing of the UPB adjustment on the Loan Reconciliation Difference Report or by contacting us **(see Directory 7)**. Refer to Sections 78.41 and 78.43 for details on these reports. If we process the principal balance adjustment, there are no special reporting and remitting requirements for future cycles. If we do not process the principal balance correction, contact us for reporting and remitting instructions for future cycles.

78.30: Deed-in-lieu of foreclosure (10/20/08)

A deed-in-lieu of foreclosure is a Borrower's voluntary conveyance of clear title to the property in exchange for a discharge of debt. You must comply with the requirements of Sections B65.42 through B65.48 regarding a deed-in-lieu of foreclosure.

You must notify us of a deed-in-lieu of foreclosure by the 1st Business Day after receiving the executed deed through a Foreclosure Sale/DIL transmission via MIDANET®.

You must complete the following steps to report and remit a deed-in-lieu of foreclosure:

1. Remit any Borrower contributions to us **(see Directory 5)** by check by the 5th Business Day after receipt of the funds
2. Report the Mortgage as a Transfer to REO by the 5th Business Day after the *accounting cycle cutoff*
3. There is no additional remittance due us and:

    (a) If the Mortgage was *inactive* as of the previous *accounting cycle cutoff*, on the *remittance due date*, you must take a credit calculated from the Due Date of Last Paid Installment (DDLPI), up to but not including the month you inactivated the Mortgage, for the interest you advanced for the delinquent Mortgage

    (b) If the Mortgage was *active* as of the previous *accounting cycle cutoff*, on the *remittance due date*, you must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff*, for the interest you advanced for the delinquent Mortgage.

4. Do not report or remit funds on this Mortgage for future cycles

78.31: FHA/VA foreclosure (10/20/08)

An FHA/VA foreclosure occurs when you foreclose on a Mortgage insured by the FHA or guaranteed by the VA and the property is not sold to a third party at the foreclosure sale. You must comply with the requirements of Chapter 66, Foreclosure, and Section 70.3 regarding FHA/VA foreclosures.

You must notify us of the foreclosure sale by the 1st Business Day after the completion of the foreclosure sale through a Foreclosure Sale/DIL transmission via MIDANET®.

You must complete the following steps to report and remit for an FHA/VA foreclosure when the property has not been sold to a third party:

1. Report the Mortgage as an FHA/VA foreclosure by the 5th Business Day after the *accounting cycle cutoff*
2.
   (a) If the Mortgage was *inactive* as of the previous *accounting cycle cutoff*, on the *remittance due date*, you must take a credit calculated from the DDLPI up to but not including the month you inactivated the Mortgage, for the interest you advanced for the delinquent Mortgage
   (b) If the Mortgage was *active* as of the previous *accounting cycle cutoff*, on the *remittance due date* you must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff*, for the interest you advanced for the delinquent Mortgage

3. Do not report or remit funds on this Mortgage in future cycles

78.32: REO (10/20/08)

A transfer to REO occurs when we are the successful bidder at the foreclosure sale and we acquire the property. You must comply with the requirements of Sections 66.56 through 66.58, Chapter 70, REO, and Section 55.3 regarding the submission on our behalf of Internal Revenue Service Form 1099-A, Acquisition or Abandonment of Secured Property.

You must notify us of the foreclosure sale by the 1st Business Day after the completion of the foreclosure sale through a Foreclosure Sale/DIL transmission via MIDANET®.

You must complete the following steps to report and remit for a REO:

1. You must report the transfer of the property to REO as follows:

(a) If the foreclosure sale occurs between the 1st and the 15th of the month, you must report the transfer of the property to REO by the 5th Business Day after the *accounting cycle cutoff*
(b) If the foreclosure sale occurs on or after the 16th of the month, you must report the transfer of the property to REO by the 5th Business Day after the following month's *accounting cycle cutoff*

2.
(a) If the Mortgage was *inactive* as of the *accounting cycle cutoff* prior to the foreclosure, on the *remittance due date*, you must take a credit calculated from the DDLPI up to but not including the month you inactivated the Mortgage, for the interest you advanced for the delinquent Mortgage
(b) If the Mortgage was *active* as of the *accounting cycle cutoff* prior to the foreclosure, on the *remittance due date* you must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff* for the interest you advanced for the delinquent Mortgage

3. Do not report or remit funds on this Mortgage in future cycles

78.33: Additional monthly reporting requirements (09/15/10)

In addition to the loan-level transaction you must transmit to us each month, you must also submit the following reports, if applicable:

(a) Form 1100, Supplemental Report of Curtailments for Super ARC

We require you to submit this paper form to us **(see Directory 7)** monthly, by the fifth Business Day after the *accounting cycle cutoff*, to report curtailments for all Mortgages sold to us under the super accelerated remittance cycle (super ARC). Refer to the reverse side of Form 1100 for instructions on how to prepare this supplemental report.

(b) Form 1071, Supplemental Accounting Report of SCRA Mortgages

We require you to submit this paper form to us **(see Directory 3)** quarterly in March, June, September and December, by the fifth Business Day after the *accounting cycle cutoff* to report all SCRA Mortgages you service for us. Refer to Chapter 82, Special Servicing and Reporting Requirements for SCRA-Capped Mortgages.

(c) Form 105, Multipurpose Loan Servicing Transmittal, as used for reporting interest rate reductions on Affordable Merit Rate® Mortgages

Within 30 days of the anniversary date on which the Borrower becomes eligible for the interest rate reduction by demonstrating a good payment history, you must send Form 105 to us **(see Directory 3)** reporting the following new terms of the Affordable Mortgage Rate Mortgage by completing these fields in Part C of the form:

1. Original Note Rate
2. Reduced Note Rate
3. New Principal & Interest Pmt.
4. Effective Date of Rate Reduction

Refer to the Affordable Merit Rate Note Rider, Freddie Mac Uniform Instrument, Form 3194, and the Addendum, Freddie Mac Uniform Instrument, Form 3294, for definitions of the anniversary date and good payment history.

We purchase Affordable Merit Rate Mortgages as a product requiring that the Servicer meet certain requirements and you must service this product according to the requirements of Section 51.11(c).

78.34: Introduction (10/20/08)

We will process the data you transmit, compare the data daily against our database, and notify you of any discrepancies on the Edit Reports within three Business Days. You are responsible for ensuring the accuracy of the data you submit to us, correcting any errors and making any needed adjustments.

78.35: Daily edit reports (12/18/08)

We will provide you the following edit reports through MIDANET® and Investor Accounting Manager℠ at **http://www.freddiemac.com/singlefamily/service/tools.html**:

1. Freddie Mac Edits to be Cleared Report
2. Freddie Mac System Cleared Edits Report
3. Loan Level Missing Report

You will need a secure User ID and password to retrieve these reports via Investor Accounting Manager. You may request access to Investor Accounting Manager on the Freddie Mac web site.

78.36: Freddie Mac Edits to be Cleared Report (05/01/98)

This daily report identifies loan-level transaction edits that prevent us from processing transactions you have reported. You must take immediate action to resolve the edit errors and transmit revised transactions to us.

78.37: Freddie Mac System Cleared Edits Report (12/18/08)

This daily report identifies loan-level transaction edits that our system changed and continued processing. You must determine the cause of the edit and take action by the next *accounting cycle cutoff* to prevent the edit from recurring in future accounting cycles. You should also revise the system-cleared edit in order to prevent it from negatively impacting your Servicer Performance Profile.

78.38: Loan-Level Missing Report (12/18/08)

We will provide you this report between the *accounting cycle cutoff* and month-end. This report identifies Mortgages missing from your monthly loan-level transactions. This includes a Mortgage:

1. That you did not report to us
2. With unresolved edits on the Edits to be Cleared Report
3. Reported to us with an invalid Freddie Mac loan number
4. For which we received a transaction, but the Mortgage was rejected by our system

We generate this report only after we process 75% of the loan-level transactions for Mortgages you service for us. Once the 75% reporting threshold is met, we will provide this report daily until we close our monthly accounting cycle. You must analyze this report and ensure that any Mortgage due to be reported to us is reported by the 5th Business Day after the *accounting cycle cutoff*.

78.39: Introduction (12/18/08)

We will provide you various monthly reports that you must use to reconcile the amounts reported and remitted to us to the Principal and Interest Custodial Account.

78.40: Monthly reports (12/18/08)

We provide three reports each month for you to use to reconcile reported activity and remittances for the Mortgages you service for us:

1. Loan Reconciliation Difference Report
2. Monthly Account Statement (MAS)
3. Detailed Adjustment Report

The Loan Reconciliation Difference Report and the MAS are available through MIDANET for the PC® and through Investor Accounting Manager℠ (IAM) at **http://www.freddiemac.com/singlefamily/service/tools.html**. The Detailed Adjustment Report is only available through IAM. You will need a secure User ID and password to retrieve these reports via IAM. You may request access to IAM on the Freddie Mac web site.

We will provide a preliminary version and a final version of these reports. See Section 78.44 for additional information.

78.41: Loan Reconciliation Difference Report (12/18/08)

We will provide you the final Loan Reconciliation Difference Report through MIDANET® and through Investor Accounting Manager℠ at the end of the calendar month. (See Section 78.44 for information on receiving a preliminary Loan Reconciliation Difference Report.) This report provides you with detailed information about transactions that:

1. We processed differently than you reported
2. We added manually
3. You reported as revisions that we did not process
4. You reported as revisions that we did process
5. You reported more than once during the accounting cycle
6. You reported with an invalid Freddie Mac loan number
7. You reported on Mortgages belonging to another Servicer

The differences identified on this report may be outstanding items on your Principal and Interest Custodial Account reconciliation or adjustments that you need to make to your cash remittance.

78.42: Monthly Account Statement (MAS) (12/18/08)

We will provide you the final Monthly Account Statement (MAS) through MIDANET® and through Investor Accounting Manager℠ by the end of the calendar month. This report summarizes the total amount due to us as of the *accounting cycle cutoff*. (See Section 78.44 for information on receiving a preliminary MAS.)

The ending balance on the MAS includes principal and interest due us, remittances you have made and adjustments. The ending balance is your total liability to us as of the *accounting cycle cutoff*.

You must reconcile the ending balance to the Principal and Interest Custodial Account balance using Form 59, Principal and Interest Custodial Account Reconciliation Worksheet—Monthly Account Statement, in accordance with our requirements listed in Sections 79.16 through 79.20. If you disagree with the ending balance on the MAS you must notify us in writing within 90 days of the *accounting cycle cutoff* **(see Directory 7)**, or contact (800) FREDDIE.

78.43: Detailed Adjustment Report (12/18/08)

We will provide you the Detailed Adjustment Report through Investor Accounting Manager℠ at the end of the calendar month. This report itemizes all adjustments posted to your Monthly Account Statement (MAS) for fees, adjustments to principal and interest and other billings for the *accounting cycle cutoff*. (See Section 78.44 for information on receiving a preliminary Detailed Adjustment Report.)

78.44: Reports to reconcile monthly activity (12/18/08)

We will provide preliminary and final versions of the reports listed in Section 78.40 as follows:

(a) Preliminary

If you report and resolve all data discrepancies prior to the close of our monthly reporting cycle, the preliminary Loan Reconciliation Difference Report and Monthly Account Statement (MAS) will be available through Investor Accounting Manager℠ (IAM) at **http://www.freddiemac.com/singlefamily/service/tools.html**. You may also request these preliminary reports by contacting us **(see Directory 7)** and we will transmit these reports to you the next Business Day through MIDANET® for the PC. A preliminary Detailed Adjustment Report is available in IAM on a daily basis.

You may use the preliminary reconciliation reports to begin reconciling your monthly Mortgage activity and Principal and Interest Custodial Account, or use them to make revisions to your loan-level transactions.

(b) Final Reports

After we close our monthly accounting cycle, we will provide you the final MAS and the Loan Reconciliation Difference Reports through MIDANET and IAM.

We will provide the final Detailed Adjustment Report to you through IAM at the end of the calendar month.

Use these reports to reconcile your investor reporting and your Custodial Account activity for the month in accordance with Chapter 79, Managing Custodial Accounts.

78.45: Seller/Servicer Remittance Analysis (12/18/08)

We will provide you a preliminary Seller/Servicer Remittance Analysis on a daily basis and a final one at the end of the calendar month through Investor Accounting Manager℠ at **http://www.freddiemac.com/singlefamily/service/tools.html**. The analysis summarizes the remittances we received from you during an accounting cycle via our automated cash remittance system, wires and checks (except for REO-related checks), the amounts that were due, and any overages or shortages. Shortages will result in the assessment of an interest reimbursement fee that appears on the monthly Performing Loans Servicer Billing Statement. Refer to Exhibit 69, Seller/Servicer Remittance Analysis.

If you find an error in the Seller/Servicer Remittance Analysis, you must:

1. Notify us in writing **(see Directory 7)**, and
2. Provide us with the necessary documentation to substantiate your claim
3. Provide us with any additional documentation to continue our research, if necessary, within 30 days of our request

If you report an error to us and our research confirms that an error was made, we will:

1. Make a single balance adjustment to correct the error on the current Seller/Servicer Remittance Analysis. We will also include this adjustment on the "Adjustment to Balance Due Freddie Mac" line on your most recent Monthly Account Statement.
2. Revise the current Seller/Servicer Remittance Analysis as necessary
3. Recalculate any late remittance interest reimbursement fees, if necessary. Waiver of interest reimbursement fees is at Freddie Mac’s discretion.

We may charge you a fee to research or reconstruct our records according to our requirement in Section 78.51. If you elect for us to research or reconstruct our records, you must provide us with any requested documentation we deem necessary to resolve the error within 30 days of our request.

78.46: Introduction (04/25/06)

Your failure to comply with our requirements for reporting and remitting constitutes a violation of the Purchase Documents and the contractual obligations of the Guide. In addition to any other remedies we may have at law or in equity, you are subject to the assessment of fees and/or penalties for any violations.

We will charge you a noncompliance penalty for your failure to comply with our Servicing reporting requirements contained in Section 55.1 or the accounting reporting time requirements contained in this chapter. Servicing reporting and accounting reporting noncompliance penalties are each monitored and assessed separately.

We will charge you an interest reimbursement fee based upon the amount of the late remittance if you do not remit in accordance with our requirements. The interest reimbursement fee is in addition to other remedies that may be available to us. Exhibits 69A and 69B, illustrates an interest reimbursement statement.

You will receive written notification of all fee and penalty assessments. We reserve the right to revise our fee and penalty schedules and change our methods of calculating fees and penalties at any time at our sole discretion. You may direct any questions regarding the assessment of accounting reporting fees or penalties to us **(see Directory 7)**.

You must submit a Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH), to the address on the form in accordance with the requirements of Section 76.23. This form will authorize us to initiate an ACH draft, and designates an account from which we will collect any fees and penalties for which we may bill you on the Performing Loans monthly Servicer billing statement.

78.47: Reporting noncompliance penalties (04/01/02)

We assess a penalty when you fail to comply with our Servicing reporting requirements for the reports listed in Section 55.1 or with our accounting reporting requirements contained in this chapter and Sections 76.26 through 76.27.

If you commit more than one type of reporting offense within an accounting cycle you may be subject to more than one reporting noncompliance fee.

You will be subject to a noncompliance penalty for your failure to:

1. Submit complete and accurate Servicing reports, including the submission of processable loan-level data within the required time frame
2. Report mandated data elements, such as the Last Payment Received Date (LPRD) or other fields as listed in Exhibit 60, Loan-Level Reporting Data Description
3. Provide information to us that we requested that is not a part of the regular monthly reporting requirements of this chapter, or if you do provide such requested information late or if it is unusable

We will notify you in writing of all instances of noncompliance. We assess noncompliance penalties using the escalating scale shown below based on the number of noncompliance violations you commit in any consecutive 12 month period.

IF the noncompliance violation within a consecutive 12-month period is your...	**THEN the noncompliance penalty is...**	**AND/OR you...**
First	$250	
Second	$550	May be required to attend a training reporting seminar
Third	$1000	

Additional violations after the third violation will also result in the assessment of a $1000 noncompliance penalty for each violation during the remainder of the 12-month period starting with the month in which the first violation occurred. In addition to the monetary fees, beginning with the second violation, we may require that you attend training. We reserve the right to invoke additional remedies, including suspension or disqualification as a Seller/Servicer or a termination of Servicing.

We will submit an ACH draft transaction for all reporting noncompliance penalties you owe us on the last Business Day of the month in which you received the Performing Loans monthly Servicer Billing Statement from us stating the amount of the penalties. Refer to Section 76.23 for information on establishing the ACH draft.

78.48: Data errors penalty (04/01/02)

We may assess a $250 penalty for each accounting cycle in which there are unresolved loan-level reporting errors that appear on the Loan Reconciliation Difference Report 90 days or more category.

We will submit an ACH draft transaction for all data error penalties you owe us on the last Business Day of the month in which you received the Performing Loans monthly

Servicer Billing Statement from us stating the amount of the penalties. Refer to Section 76.23 for information on establishing the ACH draft.

78.49: Late reported payoff noncompliance fee (07/16/10)

We assess this fee when you fail to report a paid off Mortgage by the fifth Business Day of the month following the month in which you receive the funds. This fee is equal to one month's interest based on the net yield for each loan that you report late. We may assess this fee in addition to fees or penalties contained in this chapter.

We may assess a late reported payoff fee if you fail to report the payoff of a matured Mortgage in accordance with Section 76.21.

We will submit an ACH transaction for all late reported payoff noncompliance fees you owe us on the last Business Day of the month in which you received the Performing Loans monthly Servicer Billing Statement from us indicating the amount of the fee. Refer to Section 76.23 for information on establishing the ACH draft.

78.50: Late remittance interest reimbursement fee (10/28/09)

We assess this fee when you fail to comply with the required remittance procedures contained in this chapter. If your remittance funds are not available to us by the *remittance due date*, we will assess an interest reimbursement fee. Exhibit 69, Seller/Servicer Remittance Analysis, illustrates a Seller/Servicer Remittance Analysis with an interest reimbursement assessment.

We calculate this fee by multiplying the amount of the remittance shortage by the highest quoted prime rate printed on the 1st Business Day following the 15th of each month in the print edition of *The Wall Street Journal* in its regular column entitled "Money Rates" plus 3%. If the prime rate is not published, then we will determine the charge.

The amount of the late remittance and the number of days that the remittance is late, based on a 365-day year, determines the amount of the interest reimbursement fee due to us. There is a minimum charge of $50 on any late remittance. For purposes of calculating the charge, we use the rate described above for any late remittances occurring between the first day after the *accounting cycle cutoff*, up to and including the following *accounting cycle cutoff*.

We will submit an ACH draft transaction for all late remittance interest reimbursement fees you owe us on the last Business Day of the month in which you receive the

Performing Loans monthly Servicer Billing Statement stating the amount of the fee. Refer to Section 76.23 for information on establishing the ACH draft.

78.51: Contract noncompliance and contract change fees (10/01/09)

We may assess contract noncompliance fees based on the circumstances listed below.

We will submit an ACH draft transaction for all contract noncompliance and contract change fees you owe us on the last Business Day of the month in which you received the Performing Loans monthly Servicer Billing Statement from us stating the amount of the fee. Refer to Section 76.23 for information on establishing the ACH draft.

(a) We may assess a fee of $100 per Mortgage per occurrence when we:

1. Perform database changes to correct your error
2. Produce reports to reconstruct your records
3. Process the database changes necessary to complete an approved waiver to the Guide or contract terms

If we process the same contract noncompliance change for 100 or more loans in your portfolio, we will limit your fee for that particular occurrence to $10,000.

We may require you to pay an hourly rate when we conduct research of our records at your request. We may also assess a fee for producing reports to fulfill your request to research or reconstruct errors.

We will exempt Mortgages included in a Subsequent Transfer of Servicing from this fee for 90 days following the Effective Date of Transfer to allow you time to complete your due diligence efforts. To avoid errors, the Transferee Servicer's due diligence efforts should include, but not be limited to, reviews of:

1. Reports and data that confirm and support the information that the Transferor Servicer provides
2. Pertinent reports prepared by internal or external auditors, including any recently completed Freddie Mac audit
3. Our Servicer Performance Profile for the Transferor Servicer

(b) We will assess a fee of $100 per Mortgage or transaction for each fee type up to a maximum of $10,000 per fee type per billing cycle and bill you through the Performing Loans monthly Servicer Billing Statement, in the following instances:

1. Late Disposition — You fail to report a disposition code on a Balloon/Reset Mortgage by 4:30 p.m. Eastern time on or before the 44th calendar day prior to

the Balloon Maturity Date. If the 44th calendar day prior to the Balloon Maturity Date is a non-Business Day, then you must report the disposition code by 4:30 p.m. Eastern time on the next Business Day. Refer to Section 83.47 for additional requirements.

2. Late Document Delivery — Freddie Mac (**see Directory 9**) receives the fully completed Form 1034B, Custodial Certification Schedule, executed by the Document Custodian later than 10 calendar days after the Balloon Maturity Date

3. Late Reset

   (a) You will be assessed a late fee if we do not receive the completed and fully executed Form 1034B in sufficient time for us (**see Directory 9**) to record the certification by the second Business Day prior to the *accounting cycle cutoff* in the month following the Balloon Maturity Date

Refer to Section 83.103 for additional information.

78.52: Freddie Mac resources available (10/20/08)

The following are additional resources related to the topics in this chapter:

1. Investor Reporting EDI Implementation Guide
2. Publication 212, *Servicing Maturing Balloon/Reset Mortgages Manual*
3. Exhibit 6, Matrix of Remittance Cycle Options
4. Exhibit 60, Loan-Level Reporting Data Description
5. Exhibit 61, Interest and Principal Due Freddie Mac
6. Exhibits 62, 63, and 64, Interest Calculation: Amortization Method
7. Exhibit 66, Determining Borrower's Scheduled Principal Payments
8. Exhibit 68, Cash Remittance System
9. Exhibit 69, Seller/Servicer Remittance Analysis
10. Exhibit 82, Electronic Default Reporting Transmission Code List
11. Exhibit 87, Servicer Education Resources
12. Exhibit 88, Servicing Tools

You may also call (800) FREDDIE for further information.

Chapter 79: Managing Custodial Accounts

79.1: Introduction (06/30/97)

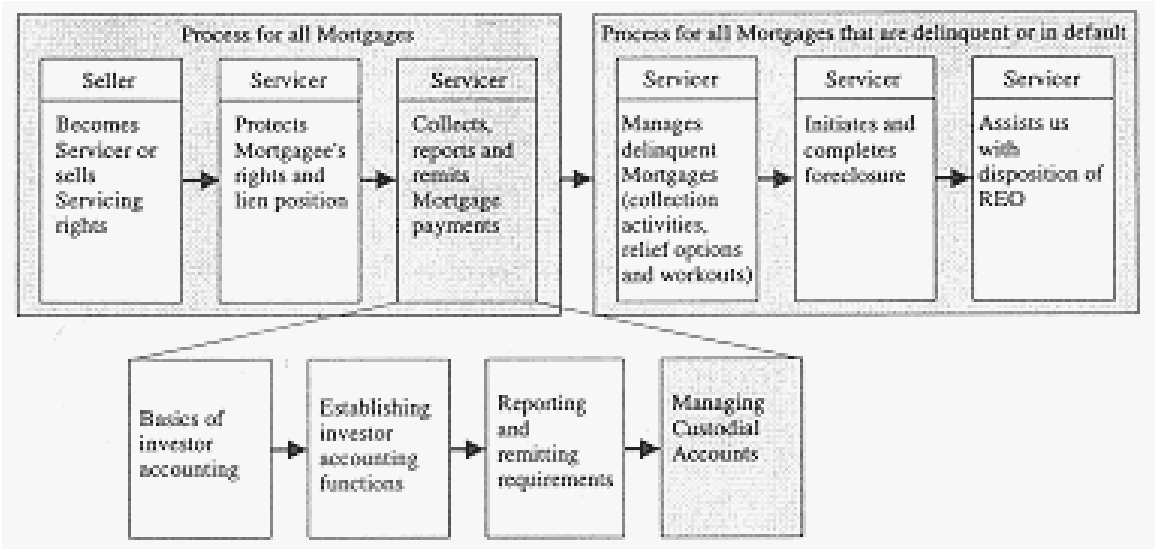
Chapter 76, Basics of Investor Accounting, and Chapter 77, Establishing Investor Accounting Functions, provide you with our requirements to begin your investor reporting to us. Chapter 78, Reporting and Remitting Requirements, provides you with our requirements on how to report Mortgage activity and remit our funds to us. This chapter explains what we require to ensure that you use sound accounting principles and that your administrative practices meet our standards and your investor reporting systems are in balance with ours.

Managing Custodial Accounts completes the cycle of your investor accounting responsibilities. These responsibilities include complying with our administrative and reconciliation requirements for Custodial Accounts. Administering and reconciling the Custodial Accounts is important because you are responsible for protecting our interests as well as the Borrower's.

Administering Custodial Accounts includes our requirements for recordkeeping, investing funds, monitoring depository eligibility and conditions for changing or transferring your Custodial accounts. Reconciling Custodial Accounts includes our requirements for identifying and correcting differences between your records and ours.

79.2: Process flow (06/30/97)

You will find in this chapter the requirements necessary for administering and reconciling the Custodial Accounts associated with our Mortgages. Managing Custodial Accounts occurs in the part of the Mortgage Servicing cycle represented by the third box in the following process flow. This process flow gives you a general overview of the process for Custodial Account administration and reconciliation that completes the cycle of your investor accounting responsibilities. Refer to the requirements in this chapter for more details.



79.3: Chapter contents (06/30/97)

Topic	Section(s)
Administering Custodial Accounts	79.6-79.15
Reconciling Custodial Accounts	79.16-79.25

79.4: Definitions (06/30/97)

We define the following terms used throughout this chapter in the Glossary:

- Business Day
- Custodial Account
- Eligible Depository
- Escrow
- Escrow Custodial Account
- Escrow Funds
- Minimum Gross Yield
- Principal and Interest Custodial Account
- Principal and Interest Disbursement Clearing Custodial
- Account
- Seller/Servicer
- Time Deposit

79.5: Our rights (06/30/97)

We reserve the right to:

1. At our sole discretion, request that you submit copies of Custodial Accounts and/or related Time Deposit records, such as bank account statements, detailed trial balances and completed reconciliations, as well as supporting documentation for such records

2. Assess penalties and/or seek repayment of losses sustained due to errors, omission or delays by you in complying with the requirements of this chapter

79.6: Introduction (06/30/97)

Once you have opened the Custodial Accounts you are responsible for their proper maintenance. In order for you to accomplish this task, you must comply with our specific requirements for maintaining accurate records and monitoring the accounts.

Maintaining the funds and monitoring the eligibility of the depository at which you maintain the Custodial Accounts is necessary to protect our interests. To meet these requirements you may find it necessary to change the depository in which the Custodial Accounts are held. We allow you to control these accounts within the scope of the requirements specified in this chapter.

This section contains the requirements you must meet to fulfill your responsibilities to us regarding maintenance of these accounts.

79.7: Custodial Account recordkeeping requirements (06/30/97)

You must, at all times, maintain records for each Custodial Account in which we have an interest that accurately reflect the following information:

1. Designating the accounts in accordance with the requirements of Section 77.11
2. Account numbers
3. The amounts of Principal and Interest Payments and Escrow Funds deposited for each Mortgage
4. The dates on which funds were deposited
5. Supporting documentation of all deposits to and withdrawals from a Custodial Account
6. Our vested and ascertainable interest in funds deposited into each Custodial Account

79.8: Investing Custodial Account funds (06/30/97)

You may invest funds deposited into any of our Custodial Accounts as a Time Deposit or in federal funds. You may retain any interest earned on funds invested. Such investments must:

1. Contain only our funds from one type of Custodial Account. You may not commingle funds from more than one type of Custodial Account or funds from any other source.
2. Be held at an Eligible Depository for that type of Custodial Account in accordance with the requirements of Sections 77.9 through 77.12(a) or 77.12(b)
3. Mature within 7 days of the date of the deposit
4. Mature prior to any date on w hich you must use the funds for remitting to us, disbursing the payment of an Escrow item, or applying buydown funds to a payment not to exceed 7 days from the date of the deposit

Prior to remitting or disbursing, you must redeposit invested Custodial Account funds to their original Custodial Account so that they are available for remitting to us, disbursing Escrow payments or applying buydown funds to the Borrower's payment.

79.9: Maintaining the Principal and Interest Custodial Account balance (08/20/09)

You must ensure that funds are available for remittances due to us. If the funds available in a Principal and Interest Custodial Account are less than the remittance due to us on that remittance date, you must advance your funds so that the remittance due to us is made in full. You must maintain a positive daily balance in your Principal and Interest Custodial Account(s).

You may recover any funds you advanced for the remittance of delinquent net yield interest or for remittances under the super accelerated remittance cycle (super ARC) from subsequent collections of Principal and Interest Payments.

79.10: Maintaining the Escrow Custodial Account balance (10/28/09)

You must ensure that sufficient funds are available for disbursement from the Escrow Custodial Account. If a Borrower's Escrow Funds are insufficient to pay Escrow items when due, you must advance and deposit the deficient amount into the Escrow Custodial Account before you remit the payment for the Escrow item. You must maintain a positive daily balance in your Escrow Custodial Account(s).

You may recover any Escrow advance from subsequent payments to the Escrow account of the Mortgage for which you made the advance.

79.11: Monitoring depository eligibility (06/30/97)

You must maintain all Custodial Accounts and/or related Time Deposits in an Eligible Depository at all times. You must continually monitor your depository's eligibility status to ensure it meets the requirements of Sections 77.9 and 77.10. Your obligation to transfer funds to an Eligible Depository is not dependent upon notification from us.

You may determine a depository's eligibility by subscribing at your own expense to any of the rating services referenced in Section 77.10, or by contacting us at (800) FREDDIE. In addition, you may determine a depository's ineligibility based on actual knowledge.

If you determine that your depository is no longer eligible, you must:

1. Open new Custodial Accounts and/or related Time Deposits within 30 days from the release date of the ratings that make the depository ineligible
2. Meet the requirements listed in Sections 79.14 and 79.15 for changing or transferring accounts

79.12: Our right to remove accounts from specified depositories (06/30/97)

We reserve the right to determine, at our sole discretion, that you may no longer deposit or hold Principal and Interest Payments and Escrow Funds in a particular depository. The exercise of our rights under this section means that we may expressly prohibit a Servicer from maintaining Custodial Accounts and/or related Time Deposits with a particular Eligible Depository.

If we determine that a depository no longer meets our requirements, we will give you written notice to remove the Custodial Accounts and/or related Time Deposits. You must comply with all requirements of the notice and take the following actions:

1. Close the Custodial Accounts and/or related Time Deposits within the time frame as specified in the notice
2. Open new Custodial Accounts in accordance with the requirements of Section 79.14 in an Eligible Depository other than the depository specified in the notice

If you choose to invest the Custodial Account funds in a Time Deposit at the new Eligible Depository, you must do so according to the requirements for Time Deposits in Section 79.14(a).

79.13: Your right to change or transfer accounts (06/30/97)

You may choose to change Custodial Accounts and/or related Time Deposits, or transfer them to another Eligible Depository. If you choose to do so, you must meet the requirements of Section 79.14.

79.14: Requirements for changing or transferring accounts (10/20/08)

Changes to or transfers of Custodial Accounts and/or related Time Deposits may result from any of the following circumstances:

1. The ineligibility of a depository according to the requirements of Section 79.11
2. A written notice from us to remove the account according to the requirements of Section 79.12
3. Your choice to change or transfer the account according to the requirements of Section 79.13
4. A change to the depository's name, account number or bank routing number

(a) Custodial Account and/or related Time Deposit

You must meet the requirements of Sections 77.8 through 77.12(a) or 77.12(b) to change or transfer any Custodial Account.

You must meet the requirements of Sections 77.9 through 77.12(a) or 77.12(b) and Section 79.8 to change or transfer any Time Deposit related to a Custodial Account.

(b) Remittance drafting account

In addition to meeting the requirements above, if there is any change or transfer that affects the Custodial Account you chose as a remittance drafting account, you must also:

1. Contact us **(see Directory 1)**
2. Submit the documentation required by Section 77.12(c) at least 15 Business Days before you plan to use the new account or modified bank routing instruction
3. Continue to use the existing account or bank routing instructions until we give you written authorization to use the new account or modified bank routing instructions
4. Transfer funds from the former Custodial Account to the new Custodial Account when you receive our written notice that we have processed the new remittance instructions

If we draft and funds are not available because you changed your drafting account without receiving our written authorization, you will be subject to an interest reimbursement fee as set forth in Section 78.49.

79.15: Liability for transfer costs (06/30/97)

We will not be liable to you for any costs, fees, penalties, loss of interest income or any other expenses directly or indirectly resulting from the transfer of any Custodial Account and/or related Time Deposit from one depository to another. Refer to Sections 79.11 through 79.13. This applies whether we require you, or you choose, to transfer the Custodial Account and/or related Time Deposit.

79.16: Introduction (02/16/98)

Reconciling your Custodial Accounts identifies any differences between your investor reporting and cash management systems and our records. It is important that you comply with our reconciling requirements in order to identify and correct any data errors for our Mortgages and ensure that you adequately fund the accounts.

79.17: Custodial Account reconciling requirements (02/16/98)

You must reconcile all Custodial Accounts as of the accounting cycle cutoff each month. You must:

1. Within 45 da ys of each accounting cycle cutoff, complete all Custodial Account reconciliations
2. Within 90 da ys following the respective accounting cycle cutoff, resolve any reconciling items and fund any shortages

79.18: Reconciling the Principal and Interest Custodial Account (08/20/09)

You must reconcile the total balance of the Principal and Interest Custodial Account as of the accounting cutoff to the summary total amount due us for the same accounting cycle cutoff. You must complete a consolidated reconciliation if you have more than one Principal and Interest Custodial Account, Principal and Interest Disbursement Clearing Custodial Account, or combination thereof.

We require you to use the Monthly Account Statement (MAS) to reconcile your Principal and Interest Custodial Account. The total amount due us for the accounting cycle is the ending balance on the MAS we transmit to you.

If you disagree with the ending balance or any adjustment applied to the MAS, you must notify us **(see Directory 7)** within 90 days of the accounting cycle cutoff date represented by the MAS. We reserve the right to deny your request for a refund or interest on a refund if you do not notify us within the required time frame.

Delinquent and prepaid interest must be accounted for and adequately documented in order to determine your total Principal and Interest Custodial Account liability.

You must use Form 59, Principal and Interest Custodial Account Reconciliation Worksheet — Monthly Account Statement, to reconcile the account and identify any variances. You may use either the on-line version of Form 59, or a copy that is an exact replication of the form, to complete the reconciliation. Upon our request, you must be able to provide us with a paper copy of the completed Form 59, together with any supporting documentation, for up to one year from the date of the related MAS. All documentation must be received by Freddie Mac no later than the requested due date. Refer to the instructions section of Form 59 for information on supporting documentation.

79.19: Reconciling deposits to the Principal and Interest Custodial Account (12/18/08)

In reconciling a Principal and Interest Custodial Account you must, as of the accounting cutoff, account for all payments received as well as advances and other billings due from you to us. Section 77.15 specifies the timeframes you must meet for the deposit of the funds listed below. The required deposits to the Principal and Interest Custodial Account by source are as follows:

(a) Our share of payments received:

1. Principal and interest collected on all our Mortgages, whether received from, or on behalf of, the Borrower or applied from a buydown account
2. Principal curtailments
3. Payoffs, including short-payoffs and third-party foreclosure sale proceeds
4. Prepayment penalties, if applicable

If you choose, you may also deposit and later withdraw the Servicing fees that you earn or the participant's share of any of the payments received. If you do not

withdraw these funds by the accounting cycle cutoff, you must account for them in your reconciliation.

(b) Advances and other billings due from you:

1. Advances for remittance shortages
2. Interest due for newly funded Mortgages
3. Repurchase proceeds

79.20: Reconciling withdrawals from the Principal and Interest Custodial Account (10/14/00)

In reconciling the Principal and Interest Custodial Account you must, as of the accounting cutoff, account for all withdrawals from the account, including the following:

1. Remittances to us
2. Earned Service fees and amounts in excess of the Minimum Gross Yield originally deposited with a full Principal and Interest Payment
3. Participant's share of Principal and Interest Payments
4. Recovery of advances for delinquent Mortgages
5. Deposit errors and other reconciling items
6. Transfers to a Principal and Interest Disbursement Clearing Custodial Account. Refer to Section 79.24 for reconciliation requirements regarding this optional Custodial Account.

79.21: Reconciling the Escrow Custodial Account (08/20/09)

You must reconcile the total balance of the Escrow Custodial Account as of the accounting cycle cutoff to your Escrow trial balance as of the same date using Form 59E, Escrow Custodial Account Reconciliation Worksheet.

You must deposit an advance from your funds to the Custodial Account for any shortages on the same day the shortage occurs. You must maintain a positive daily balance in your Escrow Custodial Account.

You must complete a consolidated reconciliation if you have more than one Escrow Custodial Account, and a consolidated reconciliation for your Escrow liabilities. You must account for all of your Escrow liabilities and include them on the Escrow reconciliation worksheet.

You must reconcile to a total positive Escrow balance. If the Escrow trial balance total reflects negative Escrow balances netted against positive Escrow balances, you must add the negative Escrow amounts to the Escrow trial balance total to determine your total Escrow Custodial Account liability.

You must also include any buydown balances in your Escrow Custodial Account reconciliation, if any buydown funds are deposited into the Escrow Custodial Account. You may complete a separate reconciliation for buydown subsidies if you chose to set up an optional buydown Custodial Account. Refer to Section 79.24 for requirements for reconciling a separate buydown Custodial Account.

You may use either the on-line version of Form 59E, or a copy that is an exact replication of the form, to complete the reconciliation. Upon our request, you must be able to provide us with a paper copy of the completed Form 59E, together with any supporting documentation, for up to one year from the date of the related reconciliation worksheet. All documentation must be received by Freddie Mac no later than the requested due date. Refer to the instructions section of Form 59E for information on supporting documentation.

79.22: Reconciling deposits to the Escrow Custodial Account (10/14/00)

In reconciling the Escrow Custodial Account you must, as of the accounting cutoff, account for all Escrow Funds received, as well as advances or interest paid on Escrow. Section 77.15 specifies the time frames you must meet for the deposit of funds to Custodial Accounts. The following lists the deposits to include in the reconciliation:

(a) Payments Received:

1. Escrow Funds paid by the Borrower or deposited on the Borrower's behalf, such as insurance loss claim proceeds
2. Payments held in unapplied or suspense pending proper distribution such as, partial payments and biweekly payments from plans that allow for biweekly collection of payments on monthly amortizing Mortgages
3. Buydown funds, if applicable. Refer to Section 79.24 for reconciliation requirements regarding an optional buydown Custodial Account

(b) Funds due from you:

1. Advances as specified in Section 79.10
2. Interest on Escrow, if paid and deposited to the Borrower's Escrow account

79.23: Reconciling withdrawals from the Escrow Custodial Account (12/15/99)

In reconciling the Escrow Custodial Account you must, as of the accounting cutoff, account for all withdrawals made from the account. The following lists the withdrawals to include in the reconciliation:

1. Disbursements of Escrow Funds, including insurance proceeds resulting from a loss claim
2. Partial payments applied, including biweekly payment plan funds on monthly amortizing Mortgages
3. Buydown funds applied to the Borrower's Mortgage
4. Recovery of your advances when you receive a subsequent Escrow payment for the Mortgage for which you made the advance
5. Refunds of surplus Escrow Funds resulting from an Escrow analysis or Mortgage payoff
6. Deposit errors and other reconciling items

79.24: Reconciling an optional Custodial Account (12/15/99)

If you chose to open an optional Custodial Account, as referenced in Sections 77.6 and 77.7, as of the accounting cycle cutoff you must complete consolidated reconciliations as follows:

(a) Principal and Interest Disbursement Clearing Custodial Account

The balance of this type of Custodial Account must equal zero or the amount of a remittance due to us. You must only make deposits to this type of Custodial Account immediately prior to a remittance date. You must consolidate a Principal and Interest Disbursement Clearing Custodial Account reconciliation with your Principal and Interest Custodial Account reconciliation. Refer to Sections 79.17 through 79.20 for requirements on reconciling the Principal and Interest Custodial Account.

(b) Buydown Custodial Account

The balance of this type of Custodial Account must equal the total of buydown funds deposited at the time we purchased a Mortgage, minus the monthly buydown amount times the number of payments applied since our purchase. The balance in this Custodial Account may represent the buydown balance of more than one Mortgage. Refer to Section 79.17 for requirements on reconciling this account.

79.25: Freddie Mac resources available (10/20/08)

The following are additional resources related to the topics in this chapter:

1. Form 59, Principal and Interest Custodial Account Reconciliation Worksheet — Monthly Account Statement: Provides the required format and information on supporting documentation for reconciling your Principal and Interest Custodial Account
2. Form 59E, Escrow Custodial Account Reconciliation Worksheet: Provides the required format and information on supporting documentation for reconciling your Escrow Custodial Account
3. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information

You may also call (800) FREDDIE for information on training, manuals or with other questions.

Chapter 80: Special Servicing and Reporting Requirements for Adjustable-Rate Mortgages (ARMs)

80.1: Adjustable-rate Mortgages (ARMs) (06/28/04)

An ARM has a Note Rate that adjusts periodically based on a specified Index. The specific features of an ARM vary depending upon the terms of the Note.

All ARMs must be accounted for and reported under the net yield concept, via the transmission of the Loan-Level Transaction. Under this system, which follows the individual Mortgage accounting concept in requiring the amortization method of accounting, Freddie Mac receives its proportionate share of principal and a constant rate of interest collected each month including any Negative Amortization activity for the period. For purposes of reporting to Freddie Mac, interest is computed by multiplying the beginning principal balance of a loan by the Accounting Net Yield rate, using a 30-day month/360-day year.

See Chapters 76 through 79 for the accounting and reporting requirements for ARMs.

See Chapter 78 for remittance requirements.

80.1.1: Defined terms (06/28/04)

You must be familiar with the Glossary definitions of the following terms:

- Accounting Net Yield
- Conversion Date
- Conversion Formula
- Conversion Window
- Converted Mortgage
- Convertible ARM
- Freddie Mac-Owned Converted Mortgage
- Index
- Initial Cap
- Initial Period
- Interest Change Date
- Life Cap
- Lifetime Ceiling
- Lifetime Floor
- Lookback Period
- Margin

- Minimum Contract Servicing Spread
- Note Rate
- Payment Change Date
- Periodic Cap
- Required Net Yield

80.2: Rate changes on adjustable-rate Mortgages (ARMs) (12/18/08)

(a) Determining the new Note Rate

You must adjust the Note Rate on an adjustable-rate Mortgage (ARM) in accordance with the provisions set forth in the Note. The Note will specify the Index on which any adjustments must be based, as well as other factors that must be used to determine the new Note Rate. These factors include, but are not limited to:

- The dates on which the Note Rate may change (Interest Change Date)
- The date on which the Index value used to calculate the new Note Rate is determined, usually expressed as a number of days (Lookback Period)
- The Margin, which is the number of percentage points that must be added to the current Index value to establish the new Note Rate
- The limitations on the amount that the Note Rate may change at the first adjustment, subsequent adjustments and during the life of the Mortgage (Initial Cap, Periodic Cap and Life Cap)

Upon each Note Rate change, you must calculate a new monthly payment amount based on the new Note Rate that is sufficient to fully amortize the unpaid principal balance (UPB) of the ARM over the remaining term.

You must notify the Borrower of the new Note Rate and new monthly payment amount in accordance with the terms of the Note and applicable law.

(b) Notification of the new Accounting Net Yield (ANY)

We will notify you via the ARM notification report of the revised ANY that you will be required to send us on an ARM in accordance with the product requirements set forth at the time of purchase. The ARM notification report will be available in Investor Accounting Manager℠ (IAM) at **http://www.freddiemac.com/singlefamily/service/tools.html**.

You will need a secure User ID and password to retrieve these reports through IAM. You may request access to IAM on the Freddie Mac web site.

You must verify the rate change notification information. If you find any differences or omissions, you must note the discrepancies on the bottom of the notification and return it to us **(see Directory 7)**. Do not return the notification if the information on it is correct and complete.

The new ANY must be used for the accounting cutoff date indicated in the notification. You must report and remit net yield interest based on the new ANY beginning with the effective accounting cycle shown on the notification. You must ensure that the adjusted Note Rate supports the new ANY. You will be liable for all net yield interest deficiencies that result from differences in calculations between the ANY that we provide you and your calculations.

Depending on the next Interest Change Date at the time of Mortgage delivery, you may not receive notification from us prior to the effective date of the new ANY.

80.3: Negative Amortization (10/07/02)

Negative Amortization results whenever the amount of monthly interest calculated at the Note rate exceeds the Borrower's scheduled monthly interest payment to the Servicer. Increases and decreases in Negative Amortization are to be accounted for in the calculation of principal due Freddie Mac for each monthly accounting cycle as set forth in Chapter 76.

80.4: Convertible ARMs (04/25/06)

(a) Overview

A Convertible ARM has an option for the Borrower to convert the adjustable interest rate to a fixed interest rate during a specified time (Conversion Window) and based on a specified formula (Conversion Formula). The requirements for converting the adjustable interest rate to a fixed interest rate are set forth in the Note. Once the Mortgage is converted to a fixed interest rate, we call it a Converted Mortgage.

With respect to a Convertible ARM owned by Freddie Mac prior to the Conversion Date, if a Borrower exercises the option to convert the adjustable interest rate to a fixed interest rate, you must report the conversion to us through one of two processes:

- The automated conversion process, or
- The repurchase/resale process

Under the automated conversion process, you must notify us of the conversion before the last Business Day of the month in which the Borrower exercises the option to

convert, and we will automatically convert the adjustable interest rate to a fixed interest rate.

Under the repurchase/resale process, you must repurchase the Converted Mortgage by the fifth Business Day after the Conversion Date and, subsequently, resell the Converted Mortgage back to us.

Section 80.4.1 contains general requirements that are applicable under both the automated conversion process and the repurchase/resale process. The requirements for the automated conversion process are described in Section 80.4.2. The requirements for the repurchase/resale process are described in Section 80.4.3.

(b) Determining which process you must use

The process you must use to report the conversion of an adjustable interest rate to a fixed interest rate depends on the type of Convertible ARM being converted and the terms under which the ARM was originally delivered to us.

Generally, you must use the automated conversion process when converting a 1-year Convertible ARM that adjusts based on the 1-Year weekly Constant Maturity Treasury (CMT) Index. However, depending on the terms under which the 1-year Convertible ARM was delivered to us, you may be required instead to repurchase the Converted Mortgage and subsequently resell it back to us through the repurchase/resale process.

For all other Convertible ARMs, you must use the repurchase/resale process when the interest rate has been converted to a fixed interest rate.

If you are unsure of which process you must use, you may contact us **(see Directory 7)** for assistance.

80.4.1: General requirements for processing conversions (06/28/04)

(a) Notifying the Borrower of the Required Net Yield

You must make information concerning the applicable Freddie Mac or Fannie Mae Required Net Yield for the purchase of 30-year and 15-year fixed-rate Mortgages under 60-day mandatory delivery commitments readily available to Borrowers. You must not refer or advise Borrowers to contact us directly concerning Freddie Mac's or Fannie Mae's Required Net Yield.

(b) Eligibility for conversion

To convert the adjustable interest rate on a Convertible ARM owned by Freddie Mac to a fixed interest rate, all terms of the Note and rider must be met. In order to exercise the conversion option, the following conditions must be satisfied:

1. The Borrower must not be in default on the day the Borrower exercises the option to convert
2. The conversion option must be properly exercised
3. The Borrower must convert within the period, or on the specified date, that is the Conversion Window, but the Conversion Date may occur as late as the first day of the second month following the last day in the Conversion Window
4. The Borrower must not be in default on the Conversion Date
5. The Freddie Mac Multistate Agreement to Convert, Form 3180, must be executed by you and the Borrower
6. The maximum fee that may be charged to the Borrower for processing the conversion is $250
7. The new Note Rate must be properly calculated

If the above conversion eligibility requirements are not satisfied, we may require you to repurchase the Mortgage and/or to indemnify us against any losses that may result from the failure to comply with the eligibility requirements. We reserve the right to take whatever other action we deem appropriate to protect our interests and enforce our rights.

(c) Special warranties

With respect to Convertible ARMs that you service for us, you must represent and warrant that:

- You will not conduct any advertising or promotional activities that have the effect of encouraging a Borrower to exercise, or discouraging a Borrower from exercising, the conversion option with respect to any Convertible ARM
- You will implement the conversion option in accordance with the terms of the Note and applicable law
- The Converted Mortgage remains fully enforceable against the Borrower and, in addition to the requirements of Section 30.15, the title insurance policy or attorney's opinion of title insures that the First Lien priority of the Mortgage will not be impaired because of the conversion to a fixed interest rate

(d) Convertible ARMs sold with recourse

With respect to a Convertible ARM that was sold to Freddie Mac with recourse as provided in Section 11.10, the recourse obligation ceases once the Mortgage has been converted.

80.4.2: Processing a conversion through the automated conversion process (11/15/10)

(a) Notification of the conversion

Before the end of the month in which the Borrower exercises the option to convert, you must notify us that a conversion option has been exercised by calling Delivery at 800-FREDDIE between 10 a.m. and 4:30 p.m. Eastern time. You should be prepared to furnish the following information:

1. Your name, address, contact name and telephone number
2. Your six-digit Seller/Servicer number
3. The name and title of your authorized representative
4. The Freddie Mac loan number assigned to the Convertible ARM
5. The original term of the Convertible ARM — specifically, "15 years or less," or "greater than 15 years, but less than 30 years" (to establish the appropriate net yield)
6. Whether you will be Servicing the Converted Mortgage under the Gold or First Tuesday remittance cycle. You will automatically receive the Gold remittance option, unless you request the First Tuesday option.

The telephone conversation with the Freddie Mac representative on the conversion line may be tape-recorded for quality assurance.

(b) Options

The buydown feature is not available for a Converted Mortgage processed through the automated conversion process. The Required Net Yield (RNY) for the Converted Mortgage will not be adjusted based on the Servicer's previous election of the buyup or buydown feature for the Convertible ARM.

(c) Confirmation of the conversion

No later than two Business Days after the telephone notification, we will send you Form 4, Convertible Mortgage Conversion Confirmation, via MIDANET® or mail. We will state the new RNY upon which the Principal and Interest Payments that you will be required to send us on the new Converted Mortgage will be based.

You must execute the Form 4 to acknowledge receipt and return it to us **(see Directory 8)** together with a copy of the original executed Agreement to Convert. The Freddie Mac loan number assigned to the applicable Convertible ARM must be clearly indicated on the face of the Agreement to Convert. We must receive Form 4 and a copy of the fully executed Agreement to Convert within 15 days after the date you notified us that the Borrower had exercised the conversion option.

You must send the original executed Agreement to Convert to the Document Custodian who holds the original Note.

Failure to properly acknowledge and return copies of Form 4 and the Agreement to Convert will be regarded by us as a failure to honor a mandatory delivery commitment. Accordingly, the failure may result in the imposition of a pairoff fee pursuant to Section 8.7, and/or we may require that you repurchase the applicable Mortgage. We reserve the right to take whatever other action we deem appropriate to protect our interests and enforce our rights.

(d) RNY to be received by Freddie Mac after automated conversion

Once you have notified us that the Borrower has exercised the option to convert, you will be obligated to remit principal and interest to us based on the new RNY, effective as of the Conversion Date. The new RNY will be the RNY for our 60-day delivery period for either 15- or 30-year fixed-rate Mortgages, as applicable, quoted by us during your telephone notification of the conversion.

The RNY is expressed as a net yield to three decimal places, and is so identified on Form 4. For a Mortgage that was originally sold as a:

- Whole Mortgage, and for any Mortgage sold as a participation Mortgage on or after November 13, 1990, in order to provide the required Minimum Contract Servicing Spread, the Note Rate on a Converted Mortgage must be equal to or greater than the RNY, as stated on Form 4, plus the Minimum Contract Servicing Spread.

  If the Note Rate is less than the RNY plus the Minimum Contract Servicing Spread, we may, at our option, require you to pay a discount fee.

- Participation Mortgage before November 13, 1990, the Note Rate on a Converted Mortgage must be at least equal to the RNY as stated on Form 4.

  If the Note Rate is less than the RNY, we may, at our option, require you to pay a discount fee.

We will notify you of any discount fee due to us. This amount must be forwarded to us within 24 hours of notification or within the time frame that we specify.
After conversion, the Freddie Mac loan number for the new Converted Mortgage will remain the same as the number for the former Convertible ARM. We will notify you of the revised Accounting Net Yield (ANY). The new ANY must be used for the accounting cutoff indicated in the notification. The notification will also indicate the month in which you must report the Mortgage as a fixed-rate Mortgage on the applicable Servicing reports.

You will be obligated to remit principal and interest to us based on the revised ANY for all accounting transactions after the Conversion Date. For example, if the Conversion Date is January 1, the cutoff date for initial monthly reporting at the revised ANY is February 15.

(e) Summary of automated conversion process

The following chart summarizes the automated conversion process and timing as described in Section 80.4.2.

Time	Action
Month in which option is exercised (for example, November)	Borrower notifies you in writing that he or she intends to exercise the conversion option in accordance with the terms of the Convertible ARM Note. At the same time, you must: • Lock the new fixed interest rate with the Borrower • Call our conversion line with notification information to lock the new rate at Freddie Mac's 60-day RNY (conversion call)

Following conversion call (for example, the remainder of November and December)	We send you Form 4 within two Business Days after the conversion call. You send the Borrower the Agreement to Convert for execution and notarization, if required. The Borrower returns the executed Agreement to Convert to you. You send us the executed Form 4 and a copy of the executed Agreement to Convert within 15 days after the conversion call. The original executed Agreement to Convert is sent to the Document Custodian that holds the original Note. We notify you of: • Discount amounts (if the Note Rate on the Converted Mortgage is less than 60-day RNY + Minimum Contract Servicing Spread) • New ANY • Effective date for new ANY • Effective date for reporting the Converted Mortgage as a fixed-rate Mortgage
2nd month after option is exercised (for example, January)	The new fixed interest rate becomes effective on the 1st day of this month
3rd month after option is exercised (for example, February)	The new payment, based on the fixed interest rate, is due on the 1st day of this month You report principal and interest for the Converted Mortgage on the 15th day of this month

80.4.3: Processing a conversion through the repurchase/resale process (10/01/09)

If the Convertible ARM does not meet the criteria specified in Section 80.4(b) for the automated conversion process, then you must process and notify us of the conversion pursuant to the following requirements:

(a) Actions prior to repurchase

Upon receipt of notice that the Borrower intends to exercise the conversion option, you must prepare and arrange for execution of the Agreement to Convert by the Borrower.

(b) Calculation of the repurchase price

You must calculate the repurchase price of the Converted Mortgage as follows:

- The amount of Freddie Mac's participation interest in the unpaid principal balance (UPB) of the Mortgage, including Negative Amortization, if applicable, plus
- Accrued interest at the current Accounting Net Yield from the first day of the month of repurchase through the day before the repurchase

(c) Reporting and remitting the repurchase to us

By the fifth Business Day after the Conversion Date of any Converted Mortgage, you must:

- Transmit to Freddie Mac by MIDANET® a loan-level report of the exception activity, using exception code 66 (Payoff — Mortgage converted from adjustable interest rate to fixed interest rate). In the field titled "Exception date," enter the Conversion Date, and
- Remit the funds to us in accordance with the requirements in Section 78.20

You must request release of the Note in accordance with the requirements of Section 18.4(e).

(d) Resale obligation

You must resell the Converted Mortgage to us within 60 days of the Conversion Date, pursuant to the requirements in Section 17.40 for delivery of Freddie Mac-owned Converted Mortgages and Section 30.11.

You must deliver the original Convertible ARM Note with the executed Agreement to Convert for certification by the Document Custodian.

At our request, you must provide us with documentation to evidence that you have resold to us all Converted Mortgages processed through the repurchase/resale path, as required in this Guide and other Purchase Documents.

(e) No re-underwriting of Freddie Mac-owned Converted Mortgages delivered under the repurchase/resale process

Because the Borrower was qualified at the time of origination of the Convertible ARM, a Freddie Mac-Owned Converted Mortgage resold to us under the repurchase/resale process is eligible for purchase by us without additional underwriting.

(f) Postsettlement delivery fees in connection with repurchase/resale process

For Mortgages sold to us as Freddie Mac-Owned Converted Mortgages under the repurchase/resale process, postsettlement delivery fees (delivery fees) indicated in Exhibit 19, Postsettlement Delivery Fees, are not assessed.

(g) Obligation of Freddie Mac to purchase under the repurchase/resale process

We will purchase all Freddie Mac-Owned Converted Mortgages repurchased by you, and delivered and resold by you under the repurchase/resale process, provided that we have statutory authority to do so at such time.

(h) Right to change process

We may require you, at such time as we deem appropriate, to use the automated process described in Section 80.4.2 or other automated process as we may require at such time, instead of the repurchase/resale process.

Chapter 81: Special Reporting Requirements for Second Mortgage/HILs

81.1: General (07/31/94)

The accounting and reporting requirements for Second Mortgages and Home Improvement Loans (HILs) are identical to the requirements for Home Mortgages unless otherwise noted in this chapter.

81.2: Net yield reporting concept (07/31/94)

The net yield reporting concept is used when reporting on Second Mortgages/HILs, both for those Second Mortgages on which the interest is collected on a due-date-to-due-date basis and for those on which interest is collected on a payment-date-to-payment-date basis.

A due-date-to-due-date Second Mortgage is a Mortgage in which the Due Date may be established as any date during the month and which provides for repayment in substantially equal monthly payments over the life of the loan. The interest is calculated using the outstanding principal balance after application of the preceding payment. Under this method, application of an individual payment of principal and interest is determined by first calculating and applying the interest portion to the interest due, and then calculating and applying the remainder of the payment as a principal reduction. Interest computed applies to the period preceding the Due Date of the installment being applied.

A payment-date-to-payment-date Second Mortgage is a Mortgage in which the Due Date may be established as any date during the month and which provides for repayment in substantially equal monthly payments over the life of the loan. The interest is calculated using the outstanding principal balance after application of the preceding payment. Under this method, application of an individual payment will be applied first to the interest earned to the date of the payment with the remainder applied as a principal reduction. Thus, interest computed applies to the period preceding the payment date of the installment being applied.

The fiscal responsibilities of the Servicer include the timely accounting, reporting and remittance to Freddie Mac of the principal amount collected and the interest amount calculated via the net yield reporting concept.

81.3: Servicing compensation: Mortgages Purchased in Whole (06/30/97)

A minimum Servicing compensation of 0.625% for HILs and 0.500% for Second Mortgages is to be taken into consideration when computing the Accounting Net Yield to Freddie Mac. Usually the Accounting Net Yield will be the Note interest rate less 0.625% for HILs and 0.500% for Second Mortgages.

When the Note interest rate less 0.625% for HILs, or 0.500% for Second Mortgages, is greater than Freddie Mac's Required Net Yield, the Accounting Net Yield of that HIL or Second Mortgage, as applicable, is limited to the Required Net Yield. In other words, there is a ceiling on the Accounting Net Yield. The interest received in excess of Freddie Mac's Required Net Yield is retained by the Servicer as additional Servicing compensation.

In the following examples, the Required Net Yield to Freddie Mac is 18%. In example (1), the Note interest rate less 0.625% for HILs and 0.500% for Second Mortgages equals the Required Net Yield; the Accounting Net Yield is equal to the Required Net Yield. In example (2), the Note interest rate less 0.625% for HILs and 0.500% for Second Mortgages is greater than the Required Net Yield, and the additional amount is retained by the Servicer; the Accounting Net Yield is limited to the Required Net Yield. In example (3), the Note interest rate less 0.500% for Second Mortgages is less than the Required Net Yield; this Mortgage would be purchased at a discount and the Note rate less 0.500% would be the Accounting Net Yield reported each month.

- **For HILs:**

Example	**Note interest rate**	**Less 0.625%**	**Required Net Yield**	**Accounting Net Yield**
1	18.625	18.00	18.00	18.00
2	19.625	19.00	18.00	18.00

- **For Second Mortgages:**

Example	**Note interest rate**	**Less 0.500%**	**Required Net Yield**	**Accounting Net Yield**
1	18.50	18.00	18.00	18.00
2	19.50	19.00	18.00	18.00
3	18.25	17.75	18.00	17.75

81.4: Preparation of documents for delivery of Second Mortgages (06/17/08)

This section has been deleted.

Chapter 82: Special Servicing and Reporting Requirements for SCRA-Capped Mortgages

82.1: Military relief (12/18/08)

Active military service entitles a Borrower to various forms of relief from debt obligations, including Mortgage obligations. At the termination of active military service, the Borrower will be expected to reinstate the Mortgage as rapidly as circumstances permit.

For the purpose of this and subsequent sections, a Borrower claiming entitlement to military relief is referred to as a "service member."

Relief under the federal Servicemembers Civil Relief Act of 2003 (SCRA), which replaced the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA), as amended, is available to Borrowers covered by the SCRA as detailed below, regardless of duty station and whether this station is in a combat zone. You must be familiar and comply with all the provisions of the SCRA or applicable State law as it relates to service members. The SCRA covers the following:

1. Career members of the United States Army, United States Navy, United States Air Force, United States Marine Corps and United States Coast Guard
2. Civilians drafted for active federal duty in the armed services
3. Members of the reserve components of the armed services volunteering for or called to active federal duty
4. Members of the National Guard volunteering for or called to active federal duty
5. Members of the National Guard called to active State duty in response to a national emergency declared by the President of the United States
6. Officers of the United States Public Health Service detailed for active federal duty with any of the armed services

Military relief, other than that provided under the SCRA, may be available under State law to Borrowers who are serving or have served active State duty, such as members of a State's National Guard serving pursuant to orders of the State's governor in response to a State emergency. Relief under State law may also be available to Borrowers who are serving or have served active federal duty.

If the Borrower requests military relief other than interest rate relief provided under the SCRA, you must submit Form 105, Multipurpose Loan Servicing Transmittal, for a Home Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, for a Second Mortgage/HIL to us **(see Directory 5)** within 10 Business Days of receiving the Borrower's request. You must include all relevant information along with your recommendation.

Compulsory training that civilians must undergo periodically to retain membership in the reserve components of the armed services or the National Guard is not considered active duty for military relief purposes.

(a) Interest rate cap

The SCRA caps interest at 6% per year (including all charges and fees) on a service member's Mortgage obligations during the period of active duty and for one year thereafter. Escrows for insurance, property taxes and other assessments are not affected and must be paid in accordance with contractual terms. The difference between the contractual rate of interest and 6% is forgiven, not deferred.

The rate cap provision of the SCRA is intended to help a service member whose ability to pay a Mortgage obligation incurred before active duty is materially affected by such duty. It does, however, offer an affected creditor the opportunity to demonstrate to the appropriate court that active duty does not materially affect a Borrower's ability to continue making payments at the contractual rate.

The SCRA provides for the rate cap to be in force for the entire duration of the service member's active duty and for a period of one year thereafter. In implementing the SCRA, Freddie Mac will:

- Begin applying the rate cap with the first monthly Mortgage payment due after the reporting date or effective date of the service member's active duty
- Reinstate the Mortgage to its contractual rate of interest beginning with the second monthly Mortgage payment due one year after the date the service member's active duty terminates

For reinstatement purposes, the contractual rate of interest is defined as follows:

- For a fixed-rate Mortgage, the same rate that was in effect before the reporting date or effective date of active duty
- For an adjustable Mortgage, as defined in Section 80.1, the rate to be determined or calculated based on the last interest rate that would have been in effect, or the last payment adjustment that otherwise would have taken place, during the rate cap period

If the rate cap request is made after either the reporting date or effective date of active duty and it is received by you no later than 180 days after the date active duty terminates, we will allow the rate cap to be retroactive to the first monthly Mortgage payment due after the reporting date or effective date of active duty. However, we will bear the interest loss only from the first monthly Mortgage payment due after the Funding Date.

(b) Eligible Mortgages

The rate cap provision of the SCRA applies to any Mortgage Purchased in Whole or in Part by us if both of the following conditions are met:

- The Mortgage must be the contractual obligation of the service member as Borrower or co-Borrower under the Note, or as obligee under a written agreement by which the service member assumes the Borrower's liability under the Note and the Borrower is released from such liability
- The service member must have executed the Note or the assumption agreement before the reporting date or effective date of the service member's active duty as shown in military orders. You must exercise due diligence in examining such orders to distinguish qualifying active duty from nonqualifying active duty and to distinguish start-up of active duty from administrative action, such as transfer, travel or training of someone who already is on active duty. The rate cap applies only to the Mortgage obligations of a service member who is serving or has served active duty and such obligations must have been incurred before such active duty began.

(c) Request submission

The rate cap request may be made by the service member or a representative, such as:

- The spouse of the service member
- A co-Borrower of the service member
- An attorney of the service member
- Any person authorized to act on be half of the service member by power of attorney that you have duly verified. A copy of the power of attorney must be maintained in the Mortgage file.

We do not prescribe a particular form to be completed by the requestor. While the SCRA provides for written notice from the Borrower to request the rate cap, you may process and approve a request without written notice if the Borrower's active duty status and its duration are definitively established. If the Borrower does not submit a written request for the interest rate cap, you must document when and how the Borrower requested the interest rate cap in the Mortgage file.

The service member or a representative must submit copies of military orders for the entire period for which the interest rate cap is requested.

If the requestor is other than the service member, you must establish the identity and contact address of the requestor and maintain this information in the Mortgage file. In addition, you must also establish or verify the contact address and addressee for future communications regarding the request and the related Mortgage. This information must also be maintained in the Mortgage file.

If the Borrower is delinquent in his or her monthly payments, you must contact your Borrower assistance counselor **(see Directory 5)** via Form 105 within five Business Days of receiving the request for interest rate relief.

(d) Notice to service member, Freddie Mac

Within five Business Days of receiving a rate cap request on a Home or Second Mortgage that meets both conditions in Section 82.1(b), you must provide written notice of approval to the service member or the service member's representative, as applicable. We do not prescribe a particular form of notice. The notice should, however, at a minimum detail the following:

1. The amount of the monthly installment of principal and interest calculated at the rate of 6% per year
2. The amount of the monthly installment of Escrow, if any, which remains unchanged unless insurance coverages, property tax rates or other assessments are modified
3. The total amount and first Due Date of the new monthly Mortgage payment
4. The reinstatement of the monthly Mortgage payment to its contractual rate of interest beginning with the second monthly payment due following the date that is one year after the service member's release date from active duty
5. If known at the time, the scheduled date the service member will be released from active duty and the Due Date of the first monthly payment at the reinstated contractual rate of interest
6. The service member is obligated to notify you as soon as possible of:

   - The actual release date (and to provide copies of supporting military orders submitted to claim SCRA eligibility, such as the Defense Department Form 214 (Form DD214))
   - Any change from the originally scheduled release date (and to provide a copy of orders extending the period of active duty)

Within 10 Business Days of receiving the request, you must:

1. Complete Form 1066, SCRA Accounting Data Form, retain a copy of the form and all other related documentation in the Mortgage file and make it available to us upon request
2. Send completed Form 1066 and a copy of the military orders evidencing the service member's active duty status to your investor accounting representative

Once you have submitted this information to us, you must implement the interest rate cap.

While the rate cap is in effect, you must report and remit on the Mortgage in accordance with Section 55.1 and Chapter 82.

(e) Assessing a service member's ability to pay at the Note Rate

Unless we notify you otherwise, we do not intend to have you assess the material effect of active duty on a Borrower's ability to continue making payment on a Home or Second Mortgage at the contractual rate of interest. You must implement the 6% rate cap, upon request of a Borrower, provided that the Borrower meets both conditions cited in Section 82.1(b).

If, however, you have reason to believe the service member's ability to pay at the Note Rate is not materially affected by a call to active duty, then you must indicate on Form 1066 that we may wish to investigate the service member's financial circumstances. Include any facts to support your supposition and copies of the following:

- The military orders evidencing the service member's active duty status
- Form 65, Uniform Residential Loan Application
- The Note

We may determine that a service member's request for the interest rate cap should be challenged. If so, we will provide you with instructions on how to proceed.

We may also decline to implement an interest rate cap if the rate cap was improperly granted (for example, the service member was already on active duty at the time the Mortgage was originated). If we inform you that we are declining the request, then within five Business Days, you must so advise the service member or the service member's representative in writing, citing the specific reasons the Mortgage does not qualify for the rate cap and offering to consider other forms of assistance.

If in need of guidance, you may contact your investor accounting representative **(see Directory 3)**.

(f) Status updates, reinstatements

While the rate cap is in effect, you must periodically, but no less than every three months, verify that the service member is still on active duty or that no changes have been made to the duration/term of the service member's service that may affect the service member's eligibility to receive relief.

If the service member informs you, or you learn by other means, that the service member's active duty has ended, you must send a written notice to the service member at least 30 days before the reinstatement of the contractual interest rate indicating that the rate cap has been terminated and the monthly Mortgage payment has been reinstated to its contractual rate of interest.

The written notice of reinstatement of the Mortgage should advise the service member of the following:

- The amount of the monthly Mortgage payment when reinstated to its contractual rate of interest, specifying such interest rate
- The date the reinstated monthly payment amount is first due
- That he or she must furnish military orders for any extension of the active duty beyond the originally scheduled release date, if applicable
- That he or she must furnish Form DD214 to document his or her release from active duty

You must follow the pertinent instructions in the chart below:

If:	**Then You Must:**
The military orders submitted with the rate cap request state the release date from active duty	Send the service member or his or her representative a written notice that you will reinstate the monthly Mortgage payment to its contractual rate of interest including the effective date of the payment change one month before the end of the period for which the interest rate is capped at 6%
The release date from active duty has been extended based on notice from the service member or his or her representative	Within 10 Business Days of being notified of the extension of service, send an updated Form 1066 along with a copy of the military orders extending the service member's active duty status, to your investor accounting representative **(see Directory 3)**

If:	Then You Must:
No evidence of extension of the release date from active duty has been provided by the service member or his or her representative within 30 days of the scheduled release date	Take the following steps:
	• Send the service member or his or her representative a written notice that you will reinstate the monthly Mortgage payment to its contractual rate of interest including the effective date of the payment change, and request orders releasing the service member from active duty (for example, Form DD214)
	• Reinstate the monthly Mortgage payment to its contractual rate of interest beginning with the second monthly payment due following the date that is one year after the service member's release date
	• Notify your investor accounting representative **(see Directory 3)** of the service member's release from active duty via Form 1071, Supplemental Accounting Report of SCRA Mortgages, at least 30 days before the reinstatement of the contractual interest rate
	If, as a result of your notification, the service member notifies you that his or her term of duty has been extended and provides you with copies of orders evidencing such extension, then you must notify us via Form 1066 within 10 Business Days of receiving the notification from the service member and notify the service member of the new date the Mortgage will reinstate to its contractual interest rate at least 30 days before the reinstatement of the interest rate occurs.

If:	Then You Must:
The service member has been released from active duty	Take the following steps:
	• Reinstate the monthly Mortgage payment to its contractual rate of interest beginning with the second monthly payment due following the date that is one year after the service member's release date from active duty
	• Send the service member or his or her representative written notice of the date the Mortgage will reinstate to its contractual interest rate at least 30 days before the reinstatement of the interest rate occurs
	• Notify your investor accounting representative **(see Directory 3)** of the service member's release from active duty via Form 1071 at least 30 days before the reinstatement of the contractual interest rate

(g) Forbearance, relief from foreclosure

Under the SCRA or various State laws, service members who are serving or have served active duty are entitled to additional and varied forms of protection from creditors' enforcement of contractual terms.

Such protection is generally premised on hardship caused by military service and may remain in effect for some time after a protected service member is released from military service. A court order may be required to activate such protection or to deny it. Such protection may entail:

- Deferral and/or restructuring of payments
- Restrictions on foreclosure action
- Extensions of redemption periods for completed foreclosures

You must be familiar with applicable law as it relates to the particular circumstances of a service member.

In addition, you must make every effort to arrange maximum relief and forbearance under our existing guidelines in Chapter A65 and Section 82.1 without the service member's having to seek statutory protection. If a relief option is not sufficient to help the service member, you must consider the workout options contained in Chapter B65.
In enforcing any remedies available under the Mortgage, you must fully comply with applicable law.

You must not initiate foreclosure against a service member without our prior written approval. To obtain our approval you must submit completed Form 105, Multipurpose Loan Servicing Transmittal for a Home Mortgage or Form 102, Second Mortgage/HILServicing Transmittal for a Second Mortgage/HIL to us **(see Directory 5)**. Refer to Section 66.12.1 for information regarding initiating foreclosure against a service member.

You must not initiate or resume foreclosure for at least 90 da ys after the service member has been released from active duty. During this period, you must work with the Borrower to explore all relief options available. If no foreclosure alternative is agreed upon during this period, you must contact us **(see Directory 5)** by submitting Form 105, Multipurpose Loan Servicing Transmittal for our approval to proceed with foreclosure.

Pursuant to the Housing and Economic Recovery Act of 2008, you must not initiate or resume foreclosure for at least nine months after the service member has been released from active duty. This requirement will remain in effect through **December 31, 2010**. During this period, all other requirements listed in this section remain in effect.

If foreclosure is allowed to proceed and a Mortgage insurance claim is eventually filed, you must notify the mortgage insurer (MI) that the Mortgage was subject to military relief so that:

- Interest for SCRA-capped payments due but unpaid by the service member is claimable at the Note rate, not at the SCRA-capped rate
- Claimable interest will not be curtailed by the MI for a delay that was caused solely by your compliance with applicable military relief law

For further guidance on relief (other than interest rate cap under the SCRA) to, or remedies against, service members who are serving or have served active duty, you must contact us **(see Directory 5)**.

(h) Late charges

You must waive all late charges resulting from Mortgage payments deferred, restructured or rate-capped under the SCRA, applicable State law or our guidelines.

(i) Credit reporting

You must report a service member who is receiving the protection of the SCRA or applicable State law or receiving military relief under our guidelines as "paying as agreed" to the credit repositories.

You must fully comply with the SCRA or applicable State law as it relates to credit reports filed on service members who exercise their statutory rights to military relief.

(j) Death, disability of service member

In the event of a service member's disability or death while on active duty or resulting from such duty, you must obtain official documentation of the service member's disability or death and government benefits available to the service member or the service member's survivors and forward such documentation to us with a request for instructions within 10 Business Days of receiving such information. If the service member is:

- Not in default at the time of his or her death or disability, then you must submit the documentation to your investor accounting representative **(see Directory 3)**
- In default at the time of his or her death or disability, then you must submit the documentation to us **(see Directory 5)**

We will contact you with instructions within 10 Business Days of receiving the information.

(k) Documentation

You must maintain records of all communications with, and copies of all correspondence and documentation to or from, service members seeking Mortgage relief for hardship caused by active duty in the Mortgage file.

(l) Transfers of Servicing

When a Transfer of Servicing includes Mortgages with interest rates capped under the SCRA, the Transferor must identify each such Mortgage to the Transferee before transferring the Mortgage files to the Transferee. See Chapter 56 for more information on Transfers of Servicing.

(m) Monthly reporting to Freddie Mac

You must notify us via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that a Borrower is granted military relief that interferes with a foreclosure action. You must indicate that the military relief is in effect, by using a default action code of 32 and providing the date the relief was granted. You must continue to report each month that the Borrower is receiving relief until it has ended.

You must continue to report on the Mortgage until the Mortgage is fully reinstated, paid off, a foreclosure sale is held or a deed-in-lieu of foreclosure is executed. Once we receive a transmission indicating that one of these events has occurred, you can discontinue reporting on the Mortgage in the monthly EDR transmission. If a

workout is completed you may also discontinue reporting on the Mortgage in the monthly EDR transmission.

For additional information about EDR, refer to Section 64.10.

82.2: Calculation of new monthly payment (12/18/08)

If the interest rate on a Mortgage is capped in accordance with Section 82.1 ("SCRA-capped Mortgage"), you may choose between the following two methods for calculating the new monthly payment amount:

- Reamortization of the Mortgage based on the interest rate of 6%, or
- Implementation of the 6% rate using the original amortization schedule

(a) Revised interest rate, reamortized Mortgage

This method applies in calculating the principal and interest (P&I) payment amount both at:

- The interest rate of 6%
- The reinstated contractual rate of interest

You must use the following formula:

$$P\&I = \frac{a \times (b/12)}{1 - (1 + b/12)\text{-}c}$$

a = Mortgage unpaid principal balance (UPB)

1. For 6% rate: scheduled UPB after application of the last payment made before the Due Date of the first payment at 6%
2. For reinstatement to contractual rate: scheduled UPB after application of the last payment made before the Due Date of the second payment due one year after the service member is released from active federal duty

b = interest rate

1. Rate applicable to the rate cap period: 6%
2. Rate applicable when reinstated to contractual rate: for fixed-rate Mortgages, use the original Note rate; for adjustable-rate Mortgages (ARMs), use the current applicable index plus margin

c = actual number of remaining payments, using a calculated term to maturity

(b) 6% rate cap, original amortization schedule

Under this method, you must calculate the Borrower's monthly P&I at 6% as follows:

d + e = monthly P&I

d = scheduled principal as calculated per amortization schedule in effect before rate cap

e = accrued interest = prior ending UPB x (.06/12)

Upon reinstatement to the contractual rate of interest, the P&I amount will correspond to the amortization schedule in effect before the rate cap.

See examples of calculations in Exhibit 71, SCRA Example of Principal and Interest Payment Calculation.

82.3: Application of payments (02/17/05)

Monthly payments made by service members on SCRA-capped Mortgages must be applied in accordance with Section 51.17.

82.4: Accounting reports and remittances (10/20/08)

You must report each SCRA-capped Mortgage in accordance with Section 78.33. Net yield interest due must be calculated based on the current Accounting Net Yield rate. You will receive credit for the interest rate differential, which is defined as follows:

- Interest rate differential = Accounting Net Yield less adjusted interest rate
- Adjusted interest rate, whole Mortgage or participation with Note Rate higher than net yield = 6% less Servicing fee paid to you
- Adjusted interest rate, participation Mortgage with Note Rate lower than net yield = (6% divided by original coupon) multiplied by original Accounting Net Yield

Each month you must calculate the credit amount due to you for the interest rate differential on each SCRA-capped Mortgage, as well as the total credit amount for all such Mortgages you service for us. You must also deposit the total calculated credit amount into your Freddie Mac Principal and Interest Custodial account each month.

Each SCRA-capped Mortgage must also be reported quarterly on Form 1071, Supplemental Accounting Report of SCRA Mortgages. You must send Form 1071 to us **(see Directory 3)** listing the totals of credits we owe you for all SCRA-capped Mortgages for the previous quarter within five Business Days of the quarterly accounting cycle cutoff in March, June, September and December. We will enter the total quarterly credit in the "Adjustment Line" of the Monthly Account Statement (MAS) for the last month of each quarter. Apply the credit against the amount you remit for that monthly accounting cutoff by reducing your cash remittance and make the appropriate adjustment to the Principal and Interest Custodial Account. The amount of Principal and Interest due must be remitted in accordance with Sections 77.19 through 77.24, 78.23 and 78.24. (See Exhibit 72, SCRA Example of Monthly Interest Rate Differential Credit, for an example of how the credit is calculated.)

If, prior to the end of the quarter, an SCRA-capped Mortgage pays off or is involved in a Transfer of Servicing, or if the Borrower is released from active duty, you have the option to complete a Form 1071 for the affected Mortgage and submit it to us **(see Directory 3)** immediately. Otherwise, you must report all other active SCRA-capped Mortgages on Form 1071 within five Business Days of the end of the quarter. We will enter the credit adjustments for all Forms 1071 within a given quarter on the following month's MAS.

If you disagree with the interest credit we give you, you must notify us **(see Directory 3)** in writing within 30 days of the date of the MAS. Your notification must state:

1. Your Seller/Servicer number
2. The applicable Freddie Mac loan number(s)
3. A brief description of the problem
4. The unpaid balance for any disputed credit
5. Military orders supporting the relief period requested

The Internal Revenue Service (IRS) Form 1098, Mortgage Interest Statement, that you file in accordance with Section 55.2 should reflect the reduced interest amount paid by the Borrower during the rate cap period.

82.5: Rate changes on adjustable Mortgages (02/17/05)

We notify you of Accounting Net Yield changes on adjustable Mortgages in accordance with Section 80.2. When monthly net yield interest is reported on the Loan-Level Transaction for an SCRA-capped adjustable Mortgage, you must calculate the interest based on the new net yield shown in Freddie Mac's Notification of ARMs Group Net Yield Adjustment.

We will calculate the interest credit due to you in accordance with Section 82.4.

82.6: Servicing compensation (04/25/06)

Your compensation for Servicing an SCRA-capped Mortgage will be as follows:

(a) Whole loan

The Servicing Spread will remain at the rate in effect before the first month to which the rate cap applies.

(b) Participation

The Servicing Spread will remain at the rate in effect before the first month to which the rate cap applies. If the Note Rate is less than the Accounting Net Yield, you must, before the first accounting cutoff for which the rate cap is effective, contact your investor accounting representative **(see Directory 3)** to verify the Servicing Spread amount.

82.7: Retroactive rate cap (12/18/08)

Retroactive application of the SCRA rate cap under Section 82.1(a) must be processed as follows:

(a) Reimbursement to the service member

You must calculate the difference between the amount of interest paid by the service member at the contractual rate of interest and the amount of interest due at 6%, for the applicable benefit period. At the service member's option, the resulting amount may be credited to the unpaid principal balance (UPB) of the Mortgage or to reduce monthly Escrow installments, or refunded to the service member.

(b) Reimbursement to the Servicer

You must calculate the credit that results from the retroactive interest rate differential and notify us **(see Directory 3)** of the amount of the credit you are claiming (see Section 82.4). We will validate the credit amount you request and enter it on the "Adjustment Line" of your Monthly Account Statement (MAS).

Chapter 83: Additional Servicing Requirements for Maturing Balloon/Reset Mortgages

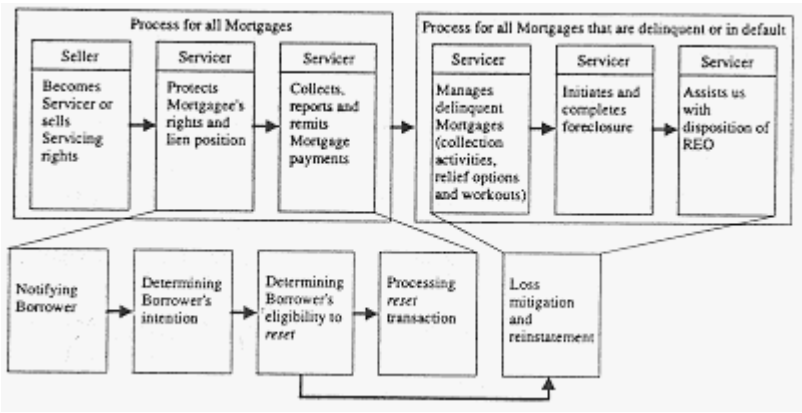
83.1: Introduction (03/26/97)

Balloon/Reset Mortgages must be serviced according to the requirements in Volume 2 of the *Single-Family Seller/Servicer Guide* (the Guide). However, as these Mortgages approach maturity, additional Servicing requirements are needed for:

1. Notifying a Borrower about the Balloon Payment due at the Balloon Maturity Date and the Borrower's Reset Option
2. *Resetting* a Balloon/Reset Mortgage according to the terms and conditions of the Mortgage documents when a Borrower elects to exercise his or her Reset Option, and is eligible to do so
3. Working with a Borrower who does not meet the Reset Conditions and who cannot pay the Balloon Payment

83.2: Maturing Balloon/Reset Mortgage process (03/26/97)

You will find the requirements necessary to service maturing Balloon/Reset Mortgages in this chapter. Servicing maturing Balloon/Reset Mortgages occurs in the part of the Mortgage Servicing cycle represented by the second and third boxes in the following process flow. This process flow gives you a general overview of the process for Servicing maturing Balloon/Reset Mortgages.



83.3: Chapter contents (02/23/07)

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	Overview	83.90-83.94
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83.4: Servicing philosophy for maturing Balloon/Reset Mortgages (09/30/97)

We expect that many Borrowers will want to exercise their Reset Option. We further expect that some of these Borrowers will not meet the Reset Conditions and will not be able to pay the Balloon Payment in full. There will also be some Borrowers who will be unresponsive to your notifications. We are committed to working with you to develop the best solution to meet the needs of Borrowers, you and us.

When you have a Borrower who cannot pay the Balloon Payment, does not meet the Reset Conditions and makes a request to *reset* the Balloon/Reset Mortgage, you must consider the Borrower for a Reset Mortgage. Sections 83.78 through 83.89 describe our requirements and guidelines for an Ineligible Borrower.

83.5: Supplemental manual (12/19/07)

Publication 212, *Servicing Maturing Balloon/Reset Mortgages* (the Manual) supplements the information in this chapter. It is available to you and we refer to it throughout this chapter. The Manual includes:

1. Our Servicing requirements for maturing Balloon/Reset Mortgages
2. Specific, detailed guidelines to assist you in implementing a maturing Balloon/Reset Mortgage process in compliance with the requirements in this chapter
3. How-to information
4. Instructions for using MIDANET® for the PC for maturing Balloon/Reset Mortgage activities
5. Sample Borrower notifications
6. All required and suggested forms

To obtain the Manual, go to our Learning Center at **http://www.freddiemac.com/learn/service/balloon_resets.html** and print a copy, or

contact (800) FREDDIE. We encourage you to obtain a copy of the Manual to assist you in Servicing maturing Balloon/Reset Mortgages.

83.6: Definitions (12/05/03)

The following terms are capitalized when used throughout this chapter and are defined terms contained in the Glossary:

- Balloon Loan Modification
- Balloon Maturity Date
- Balloon Note
- Balloon Note Addendum
- Balloon Payment
- Balloon/Reset Mortgage
- Balloon Rider
- Eligible Borrower
- Ineligible Borrower
- Notice of Acceleration
- Notice of Default
- Reset Conditions
- Reset Mortgage
- Reset Note Rate
- Reset Option

The following additional terms are used in this chapter. The terms are italicized here and when they are used in the chapter:

(a) ***Balloon rate lock transmission***

The *balloon rate lock transmission* is the function within MIDANET for the PC that you use to communicate with us when Servicing maturing Balloon/Reset Mortgages. Through this transmission you can:

- Transmit information on maturing Balloon/Reset Mortgages to us
- Obtain Required Net Yields (RNY)
- Receive and transmit forms

(b) ***Early notice***

The *early notice* is the written notice you must send to the Borrower between the 13th and 14th month before the Balloon Maturity Date to remind the Borrower that he or she has a Balloon/Reset Mortgage, that there is a conditional Reset Option and that there are Reset Conditions.

(c) ***Election to reset (elect to reset, elects to reset, elected to reset)***

For a Balloon/Reset Mortgage, an *election to reset* is an Eligible Borrower's election to exercise the Reset Option.

(d) ***Investment property***

Deleted. The definition of Investment Property appears in the Glossary.

(e) ***Offer letter***

An *offer letter* is the written offer you must send to a Borrower who has not responded to the *required notice* and whose Balloon/Reset Mortgage is covered by mortgage insurance.

(f) ***Required notice***

The *required notice* is the written notice you must send to the Borrower to comply with the Balloon Note Addendum and Balloon Rider advising the Borrower of the Balloon Payment due on the Balloon Maturity Date and of the Reset Option.

(g) ***Reset (resetting)***

A *reset* is the act of changing the interest rate and extending the term of a Balloon/Reset Mortgage for either an Eligible Borrower or an Ineligible Borrower.

(h) ***Reset date***

For a Reset Mortgage, the *reset date* is the effective date of the Reset Note Rate and is always the same date as the Balloon Maturity Date.

(i) ***Reset rider***

A *reset rider* is the term used throughout this chapter to indicate both the Balloon Note Addendum and the Balloon Rider.

(j) ***Second home***

A *second home* is a one-unit residential property owned by the Borrower, occupied by the Borrower for some portion of the year and not subject to any timesharing ownership arrangements.

The property must be:

1. In such a location so it functions as a *second home*,
2. Suitable for year-round occupancy,
3. Available for the Borrower's exclusive use and enjoyment, and

4. Not subject to any rental pools or agreements that require the Borrower either to rent the property or give a management firm control over the occupancy of the property

83.7: Reset Conditions (10/07/02)

(a) Reset Conditions

For a Balloon/Reset Mortgage, the Reset Conditions are the conditions set forth in Paragraph two of the Balloon Note Addendum and the Balloon Rider that must be met for the Borrower to exercise the Reset Option.

Unless the Reset Conditions in the Balloon Note Addendum and the Balloon Rider were modified at origination in accordance with the permissible changes described in Section 83.7(b), the typical Reset Conditions are:

1. The Borrower must still be the owner and occupant of the property. (The wording for this condition is taken from the Balloon Note Addendum and Balloon Rider; however, throughout this chapter the term "occupant" will mean, "occupy as a Primary Residence or second home" for consistency within the Guide.)
2. The Borrower must be current in his or her monthly Mortgage payments and cannot have been more than 30 days late on any of the 12 scheduled monthly payments due immediately preceding the Balloon Maturity Date. (The wording for this condition is taken from the Balloon Note Addendum and Balloon Rider; however, throughout this chapter the phrase "30 or more days late" will be used rather than "more than 30 days late" for consistency within the Guide.)
3. There are no liens, defects or encumbrances against the property, or other adverse matters affecting title to the property (except for real estate taxes and special assessments not yet due and payable) arising after the Security Instrument was recorded.
4. The Reset Note Rate cannot be more than 5 percent (5%) above the original Balloon Note rate.
5. The Borrower must make a written request to you, complying with the requirements of the Balloon Note Addendum and Balloon Rider, to exercise the Reset Option.

(b) Authorized changes to the Reset Conditions

A Balloon/Reset Mortgage may be originated as an Investment Property Mortgage or with secondary financing meeting certain requirements. Consequently, the first and third Reset Conditions in the Balloon Note Addendum and the Balloon Rider may have been modified at origination as follows:

- For Balloon/Reset Mortgages secured by Investment Property, the words "and occupant" will have been crossed out or deleted in the first Reset Condition, thereby removing the occupancy requirement as a condition for reset.

- For Balloon/Reset Mortgages originated with secondary financing, the third Reset Condition will have been modified by the addition of the words "except for the secondary financing in existence on the date of this [Rider] [Note Addendum] which meets the Lender's requirements," or substantially similar language to the beginning of the third Reset Condition.

83.8: Approval authority (10/07/02)

This section sets forth the approval authority that you have to *reset* Balloon/Reset Mortgages:

(a) *Resetting* Balloon/Reset Mortgages for Eligible Borrowers

You must *reset* a Balloon/Reset Mortgage effective on the Balloon Maturity Date without our prior approval if the Borrower meets all the Reset Conditions in the *reset rider*. A Borrower who meets all the Reset Conditions is considered an Eligible Borrower.

(b) Handling exceptions for Ineligible Borrowers

If the Borrower does not meet all the Reset Conditions, cannot pay the Balloon Payment and requests a *reset*, then the Borrower is considered an Ineligible Borrower.

We have two decision-making paths for handling *reset* requests from Ineligible Borrowers:

1. **Servicer-delegated review path.** Through this path, you have decision-making authority to approve a *reset* for an Ineligible Borrower, when certain Reset Conditions are not met, subject to the requirements contained in Sections 83.78 through 83.83.
2. **Freddie Mac review path.** Through this path, you work with us by communicating with the Ineligible Borrower on our behalf, gathering information and making recommendations for us to use in our decision-making process. We may approve an Ineligible Borrower for a *reset* or we may suggest an alternative to foreclosure. Refer to Sections 83.84 through 83.89 for more details on this path.

Under the Servicer-delegated review path you have approval authority, but not denial authority. If you believe a *reset* request should be denied, then the request must be sent through the Freddie Mac review path for a decision.

(c) Balloon/Reset Mortgages covered by mortgage insurance

If a Balloon/Reset Mortgage is covered by mortgage insurance you:

1. Must obtain approval from the mortgage insurer (MI), if required by the MI, to approve a *reset* for an Ineligible Borrower
2. May not deny a request for a *reset*; instead, you must forward the case to us for review

Refer to Sections 83.49 and 83.57 for more detail.

83.9: Compliance with applicable laws (10/07/02)

You must comply with all applicable laws for Servicing Balloon/Reset Mortgages, including:

1. Providing disclosure to Borrowers of the costs of *resets*
2. Providing notices and disclosures to Borrowers required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any law applicable to the Borrower's exercise of a Reset Option
3. Perfecting liens
4. Recording Balloon Loan Modifications (see Exhibit 80, Balloon Loan Modification (Form 3293))
5. Determining when you need to execute a new Note and/or Security Instrument
6. Preparing and recording subordination agreements, when applicable

83.10: Form a Reset Mortgage transaction takes (03/26/04)

For each Balloon/Reset Mortgage that is to be *reset*, you must process the transaction as a modification and extension of the existing Balloon Note. The Reset Mortgage must retain:

1. The existing Freddie Mac loan number
2. The same remittance cycle as the Balloon/Reset Mortgage
3. At least the same Minimum Contract Servicing Spread as the Balloon/Reset Mortgage

83.11: First Lien position and title insurance coverage (02/23/07)

The Reset Mortgage must remain a First Lien on the property and you must obtain title insurance coverage to ensure such status. There are two methods to obtain such title insurance coverage:

1. Special Reset Mortgage title insurance coverage
2. Traditional title insurance coverage

When we refer to requirements regarding title insurance coverage throughout this chapter, we will alert you to the differences in such requirements depending upon whether you are obtaining special Reset Mortgage title insurance coverage or traditional title insurance coverage:

(a) Special Reset Mortgage title insurance coverage

Some title insurers have designed a type of title insurance coverage specifically for our Reset Mortgages. When obtaining this coverage in most cases, you do not need to obtain a title report, or subordination agreements if there are junior liens. Exhibit 85, Special Reset Mortgage Title Insurance Information, lists the title insurers that offer this coverage, the name of the coverage and the States where the coverage is available. With this coverage, the original title insurance policy also remains in force. The special Reset Mortgage title insurance coverage insures that the priority, validity and enforceability of the Mortgage has not been affected by the *reset*.

The number of States where the special Reset Mortgage title insurance coverage is available is subject to change as more States approve the coverage. You must check with the title insurers listed in Exhibit 85 to ensure you have the most up to date list of States where the coverage is available.

The title insurers have important requirements and conditions for the issuance of this title protection. You should contact the title insurers for further information. The following are common conditions for title insurance for Reset Mortgages:

1. Each of the title insurers will require you to provide evidence of the original title insurance policy (issued at Mortgage origination), either by way of a copy of the policy or an identification of the date and policy number of such policy
2. You may be required to represent for each Balloon/Reset Mortgage that the Mortgage was originated using the standard Freddie Mac or Fannie Mae balloon documents (including the Balloon Note Addendum, and the applicable riders to the uniform Security Instrument) (refer to Section 83.14)
3. You may be required to obtain representations from the Borrower that:

    a. Ownership of the property has not changed since the Balloon/Reset Mortgage was originated
    b. He or she has not filed for bankruptcy protection nor is in a bankruptcy repayment plan

4. The Reset Note Rate must be calculated in accordance with the requirements in this chapter. That is, the Reset Note Rate must be the applicable Freddie Mac or

Fannie Mae Required Net Yield (RNY) plus 1/2 of 1% (0.50%), rounded to the nearest 1/8th of 1% (0.125%).

A matured Balloon Reset Mortgage, modified using an alternative to foreclosure, is not eligible for the special reset title insurance. Refer to Chapter B65 for the requirements of these alternatives.

(b) Traditional title insurance coverage

When using traditional title insurance coverage, you obtain a title report and then obtain an endorsement to the existing title insurance policy or a new title insurance policy. The title insurance policy must meet the conditions in Chapter 39. Additionally, if the title report reveals the existence of junior liens, and the title insurer requires a subordination agreement to ensure the Reset Mortgage will remain a First Lien, then before approving a reset, you must obtain confirmation from all junior lienholders that they will subordinate. If the junior lienholders will not agree to subordinate, contact your investor accounting specialist.

The Balloon/Reset Mortgage may not actually be reset until the necessary subordination agreement(s) has (have) been executed and recorded. Contact your investor accounting specialist if you have previously locked in a rate but are then unsuccessful in obtaining the necessary subordination agreement(s) prior to *resetting* the loan.

83.12: Borrower notice standards (10/07/02)

There are a number of notices and letters that you will send to Borrowers with maturing Balloon/Reset Mortgages. To be effective all notices and letters must:

1. Be dated
2. Be written in language that is clear and easy for a Borrower to understand
3. Include contact information so a Borrower can get questions answered
4. Comply with all applicable laws

83.13: Introduction (10/07/02)

We purchase Balloon/Reset Mortgages that are originated using either Freddie Mac Uniform Instruments or Fannie Mae Uniform Instruments. There are some differences in the form and terminology used in these documents, which are described in Section 83.15.

You must know and understand the requirements contained in the Mortgage documents to ensure you process maturing Balloon/Reset Mortgages according to the terms specified

in the documents. Section 83.17 details your specific responsibilities for *resetting* a Balloon/Reset Mortgage.

83.14: Mortgage documents (04/25/06)

(a) Acceptable documents

Balloon/Reset Mortgages must have been originated on the following Freddie Mac or Fannie Mae Uniform Instruments in the form acceptable under the terms of Volume 1 of this Guide at time of origination:

- The Freddie Mac/Fannie Mae Uniform Security Instrument (1-4 Family) for the jurisdiction where the property is located, and
- Either the Freddie Mac Uniform Instrument Multistate Balloon Fixed-Rate Note-Single Family, or the Fannie Mae Uniform Instrument Multistate Balloon Fixed-Rate Note-Single Family, and
- An acceptable combination of either the Freddie Mac Uniform Instrument Multistate Balloon Note Addendum and Balloon Rider or the Fannie Mae Uniform Instrument Multistate Balloon Note Addendum and Balloon Rider. (Balloon/Reset Mortgages originated on the Fannie Mae Note Addendum and Balloon Rider with the tagline "01/01 (rev. 9/01)" are not eligible for sale to Freddie Mac. If you discover a Balloon/Reset Mortgage originated on documents with this tagline, you must contact us **(see Directory 3)** for further instructions.)

(b) Balloon Note Addendum and Balloon Rider

The Balloon Note Addendum and the Balloon Rider to the Security Instrument list your responsibilities (acting on behalf of Freddie Mac, the Note holder) and the Borrower's rights and responsibilities for exercising the Reset Option. The *reset riders* use the terms "conditional modification or refinance." However, the term *"reset"* will be used throughout this chapter.

83.15: Understanding the differences in the Mortgage documents (10/07/02)

Balloon/Reset Mortgages originated using the Fannie Mae Uniform Instruments must be serviced and reset according to our requirements.

The major differences between the Freddie Mac Uniform Instruments and Fannie Mae Uniform Instruments may be in the RNY you are required to use to calculate the Reset Note Rate, and the period of time in which a Borrower can notify you of his or her *election to reset*:

(a) RNY differences

The *reset rider* specifies that you must use the RNY for 30-year fixed-rate Mortgages subject to a 60-day mandatory delivery commitment to calculate the Reset Note Rate. However, you must review the *reset rider* for each Eligible Borrower's Mortgage to determine if you must use the Freddie Mac RNY or the Fannie Mae RNY to calculate the Reset Note Rate.

Freddie Mac Uniform Instruments require you to use the Freddie Mac RNY to calculate the Reset Note Rate.

Fannie Mae Uniform Instruments may require you to use the Fannie Mae RNY or they may require you to use the Freddie Mac RNY to calculate the Reset Note Rate. If the documents require you to use the Fannie Mae RNY, you may only do so if the Borrower is an Eligible Borrower. (If the Borrower is an Ineligible Borrower approved for a reset, then you must use the Freddie Mac RNY to calculate the Reset Note Rate even if the Uniform Instruments require you to use the Fannie Mae RNY.)

In either case, you will be required to remit to us an amount based on the Freddie Mac RNY even if the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments that require you to calculate the Reset Note Rate using the Fannie Mae RNY. If the Freddie Mac RNY is higher than the Fannie Mae RNY, then you may be facing a discount situation. Refer to Section 83.105.

(b) When a Borrower can *elect to reset*

The Freddie Mac *reset riders* specify that the Borrower must notify you no earlier than the 60th calendar day and no later than the 45th calendar day before the Balloon Maturity Date of his or her *election to reset*. The Fannie Mae *reset riders* do not contain the "no earlier than 60 calendar days" prior to the Balloon Maturity Date language. However, effective 10/97, for all Balloon/Reset Mortgages originated on the Fannie Mae Uniform Instruments, this language must have been added to the Balloon Note Addendum and Balloon Rider at origination.

For a Balloon/Reset Mortgage originated on Fannie Mae Uniform Instruments without the added language, you must obtain the Fannie Mae RNY to calculate the Reset Note Rate on the date and time you receive the Borrower's election to reset if the Borrower is an Eligible Borrower, even if the election is received prior to the 60th day before the Balloon Maturity Date.

Regardless whether the Balloon/Reset Mortgage was originated using the Freddie Mac Uniform Instruments or the Fannie Mae Uniform Instruments, with or without the "no earlier than 60 calendar days" language, you cannot obtain the Freddie Mac RNY until the 60th calendar day before the Balloon Maturity Date. If the 60th calendar day is not a Business Day, you must wait until the next Business Day to obtain the Freddie Mac RNY.

83.16: State differences (03/26/97)

Certain States have specific requirements for Mortgages that have balloon provisions and that are secured by residential property. Therefore, if State law is more restrictive than the requirements in this chapter, you must comply with the State law.

83.17: Your responsibilities (12/05/03)

The *reset rider* details what you must do when a Balloon/Reset Mortgage is maturing. You must

1. Notify the Borrower at least 60 calendar days in advance of the Balloon Maturity Date that the Balloon Note is maturing and of the amount that the Borrower will owe on the Balloon Maturity Date
2. Advise the Borrower that he or she may exercise the Reset Option if all Reset Conditions are met
3. Provide the Borrower with payment record information for the period beginning 12 months before the Balloon Maturity Date
4. Provide the Borrower with the name, title and address of the person representing the Note holder that he or she must notify to exercise the Reset Option
5. Calculate the Reset Note Rate based on the applicable net yield in effect on the date and time of day that you receive written notice of the Borrower's *election to reset*
6. Notify the Borrower before the Balloon Maturity Date of the

   (a) Reset Note Rate
   (b) New monthly payment amount
   (c) Date, time and place the Borrower must appear to sign any documents required to complete the *reset* (Although the *reset rider* states that the Borrower "must appear" to execute the documents, you may conduct the *reset* transaction through the mail.)

83.18: Introduction (03/26/97)

We have specific expectations and requirements for how you manage maturing Balloon/Reset Mortgage activities. These expectations and requirements are listed in Sections 83.19 through 83.24.

83.19: Your compensation (02/23/07)

The *reset rider* permits you to charge an Eligible Borrower a $250 processing fee for exercising the Reset Option. In addition to the $250, the Borrower must pay all costs associated with the exercise of the Reset Option.

You may charge a $350 processing fee to an Ineligible Borrower whose Balloon/Reset Mortgage is *reset*. In addition to the $350, the Borrower must pay all costs associated with the transaction.

On a Reset Mortgage, you will continue to receive the same Minimum Contract Servicing Spread that you received on the Balloon/Reset Mortgage, plus any excess remaining from the following calculation:

Reset Note Rate	-	Freddie Mac RNY	-	Minimum Contract Servicing Spread	=	Additional Servicing Fee Income

If the Minimum Contract Servicing Spread is 50 basis points (0.50%) or higher, you may be charged a discount fee. Refer to Section 83.105.

Servicing Note:
If you have collected the processing fee from a Borrower and the Balloon/Reset Mortgage is not *reset*, then you must refund the processing fee to the Borrower. You may retain any other funds you have received from the Borrower for actual costs you have incurred, such as a title report.

83.20: Your responsibilities (09/30/97)

Your management of maturing Balloon/Reset Mortgages activities must include:

1. Preparing your organization to manage this process, including assigning knowledgeable staff who can handle all aspects of the process
2. Communicating with Borrowers as their Balloon Maturity Dates approach
3. Reporting Borrowers' intentions to us
4. Processing *resets* for Eligible and Ineligible Borrowers
5. Working with Ineligible Borrowers

83.21: Operations (12/05/03)

You must ensure that you have processes in place to:

1. Comply with all applicable laws
2. Produce notices and disclosures to Borrowers

3. Estimate transaction costs (see Section 83.22)
4. Define when the Borrower's written notice of election to exercise the Reset Option is considered received by you (see Section 83.23)
5. Obtain the Fannie Mae RNY, when applicable
6. Obtain title insurance coverage insuring the Reset Mortgage as a First Lien (see Section 83.11)
7. Ensure all applicable documents are executed in accordance with the requirements in this chapter

83.22: Estimating *reset* transaction costs (02/23/07)

You must estimate which transaction costs will apply, and how much the transaction costs will be to process a *reset*. The costs will vary depending on the State and jurisdiction in which the property securing the Balloon/Reset Mortgage is located. Determining these costs in advance is necessary so you can provide the Borrower with an estimate so he or she can decide whether or not to *elect to reset*.

The Borrower must pay the transaction costs in full. The costs may not be added to the unpaid principal balance (UPB):

(a) *Reset* transaction costs for an Eligible Borrower

The transaction costs to process a *reset* for an Eligible Borrower include:

1. Obtaining title insurance coverage (see Section 83.11) through either a:

    a. Special Reset Mortgage title insurance policy, when available
    b. Traditional title insurance policy, which includes obtaining a title report and obtaining an endorsement to the existing title insurance policy (if the existing title insurer will issue an endorsement) or a new title insurance policy, whichever is the least costly to the Borrower

2. Recording the Balloon Loan Modification (see Exhibit 80, B alloon Loan Modification (Form 3293))
3. The $250 processing fee allowed in the *reset rider*

(b) *Reset* transaction costs for an Ineligible Borrower

The transaction costs to process a *reset* for an Ineligible Borrower include:

1. Obtaining title insurance coverage (see Section 83.11) through either a:

    a. Special Reset Mortgage title insurance policy, when available

b. Traditional title insurance policy, which includes obtaining a title report and obtaining an endorsement to the existing title insurance policy (if the existing title insurer will issue an endorsement) or a new title insurance policy, whichever is the least costly to the Borrower

2. Obtaining and recording subordination agreements if there are junior liens on the property and the title insurer requires such subordination agreements, and any fees the junior lienholders charge for the subordination agreements
3. Recording the Balloon Loan Modification (see Exhibit 80)
4. The $350 processing fee allowed in this chapter

83.23: Defining when a Borrower's *election to reset* is considered received (10/07/02)

The *reset rider* requires that the Borrower provide you with written notice of his or her election to exercise the Reset Option. The Borrower must know and agree to what constitutes the "date and time of day" for purposes of Provision 3 of the *reset rider*. This provision requires you to calculate the Reset Note Rate based on the RNY in effect on the date and time that you receive the Borrower's *election to reset*.

You must define what the date and time of day will mean to you and include an explanation of this in your *required notice* to the Borrower. Additionally, you must have the Borrower acknowledge and accept your definition of the date and time of day. Refer to Sections 83.34 through 83.39. (The Manual provides a suggested method to obtain the acknowledgment and acceptance from the Borrower.)

83.24: Selecting a communication path with us (10/07/02)

(a) Communication items

There are a number of regular communications between you and us that will occur when you are Servicing maturing Balloon/Reset Mortgages. These communications are as follows:

1. We send notices to you about the Balloon/Reset Mortgages that you have maturing in a given period of time. Refer to Sections 83.25 and 83.26.
2. You notify us about a Borrower's ineligibility to *reset* and inability to pay the Balloon Payment.
3. You notify us of a Borrower's *election to reset*.
4. You obtain the Freddie Mac RNY from us to calculate the Reset Note Rate. (If the Balloon/Reset Mortgage was originated using Fannie Mae documents requiring

the use of the Fannie Mae RNY to calculate the Reset Note Rate and the Borrower is an Eligible Borrower, you must obtain the Fannie Mae RNY from Fannie Mae or a Fannie Mae-approved provider of such information.)

5. We send you Form 1074, Freddie Mac Reset Mortgage Confirmation, to confirm the Freddie Mac RNY.
6. You complete Form 1074 and return the form to us.
7. We send you Form 1034B, Custodial Certification Schedule Balloon Loan Modification.

(b) Communication methods

You can communicate with us regarding Balloon/Reset Mortgages by one of the two following methods:

1. MIDANET for the PC
2. Telephone contact with an (800) FREDDIE representative any Business Day between 10:00 a.m. and 4:30 p.m. Eastern time

If you are a licensed holder of MIDANET for the PC, we will send you any notices and Form 1074 via MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, we will send you these notices by mail or facsimile.

We encourage you to use the automated communication path through MIDANET for the PC to manage this process and ensure you meet the time lines required in the reset rider and in this chapter. You may contact (800) FREDDIE to:

- Determine if you are a licensed holder of the software
- Determine the site location we will use to transmit data on maturing Balloon/Reset Mortgages to you.
- Set up a separate site location for processing maturing Balloon/Reset Mortgages

This chapter will provide you with requirements for the use of MIDANET for the PC and the use of (800) FREDDIE for the above-described purposes.

Our Publication 212, Servicing Maturing Balloon/Reset Mortgages provides detailed instructions for using the balloon rate lock transmission in MIDANET for the PC. Refer to Section 83.5 for information on obtaining a copy of this publication.

83.25: Introduction (04/17/08)

To remind you that you have Balloon/Reset Mortgages maturing, we will send you various notices. These notices are a confirmation of our records and do not relieve you of the responsibility of monitoring your portfolio of Balloon/Reset Mortgages to determine when these Mortgages are maturing.

If you are a licensed holder of MIDANET for the PC, we will send you these notices via the Freddie Mail feature in MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, we will send you these notices by mail, e-mail or fax.

You may contact (800) FREDDIE to determine who or what MIDANET for the PC site location in your organization is designated to receive these notices. You may also contact (800) FREDDIE to change this designation.

83.26: Reminder notices (12/05/03)

(a) **One-time, 18-month notice**

We will send you a one-time notice to remind you that you have Balloon/Reset Mortgages beginning to mature in 18 months. This notice will not contain any details on specific Mortgages or maturity dates.

(b) **Recurring notices**

We will send you a notice and list of maturing Balloon/Reset Mortgages each time you have one or more scheduled to mature in 14 months and six months. For each Balloon/Reset Mortgage, the list contains the:

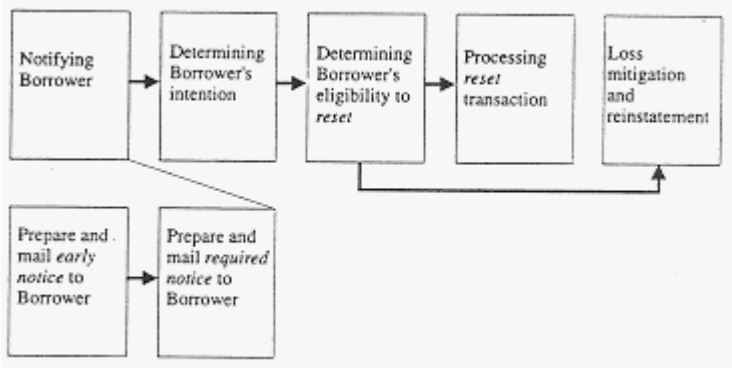
1. Freddie Mac loan number
2. Servicer loan number (if provided to us when we purchased the Mortgage)
3. Scheduled Balloon Maturity Date
4. UPB as of the most recent accounting cycle report
5. Expected Reset Mortgage maturity date that will be effective if the Balloon/Reset Mortgage is *reset*
6. Borrower's name and property address

You must compare our list of Balloon/Reset Mortgages with your records and ensure that the information is the same. This comparison is important because incorrect data may slow the process if a Borrower *elects to reset*. If any of the information contained in the list is incorrect, you must forward a correction to us at the address stated in our notice. You must include a copy of the Balloon Note and/or other appropriate documentation when you return the list to us to confirm what the correct information should be.

83.27: Notifying Borrower process (03/26/97)

You will find the requirements necessary to send two notices to a Borrower with a maturing Balloon/Reset Mortgage in this part of the chapter. Notifying the Borrower is the first stage in the Servicing maturing Balloon/Reset Mortgages process, as shown

below. This process flow will give you a general overview of the process. Refer to the requirements in this chapter for more details.



83.28: Notifying Borrower contents (03/26/97)

Topic	Section(s)
Early notice to Borrower	83.30-83.32
Required notice to Borrower	83.33-83.37
Borrower's payments are current and were not delinquent	83.38-83.39
Borrower's payments are current, but were delinquent	83.40-83.41
Borrower's payments are delinquent	83.42-83.44

83.29: Notices to the Borrower (03/26/97)

To advise a Borrower that his or her Balloon/Reset Mortgage is maturing, there are two types of notices that you are required to send to the Borrower. They are the *early notice* and the *required notice*. The *early notice* is detailed in Sections 83.30 through 83.32 and the *required notice* is detailed in Sections 83.33 through 83.44.

83.30: Introduction (06/01/97)

The *early notice* is a "heads up" to the Borrower that we require you to send. This notice is to remind the Borrower that he or she has a Balloon/Reset Mortgage that is maturing, that there is a Reset Option and that there are Reset Conditions that the Borrower needs to meet to qualify for the Reset Option. Sending this *early notice* to the Borrower helps him or her prepare better for the upcoming maturity of his or her Mortgage.

83.31: *Early notice* standards (06/01/97)

The *early notice* must conform to the notice standards detailed in Section 83.12 and contain, at a minimum, the following:

1. A reminder that the Borrower's Mortgage is a Balloon/Reset Mortgage with a lump-sum payment due on the Balloon Maturity Date
2. The Balloon Maturity Date
3. A reminder that the Balloon/Reset Mortgage documents provide for a reset of the Balloon Note if certain conditions are met
4. The Reset Conditions (emphasize that the Borrower must keep his or her monthly payments current for the period that begins 12 months before the Balloon Maturity Date)
5. A statement that you will send the Borrower another notice several months before the Balloon Maturity Date and that he or she will need to respond to that notice
6. Contact information for your organization where the Borrower can obtain additional information

The Manual provides a sample *early notice*.

83.32: When to send the *early notice* (06/01/97)

You must send the *early notice* to the Borrower between 13 and 14 months before the Balloon Maturity Date. For example, if the Balloon Maturity Date is July 1, 1999, you must send the *early notice* between May 1 and June 1 of 1998.

83.33: Introduction (12/05/03)

The *reset rider* requires that you send a written notice to the Borrower to advise the Borrower of the Balloon Payment due on the Balloon Maturity Date and the Borrower's Reset Option. The *required notice* is discussed in Sections 83.34 through 83.44.

Sending the *required notice* to the Borrower is one of the most critical steps in Servicing maturing Balloon/Reset Mortgages. This notice has three vital functions; it is the:

1. Official notice to the Borrower that is required in the Mortgage documents (and in some States it is required by State law)
2. Opportunity to explain the *reset* process in detail to the Borrower
3. Vehicle to get the Borrower to make a timely decision about whether or not to exercise the Reset Option and to advise you of that decision

83.34: *Required notice* standards (04/25/07)

To ensure that the Borrower is informed about his or her rights and options, you must send the Borrower a *required notice* that:

1. Conforms to the notice standards in Section 83.12
2. Is complete, accurate and complies with the requirements in the *reset rider* including, at a minimum, the following information:

   (a) The Balloon Maturity Date
   (b) The amount of the Balloon Payment
   (c) A statement that the Mortgage documents provide the Borrower with a Reset Option if certain conditions are met
   (d) The Reset Conditions
   (e) All information required in Sections 83.39, 83.41 or 83.44, whichever section is applicable based on the Borrower's payment record
   (f) The operational meaning of the "date and time of day" for receipt of the Borrower's written notice of *election to reset*

3. Is sent by certified mail if required by applicable law (we recommend you send the *required notice* by certified mail even if not required by applicable law).

A copy of the *required notice* must be kept in the Mortgage file.

When quoting dates in the *required notice*, check to see if any due dates fall on a Saturday, Sunday or holiday. If the 60th day before the Balloon Maturity Date falls on a non-Business Day, then quote the first Business Day after the 60th day. If the 45th day before the Balloon Maturity Date falls on a non-Business Day, then quote the first Business Day before the 45th day.

83.35: When to send the *required notice* and penalty for failing to send it (10/07/02)

The *reset rider* states that you must send the *required notice* by a certain numbers of days before the Balloon Maturity Date. Our requirements, detailed in Section 83.35(a), require you to send the *required notice* during a specific time frame (this time frame complies with the requirements in the *reset rider*).

(a) When to send

You must send the *required notice* to the Borrower between the 100th and 120th day before the Balloon Maturity Date. However, if the property is located in a State that

requires earlier or later notification, then you must comply with the requirements of that State.
Sending the *required notice* between the 100th and 120th day before the Balloon Maturity Date ensures that the Borrower receives the notice to have sufficient time to:

1. Make a decision about exercising the Reset Option
2. Resolve problems with meeting the Reset Conditions

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Servicing Note:
For purposes of complying with the 120-day requirement, you may send the *required notice* out four months before the Balloon Maturity Date without having to count out the 120 days. For example, if the Balloon Maturity Date is July 1, 1998, you may send out the *required notice* on March 1, 1998.
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(b) Penalty for failing to send the *required notice* in the time specified

If you fail to send the *required notice* to a Borrower in the time specified in Section 83.35(a), you may be required to repurchase the Balloon/Reset Mortgage from us.

83.36: Review of Borrower's payment history (10/07/02)

To comply with the terms of the *reset rider*, you must review the payment history of the Balloon/Reset Mortgage and include that information in the *required notice* sent to the Borrower.

Reviewing the payment history ensures that a Borrower does not receive a notice that leads him or her to believe the payment history Reset Condition has been met or that he or she can obtain a *reset* under the exact terms stated in the *reset rider*.

You must review the Borrower's payment history for the period beginning 12 months before the Balloon Maturity Date to the date you send the *required notice* to the Borrower. Based on the Borrower's current payment status and the payment record for the earlier period, you must adapt the *required notice* that you send to ensure that the Borrower is given the correct information about his or her ability to *reset* under the exact terms stated in the *reset rider*. If the Borrower had been 30 or more days delinquent in the 12-month period before the Balloon Maturity Date, the Borrower must be informed that he or she still may be able to *reset*, but under terms that are similar to, but not exactly the same, as those in the *reset rider*.

83.37: Adapting the *required notice* (10/07/02)

A Borrower who is:

1. Current, but has been 30 or more days delinquent in monthly payments during the 12-month period preceding the Balloon Maturity Date, is an Ineligible Borrower and may *reset* his or her Balloon/Reset Mortgage only with your or our approval, as applicable. Refer to Sections 83.61, 83.82 and 83.88.
2. Delinquent in his or her monthly payments, is automatically ineligible to *reset*. Refer to Section 83.109.

A Borrower in either of these two circumstances must not receive the same type of *required notice* that a Borrower who has kept his or her payments current in the 12-month period preceding the Balloon Maturity Date must receive.
Required notices must contain different language for each of the following situations:

1. A Borrower's payments are current and he or she has not been 30 or more days delinquent in the 12-month period preceding the Balloon Maturity Date.
2. A Borrower's payments are current, but he or she has been 30 or more days delinquent in the 12-month period preceding the Balloon Maturity Date.
3. A Borrower's payments are delinquent. If either of the following two situations exist, you do not need to send the *required notice* unless the Borrower fully reinstates the Balloon/Reset Mortgage (refer to Section 83.112 for details on accepting reinstatements on delinquent maturing Balloon/Reset Mortgages):

   (a) The Borrower is now delinquent in monthly payments and you have accelerated the Balloon/Reset Mortgage
   (b) The Balloon/Reset Mortgage is in foreclosure

The requirements for each of the three versions of the *required notice* are described in Sections 83.38 through 83.44.

If you know that the Borrower has filed for bankruptcy protection or is currently in a bankruptcy repayment plan, you will need to adapt the *required notice* to the Borrower's specific circumstances. Refer to Section 83.58 for information concerning a Borrower's ability to *reset* when in bankruptcy.

If the Reset Conditions contained in paragraph 2 of the Balloon Note Addendum and Balloon Rider were modified at origination, you will need to adapt the *required notice* to match the Reset Conditions contained in the Mortgage documents. Refer to Section 83.7(b) for information concerning authorized changes to the Reset Conditions.

83.38: Introduction (10/07/02)

The *required notice* described in Section 83.39 is targeted to a Borrower whose payments are current and who has not been 30 or more days delinquent in the period beginning 12 months before the Balloon Maturity Date.

The *reset rider* requires certain information to be included in this notification. We do not believe the required information is enough to ensure that the Borrower understands the *reset* process so it can be completed by the Balloon Maturity Date. Therefore, we have added requirements for the *required notice* content to those in the *reset rider*.

The Manual provides more details on this process and includes suggestions about other information that can be included in the *required notice* to ensure an efficient process. A sample *required notice* is also contained in the Manual.

83.39: Contents of *required notice* (10/07/02)

In addition to the information required in Section 83.34, the *required notice* for a Borrower whose payments are current and have not been delinquent must contain the following information:

1. A statement that the Borrower has not been 30 days or more delinquent on any scheduled monthly payment in the period beginning 12 months before the Balloon Maturity Date and ending with the Due Date of the payment due before the date of the *required notice*.
2. A statement that advises the Borrower that all remaining monthly payments due under the Balloon Note must be paid on time.
3. A statement that advises the Borrower that he or she must notify you in writing of his or her *election to reset* no earlier than 60 calendar days (unless the reset rider does not contain the "no earlier than 60 calendar days" language), and no later than 45 calendar days before the Balloon Maturity Date. You must include a warning in boldface type, in print at least the size of other print used in the *required notice*, stating that if the Borrower fails to notify you of his or her election to exercise the Reset Option by the 45th calendar day before the Balloon Maturity Date, the Borrower will lose the Reset Option and the Balloon Note will be due and payable on the Balloon Maturity Date.
4. The name, title and address of the person at your organization whom the Borrower must notify to exercise the Reset Option.
5. A statement that you will calculate the Reset Note Rate on the date and time of day you receive the Borrower's *election to reset* notice, provided that all of the Reset Conditions contained in the *reset rider* are met.
6. An explanation of how you will determine the date and time of day you receive the Borrower's *election to reset* notice.
7. A statement that you will advise the Borrower of the Reset Note Rate and the new monthly payment amount after you receive the Borrower's *election to reset* and after you have calculated the Reset Note Rate.
8. If occupancy is one of the Reset Conditions contained in the *reset rider*, a statement that the Borrower must provide you with acceptable proof of occupancy of the

property at the same time you receive the Borrower's *election to reset*. You must determine what documentation will be acceptable to verify occupancy of the property and include the list in the *required notice*. Examples are, a copy of the Borrower's driver's license or voter's registration card, or a copy of a recent utility bill for the property.

9. A statement that you will order title insurance coverage to ensure that the Reset Mortgage is a First Lien on the property once you receive the Borrower's *election to reset*.
10. An estimate of the costs of the *reset* transaction, including the $250 processing fee.
11. A reminder that if the Borrower will be paying the Balloon Payment in full, it must be paid on or before the Balloon Maturity Date.
12. A statement that if the Borrower does not meet the Reset Conditions, he or she may still be considered for a *reset*, but it will be under terms that are similar to, but not exactly those terms detailed in the *reset rider*.
13. The name, title, address and telephone number of the person within your organization that the Borrower may contact with questions.
14. You must require that if the Borrower *elects to reset*, that he or she must provide you with the following:

    (a) An acknowledgment and acceptance, in writing, of your statement about the date and time of day that you will consider his or her *election to reset* to be received by you.
    (b) A certification that he or she still owns the property and there have been no changes in ownership.
    (c) A certification that he or she has not filed for bankruptcy protection nor is under a bankruptcy repayment plan (refer to Section 83.58)
    (d) A certification that he or she is current in real estate tax payments (if you are not escrowing for real estate taxes)

    The Manual provides a suggested method for obtaining the acknowledgment and certifications.

83.40: Introduction (10/07/02)

The *required notice* described in Section 83.41 is to be sent to a Borrower whose monthly payments are current, but were 30 or more days delinquent in the period beginning 12 months before the Balloon Maturity Date.

Since the Borrower is an Ineligible Borrower because of the delinquent payment history, the *required notice* needs to be adapted to explain to the Borrower that the payment history Reset Condition has not been met.

The *required notice* must be written to convey a willingness to consider a *reset* if the Borrower requests such consideration.

The Manual provides more detail on this process and includes a sample *required notice.*

83.41: Contents of *required notice* (10/07/02)

In addition to the information required in Section 83.34, the *required notice* for a Borrower whose payments are now current but have been delinquent must contain the following information:

1. A statement that the Borrower has been 30 or more days delinquent in the 12-month period preceding the Balloon Maturity Date and information on which payment(s) was (were) delinquent.
2. A statement advising the Borrower that you may be willing to consider a *reset* if certain conditions are met.
3. A statement that the Borrower must keep all remaining payments current to be considered for a *reset*.
4. The name, title and address of the person within your organization that the Borrower must notify in writing to request a *reset*.
5. The name, title, address and telephone number of the person within your organization that the Borrower may contact with questions.
6. A statement advising the Borrower to notify you in writing no earlier than 60 calendar days, and no later than 45 calendar days before the Balloon Maturity Date to request a *reset*.
7. If occupancy is one of the Reset Conditions contained in the *reset rider*, a statement that the Borrower must provide you with acceptable proof of occupancy of the property at the same time the Borrower notifies you in writing that he or she is requesting a *reset*.
8. A statement that you will order title insurance coverage to ensure that the Reset Mortgage is a First Lien on the property once you receive the Borrower's request to *reset*.
9. A statement that you will advise the Borrower of the Reset Note Rate and the new monthly payment amount after you determine the Borrower can be approved to *reset*.
10. An estimate of the costs for a *reset*, including the $350 processing fee. Explain that the processing fee is higher than allowed in the *reset rider* because the Borrower does not meet the payment history Reset Condition and additional work is needed to process the *reset* request.
11. A reminder that if the Borrower will be paying the Balloon Payment in full, it must be paid on or before the Balloon Maturity Date.
12. You must require that if the Borrower wants to *reset*, that he or she must provide you with the following:

    (a) A certification that he or she still owns the property and that there have been no changes in ownership
    (b) A certification that he or she has not filed for bankruptcy protection nor is under a bankruptcy payment plan (refer to Section 83.58)

(c) A certification that he or she is current in real estate tax payments (if you are not escrowing for real estate taxes)

The Manual provides a suggested method for obtaining the acknowledgment and certifications.

83.42: Introduction (03/26/97)

A Borrower whose payments are 30 or more days delinquent at the time you are preparing the *required notice* is not eligible to *reset*. Whether or not you need to send the Borrower a *required notice*, and what the notice should say, will depend on the severity of the Delinquency and what collection notices you have already sent to the Borrower.

It is important that you send the Borrower the *required notice* specified in the *reset rider* if you have not accelerated the Balloon Note. However, any such notice you send to a Borrower who is delinquent in regards to *resetting* needs to take into account any communication you have already sent out. It also needs to reflect any collection or workout activities you may have pending.

The Manual provides more detail on this process and includes a sample *required notice*.

83.43: When to send the *required notice* (12/05/03)

The following table details when you must send the *required notice* to a Borrower who is delinquent in his or her Mortgage payments.

IF the Mortgage is...	**AND you have...**	**THEN...**
30 or more, but less than 60 days delinquent	Not sent a Notice of Default	Send the Borrower the *required notice* described in Section 83.44
30 or more, but less than 60 days delinquent	Sent a Notice of Default	
60 or more days delinquent	Sent a Notice of Default, but have not sent a Notice of Acceleration	
60 or more days delinquent	Sent a Notice of Default and a Notice of Acceleration	Do not send the Borrower a *required notice*, because you have accelerated the

In foreclosure	Referred the Mortgage to litigation counsel or trustee	Mortgage and the balance is due in full
30 or more days delinquent and is being reviewed by you for a workout (Refer to Chapters 65 and B65 for information on workout options)	Been working with the Borrower to complete the workout	Send a customized required notice that describes the options that may be available to the Borrower

You must comply with the notification requirements of Section 83.112 when considering a reinstatement on a delinquent Balloon/Reset Mortgage that is scheduled to mature in 120 days.

83.44: Contents of *required notice* (10/07/02)

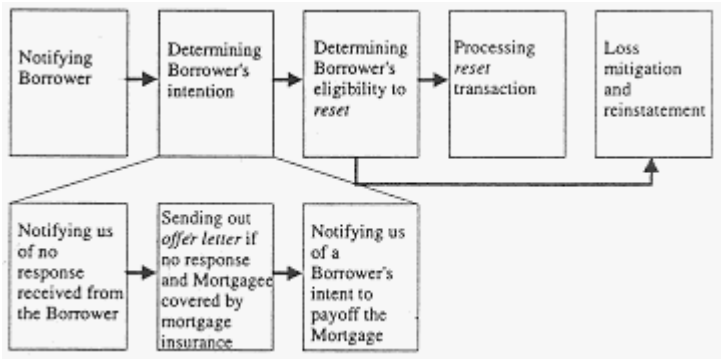
In addition to the information required in Section 83.34, the *required notice* for a Borrower whose payments are now delinquent must contain the following information:

1. A statement that the Borrower is now delinquent in payments that makes him or her ineligible to *reset*.
2. A statement of how much is past due on the Balloon/Reset Mortgage.
3. The name, title and address of the person within your organization that the Borrower can contact with questions, or for assistance.
4. A statement that the Borrower must contact you within 21 days of the date of your *required notice* to discuss alternatives to foreclosure.

Since the Borrower is delinquent, this letter will be considered a collection letter and must conform to all applicable laws governing such letters. You must customize the letter depending on how many payments are due and what the Borrower's general payment habits have been.

83.45: Determining Borrower's intention process (10/07/02)

You will find the requirements necessary to determine the Borrower's intention about his or her maturing Balloon/Reset Mortgage in this part of the chapter. Determining the Borrower's intention is the second stage in the Servicing maturing Balloon/Reset Mortgage process, as shown below. This process flow will give you a general overview of the process. Refer to the requirements in this chapter for more details.



83.46: Determining Borrower's intention contents (10/07/02)

Topic	Section(s)
No response from Borrower	83.48-83.51
Borrower responds to *required notice*	83.52-83.53

83.47: Introduction (10/07/02)

You may or may not receive a response to the *required notice* from a Borrower. If you have not heard from the Borrower, and the due date for the Borrower's response is approaching, you should attempt to contact the Borrower and remind him or her of the approaching deadline.

You must notify us of whether or not you have received a response from each Borrower who has a Balloon/Reset Mortgage maturing according to the timing requirements in Sections 83.48, 83.53, 83.64, 83.83 and 83.85.

You must notify us by either:

1. Transmitting the applicable disposition code via the *balloon rate lock transmission* in MIDANET for the PC, or
2. Calling (800) FREDDIE any Business Day between 10:00 a.m. and 4:30 p.m. Eastern time

We will assess a penalty as provided in Section 78.51 if you fail to report a disposition code required by this section by 4:30 p.m. Eastern time on the 44th calendar day before the Balloon Maturity Date. If the 44th calendar day prior to the Balloon Maturity Date is not a Business Day, then you must report the disposition code by 4:30 p.m. Eastern time on or before the next Business Day.

Our Publication 212, Servicing Maturing Balloon/Reset Mortgages, provides details on this process.

83.48: Notifying us of no Borrower response (02/23/07)

If by the 44th calendar day before the Balloon Maturity Date the Borrower has not responded to the *required notice*, you must notify us of the lack of response by either:

1. Transmitting a disposition code of "N" through the *balloon rate lock transmission* of MIDANET® for the PC, or
2. Calling (800) FREDDIE any Business Day between 10:00 a.m. and 4:30 p.m. Eastern time and giving us the following information:

   (a) Your six-digit Freddie Mac Seller/Servicer number
   (b) Your company name, address, contact name, title and telephone number
   (c) The nine-digit Freddie Mac loan number
   (d) Tell the representative that the Borrower has not responded to the *required notice*

Be sure to keep a record of the date and time you called (800) FREDDIE. We will log in the information for tracking purposes, but will not quote you an RNY since no *election to reset* has been received from the Borrower. Section 83.108 discusses what you should do if you do not receive the payoff within five Business Days after the Balloon Maturity Date.

If the Borrower responds after the 45th calendar day before the Balloon Maturity Date that he or she wants to *reset*, then refer to the requirements in Section 83.80.

If the Mortgage is covered by mortgage insurance and the Borrower does not respond to the *required notice*, refer to Section 83.49 for our requirement that you send an *offer letter* to the Borrower to protect the mortgage insurance coverage.

83.49: No response and Mortgage covered by mortgage insurance (10/28/09)

If the Mortgage is covered by mortgage insurance, the Borrower is current in monthly payments and the Borrower does not respond by the 44th calendar day before the Balloon Maturity Date to the *required notice*, you must send an *offer letter* by the 40th calendar day before the Balloon Maturity Date to the Borrower to protect the mortgage insurance

coverage in case the Borrower does not pay the Balloon Payment. The *offer letter* must contain:

1. A statement that you have not received a response from the Borrower to your *required notice*
2. A reminder that if the Borrower does not request a *reset*, then the Balloon Payment must be paid in full on or before the Balloon Maturity Date
3. A statement that you are offering the Borrower a *reset* if:

   (a) There has been no Transfer of Ownership of the property, and
   (b) The Reset Mortgage will be a First Lien on the property, and
   (c) The Borrower makes the remaining monthly payment on time

4. A statement that you will calculate the Reset Note Rate after you receive the Borrower's request to *reset*
5. A statement that the Reset Note Rate is calculated by using the Freddie Mac RNY for 30-year fixed-rate Mortgages subject to a 60-day mandatory delivery commitment in effect at 4:30 p.m. Eastern time on the 45th calendar day before the Balloon Maturity Date or the date you determine the Borrower meets the three conditions stated in number 3 above, whichever is higher; adding 1/2 of 1% (0.50%) and then rounding to the nearest 1/8th of 1% (0.125%). Include an example of how the rate is calculated or an explanation of where the Borrower can check for the RNY (for example, the daily business section of the print edition of *The Wall Street Journal*).
6. An estimate of the costs of the *reset* transaction (the $350 processing fee for an Ineligible Borrower will apply to this situation)
7. A statement that the Borrower should contact you to advise you of any problem that would prevent the Borrower from *resetting* or paying the Balloon Payment
8. The name, title, address and telephone number of the person within your organization that the Borrower may contact with questions
9. A statement that if the Borrower elects to *reset* but fails to respond or return requested documents timely, he or she may be subject to late fees

The Manual provides a sample *offer letter*.

83.50: Reserved (03/26/97)

This section is intentionally left blank and is reserved for future use

83.51: Reserved (06/30/97)

This section is intentionally left blank and is reserved for future use

83.52: Possible Borrower responses (01/02/01)

You may have four possible responses from a Borrower to the *required notice*. The Borrower:

1. Will pay off the Balloon/Reset Mortgage
2. Elects to reset
3. Cannot pay off the Balloon/Reset Mortgage, wants to reset but does not meet one or more of the Reset Conditions
4. Provides a response not listed above

83.53: Borrower response to *required notice* (02/23/07)

(a) Borrower will pay off the Balloon/Reset Mortgage

If a Borrower's response to a *required notice* is that the Balloon/Reset Mortgage will be paid in full, then you must notify us no later than 4:30 p.m. Eastern time on the 44th calendar day before the Balloon Maturity Date by either:

1. Transmitting a disposition code of "I" through the *balloon rate lock transmission* of MIDANET® for the PC, or
2. Calling (800) FREDDIE between 10:00 a.m. and 4:30 p.m. Eastern time and giving us the following information:

    a. Your six-digit Freddie Mac Seller/Servicer number
    b. Your company name, address, contact name, title and telephone number
    c. The nine-digit Freddie Mac loan number
    d. Tell the representative that the Borrower intends to pay the Balloon/Reset Mortgage in full

You must flag your Mortgage records to ensure that the Borrower pays the Balloon Payment in full. Section 83.108 discusses what you should do if you do not receive the payoff within five Business Days after the Balloon Maturity Date. When you receive the payoff funds, process the Balloon Payment according to the requirements in Sections 51.19 and 78.13 through 78.20.

(b) Eligible Borrower *elects to reset*

If a Borrower's response to the *required notice* is that he or she *elects to reset* and he or she claims to meet all the Reset Conditions and is not delinquent in his or her monthly payments, then process the election according to the requirements in Sections 83.56 through 83.77.

(c) Ineligible Borrower requests a *reset*

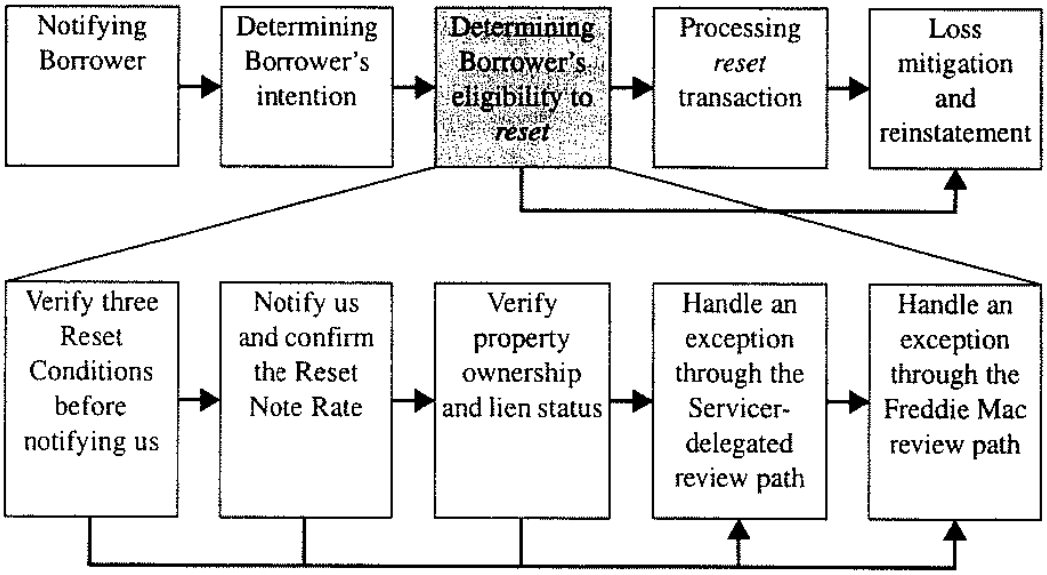
If a Borrower's response to the *required notice* is that he or she requests a *reset*, but cannot meet the Reset Conditions, then process the Borrower's request according to the requirements in Sections 83.56 through 83.89.

(d) Other Borrower responses

A Borrower may elect not to *reset* and may not be able to pay the Balloon Payment in full on or before the Balloon Maturity Date. This and any other Borrower response will require a case-by-case analysis to determine the best course of action. Refer to Section 83.80 if a Borrower fails to notify you by the 45th calendar day, Section 83.84 regarding the handling of exceptions through the Freddie Mac review path and Section 83.110 regarding recommending a workout option.

83.54: Determining Borrower's eligibility to *reset* process (02/23/07)

In this part of the chapter, you will find the requirements necessary to determine if a Borrower is eligible to *reset* the Balloon/Reset Mortgage. Determining if the Borrower is an Eligible Borrower, making decisions on Ineligible Borrowers through the Servicer-delegated path or sending *reset* requests through the Freddie Mac review path is the third stage in the Servicing maturing Balloon/Reset Mortgage process, as shown below. This process flow will give you a general overview of the process. Refer to the requirements in this chapter for more details.



83.55: Determining Borrower's eligibility to *reset* contents (03/26/97)

Topic	Section(s)
Verifying three Reset Conditions before notifying us	83.59-83.61
Notifying us and confirming the Reset Note Rate	83.62-83.70
Verifying property ownership and lien status	83.71-83.77
Handling an exception through the Servicer-delegated review path	83.78-83.83
Handling an exception through the Freddie Mac review path	83.84-83.89

83.56: Introduction (04/25/06)

When a Borrower responds to the *required notice* that he or she *elects to reset*, then you must determine if the Borrower meets all the Reset Conditions and is an Eligible Borrower. If you determine during this process that the Borrower does not meet one or more of the Reset Conditions, then the Borrower is an Ineligible Borrower. You must then determine if you can process the Borrower's *reset* request through the Servicer-delegated review path. If you do not have the authority under the Servicer-delegated review path to make an exception for the unmet Reset Condition, then you must send the *reset* request to us through the Freddie Mac review path. Refer to Section 83.8 for a summary of these two paths.

(a) Decision-making authority for a *reset* request from an Ineligible Borrower

If you are processing a *reset* request for an Ineligible Borrower, determine which path you must use based on the unmet Reset Condition(s) as listed in the table below.

Unmet Reset Condition	Servicer-Delegated Review Path	Freddie Mac Review Path
The Borrower does not own the property	X (If the Transfer of Ownership is exempt under federal restrictions or the conditions in Sections 83.73-83.77 can be met)	X (If the Transfer of Ownership is not exempt under federal restrictions or the conditions Sections 83.73-83.77 cannot be met)

Occupancy of the property is a condition for reset; however, the Borrower does not occupy the property as either a Primary Residence or *second home*. (The Property is now an *Investment Property*)	X	
The Borrower did not provide you with his or her *election to reset* by the 45th calendar day before the Balloon Maturity Date	X (If the Borrower responded within 44 calendar days of the Balloon Maturity Date)	X (If the Borrower's response is received during the Balloon maturity month)
The title to the property is not free from liens, defects, encumbrances or other adverse matters	X (Provided the Balloon/Reset Mortgage, once reset, will remain a First Lien)	X (If the Balloon/Reset Mortgage, once reset, will not remain a First Lien)
The Borrower was 30 or more days late in one or more of the payments due in the 12-month period before the Balloon Maturity Date	X (If Borrower is current at the 90th day before the Balloon Maturity Date and stays current)	X (If Borrower is delinquent at the 90th day before the Balloon Maturity Date and subsequently becomes current)
The Reset Note Rate is greater than 5% over the existing Balloon Note rate		X

If there are multiple unmet Reset Conditions, the proper review paths are as follows:

1. If all the exceptions to the unmet Reset Conditions are allowed through the Servicer-delegated review path, then you must process the *reset* request, subject to all the requirements for each individual exception in Sections 83.78 through 83.83
2. If some exceptions to the unmet Reset Conditions are allowed to be processed though the Servicer-delegated review path and others must be processed through the Freddie Mac review path, then you must process the *reset* request through the Freddie Mac review path. Refer to Sections 83.84 through 83.89

You have approval authority to make exceptions for unmet Reset Conditions as listed in the table above, subject to the conditions in Section 83.78 through 83.83. You do not have the authority to deny a *reset* request if the Borrower is current in his or her monthly payments. If you believe that a Borrower's *reset* request should be denied, then you must send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal, to us **(see Directory 3)** along with any appropriate documentation to support your recommendation. We will notify you of our decision within seven Business Days. If the Borrower is delinquent in monthly payments, refer to Section 83.109.

(b) RNY locks for Ineligible Borrowers

For both an Eligible Borrower and an Ineligible Borrower approved for a *reset*, the Reset Note Rate is calculated as described in Section 83.66. However, for an Ineligible Borrower, the RNY is not locked on the day you received the Borrower's request for a *reset* as it is for an Eligible Borrower. Instead the RNY is locked as follows:

If the Reset Condition(s) that the Borrower cannot meet:

1. Is (are) an allowable exception(s) through the Servicer-delegated review path, then you will obtain the RNY when you approve the Borrower for the *reset* and notify us of that approval
2. Require our review, then we will provide you with the RNY if we approve the Borrower for a *reset*

If an Ineligible Borrower's request for a *reset* is approved (either by you or us) within 44 calendar days of the Balloon Maturity Date, then the RNY will be the higher of the Freddie Mac RNY in effect:

1. At 4:30 p.m. Eastern time on the 45th calendar day before the Balloon Maturity Date
2. The date you notify us that you have approved the *reset* request through the Servicer-delegated review path or the date we approve the *reset* request through the Freddie Mac review path

You will use the Freddie Mac RNY to calculate the Reset Note Rate for an Ineligible Borrower even if the Balloon/Reset Mortgage is originated using Fannie Mae Uniform Instruments that require the use of the Fannie Mae RNY.

Obtaining the RNY for an Ineligible Borrower is detailed in Sections 83.83 and 83.85 through 83.89.

83.57: If Mortgage is covered by mortgage insurance (10/07/02)

If the Balloon/Reset Mortgage is covered by mortgage insurance, and the Borrower does not meet the Reset Conditions and cannot pay the Balloon Payment, the terms of the mortgage insurance master policy must be taken into account when determining a course of action. For an MI to cover a Balloon Payment default, a Borrower must have been offered a *reset* as long as the monthly payments are current, there has been no unauthorized Transfer of Ownership and the Balloon/Reset Mortgage, once *reset*, would remain a First Lien on the property. The requirements in this chapter have been written to comply with the provisions of the master policy. Refer to Sections 83.8(c) and 83.49.

You must have documentation in the Mortgage file to prove you have offered a *reset* (subject to the conditions in the preceding paragraph) to a Borrower whose Balloon/Reset Mortgage is covered by mortgage insurance.

83.58: Borrower bankruptcy (12/19/07)

There are no specific provisions in the *reset rider* that prevent the Borrower from being eligible to *reset* if the Borrower has filed for bankruptcy protection. One factor that must be considered is the Borrower's payment history and whether or not the monthly payments due under the Balloon Note are current and have not been delinquent in the 12-month period before the Balloon Maturity Date. The following requirements are in addition to the requirements of Sections 67.6 through 67.16 regarding the Servicing of Mortgages subject to bankruptcy proceedings:

(a) Borrower is current in monthly payments

If the Borrower:

1. Has filed for bankruptcy protection or is under a bankruptcy repayment plan,
2. Is current in the contractual monthly payments that are due under the Balloon Note, and
3. Was not 30 or more days delinquent on those contractual monthly payments in the 12-month period before the Balloon Maturity Date

then the Borrower meets the payment history Reset Condition. However, you may need to get permission from the bankruptcy court to process the *reset* transaction. Contact your bankruptcy counsel for guidance.

(b) Borrower is delinquent in monthly payments

If the Borrower:

1. Has filed for bankruptcy protection or is under a bankruptcy repayment plan, and
2. Is delinquent in contractual monthly payments that are due under the Balloon Note (even though the Borrower may be current in the monthly payments due under a bankruptcy repayment plan)

then the Borrower does not meet the payment history Reset Conditions and is an Ineligible Borrower. Contact us **(see Directory 3)** to discuss what actions you should take.

83.59: Introduction (12/05/03)

If the Borrower:

1. Responds to a *required notice* by the 45th calendar day before the Balloon Maturity Date, and
2. Responds that he or she *elects to reset*, and
3. Claims to meet the Reset Conditions, and
4. Is current in his or her monthly payments and there were no Delinquencies of 30 or more days in the 12-month period before the Balloon Maturity Date,

then you must take the steps detailed in Sections 83.60 through 83.77 and process the *election to reset* to determine if the Borrower meets the remainder of the Reset Conditions and, is therefore, an Eligible Borrower.

If the Borrower:
1. Did not respond by the 45th calendar day before the Balloon Maturity Date, and/or
2. Was 30 or more days delinquent in his or her monthly payments during the 12-month period before the Balloon Maturity Date, and/or
3. Advised you that he or she does not meet one or more of the other Reset Conditions,
4. then refer to Sections 83.71 through 83.89.

83.60: Verifying occupancy status (10/07/02)

A Balloon/Reset Mortgage may be originated and sold to Freddie Mac as an Investment Property Mortgage. Consequently, the Balloon Note Addendum and the Balloon Rider may have been modified at origination by deleting or crossing out the words "and occupant" in the first Reset Condition thereby deleting the occupancy requirement as a condition for reset. You must review the Reset Conditions contained in the Balloon Note Addendum and Balloon Rider for each Borrower to determine if the Borrower must currently occupy the property as either his or her Primary Residence or a *second home* as a condition to reset.

If the documents do not contain the occupancy requirement as a Reset Condition, then you do not need to verify occupancy status and, provided all other Reset Conditions are met, the Borrower is considered to be an Eligible Borrower even if the property is being used as an Investment Property.

If the Balloon Note Addendum and Balloon Rider contain the occupancy requirement, then the Borrower must currently occupy the property as his or her Primary Residence or second home to be considered an Eligible Borrower. From the documentation the Borrower provided to verify occupancy status (refer to Section 83.39), and any pertinent documentation you may have in the Mortgage file, you must determine if the Borrower occupies the property as a Primary Residence or a *second home*.

If you determine that the:

1. Borrower does occupy the property and claims to meet the other Reset Conditions, then process the Borrower's *election to reset* starting with the requirements in Section 83.61.
2. Property is an *Investment Property*, then the Borrower is an Ineligible Borrower. You may continue considering the Borrower for a *reset* through the Servicer-delegated review path. Refer to Sections 83.61 and 83.71 through 83.77 to determine if the Borrower meets the other Reset Conditions.

83.61: Verifying payment history Reset Condition (12/05/03)

Verify that the Borrower is current in his or her monthly payments and was not 30 or more days delinquent in the 12-month period before the Balloon Maturity Date. If the Borrower is current and was not delinquent, then the payment history Reset Condition is met. Continue with the processing requirements in Section 83.62. Refer to Section 83.82.

83.62: Introduction (10/07/02)

If you received the Borrower's election to reset by the 45th calendar day before the Balloon Maturity Date and you have determined that the Borrower meets the Reset Conditions, then your next step is to notify us of the *election to reset*. When you notify us you will obtain the Freddie Mac RNY and calculate the Reset Note Rate (refer to Section 83.63 if the Mortgage was originated using Fannie Mae documents). You can then determine if the Borrower will meet the Reset Condition that restricts that Reset Note Rate from being higher than 5 percent above the existing Note rate. At this point, you are assuming that the Borrower is an Eligible Borrower subject to verification of the remainder of the Reset Conditions.

83.63: Obtaining the Fannie Mae RNY (12/05/03)

Balloon/Reset Mortgages may have been originated using Fannie Mae Uniform Instruments that require the use of the Fannie Mae RNY to calculate the Reset Note Rate, or the documents may require the use of the Freddie Mac RNY. You must use the RNY specified in the Mortgage documents to determine the Reset Note Rate for an Eligible Borrower. (Your monthly remittance to us must be based on the Freddie Mac RNY even if you used the Fannie Mae RNY to determine the Borrower's Reset Note Rate. Section 83.105 provides information on what to do if there is a significant difference between the Freddie Mac RNY and the Fannie Mae RNY.)

If the instruments require the use of the Fannie Mae RNY, you must obtain the Fannie Mae RNY from Fannie Mae or other sources authorized by Fannie Mae to provide that information.

If the Fannie Mae instruments do not contain the "no earlier than 60 calendar days" language, then you must obtain the Fannie Mae RNY on the date and time of day you receive the Borrower's written notice of his or her election to reset, even if the date is earlier than the 60th calendar day before the Balloon Maturity Date.

Refer to Section 83.66 for instructions on calculating the Reset Note Rate if the Balloon/Reset Mortgage was originated using the Fannie Mae Uniform Instruments and the Borrower is an Ineligible Borrower.

83.64: Notifying us and obtaining RNY (10/07/02)

If the Borrower responds with their intent to reset and it is after the 60th calendar day but prior to the 45th calendar day before the Balloon Maturity Date, on the date and time you receive the Borrower's election to reset you must notify us by either:

1. Transmitting a disposition code of "R" through the balloon rate lock transmission in MIDANET for the PC. You will receive the RNY through MIDANET for the PC (refer to Section 83.65), or
2. Calling (800) FREDDIE between 10:00 a.m. and 4:30 p.m. Eastern time any Business Day and giving us the following information:

   (a) Your six-digit Freddie Mac Seller/Servicer number
   (b) Your company name, address, contact name, title and telephone number
   (c) The nine-digit Freddie Mac loan number
   (d) The occupancy status of the property
   (e) If applicable, tell us that the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments

The (800) FREDDIE representative will give you the Freddie Mac RNY for 30-year fixed-rate Mortgages subject to a 60-day mandatory delivery commitment. Be sure to note the date and time of your call in case any discrepancies arise at a later date.

If the Borrower sends you a response earlier than the 60th calendar day before the Balloon Maturity Date, you cannot transmit the *balloon rate lock transmission* or call (800) FREDDIE to obtain the RNY until the 60th calendar day.

If the 45th calendar day before the Balloon Maturity Date is not a Business Day, then you must transmit the *balloon rate lock transmission* or call (800) FREDDIE no later than the Business Day before the 45th calendar day.

If our records show one of the following situations, you will not be able to request an RNY through MIDANET for the PC (or if you contact (800) FREDDIE, the representative will advise you of the situation).

IF...	**THEN you will see a response code on the list of maturing Balloon/Reset Mortgages that appears in MIDANET for the PC (or the (800) FREDDIE representative will advise you of this code) of...**
The Borrower was 30 or more days delinquent in his or her monthly payments as of the 90th calendar day before the Balloon Maturity Date	"D"
The Balloon/Reset Mortgage is in foreclosure	"F"
You have submitted a workout recommendation to us on the Borrower	"W"

If the Borrower has brought the monthly payments current, then you must submit the *reset* request through the Freddie Mac review path. Refer to Sections 83.84 through 83.89.

Similarly, our system will calculate the Reset Note Rate based on the RNY in effect when we receive your notification and compare the calculated rate to the existing Balloon Note rate. If the Reset Note Rate is more than five percent higher than the existing Balloon Note rate, then you will not receive an RNY. Instead you will receive a "daily response report" that shows a response code for the Mortgage of "Q".

If the Borrower is an Eligible Borrower and the *reset rider* required you to calculate the Reset Note Rate using the Fannie Mae RNY, you must manually compare the Reset Note

Rate to the existing Balloon Note rate to determine if the Reset Note Rate is more than five percent above the existing Balloon Note rate.

Refer to Section 83.67 to determine what you must do when the Reset Note Rate exceeds the Note Rate by more than five percent.

83.65: Confirmation of your notification (Form 1074) (02/23/07)

You will receive Form 1074, Freddie Mac Reset Mortgage Confirmation, from us after you notify us of the Borrower's *election to reset*.

If you notify us through the *balloon rate lock transmission* via MIDANET® for the PC, then you will receive Form 1074 with the RNY to be used to calculate the Reset Note Rate the next Business Day after your transmission. (If you transmit the *balloon rate lock transmission* after 4:30 p.m. Eastern time, you will receive Form 1074 two Business Days after your transmission.)

If you notify us through (800) FREDDIE, we will transmit Form 1074 to you as follows:

1. If you are a licensed holder of MIDANET for the PC, we will transmit Form 1074 to you via MIDANET for the PC on the Business Day after you contact (800) FREDDIE
2. If you are not a licensed holder of MIDANET for the PC, we will mail or fax Form 1074 to you within two Business Days of your call to (800) FREDDIE

If there are any errors on Form 1074, contact us **(see Directory 3)**.

83.66: Calculating the Reset Note Rate (10/07/02)

Once you have received Form 1074, Freddie Mac Reset Mortgage Confirmation, from us, you must calculate the Reset Note Rate as follows (examples of the calculation are shown below):

1.	Take the RNY (Either Freddie Mac's or Fannie Mae's as applicable)	8.06%	8.07%
2.	Add ½ of 1% (0.50% or 50 basis points)	.50%	.50%
3.	Subtotal	8.56%	8.57%

4.	Round the subtotal to the nearest 1/8th of 1% (0.125%)	8.50%	8.625%

83.67: Comparing the Balloon Note rate to the Reset Note Rate (10/07/02)

The Reset Note Rate cannot be more than 5% above the existing Balloon Note rate. As stated in the Servicing Note in Section 83.64, when you request an RNY from us, our system will compare the Reset Note Rate that our system calculates using the Freddie Mac RNY with the existing Balloon Note Rate. If the Reset Note Rate we calculate is more than 5% above the existing Balloon Note rate, we will advise you by a response code of "Q" on the daily response report that this Reset Condition is not met.

If the Mortgage was originated using Fannie Mae documents that require the use of the Fannie Mae RNY and you have determined the Borrower is eligible up to this point in the reset process, then you must compare the Reset Note Rate that you calculated using the Fannie Mae RNY to the existing Balloon Note rate. If the difference is 5% or less, then the Reset Condition is met. If the difference is more than 5%, then the Borrower is an Ineligible Borrower.

Refer to Section 83.86 for details on *resetting* the Balloon/Reset Mortgage of an Ineligible Borrower when the Reset Note Rate would be more than 5% above the Balloon Note rate.

83.68: Calculating the Servicing Spread (03/26/04)

Once you have determined the Reset Note Rate, you must calculate the Servicing Spread as follows (an example of this calculation is shown below):

1.	Take the Reset Note Rate	8.50%	8.625%
2.	Subtract the Freddie Mac RNY	8.06%	8.070%
3.	This equals the Servicing Spread	0.44%	0.555%

The result is the Servicing Spread on the Reset Mortgage you must use to complete Form 1074, Freddie Mac Reset Mortgage Confirmation. The Servicing Spread must be equal to, or greater than, the Minimum Contract Servicing Spread on t he Balloon/Reset Mortgage. If the Servicing Spread is less than the Minimum Contract Servicing Spread on the Balloon/Reset Mortgage, you will be charged a discount fee. Refer to Section 83.105.

83.69: Completing and transmitting Form 1074 (10/01/09)

After calculating the Reset Note Rate, complete the blank fields on the Form 1074, Freddie Mac Reset Mortgage Confirmation. This requires calculating the new principal and interest payment based on the Reset Note Rate, the unpaid principal balance (UPB) scheduled to be due on the Balloon Maturity Date and the maturity date of the Reset Mortgage. You must transmit the completed Form 1074 to us at least one Business Day prior to sending the reset documents to the Document Custodian holding the Note.

If you received Form 1074:

1. Via MIDANET® for the PC, then transmit the completed form back to us via MIDANET for the PC. Print a copy of Form 1074 by accessing the "List 1074 Forms Received" screen in MIDANET for the PC, and retain the copy in the Mortgage file.
2. By mail, fax or e-mail, then return the completed form to us **(see Directory 3)** by e-mail or fax. If you prefer to fax the form to us, contact us **(see Directory 3)** to inform us that you will be faxing the Form 1074 and to obtain the fax number. Retain a copy of the Form 1074 in the Mortgage file.

83.70: Obtaining Form 1034B (04/25/06)

You must obtain Form 1034B, Custodial Certification Schedule—Balloon Loan Modification, from us for use in completing the *reset* transaction.

If you receive Form 1074:

1. Via MIDANET® for the PC, then Form 1034B will automatically be printed by MIDANET for the PC when you package the completed Form 1074 for transmission
2. By mail or fax, then we will mail or fax Form 1034B to you after we receive the completed Form 1074 from you

You must verify the accuracy of all the information on Form 1034B. If any of the data on Form 1034B are incorrect, you must contact us **(see Directory 3)** within two Business Days of receiving the form to resolve the problem. If the data are accurate, you type or print your name and sign on the "Preparer's Name" line, and provide your telephone number and the date on the first page of the form.

Keep the form until you are ready to complete the Reset Mortgage transaction. Refer to Section 83.103.

83.71: Introduction (10/07/02)

To complete your determination of whether the Borrower is an Eligible Borrower who meets all the Reset Conditions, you must also verify the ownership and lien status of the property.

To be considered an Eligible Borrower, the Borrower must still be the owner of the property. Also, the property must be free from any liens, encumbrances and defects except for:

- The Balloon/Reset Mortgage
- If applicable, the secondary financing in existence as of the date the Balloon/Reset Mortgage was originated, provided the Balloon Note Addendum and Balloon Rider allow for secondary financing and the secondary financing recorded security instrument contains language clearly subordinating the lien of the secondary financing to the Reset Mortgage. If secondary financing meeting these requirements is still in existence at the time of reset, the Borrower is considered to be an Eligible Borrower provided all other Reset Conditions are met

The method for verifying whether or not the Borrower meets the property ownership and lien status Reset Conditions will depend on whether you are obtaining special Reset Mortgage title insurance coverage or traditional title insurance coverage (refer to Section 83.11). Each method is described in Section 83.72.

If you determine that the Borrower:

1. Is an Eligible Borrower, then you must process the *reset* transaction according to the requirements in Sections 83.90 through 83.105
2. Fails to meet one or more of the Reset Conditions and is an Ineligible Borrower, then refer to Sections 83.78 through 83.89 to process the *reset* request

83.72: Verifying ownership of the property (03/26/97)

The Borrower(s) who owned the property at the time the Balloon/Reset Mortgage was originated must still be the legal owner(s) of the property:

(a) Verifying ownership if you are obtaining special Reset Mortgage title insurance coverage

If you are obtaining special Reset Mortgage title insurance coverage, then you must obtain a certification from the Borrower that he or she is still the owner of the property and has not filed for bankruptcy protection nor is under a bankruptcy repayment plan. Additionally, you must check your Mortgage file to see if there is any indication that there has been a Transfer of Ownership and the Borrower did not notify you of such a change. Examples would be different names on the property

insurance policy, or a different mailing address than the property address. If there has been a Transfer of Ownership, you must contact the title insurer to see if the special Reset Mortgage title insurance coverage will be provided, or whether you will be required to obtain a title report and traditional title insurance coverage.

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Servicing Note:
The Manual provides a Borrower intention/request statement that you can send with the *required notice*. The statement has a certification for the Borrower to sign that he or she still owns the property. If you use the statement that is in the Manual, the title insurers may accept the statement to satisfy this condition.
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(b) Verifying ownership when obtaining traditional title insurance coverage

If you are obtaining traditional title insurance coverage, then you must order a title report to determine the ownership of the property and the lien status. You must obtain an endorsement to the existing title insurance policy (if available) or a new title insurance policy (whichever is least costly to the Borrower) for the Reset Mortgage.

The title report must show that the Borrower(s) who owned the property at the time the Balloon/Reset Mortgage was originated is (are) still the legal owner(s) of the property. If the Borrower(s) is (are) no longer the owner(s), then refer to Sections 83.73 through 83.76 and 83.87.

83.73: Acceptable Transfer of Ownership (12/05/03)

There are only two acceptable circumstances in which we will allow you to reset a Mortgage where the current Borrower(s) *electing to reset* may be different from the Borrower(s) who signed the Balloon Note. These circumstances are:

1. There is the death of one of the original Borrowers. In this case, the living Borrower is considered to be an Eligible Borrower if all other Reset Conditions are met. You must obtain a copy of the death certificate and any other documentation the title insurer may require to ensure the Reset Mortgage remains an enforceable First Lien.
2. The property has been transferred to a party exempt under Federal restrictions from the due-on-transfer clause of the Security Instrument (Section 60.5 explains the Federal restrictions in detail), or as allowed in Section 60.6 and the requirements in one of the following three sections are met, whichever is applicable to the type of Transfer of Ownership that has occurred:

   (a) Transfer of Ownership to a living trust (Refer to Section 83.74)

(b) Transfer of Ownership between existing Borrowers (includes divorces and legal separations) (Refer to Section 83.75)
(c) Transfer of Ownership to a relative who did not originally execute the Balloon Note (Refer to Section 83.76)

You must obtain copies of the documents showing the Transfer of Ownership and any other documentation the title insurer may require to ensure the Reset Mortgage remains an enforceable First Lien and continue to process the *reset* request.

If the original Borrower(s) on the Balloon Note is (are) no longer the owner(s) of the property (except as described in 1 and 2 above), then there has been an unauthorized Transfer of Ownership. Therefore, the ownership of the property Reset Condition is not met and the Balloon/Reset Mortgage may not be eligible to be *reset*. Refer to Section 83.87.

83.74: Transfer of Ownership to a living trust (09/10/01)

The Borrower may be considered to meet the property ownership Reset Conditions if title to the property has been or will be transferred to a living trust prior to the recording of the Balloon Loan Modification document if the following conditions are met:

1. The Borrower is the settlor in the settlor's individual capacity and the trustee on behalf of the trust
2. The settlor is the trustee or one of the cotrustees
3. The settlor occupies the property either as a Primary Residence or a *second home*
4. An assumption agreement without a release of liability has been or will be recorded to the settlor and the trustee from the Borrower
5. The title to the property is vested in the trustee on behalf of the trust (or such other manner as is customary in the jurisdiction for living trusts)
6. The title insurance policy does not list any exceptions arising from the trust ownership of the property
7. The Servicer must examine either the trust agreement for the living trust or, if required by the applicable jurisdiction, an abstract or summary of the trust agreement, and determine that the living trust addresses each of the following matters:

   (a) The trustee is authorized to borrow money and to purchase, construct or encumber realty.
   (b) The settlor has retained power to revoke or alter the trust.
   (c) There is no unusual risk or impairment of lenders' rights (such as distributions required to be made in specified amounts from other than net income).
   (d) The beneficiary need not grant written consent for the trust to borrow money, or if such consent is required, it has been granted in writing for purposes of the Mortgage.

8. The deed conveying the property to the trustee or trust ensures that title is vested in the trustee on behalf of the trust (or is vested in such other manner as is customary in the jurisdiction for living trusts)

The Balloon Loan Modification (refer to Exhibit 80) documents must be executed by both the settlor (the Borrower) individually and the trustee on behalf of the trust. Refer to Exhibit 81 for the format of how the signature and acknowledgment section of the Balloon Loan Modification documents must be modified for a living trust.

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Servicing Note:
If you are unfamiliar with living trust arrangements, you may want to check with legal counsel to determine if the proper documentation has been or will be executed to effect the transfer and ensure that the Reset Mortgage is a valid, enforceable First Lien.
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83.75: Transfer of Ownership between existing Borrowers (09/10/01)

A Borrower may have transferred his or her interest in a property to another Borrower who is also on the title to the property. This situation usually occurs when there is a divorce or legal separation of the Borrowers, or when a Borrower wishes to sell or transfer his or her rights to the other Borrower(s). Both are allowable Transfers of Ownership under the provisions of Sections 60.5 and 60.6 as long as the transferee Borrower(s) remaining on the title to the property occupies the property as a Primary Residence. While such transfers are allowable for purposes of not invoking the due-on-transfer clause of the Security Instrument, financial liability on the Balloon Note is not automatically changed by the Transfer of Ownership. Therefore, to process a *reset* request when such a Transfer of Ownership has taken place, you must determine:

1. Whether the transferee Borrower(s) who is (are) requesting the *reset* meets the ownership Reset Condition
2. Which Borrower(s) must sign the Balloon Loan Modification documents.

==========

Servicing Note:
A Borrower who transfers his or her ownership interest in the property securing a Mortgage is called the transferor Borrower. A Borrower who retains his or her ownership interest in the property and accepts additional ownership interest from transferor Borrower is called the transferee Borrower.
==========

IF...	THEN...	
You previously released the transferor Borrower from liability on the Balloon Note through a written release of liability	Process the *reset* request from the transferee Borrower and have this Borrower sign the Balloon Loan Modification documents	
Both the transferor Borrower and transferee Borrower are still obligated on the Balloon Note and the transferee Borrower requests that the transferor Borrower be released from liability	You must determine if the transferee Borrower qualifies for the Mortgage debt in his or her own name. Process the release of liability request as you do normally, according to the requirements in Chapter 60. If you determine that the transferee Borrower:	
	1.	Can qualify for the debt in his or her own name and the transferor Borrower can be released from liability, then process the *reset* request and have the transferee Borrower sign the Balloon Loan Modification documents
	2.	Does not qualify for the debt in his or her own name, then the transferor Borrower cannot be released from liability and must sign the Balloon Loan Modification documents
Both the transferor Borrower and transferee Borrower are still obligated on the Balloon Note and they have not requested that the transferor Borrower be released from liability	Have both the transferee Borrower and transferor Borrower sign the Balloon Loan Modification documents	

83.76: Transfer of Ownership to a relative that did not execute the Balloon Note (10/07/02)

A Transfer of Ownership may have resulted from transfer of the title to the property from the transferor Borrower (who originally executed the Balloon Note) to a transferee who is a:

1. Spouse
2. Parent

3. Child
4. Brother or sister

Such Transfers of Ownership are exempt from enforcement of the due-on-transfer clause of the Security Instrument if the requirements in Sections 60.5 and 60.6 are met. While such transfers prevent your ability to invoke the due-on-transfer clause of the Security Instrument, the financial liability of the original transferor Borrower on the Balloon Note is not changed by the Transfer of Ownership. Therefore, to process a *reset* request when a Transfer of Ownership has taken place to a parent, child or sibling who was not an original signor on the Balloon Note, you must determine:

1. If the transferee occupies the property as a Primary Residence
2. Who must sign the Balloon Loan Modification documents

Your determinations will depend on whether you processed the Transfer of Ownership as an assumption and released the transferor Borrower(s) from liability on the Balloon Note.

<table>
<tr><th colspan="2">IF...</th><th colspan="2">THEN...</th></tr>
<tr><td colspan="2">You previously released the transferor Borrower from liability on the Balloon Note through a written assumption and release agreement</td><td colspan="2">Process the reset request from the transferee and have the transferee sign the Balloon Loan Modification documents</td></tr>
<tr><td colspan="2">The transferor Borrower</td><td colspan="2" rowspan="4">You must determine if the transferee qualifies for the Mortgage debt in his or her own name. Process the assumption and release of liability request as you do normally, according to the requirements in Chapter 60. If you determine that the transferee:</td></tr>
<tr><td>1.</td><td>Has not been released from liability on the Balloon Note,</td></tr>
<tr><td>2.</td><td>Is no longer on the title to the Property, and</td></tr>
<tr><td rowspan="2">3.</td><td rowspan="2">Is now requesting to be released from liability</td></tr>
<tr><td>1.</td><td>Can qualify for the debt in his or her own name and the transferor Borrower can be released from liability, then have an assumption agreement with a release of liability executed and have the transferee sign the Balloon Loan Modification documents as the Borrower of record</td></tr>
</table>

		2.	Does not qualify for the debt in his or her own name, then the transferor Borrower cannot be released from liability and must sign the Balloon Loan Modification documents as the Borrower of record
The transferor Borrower:		You may not release the transferor Borrower from liability and the transferor Borrower and the transferee must sign the Balloon Loan Modification documents	
1.	Has not been released from liability on the Balloon Note,		
2.	Is still on the title to the Property and will continue to remain on the title, and		
3.	Is now requesting to be released from liability		

83.77: Verifying status of liens (10/07/02)

You will be verifying the status of liens in different ways depending on the type of title insurance coverage you are obtaining:

(a) Special Reset Mortgage title insurance coverage

Since you do not have to order a title report when obtaining special Reset Mortgage title insurance coverage, you are not actually verifying the status of liens. Contact the title insurer to order the title insurance coverage. The title insurer will advise you of any additional documentation that it may require to issue the title insurance coverage. You must obtain such documentation and forward it to the title insurer before completing the *reset* transaction.

(b) Traditional title insurance coverage

If you are obtaining traditional title insurance coverage, then the title report must show that the property is free from any liens, defects, encumbrances or other adverse matters affecting title to the property arising after the Security Instrument was recorded except for:

- Real estate taxes not yet due and payable
- If applicable, the secondary financing in existence as of the date the Balloon/Reset Mortgage was originated, provided the Balloon Note Addendum and Balloon Rider allow for secondary financing and the secondary financing

recorded security instrument contains language clearly subordinating the lien of the secondary financing to the Reset Mortgage

If the title report:

1. Does not reveal any additional liens, defects, encumbrances or other adverse matters except as provided above, then the Borrower meets the lien status Reset Condition.
2. Reveals additional liens, defects, encumbrances or other adverse matters other than as provided above, then the Borrower must pay off or have such items removed before he or she can be considered an Eligible Borrower. You must contact the Borrower and advise him or her of what needs to be done to resolve the title problems. If the outstanding liens cannot be paid off or removed, then the Borrower is an Ineligible Borrower. Refer to Section 83.81 for details on *resetting* the Balloon/Reset Mortgage of an Ineligible Borrower who fails to meet the lien status Reset Condition.

(c) Mortgages without an escrow for real estate taxes

If you do not maintain an Escrow account for real estate taxes, you must ensure that the Borrower is current in his or her real estate tax payments. The Manual provides methods for complying with this requirement.

83.78: Introduction (10/07/02)

You may approve a *reset* for an Ineligible Borrower as long as the requirements listed in Sections 83.79 and 83.83, whichever are applicable, are met. If you do not believe a *reset* should be offered to the Borrower, then you must submit the case through the Freddie Mac review path (refer to Sections 83.84 through 83.89) and we will determine a course of action.

83.79: Failure to meet the occupancy Reset Condition (10/07/02)

If the Borrower is not occupying the property as a Primary Residence or a *second home* and the occupancy requirement was not deleted from the Mortgage documents at origination, you may consider the Borrower for a *reset* as an Ineligible Borrower if the remainder of the Reset Conditions can be met. If these conditions cannot be met, exceptions can be approved through either the Servicer-delegated review path or the Freddie Mac review path, as applicable.

83.80: Failure of the Borrower to notify you by the 45th calendar day (02/23/07)

A Borrower who gives notice to *reset* after the 45th calendar day before the Balloon Maturity Date is an Ineligible Borrower. You must process the Borrower's *reset* request if the process can be completed by the Balloon Maturity Date and the Borrower meets the other Reset Conditions.

If the *reset* request is approved and because of the Borrower's delay in requesting the *reset* you deliver the documents required in Section 83.103 to us later than 10 calendar days after the Balloon Maturity Date, you may charge the noncompliance fees stated in Section 83.103(c) to the Borrower. You must include the fee in any disclosures to the Borrower (if applicable).

If the process cannot be completed by the Balloon Maturity Date, contact us **(see Directory 3)** for instructions.

83.81: Failure to meet the lien status Reset Condition (12/19/07)

When there are other liens, defects, encumbrances or other adverse matters against the property affecting the title (except for real estate taxes not yet due and payable) arising after the Security Instrument was recorded and you are obtaining traditional title insurance coverage, you may offer a *reset* if all of the following conditions are satisfied:

1. For liens, the junior lienholder must execute a subordination agreement (if required by the title insurer) or the secondary financing recorded security instrument contains language clearly subordinating the lien of the secondary financing to the Reset Mortgage
2. For encumbrances, the encumbrance, such as an easement, does not affect the market value of the property (refer to Chapter 39)
3. The title insurer must insure the Mortgage, once *reset* as a First Lien
4. The Borrower pays all costs associated with clearing the title, obtaining and recording the subordination agreement, and obtaining an endorsement to the lender's title insurance policy or a new policy

If a junior lienholder refuses to subordinate, then contact the title insurer or its agent and determine if it will issue an endorsement to the title insurance policy or a new policy showing the Mortgage, once *reset* as a First Lien, even if the junior lienholder will not sign a subordination agreement.

If the title insurer states that the Mortgage, once *reset*, will continue to be a First Lien, then you can approve the Borrower for a *reset* without the subordination agreement, as long as the endorsement to the title insurance policy or a new policy will be issued without an exception for the junior lien.

If the title insurer states that the Reset Mortgage would not be a First Lien without a subordination agreement, then contact the junior lienholder and explain that without the subordination agreement your only recourse is to foreclose. If the junior lienholder still refuses to subordinate, then complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and send it to us **(see Directory 3)**. We will review the situation and provide you with a course of action to take.

83.82: Failure to meet payment history Reset Condition but monthly payments current as of 90th calendar day before the Balloon Maturity Date (12/05/03)

You may approve the Borrower for a *reset* if the Borrower had been 30 or more days delinquent in the 12-month period before the Balloon/Maturity Date if both of the following conditions are met:

1. The Borrower was current in monthly payments 90 calendar days before the Balloon Maturity Date
2. The Borrower remains current until the Balloon Maturity Date

If the Borrower was 30 or more days delinquent in monthly payments 90 calendar days before the Balloon Maturity Date, but subsequently became current, you may submit the *reset* request through the Freddie Mac review path. Refer to Section 83.88.

If the Borrower was delinquent in monthly payments, then refer to Sections 83.106 through 83.112.

83.83: Obtaining the RNY for an Ineligible Borrower (12/05/03)

Although you may approve an Ineligible Borrower for a reset after the 44th calendar day, you must report the applicable disposition code within the time frame specified in Section 83.47.

Once you approve an Ineligible Borrower for a *reset*, you must notify us no later than the Business Day following your approval, as long as your approval occurs by the last Business Day prior to the Balloon Maturity Date, by:

1. Transmitting a disposition code of "S" through the balloon rate *lock transmission* of MIDANET® for the PC, or
2. Calling (800) FREDDIE between 10:00 a.m. and 4:30 p.m. Eastern time and providing the following information:

   (a) Your six-digit Freddie Mac Seller/Servicer number
   (b) Your company name, address, contact name, title and telephone number
   (c) The nine-digit Freddie Mac loan number
   (d) The occupancy status of the property
   (e) Tell the representative that you have approved an Ineligible Borrower for a *reset*

The representative will quote you the Freddie Mac RNY. Be sure to note the date and time you called.

If you are a licensed holder of MIDANET for the PC, then we will send you Form 1074, Freddie Mac Reset Mortgage Confirmation, through MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, then we will send you Form 1074 by mail or facsimile.
If the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments, the new Reset Note Rate will be calculated using the Freddie Mac RNY rather than the Fannie Mae RNY.

Refer to Sections 83.65 through 83.70 for calculating the Reset Note Rate and the Servicing Spread, and receiving Form 1034B, Custodial Certification Schedule—Balloon Loan Modification. Then refer to Sections 83.90 through 83.105 to process the *reset* transaction.

Our system will calculate the Reset Note Rate based on the RNY in effect when we receive your notification and compare the calculated rate to the existing Note rate. If the Reset Note Rate is5% higher than the existing Balloon Note rate, then you will not receive an RNY. Instead you will receive a "daily response report" that shows a response code for the Mortgage of "Q". You must then send the *reset* request through the Freddie Mac review path. Refer to Section 83.86.

83.84: Introduction (02/23/07)

The following types of situations must be submitted through the Freddie Mac review path:

1. There has been an unauthorized Transfer of Ownership (see Chapter 60)

2. There is a lien, encumbrance or defect in the title to the property that cannot be resolved
3. The Borrower is current in his or her payments, but was 30 or more days delinquent at the 90th calendar day before the Balloon Maturity Date
4. The Borrower was current at the time you sent the *required notice*, but became delinquent by the time you received the Borrower's *election to reset*
5. The Reset Note Rate would be more than 5% above the existing Balloon Note rate
6. Any *reset* request that you may approve through the Servicer-delegated review path, but you believe the *reset* request should not be approved
7. The Borrower cannot afford to pay the *reset* transaction costs
8. Any combination of unmet Reset Conditions not handled through the Servicer-delegated review path
9. A Mortgage selected for consideration for a workout option when the Borrower cannot afford the Reset Note Rate
10. Any other situation not described above (for Borrowers who are delinquent in monthly payments, refer to Sections 83.106 through 83.112)

83.85: Notifying us of the situation (12/05/03)

When an Ineligible Borrower's *reset* request must be submitted to us for review (when one or more of the situations described in Section 83.84 exist), then you must notify us no later than the 44th calendar day before the Balloon Maturity Date of the situation by:

1. Transmitting disposition code "P" through the balloon rate lock transmission of MIDANET® for the PC, or
2. Calling (800) FREDDIE between 10:00 a.m. and 4:30 p.m. Eastern time any Business Day and giving us the following information:

   (a) Your six-digit Freddie Mac Seller/Servicer number
   (b) Your company name, address, contact name, title and telephone number
   (c) The nine-digit Freddie Mac loan number
   (d) The occupancy status of the property
   (e) Tell the representative that you are referring the situation to us for our review

83.86: Failure to meet Reset Note Rate Reset Condition (08/20/09)

If the Reset Note Rate is more than 5% above the existing Balloon Note rate, you must contact the Borrower to see if the Borrower still wants to *reset* at the Reset Note Rate. If so, then process the request as described below, since the Reset Condition is not met.

We must determine if the Borrower can afford a payment increase of more than 5%. The Borrower must complete Form 1126, Borrower Financial Information, and return the

completed form to you. Complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and send it and Form 1126 to us **(see Directory 3)**.

No later than seven Business Days after we receive the information from you, we will call you and tell you whether or not to offer a *reset* to the Borrower. If we approve the *reset* request, we will send you Form 1074, Freddie Mac Reset Mortgage Confirmation.

If you are a licensed holder of MIDANET® for the PC, then we will send you Form 1074 through MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, then we will send you Form 1074 by mail or fax.

If we deny the request for a *reset*, we will notify you of our decision and give you instructions on what to do with the maturing Balloon/Reset Mortgage.

83.87: Failure to meet ownership Reset Conditions (12/19/07)

If there has been an unauthorized Transfer of Ownership of the property (see Sections 83.73 through 83.76 for authorized Transfers of Ownership), then complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and send the form to us **(see Directory 3)**. Include all documents applicable to the Transfer of Ownership.

Additionally, if there are other Reset Conditions that are not met, check the applicable boxes on Form 1130 and include all documents required for us to review the case.

No later than seven Business Days after we receive the information from you, we will call you and tell you what to do about the unauthorized Transfer of Ownership and the maturing Balloon/Reset Mortgage.

83.88: Failure to meet payment history Reset Condition (12/19/07)

You must submit a request for a *reset* to us if the Borrower was:

1. 30 or more days delinquent in monthly payments at the 90th calendar day before the Balloon Maturity Date, but subsequently brought the payments current
2. Current in monthly payments on the 90th calendar day before the Balloon Maturity Date, but subsequently became delinquent

If the Borrower is delinquent in monthly payments, then refer to Sections 83.106 through 83.112.

Complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and include a copy of the payment history that begins 12 months before the Balloon Maturity Date. Send the completed form and payment history to us **(see Directory 3)**.

No later than seven Business Days after we receive the information from you, we will call you and tell you whether or not to offer the *reset* to the Borrower. If we approve the *reset* request, we will send you Form 1074, Freddie Mac Reset Mortgage Confirmation, with the RNY you use to calculate the Reset Note Rate.

If you are a licensed holder of MIDANET® for the PC, then we will send Form 1074 through MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, then we will send you Form 1074 by mail.

If we deny the request for a *reset*, we will send you an explanation in writing and instructions on what to do with the maturing Balloon/Reset Mortgage.

83.89: Completing the eligibility process (12/05/03)

Once we have notified you of our decision on the *reset* request, you will need to take certain actions depending on our decision:

(a) Borrower approved for a *reset*

If we have approved the Borrower for a *reset*, you will receive Form 1074, Freddie Mac Reset Mortgage Confirmation, from us. You must comply with all conditions that we make for the approval (if any).

If you are a licensed holder of MIDANET® for the PC, then we will send you Form 1074 through MIDANET for the PC. If you are not a licensed holder of MIDANET for the PC, then we will send you Form 1074 by mail or fax.

If the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments, the new Reset Note Rate will be calculated using the Freddie Mac RNY rather than the Fannie Mae RNY.

We will also report a response code of "A" on the daily response report.

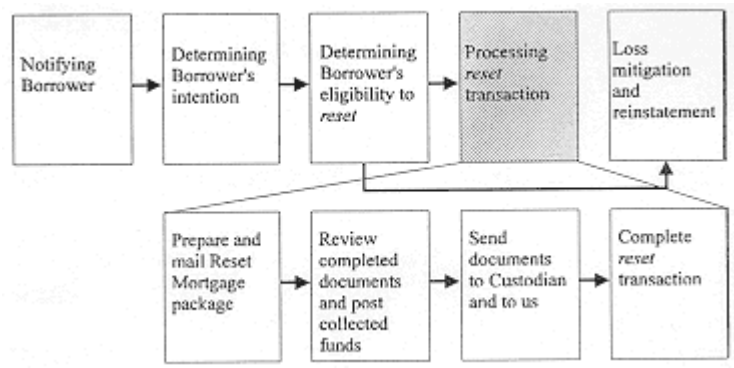
Refer to Sections 83.65 through 83.70 for receiving a confirmation of the Freddie Mac RNY (Form 1074) from us, calculating the Reset Note Rate and the Servicing Spread, and receiving Form 1034B, Custodial Certification Schedule—Balloon Loan Modification. Then refer to Sections 83.90 through 83.105 to process the *reset* transaction.

(b) Borrower not approved for a *reset*

If we deny the Borrower's request for a *reset*, we will report a response code of "F" or "W" on the daily response report and provide you with instructions on how to proceed. We may recommend that the Borrower be considered for a workout, or we may recommend foreclosure if the Borrower cannot pay the Balloon/Reset Mortgage in full on or before the Balloon Maturity Date. If we deny the *reset* request and do not recommend that a workout be considered, you must send a letter to the Borrower advising him or her of the denial and the reasons for the denial. The letter must include information about the Balloon Payment that will be due on t he Balloon Maturity Date and the consequences to the Borrower if the Mortgage is not paid in full.

83.90: Processing *reset* transaction process (09/30/97)

You will find the requirements necessary to process a *reset* transaction in this part of the chapter. Processing a *reset* transaction is the fourth stage in the Servicing maturing Balloon/Reset Mortgages process, as shown below. This process flow will give you a general overview. Refer to the requirements in this chapter for more details.



83.91: Processing *reset* transaction contents (09/30/97)

Topic	Section(s)
Preparing Reset Mortgage package	83.95-83.99
Completing *reset* transaction	83.100-83.105

83.92: Introduction (09/30/99)

To *reset* a Balloon/Reset Mortgage, a number of processes need to occur. Each of these processes involve detailed procedures.

Sections 83.93 through 83.105 provide our *reset* transaction process requirements.
The Manual provides these procedures in detail, as well as guidelines to ensure an efficient process.

The requirements in Sections 83.93 through 83.105 apply to a *reset* for an:

1. Eligible Borrower who *elects to reset*
2. Ineligible Borrower who is approved for a *reset*

83.93: Reset Mortgage terms and conditions (09/30/99)

The Reset Mortgage must include all of the following terms and conditions:

1. Two Balloon Loan Modifications must be executed on or before the Balloon Maturity Date.
2. The Reset Mortgage must be a fixed-rate, level-payment Mortgage.
3. The principal amount must be the UPB of the Balloon Note due on the Balloon Maturity Date.
4. The extended term may not exceed 25 years (for a 5-year Balloon/Reset Mortgage) or 23 years (for a 7-year Balloon/Reset Mortgage) from the Balloon Maturity Date.
5. The Reset Note Rate is calculated according to the requirements in Sections 83.56 and 83.66.
6. The Reset Note Rate must be effective on the Balloon Maturity Date.
7. The first payment of the Reset Mortgage must be due 1 month after the Balloon Maturity Date and must be on the first day of that month.
8. The monthly principal and interest payments must be equal and must fully amortize the UPB over the term of the Reset Mortgage.
9. The documents must be executed by all living Borrowers, endorsers, guarantors, sureties and other parties that signed the original Balloon Note and Security Instrument. If there has been an allowable Transfer of Ownership of the property, then the current Borrower(s) must execute the documents (refer to Sections 83.73 through 83.76).
10. Unless State or local law, or the title insurer requires different documents, the Reset Mortgage must be documented by the execution and recordation of the Freddie Mac Single-Family Uniform Instrument Multistate Balloon Loan Modification (Form 3293; see Exhibit 80).
11. The Reset Mortgage must be covered by mortgage insurance if the Balloon/Reset Mortgage is covered by mortgage insurance, unless the coverage has been canceled in accordance with Sections 61.2 through 61.3.

12. The Reset Mortgage must be covered by title insurance in accordance with Section 83.11, insuring that the Reset Mortgage remains a First Lien on the property.
13. The property must be covered by property insurance (including flood insurance, if applicable) that meets the requirements of Chapter 58.

83.94: Servicer warranties (09/30/99)

(a) Mortgage documents

With respect to the Balloon Loan Modification and any other Reset Mortgage execution documents, you must warrant that the:

1. Documents have been completed accurately
2. Documents comply with all applicable laws
3. Costs of the Reset Mortgage do not exceed the sum of the $250 processing fee for an Eligible Borrower or the $350 processing fee for an Ineligible Borrower plus the costs for:

    a. Obtaining title insurance coverage (refer to Section 83.11)
    b. Recordation fees for the Balloon Loan Modification and any other documents that must be recorded
    c. Any other charges, fees or taxes associated with executing the *reset* transaction

(b) Reset Mortgage

With respect to each Reset Mortgage, you must warrant that:

1. The Borrower has been given the *required notice* in accordance with Sections 83.33 through 83.44 and the *reset rider*.
2. If the Borrower is an Eligible Borrower, that all the Reset Conditions have been satisfied in accordance with the terms of the *reset rider*.
3. If the Borrower is an Ineligible Borrower, that all applicable requirements in Sections 83.78 through 83.89 have been satisfied.
4. If the Borrower is an Eligible Borrower, that the Reset Option has been exercised in accordance with the provisions of the *reset rider*.
5. All documents required for the Reset Mortgage have been executed by all parties, and the documents have been recorded in all places necessary to perfect a First Lien security interest in the property in favor of Freddie Mac.
6. All the documents necessary under the laws of the jurisdiction in which the property is located, that make up the terms of the Reset Mortgage, are valid and binding on the Borrower and have been duly executed and delivered by the Borrower.

83.95: Package contents (03/26/97)

Once you have determined that the Borrower is an Eligible Borrower, or an Ineligible Borrower is approved for a *reset*, then you must prepare the Reset Mortgage package to send to the Borrower. The package you send must include the following:

1. Two original Balloon Loan Modifications.
2. A cover letter that gives the Borrower information that complies with the *reset rider* requirements and instructions on what to do with the contents of the package. You should require the Borrower to return the executed documents and payment for costs and interest to you no later than 15 days before the Balloon Maturity Date. This time frame should provide you with sufficient time to ensure the Reset Mortgage is still in the First Lien position and send the required documentation to us by the Balloon Maturity Date.
3. Any notices or disclosures required by applicable law.

Sections 83.96 through 83.99 describe the preparation and notification process.

83.96: Verifying payment status (03/26/97)

Before preparing the Reset Mortgage package, verify that the Borrower is still current in his or her monthly payments. If the Borrower has become 30 or more days delinquent, then refer to Section 83.109.

83.97: Calculating the Reset Mortgage terms (12/05/03)

To prepare the Balloon Loan Modifications, you must calculate four items:

1. The unpaid principal balance (UPB)on the Balloon Maturity Date
2. The Reset Mortgage term (either 25 or 23 years)
3. The first payment Due Date of the Reset Mortgage
4. The monthly principal and interest payments based on the UPB, the Reset Note Rate, and the term of the Reset Mortgage

(a) Unpaid principal balance

You must calculate the UPB scheduled to be due on the Balloon Maturity Date. If there is still a monthly principal and interest payment due when you are making this calculation, then you must subtract the principal part of the unpaid payment from the current UPB. The Reset Mortgage amount may only be for the UPB due at the

Balloon Maturity Date. No interest, late charges or other fees may be added to the UPB.

(b) Reset Mortgage term

If the term of the Balloon/Reset Mortgage was 5 years, then the term of the Reset Mortgage will be 300 months (25 years) from the Balloon Maturity Date.

If the term of the Balloon/Reset Mortgage was 7 years, then the term of the Reset Mortgage will be 276 months (23 years) from the Balloon Maturity Date.

(c) First payment due date

The Reset Note Rate will be effective on the Balloon Maturity Date and the first payment under the Reset Mortgage will be due 1 month from the Balloon Maturity Date. The payments must be due on the first day of each month. Because interest is accrued in arrears, the first payment will cover the interest at the Reset Note Rate from the Balloon Maturity Date to the end of that month.

(d) Monthly principal and interest payment

Using the scheduled UPB, the Reset Mortgage term and the Reset Note Rate, determine the monthly principal and interest payment sufficient to fully amortize the Reset Mortgage over its term in equal monthly installments.

83.98: Preparing the Balloon Loan Modification (12/05/03)

You must prepare two original Balloon Loan Modifications (Form 3293). Refer to Exhibit 80 for a copy of the form. You may prepare one original and make a photocopy of the original; however, both documents must have original signatures of the Borrower(s).

The Balloon Loan Modifications must be signed by all living Borrowers who signed the Balloon Note and any persons:

- Who signed the Security Instrument to perfect the First Lien, and
- Are not Borrowers on the Balloon Note, and
- Who must still sign to continue to perfect the lien of the Reset Mortgage.

The title insurer can provide you with guidance on who must sign the Balloon Loan Modifications.

The Manual provides instructions for completing the document.

83.99: Cover letter to Borrower (03/26/97)

After you have prepared the Balloon Loan Modifications and transmitted Form 1074 to us, you must prepare a cover letter to the Borrower to accompany the Balloon Loan Modifications. It is important that your cover letter provide all the necessary information that the Borrower needs to complete the *reset* transaction. The cover letter must give the Borrower the following information:

1. The terms of the Reset Mortgage (the Reset Note Rate, the new monthly principal and interest payment, the Due Date of the first payment due under the Reset Mortgage, the new maturity date and the principal amount)
2. Depending on when you send the package, a condition that the last monthly payment due the month before the Balloon Maturity Date must be paid on time for the Borrower to qualify for the *reset*
3. Instructions on how to complete the Balloon Loan Modifications
4. Details on how much money the Borrower must send you for:

   (a) Transaction costs
   (b) Interest for the month before the Balloon Maturity Date
   (c) Any Escrow payment (if applicable)

   Include the form of the payment you require (personal check, money order, etc.) and when the payment is due

5. The deadline for returning the documents and the money
6. An address where the Borrower must return the documents to
7. A telephone contact for the Borrower to call with questions about the package
8. An explanation of what happens after you receive the documents and payment from the Borrower
9. Information on what will happen if the Borrower does not return the documents and funds on time
10. If the Borrower is an Ineligible Borrower that you or we have approved for a *reset*, you must add the following to the cover letter:

    (a) Advise the Borrower about how the Reset Note Rate was calculated and that you are using the Freddie Mac RNY instead of the Fannie Mae RNY (if the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments).
    (b) Add in any additional costs, such as the costs to obtain and record a subordination agreement (when there is a junior lien and the title insurer required you to obtain a subordination agreement)

83.100: Introduction (03/26/97)

Once you receive the two executed Balloon Loan Modifications from the Borrower, verify that all the Borrowers and other required persons have signed the two documents as their names are typed and have dated the documents in the space provided. Verify the signatures were notarized (when applicable) and that the acknowledgment section is properly completed by the notary public.

Upon receipt, post the interest and Escrow payment (if applicable) to the Balloon/Reset Mortgage. The unpaid principal balance (UPB)on your records must match the UPB on the Balloon Loan Modification. You must ensure that you receive these funds before recording the Balloon Loan Modification.

83.101: Recording and retaining the Balloon Loan Modification (03/26/97)

After you have reviewed the two executed Balloon Loan Modifications, you must send one original Balloon Loan Modification, with a check for recording fees, to the appropriate land records office to be recorded. You must send the Balloon Loan Modification to be recorded no later than the Balloon Maturity Date.

When you receive the recorded Balloon Loan Modification back from the land records office, retain it in the Mortgage file with the recorded original Security Instrument. If the practice of the applicable land records office is to keep the original of the recorded document, then you must obtain a certified recorded copy of the Balloon Loan Modification that you must file with the original Security Instrument.

83.102: Obtaining proof of title insurance coverage (09/30/97)

After the Balloon Loan Modification has been recorded, you must obtain one of the following:

1. The applicable endorsement listed in Exhibit 85, Special Reset Mortgage Title Insurance Information, if you are obtaining special Reset Mortgage title insurance. Remember, if you are obtaining this coverage, then the existing original title insurance policy must also remain in force.
2. The endorsement to the title insurance policy or a new policy if you are obtaining traditional title insurance coverage for the Reset Mortgage

You must ensure that the Reset Mortgage is still a First Lien on the property.

83.103: Delivering documents to a Document Custodian (10/01/09)

(a) Delivery of documents

You must deliver the unrecorded Balloon Loan Modification and the completed and executed Form 1034B to the Document Custodian for certification in time to have the certified Form 1034B sent to Freddie Mac **(see Directory 9)** no later than 10 calendar days after the Balloon Maturity Date.

If there has been an allowable Transfer of Ownership of the property (see Sections 83.73 through 83.76), then include any documents necessary for the Document Custodian to certify the Borrower name(s) on the Balloon Loan Modification.

The Document Custodian must certify that the following information on the Balloon Loan Modification is accurate, complete, and matches the information on F orm 1034B:

1. Seller/Servicer Number
2. Freddie Mac loan number
3. Borrower's name
4. Property address
5. Loan amount
6. Reset Note Rate
7. Monthly Principal and Interest Payment
8. New maturity date
9. Seller/Servicer loan number (optional)

The Document Custodian must confirm that the blanks for the "date interest begins" and the "date monthly payments begin" are completed and that the Borrower has dated the Balloon Loan Modification.

If there are any discrepancies between the Balloon Loan Modification and Form 1034B, the Document Custodian must contact you for the corrections. The Document Custodian may not execute Form 1034B if there are discrepancies. After you have determined the correct information, you must provide either an updated Form 1034B or a corrected Form 3293, Balloon Loan Modification, to the Document Custodian. (Contact us **(see Directory 3)** to obtain a corrected Form 1034B.) The Document Custodian will certify the updated Form 1034B, and must attach the unrecorded Balloon Loan Modification to the Balloon Note.

Once the certification process is complete, the Document Custodian must retain Form 1034B for at least three months from the date the certification is completed. (See Section 18.6(g) for information on imaging and retention.) The Document Custodian must deliver the certified original Form 1034B to you. After you have received the certified original Form 1034B from the Document Custodian:

- You must make a copy or an imaged copy of the form for your files and forward the original form to Freddie Mac **(see Directory 9)** so it is received no later than 10 calendar days after the Balloon Maturity Date, or

- The Document Custodian may deliver the form directly to Freddie Mac and send a copy to you.

(b) Contract noncompliance fee for late delivery of documents

Freddie Mac will charge a $100 late fee if Form 1034B is received by Freddie Mac later than 10 calendar days after the Balloon Maturity Date. If the 10th calendar day after the Balloon Maturity Date falls on a non-Business Day, then we must receive the document(s) by the last Business Day before the 10th calendar day.

If the Borrower fails to return the documents to you on time and you will be unable to meet the 10-day timeframe, then contact us **(see Directory 3)**.

Refer to Section 78.51 for information pertaining to additional fees in the event the Balloon Loan Modification is not certified timely, or if there is a further delay in our receipt of the Balloon Loan Modification or completed and executed Form 1034B.

83.104: Completing the transaction (12/05/03)

To complete the *reset* transaction, you must ensure the following tasks are completed:

(a) Notifying the MI

If the Balloon/Reset Mortgage is covered by mortgage insurance, you must provide whatever *reset* notification is required by the individual MI in the time frame specified by the MI.

(b) Changing the Mortgage records

The Reset Mortgage will retain the existing Freddie Mac loan number. Therefore, you must change your Mortgage record to reflect the terms of the Balloon Loan Modification. The timing of when you change your Mortgage record will depend on your system and processes.

After you have changed the Mortgage record, you must send the Borrower a new payment book, billing statement or whatever type of payment voucher system you use. You must provide the Borrower with the new payment voucher in sufficient time for the Borrower to make the first payment due under the Reset Mortgage.

(c) Reporting and remitting to us after *reset*

For the *accounting cycle cutoff* that occurs in the same month as the Balloon Maturity Date, you must report the Balloon/Reset Mortgage information, not the Reset Mortgage information, since in this cycle you are reporting activity that occurred in the month before the Balloon Maturity Date. You must report the interest paid by the Borrower due for the month before the Balloon Maturity Date in this reporting cycle. You must remit to us in this accounting cycle based on the Accounting Net Yield (ANY) for the Balloon/Reset Mortgage.

For the *accounting cycle cutoff* that occurs in the month following the Balloon Maturity Date, you must report the Reset Mortgage information, since in this cycle you are reporting activity for the same month that the Balloon Maturity Date occurs in. You will report and remit based on the ANY for the Reset Mortgage. The ANY is the same as the Freddie Mac RNY from Form 1074 unless there is a discount situation (refer to Section 83.105).

Example:		
Balloon Maturity Date		7/1/97
Accounting cycle cutoff		7/15/97
	Monthly reporting and remitting on the Balloon/Reset Mortgage terms (before the *reset*) for the period	6/1/97 through 6/30/97
Accounting cycle cutoff		8/15/97
	Monthly reporting and remitting on the Reset Mortgage terms for the period	7/1/97 through 7/31/97

Form 1074 will state the RNY and the ANY for monthly reporting. The ANY is effective on the Balloon Maturity Date and is used to calculate the interest due to us beginning with the first month of the Reset Mortgage. Form 1074 will also provide the accounting cycle for which the new ANY is due to us.

83.105: Discount situations (06/28/04)

Depending on the requirements contained in the *reset rider*, the Reset Note Rate may be based on the Fannie May Required Net Yield (RNY) in effect on the date and time of day you received an Eligible Borrower's *election to reset*. However, the Accounting Net Yield that you use to report and remit to us for the Reset Mortgage is always based on the Freddie Mac RNY as specified on Form 1074, Freddie Mac Reset Mortgage Confirmation.

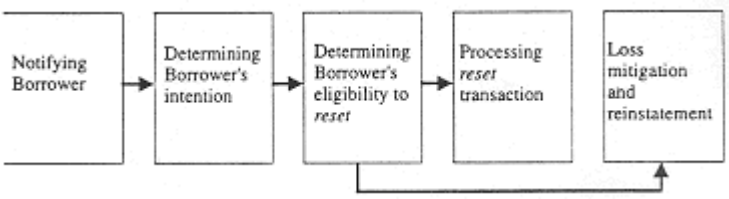
If the Freddie Mac RNY is higher than the Fannie Mae RNY, you may be charged a discount fee. You must retain on the Reset Mortgage at least the same Minimum Contract Servicing Spread you retain on the Balloon/Reset Mortgage (the Minimum Contract Servicing Spread is shown on Form 1074). If the Reset Note Rate calculated using the Fannie Mae RNY is less than the Freddie Mac RNY plus the existing Minimum Contract Servicing Spread on the Balloon/Reset Mortgage, then you will be charged a discount fee to make up the difference. You will be billed for the discount through our monthly billing, payment and collection process. Examples are shown below.

Freddie Mac RNY	**+**	**Minimum Contract Servicing Spread on Balloon/Reset Mortgage**			**=**	**Minimum Gross Yield**		
8.07	+	.25			=		8.32	
Fannie Mae RNY	**+**	**0.50% allowed in *reset rider***	**=**	**Total to round to nearest 1/8th**	**=**	**Reset Note Rate**	**Reset Note Rate less than Minimum Gross Yield**	**Discount required**
7.78	+	.50	=	8.28	=	8.25	Yes	Yes
7.65	+	.50	=	8.15	=	8.125	Yes	Yes
8.01	+	.50	=	8.51	=	8.50	No	No

You will also be charged a discount fee when the Minimum Contract Servicing Spread on the Balloon/Reset Mortgage is 0.500% (50 basis points) and the Reset Note Rate calculation results in a rounding down to the nearest one-eighth of 1% (0.125%). For example, if the Freddie Mac RNY is 8.06, after adding the 0.500% and rounding to the nearest one-eighth, the Reset Note Rate would be 8.50. Subtracting the Freddie Mac RNY of 8.06 gives you a Servicing Spread of 0.440%, which is below the 0.500% Minimum Contract Servicing Spread.

83.106: Loss mitigation process (10/07/02)

You will find requirements and guidelines for handling Balloon/Reset Mortgages that are not reset and are not paid in full in this part of the chapter. Conducting loss mitigation activities is the last stage in the maturing Balloon/Reset Mortgage process as shown below. This process flow will give you a general overview of the process. Refer to the requirements in this chapter for more details.



83.107: Introduction (10/07/02)

There is a significant difference between a delinquent Balloon/Reset Mortgage as it approaches its Balloon Maturity Date and a delinquent Mortgage of another product type. That is, at the Balloon Maturity Date there is a large, lump sum payment due (Balloon Payment). To protect everyone's interest, a quick resolution to the Delinquency or failure to receive the Balloon Payment is necessary. Sections 83.108 through 83.111 provide you with requirements and guidelines for handling Balloon/Reset Mortgages that are not reset and are not paid in full.

83.108: Balloon Payment not received and monthly payments were current (08/15/08)

(a) Request for information

If the monthly payments were current and you do not receive the Balloon Payment within five Business Days after the Balloon Maturity Date, then you must attempt to contact the Borrower by the sixth Business Day after the Balloon Maturity Date to determine why the Balloon Payment has not been paid in each of the following circumstances:

If the Borrower:

1. Did not respond to the *required notice*, or
2. Responded that the Balloon/Reset Mortgage would be paid in full, or
3. *Elected to reset*, but did not complete the *reset* transaction, or
4. Could not be approved for a *reset*, and was informed that the Mortgage would have to be paid in full

You must notify Freddie Mac (**See Directory 3**) immediately of the results of your contact with the Borrower.

(b) Partial payments and reporting

DO NOT POST ANY PAYMENTS TO THE MORTGAGE BALANCE EXCEPT PAYMENT IN FULL UNDER ANY CIRCUMSTANCE AFTER THE BALLOON MATURITY DATE.

Payments other than the full payoff amount due received after the Balloon Maturity Date should be returned to the Borrower or credited to an unapplied or suspense funds account in accordance with applicable laws. (You must report the Mortgage as delinquent via Electronic Default Reporting (EDR) within the first three Business Days of the following month.)

You must send a notice to the Borrower that includes:

- An explanation as to why the payment was not posted to the Mortgage
- A demand for payment in full that is due no later than 30 days past the Balloon Maturity Date
- The name and contact information of the person within your organization that the Borrower can contact if he or she is not able to pay the Balloon Payment within 30 days after the Balloon Maturity Date and would like to be considered for a workout option or other alternative to foreclosure

(c) Loss mitigation

(i) Short-term forbearance

If the Borrower applied for and has been approved for alternative financing, you can grant a short-term forbearance for a period not to exceed 90 days from the Balloon Maturity Date to allow the Borrower time to close on the alternative financing and payoff the Mortgage with the proceeds. The Borrower must provide proof that he or she has been approved for the alternate financing.

If the property is under contract for sale, you can grant a short-term forbearance for a period not to exceed 90 days from the Balloon Maturity Date to allow the Borrower time to close on the sale of the property and payoff the Mortgage with the proceeds from the sale. The Borrower must provide proof that there is a valid sales contract on the property.

If short-term forbearance is granted, you must have the Borrower sign a stipulation agreement that will allow you to foreclose as soon as legally possible if the Balloon/Reset Mortgage is not paid in full by the end of the forbearance period.

You must report that a short-term forbearance plan has been executed via EDR using action code “09” in accordance with Section A65.21.1.

See Sections A65.20 through A65.22 for additional information on short-term forbearance.

(ii) Workout options

If the Borrower cannot pay the Balloon/Reset Mortgage in full, is not a candidate for a reset, but will work with you to resolve the problem, then contact Freddie Mac (see Directory 3) to see if the Borrower is eligible for a workout. (See Section 83.110 for information on recommending a workout option.)

(d) When to initiate foreclosure

If the Borrower(s) refuses to pay the Balloon/Reset Mortgage in full, is not being considered for a workout option and will not work with you to resolve the problem, then you must initiate foreclosure as soon as legally possible in the State where the property is located. (Refer to Chapter 66 for information on foreclosure.)

83.109: Borrower delinquent in monthly payments (03/26/97)

If the Borrower is delinquent in monthly payments before the Balloon Maturity Date, your possible options will be based in part on the Borrower's payment history for the last 12 months. You can send this type of case through the Freddie Mac review path described in Sections 83.84 through 83.89. We will consider a *reset* if the Borrower has stable monthly income, wants to keep the home, wants to resolve the Delinquency and can bring the Balloon/Reset Mortgage current by the Balloon Maturity Date.

If the Balloon/Reset Mortgage is already in foreclosure as of the Balloon Maturity Date, then continue with the foreclosure action.

If the Borrower cannot bring the Balloon/Reset Mortgage current before the Balloon Maturity Date, cannot pay the Balloon Payment and will work with you to resolve the problem, then consider if the Borrower may be a candidate for a workout option. (Refer to Section 83.110.) If the Borrower is not a candidate for a workout option, then you must institute foreclosure proceedings as soon as legally possible.

83.110: Recommending a workout option (12/05/03)

When a Borrower cannot qualify for a Reset Mortgage, cannot pay the Balloon Payment, is cooperative and wants to resolve the problem, then you must consider whether the use of a workout option will resolve the problem. Refer to Chapter B65 for our workouts options.

If you want to submit a loan modification, short payoff or deed-in-lieu of foreclosure recommendation, then follow the procedures in Chapter B65.

Additionally, notify us of the problem no later than the 44th calendar day before the Balloon Maturity Date by either:

1. Transmitting disposition code "P" through the *balloon rate lock transmission* in MIDANET® for the PC, or
2. Calling (800) FREDDIE between the hours of 10:00 a.m. and 4:30 p.m. Eastern time any Business Day and giving the following information:

   (a) Your six-digit Freddie Mac Seller/Servicer number
   (b) Your company name, address, contact name, title and telephone number
   (c) The nine-digit Freddie Mac loan number
   (d) The occupancy status of the property
   (e) Advise that you are going to submit a workout recommendation package to us

If we do not receive a workout recommendation package from you within seven Business Days of your notification to us, we will contact you to discuss potential solutions.

83.111: Borrower in bankruptcy and monthly payments are delinquent (12/19/07)

If the Borrower has filed for bankruptcy protection or is in a bankruptcy repayment plan and the monthly payments due under the Balloon Note are contractually delinquent (even if the repayment plan payments are current), then contact us **(see Directory 3)** to discuss what actions you should take.

Refer to Sections 67.6 through 67.16 for additional requirements regarding the Servicing of Mortgages subject to bankruptcy proceedings.

83.112: Reinstatement (12/19/07)

If a Balloon/Reset Mortgage is scheduled to mature in 120 days and the Borrower is delinquent in monthly payments, but offers to reinstate the Mortgage, then you must comply with the requirements of Section 83.112(a) if the offer is for a full reinstatement, or Section 83.112(b) if the offer is for a partial reinstatement.

A reinstatement offer received from a Borrower within 120 days of the Balloon Maturity Date requires careful analysis because the Balloon Payment will soon be due and because of the notification requirements of the *reset rider* and State law (when applicable). Refer to Section 83.43 for our requirements on when the *required notice* must be sent to a Borrower who is delinquent in monthly payments. Refer to Sections 83.106 through 83.110 for the process for recommending a Borrower for a workout option.

(a) Full reinstatement offer

If a Borrower who is delinquent in monthly payments offers to fully reinstate a Balloon/Reset Mortgage within 120 da ys of the Balloon Maturity Date, you must accept the offer if it meets the requirements of Section A65.8.

The timing of the Borrower's offer will determine what notices, if any, you must send to the Borrower.

If You Accept This Offer	**Then**
Between the 120th day before the Balloon Maturity Date, but before the last day the *required notice* must be sent to the Borrower (under either the terms of the *reset rider* or State law, whichever is earlier)	You must send the *required notice* detailed in Sections 83.34-83.35 to the Borrower by the last day the *required notice* must be sent
After the last day the *required notice* must be sent, and you had not sent the *required notice* between the 100th and the 120th day before the Balloon Maturity Date because the Balloon/Reset Mortgage had been accelerated or was in foreclosure	You must send the Borrower a notice stating the amount of the Balloon Payment due on the Balloon Maturity Date. In the notice, advise the Borrower to contact you within five Business Days of receiving the notice if he or she will not be able to pay the Balloon Payment.

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Servicing Note:
If the Borrower advises you that he or she cannot pay the Balloon Payment, contact us **(see Directory 3)** for instructions.

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(b) Partial reinstatement offer

If a Borrower who is delinquent in monthly payments offers to partially reinstate (see Sections A65.7 and A65.9 for our partial reinstatement requirements) the Balloon/Reset Mortgage within 120 days of the Balloon Maturity Date, you may not accept the offer without our approval. Complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, include the details of the partial reinstatement offer and send it to us **(see Directory 3)**.

No later than seven Business Days after we receive the information from you, we will call you with our decision on the offer and provide any other necessary instructions.

83.113: Introduction (02/23/07)

This section has been deleted.

83.114: Servicer and Borrower requirements for the alternative Balloon Loan Modification program (02/23/07)

This section has been deleted.

83.115: Possible outcomes of Mortgages we identify for the alternative Balloon Loan Modification program (02/23/07)

This section has been deleted.

Directory (10/15/10)

This directory was developed to help you communicate with Freddie Mac in writing or by telephone or, when permitted by Freddie Mac, by facsimile transmission (fax) or e-mail. It is designed to correspond with the directory number listed in bold that appears in the Guide text immediately following the words *Freddie Mac, Department* or *to us*. The directory numbers in the Guide match the numbers in the upper outside corners of this directory.

Each address number is associated with a Freddie Mac office. In some cases, we have several departments within an office. A chart on the directory page indicates the relevant Guide sections or chapters and the corresponding attention lines, telephone numbers and/or, if applicable, fax numbers and e-mail addresses for a specific department. For written correspondence, add the appropriate attention line (and department name, when given) from the directory chart to the address shown at the top of the directory page.

Freddie Mac Offices

Headquarters

Headquarters I
8200 Jones Branch Drive
McLean, VA 22102-3110
(703) 903-2000

Headquarters II
8250 Jones Branch Drive
McLean, VA 22102-3110
(703) 918-5000

Headquarters III
8100 Jones Branch Drive
McLean, VA 22102-3110
(703) 714-2500

Headquarters IV
1551 Park Run Drive
McLean, VA 22102-3110
(571) 382-3000

Other Offices

Atlanta
2300 Windy Ridge Parkway
Suite 200, North Tower
Atlanta, GA 30339-5665
(770) 857-8800

Chicago
333 West Wacker Drive
Suite 2500
Chicago, IL 60606-1287
(312) 407-7400

Dallas
5000 Plano Parkway
Carrollton, TX 75010-4902
(972) 395-4000

Los Angeles
444 S. Flower Street
Suite 4400
Los Angeles, CA 90071-2944
(213) 337-4200

New York
575 Lexington Avenue
Suite 1800
New York, NY 10022-6102
(212) 418-8900

Directory 1: All Customers (10/15/10)

***For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
1551 Park Run Drive, MS D2U
McLean, VA 22102-3110

****For all mail and messenger packages:**
Attn *(see chart below)*
Freddie Mac
1551 Park Run Drive, MS D3A
McLean, VA 22102-3110

*****For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110

Telephone number: (see chart below)
Fax number: (see chart below)

Guide Reference	**Attention Line**	**Telephone, Fax Numbers and E-mail Addresses**
*1.2(b)	Attn SF Seller/Servicer Guide Copyright, MS D2U	T: (571) 382-3395 F: (571) 382-5252
**1.2(d)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***2.10	Attn Legal, MS 210	(not applicable)
***2.16	Attn Legal	(not applicable)
***2.24	Attn Institutional Investigations, MS 263	F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
**4.8.1	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
**4.10		

**4.11		
**4.12		
**5.3.1	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
**5.4	Attn SVP Credit Policy and Portfolio Management	(not applicable)
***6.2(c)	Attn Corporate Compliance	privacy_inquires@freddiemac.com
***6.11	Attn Institutional Investigations, MS 263	F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
***11.20	Attn Investor Inquiry	T: (800) 336-3672
**18.2(b) **18.3 **18.4(b) **18.4(c) **18.7(b)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***33.3	Attn Legal	(not applicable)
*50.2(b)	Attn SF Seller/Servicer Guide Copyright, MS A51	T: (703) 918-8141 F: (703) 918-8562
**50.2(d)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***53.8(b)	Attn Corporate Compliance	privacy_inquires@freddiemac.com
53.8(c)	Notice of OFAC Match	anti_fraud@freddiemac.com
***53.9	Attn Legal, MS 210	(not applicable)
***53.14	Attn Legal	(not applicable)
***72.2	Attn Repurchase	F: (571) 382-4877 repurchase@freddiemac.com
**77.12 **79.14	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087

Directory 1: All Customers (01/01/11)

***For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
1551 Park Run Drive, MS D2U
McLean, VA 22102-3110

****For all mail and messenger packages:**
Attn *(see chart below)*
Freddie Mac
1551 Park Run Drive, MS D3A
McLean, VA 22102-3110

*****For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110

Telephone number: (see chart below)
Fax number: (see chart below)

Guide Reference	**Attention Line**	**Telephone, Fax Numbers and E-mail Addresses**
*1.2(b)	Attn SF Seller/Servicer Guide Copyright, MS D2U	T: (571) 382-3395 F: (571) 382-5252
**1.2(d)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***2.10	Attn Legal, MS 210	(not applicable)
***2.16	Attn Legal	(not applicable)
***2.24	Attn Institutional Investigations, MS 263	F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
**4.8.1	Attn Counterparty Credit Risk	T: (571) 382-3434 Option 2

**4.10	Management	F: (866) 743-0087
**4.11		
**4.12		
**5.3.1	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
**5.4	Attn SVP Credit Policy and Portfolio Management	(not applicable)
***6.2(c)	Attn Corporate Compliance	privacy_inquires@freddiemac.com
***6.11	Attn Institutional Investigations, MS 263	F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
***7.3	Attn Institutional Investigations, MS 263	T: (800) 437-2838 Fraud Hotline F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
***11.20	Attn Investor Inquiry	T: (800) 336-3672
**18.2(b) **18.3 **18.4(b) **18.4(c) **18.7(b)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***33.3	Attn Legal	(not applicable)
*50.2(b)	Attn SF Seller/Servicer Guide Copyright, MS A51	T: (703) 918-8141 F: (703) 918-8562
**50.2(d)	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087
***53.8(b)	Attn Corporate Compliance	privacy_inquires@freddiemac.com
53.8(c)	Notice of OFAC Match	anti_fraud@freddiemac.com
***53.9	Attn Legal, MS 210	(not applicable)
***53.14	Attn Legal	(not applicable)
***72.2	Attn Repurchase	F: (571) 382-4877

		repurchase@freddiemac.com
**77.12 **79.14	Attn Counterparty Credit Risk Management	T: (571) 382-3434 Option 2 F: (866) 743-0087

Directory 2: All Customers (04/25/06)

For regular mail, overnight mail and messenger packages:
Seller/Servicers must contact the office to which they have been instructed to submit their loan files for Quality Control review.

Attn Corporate Office Quality Control
Freddie Mac
8200 Jones Branch Drive, MS 287
McLean, VA 22102-3110
Telephone number: (703) 903-2062
Fax number: (703) 903-2068

Attn North Central Quality Control
Freddie Mac
333 West Wacker Drive
Suite 2500
Chicago, IL 60606-1287
Telephone number: (312) 407-7400
Fax number: (571) 382-4871

Attn Northeast Quality Control
Freddie Mac
8200 Jones Branch Drive, MS 271
McLean, VA 22102-3110
Telephone number: (703) 903-2146
Fax number: (703) 903-2387

Attn Southeast/Southwest Quality Control
Freddie Mac
2300 Windy Ridge Parkway
Suite 200, North Tower
Atlanta, GA 30339-5665
Telephone number: (770) 857-8800
Fax number: (770) 857-8808

Guide Reference	Attention Line	Telephone and Fax Numbers
48.6	Attn Quality Control	(see above)
48.9		

Directory 3: All Customers (10/28/09)

***For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
1551 Park Run Drive, MS D5A
McLean, VA 22102-3110

****For all mail and messenger packages:**
Attn *(see chart below)*
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102-3110

*****For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
8100 Jones Branch Drive
McLean, VA 22102-3110

Guide Reference	**Attention Line**	**Telephone, Fax Numbers and E-mail Addresses**
*16.10	Attn Funds and Securities Execution	T: (571) 382-4160
**51.4	Attn Single-Family Transfers of Servicing, MS A38	T: (703) 918-5182 or (703) 918-8819 F: (571) 382-4886 or (703) 918-8931
***55.3	Attn Corporate Tax / Form 1065, MS B2B	T: (703) 714-3601
***55.3.1		
**56.3	Attn Single-Family Transfers of Servicing, MS A38	T: (703) 918-5182 or (703) 918-8819 F: (571) 382-4886 or (703) 918-8931
**77.24	Attn Custodial Account Eligibility, MS A38	T: (703) 918-8819 or (703) 918-8954
**77.31	Attn (800) FREDDIE /	T: (800) FREDDIE

	Customer Support, MS A2B	
**78.22.1 (Form 1071)	Attn Investor Accounting Specialist, MS A38	Call your investor accounting specialist or T: (800) FREDDIE
**78.33 (Form 1071 and Form 105)		
**82.1 (Form 1066 and Form 1071)		
**82.4 (Form 1071)		
**82.6		
**82.7 (Form 1071)		
**83.14(a) **83.56(a) **83.58 **83.65 **83.69 **83.70 **83.80 **83.81 **83.86 **83.87 **83.88 **83.103(a) and (b) **83.108 **83.111 **83.112	Attn Performing Loans, Balloon/Reset Mortgages MS A38	Contact your Balloon/Reset team specialist at balloon_loans@freddiemac.com, F: (571) 382-4888, or T: (800) FREDDIE

Directory 4: All Customers (10/01/09)

For all mail and messenger packages:

Attn: *(see chart below)*
The Bank of New York Mellon Trust Company, N.A.
2220 Chemsearch Blvd., Suite 150
Irving, TX 75062

Guide Reference	Attention Line	E-mail Addresses and Telephone
18.3(b)	Attn: New Agreement Execution	FreddiemacCustodian@bnymellon.com Document Custody Support Line (800) 211-2677
18.4(e)	Attn: Document Release Request	FreddiemacCustodian@bnymellon.com Document Custody Support Line (800) 211-2677
18.7(b)	Attn: Transfer of Custody	
56.9	Attn: Servicing Released Sales Process	
Exhibit 33	Attn: MIDANET transactions	FreddiemacCustodian@bnymellon.com Document Custody Support Line (800) 211-2677

Directory 5: All Customers (07/16/10)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
8000 Jones Branch Drive
McLean, VA 22102-3110

All remittances must be sent directly to:
JP Morgan Chase
131 S. Dearborn – 6th Floor
Chicago, IL 60603
Attn Freddie Mac / 93434

Please include the Freddie Mac loan number on the check.

Telephone number: (800) FREDDIE
Fax number: (*see chart below*)

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
51.7		NPL_Mortgage_Premise@freddiemac.com	F: (571) 382-4791
58.3.1	Attn Nonperforming Loans	Distressed_Property@freddiemac.com	F: (703) 388-7678
58.9	Attn Nonperforming Loans	Distressed_Property@freddiemac.com	F: (703) 388-7678
58.10	Attn Nonperforming Loans	Distressed_Property@freddiemac.com	F: (703) 388-7678
59.1	Attn Foreclosure	Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
60.1	Attn File Preparation		F: (571) 382-4791
60.2 60.5	Attn Foreclosure / Bankruptcy		F: (703) 388-7678 F: (703) 762-4248
60.10	Attn		F: (571) 382-4791

	Nonperforming Loans		
64.1	Attn Foreclosure / Bankruptcy		F: (703) 388-7863 F: (703) 762-4248
64.8	Attn Nonperforming Loans		F: (571) 382-4791
64.11	Attn Foreclosure / Bankruptcy	Distressed_Property@freddiemac.com	F: (703) 388-7678
65.26	Attn Nonperforming Loans	Distressed_Property@freddiemac.com	F: (703) 388-7678
A65.1 A65.4 A65.9 A65.17 A65.21 A65.25 B65.4	Attn File Preparation		F: (571) 382-4791
B65.17	Attn File Preparation		F: (571) 382-4791
B65.25	Attn Settlement		F: (571) 382-4791
B65.30	Attn File Preparation		F: (571) 382-4791
B65.33	Attn Settlement		F: (571) 382-4791
B65.38	Attn File Preparation		F: (571) 382-4791
B65.41	Attn Settlement		F: (571) 382-4791
B65.45	Attn File Preparation		F: (571) 382-4791
B65.48	Attn Settlement		F: (571) 382-4791

B65.50	Attn Foreclosure	Overallowables@freddiemac.com (for requests to incur expenses on Mortgages with UPBs of $5,000 or less that are at least 120 days delinquent)	F: (703) 388-7863 F: (703) 762-4248
B65.50 B65.51	Attn File Preparation		F: (571) 382-4791
B65.53	Attn Charge-off Recovery, Mailstop C1J		F: (703) 388-7863 F: (703) 762-4248
B65.54 B65.58	Attn Expense Reimbursement, MS 123 Attn FHA/VA/RHS Expense Reimbursement, MS 124	104_expense@freddiemac.com government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	
66.11	Attn Nonperforming Loans		F: (703) 388-7863 F: (703) 762-4248
66.12	Attn Foreclosure	Distressed_Property@freddiemac.com	F: (703) 388-7678
66.12.1 66.13	Attn Foreclosure		F: (703) 388-7863 F: (703) 762-4248
66.14	Attn Nonperforming Loans	Distressed_Property@freddiemac.com	F: (703) 388-7678
66.16 66.16.1	Attn Foreclosure		F: (703) 388-7863 F: (703) 762-4248
66.18.1	Attn Deficiency Recovery		F: (703) 388-7678
66.28	Attn Foreclosure	Distressed_Property@freddiemac.com	F: (703) 388-7678
66.29	Attn	Overallowables@freddiemac.com	F: (703) 388-7863

	Foreclosure		F: (703) 762-4248
66.32	Attn Foreclosure	External_Fcp@freddiemac.com (for postponement requests as the result of a workout in progress)	F: (703) 388-7863 F: (703) 762-4248
66.34		Overallowables@freddiemac.com	
66.39		Foreclosuresales@freddiemac.com	
66.42	Attn Foreclosure / NPL	Foreclosuresales@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
66.45	Attn Foreclosure	Foreclosuresales@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
66.48 66.49 66.50 66.52.1	Attn Deficiency Recovery		F: (703) 388-7678
66.56	Attn Foreclosure Attn: Loss Mitigation	Reo_Rollback@freddiemac.com (for REO Rollback situations) Lossmit_Reorollback@freddiemac.com (to inform us of an approved and closed workout after you have reported the sale results to us)	F: (703) 388-7863 F: (703) 762-4248
66.58	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4791
66.60	Attn Foreclosure		F: (703) 388-7863 F: (703) 762-4248
66.61 66.62	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4791
66.69	Attn Foreclosure/ Bankruptcy	Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
67.10	Attn Foreclosure/		F: (703) 388-7863 F: (703) 762-4248

67.13	Bankruptcy	Distressed_Property@freddiemac.com	F: (703) 388-7678
67.15		Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
67.16		Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
67.18		Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
67.19			F: (703) 388-7863 F: (703) 762-4248
67.21	Attn Foreclosure/ Bankruptcy, MS C1J		F: (703) 388-7863 F: (703) 762-4248
67.22			
67.23			
67.24			
67.25			
67.26		Overallowables@freddiemac.com	
67.27	Attn Foreclosure Bankruptcy	Distressed_Property@freddiemac.com	F: (703) 388-7678
		Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
67.28		Overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248
68.4	Attn Special Asset Unit — Foreclosure/ Bankruptcy	Distressed_Property@freddiemac.com	F: (703) 388-7678
68.5		Hurricane_Relief@freddiemac.com (for properties affected by a hurricane disaster)	F: (703) 388-7863 F: (703) 762-4248
70.5	Attn FHA/VA/RHS Expense Reimbursement MS 384	government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	F: (703) 738-2422
71.11 71.12 71.14	Attn Foreclosure	overallowables@freddiemac.com	F: (703) 388-7863 F: (703) 762-4248

71.19	Freddie Mac 1 First American Way DFW 4-5 Westlake, Texas 76262 Attn RHS Expense Reimbursement MS 124	104_expense@freddiemac.com government_loans@freddiemac.com (RHS Mortgages)	
71.20	Freddie Mac 1 First American Way DFW 4-5 Westlake, Texas 76262	104_expense@freddiemac.com	
71.23	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
71.24	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		

71.27	Freddie Mac 1 First American Way DFW 4-5 Westlake, Texas 76262 Attn RHS Expense Reimbursement MS 124	104_expense@freddiemac.com government_loans@freddiemac.com (RHS Mortgages)	
78.30	Attn Settlement		F: (571) 382-4791
82.1	Attn Nonperforming Loans Military Relief		F: (571) 382-4791

Directory 6: 1- to 4-Unit REO Properties (12/18/08)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
5000 Plano Parkway
Carollton, TX 75010-4902

All remittances must be sent directly to our lockbox:
Attn (*see chart below*)
Freddie Mac
PO Box 730453
Dallas, TX 75373-0453

Telephone number: (see chart below)
Fax number: (see chart below)

Guide Reference	**Attention Line**	**Telephone and Fax Numbers and E-mail Addresses**
65.38		T: (800) 500-0688 F: (214) 731-2209 E-mail: bpoquestion@freddiemac.com
65.39 65.39.1	Attn BPO Direct Valuations	bpoquestion@freddiemac.com
B65.48	Attn MI Specialist	T: (972) 395-4104 F: (214) 731-2241
66.57	Attn Property Redemptions	T: (972) 395-2804 F: (214) 731-2056
70.4	Attn REO Sales	T: (972) 395-4023 F: (214) 731-2294
70.5 70.6	Attn RHS Specialist	T: (972) 395-4101 F: (214) 731-2150
70.9 70.10	Attn MI Specialist	T: (972) 395-4104 F: (214) 731-2241

70.13	Attn MI Specialist	T: (972) 395-4104 F: (214) 731-2241
70.14	Attn Property Tax Specialist	T: (972) 395-4080 F: (214) 731-2212
70.19	Attn Eviction Specialist	T: (972) 395-2818 F: (214) 731-2070
70.21	Attn Final Settlement	T: (972) 395-4091 F: (214) 731-2174
71.9	Attn Property Tax Specialist	T: (972) 395-4080 F: (214) 731-2212
71.24 77.21 78.20	Attn Cash Remittances	T: (972) 395-4091 F: (214) 731-2174

Directory 7: All Customers (10/20/08)

For all mail and messenger packages:
*Attn (*see chart below*)
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110

** Attn (*see chart below*)
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102-3110

***** All remittances must be sent directly to:**
JP Morgan Chase
131 S. Dearborn – 6th Floor
Chicago, IL 60603
Attn Freddie Mac / 93434

Guide Reference	**Attention Line**	**Telephone and Fax Numbers**
*51.16 *76.10 *76.27	Attn (name of investor accounting specialist) Performing Loans Department	Call your investor accounting specialist or T: (800) FREDDIE
***77.20	Attn Freddie Mac #93458 Note: Seller/Servicer number must be included on the check.	
*78.8	Attn (name of investor accounting specialist) Performing Loans Department	Call your investor accounting specialist or T: (800) FREDDIE
***78.10	Attn Freddie Mac #93458 Note: Seller/Servicer number must be included on the check.	
*78.12 *78.29 *78.33 *78.42 *78.44	Attn (name of investor accounting specialist) Performing Loans Department	Call your investor accounting specialist or T: (800) FREDDIE

*78.45 *78.46 *79.18 *80.2		
**80.4	Attn Customer Support	T: (800) 366-2353

Directory 8: All Customers (06/01/09)

***For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110

****For all mail and messenger packages:**
Attn (*see chart below*)
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102-3110

Telephone number: (see chart below)
Fax number: (see chart below)

Guide Reference	**Attention Line**	**Telephone and Fax Numbers**
*11.11	Attn Cash Management Operations, MS 124	T: (800) FREDDIE
**16.7 **16.8	Attn Mortgage Purchase, MS A2B	T: (800) FREDDIE F: (571) 382-4866 (primary) (703) 918-8003 (secondary)
16.10.1	Attn Customer Systems Setup	F: 703-738-1532
**16.11	Attn Customer System Setup, MS A2B	T: (800) FREDDIE
**16.12	Attn Mortgage Purchase, MS A2B	T: (800) FREDDIE F: (571) 382-4866 (primary) (703) 918-8003 (secondary)
**77.33		
**80.4.2		

Directory 9: All Customers (10/01/09)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac, Document Custodial Operations
8250 Jones Branch Drive, Mailstop A2D
McLean, VA 22102

Guide Reference	**Attention Line**	**Telephone, Fax Numbers and E-mail Addresses**
16.8 17.6(j)	Attn: Document Custodial Operations For delivery of Form 1034S and 1034SM	FMMDM@Freddiemac.com Fax: (703) 738-2141
18.2 18.6(d)	For notification of disaster Attn: Document Custodial Operations For delivery of Form 1034S and 1034SM	FMMDM@Freddiemac.com Fax: (703) 738-2141 FMMDM@Freddiemac.com Fax: (703) 738-2141
18.7	Attn: Document Custodial Operations For delivery of Form 1034T	FMMDM@Freddiemac.com Fax: (703) 738-2141
56.9(a)	Attn: Document Custodial Operations For delivery of Form 1034S and 1034SM	FMMDM@Freddiemac.com Fax: (703) 738-2141
56.9(b)	Attn: Document Custodial Operations For delivery of Form 1034T	FMMDM@Freddiemac.com Fax: (703) 738-2141
59.4	Attn: Document Custodial Operations	
66.17	Attn: Document Custodial Operations	

78.51	Attn: Document Custodial Operations For delivery of Form 1034B	FMMDM@Freddiemac.com Fax: (703) 738-2141
83.103(a)	Attn: Document Custodial Operations For delivery of Form 1034B	FMMDM@Freddiemac.com Fax: (703) 738-2141

Glossary (10/15/10)

2- to 4-Unit Condominium Project
A 2- to 4-Unit Condominium Project is a project that is comprised of at least two but no more than four 1-unit dwellings that are each separately owned with separate legal descriptions.

11th District Cost of Funds Index (11th District COFI)
For adjustable-rate Mortgages (ARMs), the 11th District COFI is the monthly average cost of savings, borrowings and advances of the members of the Federal Home Loan Bank of San Francisco (the "Bank"), as made available by the Bank.

Accept Mortgage
A Loan Prospector® Mortgage that receives a Risk Class of Accept.

Acceptable Net Worth
Generally defined as GAAP capital but Freddie Mac may make adjustments to GAAP net worth when Freddie Mac deems it appropriate.

Accounting Net Yield (ANY)
The ANY is the net yield rate that the Servicer uses to report and remit interest to Freddie Mac each month. The ANY for each Mortgage is equal to the Note Rate less the Servicing Spread of the Mortgage.

The ANY for Mortgages purchased through RNY Cash or ARM Cash equals the Required Net Yield (RNY) except for Mortgages sold to Freddie Mac at a discount.

Acknowledgment Agreement
An agreement between Freddie Mac, a Servicer and a third party designated by the Servicer in which Freddie Mac consents to and acknowledges a Servicer's grant to a third party of a security interest in the Servicer's conditional, nondelegable contract right to service Home Mortgages for Freddie Mac.

Additional Supplement
An Additional Supplement is a disclosure document containing information solely provided by the Seller that supplements the information contained in the PC Offering Circular or the Pool Supplement concerning the Mortgages in a PC Pool as of Settlement Date.

Affiliate
Any entity related to a Seller that is subject to common operating control and that is operated as part of the same system or enterprise. The Seller typically owns less than a majority of the voting stock or the Seller and the entity are subsidiaries of a third party.

For purposes of the definitions of Correspondent, Mortgage Broker, Retail Mortgage and Wholesale Home Mortgage, Affiliate means: Any entity that is related to another party as

a consequence of the entity, directly or indirectly, controlling the other party, being controlled by the other party, or being under common control with the other party.

Affiliates
Freddie Mac's term "Affiliates" encompasses all of the following as defined in GAAP FAS No. 57:

- Affiliates
  - A party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the enterprise
- Management
  - Persons who are responsible for achieving the objectives of the enterprise and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes
  - Members of the board of directors
  - Chief executive officer
  - Chief operating officer
  - Vice presidents in charge of principal business functions (such as sales, administration or finance), and other persons who perform similar policy-making functions
  - Persons without formal titles also may be members of management
- Principal owners
  - Owners of record or known beneficial owners of more than 10% of the voting interests of the enterprise
- Related parties
  - Entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trust that are managed by or under the trusteeship of management
  - Principal owners of the enterprise; its management, members of the immediate families of principal owners of the enterprise and its management, and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other, to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests
  - Any party that can significantly influence the management or operating policies of the transacting parties or that has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

Affiliated Persons
Affiliated Persons of a Servicer include the following:

- The Servicer's directors, officers, employees and controlling persons
- Spouses of the Servicer's directors, officers and controlling persons

- Members of the immediate family of the Servicer's directors, officers and controlling persons who have the same home as such persons or who are directors or officers of any subsidiary or holding company affiliate of the Servicer
- Corporations or organizations (other than the Servicer or a corporation or organization through which the Servicer operates) of which a director, officer or controlling person of the Servicer is an officer or partner or is, directly or indirectly, either alone or with his or her spouse, the owner of 10% or more of any class of equity securities or the owner with other directors, officers and controlling persons of the Servicer and their spouses of 25% or more of any class of equity securities
- Trusts or other estates in which a director, officer or controlling person of the Servicer or the spouse of such person has a substantial beneficial interest or for which such person or spouse serves as trustee or in a similar fiduciary capacity

Affordable Gold® 97 Mortgage
A Mortgage designed to meet the housing finance needs of eligible, underserved individuals and families in which the Borrower has provided a down payment of at least 3% of value from Borrower Funds.

Affordable Second®
Subsidized secondary financing or other financial assistance, evidenced in land records, that is provided by an Agency and that meets the requirements of Section 25.1(g).
An Affordable Second is not eligible for sale to Freddie Mac.

Agent
For Wholesale Home Mortgages, an Agent is an entity or individual that is not an employee of a Seller and that acts for and on behalf of the Seller in originating Mortgages or in taking or processing a Mortgage application or underwriting or funding a Mortgage.

Agency
The sponsor or provider of financial assistance through an agency grant, Affordable Second®, IDA or unsecured loan, as applicable.

An Agency must be one of the following:

- A municipality which includes any duly authorized authority or agency of the federal, State, local or municipal government
- A nonprofit community or religious organization, other than a credit union
- The Borrower's employer, or
- A regional Federal Home Loan Bank under one of its affordable housing programs

Allonge
An addendum attached to a Note that can be used for endorsements.

Alt 97® Mortgage
A Mortgage eligible for Freddie Mac's Alt 97 offering and delivered as an Alt 97 Mortgage.

A-minus Mortgage
A Loan Prospector® Mortgage that:

- Has a Risk Class of Caution,
- Has assessment results of eligible for A-minus, and
- Meets the requirements of Chapter C33

Amenities
Amenities are a portion or type of Common Elements that enhance project attractiveness and owner enjoyment even though the feature is not essential to the project's use. Examples include but are not limited to swimming pools, spas, gardens, beach access, golf courses or golf club memberships, and ski areas or ski passes.

Amortizing Period
For Initial Interest℠ Mortgages, the Amortizing Period is the period (expressed in months) when monthly payments are fully amortizing principal and interest payments; the Amortizing Period begins on the First Amortizing Payment Date and ends at the end of the Mortgage term.

Automated Valuation Model (AVM)
An Automated Valuation Model (AVM) is a mathematically based software program that produces a value or value range for a subject property.

Balloon Loan Modification
A Balloon Loan Modification is the Mortgage document executed by the Borrower to evidence the Borrower's election to reset and the terms of the Reset Mortgage. Two original Balloon Loan Modifications must be executed by the Borrower. The current version of this Mortgage document is the Freddie Mac Multistate Balloon Loan Modification — Single Family (Form 3293).

Balloon Maturity Date
For a Balloon/Reset Mortgage, the Balloon Maturity Date is the maturity date of the Balloon Note.

- The Balloon Maturity Date for a 5-year Balloon/Reset Mortgage is the date that is 59 months after the scheduled Due Date of the first monthly principal and interest payment.
- The Balloon Maturity Date for a 7-year Balloon/Reset Mortgage is the date that is 83 months after the scheduled Due Date of the first monthly principal and interest payment.

Balloon Note
For a Balloon/Reset Mortgage, the Balloon Note is the Note executed by the Borrower which provides for a Balloon Payment on the Balloon Maturity Date.

Balloon Note Addendum
For a Balloon/Reset Mortgage, the Balloon Note Addendum is an addendum to the Balloon Note that sets forth the terms of the Reset Option.

Balloon Payment
For a Balloon/Reset Mortgage, the Balloon Payment is the sum of the unpaid principal balance (UPB), accrued but unpaid interest through the Balloon Maturity Date, and all other sums required to pay the Balloon/Reset Mortgage in full on the Balloon Maturity Date.

Balloon Rider
For a Balloon/Reset Mortgage, the Balloon Rider is the rider to the Security Instrument that sets forth the terms of the Reset Option and that must be recorded with the Security Instrument.

Balloon/Reset Mortgage
A Balloon/Reset Mortgage is a fixed-rate, level-payment Home Mortgage with the following characteristics:

- The monthly principal and interest payment is based on an amortization schedule calculated to pay the original principal balance in full in 360 months.
- The unpaid principal balance (UPB) of the Balloon Note is due as a lump sum on the Balloon Maturity Date.
- The Borrower has a Reset Option at the Balloon Maturity Date.

The term "Balloon/Reset Mortgage," as used in this Guide, refers to both

- A Balloon/Reset Mortgage that has a Balloon Note with an original term of five years ("5-year Balloon/Reset Mortgage")
- A Balloon/Reset Mortgage that has a Balloon Note with an original term of seven years ("7-year Balloon/Reset Mortgage")

BIF
BIF is the abbreviation for the Bank Insurance Fund.

Book-Entry Form
A PC or Giant PC that is issued in Book-Entry Form is:

- Issued by means of an entry on the books and records of a Federal Reserve Bank. The entry includes the name of the security investor, the original principal balance owned by the security investor, the CUSIP Number, the PC Coupon, the PC Pool Number and the security description code. The security description code is a four-character code used by the Federal Reserve Bank book-entry system to describe the issuer and the type of security.
- Evidenced only by that entry and not by a certificated security

Book-Entry Rules
The Book-Entry Rules are the provisions in effect from time to time that

- Set forth the terms and conditions under which Freddie Mac may issue PCs and Giant PCs in Book-Entry Form
- Authorize the Federal Reserve Banks to act as Freddie Mac's agents in connection with PCs and Giant PCs issued by entries on the books and records of Federal Reserve Banks

These rules are contained in Title 1, Part 462 of the Code of Federal Regulations.

Borrower
The Borrower is the party obligated to repay the indebtedness secured by the Mortgaged Premises.

For a Home Mortgage, the Borrower must be one of the following:
- An individual or individuals (not a corporation or partnership)
- A living trust, subject to the conditions in Section 22.10(a) and 22.10(b)
- An Illinois land trust, subject to the conditions in Section 22.10(a)

Borrower Contribution
The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepaids/Escrows.

Borrower Funds
All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of cash and other Equity as defined in Sections 26.2 and 26.3.

Broker's Price Opinion (BPO)
A Broker's Price Opinion (BPO) is a broker's written estimate of the probable sale price of the property.

Business Day
A Business Day is a day other than:
- A Saturday or Sunday
- A day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed
- A day on which the offices of Freddie Mac are closed

In this Guide, the word "day" without the modifier "business" refers to a calendar day.

Buydown Custodial Account
A Buydown Custodial Account is a Custodial Account into which the Servicer deposits buydown funds.

Cash Purchase Contract
A Cash Purchase Contract may be any one of the following Purchase Contracts:
- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash)

- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®)
- Mandatory Cash Contract
- Best Efforts Contract
- WAC ARM Cash Contract

Caution Mortgage
A Loan Prospector® Mortgage that receives a Risk Class of Caution.

Closing Costs
Application fees, appraisal and credit report fees, transfer taxes, tax stamps, attorney fees, survey costs or fees, title insurance and any other fees associated with the Mortgage closing.

Common Elements
Common Elements are any portion of a project not included in the units and are used by unit owners who share in their expense, maintenance and operation. Common Elements are defined in the Project Documents, and may include but are not limited to parking, walkways, lighting, elevators, boilers, hallways, foyers, and legal ingress and egress to individual units. The term includes reference to any Amenities and to Limited Common Elements.

Community Savings System
A savings system to which members of a community make regular contributions and from which members are entitled to a distribution of funds in accordance with a specified plan.

A nonprofit community organization must administer the savings system.

Complete Loan Prospector® Evaluation
A Loan Prospector evaluation is complete if Loan Prospector returns a Risk Class of Accept or Caution and a Documentation Level of Streamlined Accept Documentation or Standard Documentation.

Concurrent Transfer of Servicing
A Concurrent Transfer of Servicing means Servicing is transferred at the same time Freddie Mac purchases the transferring Mortgages.

Condominium Hotel

See Hotel/Resort Project.

Condominium Project
A Condominium Project is a project that is legally established as a Condominium Project in compliance with the applicable State law in which the project is located.

Condominium Unit
A Condominium Unit is a one-unit dwelling located in a Condominium Project.

Condominium Unit Mortgage
A Mortgage secured by a unit in a Condominium Project.

Constant Maturity Treasury (CMT) Index
For adjustable-rate Mortgages (ARMs), the CMT Index is the weekly average yield on United States Treasury securities adjusted to a specified constant maturity, such as one, three or five years, as made available by the Federal Reserve Board.

Construction Conversion Modification Agreement
The agreement executed by the Borrower that modifies the terms of the Interim Construction Financing (the Note and/or the Security Instrument) to state the terms of the Permanent Financing.

Construction Conversion Mortgage
A Mortgage, the proceeds from which are used for the Permanent Financing that replaces the Interim Construction Financing obtained by the Borrower to:

- Purchase or refinance, as applicable, the land on which the site-built home or Manufactured Home will be constructed or affixed, and
- Construct a new site-built home, or
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home.

Contaminated Sites
A Contaminated Site is any real property that has been identified:

- By any federal, State or local government entity as containing one or more Hazardous Substances, or
- In any media report as possibly being subject to investigation or review by any federal, State or local government entity as a source of contamination by one or more Hazardous Substances

Contract Commitment Amount
For the Guarantor and MultiLender Swap programs, the Contract Commitment Amount is the dollar amount of Mortgages that Freddie Mac agrees to purchase, as specified on Form 3, Summary Agreement (Guarantor); Form 5, Summary Agreement (MultiLender Swap); or in a Master Commitment Contract.

- For whole loans, the Contract Commitment Amount is the aggregate unpaid principal balance (UPB) of the Mortgages.
- For participation loans, the Contract Commitment Amount is the aggregate UPB of the Mortgages multiplied by Freddie Mac's Percentage of Participation.

The Seller's obligation to sell the Contract Commitment Amount is mandatory or optional.

Conversion Date
The Conversion Date is the date on which the interest rate applicable to a Convertible ARM changes from an adjustable interest rate to a fixed interest rate. The Conversion Date is the first day of the second month after the month in which the Borrower exercises the option to convert. For example, if the option to convert is exercised at any time during the month of January, then March 1 is the Conversion Date.

Conversion Formula
For Convertible ARMs, the Conversion Formula is the methodology, set forth in the Note, for establishing the Note Rate upon conversion of the adjustable interest rate to a fixed interest rate. The Conversion Formula refers to a published required net yield plus a specified number of basis points.

Conversion Window
For Convertible ARMs, the Conversion Window is either a specified period of time or specific dates, as stated in the Note, during which the Borrower can exercise the option to convert the adjustable interest rate to a fixed interest rate.

Converted Mortgage
A Converted Mortgage is a conventional, fully amortizing, level payment, fixed-rate Mortgage, originated as a Convertible ARM, that had an adjustable interest rate until the Borrower exercised the option to convert to a fixed interest rate. See also Freddie Mac-Owned Converted Mortgage and Seller-Owned Converted Mortgage.

Convertible ARM
A Convertible ARM is an adjustable-rate Mortgage (ARM) as to which the Borrower has the option, exercisable during a Conversion Window, to convert the adjustable interest rate to a fixed interest rate pursuant to a Conversion Formula.

Correspondent
An entity that typically sells the Mortgages it originates to other lenders. The Correspondent performs some or all of the loan processing functions such as taking the Mortgage application; ordering credit reports, appraisals, and title reports; and verifying the Borrower's income and employment. The Correspondent may or may not have delegated underwriting and typically funds the loans at settlement. The Mortgage is closed in the Correspondent's name and the Correspondent may or may not service the Mortgage. The Correspondent may use a Mortgage Broker to perform some of the processing functions or even to fund the Mortgage on its behalf; however, under such circumstances, such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage and not as a Correspondent third party origination Mortgage. (See the definition of Affiliate and Mortgage Broker.)

Credit/Construction/ Settlement Period
The 18-month period beginning with the oldest date of the Borrower’s credit or capacity documents and ending with the Settlement Date for sales under the Freddie Mac Selling

System (Selling System), or the Delivery Date for sales under MIDANET®; during which time:

- The Seller must process and underwrite the Mortgage, and
- The construction or renovation of a site-built home, or the installation and conversion to real property of a Manufactured Home, must be completed, and
- The Mortgage must be sold to Freddie Mac.

Credit Score
A number summarizing an individual's credit profile that indicates the likelihood that a Borrower will repay future obligations.

CUSIP Number
A CUSIP Number is a unique nine-digit alphanumeric designation assigned by the CUSIP Service Bureau to each PC Pool and Giant PC Pool. The CUSIP Number is used to identify the PC Pool or Giant PC Pool on the books and records of the Federal Reserve Bank's book-entry system. All PCs in Book-Entry Form and all Giant PCs are identified by a CUSIP Number.

Custodial Account
A Custodial Account is a Demand Deposit Account or Interest-Bearing Deposit Account established and maintained by a Servicer at an Eligible Depository, into which Principal and Interest Payments, Escrow Funds and other monies due to Freddie Mac or held on behalf of Freddie Mac Mortgages are deposited. The types of Custodial Accounts are:

- Principal and Interest Custodial Accounts
- Principal and Interest Disbursement Clearing Custodial Accounts
- Escrow Custodial Accounts
- Buydown Custodial Accounts

Date of Seller's Offer
The Date of Seller's Offer is the date the Seller telephones Freddie Mac offering to sell Mortgages to Freddie Mac. Freddie Mac will insert this date on the Purchase Contract in the applicable space for each offer Freddie Mac accepts. For example, for the Guarantor program, the Date of Seller's Offer is the date specified as such on Form 3, Summary Agreement (Guarantor). For the MultiLender Swap program, the Date of Seller's Offer is the date specified as such on Form 5, Summary Agreement (MultiLender Swap).

Delinquency
Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Escrow is unpaid after the due date.

If the due date is	The Mortgage is 30 days delinquent
The 1st day of the month,	When all or part of one or more payment(s) remain unpaid as of close of business on the last Business Day of the month
Not the 1st day of the month (from	When all or part of one or more payment(s) remain

the second through the 31st day of the month),

unpaid 30 or more actual calendar days as of close of business on the last Business Day of the month

Delivery Date
With respect to the sale of Mortgages to Freddie Mac, "Delivery Date" means the date when all of the following have been completed:

- The delivery to, and acceptance by, Freddie Mac of all loan data and other information and documentation required by the Purchase Documents, and
- The delivery and certification of the Notes and delivery of all other required documentation to Freddie Mac or a Custodian approved by Freddie Mac, as applicable.

Designated Custodian
The Designated Custodian is the Document Custodian with which Freddie Mac has contracted to provide custodial services for Seller/Servicers that do not have a Form 1035 Custodial Agreement executed with another Document Custodian, or for Seller/Servicers selling Mortgages to Freddie Mac under the Servicing Released Sales Process. The Designated Custodian is The Bank of New York Mellon Trust Company, N.A. Freddie Mac has verified that the Designated Custodian meets the eligibility requirements for Document Custodians described in Section 18.2.

Demand Deposit Account
For Custodial Accounts, a Demand Deposit Account is a deposit account from which funds may be withdrawn by the Servicer/depositor immediately and without any advance notice of intended withdrawal or any restrictions on the frequency of withdrawals.

Detached Condominium Project
A Condominium Project comprised solely of detached, 1-unit dwellings.

Discretionary Provisions
Discretionary Provisions are those terms or provisions of the Guide identified in Section 12.13 and in Exhibit 26, Discretionary Provisions.

Distributed Software
Distributed Software is software or software-related documentation that is not specifically covered by the terms of a separate agreement between Freddie Mac and the Seller/Servicer.

Document Custodian
A Document Custodian is an institution that accepts delivery of, verifies and maintains the original Notes and assignments of the Security Instruments.

A Document Custodian must satisfy the eligibility requirements described in Section 18.2 and must enter into the Form 1035, Custodial Agreement: Single-Family Mortgages, described in Section 18.3 with the Seller/Servicer and Freddie Mac.

A Seller/Servicer may act as its own Document Custodian, as described in Section 18.2, or a Document Custodian may be an Affiliate of the Seller/Servicer or an independent third-party entity, including the Designated Custodian.

Documentation Level
The Documentation Level shown on the Feedback Certificate indicates the minimum level of documentation acceptable for a Loan Prospector® Mortgage.

Due Date
The Due Date is the date on which the Borrower's monthly installment of principal, interest and where applicable, Escrow, is due as stated in the Note. For Initial Interest℠ Mortgages during the Interest Only Period, it is the date on which the Borrower's monthly installment of interest and where applicable, Escrow, is due.

Due Date of Last Paid Installment (DDLPI)
The Due Date of Last Paid Installment (DDLPI) is the Due Date of the last fully paid monthly installment of principal, interest and Escrow (if any) (not the date on which such payment was credited or the date of the next scheduled installment).

Early Delinquency Counseling
Counseling provided to a delinquent Borrower by a nonprofit third-party homeownership-counseling agency or eligible Servicer, that involves identifying the reason(s) a Borrower did not make a Mortgage payment on time and working with the Borrower to resolve any financial problems so that future Mortgage payments can be made on a timely basis. The counseling includes a personal and interactive relationship with the Borrower that deals with money management, budgeting and debt management counseling.

Early Delinquency Counseling is further described in Section 64.4(c).

Effective Date for Delivery
The date identified in either a Master Agreement or Master Commitment Contract upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment Contract.

Effective Date of Permanent Financing
The date of the closing on the Permanent Financing and the date the term of the Permanent Financing begins; or, for Construction Conversion Mortgages and Renovation Mortgages, the date when the Interim Construction Financing is deemed to be paid off or converted or modified to, and replaced by the Permanent Financing. The Effective Date of Permanent Financing is as follows:

Newly Built Home Mortgages	
Permanent Financing	Note Date of the Mortgage

Construction Conversion Mortgages and Renovation Mortgages	
Integrated Construction Conversion Documentation	Due Date of the first monthly payment of principal and interest on the Permanent Financing
Separate Construction Conversion Documentation	Note Date of the Note and Security Instrument for the Permanent Financing
Modification Construction Conversion Documentation	Date on which the Construction Conversion Modification Agreement is effective or the date of the new Note for the Permanent Financing if a new Note is required

Effective Date of Transfer
For a Concurrent Transfer of Servicing, the Effective Date of Transfer is the applicable Funding Date or Settlement Date.

For a Subsequent Transfer of Servicing, the Effective Date of Transfer is the requested transfer date set forth on Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, unless the Transferor and Transferee are otherwise advised by Freddie Mac. This date must be the first Business Day following the cutoff date for a Freddie Mac accounting cycle.

Eligible Borrower
For a Balloon/Reset Mortgage, an Eligible Borrower is a Borrower who meets all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider and who has elected to exercise the Reset Option.

Eligible Depository
An Eligible Depository is a depository institution in which a Servicer must establish a Custodial Account or invest monies deposited into a Custodial Account, that meets the institutional requirements and rating requirements as found in Sections 77.9 and 77.10.

Employer Assisted Homeownership (EAH) Benefit
Financial assistance provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided (i) the employer is not an interested party (as described in Section 25.3) and (ii) the funds were not obtained from an interested party either directly or through a third party. See Section 26.6.2 for additional requirements.

Equity
The difference between the value of the Mortgaged Premises and the total dollar amount of all Mortgages and other liens secured by the Mortgaged Premises.

Escrow
Escrow includes all funds collected to cover expenses to be paid under the Mortgage including, but not limited to, taxes, special assessments, ground rents and other charges

that are or may become First Liens on the Mortgaged Premises, as well as property insurance premiums and mortgage insurance premiums.

Escrow Custodial Account
An Escrow Custodial Account is a Custodial Account into which the Servicer deposits Escrow Funds.

Escrow Disbursement Clearing Account
An Escrow Disbursement Clearing Account is a deposit account established by a Servicer, at its option, specifically for the payment of all expenses payable from Escrow Funds with respect to Mortgages serviced for Freddie Mac and for others.

Escrow Funds
For Custodial Accounts, Escrow Funds are any and all funds deposited by a Servicer on a Borrower's behalf (such as buydown funds) or any and all funds remitted by a Borrower to a Servicer, to be used by the Servicer to pay, with respect to a Mortgage in which Freddie Mac has an ownership interest (either a whole loan or a participation interest), such expenses as property insurance premiums, mortgage insurance premiums, property taxes, special assessments, ground rents and any other charge that is or may become a prior lien on the Mortgaged Premises.

Established Condominium Project.
An Established Condominium Project is a Condominium Project in which:

- The project (all units and Common Elements including Common Elements owned by any Master Association) is fully completed and not subject to any additional phasing or additions, and
- At least 90 percent of the total units in the project have been conveyed to the unit purchasers other than the developer, and
- The unit owners control the homeowners association.

Extended Buydown Mortgage
A Mortgage with a temporary subsidy buydown plan for which:

- The buydown plan extends for more than two years after the first scheduled payment date, or
- The effective interest rate during the buydown period is more than two percentage points below the Note Rate of the Mortgage regardless of the duration of the buydown period

FDIC; FDIC-Insured Depository
FDIC is the abbreviation for the Federal Deposit Insurance Corporation. The FDIC administers the BIF and the SAIF. An FDIC-Insured Depository is a depository institution whose deposits are insured by the FDIC.

Federal Reserve Bank

The Federal Reserve Bank means the Federal Reserve Bank of New York and/or such other Federal Reserve Bank(s) as may from time to time maintain Freddie Mac PCs and Giant PCs on their books and records.

Feedback Certificate
The printed or printable document returned by Loan Prospector® that details the results of the Loan Prospector submission. The Feedback Certificate may include, but is not limited to:

- Key Number (Loan Prospector AUS Key Number)
- Transaction Number (AUS Transaction Number)
- Borrower, property and loan information
- Transaction processing issues
- Risk Class/Classification
- Documentation Class/Classification
- Minimum Assessment Feedback (MAF)
- Mortgage insurance decision
- Purchase restrictions
- Waiver and warrant messages
- Processing messages

The in-file and merged credit reports printed by Loan Prospector are not part of the Feedback Certificate.

FHA; FHA Mortgage
FHA is the Federal Housing Administration. An FHA Mortgage is a Home Mortgage that is fully insured by the FHA under Sections 203(b), 203(h) or 203(i) [Home Unsubsidized], 222 [Servicemen] or 234 [Individual Condominium Unit] of the National Housing Act, as amended.

Final Delivery Date
For Mortgages sold to Freddie Mac using the Freddie Mac Selling System (Selling System) under the fixed-rate Guarantor, WAC ARM Guarantor and MultiLender programs, Final Delivery Date is the date set forth in the Selling System by which all of the following must be completed:

- The loan data and applicable documentation required by the Selling System must be provided to Freddie Mac
- All of the purchase edits and allocation errors identified by the Selling System with respect to the Mortgages must be resolved in accordance with Freddie Mac requirements
- The Notes for all Mortgages in the applicable Contract must be delivered to and certified by the Document Custodian
- Seller must provide wire transfer instructions in the Selling System that account for the entire UPB associated with the Contract

- And, for Mortgages allocated to a contract that are pledged to a Warehouse Lender, either the Seller or the Warehouse Lender must submit a complete and fully executed Form 996E, Release of Warehouse Lender Security Interest, to Freddie Mac in accordance with the requirements of Section 19.4 (Cash) and 19.5 (Guarantor or MultiLender Swap), as applicable.

All of the foregoing must be completed by 8:00 p.m. Eastern time on the Final Delivery Date. The Final Delivery Date shall be the Business Day immediately preceding the date that the selected Settlement Cycle begins.

See Section B15.11, C15.11 or D15.11 regarding additional instructions and requirements for wire transfer instructions and delivery of the Form 996E, Warehouse Lender Release of Security Interest (available only through the Selling System), when applicable.

The Final Delivery Date is also referred to as the Final Delivery Due Date in the Selling System, and the two terms can be used interchangeably.

Financing Costs

Discount points, loan fees, commitment fees, origination fees and/or similar fees associated with a Mortgage transaction.

Financed Permanent Buydown Mortgage

A Mortgage for which the Borrower has permanently reduced the interest rate by financing discount points in the loan amount.

First Amortizing Payment Date

For Initial Interest℠ Mortgages, the First Amortizing Payment Date is the date stated in the Initial Interest Note of the first monthly amortizing principal and interest payment. It is determined by adding the number of months of the Interest Only Period to the Due Date of the first monthly payment stated in the Initial Interest Note.

First Lien

A First Lien is any lien that meets both of the following requirements:

- The lien is acceptable to private institutional first-mortgage investors in the area where the Mortgaged Premises are located.
- The lien grants to the lienholder a claim against the property that, under the law of the jurisdiction where the Mortgaged Premises are located, is prior to the rights of all others, subject only to prior liens and encumbrances expressly waived by Freddie Mac pursuant to Section 39.4.

First-Time Homebuyer

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

Freddie Mac 100 Mortgage
A Mortgage eligible for Freddie Mac's 100% LTV offering and delivered as a Freddie Mac 100 Mortgage.

Freddie Mac-Owned Converted Mortgage
A Convertible ARM that is owned by Freddie Mac and that was converted to a fixed interest rate after Freddie Mac purchased the Mortgage. See also Converted Mortgage.

Full Payment
Full Payment is the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the adjustable-rate Mortgage (ARM) at the then applicable Note Rate over the remaining Mortgage term.

Funding Date
The Funding Date is the date when Freddie Mac disburses payment to the Seller for a Mortgage Freddie Mac purchased.

For warehouse lending arrangements, the Funding Date is the date when Freddie Mac disburses payment to the Warehouse Lender or the Seller for a Mortgage purchased by Freddie Mac.

Giant Offering Circular Supplement
A Giant Offering Circular Supplement is a disclosure document that supplements the Giant PC Offering Circular and contains information about the PCs and/or Giant PCs in a Giant PC Pool as of its Settlement Date.

Giant PC
A Giant PC is a single-class security issued pursuant to the Giant PC Agreement that receives principal and interest from its underlying assets, which are PCs or other Giant PCs.

Giant PC Offering Circular
The Giant PC Offering Circular is the offering circular in effect on the Date of Seller's Offer that relates to the Mortgage being purchased and the Giant PC being sold in the MultiLender Swap. The Giant PC Offering Circular is the Offering Circular for Giant and Other Pass-Through Certificates.

Each Giant PC Offering Circular incorporates any supplements to that offering circular, as well as supplements to the PC Offering Circular for each underlying PC, in effect on the Date of Seller's Offer.

Giant PC Pool
A Giant PC Pool is a discrete group of PCs, backed by Mortgages and/or other Giant PCs, that is identified by a CUSIP Number and a PC Pool Number in the records maintained by Freddie Mac.

Gold PC®
A Gold PC is a PC security, with an investor payment delay of 45 days, that is backed by fixed-rate Mortgages or Balloon/Reset Mortgages.

Hazard Distressed BPO
A Hazard Distressed BPO is a BPO conducted to determine the value of a damaged property.

Hazardous Substance
A Hazardous Substance is any hazardous or toxic substance, pollutant, waste or contaminant, designated as such under any federal, State or local law.

Higher-Priced Mortgage Loan (HPML)
A first-lien Mortgage secured by a Primary Residence that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders.

Home Equity Line of Credit (HELOC)
Secondary financing that consists of a revolving line of credit secured by a junior lien to a Mortgage delivered to Freddie Mac.

Home Improvement Loan (HIL)
A Home Improvement Loan (HIL) is a Home Mortgage to finance permanent improvements for energy conservation, solar installation, rehabilitation, modernization or addition.

Home Mortgage
A Home Mortgage is a Mortgage secured by a First Lien on real estate on which there is located a structure designed principally for residential use by one to four families.

Home Possible® Mortgage
A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options, expanded loan-to-value (LTV) and total loan-to-value (TLTV) ratios,

and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

A Home Possible 97 Mortgage is a Home Possible Mortgage that requires a minimum down payment of 3%.

A Home Possible 3% Cash Mortgage is a Home Possible Mortgage that requires a minimum down payment of 3% from Borrower Personal Funds for a purchase transaction Mortgage or 3% from Equity and/or Borrower Personal Funds for a "no cash-out" refinance transaction.

Home Possible Neighborhood Solution® Mortgage
A Home Possible Mortgage that:

- Is originated to a Borrower who is a teacher, school administrator, law enforcement officer, fire fighter, health care worker or an active or retired member of the United States Armed Forces or a reserve unit (as described in Section A34.7(c)
- Has special underwriting flexibilities described in Sections A34.5, A34.9(d) and A34.10(b) and
- Meets the requirements for a Home Possible Neighborhood Solution Mortgage in Chapter A34

A Home Possible Neighborhood Solution 97 Mortgage is a Home Possible Neighborhood Solution Mortgage that requires a minimum down payment of 3%.

A Home Possible Neighborhood Solution 3% Cash Mortgage is a Home Possible Neighborhood Solution Mortgage that requires a minimum down payment of 3% from Borrower Personal Funds for a purchase transaction Mortgage or 3% from Equity and/or Borrower Personal Funds for a "no cash-out" refinance transaction.

Home Value Models
Proprietary statistical property valuation models developed by Freddie Mac.

Homeownership Education Certificate
A certificate that identifies the homeownership education program the Borrower attended and the dates and times the Borrower attended the program sessions.
Seller may use the Homeownership Education Certificate form developed by Freddie Mac or any form that contains comparable information.

Hotel/Resort Project

A Hotel/Resort Project is a project that is operated as a hotel, resort or other type of hospitality entity or that has any of the characteristics or services described in Section 42.10(b).

Indebtedness

Indebtedness is the indebtedness or obligation owed by the Seller to the Warehouse Lender which is incurred under the terms of the Mortgage Warehousing Loan Agreement.

Index
For adjustable-rate Mortgages (ARMs), an Index is a fluctuating economic indicator specified in the Note, the value of which is used to adjust the Note Rate periodically.

Indicator Score
The one Underwriting Score identified to represent the eligibility of the Mortgage for the product offering.

Individual Development Account (IDA)
A savings account designated by the Borrower for the purpose of purchasing a residence and into which the Borrower has regularly deposited funds which are matched by funds from an Agency. If the Agency matching funds are to be used as a source of funds, the objective for which the IDA was established and the vesting requirements must be satisfied.

Ineligible Borrower
For a Balloon/Reset Mortgage, an Ineligible Borrower is a Borrower who cannot meet all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider, and who cannot pay off the Balloon/Reset Mortgage.

Initial Cap
For adjustable-rate Mortgages (ARMs), the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points.

Initial Interest℠ Mortgages
Initial Interest Mortgages are Mortgages that require (i) interest only payments for a specified period of time beginning with the first monthly payment after the Note Date, and (ii) principal and interest payments on a fully amortizing basis for the remainder of the Mortgage term.

Initial Period
For adjustable-rate Mortgages (ARMs), the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months.

Integrated Construction Conversion Documentation (Integrated Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing is the construction lender, the loan instruments stipulate the terms of the Interim Construction Financing and the Permanent Financing, and the Mortgage automatically converts to Permanent Financing upon completion of construction with no change in any of the terms of the financing (except

that the principal balance may be reduced). A new Note, Security Instrument or Construction Modification Agreement is not executed.

Interest Change Date
For adjustable-rate Mortgages (ARMs), the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective.

Interest Only Period
For Initial Interest℠ Mortgages, the Interest Only Period is the period (expressed in months) for which the monthly payments are interest only. The Interest Only Period begins on the date of the first monthly (interest only) payment stated in the Initial Interest Note and ends on the last day of the month before the First Amortizing Payment Date.

Interest-Bearing Deposit Account
For Custodial Accounts, an Interest-Bearing Deposit Account is a deposit account that pays short-term interest rates on the deposited balance, such as savings accounts or money market deposit accounts. This definition does not include money market mutual fund accounts.

Interim Construction Financing
There is no Interim Construction Financing with Newly Built Home Mortgages.

For Construction Conversion Mortgages and Renovation Mortgages, Interim Construction Financing is the short term financing that provides the Borrower with funds to:

- Build a new site-built home,
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home,
- Repair, restore, rehabilitate or renovate an existing site-built home, and/or
- Purchase or refinance the land on which the improvements, including the new Manufactured Home, will be situated.

Interim Construction Financing is replaced by Permanent Financing on the Effective Date of the Permanent Financing. Freddie Mac does not purchase the Interim Construction Financing.

Intervening Assignment
An Intervening Assignment is an assignment of a Security Instrument:

- That reflects transfer(s) of a Mortgage's ownership prior to the time the Mortgage is sold to Freddie Mac
- From a Transferor to a Transferee in conjunction with a Concurrent Transfer of Servicing or a Subsequent Transfer of Servicing
- To or from MERS, in conjunction with a Mortgage being registered or deregistered in MERS

Investment Property

A 1- to 4-unit residential property, other than a Primary Residence or second home, that is:

- Owned by an individual, who is also a Borrower, and
- Suitable for year-round rental and occupancy

Investment Property Mortgage
A Mortgage secured by an Investment Property.

Key Number (Loan Prospector® (LP) AUS Key Number)
A unique number assigned to a Mortgage by Loan Prospector when the Mortgage is first submitted to Loan Prospector. The Key Number is returned to the Seller on the Feedback Certificate and is used by the Seller and Freddie Mac to identify an individual Mortgage. In addition to the Key Number, each Loan Prospector submission will receive a Transaction Number.

Land Use Restrictions
When used in connection with an Affordable Second®, restrictions imposed by an Agency on the Borrower's use and/or sale of the Mortgaged Premises.

Last Feedback Certificate
The last Feedback Certificate returned by Loan Prospector® before the closing of a Mortgage that is dated on or before the Note Date (see Sections 2.2.1(a) and 23.6 for exceptions) and accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

LIBOR Index
For adjustable-rate Mortgages (ARMs), the London Interbank Offered Rate (LIBOR) Index is the average of London interbank offered rates for six-month or one-year U.S. dollar-denominated deposits in the London market, as published in the print edition of *The Wall Street Journal*.

Life Cap
For adjustable-rate Mortgages (ARMs), the Life Cap is the number of percentage points, which when added to the initial Note Rate yields the Lifetime Ceiling.

Lifetime Ceiling
For adjustable-rate Mortgages (ARMs), the Lifetime Ceiling is the maximum Note Rate to which an ARM may adjust over the life of the loan. The Lifetime Ceiling is determined by adding a Life Cap to the initial Note Rate.

Lifetime Floor
For adjustable-rate Mortgages (ARMs) with Lifetime Floors, the Lifetime Floor is the minimum Note Rate to which an ARM may adjust over the life of the loan. If the minimum Note Rate is equal to or less than the Margin, the ARM is deemed not to be subject to a Lifetime Floor.

Limited Buydown Mortgage
A Mortgage with a temporary subsidy buydown plan for which:

- The buydown plan extends for two years or less after the first scheduled payment date and
- The effective interest rate during the buydown period is two percentage points or less below the Note Rate of the Mortgage, regardless of the duration of the buydown period

Limited Common Elements
Limited Common Elements are Common Elements used by one or more unit owners but not all unit owners. Limited Common Elements are defined in the Project Documents, and may include, but are not limited to, a dock for use by one unit owner or decks available for use by unit owners on the top two floors. +

Loan Originator
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and the Loan Originator field on the Form 11 and Form 13SF only, Loan Originator shall have the same meaning as the term defined in section 1503 of the Secure and Fair Enforcement for Mortgage Licensing Act (as may be amended from time to time).

The current SAFE Act defines a Loan Originator as an individual who:

(i) takes a residential mortgage loan application, and

(ii) offers or negotiates terms of a residential mortgage loan for compensation or gain.

The current SAFE Act excludes from the definition of Loan Originator the following:

(i) [an] individual who is not otherwise a Loan Originator as described above and who performs purely administrative or clerical tasks on behalf of such a person

(ii) a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with applicable State law, unless the person or entity is compensated by a lender, a mortgage broker, or other Loan Originator or by any agent of such lender, mortgage broker, or other Loan Originator; and

(iii) a person or entity solely involved in extensions of credit relating to timeshare plans, as that term is defined in section 101(53D) of title 11, United States Code.

Loan Origination Company
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and completing the Loan Originator field on the Form 11 and Form 13SF only, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

Loan Product
For Mortgages sold through the Freddie Mac Selling System (Selling System), Loan Product means Mortgage Product as that term is defined in the Glossary.

Loan Prospector®
Freddie Mac's automated Mortgage evaluation system.

Loan Prospector® Mortgage
A Mortgage that is submitted to Loan Prospector and complies with all of the requirements of Section 2.2.1 of the Guide.

Lookback Period
For adjustable-rate Mortgages (ARMs), the Lookback Period is the date on which the Index value used to calculate the new Note Rate is determined. The Lookback Period is stated in the Note and is generally expressed as the number of days preceding the Interest Change Date or as the first Business Day of the month immediately preceding the Interest Change Date.

Manually Underwritten Mortgage
A Mortgage for which the Seller makes the determination regarding Borrower creditworthiness and excessive layering of risk that is one of the following:

- A Mortgage that was never submitted to Loan Prospector®
- A Mortgage that was submitted to Loan Prospector and received an evaluation status of invalid, ineligible or incomplete
- A Mortgage that was submitted to Loan Prospector and received a Risk Class of Caution and was not eligible for A-minus

Manufactured Home
A Manufactured Home is a one-unit dwelling built on a permanent chassis in accordance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD) and affixed to a permanent foundation.

Manufactured Home Purchase Agreement
An agreement between the Manufactured Home purchaser and the retailer or dealer from whom the Manufactured Home is purchased. The Manufactured Home Purchase Agreement must be either the manufactured housing purchase agreement required to be used under applicable State law or if none is required, the Jenkins Business Forms Manufactured Housing Form 500 or a State-specific Form 500 or a substantially equivalent form.

Margin
For adjustable-rate Mortgages (ARMs), the Margin is the number of percentage points that is added to the current Index value to establish the new Note Rate at each Interest Change Date.

Master Agreement
A Master Agreement is an agreement between Freddie Mac and the Seller providing the terms for origination, underwriting, delivery and any other relevant terms under which

Freddie Mac will purchase eligible Mortgages over a fixed period of time. In order to obtain pricing terms and to sell eligible Mortgages to Freddie Mac, the Seller will also need to enter into one or more Master Commitment Contracts under the Master Agreement. Nothing contained in a Master Agreement shall obligate Freddie Mac to purchase or Seller to sell Mortgages until a Master Commitment Contract has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment Contract.

Master Association
A homeowners association in a project that is comprised of representatives of the homeowners associations from smaller, specific projects or areas within the overall project.

Master Commitment Amount
The Master Commitment Amount is the aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac Percentage of Participation, if any, that can be delivered under the terms of a Master Commitment Contract subject to any tolerances.

Master Commitment Contract
A Master Commitment Contract is an agreement between Freddie Mac and the Seller providing the terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of time.

Master Commitment Conversion
A Master Commitment Conversion represents the Seller's selection of the dollar amount and type of Mortgages that it intends to deliver at a given time under a Master Commitment Contract as well as the delivery program under which the Mortgages are to be delivered. Master Commitment Conversions refer to either Guarantor or MultiLender Swap conversions or, for Master Commitment Contracts that permit Mortgages to be sold under the Cash program, cash conversions represented by cash Purchase Contracts. When used in connection with Master Commitment Contracts, the term "conversion" will be synonymous with the term "Master Commitment Conversion."

Maximum Annual Mortgage Purchase Amount
The Maximum Annual Mortgage Purchase Amount is the maximum aggregate dollar amount of Home Mortgages that Freddie Mac will purchase from a Seller in any calendar year. The Maximum Annual Mortgage Purchase Amount applies only to those Sellers for whom such a limit has been established pursuant to Section 2.3. (The Maximum Annual Mortgage Purchase Amount does not apply to purchases of Multifamily Mortgages by Freddie Mac.)

Maximum Master Agreement Amount
The Maximum Master Agreement Amount is the total aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac Percentage of Participation, if any, that can be delivered under the terms of the Master Agreement.

MERS
MERS (Mortgage Electronic Registration System, Inc.) is a cooperative undertaking by and for the entire mortgage industry. This system is an electronic registry specifically created for tracking the ownership of individual Mortgages, Servicing rights and security interests and used by MERS Members.

MERS Member
A MERS Member is a Seller/Servicer who has executed the MERS Membership Agreement with MERS.

MI
An MI is a mortgage insurer approved by Freddie Mac.

MIDANET®
MIDANET is Freddie Mac's automated system used by Freddie Mac Sellers or Servicers to submit Mortgage data, directly to Freddie Mac via personal computer data transmission or through service bureaus to Freddie Mac.

MIN
A MIN is the Mortgage Identification Number that is assigned to a Mortgage that is registered in MERS. This number remains with the Mortgage throughout its life.

Minimum Assessment Feedback (MAF)
A type of feedback message included on the Feedback Certificate. MAF includes all messages that reference:
- Whether an appraisal or inspection is required
- The minimum level of inspection required, if any
- Whether the Property Inspection Alternative (PIA) is allowed
- Any other feedback messages that relate to the collateral for the Mortgage

Minimum Gross Yield
The Minimum Gross Yield is the sum of the Required Net Yield plus the Minimum Contract Servicing Spread.

Minimum Contract Servicing Spread
The Minimum Contract Servicing Spread is selected by the Seller at time of commitment or Master Commitment Conversion, and is the least amount of interest income that must be retained by the Servicer as compensation for Servicing all the Mortgages delivered pursuant to a specific Purchase Contract. The amount selected by the Seller must be no less than the Minimum Servicing Spread. The Servicing Spread applicable to any individual Mortgage delivered pursuant to a specific Purchase Contract may be greater than or equal to, but not less than, the Minimum Contract Servicing Spread selected by the Seller for that Purchase Contract.

Minimum Servicing Spread

The Minimum Servicing Spread is the least amount of interest income, as established by Freddie Mac for the applicable Mortgage product, that must be retained by the Servicer as compensation for Servicing.

Minority-Owned Business Enterprise
An enterprise that is more than 50% owned, controlled and operated by one or more members of one or more of the following groups: (i) African-American, (ii) Hispanic American, (iii) Native American, (iv) Asian-Pacific American, or (v) Asian-Indian American.

Modification Construction Conversion Documentation (Modification Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing uses a Construction Conversion Modification Agreement to modify one or more of the terms (other than a reduction in the principal balance) of Interim Construction Financing to the terms of the Permanent Financing. A Construction Conversion Modification Agreement is executed and a new Note is executed in certain circumstances; the Security Instrument may be modified, but a new Security Instrument is not executed.

Monthly Operating Income (MOI)
As shown on Form 998, Operating Income Statement, the effective gross income minus total operating expenses divided by 12.

Mortgage
A Mortgage is a loan secured by a lien on real estate held in fee simple or on an acceptable leasehold estate.

Mortgage Broker
A person or entity that specializes in loan originations, receiving a commission (from a Correspondent or other lender) to match Borrowers and lenders. The Mortgage Broker performs some or most of the loan processing functions, such as taking loan applications, or ordering credit reports, appraisals and title reports. Typically, the Mortgage Broker does not underwrite or service the loan and generally does not use its own funds for closing; however, a Mortgage Broker could fund a Mortgage on a lender's behalf and such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage. The Mortgage is generally closed in the name of the lender who commissioned the Mortgage Broker's services.

Mortgage Credit Certificate (MCC)
A certificate issued by an authorized State or local housing finance agency that documents a federal income tax credit awarded to a qualified First-Time Homebuyer and/or low or moderate income homebuyer.

Mortgage Product

A Mortgage Product is any one of the specific types of Mortgages for which the Master Commitment Contract may provide specific eligibility, Required Spreads and other terms.

Mortgage Service Provider
An entity or individual engaged to handle or perform, for a Seller or Correspondent, part of the mortgage application processing, underwriting, funding or postclosing functions, but not any activities related to obtaining an application for a wholesale origination. This entity or individual is typically paid on a fee basis for services performed, with the payment of fees not being contingent on Mortgage approval or closing.
Mortgage Service Providers include:

- Contract underwriters
- Contract processing firms
- Contract quality control services
- Escrow companies and settlement agents
- Contract document preparation companies

Mortgage Warehousing Loan Agreement
The Mortgage Warehousing Loan Agreement is the agreement executed by and between the Warehouse Lender and the Seller pursuant to which a security interest is granted in Mortgages that are subsequently offered for sale to Freddie Mac.

Mortgaged Premises
The Mortgaged Premises are the land and improvements thereon subject to the lien of a Mortgage.

Mortgages Purchased in Whole or in Part
Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac. Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Mortgages for Newly Constructed Homes
A Mortgage that is one of the following: A Newly Built Home Mortgage, a Construction Conversion Mortgage, or a Renovation Mortgage.

Multifamily Mortgage
A Multifamily Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by more than four families.

NCUSIF; NCUSIF-Insured Depository
NCUSIF is the abbreviation for the National Credit Union Share Insurance Fund. An NCUSIF-Insured Depository is a depository institution whose deposits are insured by the NCUSIF.

Negative Amortization

Negative Amortization is the amount (i) by which the monthly interest calculated at the Note Rate exceeds the Borrower's scheduled monthly interest payment to the Servicer, and (ii) which is added to the unpaid principal balance (UPB) of the Mortgage.

Net Lifetime Ceiling
For adjustable-rate Mortgages (ARMs), the Net Lifetime Ceiling is the Lifetime Ceiling minus the Minimum Contract Servicing Spread.

Net Margin
For adjustable-rate Mortgages (ARMs), the Net Margin is the Margin minus the Minimum Contract Servicing Spread.

Net Note Rate
For adjustable-rate Mortgages (ARMs), the Net Note Rate is the Note Rate minus the Minimum Contract Servicing Spread.

New Condominium Project
A New Condominium Project is a Condominium Project in which:

- The project (all units and Common Elements including Common Elements owned by any Master Association) is not fully completed, or is subject to additional phasing or annexation, or
- Fewer than 90 percent of the total number of units in the project have been conveyed to the unit purchasers other than the developer, or
- The developer has not turned control of the homeowners association over to the unit owners.

Newly Built Home Mortgage
A Mortgage, the proceeds from which are used for the purchase of a newly constructed site-built home or newly purchased Manufactured Home when the Borrower takes title to both of the following, simultaneously at closing:

- The land, and
  - The completed new site-built improvements, or
  - A permanently affixed new Manufactured Home that has been converted to real property.

Mortgages secured by existing site-built homes or existing Manufactured Homes (including resale, repossessed, relocated, or refurbished Manufactured Homes) are not eligible to be Newly Built Home Mortgages.

Newly-converted Condominium Project
A Newly-converted Condominium Project is a project with prior use for which the completion of the conversion is no more than three years before the date of the Mortgage application. The project typically also meets the definition of a New Condominium Project.

Noncredit Payment Reference

A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly.

Non-Loan Prospector® Mortgage
A Mortgage that was:

- Never submitted to Loan Prospector, or
- Submitted to Loan Prospector and received an AUS status of invalid, ineligible or incomplete, or
- Submitted to Loan Prospector after the Note Date (see Sections 2.2.1(a), K33.9(b) and K33.10 for exceptions), or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1 of the Guide, or
- Submitted to Loan Prospector, but has a Delivery Date (if delivered through MIDANET)® or a Settlement Date (if sold through the Freddie Mac Selling System) more than 12 months after the Note Date (i.e., the Mortgage is a Seasoned Mortgage — see Sections 2.2.1(a), K33.9(b) and K33.10 for exceptions regarding determination of seasoning), or
- Submitted to Loan Prospector, but was not eligible to be a Loan Prospector Mortgage under the Guide or the Seller's other Purchase Documents, or
- Submitted to Loan Prospector, but was delivered without the Key Number (Loan Prospector AUS Key Number)

Note
A Note is the instrument evidencing the indebtedness secured by a Security Instrument. In the context of document custody, the term "Note" may be construed to include any power of attorney or any applicable modifying instrument, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement.

Note Date
The Note Date is the date of the Note.

Note Rate
The Note Rate is the interest rate payable under the Note. For adjustable-rate Mortgages (ARMs), the Note Rate may adjust from time to time in accordance with the terms of the Note.

For Mortgages sold under the Freddie Mac Selling System (Selling System), Interest Rate may be used to refer to Note Rate.

Notice of Acceleration
A Notice of Acceleration is a written notice sent to the Borrower notifying the Borrower that:

- A default has not been cured, and

- The Servicer will accelerate the Mortgage and call all sums due and payable if the default is not cured within 30 days of the notice

Notice of Default
A Notice of Default is a written notice sent to the Borrower stating that the Borrower is in violation of the terms of the Note and/or Security Instrument. The Notice contains a time limit within which the Borrower must cure or remedy the violation. When issued because of a delinquent monthly payment, this notice is usually sent out when the payment is 30 days delinquent.

Origination Date
The Origination Date is the date of the Note.

Other Assets
For use in Section 4.2, the "Other Assets" line items, less any other asset items that have previously been deducted. For example, if some of the "Other Intangibles" line items are included in "Other Assets," they must not be provided on the "Other Assets" line item.

Other Intangibles
For use in Section 4.2, copyrights, trademarks, patents and all Other Intangibles included on the Seller/Servicer's balance sheet "Other Intangibles" line item.

Other Mortgage Documents
For warehouse lending arrangements, Other Mortgage Documents are the title insurance policies, property insurance policies, Escrow agreements and all other agreements and documents relating to the Servicing or sale of, or the granting of a security interest in, the Mortgage. Other Mortgage Documents do not include the Note and the Security Instrument.

Owner of Record
The entity or individual that appears in the public records as the legal owner.

Owner-Occupant
An Owner-Occupant is an individual who meets all of the following requirements:
- Resides in the Mortgaged Premises, using them as a Primary Residence
- Is listed as an owner of record (by deed)
- Has executed the Note and the Security Instrument

Payment Change Date
For adjustable-rate Mortgages (ARMs), the Payment Change Date is each date, as established in the Note, on which the monthly payment reflects any Note Rate adjustment.

Payoff Date
The Payoff Date is the date the Servicer receives the amount necessary to pay off the Mortgage.

PC
A PC is a Mortgage Participation Certificate security issued pursuant to the PC Agreement, representing a beneficial ownership interest in a specified PC Pool. The term "PC" includes a Gold PC® and a WAC ARM PC, unless the context indicates otherwise.

PC Coupon
The PC Coupon is the interest rate, expressed as an annual percentage, which is passed through monthly to a security investor.

For WAC ARM PCs, the PC Coupon is derived by calculating a weighted average of the Note Rates of the underlying Mortgages, and then subtracting the Required Spread and the Minimum Contract Servicing Spread.

For Giant PCs, the PC Coupon is the same fixed interest rate as the underlying assets, and is generally in a multiple of 0.500%.

PC Issue Date
The PC Issue Date is the first day of the month in which settlement for the related PC Pool or Giant PC Pool occurs.

PC Lifetime Ceiling
For WAC ARM PCs, the PC Lifetime Ceiling is the weighted average of the Lifetime Ceilings of the underlying Mortgages, minus the Required Spread and the Minimum Contract Servicing Spread.

PC Margin
For WAC ARM PCs, the PC Margin is the weighted average of the Margins of the underlying Mortgages, minus the Required Spread and the Minimum Contract Servicing Spread.

PC Offering Circular
The PC Offering Circular is the offering circular, in effect on the Date of Seller's Offer, that relates to the Mortgages being purchased and the PCs being sold. The PC Offering Circular will be the Offering Circular for Mortgage Participation Certificates (Guaranteed).

Each PC Offering Circular incorporates any supplements to that offering circular in effect on the Date of Seller's Offer or sale.

PC Pool
A PC Pool is a discrete group of Mortgages identified by a CUSIP Number and a PC Pool Number in the records maintained by Freddie Mac.

PC Pool Number

A PC Pool Number is a unique numeric or alphanumeric designation used to identify a PC Pool or a Giant PC Pool. The first two characters of a PC Pool Number indicate the PC Prefix.

PC Prefix
A PC Prefix is a two-character numeric or alphanumeric designation of the PC Pool Number that Freddie Mac uses to indicate terms and underlying Mortgage types of the PC Pool or the Giant PC Pool.

Percentage of Participation
The Percentage of Participation is the percentage that is stated on Form 381, Contract Delivery Summary, and Form 15/A/C, Loan Purchase Statement, and represents the undivided interest in a Home Mortgage purchased by Freddie Mac under a Freddie Mac participation program.

Periodic Cap
For adjustable-rate Mortgages (ARMs), the Periodic Cap is the maximum increase or decrease in the Note Rate on any Interest Change Date after the first Interest Change Date, expressed in percentage points.

Permanent Financing
For Newly Built Home Mortgages, the Permanent Financing is the Newly Built Home Mortgage.

For Construction Conversion Mortgages and Renovation Mortgages, the Permanent Financing is the long term financing used to replace the Interim Construction Financing that becomes effective after construction or renovation is completed and the Interim Construction Financing has been paid off, converted or modified. Permanent Financing begins on the Effective Date of the Permanent Financing.

Planned Unit Development (PUD)
A Planned Unit Development is a real estate project in which each unit owner holds title to a lot and the improvements on the lot, and the homeowners association holds title to the Common Elements. The unit owners have a right to the use of the Common Elements, and pay a fee to the homeowners association to maintain the Common Elements for their benefit.

Pledged Mortgages
Pledged Mortgages are the Mortgages in which the Seller has granted to the Warehouse Lender a continuing lien and security interest, as security for the payment in full by the Seller to the Warehouse Lender of the Indebtedness incurred by the Seller under the terms of the Mortgage Warehousing Loan Agreement.

Pool Supplement
A Pool Supplement is a disclosure document that supplements the PC Offering Circular and contains information about the Mortgages in a PC Pool as of Settlement Date.

Premium Financing
Funds the lender derives from an increase in the interest rate on the Mortgage and the corresponding sale of the Mortgage at a premium.

These funds may be used by the lender to pay Borrower(s) Closing Costs, Financing Costs and Prepaid/Escrows but may not be used to fund a temporary subsidy buydown plan on a "no cash-out" refinance Mortgage.

Prepaids/Escrows
Prepaid interest, prepaid real estate taxes and Escrows, initial or renewal mortgage insurance premiums and Escrows, hazard or other insurance premiums, homeowners association fees and Escrows associated with a Mortgage transaction.

Prepayment Penalty Mortgage
A Prepayment Penalty Mortgage is a Mortgage with respect to which the Borrower is, or at any time has been, obligated to pay a designated penalty in the event of certain prepayments of principal.

Prepayment Penalty Mortgages include 3-year Prepayment Penalty Mortgages and various Prepayment Penalty Mortgages as described in Section B33.3.

Primary Residence
A Primary Residence is the residential property physically occupied by an owner as the principal home domicile. Among the criteria the Seller should consider in evaluating whether a property is a principal home domicile are the following:

- It is occupied by the owner for the major portion of the year.
- It is in a location relatively convenient to the owner's principal place of employment.
- It is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing and similar functions.
- It possesses the physical characteristics to accommodate the owner's immediate dependent family. These characteristics are those traditional to both the owner and the neighborhood.
- The Borrower states an intention to occupy the property as a Primary Residence.

Freddie Mac may, in its discretion, determine that a property is not a Primary Residence.

Principal and Interest Custodial Account
A Principal and Interest Custodial Account is a Custodial Account, into which the Servicer deposits Principal and Interest Payments due to Freddie Mac.

Principal and Interest Disbursement Clearing Custodial Account
A Principal and Interest Disbursement Clearing Custodial Account is a Custodial Account established by a Servicer, at its option, specifically for drafting remittance funds due to Freddie Mac. The Servicer must deposit Principal and Interest Payments into the account immediately before remitting them to Freddie Mac.

Principal and Interest Payments
For Custodial Accounts, Principal and Interest Payments include all of the following:

- Freddie Mac's share of Principal and Interest Payments on all of our Mortgages whether received from the Borrower, applied from the buydown account or advanced by the Servicer
- Principal curtailments
- Payoff proceeds including short payoffs and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for other billings assessed by us
- Biweekly payments that require biweekly amortization based on Note terms
- All monies owed as a result of Mortgage repurchases that are payable by the Servicer to Freddie Mac due to Freddie Mac's ownership interest (either a whole loan or a participation interest) in the Borrower's Mortgage

Project Documents
The term Project Documents for a project and any Master Association refers to any and all documents that pertain to the following:

- formation of the project
- rights of the developer and limitations on the actions of the developer
- operation of the homeowners association
- sales of units in project

The documents include but are not limited to the declaration of condominium or master deed, by-laws, rules and regulations, articles of incorporation, governing documents, covenants, conditions and restrictions (CC&Rs), offerings circulars, and agreements as applicable to the project; and to any documents of the Master Association or overall project. The provisions of the Project Documents are legally enforceable by the homeowners association.

Property Inspection Alternative (PIA)
Loan Prospector® Minimum Assessment Feedback (MAF) message specified on the Feedback Certificate indicating that a Mortgage may be originated without an appraisal or inspection of the Mortgaged Premises.

Purchase Contract
The Purchase Contract is an agreement between the Seller and Freddie Mac covering the purchase of a specific dollar amount of Mortgages, the Seller's obligation to deliver such Mortgages on a mandatory or optional basis, and the delivery period. The Purchase Contract may be a:

- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash), under the RNY Cash method of pricing
- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation, under the ARM Cash method of pricing
- Form 3, Summary Agreement (Guarantor), under the Guarantor program

- Form 4, Convertible Mortgage Conversion Confirmation, under the Convertible ARM program
- Form 5, Summary Agreement (MultiLender Swap), under the MultiLender Swap program
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®), under the Gold Cash® method of pricing
- Master Commitment Contract
- Purchase Contract confirmation
- Master Agreement
- Any other agreement between the Seller and Freddie Mac, covering the purchase of a specific dollar amount of Mortgages and Seller's obligation to deliver such Mortgages within a delivery period, that is designated to be a Purchase Contract by Freddie Mac

Purchase Contract Date of Acceptance
The Purchase Contract Date of Acceptance is the date Freddie Mac accepts the Seller's offer as stated in a Purchase Contract. Freddie Mac inserts this date on the Purchase Contract.

Purchase Documents
The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- This Guide
- Bulletins
- Any agreement pursuant to which a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
- Servicer Performance Profile published in MIDANET or accessible at **http://www.freddiemac.com/service/msp/**
- Any other document designated to be a Purchase Document by Freddie Mac
- Any additional terms applicable to the sale of Mortgages, such as written waivers, amendments or supplements to the Guide that are made available to Seller by Freddie Mac through electronic means including sources designated by Freddie Mac for distribution of the Guide

Purchase Proceeds
For warehouse lending arrangements, the Purchase Proceeds are the proceeds (cash, PCs or Giant PCs) payable to the Seller by Freddie Mac as a result of Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage from the Seller.

Real Estate Owned (REO)
Real Estate Owned (REO) is property acquired through foreclosure or deed-in-lieu of foreclosure.

For use in Section 4.2, REO includes the following:

- REO held for investment

- REO acquired in the settlement of loans (e.g., foreclosed loans)

Recapture
A provision in certain IDA programs that requires repayment of the matched funds to the Agency providing the matching funds under certain specified circumstances.

Related Person
A person that is any of the following:
- The Borrower's spouse, child or dependent
- An individual related to the Borrower by blood, marriage or adoption
- A guardian of the Borrower
- A person for whom the Borrower is a guardian
- The Borrower's fiancée
- The Borrower's domestic partner

Renovation Mortgage
A Mortgage, the proceeds from which are used for the Permanent Financing that replaces the Interim Construction Financing obtained by the Borrower to purchase or refinance the land and an existing site-built home and to repair, restore, rehabilitate or renovate the site-built home.

Representation and Warranty Unpaid Principal Balance
The aggregate unpaid principal balance (UPB) as of the last day of each calendar month of all Mortgages and Real Estate Owned (REO) for which the Seller/Servicer is currently liable to Freddie Mac for the sale and/or Servicing representations, covenants and warranties in the Purchase Documents with respect to such Mortgages and REO.

Required Delivery Date
The Required Delivery Date is the Delivery Date specified in the Master Commitment Contract that is the termination date for Freddie Mac's purchase commitment. Any delivery under a conversion must occur on or before the Required Delivery Date.

Required Delivery Date (as it applies to the Selling System)
For Mortgages sold through the Freddie Mac Selling System (Selling System), the Required Delivery Date specified in a Master Commitment Contract shall be deemed to be the expiration date of Freddie Mac's purchase commitment under the Master Commitment and the last date upon which the Seller may settle Guarantor, WAC ARM Guarantor or MultiLender Swap transactions entered into under the Master Commitment and the Selling System.

Required Net Lifetime Ceiling
For the ARM Cash program, the Required Net Lifetime Ceiling is the minimum Net Lifetime Ceiling required by Freddie Mac for a given Purchase Contract.

Required Net Margin

For the ARM Cash program, the Required Net Margin is the minimum Net Margin required by Freddie Mac for a given Purchase Contract.

Required Net Yield (RNY)
The RNY is the amount of interest that Freddie Mac must receive from a Mortgage that it purchases under RNY Cash or ARM Cash. Freddie Mac publishes an RNY for fixed-rate Mortgages as well as RNYs for ARMs.

The fixed-rate RNY is used to:
- Calculate the Note Rate for a Converted Mortgage processed through the automated conversion process
- Calculate the Reset Note Rate for a Balloon/Reset Mortgage
- Determine the eligibility of a Mortgage for purchase at the par price under RNY Cash through MIDANET®

The adjustable-rate RNY is used to determine the eligibility of a Mortgage for purchase at the par price under ARM Cash through MIDANET.

For Mortgages purchased under RNY Cash or ARM Cash, the RNY will equal the Accounting Net Yield (ANY) except for Mortgages sold to Freddie Mac at a discount.

The RNYs for fixed-rate Mortgages and ARMs are posted on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/pricing_center.html**, or on various market information vendors.

Required Spread
For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified on Form 3, Summary Agreement (Guarantor), on Form 5, Summary Agreement (MultiLender Swap), or in a Master Commitment Contract.

Reset Conditions
For a Balloon/Reset Mortgage, the Reset Conditions are the conditions set forth in Paragraph 2 of both the Balloon Note Addendum and the Balloon Rider that must be met for the Borrower to be entitled to exercise the Reset Option.

Reset Mortgage
A Reset Mortgage is the fixed-rate Mortgage that results from the changing of the interest rate and extension of the term of a Balloon Note when:
- An Eligible Borrower exercises the Reset Option
- An Ineligible Borrower is approved by either the Servicer or Freddie Mac for a reset

Reset Note Rate
The Reset Note Rate is the Note Rate of a Reset Mortgage.

Reset Option

The Reset Option is the Borrower's option to modify and extend a Balloon Note on the Balloon Maturity Date as provided in the Balloon Note Addendum and Balloon Rider, subject to the Borrower satisfying all the Reset Conditions. For a 5-year Balloon/Reset Mortgage, the term will extend for an additional 25 years. For a 7-year Balloon/Reset Mortgage, the term will extend for an additional 23 years.

Restructured Mortgage
A Mortgage in which the original terms have been changed, including through the origination of a new Mortgage, resulting in any of the following:

- Forgiveness of principal and/or interest on either the first or second mortgage
- Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness
- Conversion of any portion of the original mortgage debt to a mortgage that is fully forgiven over a period of time or due upon the sale of the subject property (a "soft" subordinate mortgage)
- Conversion of any portion of the original mortgage debt from secured to unsecured

A Mortgage that meets the definition of a Restructured Mortgage continues to be a Restructured Mortgage, regardless of the seasoning. A Mortgage that is the result of any subsequent refinance of a Restructured Mortgage is also considered a Restructured Mortgage.

Retail Mortgage
A Mortgage that is originated, underwritten and funded by a lender or its Affiliates. The Mortgage is closed in the name of the lender or its Affiliate and if it is sold to Freddie Mac, it is sold by the lender or the Affiliate that originated it. A Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed will not be considered, and should not be delivered as, a Retail Mortgage.

Reviewed Financial Statements
Financial statements reviewed in accordance with the AICPA's Statement on Standards for Accounting and Review Service (SSARS).

Risk Class/Classification
The category listed on the Feedback Certificate that defines the level of underwriting required, any special underwriting provisions and, if applicable, relief from certain warranties.

Risk of Property Ownership
Risk of Property Ownership exists when there is a risk of liability to Freddie Mac if we become the owner of the property. For example, there is Risk of Property Ownership if Hazardous Substances exist on or around the property, or the property has been cited for a lead-based paint violation, or if the property is in such deteriorated condition that it poses a safety risk.

Rural Housing Service (RHS)
An agency of the U.S. Department of Agriculture.

Rural Housing Service (RHS) Leveraged Second
An RHS Leveraged Second is the Section 502 direct leveraged second loan originated by RHS pursuant to Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) and the RHS Second Loan Regulations.

The RHS Leveraged Second is not eligible for sale to Freddie Mac.

SAIF
SAIF is the abbreviation for the Savings Association Insurance Fund, which is the successor to the Federal Savings and Loan Insurance Corporation (FSLIC) insurance fund.

Scheduled Interest
Scheduled Interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

Scheduled Principal
Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage.

Seasoned Mortgage
A Seasoned Mortgage is one of the following:

1. A Mortgage with a Note Date more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET®
   - Settlement Date, for Mortgages delivered through the Freddie Mac Selling System (Selling System)
2. A Mortgage that was modified or converted pursuant to Chapter 32 and delivered with a date in the Mod/Conv (modification/conversion date) Date field on Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, or other applicable documentation or electronic submission, which is more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET
   - Settlement Date, for Mortgages sold through the Selling System
3. A refinance Mortgage secured by property located in New York State documented using the New York Consolidation, Extension and Modification Agreement (NY CEMA) and the date of the NY CEMA is more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET
   - Settlement Date, for Mortgages delivered through the Selling System
4. A Mortgage for a Newly Constructed Home where the terms of the Permanent Financing have been modified or the Mortgage Product has changed, or if an ARM, has been converted to a fixed rate, after the Effective Date of Permanent Financing and the effective date of the modified terms or change in the Mortgage Product or ARM conversion, as applicable, is more than 12 months prior to the:

- Delivery Date, for Mortgages delivered through MIDANET
- Settlement Date, for Mortgages sold through the Selling System

Seasoned Mortgage for a Newly Constructed Home
A Mortgage for a Newly Constructed Home that has not been modified, or if an adjustable-rate Mortgage (ARM) has not been converted to a fixed interest rate, since the Effective Date of the Permanent Financing and for which the Settlement Date, for sales through the Freddie Mac Selling System (Selling System), or the Delivery Date, for sales through MIDANET®, is more than 18 months after the oldest date of the Borrower's credit, capacity or collateral documentation.

Second Mortgage
A Second Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by one to four families and is subordinate only to the lien of the first Mortgage.

Section 184 Native American Mortgage
A Mortgage guaranteed by the U.S. Department of Housing and Urban Development pursuant to the Indian Housing Loan Guarantee Program, Section 184 of the Housing and Community Development Act of 1992 and originated pursuant to the Section 184 Regulations and the terms of this Guide.

Section 502 GRH Mortgage
A Mortgage originated to qualified Borrowers living in rural areas that is guaranteed by RHS pursuant to Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) and originated and serviced pursuant to the RHS Guaranteed Regulations and the terms of this Guide.

Security Coupon
For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Coupon is PC Coupon as that term is defined in the Glossary.

Security Instrument
A Security Instrument is the instrument (Mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

Security Product
For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Product is the Mortgage Product being pooled to form a Mortgage Participation Certificate security ("PC").

Selected Borrower
The Borrower identified on the Feedback Certificate as the Borrower whose credit reputation Loan Prospector® most heavily relied upon when determining the Risk Class of the Mortgage.

Seller-Owned Converted Mortgage

A Convertible ARM that is owned by a Seller/Servicer and that was converted to a fixed interest rate before the sale of the Mortgage to Freddie Mac. See also Converted Mortgage.

Seller-Owned Modified Mortgage
A Mortgage that is owned by a Seller/Servicer and modified prior to sale to Freddie Mac.

Seller/Servicer
A Seller/Servicer is an institution approved to:
- Sell Mortgages to Freddie Mac, or
- Service Mortgages purchased by Freddie Mac, or
- Sell Mortgages to and service Mortgages purchased by Freddie Mac

The term "Seller," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a seller of Mortgages to Freddie Mac.

The term "Servicer," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a servicer of Mortgages for Freddie Mac.

A wholly owned subsidiary of a Seller/Servicer acting on behalf of the Seller/Servicer, in the Seller/Servicer's name and under the Seller/Servicer's Freddie Mac Seller/Servicer number, does not need separate Freddie Mac approval. The Seller/Servicer remains fully liable to Freddie Mac under the Purchase Documents with respect to any Mortgage originated or sold to or serviced for Freddie Mac by the subsidiary on behalf of the Seller/Servicer.

A Seller/Servicer must be an institution that meets all of the following conditions:
- It is a permanent organization and an ongoing concern
- It is properly authorized to do business in each jurisdiction in which it engages in origination or Servicing
- It is
  - Organized under federal law, or
  - Organized under the laws of one of the States, or
  - A United States-domiciled branch or subsidiary of a foreign entity

Separate Construction Conversion Documentation (Separate Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing pays off the Interim Construction Financing with the proceeds of a new Mortgage. A new Note and Security Instrument are executed.

Servicer Performance Profile
A Servicer Performance Profile is a management tool that Freddie Mac uses to:
- Establish performance standards for Servicing performance
- Measure a Servicer's performance with respect to the standards

The profile provides the Servicer with a Tier rating of 1 through 4 in the investor reporting and remitting category and a Tier rating of 1 through 4 or "V" or "X" in the default management category.

Servicing
Servicing is the performance of applicable obligations described in the Purchase Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

Servicing Agent
A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac.

Servicing Spread
The Servicing Spread is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that Mortgage, and is the amount by which the Note Rate exceeds the Accounting Net Yield applicable to that Mortgage.

Settlement Cycle
The Settlement Cycle is the period during which Freddie Mac broadcasts the PC Pool to the Federal Reserve; publishes pool disclosure statistics; and prepares the Funding Detail Report and Form 15A or Form 15C, Loan Purchase Statement, as applicable. For Mortgages sold through the Freddie Mac Selling System (Selling System), this period begins on the morning after the Final Delivery Date and ends on the Settlement Date. In addition, in the Selling System, the terms Settlement Cycle, funding cycle and purchase cycle can be used interchangeably.

Settlement Date
For the Guarantor and MultiLender Swap programs, the Settlement Date is the date when Freddie Mac purchases the Mortgages and sells the PCs or Giant PCs to the Seller. For purposes of this Guide, the Settlement Date is the Funding Date. Mortgage delivery must be made in advance to meet the established Settlement Date.

Standard Documentation
The minimum Documentation Level that is required for:

- A Loan Prospector® Mortgage that receives a Risk Class of either
  - Accept with a feedback message indicating Standard Accept eligibility, or
  - Caution (including all A-minus Mortgages)

and

- Non-Loan Prospector Mortgages

State
As used in this Guide, the term "State" includes the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands as well as the 50 States.

Stated Income

All qualifying income reported on the Mortgage application by the Borrower.

Streamlined Accept Documentation
The minimum Documentation Level required for Accept Mortgages that receive a Risk Class of Accept with a feedback message indicating Streamlined Accept eligibility.

Subsequent Transfer of Servicing
A Subsequent Transfer of Servicing means Servicing is transferred after Freddie Mac purchases the transferring Mortgages.

Subsidiary
For Wholesale Home Mortgages, a Subsidiary is a corporation that is controlled by a Seller through the Seller's ownership of sufficient shares of voting stock to control the appointment of the members of the board of directors of the Subsidiary.

Texas Equity Section 50(a)(6) Mortgage
A First Lien home equity refinance Mortgage originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution secured by homestead property located in Texas and meeting the requirements of Section 24.8 and other sections referenced in Section 24.8.

Tier
A Tier is the rating that a Servicer receives on its Servicer Performance Profile. A Tier rating is given for both the investor reporting and remitting and default management categories of the profile. The Tier can be a number from 1 through 4, and "V" or "X" only for default management.

Time Deposit
A Time Deposit refers to funds deposited in a certificate of deposit held in a financial institution for a fixed term or with the understanding that the depositor can withdraw the funds only by giving prior notice.

Tradeline
The type of credit obligation and its associated information, such as date opened, balance and periodic payment history, that is typically listed on a credit report.

Transaction Number
The Transaction Number (also known as the AUS Transaction Number) is a randomly generated number that is assigned to a specific Loan Prospector® submission.
For example, if an individual Mortgage is submitted to Loan Prospector five times, the same Key Number will be used, but each submission will generate a different Transaction Number.

Transfer of Ownership

Transfer of Ownership includes, but is not limited to, the conveyance of the Mortgaged Premises or any right, title or interest in the Mortgaged Premises, whether legal or equitable, voluntary or involuntary, by any of the following methods:

- Outright sale
- Deed
- Installment sale contract
- Land contract
- Contract for deed
- Leasehold interest with a term greater than three years
- Lease-option contract
- Land trust
- Transfer of a beneficial interest in an *inter vivos* trust
- Any other conveyance of real property interests, including those involving secondary financing, such as wraparound Mortgages

Transfer of Servicing
A Transfer of Servicing means the assignment, sale, conveyance or other transfer of all Servicing duties and responsibilities set forth in the Purchase Documents with respect to Mortgages and Real Estate Owned (REO) owned in whole or in part by Freddie Mac.

Transferee Servicer
For Transfers of Servicing, the Transferee Servicer is the Servicer that acquires, or proposes to acquire, the Servicing of one or more Mortgages, or of the Mortgage portfolio.

Transferor Seller
For a Concurrent Transfer of Servicing, the Transferor Seller is the Seller that transfers, or proposes to transfer, Servicing of one or more Mortgages at the same time Freddie Mac purchases the transferring Mortgage(s).

Transferor Servicer
For a Subsequent Transfer of Servicing, the Transferor Servicer is the Servicer that transfers, or proposes to transfer, Servicing of one or more Mortgages, or of the Mortgage portfolio after Freddie Mac purchases the transferring Mortgages.

Treasury
The United States Department of the Treasury

Underserved Area
An Underserved Area is either of the following:

An underserved rural area is an Underserved Area located outside of a metropolitan area, which may be a whole census tract; a federal or State American Indian reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 95% of the greater of the State or nationwide non-metropolitan median income, or
- A median income at or below 120% of the greater of the State or nationwide non-metropolitan median income and a minority population of 30% or greater

An underserved non-rural area is an Underserved Area located in a central city or metropolitan area, which may be a whole census tract; a federal or State American Indian reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 90% of median income of the metropolitan area, or
- A median income at or below 120% of median income of the metropolitan area and a minority population of 30% or greater

Underwriting Score
The one Credit Score selected from all usable Credit Scores obtained for an individual Borrower that quantifies the credit reputation risk for that individual Borrower.

Uniform Instruments
Uniform Instruments are the Fannie Mae/Freddie Mac and the Freddie Mac Notes, Security Instruments (available for all States) and riders to the Security Instruments identified in Exhibit 4, Single-Family Uniform Instruments.

VA; VA Mortgage
The VA is the U.S. Department of Veterans Affairs. A VA Mortgage is a Home Mortgage that is guaranteed by the VA under Section 1810, Chapter 37 of Title 38, United States Code as amended.

WAC ARM PC
A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by adjustable-rate Mortgages (ARMs).

Warehouse Lender
A Warehouse Lender is the bank or other financial institution which has entered into an agreement with the Seller such that the bank or other financial institution receives a security interest in Mortgages which are thereafter offered for sale to Freddie Mac. For these purposes, a Warehouse Lender includes a Federal Home Loan Bank or other lender that has made a loan or advances secured by Mortgages intended for sale to Freddie Mac.

Weighted Average Coupon (WAC)
The Weighted Average Coupon (WAC) of any group of Mortgages is calculated by:
- Multiplying the purchased unpaid principal balance (UPB) of each Mortgage by the Note Rate of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages

- Dividing the sum of the products by the purchased aggregate UPB of all the Mortgages in the group

Freddie Mac's determination of the WAC is conclusive.

Weighted Average Months to Adjustment
For WAC ARM PC Pools, the Weighted Average Months to Adjustment is the weighted average number of months to adjustment from the date of issuance of the WAC ARM PC to the initial scheduled adjustment date of the PC Coupon, based on the Interest Change Dates of the underlying Mortgages.

Weighted Average Remaining Maturity (WARM)
The Weighted Average Remaining Maturity (WARM) of any group of Mortgages is calculated by:
- Multiplying the unpaid principal balance (UPB) of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of all the products by the aggregate UPB of all the Mortgages in the group

With respect to buyup and buydown options described in Sections 11.11(b) and 11.11(c), the WARM is the Weighted Average Remaining Maturity, stated in months, of the aggregate of all Mortgages purchased pursuant to any Guarantor or MultiLender Swap conversion or Cash Purchase Contract, as of the Date of Seller's Offer.

Freddie Mac's determination of the WARM is conclusive.

Wholesale Home Mortgage
A Home Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed, and sold or assigned to a non-Affiliate Seller who subsequently sold it to Freddie Mac.

Window Period
A Window Period is the period during which a State's due-on-transfer or due-on-sale restrictions were in effect (see Section 60.4).

Window Period Mortgage
A Window Period Mortgage is a Mortgage that was originated or assumed during a Window Period.

Window Period State
A Window Period State is a State that restricts the enforceability of due-on-transfer or due-on-sale clauses in Mortgages originated or assumed during a Window Period (see Section 60.4).

Women-Owned Business Enterprise
An enterprise that is more than 50% owned, controlled and operated by one or more women.

Glossary (Future effective date 01/01/11)

2- to 4-Unit Condominium Project
A 2- to 4-Unit Condominium Project is a project that is comprised of at least two but no more than four 1-unit dwellings that are each separately owned with separate legal descriptions.

11th District Cost of Funds Index (11th District COFI)
For adjustable-rate Mortgages (ARMs), the 11th District COFI is the monthly average cost of savings, borrowings and advances of the members of the Federal Home Loan Bank of San Francisco (the "Bank"), as made available by the Bank.

Accept Mortgage
A Loan Prospector® Mortgage that receives a Risk Class of Accept.

Acceptable Net Worth
Generally defined as GAAP capital but Freddie Mac may make adjustments to GAAP net worth when Freddie Mac deems it appropriate.

Accounting Net Yield (ANY)
The ANY is the net yield rate that the Servicer uses to report and remit interest to Freddie Mac each month. The ANY for each Mortgage is equal to the Note Rate less the Servicing Spread of the Mortgage.

The ANY for Mortgages purchased through RNY Cash or ARM Cash equals the Required Net Yield (RNY) except for Mortgages sold to Freddie Mac at a discount.

Acknowledgment Agreement
An agreement between Freddie Mac, a Servicer and a third party designated by the Servicer in which Freddie Mac consents to and acknowledges a Servicer's grant to a third party of a security interest in the Servicer's conditional, nondelegable contract right to service Home Mortgages for Freddie Mac.

Additional Supplement
An Additional Supplement is a disclosure document containing information solely provided by the Seller that supplements the information contained in the PC Offering Circular or the Pool Supplement concerning the Mortgages in a PC Pool as of Settlement Date.

Affiliate
Any entity related to a Seller that is subject to common operating control and that is operated as part of the same system or enterprise. The Seller typically owns less than a majority of the voting stock or the Seller and the entity are subsidiaries of a third party.

For purposes of the definitions of Correspondent, Mortgage Broker, Retail Mortgage and Wholesale Home Mortgage, Affiliate means: Any entity that is related to another party as

a consequence of the entity, directly or indirectly, controlling the other party, being controlled by the other party, or being under common control with the other party.

Affiliates
Freddie Mac's term "Affiliates" encompasses all of the following as defined in GAAP FAS No. 57:

- Affiliates
  - A party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the enterprise
- Management
  - Persons who are responsible for achieving the objectives of the enterprise and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes
  - Members of the board of directors
  - Chief executive officer
  - Chief operating officer
  - Vice presidents in charge of principal business functions (such as sales, administration or finance), and other persons who perform similar policy-making functions
  - Persons without formal titles also may be members of management
- Principal owners
  - Owners of record or known beneficial owners of more than 10% of the voting interests of the enterprise
- Related parties
  - Entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trust that are managed by or under the trusteeship of management
  - Principal owners of the enterprise; its management, members of the immediate families of principal owners of the enterprise and its management, and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other, to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests
  - Any party that can significantly influence the management or operating policies of the transacting parties or that has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

Affiliated Persons
Affiliated Persons of a Servicer include the following:

- The Servicer's directors, officers, employees and controlling persons
- Spouses of the Servicer's directors, officers and controlling persons

- Members of the immediate family of the Servicer's directors, officers and controlling persons who have the same home as such persons or who are directors or officers of any subsidiary or holding company affiliate of the Servicer
- Corporations or organizations (other than the Servicer or a corporation or organization through which the Servicer operates) of which a director, officer or controlling person of the Servicer is an officer or partner or is, directly or indirectly, either alone or with his or her spouse, the owner of 10% or more of any class of equity securities or the owner with other directors, officers and controlling persons of the Servicer and their spouses of 25% or more of any class of equity securities
- Trusts or other estates in which a director, officer or controlling person of the Servicer or the spouse of such person has a substantial beneficial interest or for which such person or spouse serves as trustee or in a similar fiduciary capacity

Affordable Gold® 97 Mortgage
A Mortgage designed to meet the housing finance needs of eligible, underserved individuals and families in which the Borrower has provided a down payment of at least 3% of value from Borrower Funds.

Affordable Second®
Subsidized secondary financing or other financial assistance, evidenced in land records, that is provided by an Agency and that meets the requirements of Section 25.1(g).
An Affordable Second is not eligible for sale to Freddie Mac.

Agent
For Wholesale Home Mortgages, an Agent is an entity or individual that is not an employee of a Seller and that acts for and on behalf of the Seller in originating Mortgages or in taking or processing a Mortgage application or underwriting or funding a Mortgage.

Agency
The sponsor or provider of financial assistance through an agency grant, Affordable Second®, IDA or unsecured loan, as applicable.

An Agency must be one of the following:

- A municipality which includes any duly authorized authority or agency of the federal, State, local or municipal government
- A nonprofit community or religious organization, other than a credit union
- The Borrower's employer, or
- A regional Federal Home Loan Bank under one of its affordable housing programs

Allonge
An addendum attached to a Note that can be used for endorsements.

Alt 97® Mortgage
A Mortgage eligible for Freddie Mac's Alt 97 offering and delivered as an Alt 97 Mortgage.

A-minus Mortgage
A Loan Prospector® Mortgage that:

- Has a Risk Class of Caution,
- Has assessment results of eligible for A-minus, and
- Meets the requirements of Chapter C33

Amenities
Amenities are a portion or type of Common Elements that enhance project attractiveness and owner enjoyment even though the feature is not essential to the project's use. Examples include but are not limited to swimming pools, spas, gardens, beach access, golf courses or golf club memberships, and ski areas or ski passes.

Amortizing Period
For Initial Interest℠ Mortgages, the Amortizing Period is the period (expressed in months) when monthly payments are fully amortizing principal and interest payments; the Amortizing Period begins on the First Amortizing Payment Date and ends at the end of the Mortgage term.

Automated Valuation Model (AVM)
An Automated Valuation Model (AVM) is a mathematically based software program that produces a value or value range for a subject property.

Balloon Loan Modification
A Balloon Loan Modification is the Mortgage document executed by the Borrower to evidence the Borrower's election to reset and the terms of the Reset Mortgage. Two original Balloon Loan Modifications must be executed by the Borrower. The current version of this Mortgage document is the Freddie Mac Multistate Balloon Loan Modification — Single Family (Form 3293).

Balloon Maturity Date
For a Balloon/Reset Mortgage, the Balloon Maturity Date is the maturity date of the Balloon Note.

- The Balloon Maturity Date for a 5-year Balloon/Reset Mortgage is the date that is 59 months after the scheduled Due Date of the first monthly principal and interest payment.
- The Balloon Maturity Date for a 7-year Balloon/Reset Mortgage is the date that is 83 months after the scheduled Due Date of the first monthly principal and interest payment.

Balloon Note
For a Balloon/Reset Mortgage, the Balloon Note is the Note executed by the Borrower which provides for a Balloon Payment on the Balloon Maturity Date.

Balloon Note Addendum
For a Balloon/Reset Mortgage, the Balloon Note Addendum is an addendum to the Balloon Note that sets forth the terms of the Reset Option.

Balloon Payment
For a Balloon/Reset Mortgage, the Balloon Payment is the sum of the unpaid principal balance (UPB), accrued but unpaid interest through the Balloon Maturity Date, and all other sums required to pay the Balloon/Reset Mortgage in full on the Balloon Maturity Date.

Balloon Rider
For a Balloon/Reset Mortgage, the Balloon Rider is the rider to the Security Instrument that sets forth the terms of the Reset Option and that must be recorded with the Security Instrument.

Balloon/Reset Mortgage
A Balloon/Reset Mortgage is a fixed-rate, level-payment Home Mortgage with the following characteristics:

- The monthly principal and interest payment is based on an amortization schedule calculated to pay the original principal balance in full in 360 months.
- The unpaid principal balance (UPB) of the Balloon Note is due as a lump sum on the Balloon Maturity Date.
- The Borrower has a Reset Option at the Balloon Maturity Date.

The term "Balloon/Reset Mortgage," as used in this Guide, refers to both

- A Balloon/Reset Mortgage that has a Balloon Note with an original term of five years ("5-year Balloon/Reset Mortgage")
- A Balloon/Reset Mortgage that has a Balloon Note with an original term of seven years ("7-year Balloon/Reset Mortgage")

BIF
BIF is the abbreviation for the Bank Insurance Fund.

Book-Entry Form
A PC or Giant PC that is issued in Book-Entry Form is:

- Issued by means of an entry on the books and records of a Federal Reserve Bank. The entry includes the name of the security investor, the original principal balance owned by the security investor, the CUSIP Number, the PC Coupon, the PC Pool Number and the security description code. The security description code is a four-character code used by the Federal Reserve Bank book-entry system to describe the issuer and the type of security.
- Evidenced only by that entry and not by a certificated security

Book-Entry Rules
The Book-Entry Rules are the provisions in effect from time to time that

- Set forth the terms and conditions under which Freddie Mac may issue PCs and Giant PCs in Book-Entry Form
- Authorize the Federal Reserve Banks to act as Freddie Mac's agents in connection with PCs and Giant PCs issued by entries on the books and records of Federal Reserve Banks

These rules are contained in Title 1, Part 462 of the Code of Federal Regulations.

Borrower
The Borrower is the party obligated to repay the indebtedness secured by the Mortgaged Premises.

For a Home Mortgage, the Borrower must be one of the following:
- An individual or individuals (not a corporation or partnership)
- A living trust, subject to the conditions in Section 22.10(a) and 22.10(b)
- An Illinois land trust, subject to the conditions in Section 22.10(a)

Borrower Contribution
The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepaids/Escrows.

Borrower Funds
All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of cash and other Equity as defined in Sections 26.2 and 26.3.

Broker's Price Opinion (BPO)
A Broker's Price Opinion (BPO) is a broker's written estimate of the probable sale price of the property.

Business Day
A Business Day is a day other than:
- A Saturday or Sunday
- A day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed
- A day on which the offices of Freddie Mac are closed

In this Guide, the word "day" without the modifier "business" refers to a calendar day.

Buydown Custodial Account
A Buydown Custodial Account is a Custodial Account into which the Servicer deposits buydown funds.

Cash Purchase Contract
A Cash Purchase Contract may be any one of the following Purchase Contracts:
- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash)

- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®)
- Mandatory Cash Contract
- Best Efforts Contract
- WAC ARM Cash Contract

Caution Mortgage
A Loan Prospector® Mortgage that receives a Risk Class of Caution.

Closing Costs
Application fees, appraisal and credit report fees, transfer taxes, tax stamps, attorney fees, survey costs or fees, title insurance and any other fees associated with the Mortgage closing.

Common Elements
Common Elements are any portion of a project not included in the units and are used by unit owners who share in their expense, maintenance and operation. Common Elements are defined in the Project Documents, and may include but are not limited to parking, walkways, lighting, elevators, boilers, hallways, foyers, and legal ingress and egress to individual units. The term includes reference to any Amenities and to Limited Common Elements.

Community Savings System
A savings system to which members of a community make regular contributions and from which members are entitled to a distribution of funds in accordance with a specified plan.

A nonprofit community organization must administer the savings system.

Complete Loan Prospector® Evaluation
A Loan Prospector evaluation is complete if Loan Prospector returns a Risk Class of Accept or Caution and a Documentation Level of Streamlined Accept Documentation or Standard Documentation.

Concurrent Transfer of Servicing
A Concurrent Transfer of Servicing means Servicing is transferred at the same time Freddie Mac purchases the transferring Mortgages.

Condominium Hotel

See Hotel/Resort Project.

Condominium Project
A Condominium Project is a project that is legally established as a Condominium Project in compliance with the applicable State law in which the project is located.

Condominium Unit
A Condominium Unit is a one-unit dwelling located in a Condominium Project.

Condominium Unit Mortgage
A Mortgage secured by a unit in a Condominium Project.

Constant Maturity Treasury (CMT) Index
For adjustable-rate Mortgages (ARMs), the CMT Index is the weekly average yield on United States Treasury securities adjusted to a specified constant maturity, such as one, three or five years, as made available by the Federal Reserve Board.

Construction Conversion Modification Agreement
The agreement executed by the Borrower that modifies the terms of the Interim Construction Financing (the Note and/or the Security Instrument) to state the terms of the Permanent Financing.

Construction Conversion Mortgage
A Mortgage, the proceeds from which are used for the Permanent Financing that replaces the Interim Construction Financing obtained by the Borrower to:

- Purchase or refinance, as applicable, the land on which the site-built home or Manufactured Home will be constructed or affixed, and
- Construct a new site-built home, or
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home.

Contaminated Sites
A Contaminated Site is any real property that has been identified:

- By any federal, State or local government entity as containing one or more Hazardous Substances, or
- In any media report as possibly being subject to investigation or review by any federal, State or local government entity as a source of contamination by one or more Hazardous Substances

Contract Commitment Amount
For the Guarantor and MultiLender Swap programs, the Contract Commitment Amount is the dollar amount of Mortgages that Freddie Mac agrees to purchase, as specified on Form 3, Summary Agreement (Guarantor); Form 5, Summary Agreement (MultiLender Swap); or in a Master Commitment Contract.

- For whole loans, the Contract Commitment Amount is the aggregate unpaid principal balance (UPB) of the Mortgages.
- For participation loans, the Contract Commitment Amount is the aggregate UPB of the Mortgages multiplied by Freddie Mac's Percentage of Participation.

The Seller's obligation to sell the Contract Commitment Amount is mandatory or optional.

Conversion Date
The Conversion Date is the date on which the interest rate applicable to a Convertible ARM changes from an adjustable interest rate to a fixed interest rate. The Conversion Date is the first day of the second month after the month in which the Borrower exercises the option to convert. For example, if the option to convert is exercised at any time during the month of January, then March 1 is the Conversion Date.

Conversion Formula
For Convertible ARMs, the Conversion Formula is the methodology, set forth in the Note, for establishing the Note Rate upon conversion of the adjustable interest rate to a fixed interest rate. The Conversion Formula refers to a published required net yield plus a specified number of basis points.

Conversion Window
For Convertible ARMs, the Conversion Window is either a specified period of time or specific dates, as stated in the Note, during which the Borrower can exercise the option to convert the adjustable interest rate to a fixed interest rate.

Converted Mortgage
A Converted Mortgage is a conventional, fully amortizing, level payment, fixed-rate Mortgage, originated as a Convertible ARM, that had an adjustable interest rate until the Borrower exercised the option to convert to a fixed interest rate. See also Freddie Mac-Owned Converted Mortgage and Seller-Owned Converted Mortgage.

Convertible ARM
A Convertible ARM is an adjustable-rate Mortgage (ARM) as to which the Borrower has the option, exercisable during a Conversion Window, to convert the adjustable interest rate to a fixed interest rate pursuant to a Conversion Formula.

Correspondent
An entity that typically sells the Mortgages it originates to other lenders. The Correspondent performs some or all of the loan processing functions such as taking the Mortgage application; ordering credit reports, appraisals, and title reports; and verifying the Borrower's income and employment. The Correspondent may or may not have delegated underwriting and typically funds the loans at settlement. The Mortgage is closed in the Correspondent's name and the Correspondent may or may not service the Mortgage. The Correspondent may use a Mortgage Broker to perform some of the processing functions or even to fund the Mortgage on its behalf; however, under such circumstances, such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage and not as a Correspondent third party origination Mortgage. (See the definition of Affiliate and Mortgage Broker.)

Credit Score
A number summarizing an individual’s credit profile that indicates the likelihood that a Borrower will repay future obligations.

CUSIP Number
A CUSIP Number is a unique nine-digit alphanumeric designation assigned by the CUSIP Service Bureau to each PC Pool and Giant PC Pool. The CUSIP Number is used to identify the PC Pool or Giant PC Pool on the books and records of the Federal Reserve Bank's book-entry system. All PCs in Book-Entry Form and all Giant PCs are identified by a CUSIP Number.

Custodial Account
A Custodial Account is a Demand Deposit Account or Interest-Bearing Deposit Account established and maintained by a Servicer at an Eligible Depository, into which Principal and Interest Payments, Escrow Funds and other monies due to Freddie Mac or held on behalf of Freddie Mac Mortgages are deposited. The types of Custodial Accounts are:

- Principal and Interest Custodial Accounts
- Principal and Interest Disbursement Clearing Custodial Accounts
- Escrow Custodial Accounts
- Buydown Custodial Accounts

Date of Seller's Offer
The Date of Seller's Offer is the date the Seller telephones Freddie Mac offering to sell Mortgages to Freddie Mac. Freddie Mac will insert this date on the Purchase Contract in the applicable space for each offer Freddie Mac accepts. For example, for the Guarantor program, the Date of Seller's Offer is the date specified as such on Form 3, Summary Agreement (Guarantor). For the MultiLender Swap program, the Date of Seller's Offer is the date specified as such on Form 5, Summary Agreement (MultiLender Swap).

Delinquency
Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Escrow is unpaid after the due date.

If the due date is	The Mortgage is 30 days delinquent
The 1st day of the month,	When all or part of one or more payment(s) remain unpaid as of close of business on the last Business Day of the month
Not the 1st day of the month (from the second through the 31st day of the month),	When all or part of one or more payment(s) remain unpaid 30 or more actual calendar days as of close of business on the last Business Day of the month

Delivery Date
With respect to the sale of Mortgages to Freddie Mac, "Delivery Date" means the date when all of the following have been completed:

- The delivery to, and acceptance by, Freddie Mac of all loan data and other information and documentation required by the Purchase Documents, and

- The delivery and certification of the Notes and delivery of all other required documentation to Freddie Mac or a Custodian approved by Freddie Mac, as applicable.

Designated Custodian
The Designated Custodian is the Document Custodian with which Freddie Mac has contracted to provide custodial services for Seller/Servicers that do not have a Form 1035 Custodial Agreement executed with another Document Custodian, or for Seller/Servicers selling Mortgages to Freddie Mac under the Servicing Released Sales Process. The Designated Custodian is The Bank of New York Mellon Trust Company, N.A. Freddie Mac has verified that the Designated Custodian meets the eligibility requirements for Document Custodians described in Section 18.2.

Demand Deposit Account
For Custodial Accounts, a Demand Deposit Account is a deposit account from which funds may be withdrawn by the Servicer/depositor immediately and without any advance notice of intended withdrawal or any restrictions on the frequency of withdrawals.

Detached Condominium Project
A Condominium Project comprised solely of detached, 1-unit dwellings.

Discretionary Provisions
Discretionary Provisions are those terms or provisions of the Guide identified in Section 12.13 and in Exhibit 26, Discretionary Provisions.

Distributed Software
Distributed Software is software or software-related documentation that is not specifically covered by the terms of a separate agreement between Freddie Mac and the Seller/Servicer.

Document Custodian
A Document Custodian is an institution that accepts delivery of, verifies and maintains the original Notes and assignments of the Security Instruments.

A Document Custodian must satisfy the eligibility requirements described in Section 18.2 and must enter into the Form 1035, Custodial Agreement: Single-Family Mortgages, described in Section 18.3 with the Seller/Servicer and Freddie Mac.

A Seller/Servicer may act as its own Document Custodian, as described in Section 18.2, or a Document Custodian may be an Affiliate of the Seller/Servicer or an independent third-party entity, including the Designated Custodian.

Documentation Level
The Documentation Level shown on the Feedback Certificate indicates the minimum level of documentation acceptable for a Loan Prospector® Mortgage.

Due Date
The Due Date is the date on which the Borrower's monthly installment of principal, interest and where applicable, Escrow, is due as stated in the Note. For Initial Interest℠ Mortgages during the Interest Only Period, it is the date on which the Borrower's monthly installment of interest and where applicable, Escrow, is due.

Due Date of Last Paid Installment (DDLPI)
The Due Date of Last Paid Installment (DDLPI) is the Due Date of the last fully paid monthly installment of principal, interest and Escrow (if any) (not the date on which such payment was credited or the date of the next scheduled installment).

Early Delinquency Counseling
Counseling provided to a delinquent Borrower by a nonprofit third-party homeownership-counseling agency or eligible Servicer, that involves identifying the reason(s) a Borrower did not make a Mortgage payment on time and working with the Borrower to resolve any financial problems so that future Mortgage payments can be made on a timely basis. The counseling includes a personal and interactive relationship with the Borrower that deals with money management, budgeting and debt management counseling.

Early Delinquency Counseling is further described in Section 64.4(c).

Effective Date for Delivery
The date identified in either a Master Agreement or Master Commitment Contract upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment Contract.

Effective Date of Permanent Financing
The date of the closing on the Permanent Financing and the date the term of the Permanent Financing begins; or, for Construction Conversion Mortgages and Renovation Mortgages, the date when the Interim Construction Financing is deemed to be paid off or converted or modified to, and replaced by the Permanent Financing. The Effective Date of Permanent Financing is as follows:

Newly Built Home Mortgages	
Permanent Financing	Note Date of the Mortgage
Construction Conversion Mortgages and Renovation Mortgages	
Integrated Construction Conversion Documentation	Due Date of the first monthly payment of principal and interest on the Permanent Financing
Separate Construction Conversion Documentation	Note Date of the Note and Security Instrument for the Permanent Financing
Modification Construction	Date on which the Construction Conversion

Conversion Documentation	Modification Agreement is effective or the date of the new Note for the Permanent Financing if a new Note is required

Effective Date of Transfer
For a Concurrent Transfer of Servicing, the Effective Date of Transfer is the applicable Funding Date or Settlement Date.

For a Subsequent Transfer of Servicing, the Effective Date of Transfer is the requested transfer date set forth on Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, unless the Transferor and Transferee are otherwise advised by Freddie Mac. This date must be the first Business Day following the cutoff date for a Freddie Mac accounting cycle.

Eligible Borrower
For a Balloon/Reset Mortgage, an Eligible Borrower is a Borrower who meets all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider and who has elected to exercise the Reset Option.

Eligible Depository
An Eligible Depository is a depository institution in which a Servicer must establish a Custodial Account or invest monies deposited into a Custodial Account, that meets the institutional requirements and rating requirements as found in Sections 77.9 and 77.10.

Employer Assisted Homeownership (EAH) Benefit
Financial assistance provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided (i) the employer is not an interested party (as described in Section 25.3) and (ii) the funds were not obtained from an interested party either directly or through a third party. See Section 26.6.2 for additional requirements.

Equity
The difference between the value of the Mortgaged Premises and the total dollar amount of all Mortgages and other liens secured by the Mortgaged Premises.

Escrow
Escrow includes all funds collected to cover expenses to be paid under the Mortgage including, but not limited to, taxes, special assessments, ground rents and other charges that are or may become First Liens on the Mortgaged Premises, as well as property insurance premiums and mortgage insurance premiums.

Escrow Custodial Account
An Escrow Custodial Account is a Custodial Account into which the Servicer deposits Escrow Funds.

Escrow Disbursement Clearing Account

An Escrow Disbursement Clearing Account is a deposit account established by a Servicer, at its option, specifically for the payment of all expenses payable from Escrow Funds with respect to Mortgages serviced for Freddie Mac and for others.

Escrow Funds
For Custodial Accounts, Escrow Funds are any and all funds deposited by a Servicer on a Borrower's behalf (such as buydown funds) or any and all funds remitted by a Borrower to a Servicer, to be used by the Servicer to pay, with respect to a Mortgage in which Freddie Mac has an ownership interest (either a whole loan or a participation interest), such expenses as property insurance premiums, mortgage insurance premiums, property taxes, special assessments, ground rents and any other charge that is or may become a prior lien on the Mortgaged Premises.

Established Condominium Project.
An Established Condominium Project is a Condominium Project in which:
- The project (all units and Common Elements including Common Elements owned by any Master Association) is fully completed and not subject to any additional phasing or additions, and
- At least 90 percent of the total units in the project have been conveyed to the unit purchasers other than the developer, and
- The unit owners control the homeowners association.

Extended Buydown Mortgage
A Mortgage with a temporary subsidy buydown plan for which:
- The buydown plan extends for more than two years after the first scheduled payment date, or
- The effective interest rate during the buydown period is more than two percentage points below the Note Rate of the Mortgage regardless of the duration of the buydown period

FDIC; FDIC-Insured Depository
FDIC is the abbreviation for the Federal Deposit Insurance Corporation. The FDIC administers the BIF and the SAIF. An FDIC-Insured Depository is a depository institution whose deposits are insured by the FDIC.

Federal Reserve Bank
The Federal Reserve Bank means the Federal Reserve Bank of New York and/or such other Federal Reserve Bank(s) as may from time to time maintain Freddie Mac PCs and Giant PCs on their books and records.

Feedback Certificate
The printed or printable document returned by Loan Prospector® that details the results of the Loan Prospector submission. The Feedback Certificate may include, but is not limited to:
- Key Number (Loan Prospector AUS Key Number)
- Transaction Number (AUS Transaction Number)

- Borrower, property and loan information
- Transaction processing issues
- Risk Class/Classification
- Documentation Class/Classification
- Minimum Assessment Feedback (MAF)
- Mortgage insurance decision
- Purchase restrictions
- Waiver and warrant messages
- Processing messages

The in-file and merged credit reports printed by Loan Prospector are not part of the Feedback Certificate.

FHA; FHA Mortgage
FHA is the Federal Housing Administration. An FHA Mortgage is a Home Mortgage that is fully insured by the FHA under Sections 203(b), 203(h) or 203(i) [Home Unsubsidized], 222 [Servicemen] or 234 [Individual Condominium Unit] of the National Housing Act, as amended.

Final Delivery Date
For Mortgages sold to Freddie Mac using the Freddie Mac Selling System (Selling System) under the fixed-rate Guarantor, WAC ARM Guarantor and MultiLender programs, Final Delivery Date is the date set forth in the Selling System by which all of the following must be completed:

- The loan data and applicable documentation required by the Selling System must be provided to Freddie Mac
- All of the purchase edits and allocation errors identified by the Selling System with respect to the Mortgages must be resolved in accordance with Freddie Mac requirements
- The Notes for all Mortgages in the applicable Contract must be delivered to and certified by the Document Custodian
- Seller must provide wire transfer instructions in the Selling System that account for the entire UPB associated with the Contract
- And, for Mortgages allocated to a contract that are pledged to a Warehouse Lender, either the Seller or the Warehouse Lender must submit a complete and fully executed Form 996E, Release of Warehouse Lender Security Interest, to Freddie Mac in accordance with the requirements of Section 19.4 (Cash) and 19.5 (Guarantor or MultiLender Swap), as applicable.

All of the foregoing must be completed by 8:00 p.m. Eastern time on the Final Delivery Date. The Final Delivery Date shall be the Business Day immediately preceding the date that the selected Settlement Cycle begins.

See Section B15.11, C15.11 or D15.11 regarding additional instructions and requirements for wire transfer instructions and delivery of the Form 996E, Warehouse Lender Release of Security Interest (available only through the Selling System), when applicable.

The Final Delivery Date is also referred to as the Final Delivery Due Date in the Selling System, and the two terms can be used interchangeably.

Financing Costs

Discount points, loan fees, commitment fees, origination fees and/or similar fees associated with a Mortgage transaction.

Financed Permanent Buydown Mortgage

A Mortgage for which the Borrower has permanently reduced the interest rate by financing discount points in the loan amount.

First Amortizing Payment Date

For Initial Interest℠ Mortgages, the First Amortizing Payment Date is the date stated in the Initial Interest Note of the first monthly amortizing principal and interest payment. It is determined by adding the number of months of the Interest Only Period to the Due Date of the first monthly payment stated in the Initial Interest Note.

First Lien

A First Lien is any lien that meets both of the following requirements:

- The lien is acceptable to private institutional first-mortgage investors in the area where the Mortgaged Premises are located.
- The lien grants to the lienholder a claim against the property that, under the law of the jurisdiction where the Mortgaged Premises are located, is prior to the rights of all others, subject only to prior liens and encumbrances expressly waived by Freddie Mac pursuant to Section 39.4.

First-Time Homebuyer

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

Freddie Mac 100 Mortgage

A Mortgage eligible for Freddie Mac's 100% LTV offering and delivered as a Freddie Mac 100 Mortgage.

Freddie Mac-Owned Converted Mortgage
A Convertible ARM that is owned by Freddie Mac and that was converted to a fixed interest rate after Freddie Mac purchased the Mortgage. See also Converted Mortgage.

Full Payment
Full Payment is the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the adjustable-rate Mortgage (ARM) at the then applicable Note Rate over the remaining Mortgage term.

Funding Date
The Funding Date is the date when Freddie Mac disburses payment to the Seller for a Mortgage Freddie Mac purchased.

For warehouse lending arrangements, the Funding Date is the date when Freddie Mac disburses payment to the Warehouse Lender or the Seller for a Mortgage purchased by Freddie Mac.

Giant Offering Circular Supplement
A Giant Offering Circular Supplement is a disclosure document that supplements the Giant PC Offering Circular and contains information about the PCs and/or Giant PCs in a Giant PC Pool as of its Settlement Date.

Giant PC
A Giant PC is a single-class security issued pursuant to the Giant PC Agreement that receives principal and interest from its underlying assets, which are PCs or other Giant PCs.

Giant PC Offering Circular
The Giant PC Offering Circular is the offering circular in effect on the Date of Seller's Offer that relates to the Mortgage being purchased and the Giant PC being sold in the MultiLender Swap. The Giant PC Offering Circular is the Offering Circular for Giant and Other Pass-Through Certificates.

Each Giant PC Offering Circular incorporates any supplements to that offering circular, as well as supplements to the PC Offering Circular for each underlying PC, in effect on the Date of Seller's Offer.

Giant PC Pool
A Giant PC Pool is a discrete group of PCs, backed by Mortgages and/or other Giant PCs, that is identified by a CUSIP Number and a PC Pool Number in the records maintained by Freddie Mac.

Gold PC®
A Gold PC is a PC security, with an investor payment delay of 45 days, that is backed by fixed-rate Mortgages or Balloon/Reset Mortgages.

Hazard Distressed BPO
A Hazard Distressed BPO is a BPO conducted to determine the value of a damaged property.

Hazardous Substance
A Hazardous Substance is any hazardous or toxic substance, pollutant, waste or contaminant, designated as such under any federal, State or local law.

Higher-Priced Mortgage Loan (HPML)
A first-lien Mortgage secured by a Primary Residence that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders.

Home Equity Line of Credit (HELOC)
Secondary financing that consists of a revolving line of credit secured by a junior lien to a Mortgage delivered to Freddie Mac.

Home Improvement Loan (HIL)
A Home Improvement Loan (HIL) is a Home Mortgage to finance permanent improvements for energy conservation, solar installation, rehabilitation, modernization or addition.

Home Mortgage
A Home Mortgage is a Mortgage secured by a First Lien on real estate on which there is located a structure designed principally for residential use by one to four families.

Home Possible® Mortgage
A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options, expanded loan-to-value (LTV) and total loan-to-value (TLTV) ratios, and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

A Home Possible 97 Mortgage is a Home Possible Mortgage that requires a minimum down payment of 3%.

A Home Possible 3% Cash Mortgage is a Home Possible Mortgage that requires a minimum down payment of 3% from Borrower Personal Funds for a purchase transaction Mortgage or 3% from Equity and/or Borrower Personal Funds for a "no cash-out" refinance transaction.

Home Possible Neighborhood Solution® Mortgage
A Home Possible Mortgage that:

- Is originated to a Borrower who is a teacher, school administrator, law enforcement officer, fire fighter, health care worker or an active or retired member of the United States Armed Forces or a reserve unit (as described in Section A34.7(c)
- Has special underwriting flexibilities described in Sections A34.5, A34.9(d) and A34.10(b) and
- Meets the requirements for a Home Possible Neighborhood Solution Mortgage in Chapter A34

A Home Possible Neighborhood Solution 97 Mortgage is a Home Possible Neighborhood Solution Mortgage that requires a minimum down payment of 3%.

A Home Possible Neighborhood Solution 3% Cash Mortgage is a Home Possible Neighborhood Solution Mortgage that requires a minimum down payment of 3% from Borrower Personal Funds for a purchase transaction Mortgage or 3% from Equity and/or Borrower Personal Funds for a "no cash-out" refinance transaction.

Home Value Models
Proprietary statistical property valuation models developed by Freddie Mac.

Homeownership Education Certificate
A certificate that identifies the homeownership education program the Borrower attended and the dates and times the Borrower attended the program sessions.
Seller may use the Homeownership Education Certificate form developed by Freddie Mac or any form that contains comparable information.

Hotel/Resort Project

A Hotel/Resort Project is a project that is operated as a hotel, resort or other type of hospitality entity or that has any of the characteristics or services described in Section 42.10(b).

Indebtedness
Indebtedness is the indebtedness or obligation owed by the Seller to the Warehouse Lender which is incurred under the terms of the Mortgage Warehousing Loan Agreement.

Index
For adjustable-rate Mortgages (ARMs), an Index is a fluctuating economic indicator specified in the Note, the value of which is used to adjust the Note Rate periodically.

Indicator Score
The one Underwriting Score identified to represent the eligibility of the Mortgage for the product offering.

Individual Development Account (IDA)

A savings account designated by the Borrower for the purpose of purchasing a residence and into which the Borrower has regularly deposited funds which are matched by funds from an Agency. If the Agency matching funds are to be used as a source of funds, the objective for which the IDA was established and the vesting requirements must be satisfied.

Ineligible Borrower
For a Balloon/Reset Mortgage, an Ineligible Borrower is a Borrower who cannot meet all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider, and who cannot pay off the Balloon/Reset Mortgage.

Initial Cap
For adjustable-rate Mortgages (ARMs), the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points.

Initial Interest℠ Mortgages
Initial Interest Mortgages are Mortgages that require (i) interest only payments for a specified period of time beginning with the first monthly payment after the Note Date, and (ii) principal and interest payments on a fully amortizing basis for the remainder of the Mortgage term.

Initial Period
For adjustable-rate Mortgages (ARMs), the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months.

Integrated Construction Conversion Documentation (Integrated Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing is the construction lender, the loan instruments stipulate the terms of the Interim Construction Financing and the Permanent Financing, and the Mortgage automatically converts to Permanent Financing upon completion of construction with no change in any of the terms of the financing (except that the principal balance may be reduced). A new Note, Security Instrument or Construction Modification Agreement is not executed.

Interest Change Date
For adjustable-rate Mortgages (ARMs), the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective.

Interest Only Period
For Initial Interest℠ Mortgages, the Interest Only Period is the period (expressed in months) for which the monthly payments are interest only. The Interest Only Period begins on the date of the first monthly (interest only) payment stated in the Initial Interest Note and ends on the last day of the month before the First Amortizing Payment Date.

Interest-Bearing Deposit Account

For Custodial Accounts, an Interest-Bearing Deposit Account is a deposit account that pays short-term interest rates on the deposited balance, such as savings accounts or money market deposit accounts. This definition does not include money market mutual fund accounts.

Interim Construction Financing
There is no Interim Construction Financing with Newly Built Home Mortgages.

For Construction Conversion Mortgages and Renovation Mortgages, Interim Construction Financing is the short term financing that provides the Borrower with funds to:

- Build a new site-built home,
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home,
- Repair, restore, rehabilitate or renovate an existing site-built home, and/or
- Purchase or refinance the land on which the improvements, including the new Manufactured Home, will be situated.

Interim Construction Financing is replaced by Permanent Financing on the Effective Date of the Permanent Financing. Freddie Mac does not purchase the Interim Construction Financing.

Intervening Assignment
An Intervening Assignment is an assignment of a Security Instrument:

- That reflects transfer(s) of a Mortgage's ownership prior to the time the Mortgage is sold to Freddie Mac
- From a Transferor to a Transferee in conjunction with a Concurrent Transfer of Servicing or a Subsequent Transfer of Servicing
- To or from MERS, in conjunction with a Mortgage being registered or deregistered in MERS

Investment Property
A 1- to 4-unit residential property, other than a Primary Residence or second home, that is:

- Owned by an individual, who is also a Borrower, and
- Suitable for year-round rental and occupancy

Investment Property Mortgage
A Mortgage secured by an Investment Property.

Key Number (Loan Prospector® (LP) AUS Key Number)
A unique number assigned to a Mortgage by Loan Prospector when the Mortgage is first submitted to Loan Prospector. The Key Number is returned to the Seller on the Feedback Certificate and is used by the Seller and Freddie Mac to identify an individual Mortgage. In addition to the Key Number, each Loan Prospector submission will receive a Transaction Number.

Land Use Restrictions
When used in connection with an Affordable Second®, restrictions imposed by an Agency on the Borrower's use and/or sale of the Mortgaged Premises.

Last Feedback Certificate
The last Feedback Certificate returned by Loan Prospector® before the closing of a Mortgage that is dated on or before the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing and accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

LIBOR Index
For adjustable-rate Mortgages (ARMs), the London Interbank Offered Rate (LIBOR) Index is the average of London interbank offered rates for six-month or one-year U.S. dollar-denominated deposits in the London market, as published in the print edition of *The Wall Street Journal*.

Life Cap
For adjustable-rate Mortgages (ARMs), the Life Cap is the number of percentage points, which when added to the initial Note Rate yields the Lifetime Ceiling.

Lifetime Ceiling
For adjustable-rate Mortgages (ARMs), the Lifetime Ceiling is the maximum Note Rate to which an ARM may adjust over the life of the loan. The Lifetime Ceiling is determined by adding a Life Cap to the initial Note Rate.

Lifetime Floor
For adjustable-rate Mortgages (ARMs) with Lifetime Floors, the Lifetime Floor is the minimum Note Rate to which an ARM may adjust over the life of the loan. If the minimum Note Rate is equal to or less than the Margin, the ARM is deemed not to be subject to a Lifetime Floor.

Limited Buydown Mortgage
A Mortgage with a temporary subsidy buydown plan for which:

- The buydown plan extends for two years or less after the first scheduled payment date and
- The effective interest rate during the buydown period is two percentage points or less below the Note Rate of the Mortgage, regardless of the duration of the buydown period

Limited Common Elements
Limited Common Elements are Common Elements used by one or more unit owners but not all unit owners. Limited Common Elements are defined in the Project Documents, and may include, but are not limited to, a dock for use by one unit owner or decks available for use by unit owners on the top two floors. +

Loan Originator
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and the Loan Originator field on the Form 11 and Form 13SF only, Loan Originator shall have the same meaning as the term defined in section 1503 of the Secure and Fair Enforcement for Mortgage Licensing Act (as may be amended from time to time).

The current SAFE Act defines a Loan Originator as an individual who:

(i) takes a residential mortgage loan application, and

(ii) offers or negotiates terms of a residential mortgage loan for compensation or gain.

The current SAFE Act excludes from the definition of Loan Originator the following:

(i) [an] individual who is not otherwise a Loan Originator as described above and who performs purely administrative or clerical tasks on behalf of such a person

(ii) a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with applicable State law, unless the person or entity is compensated by a lender, a mortgage broker, or other Loan Originator or by any agent of such lender, mortgage broker, or other Loan Originator; and

(iii) a person or entity solely involved in extensions of credit relating to timeshare plans, as that term is defined in section 101(53D) of title 11, United States Code.

Loan Origination Company
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and completing the Loan Originator field on the Form 11 and Form 13SF only, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

Loan Product
For Mortgages sold through the Freddie Mac Selling System (Selling System), Loan Product means Mortgage Product as that term is defined in the Glossary.

Loan Prospector®
Freddie Mac's automated Mortgage evaluation system.

Loan Prospector® Mortgage
A Mortgage that is submitted to Loan Prospector and complies with all of the requirements of Section 2.2.1 of the Guide.

Lookback Period
For adjustable-rate Mortgages (ARMs), the Lookback Period is the date on which the Index value used to calculate the new Note Rate is determined. The Lookback Period is stated in the Note and is generally expressed as the number of days preceding the Interest Change Date or as the first Business Day of the month immediately preceding the Interest Change Date.

Manually Underwritten Mortgage
A Mortgage for which the Seller makes the determination regarding Borrower creditworthiness and excessive layering of risk that is one of the following:

- A Mortgage that was never submitted to Loan Prospector®
- A Mortgage that was submitted to Loan Prospector and received an evaluation status of invalid, ineligible or incomplete
- A Mortgage that was submitted to Loan Prospector and received a Risk Class of Caution and was not eligible for A-minus

Manufactured Home
A Manufactured Home is a one-unit dwelling built on a permanent chassis in accordance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD) and affixed to a permanent foundation.

Manufactured Home Purchase Agreement
An agreement between the Manufactured Home purchaser and the retailer or dealer from whom the Manufactured Home is purchased. The Manufactured Home Purchase Agreement must be either the manufactured housing purchase agreement required to be used under applicable State law or if none is required, the Jenkins Business Forms Manufactured Housing Form 500 or a State-specific Form 500 or a substantially equivalent form.

Margin
For adjustable-rate Mortgages (ARMs), the Margin is the number of percentage points that is added to the current Index value to establish the new Note Rate at each Interest Change Date.

Master Agreement
A Master Agreement is an agreement between Freddie Mac and the Seller providing the terms for origination, underwriting, delivery and any other relevant terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of time. In order to obtain pricing terms and to sell eligible Mortgages to Freddie Mac, the Seller will also need to enter into one or more Master Commitment Contracts under the Master Agreement. Nothing contained in a Master Agreement shall obligate Freddie Mac to purchase or Seller to sell Mortgages until a Master Commitment Contract has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment Contract.

Master Association
A homeowners association in a project that is comprised of representatives of the homeowners associations from smaller, specific projects or areas within the overall project.

Master Commitment Amount

The Master Commitment Amount is the aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac Percentage of Participation, if any, that can be delivered under the terms of a Master Commitment Contract subject to any tolerances.

Master Commitment Contract
A Master Commitment Contract is an agreement between Freddie Mac and the Seller providing the terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of time.

Master Commitment Conversion
A Master Commitment Conversion represents the Seller's selection of the dollar amount and type of Mortgages that it intends to deliver at a given time under a Master Commitment Contract as well as the delivery program under which the Mortgages are to be delivered. Master Commitment Conversions refer to either Guarantor or MultiLender Swap conversions or, for Master Commitment Contracts that permit Mortgages to be sold under the Cash program, cash conversions represented by cash Purchase Contracts. When used in connection with Master Commitment Contracts, the term "conversion" will be synonymous with the term "Master Commitment Conversion."

Maximum Annual Mortgage Purchase Amount
The Maximum Annual Mortgage Purchase Amount is the maximum aggregate dollar amount of Home Mortgages that Freddie Mac will purchase from a Seller in any calendar year. The Maximum Annual Mortgage Purchase Amount applies only to those Sellers for whom such a limit has been established pursuant to Section 2.3. (The Maximum Annual Mortgage Purchase Amount does not apply to purchases of Multifamily Mortgages by Freddie Mac.)

Maximum Master Agreement Amount
The Maximum Master Agreement Amount is the total aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac Percentage of Participation, if any, that can be delivered under the terms of the Master Agreement.

MERS
MERS (Mortgage Electronic Registration System, Inc.) is a cooperative undertaking by and for the entire mortgage industry. This system is an electronic registry specifically created for tracking the ownership of individual Mortgages, Servicing rights and security interests and used by MERS Members.

MERS Member
A MERS Member is a Seller/Servicer who has executed the MERS Membership Agreement with MERS.

MI
An MI is a mortgage insurer approved by Freddie Mac.

MIDANET®
MIDANET is Freddie Mac's automated system used by Freddie Mac Sellers or Servicers to submit Mortgage data, directly to Freddie Mac via personal computer data transmission or through service bureaus to Freddie Mac.

MIN
A MIN is the Mortgage Identification Number that is assigned to a Mortgage that is registered in MERS. This number remains with the Mortgage throughout its life.

Minimum Assessment Feedback (MAF)
A type of feedback message included on the Feedback Certificate. MAF includes all messages that reference:
- Whether an appraisal or inspection is required
- The minimum level of inspection required, if any
- Whether the Property Inspection Alternative (PIA) is allowed
- Any other feedback messages that relate to the collateral for the Mortgage

Minimum Gross Yield
The Minimum Gross Yield is the sum of the Required Net Yield plus the Minimum Contract Servicing Spread.

Minimum Contract Servicing Spread
The Minimum Contract Servicing Spread is selected by the Seller at time of commitment or Master Commitment Conversion, and is the least amount of interest income that must be retained by the Servicer as compensation for Servicing all the Mortgages delivered pursuant to a specific Purchase Contract. The amount selected by the Seller must be no less than the Minimum Servicing Spread. The Servicing Spread applicable to any individual Mortgage delivered pursuant to a specific Purchase Contract may be greater than or equal to, but not less than, the Minimum Contract Servicing Spread selected by the Seller for that Purchase Contract.

Minimum Servicing Spread
The Minimum Servicing Spread is the least amount of interest income, as established by Freddie Mac for the applicable Mortgage product, that must be retained by the Servicer as compensation for Servicing.

Minority-Owned Business Enterprise
An enterprise that is more than 50% owned, controlled and operated by one or more members of one or more of the following groups: (i) African-American, (ii) Hispanic American, (iii) Native American, (iv) Asian-Pacific American, or (v) Asian-Indian American.

Modification Construction Conversion Documentation (Modification Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing uses a Construction Conversion

Modification Agreement to modify one or more of the terms (other than a reduction in the principal balance) of Interim Construction Financing to the terms of the Permanent Financing. A Construction Conversion Modification Agreement is executed and a new Note is executed in certain circumstances; the Security Instrument may be modified, but a new Security Instrument is not executed.

Monthly Operating Income (MOI)
As shown on Form 998, Operating Income Statement, the effective gross income minus total operating expenses divided by 12.

Mortgage
A Mortgage is a loan secured by a lien on real estate held in fee simple or on an acceptable leasehold estate.

Mortgage Broker
A person or entity that specializes in loan originations, receiving a commission (from a Correspondent or other lender) to match Borrowers and lenders. The Mortgage Broker performs some or most of the loan processing functions, such as taking loan applications, or ordering credit reports, appraisals and title reports. Typically, the Mortgage Broker does not underwrite or service the loan and generally does not use its own funds for closing; however, a Mortgage Broker could fund a Mortgage on a lender's behalf and such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage. The Mortgage is generally closed in the name of the lender who commissioned the Mortgage Broker's services.

Mortgage Credit Certificate (MCC)
A certificate issued by an authorized State or local housing finance agency that documents a federal income tax credit awarded to a qualified First-Time Homebuyer and/or low or moderate income homebuyer.

Mortgage Product
A Mortgage Product is any one of the specific types of Mortgages for which the Master Commitment Contract may provide specific eligibility, Required Spreads and other terms.

Mortgage Service Provider
An entity or individual engaged to handle or perform, for a Seller or Correspondent, part of the mortgage application processing, underwriting, funding or postclosing functions, but not any activities related to obtaining an application for a wholesale origination. This entity or individual is typically paid on a fee basis for services performed, with the payment of fees not being contingent on Mortgage approval or closing.
Mortgage Service Providers include:

- Contract underwriters
- Contract processing firms
- Contract quality control services
- Escrow companies and settlement agents

- Contract document preparation companies

Mortgage Warehousing Loan Agreement
The Mortgage Warehousing Loan Agreement is the agreement executed by and between the Warehouse Lender and the Seller pursuant to which a security interest is granted in Mortgages that are subsequently offered for sale to Freddie Mac.

Mortgaged Premises
The Mortgaged Premises are the land and improvements thereon subject to the lien of a Mortgage.

Mortgages Purchased in Whole or in Part
Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac. Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Mortgages for Newly Constructed Homes
A Mortgage that is one of the following: A Newly Built Home Mortgage, a Construction Conversion Mortgage, or a Renovation Mortgage.

Multifamily Mortgage
A Multifamily Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by more than four families.

NCUSIF; NCUSIF-Insured Depository
NCUSIF is the abbreviation for the National Credit Union Share Insurance Fund. An NCUSIF-Insured Depository is a depository institution whose deposits are insured by the NCUSIF.

Negative Amortization
Negative Amortization is the amount (i) by which the monthly interest calculated at the Note Rate exceeds the Borrower's scheduled monthly interest payment to the Servicer, and (ii) which is added to the unpaid principal balance (UPB) of the Mortgage.

Net Lifetime Ceiling
For adjustable-rate Mortgages (ARMs), the Net Lifetime Ceiling is the Lifetime Ceiling minus the Minimum Contract Servicing Spread.

Net Margin
For adjustable-rate Mortgages (ARMs), the Net Margin is the Margin minus the Minimum Contract Servicing Spread.

Net Note Rate
For adjustable-rate Mortgages (ARMs), the Net Note Rate is the Note Rate minus the Minimum Contract Servicing Spread.

New Condominium Project
A New Condominium Project is a Condominium Project in which:

- The project (all units and Common Elements including Common Elements owned by any Master Association) is not fully completed, or is subject to additional phasing or annexation, or
- Fewer than 90 percent of the total number of units in the project have been conveyed to the unit purchasers other than the developer, or
- The developer has not turned control of the homeowners association over to the unit owners.

Newly Built Home Mortgage
A Mortgage, the proceeds from which are used for the purchase of a newly constructed site-built home or newly purchased Manufactured Home when the Borrower takes title to both of the following, simultaneously at closing:

- The land, and
  - The completed new site-built improvements, or
  - A permanently affixed new Manufactured Home that has been converted to real property.

Mortgages secured by existing site-built homes or existing Manufactured Homes (including resale, repossessed, relocated, or refurbished Manufactured Homes) are not eligible to be Newly Built Home Mortgages.

Newly-converted Condominium Project
A Newly-converted Condominium Project is a project with prior use for which the completion of the conversion is no more than three years before the date of the Mortgage application. The project typically also meets the definition of a New Condominium Project.

Noncredit Payment Reference
A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly.

Non-Loan Prospector® Mortgage
A Mortgage that was:

- Never submitted to Loan Prospector, or
- Submitted to Loan Prospector and received an AUS status of invalid, ineligible or incomplete, or
- Submitted to Loan Prospector after the Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1 of the Guide, or
- Submitted to Loan Prospector, but has a Delivery Date (if delivered through MIDANET)® or a Settlement Date (if sold through the Freddie Mac Selling System) more than 12 months after the Note Date or the Effective Date of Permanent

Financing for Mortgages for Newly Constructed Homes (i.e., the Mortgage is a Seasoned Mortgage), or

- Submitted to Loan Prospector, but was not eligible to be a Loan Prospector Mortgage under the Guide or the Seller's other Purchase Documents, or
- Submitted to Loan Prospector, but was delivered without the Key Number (Loan Prospector AUS Key Number)

Note
A Note is the instrument evidencing the indebtedness secured by a Security Instrument. In the context of document custody, the term "Note" may be construed to include any power of attorney or any applicable modifying instrument, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement.

Note Date
The Note Date is the date of the Note.

Note Rate
The Note Rate is the interest rate payable under the Note. For adjustable-rate Mortgages (ARMs), the Note Rate may adjust from time to time in accordance with the terms of the Note.

For Mortgages sold under the Freddie Mac Selling System (Selling System), Interest Rate may be used to refer to Note Rate.

Notice of Acceleration
A Notice of Acceleration is a written notice sent to the Borrower notifying the Borrower that:

- A default has not been cured, and
- The Servicer will accelerate the Mortgage and call all sums due and payable if the default is not cured within 30 days of the notice

Notice of Default
A Notice of Default is a written notice sent to the Borrower stating that the Borrower is in violation of the terms of the Note and/or Security Instrument. The Notice contains a time limit within which the Borrower must cure or remedy the violation. When issued because of a delinquent monthly payment, this notice is usually sent out when the payment is 30 days delinquent.

Origination Date
The Origination Date is the date of the Note.

Other Assets
For use in Section 4.2, the "Other Assets" line items, less any other asset items that have previously been deducted. For example, if some of the "Other Intangibles" line items are included in "Other Assets," they must not be provided on the "Other Assets" line item.

Other Intangibles
For use in Section 4.2, copyrights, trademarks, patents and all Other Intangibles included on the Seller/Servicer's balance sheet "Other Intangibles" line item.

Other Mortgage Documents
For warehouse lending arrangements, Other Mortgage Documents are the title insurance policies, property insurance policies, Escrow agreements and all other agreements and documents relating to the Servicing or sale of, or the granting of a security interest in, the Mortgage. Other Mortgage Documents do not include the Note and the Security Instrument.

Owner of Record
The entity or individual that appears in the public records as the legal owner.

Owner-Occupant
An Owner-Occupant is an individual who meets all of the following requirements:
- Resides in the Mortgaged Premises, using them as a Primary Residence
- Is listed as an owner of record (by deed)
- Has executed the Note and the Security Instrument

Payment Change Date
For adjustable-rate Mortgages (ARMs), the Payment Change Date is each date, as established in the Note, on which the monthly payment reflects any Note Rate adjustment.

Payoff Date
The Payoff Date is the date the Servicer receives the amount necessary to pay off the Mortgage.

PC
A PC is a Mortgage Participation Certificate security issued pursuant to the PC Agreement, representing a beneficial ownership interest in a specified PC Pool. The term "PC" includes a Gold PC® and a WAC ARM PC, unless the context indicates otherwise.

PC Coupon
The PC Coupon is the interest rate, expressed as an annual percentage, which is passed through monthly to a security investor.

For WAC ARM PCs, the PC Coupon is derived by calculating a weighted average of the Note Rates of the underlying Mortgages, and then subtracting the Required Spread and the Minimum Contract Servicing Spread.

For Giant PCs, the PC Coupon is the same fixed interest rate as the underlying assets, and is generally in a multiple of 0.500%.

PC Issue Date
The PC Issue Date is the first day of the month in which settlement for the related PC Pool or Giant PC Pool occurs.

PC Lifetime Ceiling
For WAC ARM PCs, the PC Lifetime Ceiling is the weighted average of the Lifetime Ceilings of the underlying Mortgages, minus the Required Spread and the Minimum Contract Servicing Spread.

PC Margin
For WAC ARM PCs, the PC Margin is the weighted average of the Margins of the underlying Mortgages, minus the Required Spread and the Minimum Contract Servicing Spread.

PC Offering Circular
The PC Offering Circular is the offering circular, in effect on the Date of Seller's Offer, that relates to the Mortgages being purchased and the PCs being sold. The PC Offering Circular will be the Offering Circular for Mortgage Participation Certificates (Guaranteed).

Each PC Offering Circular incorporates any supplements to that offering circular in effect on the Date of Seller's Offer or sale.

PC Pool
A PC Pool is a discrete group of Mortgages identified by a CUSIP Number and a PC Pool Number in the records maintained by Freddie Mac.

PC Pool Number
A PC Pool Number is a unique numeric or alphanumeric designation used to identify a PC Pool or a Giant PC Pool. The first two characters of a PC Pool Number indicate the PC Prefix.

PC Prefix
A PC Prefix is a two-character numeric or alphanumeric designation of the PC Pool Number that Freddie Mac uses to indicate terms and underlying Mortgage types of the PC Pool or the Giant PC Pool.

Percentage of Participation
The Percentage of Participation is the percentage that is stated on Form 381, Contract Delivery Summary, and Form 15/A/C, Loan Purchase Statement, and represents the undivided interest in a Home Mortgage purchased by Freddie Mac under a Freddie Mac participation program.

Periodic Cap

For adjustable-rate Mortgages (ARMs), the Periodic Cap is the maximum increase or decrease in the Note Rate on any Interest Change Date after the first Interest Change Date, expressed in percentage points.

Permanent Financing
For Newly Built Home Mortgages, the Permanent Financing is the Newly Built Home Mortgage.

For Construction Conversion Mortgages and Renovation Mortgages, the Permanent Financing is the long term financing used to replace the Interim Construction Financing that becomes effective after construction or renovation is completed and the Interim Construction Financing has been paid off, converted or modified. Permanent Financing begins on the Effective Date of the Permanent Financing.

Planned Unit Development (PUD)
A Planned Unit Development is a real estate project in which each unit owner holds title to a lot and the improvements on the lot, and the homeowners association holds title to the Common Elements. The unit owners have a right to the use of the Common Elements, and pay a fee to the homeowners association to maintain the Common Elements for their benefit.

Pledged Mortgages
Pledged Mortgages are the Mortgages in which the Seller has granted to the Warehouse Lender a continuing lien and security interest, as security for the payment in full by the Seller to the Warehouse Lender of the Indebtedness incurred by the Seller under the terms of the Mortgage Warehousing Loan Agreement.

Pool Supplement
A Pool Supplement is a disclosure document that supplements the PC Offering Circular and contains information about the Mortgages in a PC Pool as of Settlement Date.

Premium Financing
Funds the lender derives from an increase in the interest rate on the Mortgage and the corresponding sale of the Mortgage at a premium.

These funds may be used by the lender to pay Borrower(s) Closing Costs, Financing Costs and Prepaid/Escrows but may not be used to fund a temporary subsidy buydown plan on a "no cash-out" refinance Mortgage.

Prepaids/Escrows
Prepaid interest, prepaid real estate taxes and Escrows, initial or renewal mortgage insurance premiums and Escrows, hazard or other insurance premiums, homeowners association fees and Escrows associated with a Mortgage transaction.

Prepayment Penalty Mortgage

A Prepayment Penalty Mortgage is a Mortgage with respect to which the Borrower is, or at any time has been, obligated to pay a designated penalty in the event of certain prepayments of principal.

Prepayment Penalty Mortgages include 3-year Prepayment Penalty Mortgages and various Prepayment Penalty Mortgages as described in Section B33.3.

Primary Residence
A Primary Residence is the residential property physically occupied by an owner as the principal home domicile. Among the criteria the Seller should consider in evaluating whether a property is a principal home domicile are the following:

- It is occupied by the owner for the major portion of the year.
- It is in a location relatively convenient to the owner's principal place of employment.
- It is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing and similar functions.
- It possesses the physical characteristics to accommodate the owner's immediate dependent family. These characteristics are those traditional to both the owner and the neighborhood.
- The Borrower states an intention to occupy the property as a Primary Residence.

Freddie Mac may, in its discretion, determine that a property is not a Primary Residence.

Principal and Interest Custodial Account
A Principal and Interest Custodial Account is a Custodial Account, into which the Servicer deposits Principal and Interest Payments due to Freddie Mac.

Principal and Interest Disbursement Clearing Custodial Account
A Principal and Interest Disbursement Clearing Custodial Account is a Custodial Account established by a Servicer, at its option, specifically for drafting remittance funds due to Freddie Mac. The Servicer must deposit Principal and Interest Payments into the account immediately before remitting them to Freddie Mac.

Principal and Interest Payments
For Custodial Accounts, Principal and Interest Payments include all of the following:

- Freddie Mac's share of Principal and Interest Payments on all of our Mortgages whether received from the Borrower, applied from the buydown account or advanced by the Servicer
- Principal curtailments
- Payoff proceeds including short payoffs and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for other billings assessed by us
- Biweekly payments that require biweekly amortization based on Note terms
- All monies owed as a result of Mortgage repurchases that are payable by the Servicer to Freddie Mac due to Freddie Mac's ownership interest (either a whole loan or a participation interest) in the Borrower's Mortgage

Project Documents
The term Project Documents for a project and any Master Association refers to any and all documents that pertain to the following:

- formation of the project
- rights of the developer and limitations on the actions of the developer
- operation of the homeowners association
- sales of units in project

The documents include but are not limited to the declaration of condominium or master deed, by-laws, rules and regulations, articles of incorporation, governing documents, covenants, conditions and restrictions (CC&Rs), offerings circulars, and agreements as applicable to the project; and to any documents of the Master Association or overall project. The provisions of the Project Documents are legally enforceable by the homeowners association.

Property Inspection Alternative (PIA)
Loan Prospector® Minimum Assessment Feedback (MAF) message specified on the Feedback Certificate indicating that a Mortgage may be originated without an appraisal or inspection of the Mortgaged Premises.

Purchase Contract
The Purchase Contract is an agreement between the Seller and Freddie Mac covering the purchase of a specific dollar amount of Mortgages, the Seller's obligation to deliver such Mortgages on a mandatory or optional basis, and the delivery period. The Purchase Contract may be a:

- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash), under the RNY Cash method of pricing
- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation, under the ARM Cash method of pricing
- Form 3, Summary Agreement (Guarantor), under the Guarantor program
- Form 4, Convertible Mortgage Conversion Confirmation, under the Convertible ARM program
- Form 5, Summary Agreement (MultiLender Swap), under the MultiLender Swap program
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®), under the Gold Cash® method of pricing
- Master Commitment Contract
- Purchase Contract confirmation
- Master Agreement
- Any other agreement between the Seller and Freddie Mac, covering the purchase of a specific dollar amount of Mortgages and Seller's obligation to deliver such Mortgages within a delivery period, that is designated to be a Purchase Contract by Freddie Mac

Purchase Contract Date of Acceptance

The Purchase Contract Date of Acceptance is the date Freddie Mac accepts the Seller's offer as stated in a Purchase Contract. Freddie Mac inserts this date on the Purchase Contract.

Purchase Documents
The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- This Guide
- Bulletins
- Any agreement pursuant to which a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
- Servicer Performance Profile published in MIDANET or accessible at **http://www.freddiemac.com/service/msp/**
- Any other document designated to be a Purchase Document by Freddie Mac
- Any additional terms applicable to the sale of Mortgages, such as written waivers, amendments or supplements to the Guide that are made available to Seller by Freddie Mac through electronic means including sources designated by Freddie Mac for distribution of the Guide

Purchase Proceeds
For warehouse lending arrangements, the Purchase Proceeds are the proceeds (cash, PCs or Giant PCs) payable to the Seller by Freddie Mac as a result of Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage from the Seller.

Real Estate Owned (REO)
Real Estate Owned (REO) is property acquired through foreclosure or deed-in-lieu of foreclosure.

For use in Section 4.2, REO includes the following:

- REO held for investment
- REO acquired in the settlement of loans (e.g., foreclosed loans)

Recapture
A provision in certain IDA programs that requires repayment of the matched funds to the Agency providing the matching funds under certain specified circumstances.

Related Person
A person that is any of the following:

- The Borrower's spouse, child or dependent
- An individual related to the Borrower by blood, marriage or adoption
- A guardian of the Borrower
- A person for whom the Borrower is a guardian
- The Borrower's fiancée
- The Borrower's domestic partner

Renovation Mortgage
A Mortgage, the proceeds from which are used for the Permanent Financing that replaces the Interim Construction Financing obtained by the Borrower to purchase or refinance the land and an existing site-built home and to repair, restore, rehabilitate or renovate the site-built home.

Representation and Warranty Unpaid Principal Balance
The aggregate unpaid principal balance (UPB) as of the last day of each calendar month of all Mortgages and Real Estate Owned (REO) for which the Seller/Servicer is currently liable to Freddie Mac for the sale and/or Servicing representations, covenants and warranties in the Purchase Documents with respect to such Mortgages and REO.

Required Delivery Date
The Required Delivery Date is the Delivery Date specified in the Master Commitment Contract that is the termination date for Freddie Mac's purchase commitment. Any delivery under a conversion must occur on or before the Required Delivery Date.

Required Delivery Date (as it applies to the Selling System)
For Mortgages sold through the Freddie Mac Selling System (Selling System), the Required Delivery Date specified in a Master Commitment Contract shall be deemed to be the expiration date of Freddie Mac's purchase commitment under the Master Commitment and the last date upon which the Seller may settle Guarantor, WAC ARM Guarantor or MultiLender Swap transactions entered into under the Master Commitment and the Selling System.

Required Net Lifetime Ceiling
For the ARM Cash program, the Required Net Lifetime Ceiling is the minimum Net Lifetime Ceiling required by Freddie Mac for a given Purchase Contract.

Required Net Margin
For the ARM Cash program, the Required Net Margin is the minimum Net Margin required by Freddie Mac for a given Purchase Contract.

Required Net Yield (RNY)
The RNY is the amount of interest that Freddie Mac must receive from a Mortgage that it purchases under RNY Cash or ARM Cash. Freddie Mac publishes an RNY for fixed-rate Mortgages as well as RNYs for ARMs.

The fixed-rate RNY is used to:
- Calculate the Note Rate for a Converted Mortgage processed through the automated conversion process
- Calculate the Reset Note Rate for a Balloon/Reset Mortgage
- Determine the eligibility of a Mortgage for purchase at the par price under RNY Cash through MIDANET®

The adjustable-rate RNY is used to determine the eligibility of a Mortgage for purchase at the par price under ARM Cash through MIDANET.

For Mortgages purchased under RNY Cash or ARM Cash, the RNY will equal the Accounting Net Yield (ANY) except for Mortgages sold to Freddie Mac at a discount.

The RNYs for fixed-rate Mortgages and ARMs are posted on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/pricing_center.html**, or on various market information vendors.

Required Spread
For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified on Form 3, Summary Agreement (Guarantor), on Form 5, Summary Agreement (MultiLender Swap), or in a Master Commitment Contract.

Reset Conditions
For a Balloon/Reset Mortgage, the Reset Conditions are the conditions set forth in Paragraph 2 of both the Balloon Note Addendum and the Balloon Rider that must be met for the Borrower to be entitled to exercise the Reset Option.

Reset Mortgage
A Reset Mortgage is the fixed-rate Mortgage that results from the changing of the interest rate and extension of the term of a Balloon Note when:
- An Eligible Borrower exercises the Reset Option
- An Ineligible Borrower is approved by either the Servicer or Freddie Mac for a reset

Reset Note Rate
The Reset Note Rate is the Note Rate of a Reset Mortgage.

Reset Option
The Reset Option is the Borrower's option to modify and extend a Balloon Note on the Balloon Maturity Date as provided in the Balloon Note Addendum and Balloon Rider, subject to the Borrower satisfying all the Reset Conditions. For a 5-year Balloon/Reset Mortgage, the term will extend for an additional 25 years. For a 7-year Balloon/Reset Mortgage, the term will extend for an additional 23 years.

Restructured Mortgage
A Mortgage in which the original terms have been changed, including through the origination of a new Mortgage, resulting in any of the following:
- Forgiveness of principal and/or interest on either the first or second mortgage
- Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness
- Conversion of any portion of the original mortgage debt to a mortgage that is fully forgiven over a period of time or due upon the sale of the subject property (a "soft" subordinate mortgage)

- Conversion of any portion of the original mortgage debt from secured to unsecured

A Mortgage that meets the definition of a Restructured Mortgage continues to be a Restructured Mortgage, regardless of the seasoning. A Mortgage that is the result of any subsequent refinance of a Restructured Mortgage is also considered a Restructured Mortgage.

Retail Mortgage
A Mortgage that is originated, underwritten and funded by a lender or its Affiliates. The Mortgage is closed in the name of the lender or its Affiliate and if it is sold to Freddie Mac, it is sold by the lender or the Affiliate that originated it. A Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed will not be considered, and should not be delivered as, a Retail Mortgage.

Reviewed Financial Statements
Financial statements reviewed in accordance with the AICPA's Statement on Standards for Accounting and Review Service (SSARS).

Risk Class/Classification
The category listed on the Feedback Certificate that defines the level of underwriting required, any special underwriting provisions and, if applicable, relief from certain warranties.

Risk of Property Ownership
Risk of Property Ownership exists when there is a risk of liability to Freddie Mac if we become the owner of the property. For example, there is Risk of Property Ownership if Hazardous Substances exist on or around the property, or the property has been cited for a lead-based paint violation, or if the property is in such deteriorated condition that it poses a safety risk.

Rural Housing Service (RHS)
An agency of the U.S. Department of Agriculture.

Rural Housing Service (RHS) Leveraged Second
An RHS Leveraged Second is the Section 502 direct leveraged second loan originated by RHS pursuant to Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) and the RHS Second Loan Regulations.

The RHS Leveraged Second is not eligible for sale to Freddie Mac.

SAIF
SAIF is the abbreviation for the Savings Association Insurance Fund, which is the successor to the Federal Savings and Loan Insurance Corporation (FSLIC) insurance fund.

Scheduled Interest
Scheduled Interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

Scheduled Principal
Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage.

Seasoned Mortgage
A Seasoned Mortgage is one of the following:

1. A Mortgage with a Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET®
   - Settlement Date, for Mortgages delivered through the Freddie Mac Selling System (Selling System)
2. A Mortgage that was modified or converted pursuant to Chapter 32 and delivered with a date in the Mod/Conv (modification/conversion date) Date field on Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, or other applicable documentation or electronic submission, which is more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET
   - Settlement Date, for Mortgages sold through the Selling System
3. A refinance Mortgage secured by property located in New York State documented using the New York Consolidation, Extension and Modification Agreement (NY CEMA) and the date of the NY CEMA is more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET
   - Settlement Date, for Mortgages delivered through the Selling System
4. A Mortgage for a Newly Constructed Home where the terms of the Permanent Financing have been modified or the Mortgage Product has changed, or if an ARM, has been converted to a fixed rate, after the Effective Date of Permanent Financing and the effective date of the modified terms or change in the Mortgage Product or ARM conversion, as applicable, is more than 12 months prior to the:
   - Delivery Date, for Mortgages delivered through MIDANET
   - Settlement Date, for Mortgages sold through the Selling System

Second Mortgage
A Second Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by one to four families and is subordinate only to the lien of the first Mortgage.

Section 184 Native American Mortgage
A Mortgage guaranteed by the U.S. Department of Housing and Urban Development pursuant to the Indian Housing Loan Guarantee Program, Section 184 of the Housing and Community Development Act of 1992 and originated pursuant to the Section 184 Regulations and the terms of this Guide.

Section 502 GRH Mortgage
A Mortgage originated to qualified Borrowers living in rural areas that is guaranteed by RHS pursuant to Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) and originated and serviced pursuant to the RHS Guaranteed Regulations and the terms of this Guide.

Security Coupon
For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Coupon is PC Coupon as that term is defined in the Glossary.

Security Instrument
A Security Instrument is the instrument (Mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

Security Product
For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Product is the Mortgage Product being pooled to form a Mortgage Participation Certificate security ("PC").

Selected Borrower
The Borrower identified on the Feedback Certificate as the Borrower whose credit reputation Loan Prospector® most heavily relied upon when determining the Risk Class of the Mortgage.

Seller-Owned Converted Mortgage
A Convertible ARM that is owned by a Seller/Servicer and that was converted to a fixed interest rate before the sale of the Mortgage to Freddie Mac. See also Converted Mortgage.

Seller-Owned Modified Mortgage
A Mortgage that is owned by a Seller/Servicer and modified prior to sale to Freddie Mac.

Seller/Servicer
A Seller/Servicer is an institution approved to:
- Sell Mortgages to Freddie Mac, or
- Service Mortgages purchased by Freddie Mac, or
- Sell Mortgages to and service Mortgages purchased by Freddie Mac

The term "Seller," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a seller of Mortgages to Freddie Mac.

The term "Servicer," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a servicer of Mortgages for Freddie Mac.

A wholly owned subsidiary of a Seller/Servicer acting on behalf of the Seller/Servicer, in the Seller/Servicer's name and under the Seller/Servicer's Freddie Mac Seller/Servicer number, does not need separate Freddie Mac approval. The Seller/Servicer remains fully

liable to Freddie Mac under the Purchase Documents with respect to any Mortgage originated or sold to or serviced for Freddie Mac by the subsidiary on behalf of the Seller/Servicer.

A Seller/Servicer must be an institution that meets all of the following conditions:

- It is a permanent organization and an ongoing concern
- It is properly authorized to do business in each jurisdiction in which it engages in origination or Servicing
- It is
  - Organized under federal law, or
  - Organized under the laws of one of the States, or
  - A United States-domiciled branch or subsidiary of a foreign entity

Separate Construction Conversion Documentation (Separate Documentation)
Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the Permanent Financing pays off the Interim Construction Financing with the proceeds of a new Mortgage. A new Note and Security Instrument are executed.

Servicer Performance Profile
A Servicer Performance Profile is a management tool that Freddie Mac uses to:

- Establish performance standards for Servicing performance
- Measure a Servicer's performance with respect to the standards

The profile provides the Servicer with a Tier rating of 1 through 4 in the investor reporting and remitting category and a Tier rating of 1 through 4 or "V" or "X" in the default management category.

Servicing
Servicing is the performance of applicable obligations described in the Purchase Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

Servicing Agent
A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac.

Servicing Spread
The Servicing Spread is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that Mortgage, and is the amount by which the Note Rate exceeds the Accounting Net Yield applicable to that Mortgage.

Settlement Cycle
The Settlement Cycle is the period during which Freddie Mac broadcasts the PC Pool to the Federal Reserve; publishes pool disclosure statistics; and prepares the Funding Detail Report and Form 15A or Form 15C, Loan Purchase Statement, as applicable. For

Mortgages sold through the Freddie Mac Selling System (Selling System), this period begins on the morning after the Final Delivery Date and ends on the Settlement Date. In addition, in the Selling System, the terms Settlement Cycle, funding cycle and purchase cycle can be used interchangeably.

Settlement Date
For the Guarantor and MultiLender Swap programs, the Settlement Date is the date when Freddie Mac purchases the Mortgages and sells the PCs or Giant PCs to the Seller. For purposes of this Guide, the Settlement Date is the Funding Date. Mortgage delivery must be made in advance to meet the established Settlement Date.

Standard Documentation
The minimum Documentation Level that is required for:

- A Loan Prospector® Mortgage that receives a Risk Class of either
  - Accept with a feedback message indicating Standard Accept eligibility, or
  - Caution (including all A-minus Mortgages)

and

- Non-Loan Prospector Mortgages

State
As used in this Guide, the term "State" includes the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands as well as the 50 States.

Stated Income
All qualifying income reported on the Mortgage application by the Borrower.

Streamlined Accept Documentation
The minimum Documentation Level required for Accept Mortgages that receive a Risk Class of Accept with a feedback message indicating Streamlined Accept eligibility.

Subsequent Transfer of Servicing
A Subsequent Transfer of Servicing means Servicing is transferred after Freddie Mac purchases the transferring Mortgages.

Subsidiary
For Wholesale Home Mortgages, a Subsidiary is a corporation that is controlled by a Seller through the Seller's ownership of sufficient shares of voting stock to control the appointment of the members of the board of directors of the Subsidiary.

Texas Equity Section 50(a)(6) Mortgage
A First Lien home equity refinance Mortgage originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution secured by homestead property located in Texas and meeting the requirements of Section 24.8 and other sections referenced in Section 24.8.

Tier

A Tier is the rating that a Servicer receives on its Servicer Performance Profile. A Tier rating is given for both the investor reporting and remitting and default management categories of the profile. The Tier can be a number from 1 through 4, and "V" or "X" only for default management.

Time Deposit
A Time Deposit refers to funds deposited in a certificate of deposit held in a financial institution for a fixed term or with the understanding that the depositor can withdraw the funds only by giving prior notice.

Tradeline
The type of credit obligation and its associated information, such as date opened, balance and periodic payment history, that is typically listed on a credit report.

Transaction Number
The Transaction Number (also known as the AUS Transaction Number) is a randomly generated number that is assigned to a specific Loan Prospector® submission.
For example, if an individual Mortgage is submitted to Loan Prospector five times, the same Key Number will be used, but each submission will generate a different Transaction Number.

Transfer of Ownership
Transfer of Ownership includes, but is not limited to, the conveyance of the Mortgaged Premises or any right, title or interest in the Mortgaged Premises, whether legal or equitable, voluntary or involuntary, by any of the following methods:

- Outright sale
- Deed
- Installment sale contract
- Land contract
- Contract for deed
- Leasehold interest with a term greater than three years
- Lease-option contract
- Land trust
- Transfer of a beneficial interest in an *inter vivos* trust
- Any other conveyance of real property interests, including those involving secondary financing, such as wraparound Mortgages

Transfer of Servicing
A Transfer of Servicing means the assignment, sale, conveyance or other transfer of all Servicing duties and responsibilities set forth in the Purchase Documents with respect to Mortgages and Real Estate Owned (REO) owned in whole or in part by Freddie Mac.

Transferee Servicer
For Transfers of Servicing, the Transferee Servicer is the Servicer that acquires, or proposes to acquire, the Servicing of one or more Mortgages, or of the Mortgage portfolio.

Transferor Seller
For a Concurrent Transfer of Servicing, the Transferor Seller is the Seller that transfers, or proposes to transfer, Servicing of one or more Mortgages at the same time Freddie Mac purchases the transferring Mortgage(s).

Transferor Servicer
For a Subsequent Transfer of Servicing, the Transferor Servicer is the Servicer that transfers, or proposes to transfer, Servicing of one or more Mortgages, or of the Mortgage portfolio after Freddie Mac purchases the transferring Mortgages.

Treasury
The United States Department of the Treasury

Underserved Area
An Underserved Area is either of the following:

An underserved rural area is an Underserved Area located outside of a metropolitan area, which may be a whole census tract; a federal or State American Indian reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 95% of the greater of the State or nationwide non-metropolitan median income, or
- A median income at or below 120% of the greater of the State or nationwide non-metropolitan median income and a minority population of 30% or greater

An underserved non-rural area is an Underserved Area located in a central city or metropolitan area, which may be a whole census tract; a federal or State American Indian reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 90% of median income of the metropolitan area, or
- A median income at or below 120% of median income of the metropolitan area and a minority population of 30% or greater

Underwriting Score
The one Credit Score selected from all usable Credit Scores obtained for an individual Borrower that quantifies the credit reputation risk for that individual Borrower.

Uniform Instruments
Uniform Instruments are the Fannie Mae/Freddie Mac and the Freddie Mac Notes, Security Instruments (available for all States) and riders to the Security Instruments identified in Exhibit 4, Single-Family Uniform Instruments.

VA; VA Mortgage

The VA is the U.S. Department of Veterans Affairs. A VA Mortgage is a Home Mortgage that is guaranteed by the VA under Section 1810, Chapter 37 of Title 38, United States Code as amended.

WAC ARM PC
A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by adjustable-rate Mortgages (ARMs).

Warehouse Lender
A Warehouse Lender is the bank or other financial institution which has entered into an agreement with the Seller such that the bank or other financial institution receives a security interest in Mortgages which are thereafter offered for sale to Freddie Mac. For these purposes, a Warehouse Lender includes a Federal Home Loan Bank or other lender that has made a loan or advances secured by Mortgages intended for sale to Freddie Mac.

Weighted Average Coupon (WAC)
The Weighted Average Coupon (WAC) of any group of Mortgages is calculated by:
- Multiplying the purchased unpaid principal balance (UPB) of each Mortgage by the Note Rate of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of the products by the purchased aggregate UPB of all the Mortgages in the group

Freddie Mac's determination of the WAC is conclusive.

Weighted Average Months to Adjustment
For WAC ARM PC Pools, the Weighted Average Months to Adjustment is the weighted average number of months to adjustment from the date of issuance of the WAC ARM PC to the initial scheduled adjustment date of the PC Coupon, based on the Interest Change Dates of the underlying Mortgages.

Weighted Average Remaining Maturity (WARM)
The Weighted Average Remaining Maturity (WARM) of any group of Mortgages is calculated by:
- Multiplying the unpaid principal balance (UPB) of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of all the products by the aggregate UPB of all the Mortgages in the group

With respect to buyup and buydown options described in Sections 11.11(b) and 11.11(c), the WARM is the Weighted Average Remaining Maturity, stated in months, of the aggregate of all Mortgages purchased pursuant to any Guarantor or MultiLender Swap conversion or Cash Purchase Contract, as of the Date of Seller's Offer.

Freddie Mac's determination of the WARM is conclusive.

Wholesale Home Mortgage
A Home Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed, and sold or assigned to a non-Affiliate Seller who subsequently sold it to Freddie Mac.

Window Period
A Window Period is the period during which a State's due-on-transfer or due-on-sale restrictions were in effect (see Section 60.4).

Window Period Mortgage
A Window Period Mortgage is a Mortgage that was originated or assumed during a Window Period.

Window Period State
A Window Period State is a State that restricts the enforceability of due-on-transfer or due-on-sale clauses in Mortgages originated or assumed during a Window Period (see Section 60.4).

Women-Owned Business Enterprise
An enterprise that is more than 50% owned, controlled and operated by one or more women.

Exhibit 1

Instructions for Completing the First-Time Homebuyer Indicator Field

Definition of a first-time homebuyer

A First-Time Homebuyer is an individual who meets all of the following requirements:

- Is purchasing the Mortgaged Premises
- Will reside in the Mortgaged Premises as a Primary Residence
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or Investment Property, the individual may not be considered a First-Time Homebuyer.

When to complete the first-time homebuyer indicator field

The First-Time Homebuyer indicator field must be completed on the Form 11 or Form 13SF with either a “Y” or an “N” (yes or no) when the *purpose of the loan* field on Form 11 or Form 13SF is completed with a “1” (owner-occupied/purchase).

The First-Time Homebuyer indicator field on the Form 11 or Form 13SF must be left blank when the *purpose of loan field* on Form 11 or Form 13SF is completed with a:

- “2” (owner-occupied/refinance)
- “3” (investment property/purchase)
- “4” (second home)
- “5” (investment property/refinance)

Exhibit 2

Loan Feature Code Letters

If the fixed-rate, level-payment mortgage being delivered to Freddie Mac has any of the following loan features, the appropriate code letters must be entered in the loan feature section of Form 11, Mortgage Submission Schedule.

Code letter	Loan feature
B	Buydown plan
R	Premium financing funded temporary subsidy buydown
S	Shared equity plan
X	Shared equity/buydown plan
K	Capitalized Mortgage
F	FHA Mortgage
V	VA Mortgage
H	Section 502 GRH (Guaranteed Rural Housing) Mortgage
N	Section 184 Native American Mortgage

If the adjustable-rate mortgage (ARM) being delivered to Freddie Mac has any of the following loan features, the appropriate code letters must be entered in the loan feature section of Form 13SF, Mortgage Submission Voucher.

Code letter	Loan feature
B	Buydown plan
R	Premium financing funded temporary subsidy buydown
S	Shared equity plan
X	Shared equity/buydown plan
K	Capitalized Mortgage

Exhibit 4

Single-Family Uniform Instruments

The most current version of each of the mortgage instruments listed in this exhibit is available on the Freddie Mac Single-Family Uniform Instrument web site, located at **http://www.freddiemac.com/uniform**. New and revised mortgage instruments may be made available on the web site before being listed in this exhibit. Loan originators are advised to view the web site for the most current version of the mortgage instruments. Freddie Mac encourages originators to use the Fannie Mae/Freddie Mac and Freddie Mac Single-Family Uniform Instruments whenever possible; however, Seller/Servicers must use the applicable Single-Family Uniform Instruments for Mortgages delivered and sold to Freddie Mac. Seller/Servicers must refer to the applicable sections of the Guide or other Purchase Documents for instructions regarding which Uniform Instruments must be used for each Mortgage Product.

FIRST LIEN SECURITY INSTRUMENTS			
State/U.S. Territory	**Form Type**	**Fannie Mae/Freddie Mac Form No.**	**Version**
Alabama	Mortgage	3001	1/01
Alaska	Deed of Trust	3002	1/01
Arizona	Deed of Trust	3003	1/01 (rev. 6/02)
Arkansas	Mortgage	3004	1/01
California	Deed of Trust	3005	1/01
Colorado	Deed of Trust	3006	1/01
Connecticut	Mortgage	3007	1/01
Delaware	Mortgage	3008	1/01
District of Columbia	Deed of Trust	3009	1/01 (rev. 5/02)
Florida	Mortgage	3010	1/01
Georgia	Security Deed	3011	1/01
Guam	Mortgage	3052	1/01
Hawaii	Mortgage	3012	1/01
Idaho	Deed of Trust	3013	1/01 (rev. 7/08)
Illinois	Mortgage	3014	1/01
Indiana	Mortgage	3015	1/01
Iowa	Mortgage	3016	1/01
Kansas	Mortgage	3017	1/01
Kentucky	Mortgage	3018	1/01 (rev. 10/01)

FIRST LIEN SECURITY INSTRUMENTS			
State/U.S. Territory	**Form Type**	**Fannie Mae/Freddie Mac Form No.**	**Version**
Louisiana	Mortgage	3019	1/01 (rev. 8/09)
Maine	Mortgage	3020	1/01 (rev. 5/10)
Maryland	Deed of Trust	3021	1/01
Massachusetts	Mortgage	3022	1/01
Michigan	Mortgage	3023	1/01
Minnesota	Mortgage	3024	1/01
Mississippi	Deed of Trust	3025	1/01
Missouri	Deed of Trust	3026	1/01
Montana	Deed of Trust	3027	1/01 (rev. 12/03)
Nebraska	Deed of Trust	3028	1/01
Nevada	Deed of Trust	3029	1/01
New Hampshire	Mortgage	3030	1/01
New Jersey	Mortgage	3031	1/01
New Mexico	Mortgage	3032	1/01 (rev. 9/08)
New York	Mortgage	3033	1/01
North Carolina	Deed of Trust	3034	1/01
North Dakota	Mortgage	3035	1/01 (rev. 12/05)
Ohio	Mortgage	3036	1/01
Oklahoma	Mortgage	3037	1/01 (rev. 12/03)
Oregon	Deed of Trust	3038	1/01
Pennsylvania	Mortgage	3039	1/01
Puerto Rico	First Mortgage	3053	5/05
Puerto Rico	Acceptance of First Mortgage	3053.1	5/05
Rhode Island	Mortgage	3040	1/01 (rev. 11/02)
South Carolina	Mortgage	3041	1/01
South Dakota	Mortgage	3042	1/01
Tennessee	Deed of Trust	3043	1/01
Texas[1]	Deed of Trust	3044	1/01
Utah	Deed of Trust	3045	1/01
Vermont	Mortgage	3046	1/01 (rev. 12/03)
Virginia	Deed of Trust	3047	1/01
Washington	Deed of Trust	3048	1/01

1 The first lien Texas Deed of Trust, Fannie Mae/Freddie Mac Form 3044, dated 1/01, cannot be used to originate first-lien, refinance Mortgages subject to Section 50(a)(6), Article XVI of the Texas Constitution. The Texas Home Equity Security Instrument (First Lien), Fannie Mae/Freddie Mac Form 3044.1, dated 1/01 (rev. 10/03), is available on the Freddie Mac Uniform Instrument web site, located at **http://www.freddiemac.com/uniform/**.

FIRST LIEN SECURITY INSTRUMENTS

State/U.S. Territory	Form Type	Fannie Mae/Freddie Mac Form No.	Version
West Virginia	Deed of Trust	3049	1/01
Wisconsin	Mortgage	3050	1/01
Wyoming	Mortgage	3051	1/01
Virgin Islands	Mortgage	3054	1/01

MASTER FORM AND SHORT FORM FIRST LIEN SECURITY INSTRUMENTS

In the following States, originating lenders may record a Master Form Security Instrument in a given recording jurisdiction and then record a Short Form Security Instrument for each subsequent Mortgage originated and recorded in that recording jurisdiction. The Short Form Security Instrument contains the loan-specific information (e.g., Borrower name, lender name, loan amount, description of property) and identifies the provisions of the Master Form Security Instrument that are being incorporated into the Short Form, by reference.

State/U.S. Territory	Form Type[2]	Fannie Mae/ Freddie Mac Form No.	Version
Alaska	Master Form Deed of Trust Title Page	3002-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3002-SF	7/07
Arizona	Master Form Deed of Trust Title Page	3003-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3003-SF	7/07
Arkansas	Master Form Mortgage Title Page	3004-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3004-SF	7/07
California	Fictitious Deed of Trust Title Page	3005-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3005-SF	7/07 (rev. 12/07)
Colorado	Master Form Deed of Trust Title Page	3006-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3006-SF	7/07
Connecticut	Master Form Mortgage Deed Title Page	3007-MF	7/07 (rev. 10/07)
	Short Form Open-End Mortgage	3007-SF	7/07

2 Except for Ohio, the document provided for the Master Form Security Instrument is the title page for the Master Form to which the State's Security Instrument must be attached. In Ohio, the Master Form Security Instrument is the Ohio Mortgage with the information required for the Master Form incorporated into the first page of the document.

MASTER FORM AND SHORT FORM FIRST LIEN SECURITY INSTRUMENTS

In the following States, originating lenders may record a Master Form Security Instrument in a given recording jurisdiction and then record a Short Form Security Instrument for each subsequent Mortgage originated and recorded in that recording jurisdiction. The Short Form Security Instrument contains the loan-specific information (e.g., Borrower name, lender name, loan amount, description of property) and identifies the provisions of the Master Form Security Instrument that are being incorporated into the Short Form, by reference.

State/U.S. Territory	Form Type[2]	Fannie Mae/ Freddie Mac Form No.	Version
Florida	Master Form Mortgage Title Page	3010-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3010-SF	7/07
Idaho	Master Form Deed of Trust Title Page	3013-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3013-SF	7/07
Kentucky	Master Form Mortgage Title Page	3018-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3018-SF	7/07
Maine	Master Form Mortgage Title Page	3020-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3020-SF	7/07
Maryland	Master Form Deed of Trust Title Page	3021-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3021-SF	7/07
Nebraska	Master Form Deed of Trust Title Page	3028-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3028-SF	7/07
Nevada	Master Form Deed of Trust Title Page	3029-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3029-SF	7/07
New York	Master Form Mortgage Title Page	3033-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3033-SF	7/07 (rev. 10/07)
North Carolina[3]	Master Form Deed of Trust Title Page	3034-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3034-SF	7/07
North Dakota	Master Form Mortgage Title Page	3035-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3035-SF	7/07 (rev. 10/07)
Ohio	Master Mortgage Form	3036-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3036-SF	7/07

3 The Master Form/Short Form may not be used in certain designated counties in North Carolina.

MASTER FORM AND SHORT FORM FIRST LIEN SECURITY INSTRUMENTS

In the following States, originating lenders may record a Master Form Security Instrument in a given recording jurisdiction and then record a Short Form Security Instrument for each subsequent Mortgage originated and recorded in that recording jurisdiction. The Short Form Security Instrument contains the loan-specific information (e.g., Borrower name, lender name, loan amount, description of property) and identifies the provisions of the Master Form Security Instrument that are being incorporated into the Short Form, by reference.

State/U.S. Territory	Form Type[2]	Fannie Mae/ Freddie Mac Form No.	Version
Oklahoma	Master Form Mortgage Title Page	3037-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3037-SF	7/07
Oregon	Master Form Deed of Trust Title Page	3038-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3038-SF	7/07
Pennsylvania	Stipulation of General Mortgage Provisions	3039-MF	7/07 (rev. 12/07)
	Short Form Mortgage	3039-SF	7/07 (rev. 12/07)
Rhode Island	Master Form Mortgage Title Page	3040-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3040-SF	7/07 (rev. 10/07)
Tennessee	Master Form Deed of Trust Title Page	3043-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3043-SF	7/07
Texas	Master Form Deed of Trust Title Page	3044-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3044-SF	7/07
Utah	Master Form Deed of Trust Title Page	3045-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3045-SF	7/07
Washington	Master Form Deed of Trust Title Page	3048-MF	7/07 (rev. 10/07)
	Short Form Deed of Trust	3048-SF	7/07 (rev. 10/07)
Wisconsin	Prototype Mortgage Form Title Page & Certification	3050-MF	5/08
	Short Form Mortgage	3050-SF	5/08
Wyoming	Master Form Mortgage Title Page	3051-MF	7/07 (rev. 10/07)
	Short Form Mortgage	3051-SF	7/07

FIXED-RATE NOTES

State/U.S. Territory	Fannie Mae/Freddie Mac Form No.	Version
Multistate[4]	3200	1/01
Alaska	3202	1/01
Florida	3210	1/01
Maine	3220	1/01
New Hampshire	3230	1/01
New York	3233	1/01
Vermont	3246	1/01 (rev. 12/03)
Virginia	3247	1/01
West Virginia	3249	1/01 (rev. 7/01)
Wisconsin	3250	1/01
Puerto Rico	3253	5/05

AFFORDABLE MERIT RATE® MORTGAGES

Form Title	Freddie Mac Form No.	Version
Multistate Affordable Merit Rate Note Addendum	3294	4/00
Multistate Affordable Merit Rate Rider	3194	4/00

ADJUSTABLE-RATE MORTGAGES 11TH DISTRICT COST OF FUND INDEX

Form Title	Fannie Mae/Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (11th District Cost of Funds Index-Rate Cap)	3510	1/01
Multistate Adjustable-Rate Rider (11th District Cost of Funds Index-Rate Cap)	3120	1/01

4 The Multistate Fixed Rate Note, Fannie Mae/Freddie Mac Form 3200, dated 1/01, cannot be used to originate first-lien, refinance Mortgages subject to Section 50(a)(6), Article XVI of the Texas Constitution. The Texas Home Equity Note (Fixed Rate-First Lien), Fannie Mae/Freddie Mac Form 3244.1, dated 1/01 (rev. 10/03), is available on the Freddie Mac Uniform Instrument web site, located at **http://www.freddiemac.com/uniform/**.

ADJUSTABLE-RATE MORTGAGES
6-MONTH LIBOR INDEX

Form Title	Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (6-Month LIBOR Index-Rate Caps) *(Assumable during Life of Loan) (First Business Day Lookback)*	5520	3/04
Multistate Adjustable-Rate Rider (6-Month LIBOR Index-Rate Caps) *(Assumable during Life of Loan) (First Business Day Lookback)*	5120	3/04
Multistate Adjustable-Rate Note (6-Month LIBOR Index-Rate Caps) *(Assumable during Life of Loan) (45-Day Lookback)*	5522	5/04
Multistate Adjustable-Rate Rider (6-Month LIBOR Index-Rate Caps) *(Assumable during Life of Loan) (45-Day Lookback)*	5122	5/04
Multistate Adjustable-Rate Note (6-Month LIBOR Index-Rate Caps) *(Assumable after Initial Period) (First Business Day Lookback)*	5523	5/04
Multistate Adjustable-Rate Rider (6-Month LIBOR Index-Rate Caps) *(Assumable after Initial Period) (First Business Day Lookback)*	5123	5/04
Multistate Adjustable-Rate Note (6-Month LIBOR Index-Rate Caps) *(Assumable after Initial Period) (45-Day Lookback)*	5524	5/04
Multistate Adjustable-Rate Rider (6-Month LIBOR Index-Rate Caps) *(Assumable after Initial Period) (45-Day Lookback)*	5124	5/04

CONVERTIBLE ADJUSTABLE-RATE MORTGAGES
6-MONTH LIBOR INDEX

Form Title	Freddie Mac Form No.	Version
Multistate Convertible/Adjustable-Rate Note (6-Month LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable Life of Loan) (First Business Day Lookback)	5521	3/04
Multistate Convertible/Adjustable-Rate Rider (6-Month LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable Life of Loan) (First Business Day Lookback)	5121	3/04

ADJUSTABLE-RATE MORTGAGES
1-YEAR LIBOR INDEX

Form Title	Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps) (Assumable during Life of Loan) *(45-Day Lookback)*	5530	3/04
Multistate Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps) (Assumable during Life of Loan) *(45-Day Lookback)*	5130	3/04
Multistate Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps) (Assumable after Initial Period) *(45-Day Lookback)*	5531	3/04
Multistate Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps) (Assumable after Initial Period) *(45-Day Lookback)*	5131	3/04
Multistate Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps) (Assumable during Life of Loan) (First Business Day Lookback)	5541	1/05
Multistate Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps) (Assumable during Life of Loan) (First Business Day Lookback)	5141	1/05
Multistate Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps) (Assumable after Initial Period) (First Business Day Lookback)	5542	1/05
Multistate Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps) (Assumable after Initial Period) (First Business Day Lookback)	5142	1/05

CONVERTIBLE ADJUSTABLE-RATE MORTGAGES
1-YEAR LIBOR INDEX (CONTINUED)

Form Title	Freddie Mac Form No.	Version
Multistate Convertible/Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)	5532	3/04
Multistate Convertible/Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)	5132	3/04
Multistate Convertible/Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st, 2nd or 3rd Change Date)	5533	3/04
Multistate Convertible/Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st, 2nd or 3rd Change Date)	5133	3/04
Multistate Convertible/Adjustable-Rate Note (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable after Initial Period) (Convertible 1st, 2nd or 3rd Change Date)	5534	3/04
Multistate Convertible/Adjustable-Rate Rider (1-Year LIBOR Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable after Initial Period) (Convertible 1st, 2nd or 3rd Change Date)	5134	3/04

ADJUSTABLE-RATE MORTGAGES
1-YEAR TREASURY INDEX

Form Title	Fannie Mae/ Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (1-Year Treasury Index-Rate Caps) ARM 5-1[5] (Assumable during Life of Loan) (45-Day Lookback)	3501	1/01
Multistate Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps) ARM 5-1[6] *(Assumable during Life of Loan) (45-Day Lookback)*	3108	1/01
Multistate Adjustable-Rate Note (1-Year Treasury Index-Rate Caps) ARM 5-2[5] (Assumable during Life of Loan) (45-Day Lookback)	3502	1/01
Multistate Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps) ARM 5-2[6] *(Assumable during Life of Loan) (45-Day Lookback)*	3111	1/01
	Freddie Mac Form No.	**Version**
Multistate Adjustable-Rate Note (1-Year Treasury Index-Rate Caps) (Assumable after Initial Period) (45-Day Lookback)	5510	3/04
Multistate Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps) (Assumable after Initial Period) (45-Day Lookback)	5110	3/04

5 State-specific versions of these Fannie Mae/Freddie Mac forms are provided for the following States: Alaska, Florida, New Hampshire, Puerto Rico, Vermont, Virginia, West Virginia, and Wisconsin.
6 State-specific versions of these Fannie Mae/Freddie Mac forms are provided for the following States: Puerto Rico.

CONVERTIBLE ADJUSTABLE-RATE MORTGAGES
1-YEAR TREASURY INDEX (CONTINUED)

Form Title	Freddie Mac Form No.	Version
Multistate Convertible/Adjustable-Rate Note (1-Year Treasury Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)	5511	3/04
Multistate Convertible/Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)	5111	3/04
Multistate Convertible Adjustable-Rate Note (1-Year Treasury Index-Rate Caps—Fixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st, 2nd or 3rd Change Date)	5512	3/04
Multistate Convertible Adjustable-Rate Rider (1-Year Treasury Index-Rate CapsFixed-Rate Conversion Option) (Assumable during Life of Loan) (Convertible 1st, 2nd or 3rd Change Date)	5112	3/04
Multistate Convertible Adjustable-Rate Note (1-Year Treasury Index-Rate CapsFixed-Rate Conversion Option) (Assumable after Initial Period) (Convertible 1st, 2nd or 3rd Change Date)	5513	3/04
Multistate Convertible Adjustable-Rate Rider (1-Year Treasury Index-Rate CapsFixed-Rate Conversion Option) (Assumable after Initial Period) (Convertible 1st, 2nd or 3rd Change Date)	5113	3/04

ADJUSTABLE-RATE MORTGAGES
3-YEAR TREASURY INDEX

Form Title	Fannie Mae/ Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (3-Year Treasury Index-Rate Caps) 3-Year ARM (Assumable during Life of Loan) (45-Day Lookback)	3504	1/01
Multistate Adjustable-Rate Rider (3-Year Treasury Index-Rate Caps) 3-Year ARM (Assumable during Life of Loan) (45-Day Lookback)	3114	1/01

ADJUSTABLE-RATE MORTGAGES
5-YEAR TREASURY INDEX

Form Title	Fannie Mae/ Freddie Mac Form No.	Version
Multistate Adjustable-Rate Note (5-Year Treasury Index-Rate Caps) 5-Year ARM (Assumable during Life of Loan) (45-Day Lookback)	3514	1/01
Multistate Adjustable-Rate Rider (5-Year Treasury Index-Rate Caps) 5-Year ARM (Assumable during Life of Loan) (45-Day Lookback)	3131	1/01

BALLOON/RESET MORTGAGES

Form Title	Freddie Mac Form No.	Version
Multistate Balloon Note (Fixed Rate)	3290	1/01
Multistate Balloon Note Addendum (Conditional Right to Refinance)	3292	1/01
Multistate Balloon Rider (Conditional Right to Refinance)	3190	1/01
Multistate Balloon Note Addendum (Conditional Modification and Extension of Loan Terms)	3291	1/01
Multistate Balloon Rider (Conditional Modification and Extension of Loan Terms)	3191	1/01

BIWEEKLY MORTGAGES

Form Title	Freddie Mac Form No.	Version
Multistate Biweekly Fixed Rate Note	3288	9/10
Multistate Biweekly Payment Rider (Fixed Rate)	3188	9/10
Multistate Biweekly Fixed Rate Note (Without Conversion)	3289	9/10
Multistate Biweekly Payment Rider (Fixed Rate – without Conversion)	3189	9/10

NEW YORK CONSOLIDATION, EXTENSION, AND MODIFICATION AGREEMENT

Form Title	Fannie Mae/ Freddie Mac Form No.	Version
New York Consolidation, Extension, and Modification Agreement (NY CEMA)	3172	1/01 (rev. 5/01)

MODIFICATION AGREEMENTS

Form Title	Freddie Mac Form No.	Version
BALLOON MODIFICATION:		
Multistate Balloon Loan Modification	3293	1/01
[The Multistate Balloon Loan Modification is to be used to evidence a Borrower's exercise of the Reset Option and the terms of the Reset Mortgage.]		
CONVERTIBLE ARM CONVERSION:		
Multistate Agreement to Convert	3180	1/01 (rev. 3/04)
[The Multistate Agreement to Convert is to be used with Fannie Mae or Freddie Mac Convertible ARM loan documents or comparable documents to evidence the conversion from an adjustable rate of interest to a fixed rate of interest and the terms of the Converted Mortgage.]		
LOAN MODIFICATION:		
HAMP Backup Modification Agreement	1151	5/10
[The HAMP Backup Modification Agreement is to be used in connection with the HAMP Backup Modification Program.]		
Multistate Loan Modification Agreement to a Fixed Interest Rate	5161	3/04
[The Multistate Loan Modification to a Fixed Interest Rate is to be used with fixed-rate fully amortizing notes, fixed-rate balloon notes without a reset option, and nonconvertible adjustable-rate notes, to modify the interest rate to a fixed rate of interest and/or extend the Maturity Date. This form cannot be used to modify any Mortgage that is already owned by Freddie Mac.]		
Home Affordable Modification Agreement	3157	3/09 (rev. 10/10)
[The Home Affordable Modification Agreement is to be used in connection with the Home Affordable Modification Program to describe the modification terms in effect after successful completion of the trial period.]		
CONSTRUCTION CONVERSION MODIFICATION:		
The Multistate Construction Conversion Modification Agreement forms below are to be used to replace Interim Construction Financing with Permanent Financing in various circumstances. These forms cannot be used to modify any Mortgage that is already owned by Freddie Mac.		
Multistate Construction Conversion Modification Agreement Fixed Interest Rate (Modification of Note)	5162	11/06
[This Construction Conversion Modification Agreement Fixed Interest Rate (Modification of Note) is to be used when the Interim Construction Financing was originated on the Fannie Mae/Freddie Mac Uniform [fixed rate] Note and the Permanent Financing will be at a fixed interest rate.]		
Multistate Construction Conversion Modification Agreement Adjustable Interest Rate (Modification of Note)	5163	11/06
[This Construction Conversion Modification Agreement Adjustable Interest Rate (Modification of Note) is to be used when the Interim Construction Financing was originated on a Fannie Mae Adjustable Rate Note or a Freddie Mac Adjustable Rate Note and the Permanent Financing will be at an adjustable rate using the same adjustable-rate Mortgage Product (same Index, Lookback Period and due-on-sale provisions).]		
Multistate Construction Conversion Modification Agreement (NewNote)	5164	11/06

MODIFICATION AGREEMENTS

Form Title	Freddie Mac Form No.	Version
[This Construction Conversion Modification Agreement (New Note) is to be used when the Interim Construction Financing was originated using either (i) a promissory note other than a Fannie Mae/Freddie Mac, Fannie Mae or Freddie Mac Uniform Note, or (ii) a Mortgage Product that is different from the Mortgage Product that will be used for the Permanent Financing.]		
Multistate Construction Conversion Modification Agreement Fixed Interest Rate (Embedded Fixed-rate Financing Terms)	5165	11/06
[This Construction Conversion Modification Agreement Fixed Interest Rate (Embedded Fixed-rate Financing Terms) is to be used when the Interim Construction Financing was originated using either (i) a promissory note other than the Fannie Mae/Freddie Mac Uniform [fixed-rate] Note, or (ii) a Mortgage Product that is different from the Mortgage Product that will be used for the Permanent Financing, and (iii) the Permanent Financing will be at a fixed interest rate.]		

RIDERS

Form Title	Fannie Mae/Freddie Mac Form No.	Version
Multistate Condominium Rider[7]	3140	1/01
Multistate Planned Unit Development Rider[8]	3150	1/01
Multistate 1–4 Family Rider[8]	3170	1/01
Multistate Second Home Rider[9]	3890	1/01

7 The Multistate Condominium Rider, Fannie Mae/Freddie Mac Form 3140, dated 1/01, and the Multistate Planned Unit Development Rider, Fannie Mae/Freddie Mac Form 3150, dated 1/01 cannot be used to originate first-lien, refinance Mortgages (Texas Home Equity) subject to Section 50(a)(6), Article XVI of the Texas Constitution. The Texas Home Equity Condominium Rider, Fannie Mae/Freddie Mac Form 3140.44, dated 1/01, and the Texas Home Equity Planned Unit Development Rider, Fannie Mae/Freddie Mac Form 3150.44, dated 1/01 are available on the Freddie Mac Uniform Mortgage Instrument web site, located at: **http://www.freddiemac.com/uniform/**.

State-specific versions of these Fannie Mae/Freddie Mac forms are provided for the following States: Puerto Rico.

8 Use of the 1–4 Family Rider is mandatory for all Mortgages secured by 2–4 unit properties and originated using the single-family Fannie Mae/Freddie Mac Uniform Instruments.

State-specific versions of these Fannie Mae/Freddie Mac forms are provided for the following States: Puerto Rico.

9 Use of the Second Home Rider is mandatory for each Mortgage secured by property used as a second home as defined in Section 22.22 of the Guide.

State-specific versions of these Fannie Mae/Freddie Mac forms are provided for the following States: Puerto Rico

TEXAS HOME EQUITY

Form Title	Fannie Mae/Freddie Mac Form No.	Version
Texas Home Equity Security Instrument (First Lien)	3044.1	1/01 (rev. 10/03)
Texas Home Equity Note (Fixed Rate) (First Lien)	3244.1	1/01 (rev. 10/03)
Texas Home Equity Condominium Rider	3140.44	1/01
Texas Home Equity Planned Unit Development Rider	3150.44	1/01
Texas Home Equity Affidavit and Agreement (First Lien)	3185	1/01 (rev. 12/07)

UNIFORM RESIDENTIAL LOAN APPLICATION

Form Title	Fannie Mae/Freddie Mac Form No.	Version
Uniform Residential Loan Application	1003/65	7/05 (rev. 6/09)
Statement of Assets and Liabilities	1003A/65A	7/05

Exhibit 5

Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application

All of the following wording changes are permissible, and some are required, for Mortgages using Freddie Mac Single-Family Notes and Riders and Fannie Mae/Freddie Mac Uniform Instruments when purchased by Freddie Mac and when using the Fannie Mae/Freddie Mac Uniform Residential Loan Application and Statement of Assets and Liabilities. The changes set out below may not be all of the changes required under the law of a particular State with respect to a specific Seller or loan transaction. Accordingly, each Seller/Servicer should have qualified legal counsel review loan documentation for compliance with applicable law.

The most current listing of the authorized changes is available on the Freddie Mac Single-Family Uniform Instrument web site, located at **http://www.freddiemac.com/uniform**. New authorized changes and modifications or deletions of existing authorized changes may be made available on the web site before being listed in this exhibit. Loan originators are advised to view the web site for the most current list of authorized changes.

If these wording changes are to forms that are in "plain language," the "plain language" version of the change must be used. If no special plain language version of a change is given, the version stated, or an originator-prepared alternative in substantially that wording, may be used subject to review and approval by Seller's legal counsel.

Cross-references in the documents may be adjusted, where necessary, to reflect changes in paragraph numbering or pagination resulting from Authorized Changes.

Although not required, originators may include at the bottom of each page "initial lines" on which Borrowers may insert their initials to acknowledge that all pages of the document are present. If lines are provided for initials, the originator is not required to have Borrowers initial the document, but if the Borrowers do initial the document, the originator must require that the Borrowers initial each and every page as indicated.

I. NOTES

GENERAL AUTHORIZED CHANGES

Late Payment Fees

The late payment fee language in the Notes may be modified whenever necessary to reflect state law limiting the maximum late payment fee to less than the amount permitted under the Single-Family Seller/Servicer Guide, but in no case may the Notes reflect or permit a late payment fee in excess of the maximum amount permitted by the Single-Family Seller/Servicer Guide.

Notices

Originators may insert Notices on Notes if the Notice is required by applicable law for the type of transaction.

II. FIXED-RATE NOTES

MULTISTATE FIXED-RATE NOTE, FORM 3200, DATED 1/01

Alabama

Originators may add the following text above the Borrower's signature lines:

"CAUTION — IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT."

Indiana

Originators may add the following text, immediately preceding the Borrower's signature lines (with all letters being bold faced), if applicable:

"YOU ARE NOT OBLIGATED TO PAY ANY MONEY UNLESS YOU SIGN THIS CONTRACT AND RETURN IT TO THE SELLER/LENDER"

Louisiana

Originators may add the following text following the Borrower's signature lines:

'NE VARIETUR' for identification with an Act of Mortgage passed before me this _____ day of _____, _____.

_____

Notary Public (Name): _____

Maine

Prepayment Charge or Penalty — If the loan is subject to a prepayment charge or penalty, originators must delete the first sentence of the second paragraph in the Paragraph of the Note titled "BORROWER'S RIGHT TO PREPAY", and insert the following sentence in its place:

This Note requires a prepayment charge as described in the attached Note addendum, amendment or rider.

Maryland

Choice of law — Originators may add the following provisions to the Note, prior to the Borrower's signature lines:

> "This loan transaction is governed by Title 12, Subtitle 10 of the Commercial Law Article of the Annotated Code of Maryland."

Texas

Oral Agreements — Originators may add the following language to the end of the Note before the signature block (with all letters being capitalized and bold faced):

> **"THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES."**

Virginia

Originators may add the following text after the Borrower's signature lines:

> This is to certify that this is the Note described in and secured by a Deed of Trust dated _____, _____ on the Property located in _____, Virginia.
>
> My Commission Expires:
>
> _____
> Notary Public
>
> Notary Registration Number:
> Date of Notarization:
> Place of Notarization:

III. ADJUSTABLE-RATE NOTES AND RIDERS

Freddie Mac has prepared State-tailored versions of the following ARM documents:

- Fannie Mae/Freddie Mac Form 3501, dated 1/01
  Multistate Adjustable-Rate Note (1-Year Treasury Index-Rate Caps) ARM 5-1

  Fannie Mae/Freddie Mac Form 3108, dated 1/01
  Multistate Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps) ARM 5-1

- Fannie Mae/Freddie Mac Form 3502, dated 1/01
  Multistate Adjustable-Rate Note (1-Year Treasury Index-Rate Caps) ARM 5-2

  Fannie Mae/Freddie Mac Form 3111, dated 1/01
  Multistate Adjustable-Rate Rider (1-Year Treasury Index-Rate Caps) ARM 5-2

Originators should make the following changes to the applicable multistate adjustable-rate Note and Rider when the documents are used for Mortgaged Premises in the following States.

Alabama

Originators may add the following text above the Borrower's signature lines:

"CAUTION — IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT."

Alaska

For Mortgages secured by properties located in Alaska, originators must insert the following at the end of the Note before the signature block:

NOTICE OF OTHER REMEDIES

To the extent set forth in this Note and any Rider(s) attached hereto (a) the mortgagor or trustor ("Borrower") is personally obligated and fully liable for all amounts due under this Note, and (b) the holder hereof has the right to sue on this Note and obtain a personal judgment against the Borrower for satisfaction of all amounts due under this Note either before or after a judicial foreclosure, under Alaska Statutes §§09.45.170 through 09.45.220, of the deed of trust which secured this Note.

An example of the Note change for Alaska may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Alaska, Form 3202, dated 1/01, prepared specifically for use in the State of Alaska.

Florida

Documentary Tax — Originators must add the following provision to the Note:

The state documentary tax due on this Note has been paid on the mortgage securing this indebtedness.

An example of the Note change for Florida may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Florida, Form 3210, dated 1/01, prepared specifically for use in the State of Florida.

Indiana

Originators may add the following text, immediately preceding the Borrower's signature lines (with all letters being bold faced), if applicable:

"YOU ARE NOT OBLIGATED TO PAY ANY MONEY UNLESS YOU SIGN THIS CONTRACT AND RETURN IT TO THE SELLER/LENDER"

Louisiana

Originators may add the following text following the Borrower's signature lines:

'NE VARIETUR' for identification with an Act of Mortgage passed before me this _____ day of _____, _____.

_____

Notary Public (Name): _____

Maine

Prepayment Charge or Penalty — If the loan is subject to a prepayment charge or penalty, originators must delete the first sentence of the second paragraph in the Paragraph of the Note titled “BORROWER’S RIGHT TO PREPAY”, and insert the following sentence in its place:

This Note requires a prepayment charge as described in the attached Note addendum, amendment or rider.

Maryland

Choice of law — Originators may add the following provisions to the Note, prior to the Borrower's signature lines:

"This loan transaction is governed by Title 12, Subtitle 10 of the Commercial Law Article of the Annotated Code of Maryland."

New Hampshire

Attorneys' Fees — Originators must add the following language to the Note, as a new section, immediately after the section titled "UNIFORM SECURED NOTE":

Pursuant to New Hampshire Revised Statutes Annotated §361-C:2, in the event that Borrower shall prevail in (a) any action, suit or proceeding, brought by Lender, or (b) an action brought by Borrower, reasonable attorneys' fees shall be awarded to Borrower. Further, if Borrower shall successfully assert a partial defense or set-off, recoupment or counterclaim to an action brought by Lender, a court may withhold from Lender the entire amount or such portion of its attorneys' fees as the court shall consider equitable.

An example of the Note change for New Hampshire may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for New Hampshire, Form 3230, dated 1/01, prepared specifically for use in the State of New Hampshire.

North Carolina

In Paragraph 5 titled “FIXED INTEREST RATE CONVERSION OPTION”, subparagraph (A) titled “Option to Convert to Fixed Rate” in the Note and in Section B titled “Fixed Interest Rate Option, Paragraph 5 titled “FIXED INTEREST RATE CONVERSION OPTION,” subparagraph (A) titled “Option to Convert to Fixed Rate” in the Rider, originators must change the third paragraph to read:

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 equal to the lesser of _____% of the unpaid principal or U.S. $_____; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

Texas

Oral Agreements — Originators may add the following language to the end of the Note before the signature block (with all letters being capitalized and bold faced):

"THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE

AE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES."

Vermont

At the end of the Note before the sentence reading "Witness the Hand(s) and Seal(s) of the Undersigned," originators must add the following notice in all capital letters and in a size equal to at least ten-point bold type:

NOTICE TO COSIGNER

YOUR SIGNATURE ON THIS NOTE MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.

An example of the Note change for Vermont may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Vermont, Form 3246, dated 1/01 (rev. 12/03), prepared specifically for use in the State of Vermont.

Virginia

In the Paragraph of the Note titled "Waivers," originators must change the first sentence to read:

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor and waive the benefit of the homestead exemption as to the Property described in the Security Instrument (as defined below).

Also in the Note, originators may add the following text after the Borrower's signature lines:

This is to certify that this is the Note described in and secured by a Deed of Trust dated _____, _____ on the Property located in _____, Virginia.

My Commission Expires:

_____

Notary Public

Notary Registration Number:
Date of Notarization:
Place of Notarization:

Examples of the mandatory Note changes for Virginia may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Virginia, Form 3247, dated 1/01, prepared specifically for use in the State of Virginia.

West Virginia

In subparagraph (A) of the paragraph in the Note titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originator must change the second sentence to read:

> The amount of the charge will be _____% of that portion of the installment of principal and interest that is overdue, but not more than U.S. $_____.

Also in subparagraph (E) of the Note titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originators must change the text to read:

> 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 (except attorneys' fees) in enforcing this Note to the extent not prohibited by applicable law.

Examples of the Note changes for West Virginia may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for West Virginia, Form 3249, dated 1/01 (rev. 7/01), prepared specifically for use in the State of West Virginia.

Wisconsin

Interest — Originators must add the following language as the third paragraph of Section 2 (Interest) of the Note:

> Solely for the purpose of computing interest, a monthly payment received by the Note Holder within 30 days prior to or after the date it is due will be deemed to be paid on such due date.

And delete the following language from the fourth sentence of subsection 3(A) of the Note:

> "will be applied as of its scheduled due date and"

An example of the Note change for Wisconsin may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Wisconsin, Form 3250, dated 1/01, prepared specifically for use in the State of Wisconsin.

IV. BALLOON/RESET MORTGAGES

MULTISTATE BALLOON NOTE, FIXED-RATE, FORM 3290, DATED 1/01

Freddie Mac is not preparing State-specific versions of this document. Originators should make the following changes to the Note when the document is used for Mortgaged Premises in the following States.

Alabama

Originators may add the following text above the Borrower's signature lines:

> **"CAUTION — IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT."**

Alaska

For Mortgages secured by properties located in Alaska, originators must insert the following at the end of the Note before the signature block:

> **NOTICE OF OTHER REMEDIES**
>
> To the extent set forth in this Note and any Rider(s) attached hereto (a) the mortgagor or trustor ("Borrower") is personally obligated and fully liable for all amounts due under this Note, and (b) the holder hereof has the right to sue on this Note and obtain a personal judgment against the Borrower for satisfaction of all amounts due under this Note either before or after a judicial foreclosure, under Alaska Statutes §§09.45.170 through 09.45.220, of the deed of trust which secured this Note.

An example of the Note change for Alaska may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Alaska, Form 3202, dated 1/01, prepared specifically for use in the State of Alaska.

Florida

Documentary Tax — Originators must add the following provision to the Note:

> The state documentary tax due on this Note has been paid on the mortgage securing this indebtedness.

An example of the Note change for Florida may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Florida, Form 3210, dated 1/01, prepared specifically for use in the State of Florida.

Indiana

Originators may add the following text, immediately preceding the Borrower's signature lines (with all letters being bold faced), if applicable:

"YOU ARE NOT OBLIGATED TO PAY ANY MONEY UNLESS YOU SIGN THIS CONTRACT AND RETURN IT TO THE SELLER/LENDER"

Louisiana

Originators may add the following text following the Borrower's signature lines:

'NE VARIETUR' for identification with an Act of Mortgage passed before me this _____ day of _____, _____.

_____

Notary Public (Name): _____

Maine

Prepayment Charge or Penalty — If the loan is subject to a prepayment charge or penalty, originators must delete the first sentence of the second paragraph in the Paragraph of the Note titled “BORROWER’S RIGHT TO PREPAY”, and insert the following sentence in its place:

This Note requires a prepayment charge as described in the attached Note addendum, amendment or rider.

Maryland

Choice of law — Originators may add the following provisions to the Note, prior to the Borrower's signature lines:

"This loan transaction is governed by Title 12, Subtitle 10 of the Commercial Law Article of the Annotated Code of Maryland."

New Hampshire

Attorneys' Fees — Originators must add the following language to the Note, as a new section, immediately after the section titled "UNIFORM SECURED NOTE":

Pursuant to New Hampshire Revised Statutes Annotated §361-C:2, in the event that Borrower shall prevail in (a) any action, suit or proceeding, brought by Lender, or (b) an action brought by Borrower, reasonable attorneys' fees shall be awarded to Borrower. Further, if Borrower shall successfully assert a partial defense or set-off, recoupment or counterclaim to an action brought by Lender, a court may withhold from Lender the entire amount or such portion of its attorneys' fees as the court shall consider equitable.

An example of the Note change for New Hampshire may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for New Hampshire, Form 3230, dated 1/01, prepared specifically for use in the State of New Hampshire.

New York

Uniform Secured Note — Originators must replace language in Section 10, Uniform Secured Note with the following:

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:

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

If Lender requires immediate payment-in-full under this Section 18, Lender will give me a notice which states this requirement. The notice will give me at least 30 days to make the required payment. The 30-day period will begin on the date the notice is given to me in the manner required by Section 15 of this Security Instrument. If I do not make the required payment during that period, Lender may act to enforce its rights under this Security Instrument without giving me any further notice or demand for payment.

Texas

Oral Agreements — Originators may add the following language to the end of the Note before the signature block (with all letters being capitalized and bold faced):

"THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES."

Vermont

At the end of the Note before the sentence reading "Witness the Hand(s) and Seal(s) of the Undersigned," originators must add the following notice in all capital letters and in a size equal to at least ten-point bold type:

> **NOTICE TO COSIGNER**
>
> **YOUR SIGNATURE ON THIS NOTE MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.**

An example of the Note change for Vermont may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Vermont, Form 3246, dated 1/01 (rev. 12/03), prepared specifically for use in the State of Vermont.

Virginia

In the Paragraph of the Note titled "Waivers," originators must change the first sentence to read:

> I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor and waive the benefit of the homestead exemption as to the Property described in the Security Instrument (as defined below).

Also in the Note, originators may add the following text after the Borrower's signature lines:

> This is to certify that this is the Note described in and secured by a Deed of Trust dated _____, _____ on the Property located in _____, Virginia.
>
> My Commission Expires:
>
> _____
>
> Notary Public
>
> Notary Registration Number:
> Date of Notarization:
> Place of Notarization:

Examples of the mandatory Note changes for Virginia may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Virginia, Form 3247, dated 1/01, prepared specifically for use in the State of Virginia.

West Virginia

In subparagraph (A) of the paragraph in the Note titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originators must change the second sentence to state:

> The amount of the charge will be _____% of that portion of the installment of principal and interest that is overdue, but not more than U.S. $_____.

ALSO in subparagraph (E) of the Note titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originators must change the text to read:

> 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 (except attorneys' fees) in enforcing this Note to the extent not prohibited by applicable law.

Examples of the Note changes for West Virginia may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for West Virginia, Form 3249, dated 1/01 (rev. 7/01), prepared specifically for use in the State of West Virginia.

ADDITIONALLY, originators must add the following at the end of the Note:

> THIS CONTRACT IS NOT PAYABLE IN INSTALLMENTS OF EQUAL AMOUNTS.

Additionally, if there is only one installment that is at least twice as large as the smallest of all earlier scheduled payments (other than any downpayment), the following should then be added:

> AN INSTALLMENT OF $_____ WILL BE DUE ON _____.

Alternatively, if there is more than one installment that is at least twice as large as the smallest of all earlier scheduled payments (other than the downpayment), originators should add:

> LARGER INSTALLMENTS WILL BE DUE AS FOLLOWS: (The amount of every such installment and its due date should then be stated.)

Wisconsin

Interest — Originators must add the following language as the third paragraph of Section 2 (Interest) of the Note:

> Solely for the purpose of computing interest, a monthly payment received by the Note Holder within 30 days prior to or after the date it is due will be deemed to be paid on such due date.

And delete the following language from the fourth sentence of subsection 3(A) of the Note:

> "will be applied as of its scheduled due date and"

An example of the Note change for Wisconsin may be found in the Fannie Mae/Freddie Mac Fixed-Rate Note for Wisconsin, Form 3250, dated 1/01, prepared specifically for use in the State of Wisconsin.

MULTISTATE BALLOON NOTE ADDENDUM (CONDITIONAL MODIFICATION AND EXTENSION OF LOAN TERMS), FORM 3291, DATED 1/01

MULTISTATE BALLOON RIDER (CONDITIONAL MODIFICATION AND EXTENSION OF LOAN TERMS), FORM 3190, DATED 1/01

North Carolina — In Section 5, titled "EXERCISING THE CONDITIONAL MODIFICATION AND EXTENSION OPTION," originators must change the last sentence to read:

> I understand the Note Holder will charge me a processing fee and the third-party fees and costs associated with the exercise of the Conditional Modification and Extension Option, including but not limited to the cost of updating the title insurance policy, as may be authorized by law. The processing fee shall be the lesser of one quarter of one percent (1/4 of 1%) of the unpaid principal balance or U.S. $250, but in no event less than U.S. $150.

MULTISTATE BALLOON NOTE ADDENDUM (CONDITIONAL RIGHT TO REFINANCE), FORM 3292, DATED 1/01

MULTISTATE BALLOON RIDER (CONDITIONAL RIGHT TO REFINANCE), FORM 3191, DATED 1/01

North Carolina — In Section 5, titled "EXERCISING THE CONDITIONAL REFINANCE OPTION," originators must change the last sentence to read:

> I understand the Note Holder will charge me a processing fee and the third-party fees and costs associated with the exercise of the Conditional Refinance Option, including but not limited to the cost of updating the title insurance policy, as may be authorized by law. The processing fee shall be the lesser of one quarter of one

percent (1/4 of 1%) of the unpaid principal balance or U.S. $250, but in no event less than U.S. $150.

V. SECURITY INSTRUMENTS, INCLUDING SHORT FORM SECURITY INSTRUMENTS

GENERAL AUTHORIZED CHANGES

Acknowledgments

Originators may insert the appropriate acknowledgments in the blank space after the signature lines as documents for individual mortgages are prepared or they may print documents bearing the appropriate acknowledgments in advance for use as the need arises. When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Borrower Social Security Number

Originators do not need to require a Borrower to provide a Social Security number on the Security Instrument.

Fannie Mae Mortgage Insurance Rider

For mortgage loans that are closed on the applicable 9/90 or 3/99 version of the Security Instrument, originators may attach the Fannie Mae Multistate Mortgage Insurance Rider (Form 3160) to the Security Instrument, if the mortgage loan has borrower-purchased mortgage insurance. If used, the Rider must be appropriately executed, acknowledged and recorded with the Security Instrument it amends, in accordance with the requirements of the local recording jurisdiction.

Leaseholds

When the mortgage loan is secured by a leasehold estate, originators must add the following language:

> Borrower shall not surrender the leasehold estate and interests herein conveyed or terminate or cancel the ground lease. Borrower shall not, without the express written consent of Lender, alter or amend the ground lease.

In plain language Security Instruments, originators must add the following:

> I will not give up the rights that I have as a tenant on the Property. I will not cancel or terminate my lease and I will not change or amend that lease unless Lender agrees in writing to the change or amendment.

In the Puerto Rico Security Instrument, originators must add the following:

Borrower shall not surrender the leasehold estate and interests herein conveyed or terminate or cancel the ground lease. Borrower shall not, without the express written consent of Lender, alter or amend the ground lease.

El Deudor no renunciara al contrato de arrendamiento y a ningunos de los intereses convenidos en el en esta Hipoteca ni rescindira o cancelara el contrato de arrendamiento sobre el terreno. El Deudor no modificara o enmendara el contrato de arrendamiento sobre el terreno sin el consentimiento expreso y por escrito del Prestador.

When using the standard ("long form") Security Instrument this language must be inserted in Uniform Covenant 9 or added as a rider. When using the Master Form/Short Form Security Instrument, this language must be added as a rider.

Limited Purpose Execution

Where appropriate, an asterisk may be added following the Borrower's name where the name appears on the first page of the Security Instrument and following the Borrower's signature at the execution block of the Security Instrument, with the asterisk tying to a legend added immediately following the execution block of the Security Instrument. The legend should read substantially as follows:

_____ signs as "Borrower" because his or her signature is necessary under the applicable statutory or decisional law of the State to create a valid lien, pass clear title, waive inchoate rights or dower rights to Property or assign earnings from the Property without personal obligation for payment of any sums secured by this Security Instrument.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Notices

Originators may insert Notices on Security Instruments if the Notice is required by applicable law for the type of transaction.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Preparer Legends

Originators may add legends identifying the preparer(s) of the instrument as required by State and local laws.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Purchase Money

When appropriate, originators may add language to indicate that the Security Instrument secures a purchase money obligation as follows:

(a) The words "Purchase Money" may be added in front of or above the caption of the Security Instrument (i.e., "Mortgage"); and

(b) Either above the caption or in the space provided for the legal description of the property, the following may be added in parentheses: "(All or part of the purchase price of the Property is paid for with the money loaned.)"

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Warranty of Title

In areas where Security Instruments normally provide for a special warranty of title by the Borrower, rather than a general warranty, originators may delete the word "general" or "generally," whichever appears in the Borrower's warranty of title in the form, and substitute therefore the word "special" or "specially," respectively.

In addition, originators using a plain language Security Instrument in a jurisdiction other than Maine or New York should revise the explanatory sentence in the section that contains Borrower's warranty of title to read as follows:

> This means that I will be fully responsible for any losses that Lender suffers because, as a result of something I have done, someone other than myself has some of the rights in the Property that I promise that I have.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

Witness Signatures

For States that no longer require witness signatures on Security Instruments, originators may remove the word "Witnesses:" and the witness signature lines located at the bottom of the Security Instrument, next to the Borrower signature lines.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

CALIFORNIA DEED OF TRUST, FORM 3005, DATED 1/01

Notice of Default — Originators must add the following language above the signature lines:

> The undersigned Borrower requests that a copy of any Notice of Default and any Notice of Sale under this Security Instrument be mailed to the Borrower at the address of the Borrower set forth above.

This change has already been incorporated in the Short Form Security Instrument.

IDAHO DEED OF TRUST, FORM 3013, DATED 1/01 (rev. 7/08)

Notice of Required Writing — Originators may add the following notice to the end of the document (with all letters being capitalized and bold-faced):

> **NOTICE**
> **UNDER IDAHO LAW, ANY PROMISE BY THE BANK TO GRANT OR EXTEND EXISTING CREDIT TO YOU MUST BE IN WRITING TO BE LEGALLY BINDING UPON THE BANK IF THE ORIGINAL AMOUNT OF SUCH CREDIT IS $50,000 OR MORE.**
>
> _____
>
> Borrower Signature

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

ILLINOIS MORTGAGE, FORM 3014, DATED 1/01

Limited Purpose Execution — Where appropriate, an asterisk may be added following the Borrower's name where the name appears on the first page of the Security Instrument and following the Borrower's signature at the execution block of the Security Instrument, with the asterisk tying to a legend added immediately following the execution block of the Security Instrument. The legend should read substantially as follows:

> _____ signs as "Borrower" solely for the purpose of releasing and waiving rights under the Illinois homestead exemption laws without personal obligation for payment of any sums secured by this Security Instrument.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

INDIANA MORTGAGE, FORM 3015, DATED 1/01

Notice to Borrower — Originators may add the following notice to the end of the Mortgage (with all letters being bold-faced), if applicable:

> **"YOU ARE NOT OBLIGATED TO PAY ANY MONEY UNLESS YOU SIGN THIS CONTRACT AND RETURN IT TO THE SELLER/LENDER"**

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

MARYLAND DEED OF TRUST, FORM 3021, DATED 1/01

Purchase Money Deed of Trust — Originators must add the words "Purchase Money" above or in front of the title "Deed of Trust" if all, or any portion, of the loan proceeds are used to purchase the Mortgaged Premises.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

MASSACHUSETTS DEED OF TRUST, FORM 3022, DATED 1/01

Name of Mortgage Broker —Originators must add the following language as a new paragraph (C-1) after paragraph (C), if required under Massachusetts law *(Mass. Gen. Laws Ann. ch. 183, § 6D (2007)* related to the use of a Mortgage Broker). If there is no mortgage broker or the mortgage broker is unknown, this should be completed with either "no mortgage broker" or "unknown", as applicable.

(C-1) **"Mortgage Broker"** is _____. Mortgage Broker's post office address is _____ and Mortgage Broker's license number is _____.

NEW YORK MORTGAGE, FORM 3033, DATED 1/01

Property Improvement Clause — The New York Mortgage sets forth the "Description of the Property" on Page 2 of the standard New York Mortgage and on Page 2 of the Short Form New York Mortgage. To ensure that county clerks can easily identify a Mortgage that is secured by a one- or two-family property, an originator may include a sentence to that effect on the bottom of the first page, such as:

This property is or will be principally improved by a one- or two-family house or dwelling only.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

NORTH CAROLINA DEED OF TRUST, FORM 3034, DATED 1/01

Name of Mortgage Broker -- Originators must add the following language as a new paragraph (C-1) after paragraph (C), if required under North Carolina law N.C. Gen. Stat. § 45A-4) related to the use of a Mortgage Broker:

(C-1) "Mortgage Broker is _____.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

OREGON MORTGAGE, FORM 3038, DATED 1/01

Insurance Notice — Originators may add to the Oregon Single-Family Security Instrument the following notice in ten point type following numbered paragraph 26:

WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract or loan agreement, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

PENNSYLVANIA MORTGAGE, FORM 3039, DATED 1/01

Mortgagee Certification — Originators may add a certificate of the mortgagee's address, required by Pa. Statute Ann. Section 21-265, acceptable to their local recorder of deeds and substantially in the following form:

I certify that the address of the foregoing mortgagee is:

_____

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument .

Open-End Mortgage — When appropriate pursuant to the Mechanics' Lien Act of 1963, as amended, (49 P.L. Section 1101 et.seq.), originators may add the following language to indicate that the mortgage is an open-end mortgage the proceeds from which will be used to pay all or part of the cost of the erection, construction, alteration or repair of the mortgaged premises:

(a) The words "Open-end" may be added in front of, above or below, the caption of the Mortgage;

(b) Below the caption, the following may be added: "The proceeds of this open-end mortgage are used to pay all or part of the cost of the erection, construction, alteration or repair of the Property"

When using the Master Form/Short Form Security Instrument, this change should be made to the Short Form Security Instrument; it should not be made to the Master Form Security Instrument.

VIRGINIA DEED OF TRUST, FORM 3047, DATED 1/01

Refinancing — Originators may add the certifications required by Va. Code. Ann. Section 58.1-803(D) and/or Section 55-58.2, as applicable, to reflect the refinancing of an existing deed of trust.

Refinancing — Originators may add the following language at the beginning of the document, but after the Lender, Borrower, Trustee Granting Clause, required by Va. Code Ann. Section 55-58.3(B)(1), (with all letters being capitalized or bold-faced):

"THIS IS A REFINANCE OF A (DEED OF TRUST, MORTGAGE OR OTHER SECURITY INTEREST) RECORDED IN THE CLERK'S

OFFICE, CIRCUIT COURT OF (NAME OF COUNTY OR CITY), VIRGINIA, IN DEED BOOK _____, PAGE _____, IN THE ORIGINAL PRINCIPAL AMOUNT OF _____ AND WITH THE OUTSTANDING PRINCIPAL BALANCE WHICH IS _____."

Refinancing — Originators may add the following language after the last sentence in the definition of NOTE, required by Va. Code Ann. Section 55-58.3(B)(3):

The interest rate stated in the Note is _____ percent (_____%). If this Security Instrument is an adjustable-rate mortgage loan, this initial rate is subject to change in accordance with the attached Adjustable-Rate Rider.

WASHINGTON DEED OF TRUST, FORM 3048, DATED 1/01

Abbreviated Legal Description – Originators may add the following abbreviated legal description and assessor's property tax/account number below the property description and property address:

The Abbreviated Legal Description of the Property described above is as follows:

Lot ____, block____, plat or section ____, township _____, range ____, quarter/quarter section ____. The assessor's property tax parcel/account number for the Property is _____.

VI. MERS AS ORIGINAL MORTGAGEE OF RECORD ("OMR")

Originators must make the following revisions to the paragraphs of the Security Instrument as indicated when a mortgage loan will be registered with Mortgage Electronic Registration Systems, Inc. ("MERS") and the originators elect to name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note.

When using the Master Form/Short Form Security Instrument, revisions should be made to the Short Form Security Instrument; they should not be made to the Master Form Security Instrument:

(A) The Mortgage for **Alabama, Arkansas, Connecticut, Delaware, Florida, Guam, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Virgin Islands, Wisconsin,** and **Wyoming** must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and

Lender's successors and assigns. **MERS is the mortgagee under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instruments for the above states, the new definition should be inserted as a new paragraph (C) and the definition of "Lender" and remaining definitions must be redesignated as required.

In the Short Form Security Instruments for the above states, the new definition should be inserted as a new paragraph (B-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

(B) The Mortgage for **Louisiana** must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition (C) as follows:

"MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the mortgagee under this Security Instrument.** The tax identification number of MERS is _____. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

And, by renumbering the definition of "Lender" and the remaining definitions as required.

(C) The Mortgage for **Maine** and **New York** must be revised by adding a new definition as follows:

"MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. **FOR PURPOSES OF RECORDING THIS MORTGAGE, MERS IS THE MORTGAGEE OF RECORD.**

In the standard ("long form") Security Instruments for Maine and New York, the new definition should be inserted as a new paragraph (C) and the definition of "Lender" and remaining definitions must be redesignated as required.

In the Short Form Security Instruments for Maine and New York, the new definition should be inserted as a new paragraph (B-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

(D) The Mortgage for **North Dakota** must be revised by deleting the last sentence from the definition of "Lender," and by adding a new definition as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the mortgagee under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has a post office address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instrument for North Dakota, the new definition should be inserted as a new paragraph (C) and the definition of "Lender" and remaining definitions must be redesignated as required.

In the Short Form Security Instrument for North Dakota, the new definition should be inserted as a new paragraph (B-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

(E) The Mortgage for **Puerto Rico** must be revised by inserting a new definition (C) as follows:

> (C) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.
>
> *(C) "MERS" es Mortgage Electronic Registration Systems, Inc. (por su nombre en ingles), MERS es una corporacion separada que esta actuando solamente como designado del Prestador y los sucesores y cesionarios del Prestador. MERS es la acreedora bajo este Hipoteca. MERS esta organizada y existente bajo las leyes de Delaware, y su direccion y numero de telefono son P.C. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.*

AND, by relettering the definition of "Lender" and the remaining definitions as required.

The First Mortgage must be further revised by deleting from the definition of "Lender" the last sentence in both English and Spanish which states "Lender is

the mortgagee under this Security Instrument" ("El Prestador es el acreedor hipotecario en esta Hipoteca").

The First Mortgage must be further revised by changing the Paragraph SECOND, titled "CONSTITUTION OF MORTGAGE ON THE PROPERTY" as follows:

> SECOND: CONSTITUTION OF MORTGAGE ON THE PROPERTY. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals extensions and modifications of the Note, and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably mortgages to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS with power to foreclose, the Property described hereinafter in this Security Instrument TOGETHER WITH all rights incorporated in the definition given to the term "Property" in Paragraph FIRST, Section F hereof.
>
> *SEGUNDA: CONSTITUCION DE HIPOTECA SOBRE LA PROPIEDAD. Este Hipoteca garantiza al Prestador: (i) el repago del Prestamo, y todas las renovaciones, extensions y modificaciones del Pagare; y (ii) el cumplimient de los convenios y acuerdos del Deudor bajo esta Hipoteca y bajo el Pagare. Para ese fin, el Deudor irrevocablemente hipoteca a favor de MERS (solamente como designado del Prestador y a los sucesores y cesionarios del Prestador) y a los sucesores y cesionarios de MERS, con facultad de ejecucion, la Propiedad descrita mas adelante en esta Hipoteca CONJUNTAMENTE CON todos los derechos incluidos en la definicion del vocablo "Propiedad" que aparece en el Parrafo PRIMERO, Seccion F de esta Hipoteca.*
>
> Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, without limitation, the right to foreclose and sell the Property, and to take any action required of Lender, including, without limitation, releasing and canceling of this Security Instrument.
>
> *El Deudor entiende y acuerda que MERS solamente tiene titulo legal a los intereses concedidos por el Deudor en esta Hipoteca, pero, si fuere necesario para cumplir con la ley o la costumbre, MERS (como designado del Prestador y los sucesores y cesionarios del Prestador) tiene derecho: a ejercer cualquiera o todos esos intereses, incluyendo, pero sin limitarse, a el derecho a ejecutar y vender la Propiedad, y tomar cualquier accion requerida por el Prestador, incluyendo, pero sin limitarse, a relevar y cancelar este Hipoteca.*

(F) The Deed of Trust for **Alaska, Arizona, California, Colorado, District of Columbia, Idaho, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, Oregon, Tennessee, Utah, Virginia, Washington,** and **West Virginia** must be revised by deleting the last sentence from the definition of "Lender," and by inserting a new definition as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the beneficiary under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instrument for the above states, the new definition should be inserted as a new paragraph (E) and the definition of "Note" and remaining definitions must be redesignated as required.

In the Short Form Security Instruments for the above states, the new definition should be inserted as a new paragraph (D-1) with the definition of "Lender" and the remaining definitions retaining their original designation.

And, by adding the following to the beginning of the first paragraph in the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY":

> The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS.

(G) The Security Deed for **Georgia** must be revised by deleting the last sentence from the definition of "Lender," and by adding a new definition as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the grantee under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

The new definition should be inserted as a new paragraph (C) and the definition of "Lender" and remaining definitions must be redesignated as required.

And, by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE

PROPERTY" the words, "For this purpose, Borrower does hereby grant and convey to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose, Borrower does hereby grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS,...

(H) The Deed of Trust for **New Mexico** must be revised by deleting the last sentence from the definition of "Lender,"

And, by deleting the word "(beneficiary)" in the last sentence of the definition of "Trustee",

And, by inserting a new definition (E) as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns**. MERS is the mortgagee and beneficiary under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

And, by renumbering the definition of "Lender" and the remaining definitions as required.

(I) The Deed of Trust for **Texas** must be revised by deleting the last sentence from the definition of "Lender," and by adding the following sentence in its place:

> Lender includes any holder of the Note who is entitled to receive payments under the Note.

And, by inserting a new definition as follows:

> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns**. MERS is the beneficiary under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

In the standard ("long form") Security Instrument for Texas, the new definition should be inserted as a new paragraph (E) and the definition of "Lender" and remaining definitions must be redesignated as required.

In the Short Form Security Instruments for Texas, the new definition should be inserted as a new paragraph (D-1) with the definition of “Lender” and the remaining definitions retaining their original designation.

And, by adding the following to the beginning of the first paragraph in the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY":

> The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS.

(J) The Mortgage for **Alabama, Arkansas, Guam,** and **Iowa** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower irrevocably mortgages, grants and conveys to Lender,..." and adding the following words in their place:

> For this purpose, Borrower irrevocably mortgages, grants and conveys to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(K) The Mortgage for **Connecticut** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower in consideration of this debt does hereby grant and convey to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose, Borrower in consideration of this debt does hereby grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(L) The Mortgage for **Delaware, Florida, Hawaii, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Virgin Islands,** and **Wisconsin** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower does hereby mortgage, grant and convey to Lender..." and adding the following words in their place:

> For this purpose, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS...

(M) The Mortgage for **Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Minnesota, South Carolina,** and **Wyoming** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(N) The Mortgage for **Kansas** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower mortgages and warrants to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose, Borrower mortgages and warrants to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(O) The Mortgage for **Maine** must be further revised by deleting from the first sentence of the first paragraph of the section of the Security Instrument titled "BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY" the words, "I mortgage, grant and convey to Lender, with mortgage covenants, subject to the terms of this Security Instrument, to have and to hold all of the Property to Lender, and to its successors and assigns, forever..." and adding the following words in their place:

> I mortgage, grant and convey the Property to MERS (solely as nominee for Lender and Lender's successors and assigns), with mortgage covenants, subject to the terms of this Security Instrument, to have and to hold all of the Property to MERS (solely as nominee for Lender and Lender's successors and assigns), and to its successors and assigns, forever...

And, by deleting from the first sentence of the first paragraph of the section of the Security Instrument titled "DESCRIPTION OF THE PROPERTY" the words, "I grant and mortgage to Lender..." and adding the following words in their place:

> I grant and mortgage to MERS (solely as nominee for Lender and Lender's successors in interest)...

(P) The Mortgage for **Michigan** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose, Borrower does hereby mortgage, warrant, grant and convey to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose, Borrower does hereby mortgage, warrant, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(Q) The Mortgage for **New Jersey** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For these purposes, Borrower does hereby mortgage, grant and convey to Lender..." and adding the following words in their place:

> For these purposes, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(R) The Deed of Trust for New Mexico must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled “TRANSFER OF RIGHTS IN THE PROPERTY” the words, “For this purpose, Borrower does hereby mortgage, grant and convey to Trustee for the benefit of Lender… the following property located in the….” and adding the following words in their place:

> For this purpose, Borrower does hereby mortgage, grant and convey to MERS, as mortgagee and beneficiary of this Security Instrument, (solely as nominee for Lender and Lender’s successors and assigns) and to the successors and assigns of MERS… the following property located in the …”

(S) The Mortgage for **New York** must be further revised by deleting from the first sentence of the first paragraph of the section of the Security Instrument titled "BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY" the words, "I mortgage, grant and convey the Property to Lender subject to the terms of this Security Instrument..." and adding the following words in their place:

> I mortgage, grant and convey the Property to MERS (solely as nominee for Lender and Lender's successors in interest) and its successors in interest subject to the terms of this Security Instrument...

And, by deleting from the first sentence of the first paragraph of the section of the Security Instrument titled "DESCRIPTION OF THE PROPERTY" the words, "I give Lender..." and adding the following words in their place:

> I give MERS (solely as nominee for Lender and Lender's successors in interest)...

(T) The Mortgage for **Vermont** must be further revised by deleting from the second sentence of the first paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "For this purpose and in consideration of the debt, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns,..." and adding the following words in their place:

> For this purpose and in consideration of the debt, Borrower does hereby mortgage, grant and convey to MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS,...

(U) The Mortgage for **Connecticut, Georgia** and **South Carolina** must be further revised by deleting from the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" the words, "TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns, forever,..." and adding the following words in their place:

> "TO HAVE AND TO HOLD this property unto MERS (solely as nominee for Lender and Lender's successors and assigns) and to the successors and assigns of MERS, forever,..."

(V) The Deed of Trust for **Virginia** must be further revised by naming Mortgage Electronic Registration Systems, Inc. as the beneficiary in the Preamble prior to the definitions.

(W) For Security Instruments for **Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, Guam,** and **Virgin Islands**, registered with MERS that name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note, the paragraph of the section of the Security Instrument titled "TRANSFER OF RIGHTS IN THE PROPERTY" which begins with the words "TOGETHER WITH all the improvements..." or

the words "TO HAVE AND TO HOLD..." must be revised by adding at the end of that paragraph the following sentence:

> Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

(X) For all Mortgages for **Maine** and **New York** registered with MERS that name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note, the section of the Security Instrument titled "BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY" must be revised by adding at the end of that section the following paragraph:

> I understand and agree that MERS holds only legal title to the rights granted by me in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right:
>
> (A) to exercise any or all of those rights, including, but not limited to, the right to foreclose and sell the Property; and
>
> (B) to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

VII. RIDERS

MULTISTATE CONDOMINIUM RIDER, FORM 3140, DATED 1/01

There are no changes for this form.

MULTISTATE PUD RIDER, FORM 3150, DATED 1/01

There are no changes for this form.

1-4 FAMILY RIDER, FORM 3170, DATED 1/01

Rent Loss Insurance Coverage — When using the 1-4 Family Rider, originators may delete paragraph D. ("Rent Loss Insurance Coverage") if the Mortgaged Premises is an Investment Property and rental income is not used to qualify the Borrower.

Michigan

Assignment of Rents — When using the 1-4 Family Rider, originators shall delete Paragraph H. ("Assignment of Rents") and may delete Paragraph G. ("Assignment of Leases").

New York

Assignment of Rents — For a Mortgage secured by 1-4 family Mortgaged Premises located in New York, Paragraph G of this Rider (entitled "Assignment of Leases") may be deleted.

VIII. NEW YORK CONSOLIDATION, EXTENSION AND MODIFICATION AGREEMENT, FORM 3172, DATED 1/01 (REV. 5/01)

When the secured property is not occupied as a Primary Residence by the Borrower, Sellers may change the language in the section titled "BORROWER'S INTEREST IN THE PROPERTY" to read:

> "I promise that I am the lawful owner of the Property and that I have the right to consolidate, modify and extend the Notes and Mortgages."
>
> This authorization does not have any effect on requirements for the use of the 1-4 Family Rider.
>
> **MERS as Original Mortgage of Record ("OMR")**
>
> Originators must make the following revisions to the New York Consolidation, Extension, and Modification Agreement, as indicated when a mortgage loan will be registered with Mortgage Electronic Registration Systems, Inc. ("MERS") and the originators elect to name MERS as OMR, solely as nominee for the Lender named in the Security Instrument and the Note.
>
> The New York Consolidation, Extension, and Modification Agreement must be revised by adding a new definition (E) as follows:
>
>> **"MERS"** is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of PO Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS. **FOR PURPOSES OF RECORDING THIS AGREEMENT, MERS IS THE MORTGAGEE OF RECORD.**
>
> AND, by renumbering the remaining definitions as required.

ADDITIONALLY, originators must add MERS to the signature lines at the end of the New York Consolidation, Extension, and Modification Agreement, as follows:

_____
Lender _____
Borrower
By: _____ _____
Borrower

_____
Mortgage Electronic Registration
Systems, Inc — Mortgagee

IX. UNIFORM RESIDENTIAL LOAN APPLICATION, FORM 1003/65, DATED 7/05 (rev. 6/09)

California

Originators may include the following in any convenient location:

"Pursuant to California Civil Code 1812.300(j) a married applicant may apply for a separate account."

AND, Originators may revise the description of the "Married" box in Section III for Borrowers and Co-Borrowers as follows:

Section III. Borrower Information
[ ]Married
(include registered domestic partners) [ ] Separated
[ ] Unmarried
(include single, divorced, widowed)

X. MODIFICATION AGREEMENTS

MULTISTATE CONSTRUCTION CONVERSION MODIFICATION AGREEMENT – FIXED INTEREST RATE (EMBEDDED FIXED-RATE FINANCING TERMS), FORM 5165, DATED 11/06

Originators may add, as appropriate and in the appropriate location, any changes authorized for use with the Multistate Fixed-Rate Note or with a State-specific Fixed-Rate Note

Alaska

For Mortgages secured by properties located in Alaska, originators must insert the following at the end of the Modification Agreement before the signature block:

> **NOTICE OF OTHER REMEDIES**
>
> To the extent set forth in the Note and this Modification Agreement (a) the mortgagor or trustor ("Borrower") is personally obligated and fully liable for all amounts due under the Note, as modified by this Modification Agreement, and (b) the holder hereof has the right to sue on the Note and obtain a personal judgment against the Borrower for satisfaction of all amounts due under the Note either before or after a judicial foreclosure, under Alaska Statutes §§09.45.170 through 09.45.220, of the deed of trust which secured the Note.

Florida

Originators must add the following provision to the Modification Agreement, if applicable:

> **DOCUMENTARY TAX**
>
> The state documentary tax due on the Note, as modified by this Modification Agreement, has been paid on the mortgage securing this indebtedness.

Maine

Prepayment Charge or Penalty — If the loan is subject to a prepayment charge or penalty, originators must delete the first sentence of the second paragraph in the Paragraph of the Note titled "BORROWER'S RIGHT TO PREPAY", and insert the following sentence in its place:

This Note requires a prepayment charge as described in the attached Note addendum, amendment or rider.

New Hampshire

Originators must add the following language to the Modification Agreement, as a new section, immediately after the section titled "UNIFORM SECURED NOTE":

> **ATTORNEYS' FEES**
>
> Pursuant to New Hampshire Revised Statutes Annotated §361-C:2, in the event that Borrower shall prevail in (a) any action, suit or proceeding, brought by Lender, or (b) an action brought by Borrower, reasonable attorneys' fees shall be awarded to Borrower. Further, if Borrower shall successfully assert a partial defense or set-off, recoupment or counterclaim to an action brought by Lender, a

court may withhold from Lender the entire amount or such portion of its attorneys' fees as the court shall consider equitable.

Vermont

At the end of the Modification Agreement before the sentence reading "In Witness Whereof. . ." originators must add the following notice in all capital letters and in a size equal to at least ten-point bold type:

NOTICE TO CO-SIGNER

YOUR SIGNATURE ON THE NOTE AND THIS MODIFICATION AGREEMENT MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.

Virginia

In the Paragraph of the Modification Agreement titled "Waivers," originators must change the first sentence to read:

I and any other person who has obligations under the Note, as modified by this Modification Agreement, waive the rights of Presentment and Notice of Dishonor and waive the benefit of the homestead exemption as to the Property described in the Security Instrument.

West Virginia

In subparagraph (A) of the paragraph in the Modification Agreement titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originator must change the second sentence to read:

The amount of the charge will be _____% of that portion of the installment of principal and interest that is overdue, but not more than U.S. $_____.

ALSO in subparagraph (E) of the Modification Agreement titled "BORROWER'S FAILURE TO PAY AS REQUIRED," originators must change the text to read:

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 (except attorneys' fees) in enforcing the Note, as modified by this Modification Agreement, to the extent not prohibited by applicable law.

Wisconsin

Originators must add the following language as the third paragraph of Section 2 (Interest) of the Modification Agreement:

Solely for the purpose of computing interest, a monthly payment received by the Note Holder within 30 days prior to or after the date it is due will be deemed to be paid on such due date.

AND delete the following language from the fourth sentence of subsection 3(A) (Payments) of the Modification Agreement:

"will be applied as of its scheduled due date and"

HOME AFFORDABLE MODIFICATION AGREEMENT – FORM 3157 3/09 (REV. 10/10)

Servicers must make the following changes, as appropriate, to the Home Affordable Modification Agreement:

1. The Servicer must revise the Home Affordable Modification Agreement as necessary to comply with applicable federal, State and local law.

2. If the Borrower previously received a Chapter 7 bankruptcy discharge but did not reaffirm the mortgage debt under applicable law, the Servicer must add the following Borrower representation as paragraph H in Section 1:

   I was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Loan Documents. Based on this representation, Lender agrees that I will not have personal liability on the debt pursuant to this Agreement.

3. If the terms of the loan modification include a principal forbearance or deferral the Servicer must revise the Modification Agreement as follows:

   (a) Make changes needed to comply with applicable federal, State and local laws and regulations governing mortgage loans with balloon payments.

   (b) Delete the existing Section 3.C. and replace it with the following new Section 3.C.:

   C. $_____ of the New Principal Balance shall be deferred (the "Deferred Principal Balance") and I will not pay interest or make monthly payments on this amount. The New Principal Balance less the Deferred Principal Balance shall be referred to as the "Interest Bearing Principal Balance" and this amount is $_____. Interest at the rate of _____% will begin to accrue on the Interest Bearing Principal Balance as of _____ and the first new monthly payment on the Interest Bearing Principal Balance will be due on _____. My payment schedule for the modified Loan is as follows:

Years	*Interest Rate*	*Interest Rate Change Date*	*Monthly Principal and Interest Payment Amount*	*Monthly Escrow Payment Amount**	*Total Monthly Payment**	*Payment Begins On*	*Number of Monthly Payments*
[1-5]	*[2.00%]*	*00/00/0000*	*$0000.00*	*$000.00, may adjust periodically*	*$000.00, may adjust periodically*	*00/00/0000*	*[60]*
[6]	*[3.00%]*	*00/00/0000*	*$0000.00*	*May adjust periodically*	*May adjust periodically*	*00/00/0000*	*[12]*
[7]	*[4.00%]*	*00/00/0000*	*$0000.00*	*May adjust periodically*	*May adjust periodically*	*00/00/0000*	*[12]*
[8]	*[5.00%]*	*00/00/0000*	*$0000.00*	*May adjust periodically*	*May adjust periodically*	*00/00/0000*	*[12]*
[9-[40]]	*[6.00%]*	*00/00/0000*	*$0000.00*	*May adjust periodically*	*May adjust periodically*	*00/00/0000*	*[Insert Remaining months]*

**The escrow payments may be adjusted periodically in accordance with applicable law and therefore my total monthly payment may change accordingly.*

The above terms in this Section 3.C. shall supersede any provisions to the contrary in the Loan Documents, including but not limited to, provisions for an adjustable, step or simple interest rate.

I understand that, if I have a pay option adjustable rate mortgage loan, upon modification, the minimum monthly payment option, the interest-only or any other payment options will no longer be offered and that the monthly payment described in the above payment schedule for my modified loan will be the minimum payment that will be due each month for the remaining term of the loan. My modified loan will not have a negative amortization feature that would allow me to pay less than the interest due resulting in any unpaid interest to be added to the outstanding principal balance.

(c) Insert after Section 3.E. the following new Sections 3.F. and 3.G.:

F. I agree to pay in full the Deferred Principal Balance and any other amounts still owed under the Loan Documents by the earliest of: (i) the date I sell or transfer an interest in the Property; (ii) the date I pay the entire Interest Bearing Principal Balance, or (iii) the new Maturity Date.

G. If I make a partial prepayment of Principal, the Lender may apply that partial prepayment first to any Deferred Principal Balance before applying such partial prepayment to other amounts due.

4. If under applicable law, a Servicer may not establish an escrow account for the subject Mortgage Loan, the Lender must delete paragraph D in Section 4 of the Modification Agreement and replace it with "Intentionally Deleted" as follows:

   D. Intentionally Deleted

5. If the original loan documents did not include standard Fannie/Freddie Mac Uniform Instrument provisions for escrow items, Lenders must delete the existing Section 4.D and replace it with the following:

   D. Funds for Escrow Items. *I will pay to Lender on the day payments are due under the Loan Documents as amended by this Agreement, until the Loan is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over the Mortgage as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under the Loan Documents; (d) mortgage insurance premiums, if any, or any sums payable to Lender in lieu of the payment of mortgage insurance premiums in accordance with the Loan Documents; and (e) any community association dues, fees, and assessments that Lender requires to be escrowed. These items are called "Escrow Items.". I shall promptly furnish to Lender all notices of amounts to be paid under this Section 4.D. I shall pay Lender the Funds for Escrow Items unless Lender waives my obligation to pay the Funds for any or all Escrow Items. Lender may waive my obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, I shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. My obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in the Loan Documents, as the phrase "covenant and agreement" is used in the Loan Documents. If I am obligated to pay Escrow Items directly, pursuant to a waiver, and I fail to pay the amount due for an Escrow Item, Lender may exercise its rights under the Loan Documents and this Agreement and pay such amount and I shall then be obligated to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with the Loan Documents, and, upon such revocation, I shall pay to Lender all Funds, and in such amounts, that are then required under this Section 4.D.*

   Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under the Real Estate Settlement Procedures Act ("RESPA"), and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable

estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge me for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays me interest on the Funds and applicable law permits Lender to make such a charge. Unless an agreement is made in writing or applicable law requires interest to be paid on the Funds, Lender shall not be required to pay me any interest or earnings on the Funds. Lender and I can agree in writing, however, that interest shall be paid on the Funds. Lender shall provide me, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to me for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify me as required by RESPA, and I shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify me as required by RESPA, and I shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by the Loan Documents, Lender shall promptly refund to me any Funds held by Lender.

6. If the Modification Agreement must be recorded and the original security instrument was registered with Mortgage Electronic Registration Systems, Inc. ("MERS") and MERS was named as the nominee for the Lender, the Servicer must add MERS to the signature lines at the end of the Modification Agreement, as follows:

_____

Mortgage Electronic Registration Systems, Inc. – Nominee for Lender

Exhibit 6

Matrix of Remittance Cycle Options

MIDANET®	Available Remittance Cycles	Price/Required Spread Adjustment
RNY Cash	Accelerated remittance cycle (ARC)[1] First Tuesday remittance cycle	Indication prices assume the use of the first Tuesday remittance cycle; price is adjusted if ARC[1] is chosen
Gold Cash®	Gold remittance cycle First Tuesday remittance cycle	Indication prices assume the use of the Gold remittance cycle; price is adjusted if the first Tuesday remittance cycle is chosen
ARM Cash	ARC[1] First Tuesday remittance cycle	Indication prices assume the use of the first Tuesday remittance cycle; price is adjusted if ARC[1] is chosen
Fixed-rate Guarantor	Gold remittance cycle First Tuesday remittance cycle Super Accelerated Remittance Cycle (super ARC)	Required Spread reflects the remittance cycle chosen in the Master Commitment Conversion or the applicable Master Commitment
WAC ARM Guarantor	ARC[1] First Tuesday remittance cycle	Required Spread reflects the remittance cycle chosen in the Master Commitment Conversion or the applicable Master Commitment
MultiLender Swap	Gold remittance cycle First Tuesday remittance cycle Super ARC	Required Spread reflects the remittance cycle chosen in the Master Commitment Conversion or the applicable Master Commitment

[1]Three-day ARC operates the same as the Gold remittance cycle.

The Selling System	Available Remittance Cycles	Price/Required Spread Adjustment
Fixed-rate Cash[2]	Gold remittance cycle First Tuesday remittance cycle	Contract price reflects the remittance cycle chosen in the Cash Contract
WAC ARM Cash	ARC[1] First Tuesday remittance cycle	Contract price reflects the remittance cycle chosen in the WAC ARM Cash Contract
Fixed-rate Guarantor	Gold remittance cycle First Tuesday remittance cycle Super ARC	Required Spread reflects the remittance cycle chosen in the Fixed-Rate Guarantor Contract or the applicable Master Commitment
WAC ARM Guarantor	ARC[1] First Tuesday remittance cycle	Required Spread reflects the remittance cycle chosen in the WAC ARM Guarantor Contract or the applicable Master Commitment
MultiLender Swap	Gold remittance cycle First Tuesday remittance cycle Super ARC	Required Spread reflects the remittance cycle chosen in the MultiLender Swap Contract or the applicable Master Commitment

[1]Three-day ARC operates the same as the Gold remittance cycle.
[2] Under fixed-rate Cash through the Selling System, the first Tuesday remittance cycle is not available as an option for Mortgages sold under the Servicing Released Sales Process.

Exhibit 8

Delivery Balance Examples for MIDANET® and the Selling System

DELIVERY BALANCE EXAMPLES

30 YEAR, FIXED-RATE $150,000.00 MORTGAGE @7.50%

INSTALLMENT DUE DATE	PRINCIPAL REDUCTION	INTEREST DUE	SCHEDULED UNPAID BAL	INTEREST PAID TO DATE
	Mortgage closes in April		$150,000.00	05/01/xxxx
June 1	$111.32	$937.50	149,888.68	06/01/xxxx
July 1	112.02	936.80	149,776.66	07/01/xxxx
August 1	112.72	936.10	149,663.95	08/01/xxxx
September 1	113.42	935.40	149,550.53	09/01/xxxx
October 1	114.13	934.69	149,436.40	10/01/xxxx

Using the amortization/payment schedule above, please see the various scenarios below, which illustrate the correct “delivery balances” and “interest paid to dates” on the Forms 381 and/or 11.

CASE I: For Mortgages sold to Freddie Mac under:

- Gold Cash®
- Fixed-rate Cash through the Selling System
- Fixed-rate Guarantor
- MultiLender Swap

Borrower has not yet paid an installment.

MONTH OF FREDDIE MAC SETTLEMENT	FORMS 381 & 11 CURRENT UPB	FORM 11 INTEREST PAID TO DATE
April	$150,000.00	05/01/xxxx
May	150,000.00	05/01/xxxx
June	149,888.68	06/01/xxxx
July	149,776.66	07/01/xxxx

Exhibit 9

Signature and Acknowledgment Forms for Living Trusts

Form for signature of Trustee of a living trust on Note and Security Instrument

Signaure: _____
[Name of Trustee]

Trustee of the _____ Trust,
under Trust Agreement dated _____, 20_____,
made by _____, as Settlor.

[Acknowledgment by notary public]

Form for acknowledgment of Settlor of a living trust on Security Instrument

_____[Name of Trustee]_____,
Settlor of the _____ Trust
under Trust Agreement dated _____, 20_____,
agrees that the term "Borrower" when used in this Security Instrument shall include the Settlor, and the Settlor acknowledges and agrees to be bound by all of the terms and covenants contained in this Security Instrument and any Riders to this Security Instrument.

SETTLOR:

_____

[Acknowledgment by notary public]

DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY **STANDARD FLOOD HAZARD DETERMINATION FORM (SFHDF)**	See The Attached Instructions	***O.M.B. No. 1660-0040*** ***Expires December 31, 2011***

SECTION I - LOAN INFORMATION

1. LENDER NAME AND ADDRESS	2. COLLATERAL (Building/Mobile Home/Personal Property) PROPERTY ADDRESS (Legal Description may be attached)	
3. LENDER ID NO.	4. LOAN IDENTIFIER	5. AMOUNT OF FLOOD INSURANCE REQUIRED

SECTION II

A. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) COMMUNITY JURISDICTION

1. NFIP Community Name	2. County(ies)	3. State	4. NFIP Community Number

B. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) DATA AFFECTING BUILDING/MOBILE HOME

1. NFIP Map Number or Community-Panel Number (Community name, if not the same as "A")	2. NFIP Map Panel Effective/ Revised Date	3. LOMA/LOMR	4. Flood Zone	5. No NFIP Map
		☐ YES _____ Date		

C. **FEDERAL FLOOD INSURANCE AVAILABILITY (Check all that apply)**

1. ☐ Federal Flood Insurance is available (Community participates in NFIP). ☐ Regular Program ☐ Emergency Program of NFIP
2. ☐ Federal Flood Insurance is not available because community is not participating in the NFIP.
3. ☐ Building/Mobile Home is in a Coastal Barrier Resources Area (CBRA) or Otherwise Protected Area (OPA). Federal Flood Insurance may not be available.

CBRA/OPA Designation Date: _____

D. **DETERMINATION**

IS BUILDING/MOBILE HOME IN SPECIAL FLOOD HAZARD AREA (ZONES CONTAINING THE LETTERS "A" OR "V")? ☐ **Yes** ☐ **No**

If yes, flood insurance is required by the Flood Disaster Protection Act of 1973.
If no, flood insurance is not required by the Flood Disaster Protection Act of 1973.

E. **COMMENTS (Optional)**

This determination is based on examining the NFIP map, any Federal Emergency Management Agency revisions to it, and any other information needed to locate the building/mobile home on the NFIP map.

F. PREPARER'S INFORMATION

NAME, ADDRESS, TELEPHONE NUMBER (If other than Lender)	DATE OF DETERMINATION

STANDARD FLOOD HAZARD DETERMINATION FORM INSTRUCTIONS
PAPERWORK BURDEN DISCLOSURE NOTICE

Public reporting burden for this data collection is estimated to average 20 minutes per response. The burden estimate includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and submitting this form. You are not required to respond to this collection of information unless a valid OMB control number is displayed on this form. Send comments regarding the accuracy of the burden estimate and any suggestions for reducing the burden to: Information Collections Management, Department of Homeland Security, Federal Emergency Management Agency, 500 C Street, SW, Washington, DC 20472, Paperwork Reduction Project (1660-0040) **NOTE: Please do not send your completed form to the above address.**

SECTION 1

1. LENDER NAME: Enter lender name and address.

2. COLLATERAL (Building/Mobile Home/Personal Property) PROPERTY ADDRESS: Enter property address for the insurable collateral. In rural areas, a postal address may not be sufficient to locate the property. In these cases, legal property descriptions may be used and may be attached to the form if space provided is insufficient.

3. LENDER ID NO: The lender funding the loan should identify itself as follows: FDIC-insured lenders should indicate their FDIC Insurance Certificate Number; Federally-insured credit unions should indicate their charter/insurance number; Farm Credit institutions should indicate their UNINUM number. Other lenders who fund loans sold to or securitized by FNMA or FHLMC should enter FNMA or FHLMC seller/servicer number.

4. LOAN IDENTIFIER: Optional. May be used by lenders to conform with their individual method of identifying loans.

5. AMOUNT OF FLOOD INSURANCE REQUIRED: Optional. The minimum federal requirement for this amount is the lesser of: the outstanding principal loan balance; the value of the improved property, mobile home and/or personal property used to secure the loan; or the maximum statutory limit of flood insurance coverage. Lenders may exceed the minimum federal requirements. National Flood Insurance Program (NFIP) policies do not provide coverage in excess of the value of the building/mobile home/personal property.

SECTION 2

A. NATIONAL FLOOD INSURANCE PROGRAM (NFIP) COMMUNITY JURISDICTION

1. NFIP Community Name. Enter the complete name of the community (as indicated on the NFIP map) in which the building or mobile home is located. Under the NFIP, a community is the political unit that has authority to adopt and enforce floodplain management regulations for the areas within its jurisdiction. A community may be any State or area or political subdivision thereof, or any Indian tribe or authorized tribal organization, or Alaska Native village or authorized native organization. (Examples: Brewer, City of; Washington, Borough of; Worchester, Township of; Baldwin County; Jefferson Parish) For a building or mobile home that may have been annexed by one community but is shown on another community's NFIP map, enter the Community Name for the community with land-use jurisdiction over the building or mobile home.

2. County(ies). Enter the name of the county or counties in which the community is located. For unincorporated areas of a county, enter "unincorporated areas." For independent cities, enter "independent city."

3. State. Enter the two-digit state abbreviation. (Examples: VA, TX, CA)

4. NFIP Community Number. Enter the 6-digit NFIP community number. This number can be determined by consulting the NFIP Community Status Book or can be found on the NFIP map; copies of either can be obtained from FEMA's Website http://msc/fema.gov or by calling 1-800-358-9616. If no NFIP Community Number exists for the community, enter "none."

B. NFIP DATA AFFECTING BUILDING/MOBILE HOME

The information in this section (excluding the LOMA/LOMR information) is obtained by reviewing the NFIP map on which the building/mobile home is located. The current NFIP map may be obtained from FEMA by calling 1-800-358-9616. Scanned copies of the NFIP maps can be viewed on FEMA's website at http://msc.fema.gov. Note that even when an NFIP map panel is not printed, it may be reflected on a community's NFIP map index with its proper number, date, and flood zone indicated; enter these data accordingly.

1. NFIP Map Number or Community-Panel Number. Enter the 11-digit number shown on the NFIP map that covers the building or mobile home. (Examples: 480214 0022C; 58103C0075F). Some older maps will have a 9-digit number (Example: 12345601A). Note that the first six digits will not match the NFIP Community Number when the sixth digit is a "C" or when one community has annexed land from another but the NFIP map has not yet been updated to reflect this annexation. When the sixth digit is a "C", the NFIP map is in countywide format and shows the flood hazards for the geographic areas of the county on one map, including flood hazards for incorporated communities and for any unincorporated county contained within the county's geographic limits. Such countywide maps will list an NFIP Map Number. For maps not in such countywide format, the NFIP will list a Community-Panel Number on each panel. If no NFIP map is in effect for the location of the building or mobile home, enter "none."

2. NFIP Map Panel Effective/Revised Date. Enter the map effective date or the map revised date shown on the NFIP map. (Example: 6/15/93) This will be the latest of all dates shown on the map.

3. LOMA/LOMR. If a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) has been issued by FEMA since the current Map Panel Effective/Revised Date that revises the flood hazards affecting the building or mobile home, check "yes" and specify the date of the letter; otherwise, no entry is required. Information on LOMAs and LOMRs is available from the following sources: * The community's official copy of its NFIP map should have a copy of all subsequently-issued LOMAs and LOMRs attached to it.
* For LOMAs and LOMRs issued on or after October 1, 1994, FEMA publishes a list of these letters twice a year as a compendium in the Federal Register. This information is also available on FEMA's website at http://msc.fema.gov.
* A subscription service providing digitized copies of these letters on CD-ROM is also available by calling 1-800-358-9616.

4. Flood Zone. Enter the flood zone(s) covering the building or mobile home. (Examples: A, AE, A4, AR, AR/A, AR/AE, AR/AO, V, VE, V12, AH, AO, B, C, X, D) If any part of the building or mobile home is within the Special Flood Hazard Area (SFHA), the entire building or mobile home is considered to be in the SFHA. All flood zones beginning with the letter "A" or "V" are considered Special Flood Hazard Areas (SFHAs). Each flood zone is defined in the legend of the NFIP map on which it appears. If there is no NFIP map for the subject area, enter "none."

5. No NFIP Map. If no NFIP map covers the area where the building or mobile home is located, check this box.

C. FEDERAL FLOOD INSURANCE AVAILABILITY. Check all boxes that apply; however, note that boxes 1 (Federal Flood Insurance is available ...) and 2 (Federal Flood Insurance is not available ...) are mutually exclusive. Federal flood insurance is available to all residents of a community that participates in the NFIP. Community participation status can be determined by consulting the NFIP Community Status Book, which is available from FEMA and at http://msc.fema.gov. The NFIP Community Status Book will indicate whether or not the community is participating in the NFIP and whether participation is in the Emergency or Regular Program. If the community participates in the NFIP, check either Regular Program or Emergency Program. To obtain Federal flood insurance, a copy of this completed form may be provided to an insurance agent.

Federal flood insurance is prohibited in designated Coastal Barrier Resources Areas (CBRA) and Otherwise Protected Areas (OPAs) for buildings or mobile homes built or substantially improved after the date of the CBRA or OPA designation. Information about the Coastal Barrier Resources System may be obtained on FEMA's website at http://www.fema.gov/nfip/cobra.shtm.

D. DETERMINATION. If any portion of the building/mobile home is in an identified Special Flood Hazard Area (SFHA), check yes (flood insurance is required). If no portion of the building/mobile home is in an identified SFHA, check no. If no NFIP map exists for the community, check no. If no NFILP map exists, Section B5 should also be checked.

E. COMMENTS. Optional.

F. PREPARER'S INFORMATION. If other than the lender, enter the name, address, and telephone number of the company or organization performing the flood hazard determination. An individual's name may be included, but is not required.

Date of Determination. Enter date on which flood hazard determination was completed.

MULTIPLE BUILDINGS: If the loan collateral includes more than one building, a schedule for the additional buildings/mobile homes indicating the determination for each may be attached. Otherwise, a separate form must be completed for each building or mobile home. Any attachments should be noted in the comment section. A separate flood insurance policy is required for each building or mobile home.

GUARANTEES REGARDING INFORMATION: Determinations on this form made by persons other than the lender are acceptable only to the extent that the accuracy of the information is guaranteed.

FORM AVAILABILITY: Copies of this form are available from the FEMA fax-on-demand line by calling (202) 646-FEMA and requesting form #23103. Guidance on using the form in a printed, computerized, or electronic format is contained in form #23110. This information is also available on FEMA's website http://www.fema.gov/nfip/sfhdform.shtm.

PURPOSE OF FORM: In accordance with P.L. 103-325, Sec. 1365, (b) (1), this form has been designated to facilitate compliance with the flood insurance purchase requirements of the National Flood Insurance Reform Act of 1994.

Exhibit 15

Loan Prospector® User Agreement (11/18/07)

1. Use of System.

(a) Subject to the terms and conditions of this Agreement, Freddie Mac grants to User the nonexclusive right to use the System, including any updates and enhancements to the System, the output of the System and any users' manuals and other documentation for the System that may be provided to User by Freddie Mac. The term "System" and any other capitalized term not defined in Sections 1 through 10 of this Agreement will have the meaning set forth in Section 11, the terms of which are incorporated by reference herein. User will cause data to be entered into the System only with respect to existing mortgage loans held by User, potential mortgage loans for which an application or an inquiry has been made to User by a potential Borrower or Loan Applications presented to User by an Originator. User's use of the System is subject to the provisions of the User's Guide and such other instructions as may be communicated by Freddie Mac from time-to-time, including, without limitation, restrictions on the types of Loan Applications that may be entered into the System. Except to the extent otherwise provided in this Agreement or consented to by Freddie Mac in writing, User will not permit any third parties to use the System, either directly or through User. User may request Freddie Mac's approval to use the System to assess FHA and VA loans.

(b) User acknowledges that it is responsible for developing or obtaining and maintaining the Interface. Freddie Mac has conducted limited tests on the Interfaces provided by certain third parties (the "Interface Providers") and has approved such Interfaces for use in connection with the System. A list of current Interface Providers is available from Freddie Mac upon request. User agrees that, notwithstanding any such testing or approval by Freddie Mac, Freddie Mac will have no liability whatsoever arising out of or related to the Interface or the acts or omissions of any Interface Provider. User recognizes that Freddie Mac's specifications for the Interface will change from time-to-time, and User agrees that it will at all times use only the version of the Interface which complies with the most recent set of specifications released by Freddie Mac. Freddie Mac agrees to notify User, either directly or by notice to the Interface Provider used by User, of any such specification changes. Freddie Mac will endeavor to provide at least sixty (60) days' notice of any major specification changes and as much notice as is practicable under the circumstances of any changes which Freddie Mac desires to have implemented on an emergency basis. User agrees that Freddie Mac may terminate the authority of an Interface Provider to continue to provide the Interface, in which case such Interface Provider will be unable to continue to provide the most current version of the Interface, and User will be responsible for obtaining a current Interface from a new source. Freddie Mac will have no liability arising out of or in connection with any such termination, whether or not prior notice is provided to User; however, Freddie Mac will endeavor to provide User with as much advance

notice of any such termination as Freddie Mac considers practicable under the circumstances.

(c) User may enter into an agreement with a third-party underwriter (the "Underwriter") wherein the Underwriter agrees to provide certain underwriting and other preclosing services for User. User may appoint the Underwriter to act as its agent for purposes of using the System, including, without limitation, the inputting of data into the System, the ordering and receipt of credit information through the System and the receipt of System output. User will be responsible for all of the Underwriter's actions related to the System, and under no circumstances will Freddie Mac be responsible for any acts or omissions by the Underwriter or its agents or employees. Any act or omission by the Underwriter which would constitute a breach of this Agreement if taken or omitted by User will be deemed a breach of this Agreement by User.

(d) User agrees to implement and maintain industry best practices with respect to the security of, and access to, the System, including in the issuance and change of passwords required for access to the System. User accepts all risks and liability resulting from any failure to adopt and maintain such industry best practices.

2. Fees and expenses.

2.1 **Applicable Fees and Expenses.** In consideration of the foregoing rights, User will pay fees to Freddie Mac, and will reimburse Freddie Mac for expenses, in accordance with the fee schedule set forth on Exhibit 18 of the Guide and/or in accordance with the terms of service applicable to Additional Services or Other Mortgage Services (the "Agreed Charges") and the provisions of paragraph 2.2 of this Agreement. All fees are exclusive of applicable sales, use and similar taxes, if any, and User agrees to pay all such applicable taxes upon demand. Freddie Mac will have the right to change the Agreed Charges effective at any time upon at least thirty (30) days' prior notice. Any such changes in the Agreed Charges will be effective on the date set forth in Freddie Mac's notice (unless such date is less than thirty (30) days after the date of the notice, in which case the change in question will be effective on the thirtieth (30th) day after the date of the notice).

If an Underwriter is acting as User's agent for purposes of using the System, the Underwriter shall pay all Agreed Charges fees charged by Freddie Mac for processing for User's loans through use of the System.

2.2 **Payment Terms.** The payment terms shall include the following:

(a) **Monthly statement.** Freddie Mac will bill User for Agreed Charges due under this Agreement via a monthly Loan Prospector Billing Statement. Freddie Mac will send the Billing Statement to User on or about the 10th day of each month, and User agrees to pay such invoices no later than the last Business Day of the month in which the invoice is mailed by Freddie Mac.

(b) **Late payment fees.** At Freddie Mac's option, late payment fees may be assessed in accordance with the late fee provisions described in Section 8.8.1 of the Guide.

(c) **Automated Clearinghouse (ACH) draft.** All Agreed Charges must be paid via ACH draft. Freddie Mac will draft the designated account on the date for payment of the monthly Loan Prospector Billing Statement in the amount of the Statement.

To authorize ACH drafting of Agreed Charges, User must:

(i) Submit a Form 1132, Authorization for Automatic Transfer of Funds (Form 1132), to the address on the Form no later than 15 Business Days before the last Business Day of the first month in which the User is liable to Freddie Mac Agreed Charges; and

(ii) Designate an account other than a Freddie Mac Custodial Account from which Freddie Mac will draft the amount due.

To authorize changes to the ACH draft account, User must submit a Form 1132 to the address on the Form no later than 15 Business Days prior to the last Business Day of the month in which User is liable to pay Agreed Charges.

In the event payment is to be made by Freddie Mac's drafting of User's designated ACH account and the funds in the designated account are insufficient, the designated account is invalid, or Freddie Mac is unable to draft the account for any reason, the statement amount due may, at Freddie Mac's option, be subject to the late fee provisions described in Section 8.8.1 of the Guide and User will remit immediately by wire the statement amount due in accordance with the procedures for statement payment by wire transfer set forth in Section 17.2 of the Guide. Also, in such event, Freddie Mac may, at its election, with or without cure rights or any cure period, and notwithstanding any other rights set forth in this Agreement, suspend or terminate User's access to the System or terminate this Agreement immediately without prior notice to User.

User agrees not to assign to any third party any rights relating to any disputed or erroneous debits to User's ACH account, not to exercise any potential "charge back" rights relating to such debits, and in lieu thereof, User agrees to seek to resolve any asserted disputed or erroneous debit directly with Freddie Mac.

3. System Ownership.

3.1 **Freddie Mac's Representation.** Freddie Mac represents that Freddie Mac has the right to grant to User the rights granted by this Agreement.

3.2 **Ownership.** User acknowledges that it has no ownership or other interest in the System, except to the extent of the rights expressly granted herein. All rights to copyrights, trade secrets, patents, trademarks and other rights in and to the System and any modifications or enhancements made to the System will belong to and remain with Freddie Mac.

4. Additional Services and Other Mortgage Services; Warranties; Limitation of Liability.

4.1 **Additional Services.** Freddie Mac may from time to time offer or make available Additional Services to User through the System. The terms applicable to such Additional Services, including Agreed Charges payable for use of such Additional Services, shall be displayed in the System or published in the Guide, and User's use of one or more Additional Services shall be deemed to constitute User's acceptance of and agreement to comply with all such terms.

4.2 **Other Mortgage Services.** Other Mortgage Services may from time to time be offered or made available or made accessible to User through the System. The terms applicable to Other Mortgage Services, including Agreed Charges payable for use of such Other Mortgage Services, shall be displayed in the System, and User's use of one or more Other Mortgage Services shall be deemed to constitute User's acceptance of and agreement to comply with all such terms. User acknowledges that Freddie Mac neither endorses, nor has any responsibility whatsoever for, Other Mortgage Services or for any Service Providers. Furthermore, Freddie Mac has no obligation at any time to continue to offer or make available through the System any particular Other Mortgage Services. Without limiting the foregoing, User hereby waives, and releases Freddie Mac from, any and all claims against Freddie Mac arising out of or related to such Other Mortgage Services.

4.3 **No Warranty.** Freddie Mac makes no representation or warranty with respect to the System or any Additional Services or Other Mortgage Services offered or made available through the System (except to the extent expressly provided otherwise in Sections 3. 1 and 6. 1 of this Agreement). In addition, Freddie Mac makes no representation or warranty with respect to any of the data obtained, provided or transmitted by or through the System, including without limitation, any credit reports described in Section 5 below. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT, THE SYSTEM, ANY ADDITIONAL SERVICES OR OTHER MORTGAGE SERVICES, AND ALL DATA ARE BEING PROVIDED TO USER "AS IS" AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF ACCURACY AND THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

4.4 **Liability Limitation.** Freddie Mac will have no liability under this Agreement or related in any respect to the System (including, without limitation, under any other agreement with User related to the System) for consequential, exemplary, indirect or incidental damages, even if it has been advised of the possibility of such damages. Freddie Mac's sole liability arising out of or related to the System or this Agreement from any source and under any theory whatsoever, including (without limitation) liability arising out of contract, negligence or strict liability, or in tort or warranty, will consist of monetary damages of up to, but not in excess of, an aggregate of Five Thousand Dollars ($5000).

5. Data.

(a) User agrees that the System may use the Subscriber Number(s) issued to User by various credit repositories to retrieve credit reports on the borrowers in connection with each Loan Application and that any credit reports retrieved by the System may result in a notation in the borrower's file that an inquiry or inquiries, as applicable, were made by User. User authorizes the System to obtain and store the aforesaid credit reports on behalf of User and to transmit the credit reports to User (or to the Underwriter acting as User's agent). User hereby agrees that User and any Underwriter acting as User's agent will provide Freddie Mac with all of such credit reports through the System.

(b) User agrees that Freddie Mac will have the right to use the data entered by User (or an Underwriter) with respect to each Loan Application, the credit data referenced in Section 5(a), and any other data obtained by or transmitted through the System (collectively, the "Loan Data") for all purposes related to the System or the loan to which the Loan Data relates and for analytic, statistical, quality control and similar purposes. In addition to the foregoing, Freddie Mac will have the right to provide the Loan Data to any agency of the federal government or any state government. Freddie Mac will have the right to provide statistical, comparative and summary information to Freddie Mac's customers and other third parties on loan performance and other issues, provided that no persons will be given access to details concerning individual Loan Applications entered into the System by User, except to the extent permitted by applicable law. Notwithstanding the foregoing, unless required by applicable law, the order of a court or the order of an agency that either regulates or has jurisdiction over Freddie Mac, Freddie Mac will not disclose Loan Data entered by User (or an Underwriter) into the System in a manner that either associates User with particular Loan Applications or is designed to enable the recipient of the data to determine which Loan Applications were entered into the System by User, except as necessary to process Loan Applications through the System or to enable a contractor to provide services related to the System.

6. Legal Compliance.

6.1 Freddie Mac's Representations and Warranties.

(a) Freddie Mac represents and warrants that it will comply with all applicable laws and regulations in its operation of the System.

(b) The parties acknowledge that the System may require User to input certain information related to each applicant, such as the individual's race, which User is prohibited by law from using as a basis for granting or denying credit (collectively "limited use information"). The limited use information is being collected by Freddie Mac for regulatory compliance and similar purposes. Freddie Mac represents and warrants that (i) Freddie Mac did not use limited use information to design the System in a manner prohibited by ECOA or other applicable laws, and (ii) the System will not use limited use information to discriminate against any applicant (A) on the basis of race, color, religion, national origin, sex, age (provided the applicant has the capacity to contract) or marital status, (B) because all or part of the applicant's income

derives from any public assistance program, or (C) because the applicant has in good faith exercised any right under ECOA.

6.2 **User's Representations and Warranties.** User represents and warrants that (a) User will comply with all applicable laws and regulations in its use of the System and any output of the System, including, but not limited to, the Real Estate Settlement Procedures Act, the Truth In Lending Act, the Fair Housing Act, ECOA, FCRA, and applicable privacy and data security laws; (b) User will provide an adverse action notice to each Applicant to whom it determines not to extend credit, in accordance with the requirements of ECOA, FCRA, or any other applicable law, (c) User will rely upon its own counsel to ensure compliance with ECOA, FCRA, and other applicable laws, and (d) User has the legal right to obtain credit reports with respect to Borrowers whose mortgage loans or Loan Applications are assessed by the System, and, (e) to the extent required by applicable law, will obtain each Borrower's written consent to obtain where legally required, any other information required by the System. User acknowledges and agrees that the System does not analyze compliance with laws, regulations, or ordinances, or with any requirements imposed by a regulator.

7. Reliance on the System. User represents and warrants that it will not rely principally or exclusively on the System in determining whether or not credit will be extended, or the terms of credit offered, to any Applicant.

8. Assignment. User may not assign any of its rights or obligations under this Agreement in any manner whatsoever without Freddie Mac's prior written consent, which will not be unreasonably withheld.

9. Term; Termination. The term of this Agreement will commence on the date that User first submits a Loan Application for assessment by the System and will continue until terminated by either party upon ninety (90) days' prior written notice to the other party. In addition to the foregoing, Freddie Mac will have the right to terminate the term of this Agreement effective immediately upon notice to User in the event of any default by User under this Agreement, or any default by User under the terms of any other agreement between Freddie Mac and User, or upon termination of Servicing or User's suspension or disqualification to do business with Freddie Mac. Notwithstanding the provisions of Section 10(c) below, at the terminating party's option, notice will be deemed sufficient if made by telephone and confirmed by any means set forth in Section 10(c) within five (5) business days, in which case notice will be deemed to have been given at the time of the telephone call.

10. Miscellaneous.

(a) User agrees to treat the Agreed Charges and the specifications for the Interface as confidential information for purposes of Sections 2.16 and 53.14 of the Guide.

(b) If User is contemplating (i) Concurrent Transfer of Servicing or a Subsequent Transfer of Servicing (both as defined in the Guide), or (ii) the sale of any loans that have been processed through the System, User will have the right to disclose to the

proposed transferee the System Categorization and related feedback with respect to the loans covered by the proposed transfer.

(c) Any notices required or permitted to be given by Freddie Mac under the terms of this Agreement, including, but not limited to, notice from Freddie Mac of changes in the terms of the offering of Additional Services or Other Mortgage Services or of an amendment to the terms of this Agreement, may be given through the System or via electronic mail. A notice of changes may direct User to access a designated part of the System or part of a Freddie Mac Internet site to obtain all specific changes, and in such event User agrees that it shall so access the System or the Freddie Mac Internet site and shall be bound by, and shall comply with, the changes set forth in the designated part of the System or of the Internet site. All other notices required or permitted to be given under the terms of this Agreement shall be in writing printed and sent in paper or "hard copy" form and will be deemed to be delivered (i) when delivered in person or by a reputable express mail carrier, or (ii) three (3) business days after being deposited in the United States mail, postage prepaid, with registered or certified service, return receipt requested. Notices to Freddie Mac must be sent to the attention of Director, Loan Prospector® Sales, 8200 Jones Branch Drive, McLean, VA 22102, with a copy to the Associate General Counsel, Mortgage Law, Corporate Affairs at the same address. Notices to Seller shall be sent to the Seller's address on record with Freddie Mac. Each party may change its address for notice purposes, and/or the person(s) to whom such notices should be sent, by giving written notice of its new address and/or such person(s) to the other party in accordance with the provisions of this section.

(d) This Agreement is the complete and exclusive statement of the parties' agreement with respect to the terms of User's right to use the System and supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to such subject matter.

(e) The failure of either party to exercise in any respect any right or remedy provided for herein will not be deemed a waiver of such right or remedy. No waiver at any time of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement at that time or a waiver of that or any other provision of this Agreement at any other time.

(f) User recognizes that it is responsible for controlling access to the System through User's loan origination system and the Interface. User will permit Freddie Mac, from time-to-time upon reasonable notice to User, to audit or review User's controls and procedures related to access to the System. In addition, User recognizes that it is responsible for obtaining and maintaining connectivity to the System in accordance with instructions provided by Freddie Mac from time-to-time.

(g) This Agreement will be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the State of New York, without regard to provisions concerning conflicts of law.

(h) If any provision of this Agreement is held invalid, illegal or unenforceable, such provision will to that extent be deemed omitted from this Agreement, and the remaining provisions of the Agreement will continue to be valid and enforceable and will not be affected in any way.

(i) This Agreement is binding upon the parties hereto and their respective successors and (subject to the provisions of Section 8 above) assigns. Subject to the provisions of Section 4 hereof, the rights and remedies of the parties hereunder are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity. All of the parties' rights, obligations and agreements under this Agreement (other than User's right to use the System and Freddie Mac's obligations that arise out of User's right to use the System), which arise prior to the expiration or termination of the term of this Agreement, will survive such expiration or termination.

(j) Freddie Mac may amend this Agreement by providing notice to User of the terms of such amendment in accordance with the provisions of Section 10(c). User's use of the System on and after the effective date of any such amendment shall constitute User's consent to the terms of the amendment.

(k) The parties acknowledge that from time to time User may purchase, or may consider purchasing, from an Originator or another third party, loans for which the Originator or third party has obtained assessments from the System, and for which User may not subsequently obtain assessments from the System. With respect to such loans and assessments, and to such purchases or potential purchases, the parties agree that the terms of this Agreement shall be inapplicable, and User expressly represents and agrees that it will rely exclusively upon the representations and warranties, if any, made by the Originator or other third party in connection with any purchase of such loans.

11. Glossary of Terms. Definitions: As used in the Agreement, the terms listed below will have the following meaning:

(a) **Additional Services:** Services, in addition to the Loan Prospector® automated underwriting, that may be offered by Freddie Mac to User through the System.

(b) **Applicant(s) or Borrower(s):** The borrower(s) or proposed borrower(s) under each Loan Application.

(c) **Correspondent:** The term "Correspondent" shall have the same meaning ascribed to it in the Glossary of the Guide.

(d) **ECOA:** The Equal Credit Opportunity Act.

(e) **FCRA:** The Fair Credit Reporting Act.

(f) **Guide:** Freddie Mac's *Single-Family Seller/Servicer Guide*, as in effect from time-to-time.

(g) **Interface:** The interface between the System and User's loan origination system.

(h) **Loan Application:** The loan information and related information that User enters into the System in order to obtain a Freddie Mac risk assessment.

(i) **Mortgage Broker:** The term "Mortgage Broker" shall have the same meaning ascribed to it in the Glossary of the Guide.

(j) **Originator:** A Correspondent or a Mortgage Broker.

(k) **Other Mortgage Service:** A service offered or provided by a Service Provider or made available to User through the System, such as mortgage insurance, in-file credit report, merged credit reports, and closing and settlement services.

(l) **Service Provider:** An entity other than Freddie Mac that may offer to provide or make available an Other Mortgage Service to User through the System.

(m) **Subscriber Number:** The identification number provided by each credit repository to entities ordering credit information from the repository.

(n) **System:** An automated underwriting system service owned by Freddie Mac known as Loan Prospector®, ID system and all Internet sites owned and operated by Freddie Mac through which the automated underwriting service, Additional Services and Other Mortgage Services may be offered or made available to User. The term "System" also includes the output of the System and any updates, enhancements and documentation (such as the User's Guide) made available to User relating to the System, together with all copies of the foregoing, whether made by Freddie Mac, User or a third party.

(o) **System Categorization:** The categorization of any Loan Application by the System.

(p) **User's Guide:** The *Loan Prospector*® User's Guide, as in effect from time-to-time.

Exhibit 16

Automated Underwriting System Timesharing Agreement

AUTOMATED UNDERWRITING SYSTEM TIMESHARING AGREEMENT

This **Automated Underwriting System Timesharing Agreement** is made by and between Freddie Mac and Seller ("Customer").

WITNESSETH:

WHEREAS, Freddie Mac operates an automated underwriting system (the "System"), for the purpose of evaluating certain of its potential acquisitions of residential mortgage loans whose maximum principal amounts do not exceed an amount announced annually by Freddie Mac ("Conforming Loans"); and

WHEREAS, Customer intends to originate and/or purchase residential mortgage loans whose principal amounts will exceed the maximum principal amount for Conforming Loans ("Jumbo Loans") and Conforming Loans whose credit and/or loan characteristics may not at present comply with all of Freddie Mac's requirements applicable to its standard mortgage purchase program ("Subprime Loans"), as well as Conforming Loans for which Customer desires to obtain Evaluations, as defined herein below; and

WHEREAS, the System has the capacity to provide evaluations with respect to Jumbo, Conforming and Subprime Loans ("Evaluations") as well as Third Party Products, as defined in Section 5.2 below; and

WHEREAS, the capacity of the System for evaluating Conforming Loans exceeds the current needs of Freddie Mac; and

WHEREAS, Customer desires to use the System for the purpose of obtaining Evaluations and other output of the System, and Freddie Mac is willing to permit such use on a timesharing basis.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein set forth, the parties agree as follows:

I. ACCESS TO SYSTEM BY CUSTOMER.

1.1 Permitted Use.

Customer may use and operate the System pursuant to this Agreement to request Evaluations with respect to existing Subprime, Conforming or Jumbo Loans considered for purchase or owned by Customer, or any potential Subprime, Conforming or Jumbo Loan for which a loan application has been made by a potential borrower. As used herein, the term "System" includes the System, the output thereof, all updates, enhancements and documentation relating thereto, and all copies of the foregoing, whether made by Freddie Mac, Customer or a third party. Customer agrees that it will not use and operate the System pursuant to this Agreement for any other purpose not specifically permitted hereunder.

Customer shall use the System solely to submit and process data with respect to Evaluations, to receive information generated or provided by or through the System, to receive Loan Data or to provide to third parties to loan transactions Loan Data generated by or through the System, (as specified in Section II), and for such other purposes as may expressly be permitted by Freddie Mac in writing. In no event will the System be used to prescreen potential borrowers who have not solicited or approved such prescreening. Except to the extent expressly provided in Section XI of this Agreement or otherwise consented to by Freddie Mac in writing, Customer shall not permit any third parties to use the System, either directly or through Customer.

Customer may not sell a Conforming Loan to Freddie Mac and base its warranties that the loan meets the requirements set forth in the Purchase Documents (as that term is defined in the Freddie Mac *Single-Family Seller/Servicer Guide*) based upon an Evaluation obtained through the System, except as expressly permitted to do so under the Purchase Documents in effect between Freddie Mac and Customer.

1.2 Responsibility for Interface.

Customer acknowledges that Customer is responsible for developing or obtaining and maintaining an interface (the "Interface") between the System and Customer's loan origination system. Customer recognizes that Freddie Mac has conducted limited tests on the Interface provided by a third party (the "Interface Provider") and has approved this Interface for use in connection with the System, subject to their compliance with the terms and conditions set forth in an agreement between Freddie Mac and the Interface Provider. Customer agrees that, notwithstanding any such testing and approval by Freddie Mac or any other actions by Freddie Mac related to the Interface or the Interface Provider, Freddie Mac shall have no responsibility for the Interface and will have no liability whatsoever arising out of or related to the Interface or the acts or omissions of any Interface Provider.

Customer recognizes that Freddie Mac's specifications for the Interface may change from time to time and Customer agrees that it will at all times use only the version of the Interface which complies with the most recent set of specifications provided by Freddie Mac to the Interface Provider. To assist Customer to comply with the provisions of the preceding sentence, Freddie Mac agrees to notify Customer, either directly or by notice to the Interface Provider used by Customer, of any such specification changes (it being understood that Freddie Mac will endeavor to provide at least sixty (60) days' notice of any major specification changes and as much notice as is practicable under the circumstances of any minor changes and changes which Freddie Mac desires to have

implemented on an emergency basis). Customer further recognizes and agrees that, under certain circumstances, Freddie Mac may terminate the authority of an Interface Provider to continue to provide the Interface, in which event such Interface Provider will be unable to continue to provide the most current version of the Interface, and Customer will be responsible for obtaining a current Interface from a new Interface Provider.

Customer recognizes that it is responsible for controlling access to the System through Customer's loan origination system and the Interface. Customer will permit Freddie Mac, from time to time and upon at least fifteen (15) days' notice to Customer, to audit or review Customer's controls and procedures related to access to the System

II. LOAN DATA TRANSFER SERVICE.

2.1 Availability of Service.

Customer may use the System, in accordance with the terms and conditions hereinafter set forth, to send to a third party Evaluations and related information obtained by Customer through the System ("Loan Data"). The service will be available through the System from time to time, with availability determined by Freddie Mac at its sole discretion and communicated to Customer. The content and method of transmittal of the Loan Data shall be prescribed by Freddie Mac, and will be subject to modification by Freddie Mac from time to time.

2.2 Loan Data Transfer Request.

Loan Data, if available, will be transmitted in response to a request ("Loan Data Transfer Request") sent through the System. The form and method of communication of a Loan Data Transfer Request shall be prescribed by Freddie Mac, and will be subject to modification by Freddie Mac from time to time.

By submitting a Loan Data Transfer Request relating to an Evaluation that Customer has obtained or will obtain, Customer will be deemed to have consented to Freddie Mac's transmittal of the Loan Data to a third party selected by Customer as Customer's agent. Customer will also be deemed to have represented and warranted that the delivery of the Loan Data will be for the purpose of consideration by the recipient of the purchase of related Jumbo, Conforming or Subprime Loans or the rights to service such loans.

2.3 No Representations or Warranties on Behalf of Freddie Mac.

Customer agrees that it will not, in connection with any transfer of Loan Data or for any other purpose, make, on behalf of Freddie Mac, any representations or warranties to any third party concerning the System, Evaluations, or Loan Data.

III. RATES, BILLING AND PAYMENT FOR USAGE.

3.1 "Time-Used" Rates.

Freddie Mac will charge Customer for access to the System on a time-used basis. The rates for time used for obtaining Evaluations shall be set forth in a schedule provided to Customer by Freddie Mac (the "Timesharing Charges"). The Timesharing Charges are subject to change from time to time, upon the giving of at least thirty (30) days' notice to Customer. Continued use of the System by Customer on and after the effective date of any rate change shall be deemed to constitute Customer's agreement to pay the changed rate. The Timesharing Charges are not applicable to any Third Party Products (as defined in Section 5.2) or third party services offered through the System, and are exclusive of applicable sales, use and similar taxes, if any, which Customer agrees to pay.

3.2 Billing and Payment.

Freddie Mac will send Customer an invoice for time used on the System (and any applicable taxes) on a monthly basis. Customer agrees to pay the total amount due, as set forth in each invoice, within thirty (30) days of receipt of the invoice.

IV. SYSTEM OWNERSHIP AND APPLICATIONS.

4.1 Freddie Mac's Representation.

Freddie Mac represents that it (i) is the owner of the System, (ii) owns, or is duly authorized to use, all software used in the System, and (iii) has the complete legal right to permit Customer to use and operate the System in accordance with the terms of this Agreement.

4.2 Customer's Acknowledgment.

Customer acknowledges and agrees that it has no ownership or other interest in the System (including, without limitation, the design of the System and any components thereof; software used in the System; the object code and the source code for the System; the visual expressions, screen formats, report formats, and all ideas, methods, algorithms, formulae and concepts used in developing or incorporated into the System; any user's manuals, instructions and other documentation related to the System as provided by Freddie Mac; the specifications for the System; and all future modifications, revisions, updates, releases, refinements, improvements and enhancements of the System or documentation, and all Freddie Mac derivative works based upon any of the foregoing, and all copies of the foregoing) ("Proprietary Items"), except to the extent of the right of use granted herein. Proprietary Items as referred to in this section exclude the Loan Data and Evaluations produced by the System for each transaction submitted by the Customer.

As between Freddie Mac and Customer, the Proprietary Items are proprietary to Freddie Mac and title to them shall at all times remain vested in Freddie Mac. As between Freddie Mac and Customer, all applicable rights to copyrights, trade secrets, patents and trademarks in the Proprietary Items shall belong to and remain the property of Freddie Mac. Customer shall limit its use of and access to the Proprietary Items to only those of its employees or entities whose responsibilities require such use or access. Customer agrees to advise all such employees and entities before they receive, use or access the Proprietary Items of Freddie Mac's proprietary rights to the Proprietary Items and to require them to comply with the terms of this Agreement.

4.3 Customer's Use Restrictions.

Customer shall not do, and shall take reasonable precautions to ensure that no other person within its direct control does, any of the following unless consented to by Freddie Mac in writing:

(a) Use any Proprietary Item for any purpose or in any manner not specifically authorized by this Agreement; or

(b) Make or retain any copy of any Proprietary Item except as specifically authorized by this Agreement; or

(c) Create or re-create the source code for any Proprietary Item, or re-engineer, reverse engineer, decompile, or disassemble any Proprietary Item and/or the System; or

(d) Refer to or otherwise use any Proprietary Item as part of any effort to develop a program having any functional attributes, visual expressions, or other features similar to those of the System, or as part of any effort to compete with Freddie Mac; or

(e) Remove, erase, or tamper with any copyright or other proprietary notice printed or stamped on, affixed to, or encoded or recorded in any Proprietary Item, or fail to preserve all copyright and other proprietary notices in any authorized copy of any Proprietary Item made by Customer; or

(f) Sell, market, license, or sublicense, to any person, including any outsourcer, vendor, consultant, or partner, any right to use any Proprietary Item, whether on Customer's behalf or otherwise; or

(g) Use the System to conduct any type of service bureau or timesharing operation or to provide remote processing, network processing, network communications, or similar services to any person, whether on a fee basis or otherwise, except as permitted under the terms of Section XI with respect to approved third party originators.

V. LIABILITY.

5.1 Evaluation of System By Customer; Exclusion of Warranties.

The System was developed for the purpose of evaluating Conforming Loans with respect to Freddie Mac's underwriting requirements, as set forth in the Freddie Mac *Single-Family Seller/Servicer Guide* (the "Underwriting Requirements"). The Evaluations available through the System are based upon the Underwriting Requirements, and may not take into account or correlate with mortgage loan underwriting or mortgage products that differ from the Underwriting Requirements.

Customer represents and warrants that it has made an independent determination of the suitability, if any, of the System for evaluating Conforming, Subprime and Jumbo Loans for its own purposes, that it has relied solely upon its own expertise and judgment in assessing the significance, if any, of the information furnished by Freddie Mac with respect to evaluating Conforming, Subprime and Jumbo Loans, and that it knowingly accepts any and all risks which may result from its use of the System to evaluate Conforming, Subprime and Jumbo Loans. Customer further represents and warrants that, in making the foregoing determination and assessment, it has considered any differences between the Underwriting Requirements and Customer's own mortgage loan underwriting or mortgage products, to the extent that Customer deemed it necessary or relevant to do so.

Customer also represents and warrants that it has prepared business strategies and/or plans for the origination, ownership and/or sale, and the risk management of Loans for which it may obtain Evaluations through the System. Customer further represents and warrants that it relied solely upon its own expertise and judgment in preparing said business strategies or plans.

Freddie Mac makes no warranty with respect to the suitability of the System for evaluating Conforming, Subprime and Jumbo Loans. In addition, Freddie Mac makes no warranty with respect to any of the data obtained, provided or transmitted by or through the System, including without limitation, any credit reports described in Section 6.1 below. THE SYSTEM AND ALL DATA ARE BEING PROVIDED TO CUSTOMER "AS IS" AND, EXCEPT AS EXPRESSLY PROVIDED HEREIN, ALL WARRANTIES ARE EXPRESSLY DISCLAIMED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF ACCURACY AND THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5.2 Third Party Services.

Certain products and services provided by entities other than Freddie Mac may from time to time be offered or made accessible to Customer through the System (collectively referred to herein as "Third Party Products"). Among the Third Party Products may be loss coverage estimates, risk grades, mortgage insurance registration and/or certification, collateral assessments, in-file credit reports, merged credit reports, and various types of borrower, property and mortgage-related data.

Freddie Mac will give Customer written notice of the offering or availability of Third Party Products and of the terms and conditions relating to the provision of such services. Customer's request for and use of such services shall be deemed to be Customer's consent to all terms and conditions pertaining to the provisions of the services, as set forth in Freddie Mac's notice.

Fees may be charged for Third Party Products. Customer may obtain from Freddie Mac a schedule of the fees for Third Party Products. Customer's ordering of, or use of, Third Party Products shall be deemed to constitute Customer's agreement to pay applicable fees for such products at the rates in effect at the time the products are ordered or used, regardless of whether Customer shall have obtained a schedule of fees. The fees for Third Party Products are subject to change at any time without prior notice to Customer.

Customer acknowledges that such Third Party Products are offered solely as an accommodation to customers and that Freddie Mac neither endorses nor has any responsibility whatsoever for, or control over, such Third Party Products or the entities providing such Third Party Products. Furthermore, customer acknowledges its understanding that Freddie Mac has no obligation at any time to continue to offer, or to make accessible through the System, any particular Third Party Products. Without limiting the foregoing, Customer hereby waives, releases Freddie Mac from, and covenants not to sue Freddie Mac for, any and all claims arising out of or related to any such Third Party Products, including, without limitation, claims related to any refusal or failure to provide the Third Party Products, any delays in the provision of the Third Party Products, and the pricing, accuracy, suitability or quality of any Third Party Products.

5.3 Limitation of Liability.

Freddie Mac shall have no liability arising out of warranty, or liability arising out of or under contract, tort, negligence, or strict liability, under or in connection with this Agreement or otherwise with respect to Customer's use of the System, for consequential, indirect, incidental, exemplary or punitive damages, whether or not foreseeable. Without limiting the foregoing, Freddie Mac shall in no event be liable for costs, injuries or losses resulting from lost computer time; destruction of or damage to records or data; or inaccurate, incomplete or untimely transmission of data; or for lost profits.

Notwithstanding the foregoing, if Freddie Mac incurs any liability arising out of or related to the System or this Agreement for any reason or under any theory whatsoever, including (without limitation) liability arising out of or under contract, warranty, tort, negligence, or strict liability, the liability shall be limited to aggregate monetary damages for any and all occurrences and claims to the sum of Two Thousand Five Hundred Dollars ($2,500).

VI. DATA.

6.1 Credit Reports.

To the extent that Customer orders credit reports from third party consumer reporting agencies through the System in connection with Evaluations of Conforming, Subprime and Jumbo Loans, Customer will use for such purpose its own subscriber number, or, with the permission of an originating lender, the lender's subscriber number, with consumer reporting agencies. Freddie Mac makes no representations or warranties concerning the accuracy or quality of any credit reports so ordered by Customer. Freddie Mac neither prepares, analyzes nor sells credit reports. If Customer is required to identify a consumer reporting agency to a Conforming, Subprime or Jumbo Loan applicant, Customer agrees to identify the consumer reporting agency from which the applicable credit report was obtained.

6.2 Use of Data.

Customer agrees that Freddie Mac will have the right to use the data entered by Customer (or third party originators granted access to the System pursuant to the provisions of Section XI) with respect to each Evaluation, the credit data referenced in Section 6.1, and any other data obtained by or transmitted through the System for the purpose of monitoring and validating the System's performance. Customer also agrees that it will, upon reasonable request by Freddie Mac, furnish to Freddie Mac, for System validation and monitoring purposes, such data that Customer may have, or may have access to, relating to the performance of Subprime, Conforming and Jumbo Loans for which Customer performed Evaluations through the System, including information on defaults, delinquencies and foreclosures on such Loans.

VII. COMPLIANCE WITH APPLICABLE LAWS.

7.1 Customer's Agreement.

Customer agrees that it shall comply with all applicable laws in connection with all loans and loan applications which it evaluates through the System. Such laws shall include, but shall not be limited to, the Real Estate Settlement Procedures Act, the Truth-In-Lending Act, the Equal Credit Opportunity Act ("ECOA"), and the Fair Credit Reporting Act.

7.2 Freddie Mac's Representations and Warranties.

Freddie Mac represents and warrants that (i) Freddie Mac did not use limited-use information to design the System in a manner prohibited by ECOA, Fair Housing Act, antitrust law, or other applicable laws, and (ii) the System will not use limited-use information to discriminate against any applicant (a) on the basis of race, color, religion, national origin, sex, age (provided the applicant has the capacity to contract) or marital status, (b) because all or part of the applicant's income derives from any public assistance program, or (c) because the applicant has in good faith exercised any right under ECOA.

VIII. CUSTOMER'S ADDITIONAL REPRESENTATIONS.

8.1 Permissible Purpose.

Customer represents and warrants that it will have a permissible purpose to obtain credit reports through the System.

8.2 Non-Disclosure of Output.

Customer represents and warrants that it will not disclose to any Conforming, Subprime or Jumbo Loan applicant any output of the System relating to any Third Party Product in any manner which violates any agreement entered into by Customer and the provider of the Third Party Product.

8.3 Evaluations Obtained by Originator or Other Third Party.

The parties acknowledge that from time to time Customer may purchase, or may consider purchasing, from an Originator or other third party, Subprime or Jumbo Loans for which the Originator or third party has obtained Evaluations from the System, and for which the Customer may not subsequently obtain Evaluations from the System. With respect to such loans and Evaluations, and to such purchases or potential purchases, the parties agree that the terms of this Agreement shall be inapplicable, and Customer expressly represents and agrees that it will rely exclusively upon the representations and warranties, if any, made by the Originator or other third party in connection with any purchase of such loans.

IX. ASSIGNMENT.

Customer may not assign any of its rights or obligations under this Agreement in any manner whatsoever, including, without limitation, any assignment to any parent, subsidiary or affiliate of Customer or in connection with the sale of all or any portion of Customer's business, or pursuant to any merger, consolidation or reorganization, without Freddie Mac's prior written consent.

X. TERM.

The term of this Agreement will commence on the date Customer receives its first Evaluation and will continue until terminated by either party. Each party reserves the right to terminate the term of this Agreement at any time for any reason in its sole discretion upon thirty (30) days' notice to the other party. In addition to the foregoing, Freddie Mac shall have the right to terminate this Agreement effective immediately upon notice to Customer in the event of any default by Customer under this Agreement. Notwithstanding the provisions of Section 12.2 below, notice shall be deemed sufficient if made by telephone and confirmed in writing within five (5) business days, in which event notice shall be deemed to have been given at the time of the telephone call. In the alternative, and at Freddie Mac's option, notice may be given in accordance with the provisions of Section 12.2.

XI. PROVISIONS CONCERNING ORIGINATORS.

Customer agrees that, upon Customer's notification to Freddie Mac of Customer's assent, Freddie Mac may include Customer's name on a list maintained by Freddie Mac, and disseminated to third-party originators ("Originators") through the System, of Customers that wish to receive via the System submissions of Evaluations of Loans obtained from the system by Originators. Customer also agrees to receive any such submissions from Originators through the System.

Freddie Mac hereby agrees that Customer may input into the System loan data or loan applications presented to Customer by Originators, subject to the following conditions and requirements:

(a) Customer may permit Originators approved by Freddie Mac and registered to enter data directly into, or otherwise have direct access to, the System. Each Originator must agree in writing with Customer to use any such output of the system only (i) in connection with the Loan Application to which the output relates; (ii) in a manner which complies with all applicable laws and

regulations; (iii) in a manner that would comply with the terms of this Agreement if such use were by Customer; and (iv) with respect to any System output provided by a Third Party Provider, in compliance with any agreements with such Third Party Provider.

(b) Except to the extent expressly set forth in subsection (a) with respect to System output, Customer will not disclose to the Originator any information which constitutes Confidential Information under this Agreement. Customer will obligate each Originator in writing to keep all Proprietary information in accordance with the Confidentiality requirements of this Agreement.

(c) Customer will obtain each Originator's written agreement to be bound by the provisions of Sections 1.1, 1.2, II, 4.2, 4.3, 5.1, 5.2, 5.3, 6.1, 6.2, 8.1, 8.2 and IX of this Agreement. The actions of an Originator will be deemed Customer's actions for purposes of this Agreement, and any violation of the provisions of this Agreement by an Originator will be deemed to be a violation of the Agreement by the Customer.

XII. MISCELLANEOUS.

12.1 Entire Agreement; Amendments.

Each party acknowledges that it has read and understands this Agreement and agrees to be bound by its terms. The parties further agree that this Agreement is the complete and exclusive statement of the agreement between the parties with respect to the terms of Customer's use and operation of the System for evaluating Conforming, Subprime and Jumbo Loans, and that this Agreement supersedes and merges with all prior proposals, negotiations understandings and other agreements, oral or written, between the parties relating to the subject matter of this Agreement.

Freddie Mac may amend this Agreement by providing notice to Customer of the terms of such amendment. Customer's use of the System on and after the effective date of any such amendment shall constitute Customer's consent to the terms of the amendment.

12.2 Notices.

All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed given (i) when given in person or (ii) three (3) days after being deposited in the United States mail, with, registered or certified mail, return receipt requested Notices to Freddie Mac must be sent to the attention of Director, Loan Prospector® Sales, 8200 Jones Branch Drive, McLean, VA 22102, with a copy to the Associate General Counsel, Corporate Affairs, at the same address. Notices to Seller will be sent to the address on record with Freddie Mac. Each party may change its address for notice purposes, and/or the person(s) to whom such notices should be sent, by giving written notice of its new address and/or such person(s) to the other party in accordance with the provisions of this section.

Notwithstanding the foregoing, Freddie Mac may also provide notice to Customer under this Agreement through the System. In such instance, the notice shall be deemed given when Customer first accesses the System after the notice has been entered into the System and the Customer has expressed assent to the terms of the notice in the manner indicated by and in the System.

12.3 Governing Law.

This Agreement shall be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purpose of this Agreement or the transactions governed hereby, the laws of the State of New York shall be deemed reflective of the laws of the United States.

12.4 No Waiver.

The failure of Freddie Mac to exercise in any respect any right or remedy provided for herein shall not be deemed a waiver of such right or remedy. No waiver of any provision of this Agreement at any time shall be deemed a waiver of any other provision of this Agreement at that time or a waiver of that or any other provision of this Agreement at any other time.

12.5 Severability.

If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remaining provisions of the Agreement shall continue to be valid and enforceable and shall not be affected or impaired in any way thereby.

12.6 Headings.

The headings set forth herein are for convenience of reference only and shall not control or affect the meaning or construction of any provisions of this Agreement.

12.7 Cumulative Rights and Remedies.

Subject to the provisions of Section 5 hereof, rights and remedies of the parties hereunder are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity.

12.8 Survival of Rights and Obligations.

All of the parties' rights, obligations and agreements under Sections II, 3.1, 3.2, 4.1, 4.2, 4.3, 5.1, 5.2, 5.3, 6.2, 8.1, 8.2, IX, X and XI shall survive any termination of this Agreement.

12.9 Consent.

In any instance where Freddie Mac is required or permitted to provide its consent hereunder, Freddie Mac will have the right to withhold its consent in its sole discretion.

12.10 Binding Agreement.

This Agreement is binding upon the parties hereto and their respective successors and (subject to the provisions of Section IX above) assigns.

Exhibit 17—Offer Product and Offer Program Numbers

Eligible Fixed-Rate and Balloon/Reset Mortgage Programs					
Cash and MultiLender Programs	30-Year Fixed-Rate Mortgage	20-Year Fixed-Rate Mortgage	15-Year Fixed-Rate Mortgage	5-Year Balloon/Reset Mortgage	7-Year Balloon/Reset Mortgage
	Offer Product Number	Offer Product Number	Offer Product Number	Offer Product Number	Offer Product Number
Gold Cash®[1]	399	564	400	467	469
Gold Cash—Affordable Merit Rate[1]	689				
Gold Cash—(Nonstandard)[2]	567	571	566	568	569
Original Cash (RNY)[3]	465	574	466	387	389
Alt 97®—Cash	583	565	563		
Guaranteed Rural Housing (GRH)—Cash (Non-assumable)	593				
MultiLender	530	456	532	529	531
FHA/VA (MultiLender)	833		834		
FHA/VA (Cash)	594	595	596		
Prepayment Penalty—3 Year—Cash[4]	577		576		
Prepayment Penalty —Various—Cash[4]	588		586		

Legend:

1 Gold Cash—Gold Cash Products may be used for A- minus Mortgages

2 Gold Cash—(Nonstandard)—Nonstandard products are used for Note Rates below the posted range and for Note Terms (original maturities) between 85-120 months (15-year Nonstandard), 61-72 months (7-year Balloon/Reset nonstandard) and 0-48 months (5-year Balloon/Reset nonstandard)

3 Original Cash (RNY)—Required Net Yield Products are used for Note Rates above the posted range (Super-premiums) and for Participation loans

4 For 20-year fixed-rate Prepayment Penalty Mortgages, use 30-year Prepayment Penalty Mortgage offer product and offer program numbers

Exhibit 17—Offer Product and Offer Program Numbers

Eligible Fixed-Rate and Balloon/Reset Mortgage Programs										
Fixed-Rate Guarantor Program	30-Year Fixed-Rate Mortgage		20-Year Fixed-Rate Mortgage		15-Year Fixed-Rate Mortgage		5-Year Balloon/Reset Mortgage		7-Year Balloon/Reset Mortgage	
	Offer Product	Offer Program	Offer Product	Offer Program	Offer Product	Offer Program	Offer Product	Offer Program	Offer Product	Offer Program
Guarantor—Gold PC®	413	002	424	002	417	002	435	002	439	002
Mini-Pools	453		464		457		603		605	
FHA/VA Guarantor	421				423					
FHA/VA (Mini-Pools)	461				463					
Prepayment Penalty —3 Year—Guarantor[4]	680				679					
Prepayment Penalty —Various—Guarantor[4]	670				676					

Legend:

4 For 20-year fixed-rate Prepayment Penalty Mortgages, use 30-year Prepayment Penalty Mortgage offer product and offer program numbers

Exhibit 17—Offer Product and Offer Program Numbers

ARMs Eligible Under the WAC ARM Guarantor Program											
Offer Product Number	Offer Program Number	ARM Product	ARM Index Source Code	Lookback Period (Days) [5]	Initial Period [6] (Months)	Subsequent Adjustment Period (Months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year Weekly Constant Maturity Treasury (CMT) Index											
184	002	1-Year	004	45	12	12	1	1	Less than or equal to 6	No	N/A
186	002	1-Year	004	45	12	12	1	1	Less than or equal to 6	Yes	Automated
332	002	1-Year	004	45	12	12	1	1	Less than or equal to 6	Yes	Repurchase/Resale
180	002	1-Year	004	45	12	12	2	2	Less than or equal to 6	No	N/A
182	002	1-Year	004	45	12	12	2	2	Less than or equal to 6	Yes	Automated
334	002	1-Year	004	45	12	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
192	002	3/1	004	45	36	12	2	2	Less than or equal to 6	No	N/A
254	002	3/1	004	45	36	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
194	002	5/1	004	45	60	12	2	2	Less than or equal to 6	No	N/A
256	002	5/1	004	45	60	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
811	001	5/1	004	45	60	12	5	2	Less than or equal to 6	No	N/A
812	001	5/1	004	45	60	12	5	2	Less than or equal to 6	Yes	Repurchase/Resale
639	002	7/1	004	45	84	12	*	2	Less than or equal to 6	No	N/A
640	002	7/1	004	45	84	12	*	2	Less than or equal to 6	Yes	Repurchase/Resale
643	002	10/1	004	45	120	12	*	2	Less than or equal to 6	No	N/A
644	002	10/1	004	45	120	12	*	2	Less than or equal to 6	Yes	Repurchase/Resale
3-Year Weekly Constant Maturity Treasury (CMT) Index											
196	002	3-Year	002	45	36	36	2	2	Less than or equal to 6	No	N/A
5-Year Weekly Constant Maturity Treasury (CMT) Index											
198	002	5-Year	003	45	60	60	2	2	Less than or equal to 6	No	N/A

Legend:

5 Lookback Period—"45" means 45 days preceding the Interest Change Date; "FBD" means the first Business Day of the month immediately preceding the month in which the Interest Change Date occurs

6 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

* The Initial Cap must be the same as the Life Cap

Exhibit 17—Offer Product and Offer Program Numbers

ARMs Eligible Under the WAC ARM Guarantor Program											
Offer Product Number	Offer Program Number	ARM Product	ARM Index Source Code	Lookback Period (Days) [5]	Initial Period [6] (Months)	Subsequent Adjustment Period (Months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year LIBOR Index											
726	001	1-Year	041	45	12	12	2	2	Less than or equal to 6	No	N/A
727	001	1-Year	041	45	12	12	3	3	Less than or equal to 6	No	N/A
728	001	1-Year	041	45	12	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
729	001	1-Year	041	45	12	12	3	3	Less than or equal to 6	Yes	Repurchase/Resale
715	001	3/1	041	45	36	12	2	2	Less than or equal to 6	No	N/A
730	001	3/1	041	45	36	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
722	001	3/1	041	45	36	12	3	2	Less than or equal to 6	No	N/A
731	001	3/1	041	45	36	12	3	2	Less than or equal to 6	Yes	Repurchase/Resale
716	001	5/1	041	45	60	12	2	2	Less than or equal to 6	No	N/A
732	001	5/1	041	45	60	12	2	2	Less than or equal to 6	Yes	Repurchase/Resale
723	001	5/1	041	45	60	12	3	2	Less than or equal to 6	No	N/A
733	001	5/1	041	45	60	12	3	2	Less than or equal to 6	Yes	Repurchase/Resale
717	001	5/1	041	45	60	12	5	2	Less than or equal to 6	No	N/A
734	001	5/1	041	45	60	12	5	2	Less than or equal to 6	Yes	Repurchase/Resale
718	001	7/1	041	45	84	12	5	2	Less than or equal to 6	No	N/A
735	001	7/1	041	45	84	12	5	2	Less than or equal to 6	Yes	Repurchase/Resale
719	001	10/1	041	45	120	12	5	2	Less than or equal to 6	No	N/A
736	001	10/1	041	45	120	12	5	2	Less than or equal to 6	Yes	Repurchase/Resale
6-Month LIBOR Index											
292	002	6-Month	007	FBD	6	6	1	1	Less than or equal to 6	No	N/A
11th District Cost of Funds Index (COFI)											
188	002	6-Month	005	45	6	6	1	1	Less than or equal to 6	No	N/A
190	002	1-Year	005	45	12	12	2	2	Less than or equal to 6	No	N/A

Legend:

5 Lookback Period—"45" means 45 days preceding the Interest Change Date; "FBD" means the first Business Day of the month immediately preceding the month in which the Interest Change Date occurs

6 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

Exhibit 17—Offer Product and Offer Program Numbers

ARMs Eligible Under ARM Cash										
Offer Product Number	ARM Product	ARM Index Source Code	Lookback Period (Days) [5]	Initial Period [6] (Months)	Subsequent Adjustment Period (Months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year Weekly Constant Maturity Treasury (CMT) Index										
024	1-Year	004	45	12	12	1	1	6	No	N/A
080	1-Year	004	45	12	12	1	1	6	Yes	Automated
027	1-Year	004	45	12	12	2	2	6	No	N/A
081	1-Year	004	45	12	12	2	2	6	Yes	Automated
316	3/1	004	45	36	12	2	2	6	No	N/A
317	5/1	004	45	60	12	2	2	5	No	N/A
322	7/1	004	45	84	12	5	2	5	No	N/A
323	10/1	004	45	120	12	5	2	5	No	N/A
1-Year LIBOR Index										
724	1-Year	041	45	12	12	2	2	6	No	N/A
725	1-Year	041	45	12	12	3	3	6	No	N/A
710	3/1	041	45	36	12	2	2	5 or 6	No	N/A
720	3/1	041	45	36	12	3	2	6	No	N/A
711	5/1	041	45	60	12	2	2	5 or 6	No	N/A
721	5/1	041	45	60	12	3	2	6	No	N/A
712	5/1	041	45	60	12	5	2	5	No	N/A
713	7/1	041	45	84	12	5	2	5	No	N/A
714	10/1	041	45	120	12	5	2	5	No	N/A

Legend:

5 Lookback Period—"45" means 45 days preceding the Interest Change Date; "FBD" means the first Business Day of the month immediately preceding the month in which the Interest Change Date occurs

6 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

Exhibit 17S—Mortgage Products Available Through the Selling System

Eligible Fixed-Rate (including Balloon/Reset) Mortgages through the Selling System[1]			
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product[2] (MultiLender)**	**Loan Product**
40-Year Fixed-Rate			
40-Year Fixed-Rate Conventional	40-Year Gold PC® 40-Year mini-Gold PC		40-Year Fixed-Rate Conventional
30-Year Fixed-Rate			
30-Year Fixed-Rate Conventional	30-Year Gold PC 30-Year mini-Gold PC[12]	30-Year Gold PC[2]	30-Year Fixed-Rate Conventional 30-Year Alt 97®
20-Year Fixed-Rate			
20-Year Fixed-Rate Conventional	20-Year Gold PC 20-Year mini-Gold PC[12] 30-Year Gold PC 30-Year mini-Gold PC[12]	20-Year Gold PC 30-Year Gold PC[2]	20-Year Fixed-Rate Conventional 20-Year Alt 97
15-Year Fixed-Rate			
15-Year Fixed-Rate Conventional	15-Year Gold PC 15-Year mini-Gold PC[12]	15-Year Gold PC[2]	15-Year Fixed-Rate Conventional 15-Year Alt 97
Balloon/Reset			
5-Year Balloon/Reset	5-Year Balloon/Reset 5-Year Balloon/Reset mini-Gold PC	5-Year Balloon/Reset[3]	5-Year Balloon/Reset
7-Year Balloon/Reset	7-Year Balloon/Reset 7-Year Balloon/Reset mini-Gold PC	7-Year Balloon/Reset[3]	7-Year Balloon/Reset
Miscellaneous			
30-Year Affordable Merit Rate	N/A	N/A	30-Year Affordable Merit Rate

Legend:

1 For current information regarding fixed-rate and Balloon/Reset Mortgage products available through Cash under Mandatory Cash Contracts with servicing released and Best Efforts Contracts with servicing released or servicing retained, see the Selling System Availability Matrix at **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**. 40-year fixed-rate Mortgages may only be Home Possible® Mortgages that are secured by 1-unit Primary Residences (other than Manufactured Homes).

2 For 15- and 30-year conventional fixed-rate Mortgages sold under the MultiLender Swap program and 20-year fixed-rate conventional Mortgages pooled with 30-year fixed-rate Mortgages sold under the MultiLender Swap program, Sellers receive a Giant PC backed by PCs representing an undivided interest in the same Mortgages. 20-year fixed-rate conventional Mortgages may be sold under the MultiLender Swap program in exchange for a Gold PC. 40-year fixed-rate Mortgages are not currently eligible for sale under the MultiLender Swap program.

3 Balloon/Reset Mortgages may be sold to Freddie Mac in exchange for a Gold PC representing an undivided interest in the same Mortgages under the MultiLender Swap program

12 Super conforming Mortgages may not be pooled in mini-Gold PC Pools.

Exhibit 17S—Mortgage Products Available Through the Selling System

Eligible Fixed-Rate (including Balloon/Reset) Mortgages through the Selling System[1]			
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product (MultiLender)**	**Loan Product**
Government Sponsored			
30-Year Fixed-Rate FHA/VA	30-Year FHA/VA Gold 30-year FHA/VA mini-Gold PC	30-Year FHA/VA Gold	30-Year Fixed-Rate FHA 203b 30-Year Fixed-Rate VA 30-Year Fixed-Rate HUD-Guaranteed Section 184 Native American 30-Year Assumable 502 Guaranteed Rural Housing (GRH)
20-Year Fixed-Rate FHA/VA	30-Year FHA/VA Gold 30-year FHA/VA mini-Gold PC	30-Year FHA/VA Gold	20-Year Fixed-Rate FHA 203b 20-Year Fixed-Rate VA 20-Year Fixed-Rate HUD-Guaranteed Section 184 Native American
15-Year Fixed-Rate FHA/VA	15-Year FHA/VA Gold 15-year FHA/VA mini-Gold PC	15-Year FHA/VA Gold	15-Year Fixed-Rate FHA 203b 15-Year Fixed-Rate VA 15-Year Fixed-Rate HUD-Guaranteed Section 184 Native American
30-Year non-assumable 502 Guaranteed Rural Housing (GRH)	30-Year Gold PC	30-Year Gold PC	30-Year non-assumable 502 Guaranteed Rural Housing (GRH)
Prepayment Penalty Fixed-Rate Mortgages			
N/A	30-Year Gold PC 3-Year 2% Prepayment Penalty	N/A	The following loan products identified as having a 3-year 2% prepayment penalty: 30-Year Fixed-Rate Conventional 30-Year Alt 97 20-Year Fixed-Rate Conventional 20-Year Alt 97

Legend:

1 For current information regarding fixed-rate and Balloon/Reset Mortgage products available through Cash under Mandatory Cash Contracts with servicing released and Best Efforts Contracts with servicing released or servicing retained, see the Selling System Availability Matrix at **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**. 40-year fixed-rate Mortgages may only be Home Possible Mortgages that are secured by 1-unit Primary Residences (other than Manufactured Homes).

Exhibit 17S—Mortgage Products Available Through the Selling System

Eligible Fixed-Rate (including Balloon/Reset) Mortgages through the Selling System[1]			
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product (MultiLender)**	**Loan Product**
Prepayment Penalty Fixed-Rate Mortgages (Continued)			
N/A	15-Year Gold PC 3-Year 2% Prepayment Penalty	N/A	The following loan products identified as having a 3-year 2% prepayment penalty: 15-Year Fixed-Rate Conventional 15-Year Alt 97
N/A	30-Year Various Prepayment Penalty[6]	N/A	The following loan products identified as having a various prepayment penalty: 30-Year Fixed-Rate Conventional Mortgage 30-Year Alt 97 20-Year Fixed-Rate Conventional Mortgage 20-Year Alt 97
N/A	15-Year Various Prepayment Penalty[6]	N/A	The following loan products identified as having a various prepayment penalty: 15-Year Fixed-Rate Conventional Mortgage 15-Year Alt 97
Fixed-rate Relief Refinance Mortgages with loan-to-value (LTV) ratios >105% to ≤125%			
30-Year Fixed-Rate Conventional	30-Year Gold PC High LTV >105 to ≤125 30-Year 100% super conforming Gold PC High LTV>105 to ≤125[13]	N/A	30-Year Fixed-Rate Conventional
20-Year Fixed-Rate Conventional	20-Year Gold PC High LTV >105 to ≤125 20-Year 100% super conforming Gold PC High LTV>105 to ≤125[13]	N/A	20-Year Fixed-Rate Conventional
15-Year Fixed-Rate Conventional	15-Year Gold PC High LTV >105 to ≤125 15-Year 100% super conforming Gold PC High LTV >105 to ≤125[13]	N/A	15-Year Fixed-Rate Conventional

Legend:

1 For current information regarding fixed-rate and Balloon/Reset Mortgage products available through Cash under Mandatory Cash Contracts with servicing released and Best Efforts Contracts with servicing released or servicing retained, see the Selling System Availability Matrix at **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**. 40-year fixed-rate Mortgages may only be Home Possible Mortgages that are secured by 1-unit Primary Residences (other than Manufactured Homes).

6 Various Prepayment Penalty Guarantor Security Products may include both 3-year 2% Prepayment Penalty Mortgages and Various Prepayment Penalty Mortgages and require an Additional Supplement, see Section 17.12 and Exhibit 22

13 For super conforming Mortgages with LTV ratios greater than 105% and less than or equal to 125%, the delivery and pooling requirements of Guide subsection A24.4(g) apply.

Exhibit 17S—Mortgage Products Available Through the Selling System

Eligible 100% super conforming fixed-rate Mortgages[14]			
Contract Product (Cash)	**Security Product[13] (Guarantor)**	**Security Product (MultiLender)**	**Loan Product**
30-Year Fixed-Rate			
N/A	30-Year 100% super conforming	30-Year 100% super conforming	30-Year Fixed-Rate Conventional
20-Year Fixed-Rate			
N/A	20-Year 100% super conforming	20-Year 100% super conforming	20-Year Fixed-Rate Conventional
15-Year Fixed-Rate			
N/A	15-Year 100% super conforming	15-Year 100% super conforming	15-Year Fixed-Rate Conventional

Legend:

14 For 15-, 20-, and 30-year 100% super conforming Security Products, up to and including 100% of the Mortgages in the PC pools may be super conforming Mortgages. Please see Guide subsection 13.4(f)7 for additional information.

13 For super conforming Mortgages with LTV ratios greater than 105% and less than or equal to 125%, the delivery and pooling requirements of Guide subsection A24.4(g) apply.

Exhibit 17S—Mortgage Products Available Through the Selling System

Product Codes for Fixed-Rate (including Balloon/Reset) Mortgages sold through the Selling System				
	Seller Coding[4]			
Products	Loan Feature Code	Offering Code	Special Characteristics Codes (SCC)	Maturity Period (in years) *(Date of First P&I Payment, Note Maturity Date)*
Home Possible with Rural Housing Service Leveraged Second	H		071 582	30
Guaranteed Rural Housing 502	H			30
HUD-Guaranteed Section 184 Native American		N	Either 128, 130 or 218	30, 20, 15
FHA 203(b)	F			30, 20, 15
VA	V			30, 20, 15
Alt 97		210		30, 20, 15
Affordable Merit Rate				30
Fixed-Rate Conventional				40, 30, 20, 15
Balloon/Reset				5, 7
Home Possible 97			G00	40, 30, 20, 15
Home Possible Neighborhood Solution® 97			G01	40, 30, 20, 15
Home Possible 3% Cash			G20	40, 30, 20, 15
Home Possible Neighborhood Solution 3% Cash			G21	40, 30, 20, 15
Prepayment Penalty			113	30, 20, 15

Legend:

4 Additional codes must be provided or requirements must be met based on the Mortgage type, if applicable. Sellers should also review their Purchase Documents for additional special requirements, which may not appear on the Form 11 or Form 13SF or in Chapter 17

Exhibit 17S—Mortgage Products Available Through the Selling System

Product Codes for Fixed-Rate (including Balloon/Reset) Mortgages sold through the Selling System				
Products	**Seller Coding[4]**			**Maturity Period (in years)** *(Date of First P&I Payment, Note Maturity Date)*
	Loan Feature Code	**Offering Code**	**Special Characteristics Codes (SCC)**	
Newly Built Home Mortgage secured by site-built home			D49 And, D53 if Seasoned Mortgage for Newly Constructed Home*	40, 30, 20, 15
Newly Built Home Mortgage secured by Manufactured Home			D50	30, 20, 15
Construction Conversion Mortgage secured by site-built home			D51 And, D53 if Seasoned Mortgage for Newly Constructed Home*	30, 20, 15
Construction Conversion Mortgage secured by Manufactured Home			D52	30, 20, 15
Renovation Mortgage secured by site-built home			D51 and D69 And D53 if Seasoned Mortgage for Newly Constructed Home*	30, 20, 15

Legend:

4 Additional codes must be provided or requirements must be met based on the Mortgage type, if applicable. Sellers should also review their Purchase Documents for additional special requirements, which may not appear on the Form 11 or Form 13SF or in Chapter 17

* Effective January 1, 2011, the definition of Seasoned Mortgage for a Newly Constructed Home is deleted from the Guide. Refer to the definition of Seasoned Mortgage.

Exhibit 17S—Mortgage Products Available Through the Selling System

Product Codes for Mortgages sold through the Selling System[4]		
Abbreviated Reference Title	**Full Text Reference Definition**	**Reference Code**
Seller Owned Mod Mortgages	Seller-Owned Modified Mortgage	0003
Convert ARM – FRE ACARM	Freddie Mac-Owned Converted Mortgage	0004
Seller Owned Convert Mrtg	Seller-Owned Converted Mortgage	0005
FRE Streamline Refin Mrtg	Freddie Mac-owned streamlined refinance Mortgage	0007
Mrtg for New Constr Homes	Construction Conversion Mortgages and Renovation Mortgages using Integrated Documentation or Modification Documentation	0013

Legend:

4 Additional codes must be provided or requirements must be met based on the Mortgage type, if applicable. Sellers should also review their Purchase Documents for additional special requirements, which may not appear on the Form 11 or Form 13SF or in Chapter 17

ARMs Eligible Under WAC ARM Cash Selling System Only

ARM Product	ARM Index Source Code	Lookback[7] Period (days)	Initial Period[8] (months)	Subsequent Adjustment Period (months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year Weekly Constant Maturity Treasury (CMT) Index									
1-year	004	45	12	12	1	1	6	No	N/A
1-year	004	45	12	12	2	2	6	No	N/A
3/1	004	45	36	12	2	2	6	No	N/A
5/1	004	45	60	12	2	2	5	No	N/A
5/1	004	45	60	12	5	2	5	No	N/A
7/1	004	45	84	12	5	2	5	No	N/A
10/1	004	45	120	12	5	2	5	No	N/A
1-Year LIBOR Index									
1-year	041	45	12	12	2	2	6	No	N/A
1-year	041	45	12	12	3	3	6	No	N/A
3/1	041	45	36	12	2	2	5 or 6	No	N/A
3/1	041	45	36	12	3	2	6	No	N/A
5/1	041	45	60	12	2	2	5 or 6	No	N/A
5/1	041	45	60	12	3	2	6	No	N/A
5/1	041	45	60	12	5	2	5	No	N/A
7/1	041	45	84	12	5	2	5	No	N/A
10/1	041	45	120	12	5	2	5	No	N/A

Legend:

7 Lookback Period—"45" means 45 days preceding the Interest Change Date

8 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

Exhibit 17S—Mortgage Products Available Through the Selling System

ARMs Eligible Under WAC ARM Guarantor[9]
Selling System Only

ARM Product	ARM Index Source Code	Lookback[7] Period (days)	Initial Period[8] (months)	Subsequent Adjustment Period (months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year Constant Maturity Treasury (CMT) Index									
1-year	004	45	12	12	1	1	Less than or equal to 6	No	N/A
1-year	004	45	12	12	2	2	Less than or equal to 6	No	N/A
3/1	004	45	36	12	2	2	Less than or equal to 6	No	N/A
3/1	004	45	36	12	3	2	Less than or equal to 6	No	N/A
5/1	004	45	60	12	2	2	Less than or equal to 6	No	N/A
5/1	004	45	60	12	3	2	Less than or equal to 6	No	N/A
5/1	004	45	60	12	5	2	Less than or equal to 6	No	N/A
7/1	004	45	84	12	2	2	Less than or equal to 6	No	N/A
7/1	004	45	84	12	3	2	Less than or equal to 6	No	N/A
7/1	004	45	84	12	5	2	6	No	N/A
7/1	004	45	84	12	*	2	Less than or equal to 6	No	N/A
10/1	004	45	120	12	2	2	Less than or equal to 6	No	N/A
10/1	004	45	120	12	3	2	Less than or equal to 6	No	N/A
10/1	004	45	120	12	5	2	6	No	N/A
10/1	004	45	120	12	*	2	Less than or equal to 6	No	N/A
3-Year Weekly Constant Maturity Treasury (CMT) Index									
3-Year	002	45	36	36	2	2	Less than or equal to 6	No	N/A
5-Year Weekly Constant Maturity Treasury (CMT) Index									
5-Year	003	45	60	60	2	2	Less than or equal to 6	No	N/A

Legend:

7 Lookback Period—"45" means 45 days preceding the Interest Change Date

8 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

9 An ARM sold under the WAC ARM Guarantor program through the Selling System may be a Prepayment Penalty Mortgage, provided that it is not a Higher-Priced Mortgage Loan. Prepayment Penalty ARMs require an Additional Supplement, see Section 17.12 and Exhibit 22

* The Initial Cap must be the same as the Life Cap

Exhibit 17S—Mortgage Products Available Through the Selling System

ARMs Eligible Under WAC ARM Guarantor[9] Selling System Only									
ARM Product	ARM Index Source Code	Lookback[7] Period (days)	Initial Period[8] (months)	Subsequent Adjustment Period (months)	Initial Cap %	Periodic Cap %	Life Cap %	Convertible (Yes or No)	Conversion Process
1-Year LIBOR Index									
1-year	041	FBD or 45	12	12	2	2	Less than or equal to 6	No	N/A
1-year	041	FBD or 45	12	12	3	3	Less than or equal to 6	No	N/A
3/1	041	FBD or 45	36	12	2	2	Less than or equal to 6	No	N/A
3/1	041	FBD or 45	36	12	3	2	Less than or equal to 6	No	N/A
5/1	041	FBD or 45	60	12	2	2	Less than or equal to 6	No	N/A
5/1	041	FBD or 45	60	12	3	2	Less than or equal to 6	No	N/A
5/1	041	FBD or 45	60	12	5	2	Less than or equal to 6	No	N/A
5/1	041	FBD or 45	60	12	6	2	6	No	N/A
7/1	041	FBD or 45	84	12	2	2	Less than or equal to 6	No	N/A
7/1	041	FBD or 45	84	12	5	2	Less than or equal to 6	No	N/A
10/1	041	FBD or 45	120	12	2	2	Less than or equal to 6	No	N/A
10/1	041	FBD or 45	120	12	5	2	Less than or equal to 6	No	N/A
6-Month LIBOR Index									
6-Month	007	FBD	6	6	1	1	Less than or equal to 6	No	N/A
3/6-Month	007	FBD	36	6	3	1	Less than or equal to 6	No	N/A
3/6-Month	007	FBD	36	6	6	2	6	No	N/A
5/6-Month	007	FBD	60	6	5	1	Less than or equal to 6	No	N/A
5/6-Month	007	FBD	60	6	5	2	Less than or equal to 6	No	N/A
5/6-Month	007	FBD	60	6	6	2	6	No	N/A
7/6-Month	007	FBD	84	6	5	1	Less than or equal to 6	No	N/A
10/6-Month	007	FBD	120	6	5	1	Less than or equal to 6	No	N/A

Legend:

7 Lookback Period—"45" means 45 days preceding the Interest Change Date; "FBD" means the first Business Day of the month immediately preceding the month in which the Interest Change Date occurs. Adjustable-rate Mortgage (ARM) products with different Lookback Periods are pooled separately.

8 The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

9 An ARM sold under the WAC ARM Guarantor program through the Selling System may be Prepayment Penalty Mortgages, provided that it is not a Higher-Priced Mortgage Loan. Prepayment Penalty ARMs require an Additional Supplement, see Section 17.12 and Exhibit 22

Exhibit 18

Loan Prospector® Price Structure

The Loan Prospector fees below will apply until modified in accordance with the terms of the Loan Prospector User Agreement (Exhibit 15) set forth in the *Single-Family Seller/Servicer Guide* (Guide).

Assessment Type	Loan Prospector Transaction Fees
Conventional for Accept Mortgages:	
■ Loan Assessment Fee with In-File Credit Reports	$20
■ Loan Assessment Fee with Merged Credit Report or Reference Number	$15
No transaction fee is assessed when a Caution Risk Class is received on the first submission. Assessments that receive an Accept Risk Class on the first submission and a Caution Risk Class on a subsequent submission will be assessed the Conventional Accept transaction fee.	
Reorder Credit Service Fee	$4
FHA:	
■ Loan Assessment Fee with Merged Credit Report or Reference Number	$15
VA:	
■ Loan Assessment Fee with In-File Credit Reports	$20
■ Loan Assessment Fee with Merged Credit Report or Reference Number	$15
Validation Fee:	
■ Validation Assessment Fees[1]	$0
Loan Type Changes:	
■ Conventional -to- FHA/VA	$0
■ FHA/VA -to- Conventional	$0

Note(s):

1 Validation Assessments are only available to Seller/Servicers. No validation fee is assessed when a wholesaler resubmits a loan originally submitted by a mortgage broker.

Definitions:

Credit Reporting Company (CRC)	CRCs are vendors with whom Freddie Mac has agreements to provide merged credit reports to Loan Prospector customers.
Loan Assessment Fee	Fee charged the first time a loan is submitted for a Loan Prospector assessment. Each loan may be resubmitted up to 15 times without an additional charge. Always enter the LP AUS Key number to avoid additional assessment charges on resubmissions.
LoanProspector.com	A web-enabled system that provides access to Loan Prospector via an industry standard data set. LoanProspector.com can be accessed directly through a browser, other web sites and Loan Origination Systems (LOS).
Reference Number	CRC assigned identifier used by LoanProspector.com to obtain previously ordered credit.
Reorder Credit Service Fee	Fee assessed when a Loan Prospector customer requests fresh credit to be used in the assessment of an existing loan.
Sponsored Originator	With respect to the use of Loan Prospector, a Mortgage Broker or Correspondent acting on behalf of a Seller/Servicer as described in Exhibit 29, Agreement of Terms and Conditions for Third-Party Use of Loan Prospector.
Validation Assessment	When a Wholesaler resubmits to Loan Prospector a loan that has been previously submitted by a Sponsored Originator.
Wholesaler	Freddie Mac Seller/Servicers funding loans originated by a Sponsored Originator with whom they have an agreement.

Additional Loan Prospector Fees:

New Customer Discount	For Freddie Mac Seller/Servicers using LoanProspector.com, the fee will be $0 for the first ten (10) conventional loan assessments.
Communications-Related Charges	Customers accessing Loan Prospector through GoldWorks® will incur communications charges at the prevailing GoldWorks rate.
Fees for Other Third-Party Products	Third-Party Products, such as merged credit reports and various types of data, may be made available through Loan Prospector. The charges payable for such Third Party Products are subject to modification at any time, and Users will pay fees based on the pricing schedule in effect for such products and services at the time ordered.
Additional Services and Charges	Charges for other Loan Prospector services are assessed in accordance with the terms of the Loan Prospector User Agreement, the Automated Underwriting Timesharing Agreement, or the Loan Prospector Originator Agreement, as applicable, and the notices provided pursuant to the terms of those agreements.

Exhibit 19—Postsettlement Delivery Fees

1. **Postsettlement Delivery Fees ("Delivery Fees") for Mortgages with Special Attributes** − This Delivery Fee Matrix sets forth the delivery fee amounts and/or delivery fee rates and credits applicable to certain Mortgages that, because of the type of mortgage product, loan purpose, Mortgaged Premises or other attributes (the "special attributes"), are subject to a delivery fee or receive a delivery fee credit pursuant to the provisions of the Guide.

2. **Delivery Fees are Cumulative** − A particular Mortgage that has various special attributes may be subject to more than one delivery fee. The cumulative delivery fees applicable to such a Mortgage will be the sum of the delivery fees required with respect to each of the special attributes of the Mortgage.

3. **Payment of Delivery Fees and application of Delivery Fee credits** − Delivery fees are paid and credits are applied in accordance with the provisions in Section 17.2 of the Guide. However, for Mortgages sold through the Freddie Mac Selling System under the Cash Program, delivery fees and credits will be netted from the proceeds due to the Seller at funding.

4. **Mortgage Eligibility** − Sellers should review the Guide and their other Purchase Documents to determine the eligibility of Mortgages with specific special attributes for which a delivery fee rate or credit is shown on this Exhibit.

5. **Relief Refinance Mortgage Delivery Fee Cap** − The chart below reflects the reduced term incentive applied as a reduced delivery fee cap for Relief Refinance Mortgages with LTV ratios greater than 105%.

RELIEF REFINANCE MORTGAGE DELIVERY FEE CAP			
Amortization Term		**LTV Ratios**	
		All Eligible	
Original Mortgage	**Relief Refinance Mortgage**	**≤ 105%**	**> 105%**
≥ 30 years	**>15 & ≤ 25 years**	2.00%	1.50%
	≤ 15 or > 25 years	2.00%	2.00%
< 30 years	**Any**	2.00%	2.00%

Exhibit 19—Postsettlement Delivery Fees

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Exhibit 19—Postsettlement Delivery Fees

Delivery Fees that Apply to All Mortgage Purposes and Mortgage Product Types, including Mortgages sold with recourse:

MARKET CONDITION	
Product	**All Eligible**
All Eligible Product	0.25%

Exhibit 19—Postsettlement Delivery Fees

The following Indicator Score / Loan-to-Value Grid applies to all Mortgages with the exception of 15-year fixed rate Mortgages, Home Possible Mortgages, Section 184 Native American Mortgages, Section 502 GRH Mortgages, FHA / VA Mortgages, and Mortgages subject to CS/LTV (A-minus) delivery fees.

INDICATOR SCORE / LOAN-TO-VALUE [26] Effective for Settlements on or before February 28, 2011							
Product	**Credit Score [21, 22, 23]**	**LTV Ratios**					
		All Eligible					
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85%**
All Eligible Product	**≥ 740**	-0.25%	0.00%	0.00%	0.00%	0.00%	0.00%
	≥ 720 & < 740	-0.25%	0.00%	0.00%	0.25%	0.00%	0.00%
	≥ 700 & < 720	-0.25%	0.50%	0.50%	0.75%	0.50%	0.50%
	≥ 680 & < 700	0.00%	0.50%	1.00%	1.50%	1.00%	0.75%
	≥ 660 & < 680	0.00%	1.00%	2.00%	2.50%	2.25%	1.75%
	≥ 640 & < 660	0.50%	1.25%	2.50%	2.75%	2.75%	2.25%
	≥ 620 & < 640	0.50%	1.50%	2.75%	2.75%	2.75%	2.75%
	< 620	0.50%	1.50%	2.75%	2.75%	2.75%	2.75%

21 For LP and Non-LP Mortgages, the delivery fee rate is based on the Credit Score delivered by the Seller. For LP Mortgages, if the Seller delivers the Key Number and no Indicator Score, Freddie Mac will use the Indicator Score found on the last Loan Prospector® Feedback Certificate dated on or before the Note Date of the Mortgage as the Mortgage Indicator Score.

22 Indicator Score / LTV Fee assumes the use of the middle/lower then lowest method outlined in Section 37.5 of the Guide for identifying the Mortgage Indicator Score. **An additional 0.25% delivery fee will be added to the Indicator Score/ Loan-to-Value fee rate if a method other than the middle/lower then lowest method is used for identifying the Mortgage Indicator Score.** Freddie Mac reserves the right to adjust fee rates if Freddie Mac determines that Sellers inconsistently use the recommended method and the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Section 37.5(e) for details.

23 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

26 Sellers should refer to the Guide and any other of their Purchase Documents for other requirements and restrictions. For Mortgages with LTV ratios delivered in excess of the Guide requirements, the highest delivery fee rate will apply.

Exhibit 19—Postsettlement Delivery Fees

The following Indicator Score / Loan-to-Value Grid applies to all Mortgages with the exception of 15-year fixed rate Mortgages, Home Possible Mortgages, Section 184 Native American Mortgages, Section 502 GRH Mortgages, FHA / VA Mortgages, and Mortgages subject to CS/LTV (A-minus) delivery fees.

INDICATOR SCORE / LOAN-TO-VALUE [26] Effective for Settlements on or after March 01, 2011							
Product	**Credit Score [21, 22, 23]**	**LTV Ratios**					
		All Eligible					
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85%**
All Eligible Product	**≥ 740**	-0.25%	0.00%	0.00%	0.25%	0.25%	0.25%
	≥ 720 & < 740	-0.25%	0.00%	0.25%	0.50%	0.50%	0.50%
	≥ 700 & < 720	-0.25%	0.50%	0.75%	1.00%	1.00%	1.00%
	≥ 680 & < 700	0.00%	0.50%	1.25%	1.75%	1.50%	1.25%
	≥ 660 & < 680	0.00%	1.00%	2.25%	2.75%	2.75%	2.25%
	≥ 640 & < 660	0.50%	1.25%	2.75%	3.00%	3.25%	2.75%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%
	< 620	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%

21 For LP and Non-LP Mortgages, the delivery fee rate is based on the Credit Score delivered by the Seller. For LP Mortgages, if the Seller delivers the Key Number and no Indicator Score, Freddie Mac will use the Indicator Score found on the last Loan Prospector® Feedback Certificate dated on or before the Note Date of the Mortgage as the Mortgage Indicator Score.

22 Indicator Score / LTV Fee assumes the use of the middle/lower then lowest method outlined in Section 37.5 of the Guide for identifying the Mortgage Indicator Score. **An additional 0.25% delivery fee will be added to the Indicator Score/ Loan-to-Value fee rate if a method other than the middle/lower then lowest method is used for identifying the Mortgage Indicator Score.** Freddie Mac reserves the right to adjust fee rates if Freddie Mac determines that Sellers inconsistently use the recommended method and the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Section 37.5(e) for details.

23 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

26 Sellers should refer to the Guide and any other of their Purchase Documents for other requirements and restrictions. For Mortgages with LTV ratios delivered in excess of the Guide requirements, the highest delivery fee rate will apply.

Delivery Fees that Apply to Certain Loan Purposes and Mortgage Product Types – unless your negotiated terms of business provide otherwise, these delivery fees do not apply to Mortgages sold with recourse:

40-YEAR FIXED-RATE MORTGAGES	
Product	**LTV Ratios**
	All Eligible
All Eligible Product	0.125%

ADJUSTABLE RATE MORTGAGES [9]	
Product	**LTV Ratios**
	All Eligible
	> 90%
ARMs other than Home Possible ARMs – All Eligible Product	0.25%
Home Possible 5/1 ARMs – All Eligible Product	0.25%

9 7/1 and 10/1 ARMs that are Home Possible Mortgages meeting the requirements of Chapter A34 are not subject to the Adjustable Rate Mortgage Fee.

ALT 97 MORTGAGES		
Product	**Required MI Coverage**	**LTV Ratios**
		All Eligible
		≥ 90%
All Eligible Product	**35%**	0.50%

BALLOON/RESET MORTGAGES		
Product	**LTV Ratios**	
	All Eligible	
	≤ 90%	**> 90%**
All Eligible Product	0.00%	1.00%

Exhibit 19—Postsettlement Delivery Fees

CALIFORNIA CONDOMINIUM UNIT MORTGAGES [1]	
Product	LTV Ratios
	All Eligible
All Eligible Product	1.00%

1 Refer to Chapter 42 for specific California Condominium Units subject to this fee.

CASH-OUT REFINANCE MORTGAGES INDICATOR SCORE / LOAN-TO-VALUE [10]						
Product	Credit Score [21, 22,23]	LTV Ratios				
		All Eligible				
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80%
	≥ 740	0.000%	0.250%	0.250%	0.500%	Not Eligible
	≥ 720 & < 740	0.000%	0.625%	0.625%	0.750%	
	≥ 700 & < 720	0.000%	0.625%	0.625%	0.750%	
	≥ 680 & < 700	0.000%	0.750%	0.750%	1.375%	
	≥ 660 & < 680	0.250%	0.750%	0.750%	1.500%	
	≥ 640 & < 660	0.250%	1.250%	1.250%	2.250%	
	≥ 620 & < 640	0.250%	1.250%	1.250%	2.750%	
	< 620	1.250%	2.250%	2.250%	2.750%	

10 A cash-out refinance fee will not be assessed on a Mortgage that meets the requirements for a special purpose cash-out refinance Mortgage in Section 24.7.

21 For LP and Non-LP Mortgages, the delivery fee rate is based on the Credit Score delivered by the Seller. For LP Mortgages, if the Seller delivers the Key Number and no Indicator Score, Freddie Mac will use the Indicator Score found on the last Loan Prospector® Feedback Certificate dated on or before the Note Date of the Mortgage as the Mortgage Indicator Score.

22 Indicator Score / LTV Fee assumes the use of the middle/lower then lowest method outlined in Section 37.5 of the Guide for identifying the Mortgage Indicator Score. **An additional 0.25% delivery fee will be added to the Indicator Score/ Loan-to-Value fee rate if a method other than the middle/lower then lowest method is used for identifying the Mortgage Indicator Score.** Freddie Mac reserves the right to adjust fee rates if Freddie Mac determines that Sellers inconsistently use the recommended method and the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Section 37.5(e) for details.

23 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

CONDOMINIUM UNIT MORTGAGES [27]	
Product	LTV Ratios
	All Eligible
	> 75%
All Eligible Product	0.75%

27 15 Year Fixed Rate Mortgages and Home Possible Mortgages are not subject to the Condominium Unit Mortgage Fee.

Exhibit 19—Postsettlement Delivery Fees

FLEXIBLE MORTGAGE INSURANCE OPTIONS [28]			
MI Option	Product	LTV Ratios	
		All Eligible	
		> 85% & ≤ 90%	> 90%
Custom MI	30-Yr FR	0.375%	0.75%
	15- & 20-Yr FR	No Fee	0.75%
	5- & 7-Yr Balloon/Reset	0.50%	0.75%
	ARM	0.50%	0.75%

28 Freddie Mac Relief Refinance Mortgages are not subject to the Flexible Mortgage Insurance Options Delivery Fees.

MORTGAGES WITH HIGH LTVs [29]			
Product	LTV Ratios		
	All Eligible		
	> 95% & ≤ 97%	> 97% & ≤ 105 %	> 105%
All Eligible Product	0.50%	1.00%	2.00%

29 Applies to Freddie Mac Relief Refinance Mortgages only.

HOME POSSIBLE MORTGAGES				
Product	Area Median Income	Loan Purpose	LTV Ratios	
			All Eligible	
			≤ 95%	> 95%
All Eligible Product	≤ 80%	Purchase	1.00%	1.35%
	≤ 80%	Refinance	1.50%	1.85%
	> 80%	All Eligible Loan Purpose	1.50%	1.85%

Exhibit 19—Postsettlement Delivery Fees

INVESTMENT PROPERTY MORTGAGES			
Product	LTV Ratios		
	All Eligible		
	≤ 75%	> 75% & ≤ 80%	> 80%
All Eligible Product	1.75%	3.00%	3.75%

MANUFACTURED HOMES	
Product	LTV Ratios
	All Eligible
All Eligible Product	1.00%

NUMBER OF UNITS								
Product	Number of Units	LTV Ratios						
		All Eligible						
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90%
Mortgages other than Home Possible Mortgages–All Eligible Product	2	1.00%	1.00%	1.00%	1.00%	Not Eligible		
	3-4	1.00%	1.00%	1.00%	1.00%			
Home Possible Mortgages–All Eligible Product	2	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee
	3-4	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	1.00%

MORTGAGES ORIGINATED WITH THE PROPERTY INSPECTION ALTERNATIVE	
Product	TLTV Ratios
	All Eligible
All Eligible Product	$50.00

Exhibit 19—Postsettlement Delivery Fees

MORTGAGES WITH SECONDARY FINANCING[11, 15,16] Effective for Settlements on or before February 28, 2011				
Product	**LTV Ratios**	**TLTV Ratios**	**Credit Score**	
			< 720	**≥ 720**
All Eligible Product	**> 65% & ≤ 75%**	**> 90% & ≤ 95%**	0.50%	0.25%
	> 75% & ≤ 80%	**> 76% & ≤ 90%**	0.25%	0.00%
	> 75% & ≤ 80%	**> 90% & ≤ 95%**	0.50%	0.25%
	> 80% & ≤ 90%	**> 81% & ≤ 95%**	1.00%	0.50%
	> 90% & ≤ 95% [29]	**> 90% & ≤ 95%** [29]	0.50%	0.25%
	ALL [29]	**> 95%** [29]	1.50%	1.50%

MORTGAGES WITH SECONDARY FINANCING[11, 15,16] Effective for Settlements on or after March 01, 2011				
Product	**LTV Ratios**	**TLTV Ratios**	**Credit Score**	
			< 720	**≥ 720**
All Eligible Product	**≤ 65%**	**> 80% & ≤ 95%**	0.50%	0.25%
	> 65% & ≤ 75%	**> 80% & ≤ 95%**	0.75%	0.50%
	> 75% & ≤ 80%	**> 76% & ≤ 90%**	1.00%	0.75%
	> 75% & ≤ 80%	**> 90% & ≤ 95%**	1.00%	0.75%
	> 80% & ≤ 90%	**> 81% & ≤ 95%**	1.00%	0.75%
	> 90% & ≤ 95% [29]	**> 90% & ≤ 95%** [29]	0.50%	0.25%
	ALL [29]	**> 95%** [29]	1.50%	1.50%

11 Secondary financing fees apply to both purchase and refinance transactions.
15 A secondary financing delivery fee will not be assessed on a Mortgage with a HELOC balance of zero at loan closing.
16 A secondary financing delivery fee will not be assessed on a Mortgage with an Affordable Second meeting the requirements of Section 25.1(g).
29 Applies to Freddie Mac Relief Refinance Mortgages only.

Exhibit 19—Postsettlement Delivery Fees

SUPER CONFORMING MORTGAGES				
Product	**Purpose**	**LTV / TLTV Ratios**		
		All Eligible		
		≤ 75%	**> 75% & ≤ 80%**	**> 80%**
30-, 20- and 15-year Fixed Rate Fully Amortizing	**Purchase & No Cash-out Refinances**	0.00%	0.00%	0.00%
	Cash-out Refinances	1.00%	Not Eligible	
Fully Amortizing ARMs (All Eligible)	**Purchase & No Cash-out Refinances**	0.75%	1.50%	1.50%
	Cash-out Refinances	1.75%	Not Eligible	

CS/LTV DELIVERY FEES ("A-MINUS FEES") – LP MORTGAGES [4, 5, 12]			
Product	Risk Class	LP Feedback Message Level	LTV Ratios All Eligible
All Eligible Product	Caution – A-Minus Mortgages And Caution – Other Caution Mortgages	Level 1	1.25%
		Level 2	1.50%
		Level 3	2.75%
		Level 4	4.00%
		Level 5	4.00%

CS/LTV = Credit Score / Loan-to-Value LP = LP Classic® and LoanProspector.com Non-LP = Non-Loan Prospector

4 A Caution Mortgage with an evaluation result of eligible for A-Minus will not be assessed an A-Minus fee if it is delivered as an Affordable Merit Rate Mortgage.

5 For LP Mortgages, the delivery fee rate is based on the CS/LTV Fee Level found on the last Loan Prospector Feedback Certificate dated on or before the Note Date of the Mortgage. The Key Number must be delivered for each Mortgage evaluated by LP. If the Key Number is not delivered, the Mortgage will be priced as a Non-LP Mortgage. If the LP transaction is not complete, the Mortgage will be treated as a Non-LP Mortgage. A-Minus fees apply to both purchase and refinance transactions.

12 Home Possible Mortgages meeting the requirements of Chapter A34 are not subject to the CS/LTV ("A-minus") fee.

CS/LTV DELIVERY FEES ("A-MINUS FEES") – NON-LP MORTGAGES [13, 26, 30]							
Product	Non-LP Mortgages Subject to A-Minus Fees	Credit Score [6, 7]	LTV Ratios All Eligible				
			≤ 60%	> 60% & ≤ 75%	> 75% & ≤ 90%	> 90% & ≤ 95%	> 95%
All Eligible Product	See Eligibility Chart on Page 13	≥ 700 & ≤ 850	1.25%	1.25%	1.25%	1.25%	1.25%
		≥ 660 & ≤ 699	1.25%	1.25%	2.75%	1.50%	1.50%
		≥ 620 & ≤ 659	1.25%	2.75%	4.00%	2.75%	2.75%

CS/LTV = Credit Score / Loan-to-Value Non-LP = Non-Loan Prospector

6 For Non-LP Mortgages, the delivery fee rate is based on the Credit Score delivered by the Seller. A-Minus fees apply to both purchase and refinance transactions.

7 A-Minus fee rates assume the use of the middle/lower then lowest method outlined in Section 37.5 of the Guide for identifying the Mortgage Indicator Score. **An additional 0.25% delivery fee will be added to the A-Minus fee rate if a method other than the middle/lower then lowest method is used for identifying the Mortgage Indicator Score.** Freddie Mac reserves the right to adjust A-Minus fee rates if Freddie Mac determines that Sellers inconsistently use the recommended method and the permitted methods to identify Indicator Scores for Mortgages delivered to Freddie Mac. See Section 37.5(e) for details.

13 RHS Section 502 Guaranteed Rural Housing Mortgages meeting the requirements of Section 35.2, Affordable Gold Mortgages with RHS Leveraged Seconds meeting the requirements of Section 35.3 and Section 184 Native American Mortgages meeting the requirements of Section 35.4 are not subject to the CS/LTV ("A-Minus Fees").

26 Sellers should refer to the Guide and any other of their Purchase Documents for other requirements and restrictions. For Mortgages with LTV ratios delivered in excess of the Guide requirements, the highest delivery fee rate will apply.

30 Freddie Mac Relief Refinance Mortgages-Same Servicer are not subject to the CS/LTV ("A-Minus Fees") – Non-LP Mortgages Delivery Fees.

Exhibit 19—Postsettlement Delivery Fees

ELIGIBILITY FOR CS/LTV ("A-MINUS")

LP MORTGAGES SUBJECT TO CS/LTV DELIVERY FEES ("A-MINUS FEES")		
Product	Risk Class	Representation and Warranty Relief
All Eligible Product	Caution ─ A-Minus Mortgages	Yes
	Caution ─ Other Caution Mortgages	No

LP = LP Classic or Loan Prospector.com
Representation and Warranty Relief = Creditworthiness Representation and Warranty Relief

NON-LP MORTGAGES SUBJECT TO CS/LTV DELIVERY FEES ("A-MINUS FEES") [30]					
Product	**Purpose**	**Property Type**	**LTV**	**Indicator Score [8]**	**Representation and Warranty Relief**
All Eligible Product	Purchase & No Cash-Out Refinance	1 Unit-Property	> 70%	< 660	No
		2-Unit Primary	≤ 90%	< 660	
			> 90%	< 680	
		3- to 4-Unit Primary	≤ 80%	< 660	
		1- to 2-Unit Investment	≤ 75%	< 680	
			> 75%	< 720	
		3- to 4-Unit Investment	≤ 75%	< 680	
		Second Homes	> 70%	< 660	
	Cash-Out Refinance	1- to 2-Unit Primary	≤ 70%	< 680	
			> 70%	< 720	
		3- to 4-Unit Primary	≤ 75%	< 720	
		1- to 2-Unit Investment	≤ 70%	< 680	
			> 70%	< 720	
		3- to 4-Unit Investment	≤ 70%	< 720	
		Second Homes	≤ 70%	< 680	
			> 70%	< 720	

Non-LP = Non-Loan Prospector Primary = Primary Residence Investment = Investment Property
Representation and Warranty Relief = Creditworthiness Representation and Warranty Relief

8 Refer to Exhibit 25, Minimum Indicator Score Requirements, for any additional eligibility restrictions based on the type of mortgage product, loan purpose, Mortgaged Premises or other special attributes.

30 Freddie Mac Relief Refinance Mortgages-Same Servicer are not subject to the CS/LTV ("A-Minus Fees") – Non-LP Mortgages Delivery Fees.

ELIGIBILITY FOR CS/LTV ("A-MINUS")

Exhibit 20

Homeownership Education Certification

HOMEOWNERSHIP EDUCATION CERTIFICATION

Borrower's Name: _____

Property Address: _____

_____

Mortgage Lender: _____

Counseling Provider: _____

Trainer's Name: _____
(typed)

_____
(signature)

Date: _____

The Trainer certifies that the Borrower named above has completed the following Homeownership Education Program:

[Insert Name of Program]

Exhibit 21

Mortgage Credit Certificate Worksheet

MORTGAGE CREDIT CERTIFICATE WORKSHEET

Does the Borrower qualify without the mortgage credit certificate?

_____ Yes *(If yes, you do not need to complete this form)*

_____ No *(If no, complete the following)*

Lender Name: _____ **Completed By:** _____

Address: _____ **Date Completed:** _____

City: _____ **State:** _____ **Zip Code:** _____

Borrower's Name: _____

Property Address: _____

_____

ANNUAL MORTGAGE CREDIT AMOUNT CALCULATION

1. $ _____ Mortgage amount

2. _____ % Mortgage interest rate

3. $ _____ Annual mortgage interest *(from amortization schedule)*

4. _____ % Mortgage credit certificate rate

5. $ _____ Annual mortgage credit amount *(Multiply Line 3 by Line 4. If the certificate credit rate shown on Line 4 is more than 20%, do not enter more than $2,000 on line 5.)*

BORROWER'S EQUIVALENT INCOME CALCULATION

6. $ _____ Tax credit equivalent income (Determine the Borrower's Federal Income Tax Filing Status: ___ Single, ___ Married filing jointly, ___ Married filing separately, or ___ Head of household. Using the current Federal Income Tax Table,* under the applicable filing status column locate the line on which the amount of tax is closest to the amount of credit calculated on Line 5. Read across and write the higher amount of income on Line 6.)

7. _____ Number of exemptions to be claimed on the Borrower's Federal Income Tax Return

8. $ _____ Exemption deduction (Multiply Line 7 by the amount allowed per exemption by the Internal Revenue Service.*)

9. $ _____ Property's annual real estate taxes

10. $ _____ Mortgage interest deduction (Line 3 minus Line 5.)

11. $ _____ Borrower's equivalent income (Add Lines 6, 8, 9 and 10.)

MAXIMUM MORTGAGE CREDIT AMOUNT CALCULATION

12. $ _____ Borrower's adjusted gross income (From Borrower's federal income tax return)

13. If Line 11 is less than Line 12, Borrower qualifies for 100% credit. Go to Line 14.

If Line 11 is greater than Line 12, complete the following.

13a. _____ % Maximum mortgage credit rate (Divide Line 12 by Line 11.)

13b. $ _____ Annual maximum mortgage credit amount (Multiply Line 5 by Line 13a.)

MONTHLY HOUSING EXPENSE CALCULATION TO BE USED FOR UNDERWRITING

14. $ _____ Actual monthly housing expense

15. $ _____ Monthly mortgage credit (If Line 11 is greater than Line 12, divide Line 13b by twelve. If Line 11 is less than Line 12, divide Line 5 by twelve.)

16. $ _____ Adjusted monthly housing expense (Line 14 minus Line 15.) Use this adjusted monthly housing expense to qualify the Borrower.

* Use the most current information available from the Internal Revenue Service.

Sample Filled-in Worksheet (For Illustration Purposes Only)

ANNUAL MORTGAGE CREDIT AMOUNT CALCULATION

1. $ 50,000 Mortgage amount

2. 7 % Mortgage interest rate

3. $ 3,482 Annual mortgage interest *(from amortization schedule)*

4. 40 % Mortgage credit certificate rate

5. $ 1,393 Annual mortgage credit amount *(Multiply Line 3 by Line 4. If the certificate credit rate shown on Line 4 is more than 20%, do not enter more than $2,000 on line 5.)*

BORROWER'S EQUIVALENT INCOME CALCULATION

6. $ 9,300 Tax credit equivalent income (Determine the Borrower's Federal Income Tax Filing Status: ___ Single, ___ Married filing jointly, ___ Married filing separately, or ___ Head of household. Using the current Federal Income Tax Table,* under the applicable filing status column locate the line on which the amount of tax is closest to the amount of credit calculated on Line 5. Read across and write the higher amount of income on Line 6.)

7. 4 Number of exemptions to be claimed on the Borrower's Federal Income Tax Return

8. $ 10,600 Exemption deduction (Multiply Line 7 by the amount allowed per exemption by the Internal Revenue Service.*)

9. $ 1,000 Property's annual real estate taxes

10. $ 2,089 Mortgage interest deduction (Line 3 minus Line 5.)

11. $ 22,989 Borrower's equivalent income (Add Lines 6, 8, 9 and 10.)

MAXIMUM MORTGAGE CREDIT AMOUNT CALCULATION

12. $ 20,000 Borrower's adjusted gross income (From Borrower's federal income tax return)

13. If Line 11 is less than Line 12, Borrower qualifies for 100% credit. Go to Line 14.

If Line 11 is greater than Line 12, complete the following.

13a. 87 % Maximum mortgage credit rate (Divide Line 12 by Line 11.)

13b. $ 1,212 Annual maximum mortgage credit amount (Multiply Line 5 by Line 13a.)

MONTHLY HOUSING EXPENSE CALCULATION TO BE USED FOR UNDERWRITING

14. $ 455 Actual monthly housing expense

15. $ 101 Monthly mortgage credit (If Line 11 is greater than Line 12, divide Line 13b by twelve. If Line 11 is less than Line 12, divide Line 5 by twelve.)

16. $ 354 Adjusted monthly housing expense (Line 14 minus Line 15.) Use this adjusted monthly housing expense to qualify the Borrower.

* Use the most current information available from the Internal Revenue Service.

Exhibit 22

Form of Additional Supplement—Prepayment Penalty Mortgages

Additional Supplement for Mortgage Participation Certificates (PCs) Prepayment Penalty Mortgages

The following prototype additional disclosure form is not a final document; it must be reviewed carefully and completed by the Seller. All the fields enclosed by brackets are required to be completed.

To complete the Additional Supplement for Prepayment Penalty Mortgages, insert the Settlement Date in the field titled "Additional Supplement dated _____", and insert the PC Pool and CUSIP numbers of the PC Pool as well as Seller's name in the appropriate fields, just as you would typically complete other Additional Supplement forms.

In the "Special Mortgage Characteristics" section of the Additional Supplement, please provide, with respect to the Mortgages comprising the PC Pool, a description of the prepayment penalties and prepayment penalty periods, as well as whether the prepayment penalties are due upon sale of the Mortgaged Premises.

The following are examples of prepayment penalty and prepayment penalty period descriptions. Please use these descriptions if accurate or draft an accurate description using the examples below as a model.

- Six months' interest on prepaid amounts during the first year of the mortgage term
- Three percent of the prepaid amounts during the first year of the mortgage term and one percent of any prepaid amounts during the second and third years of the mortgage term
- Three percent of the outstanding principal balance on prepaid amounts during the first year, two percent during the second year, and one percent during the third year of the mortgage term
- Three percent of the original loan amount on prepaid amounts during the first three years of the mortgage term

(See reverse for examples.)

No fewer than two Business Days before the Settlement Date, for Mortgages sold through MIDANET®, or no later than the Final Delivery Date, for Mortgages sold through the Freddie Mac Selling System (Selling System), the Seller must deliver the completed Additional Supplement, together with the name and telephone number of the person responsible for the Additional Supplement, to Freddie Mac's e-mail address at **Additional_Supplement@freddiemac.com**. If the Seller is unable to e-mail their Additional Supplement, it may be faxed to Freddie Mac at (571) 382-4385.

Example 1:

% Aggregate UPB	Number of Loans	Prepayment Penalty Description	Penalty Due on Sale of Property (Y or N)	Prepayment Penalty Term Expired
40%	**4**	Three percent of the original loan amount on prepaid amounts during the first three years of the mortgage term	**Y**	**N**
60%	**6**	Three percent of the prepaid amounts during the first year of the mortgage term and one percent of any prepaid amounts during the second and third years of the mortgage term	**N**	**N**

Example 2:

% Aggregate UPB	Number of Loans	Prepayment Penalty Description	Penalty Due on Sale of Property (Y or N)	Prepayment Penalty Term Expired
100%	**10**	Three percent of the original loan amount on prepaid amounts during the first three years of the mortgage term	**N**	**N**

Freddie Mac
Additional Supplement for Mortgage Participation Certificates (PCs)
Prepayment Penalty Mortgages

ADDITIONAL SUPPLEMENT dated [ ],_200[ ]

PC Pool Number: [ ] **Seller Name: [ ]**
CUSIP Number: [ ]

PC Offering Circular: Current Offering Circular for Mortgage Participation Certificates available at **http://www.freddiemac.com/mbs/html/legal_doc.html.**

This Additional Supplement describes certain characteristics of the PCs and/or the Mortgages comprising the PC Pool that are not contained in or that differ from the information and characteristics set forth in the current PC Offering Circular ("PC Offering Circular") or the related Pool Supplement. This information is as of the PC issue date and supplements the information in the related Pool Supplement. Information and representations in this Additional Supplement about the seller and the Mortgages are the information and representations only of the seller of the Mortgages; we make no representations or warranties concerning the accuracy or completeness of the information contained herein. You should purchase the PCs only after reading this Additional Supplement, the Pool Supplement and the PC Offering Circular. Capitalized terms used in this Additional Supplement (other than capitalized terms that are defined in this document) have the same meanings as in the PC Offering Circular. The Additional Supplement incorporates by reference the PC Offering Circular and the related Pool Supplement.

We guarantee the payment of interest and principal on the PCs as described in the PC Offering Circular. Principal and interest payments on the PCs are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac. The PCs are not tax-exempt securities. Because of applicable securities law exemptions, Freddie Mac has not registered the PCs with any federal or state securities commission. No securities commission has reviewed this Additional Supplement.

MORTGAGES - Special Mortgage Characteristics

% Aggregate UPB	Number of Loans	Prepayment Penalty Description	Penalty Due on Sale of Property (Y or N)	Prepayment Penalty Term Expired

Exhibit 22A

Form of Additional Supplement—Convertible Adjustable-Rate Mortgages (ARMs)

Form of Additional Supplement for Mortgage Participation Certificates (PCs) for Convertible Adjustable-Rate Mortgages (ARMs)

The following prototype additional disclosure form is not a final document; it must be reviewed carefully and completed by the Seller. All the fields enclosed by brackets are required to be completed. The following information must be completed under the **Special Mortgage Characteristics** section of the Additional Supplement form:

1. Conversion Formula:
   - Freddie Mac 60-day RNY + 3/8ths of a percent, or
   - FNMA 60-day RNY + 5/8ths of a percent
2. Conversion Window
   - 1st–5th Interest Change Date, or
   - 1st, 2nd or 3rd Interest Change Date
3. First/last possible conversion dates

   The earliest date and the latest date (MM/YY) that any Mortgage in a WAC ARM PC Pool may convert from an adjustable interest rate to a fixed interest rate.

No fewer than two Business Days before the Settlement Date, the Seller must deliver the completed Additional Supplement, together with the name and telephone number of the person responsible for the Additional Supplement, to Freddie Mac's e-mail address at **Additional_Supplement@freddiemac.com**. If the Seller is unable to e-mail their Additional Supplement, it may be faxed to Freddie Mac at (571) 382–4385.

Freddie Mac Additional Supplement for Mortgage Participation Certificates (PCs) Convertible Adjustable-Rate Mortgages (ARMs)

ADDITIONAL SUPPLEMENT dated [_____],__200[___]

PC Pool Number: [_____] **Seller Name:** [_____]
CUSIP Number: [_____]

PC Offering Circular: Current Offering Circular for Mortgage Participation Certificates available at **http://www.freddiemac.com/mbs/html/legal_doc.html.**

This Additional Supplement describes certain characteristics of the PCs and/or the Mortgages comprising the PC Pool that are not contained in or that differ from the information and characteristics set forth in the current PC Offering Circular ("PC Offering Circular") or the related Pool Supplement. This information is as of the PC issue date and supplements the information in the related Pool Supplement. Information and representations in this Additional Supplement about the seller and the Mortgages are the information and representations only of the seller of the Mortgages; we make no representations or warranties concerning the accuracy or completeness of the information contained herein. You should purchase the PCs only after reading this Additional Supplement, the related Pool Supplement and the PC Offering Circular. Capitalized terms used in this Additional Supplement (other than capitalized terms that are defined in this document) have the same meanings as in the PC Offering Circular. The Additional Supplement incorporates by reference the PC Offering Circular and the related Pool Supplement.

We guarantee the payment of interest and principal on the PCs as described in the PC Offering Circular. Principal and interest payments on the PCs are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac. The PCs are not tax-exempt securities. Because of applicable securities law exemptions, Freddie Mac has not registered the PCs with any federal or state securities commission. No securities commission has reviewed this Additional Supplement.

MORTGAGES—Special Mortgage Characteristics

Conversion Formula
[_____]

Conversion Window
[_____]

First/last possible conversion dates (MM/YY):

Earliest possible conversion date: [_____]

Latest possible conversion date: [_____]

Exhibit 23

Monthly Budget and Residual Analysis Form

Monthly Budget and Residual Analysis Form

Cash on hand—Home Possible® Mortgages

Net Income from Payroll Check Stubs per month: $ _____

Monthly Housing Expenses:

Rent	$_____
Utilities	_____

Monthly Non-Housing Expenses:

Phone	_____
Insurance (medical, auto, property)	_____
Child Care and/or child support	_____
Groceries	_____
Gas/oil, car maintenance, repairs, other	_____
Clothing	_____
Health care	_____
Taxes (other than income taxes)	_____
Other:	
_____	_____
_____	_____
_____	_____

Total Monthly Expenses: $ _____

Subtract Total Monthly Expenses from Net Income to determine Total Monthly Residual Income available for Savings $ _____

The above information is to be filled out by the originating lender and the homebuyer when funds from cash on hand are used as part of a down payment. The signatures below represent that the above information is factual to their knowledge and that no pertinent information has been withheld.

_____ Originating Lender

_____ Homebuyer

Exhibit 24

Third-Party Verification Services

Third-Party Verification Service	Services
National Credit Reporting System (NCS) **TRV—Tax Return Verification Report** 300 Philadelphia Avenue Egg Harbor City, NJ 08215 800–582–7066 http://www.ncstrv.com	Provides expedited processing of IRS Form 4506 through network of affiliated credit bureaus. Lenders should contact NCS directly or any of the many credit reporting agency members of the TRV Alliance around the country. TRV Alliance members can be found on the NCS web site (http://www.ncstrv.com—click “TRV Alliance”) or by contacting NCS.
TALX Corporation **The Work Number for Everyone** 1850 Borman Court St. Louis, MO 63146 800–996–7566 http://www.theworknumber.com	Verifies employment and income information. Receives updated information from participating employers each pay period.
VeriFacts Employment Verification Service **c/o The Frick Company** 10101 Woodfield Lane St. Louis, MO 63132 800–458–8360 http://www.verifacts.co.in/ employee_verification_services.html	Verifies employment and income information. Receives updated information from participating employers each pay period.

Freddie Mac
We make home possible®

Exhibit 25

Mortgages with Risk Class and/or Minimum Indicator Score Requirements

This chart provides a summary of the Loan Prospector® Risk Class and Indicator Score requirements for certain Mortgage products. See the Guide Section referenced for complete information. Sellers should review their other Purchase Documents for additional special requirements, which may not appear in this exhibit. Sellers should also review the Guide and their other Purchase Documents to determine the eligibility of Mortgages for which we provide a Minimum Indicator Score in this exhibit.

Purchase Mortgages (with maximum loan amounts described in Section 23.3)						
		LTV/TLTV/HTLTV ≤ 75%		LTV/TLTV/HTLTV > 75%		
Occupancy	**Units**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages Risk Class Requirement**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages Risk Class Requirement**	**Guide Section Reference**
Primary Residence	1	620[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Primary Residence	2	640[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Primary Residence	3-4	660[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Second home	1	620	Accept or A-minus[2]	720	Accept or A-minus[2]	22.22
Investment Property	1	620	Accept or A-minus[2]	720	Accept or A-minus[2] (see Section 22.22.1 for A-minus limitations)	22.22.1
Investment Property	2-4	660	Accept or A-minus[2]	Not eligible	Not eligible	22.22.1

[1] Borrowers without usable Credit Scores may be manually underwritten without credit scores. See Guide Chapter 37 for more information.

[2] Loan Prospector Mortgages that receive a Risk Class of Caution, ineligible for A-minus, or Loan Prospector evaluation status of incomplete, ineligible or invalid are also eligible for sale as Manually Underwritten Mortgages as long as they meet the minimum Indicator Score requirements for Manually Underwritten Mortgages stated in this exhibit.

"No cash-out" Refinance Mortgages (with maximum loan amounts described in Section 23.3)						
		LTV/TLTV/HTLTV ≤ 75%		LTV/TLTV/HTLTV > 75%		
Occupancy	**Units**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages – Risk Class Requirement**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages Risk Class Requirement**	**Guide Section Reference**
Primary Residence	1	620[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Primary Residence	2	640[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Primary Residence	3-4	660[1]	Accept or A-minus[2]	660[1]	Accept or A-minus[2]	37.5
Second home	1	620	Accept or A-minus[2]	720	Accept or A-minus[2]	22.22
Investment Property	1	640	Accept or A-minus[2]	720	Accept or A-minus[2] (see Section 22.22.1 for A-minus limitations)	22.22.1
Investment Property	2-4	680	Accept or A-minus[2]	Not eligible	Not eligible	22.22.1

[1] Borrowers without usable Credit Scores may be manually underwritten without credit scores. See Guide Chapter 37 for more information.

[2] Loan Prospector Mortgages that receive a Risk Class of Caution, ineligible for A-minus, or Loan Prospector evaluation status of incomplete, ineligible or invalid are also eligible for sale as Manually Underwritten Mortgages as long as they meet the minimum Indicator Score requirements for Manually Underwritten Mortgages stated in this exhibit.

Cash-out refinance Mortgages (with maximum loan amounts described in Section 23.3)						
		LTV/TLTV/HTLTV ≤ 70%		LTV/TLTV/HTLTV > 70%		
Occupancy	**Units**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages – Risk Class Requirement**	**Minimum Indicator Scores for Manually Underwritten Mortgages**	**Loan Prospector Mortgages – Risk Class Requirement**	**Guide Section Reference**
Primary Residence	1	620	Accept or A-minus[2]	720	Accept or A-minus[2]	24.6
Primary Residence	2-4	680	Accept or A-minus[2]	720	Accept or A-minus[2]	24.6
Second home	1	700	Accept or A-minus[2]	720	Accept or A-minus[2]	22.22
Investment Property	1	700	Accept or A-minus[2]	720	Accept or A-minus[2] (see Section 22.22.1 for A-minus limitations)	22.22.1
Investment Property	2-4	700	Accept or A-minus[2]	Not eligible	Not eligible	22.22.1

[2] Loan Prospector Mortgages that receive a Risk Class of Caution, ineligible for A-minus, or Loan Prospector evaluation status of incomplete, ineligible or invalid are also eligible for sale as Manually Underwritten Mortgages as long as they meet the minimum Indicator Score requirements for Manually Underwritten Mortgages stated in this exhibit.

Home Possible® Mortgages (with maximum loan amounts described in Section 23.3)						
		TLTV > 97%		LTV/TLTV ≤ 97%		
Offering	Units	Minimum Indicator Scores for Manually Underwritten Mortgages[3]	Loan Prospector Mortgages – Risk Class Requirement[3]	Minimum Indicator Scores for Manually Underwritten Mortgages[3]	Loan Prospector Mortgages – Risk Class Requirement[3]	Guide Section Reference
Home Possible 97 and Home Possible Neighborhood Solution 97 Mortgages (15-, 20-, 30-year fixed-rate purchase Mortgages)	1 (except Manufactured Homes)	700	Accept and a 700 minimum Indicator Score	660	Accept	A34.8
Home Possible 97 and Home Possible Neighborhood Solution 97 Mortgages (40-year fixed-rate, 5/1, 7/1, 10/1 ARMs, "no cash-out" refinance Mortgages)	1 (except Manufactured Homes)	700	Accept and a 700 minimum Indicator Score	680	Accept	A34.8
Home Possible 97 and Home Possible Neighborhood Solution 97 Mortgages	2	700	Accept and a 700 minimum Indicator Score	700	Accept	A34.8
Home Possible 97 Mortgages	3-4	700	Accept and a 700 minimum Indicator Score	700	Accept	A34.8
Home Possible 97 Mortgages	Manufactured Homes[4]	Not Eligible	Not Eligible	720	Accept	A34.8

[3] All Home Possible Mortgages must be submitted to Loan Prospector and receive a Loan Prospector Risk Class of Accept (refer to Chapter A34 for exceptions involving significant inaccurate credit or an evaluation status of incomplete).

[4] See Sections H33.3(d) and H33.3(e) for requirements for Manufactured Homes.

Super conforming Mortgages Purchase and "no cash-out" refinance Mortgages						
		LTV/TLTV/HTLTV ≤ 75%		LTV/TLTV/HTLTV > 75%		
Occupancy	Units	Minimum Indicator Scores for manually Underwritten Mortgages[5]	Loan Prospector Mortgages - Risk Class Requirements	Minimum Indicator Scores for manually Underwritten Mortgages[5]	Loan Prospector Mortgages - Risk Class Requirements	Guide Section Reference
Primary Residence	1	620	Accept or A-minus	660	Accept or A-minus	L33.3
Primary Residence	2-4	620	Accept or A-minus	Not eligible	Not eligible	L33.3
Second home	1	620	Accept or A-minus	720	Accept or A-minus	L33.3
Investment Property	1	620	Accept or A-minus	720	Accept or A-minus (See Section 22.22.1 for A-minus limitations)	L33.3
		LTV/TLTV/HTLTV ≤ 70%		LTV/TLTV/HTLTV > 70%		
Occupancy	Units	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	Guide Section Reference
Investment Property	2-4	660	Accept or A-minus	Not eligible	Not eligible	L33.3

[5] Manually Underwritten super conforming Mortgages must have original loan amounts greater than $1,000,000 or a Risk Class of Caution-ineligible for A-minus or an evaluation status of invalid, ineligible or incomplete. Manually Underwritten Mortgages must be underwritten in accordance with Chapters 37 and L33. Super conforming Mortgages for which Borrowers do not have usable Credit Scores are ineligible for delivery to Freddie Mac.

Super conforming Mortgages "Cash-out" refinance Mortgages						
		LTV/TLTV/HTLTV ≤ 70%		LTV/TLTV/HTLTV > 70%		Guide Section Reference
Occupancy	Units	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	
Primary Residence	1	620	Accept or A-minus	720	Accept or A-minus	L.33.3
		LTV/TLTV/HTLTV ≤ 65%		LTV/TLTV/HTLTV > 65%		
Occupancy	Units	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	Minimum Indicator Scores for manually Underwritten Mortgage[5]	Loan Prospector Mortgages - Risk Class Requirements	Guide Section Reference
Primary Residence	2-4	680	Accept or A-minus	Not eligible	Not eligible	L.33.3
Second home	1	700	Accept or A-minus			
Investment Property	1-4	700	Accept or A-minus			

[5] Manually Underwritten super conforming Mortgages must have original loan amounts greater than $1,000,000 or a Risk Class of Caution-ineligible for A-minus or an evaluation status of invalid, ineligible or incomplete. Manually Underwritten Mortgages must be underwritten in accordance with Chapters 37 and L33. Super conforming Mortgages for which Borrowers do not have usable Credit Scores are ineligible for delivery to Freddie Mac.

Manufactured Home purchase and "no cash-out" refinance Mortgages (with maximum loan amounts described in Section 23.3)						
		LTV/TLTV/HTLTV ≤ 75%		LTV/TLTV/HTLTV > 75%		
Occupancy	Units	Minimum Indicator Scores for Manually Underwritten Mortgages	Loan Prospector Mortgages Risk Class Requirement[6]	Minimum Indicator Scores for Manually Underwritten Mortgages	Loan Prospector Mortgages Risk Class Requirement[6]	Guide Section Reference
Primary Residence	1	680	Accept or A-minus[2]	720	Accept or A-minus[2]	H33
Second home	1	680	Accept or A-minus[2]	720	Accept or A-minus[2]	H33

[2] Loan Prospector Mortgages that receive a Risk Class of Caution, ineligible for A-minus, or Loan Prospector evaluation status of incomplete, ineligible or invalid are also eligible for sale as Manually Underwritten Mortgages as long as they meet the minimum Indicator Score requirements for Manually Underwritten Mortgages stated in this exhibit.

[6] See Chapter H33 for requirements for Loan Prospector Mortgages. All Manufactured Homes must be evaluated by Loan Prospector to be eligible for sale to Freddie Mac.

Manufactured Home cash-out refinance Mortgages (with maximum loan amounts described in Section 23.3)						
		LTV/TLTV/HTLTV ≤ 70%		LTV/TLTV/HTLTV > 70%		
Occupancy	Units	Minimum Indicator Scores for Manually Underwritten Mortgages	Loan Prospector Mortgages – Risk Class Requirement[6]	Minimum Indicator Scores for Manually Underwritten Mortgages	Loan Prospector Mortgages – Risk Class Requirement[6]	Guide Section Reference
Primary Residence	1	680	Accept or A-minus[2]	Not eligible	Not eligible	H33

[2] Loan Prospector Mortgages that receive a Risk Class of Caution, ineligible for A-minus, or Loan Prospector status of incomplete, ineligible or invalid are also eligible for sale as Manually Underwritten Mortgages as long as they meet the minimum Indicator Score requirements for Manually Underwritten Mortgages stated in this exhibit.

[6] See Chapter H33 for requirements for Loan Prospector Mortgages. All Manufactured Homes must be evaluated by Loan Prospector to be eligible for sale to Freddie Mac.

Other offerings (Streamlined refinance /Alt 97® /Seller-Owned Modified, Seller-Owned Converted Mortgages, non-assumable Rural Housing Service Section 502 Guaranteed Rural Housing Mortgages)				
Program	**Purpose**	**Minimum Indicator Score- All loans**	**Loan Prospector Mortgages Risk Class Requirement**	**Guide Section Reference**
Streamlined refinance – Freddie Mac-owned[8]	Streamlined refinance	620	Not eligible	24.4, L33.3, L33.5
Manually Underwritten Alt 97 Mortgages	Purchase and "no cash-out" refinances	700	N/A	D33.3
Seller-Owned Converted Mortgages	See Section 32.2	See applicable Guide Section	Not eligible	32.2(b)
Seller-Owned Modified Mortgages	See Section 32.4	See applicable Guide Section	Not eligible	32.4 (c)
Non-assumable Rural Housing Service (RHS) Section 502 Guaranteed Rural Housing Mortgages[9]	See Section 35.2	620	N/A	35.2(b)

[8] Refer to the super conforming chart in this exhibit or Section L33.5 for minimum Indicator Score requirements for 1-2 unit Primary Residence or 1-unit second home super conforming Mortgages. Refer to Section L33.3 for the LTV/TLTV/HTLTV ratio requirements for Freddie Mac-owned streamlined refinance super conforming Mortgages.

[9] If no Borrower has a usable credit score, the Mortgage is eligible without meeting the minimum Indicator Score requirement when underwritten using nontraditional credit.

Exhibit 26

Discretionary Provisions

Chapter or Section	Description
Section 11.20	Disclosure requirements related to PCs and Giant PCs
Chapter 13	Pooling and Disclosure Requirements for Fixed-Rate and Balloon/Reset Mortgages Under the Fixed-Rate Guarantor and MultiLender Swap Programs
Chapter A13	Pooling and Disclosure Requirements for Adjustable-Rate Mortgages (ARMs) Under the WAC ARM Guarantor Program
Section 22.18.1	State Anti-Predatory Lending Laws and Regulations
Section 22.22(b)	Sale of second home Mortgages where a Borrower owns more than one 1- to 4-unit property that is financed
Section 22.22.1(c)	Sale of Investment Property Mortgages where Borrowers own more than one financed Investment Property
Section 24.8	Texas Equity Section 50(a)(6) Mortgages
Chapter A24	Freddie Mac Relief Refinance Mortgages℠ – Same Servicer
Chapter B24	Freddie Mac Relief Refinance Mortgages℠ – Open Access
Chapter C33	A-minus Mortgages
Chapter D33	Alt 97® Mortgages
Chapter H33	Manufactured Homes
Chapter L33	Super conforming Mortgages
Chapter A34	Home Possible® Mortgages
Section 44.9	Mortgages originated using Home Value Models

Exhibit 28

Loan Servicing Purchase and Sale Agreement

This exhibit has been retained to provide information relating to the concurrent transfer of servicing rights for Mortgages sold under Gold Cash Xtra®, which was retired as of October 2004.

This Loan Servicing Purchase and Sale Agreement is by and between a Seller participating in Gold Cash Xtra ("Seller") and a Servicer approved by Freddie Mac to service Loans sold to Freddie Mac through Gold Cash Xtra ("Servicer").

WHEREAS, Seller is eligible to sell Loans to Freddie Mac under Purchase Documents, as such term is defined in the Freddie Mac Single-Family Seller/Servicer Guide;

WHEREAS, Seller has agreed to the terms of the Gold Cash Xtra Agreement in Exhibit 27 of the Guide;

WHEREAS, the Gold Cash Xtra Agreement contains terms relating to the sale of loans to Freddie Mac and to the concurrent transfer of servicing rights;

WHEREAS, Seller intends to transfer the Servicing Rights of certain Loans to a Servicer that has agreed to the terms of the Loan Servicing Purchase and Sale Agreement;

WHEREAS, Servicer intends to acquire the Servicing Rights of certain Loans from a Seller that has agreed to the terms of the Loan Servicing Purchase and Sale Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Servicer agree to the terms and conditions set forth below, in this Loan Servicing Purchase and Sale Agreement.

1. Definitions.

1.1 **Agreement.** This Loan Servicing Purchase and Sale Agreement and Servicing Transfer Instructions.

1.2 **Business Day.** Monday through Friday excluding days on which the Federal Reserve Bank of New York, Seller or Servicer is authorized or obligated by law or executive order to be closed.

1.3 **Concurrent Transfer of Servicing.** The Transfer of Servicing of a Mortgage at the same time Freddie Mac purchases that same Mortgage.

1.4 **Funding Date.** The date on which Freddie Mac disburses payment to Seller for the Loan Freddie Mac purchases.

1.5 **Gold Cash Xtra.** An electronic process where Sellers can price and lock loans with Freddie Mac.

1.6 **Guide.** The Freddie Mac Single-Family Seller/Servicer Guide, which sets forth the Freddie Mac requirements applicable to Freddie Mac sales and servicing.

1.7 **Litigation.** All legal, regulatory, governmental or administrative actions, suits, claims, investigations and complaints that affect or involve a Loan, excluding foreclosure and bankruptcy actions.

1.8 **Loan.** A mortgage loan that Freddie Mac purchased or will purchase from Seller through Gold Cash Xtra.

1.9 **Master Agreement and Master Commitment.** Agreements entered into between Seller and Freddie Mac for the sale of Loans.

1.10 **Mortgage Insurance.** A contract with a private mortgage insurer insuring or guaranteeing full or partial payment of principal, interest and related expenses of a Loan.

1.11 **Sale Date.** The Sale Date shall be the date that title to the Servicing Rights is transferred from Seller to Servicer subject to the terms and conditions herein. The right of Seller to any portion of the servicing fees or any other fees or income relating to Servicing of the Loans shall terminate at the close of business on the Sale Date. The Sale Date shall be the close of business on the Funding Date.

1.12 **Servicing Rights.** The Servicing Rights shall be all of Seller's responsibilities, rights, title and interest associated with servicing Loans, as required by Freddie Mac. Such Servicing Rights shall include but not be limited to the contractual right to receive all amounts payable, such as servicing fees, late fees, assumption fees, and other authorized amounts.

1.13 **Servicing Transfer Instructions.** Instructions for submission of required information and completion of applicable forms, which instructions are provided to Seller by Freddie Mac by e-mail or through a web-based application.

2. Purchase and Sale.

2.1 **Seller.** Seller shall sell its interest in the Servicing Rights of Loans to the Servicer that has submitted the highest bid to Freddie Mac for such Servicing Rights.

2.2 **Servicer.** Servicer shall purchase Seller's interest in the Servicing Rights of Loans for which Servicer submitted the highest bid to Freddie Mac for such Servicing Rights. A Servicer for purposes of this Agreement may designate a third party to act on its behalf (such as a subservicer), and Seller shall perform its obligations under this Agreement with such designee as instructed or authorized by the Servicer or by Freddie Mac.

2.3 **Freddie Mac.** Freddie Mac shall facilitate the transfer of Servicing Rights.

2.4 **Notification of Parties.** Freddie Mac shall notify Servicer and Seller of the Transfer of Servicing Rights based on Servicer's bid as follows:

(a) **Notice to Servicer.** At least once each week, Freddie Mac shall provide Servicer with a list of Loans with respect to which Servicer submitted the highest bid.

(b) **Notice to Seller.** Freddie Mac shall notify Seller no later than one Business Day after Seller's Loan has been committed to Freddie Mac.

2.5 **Seller and Servicer Acknowledgement.** Both Seller and Servicer hereby agree and acknowledge that:

(a) Match. Freddie Mac through Gold Cash Xtra will match Sellers with Servicers for the purchase and sale of Seller's interest in the Servicing Rights.

(b) Recourse. The only recourse due to any dissatisfaction with the transfer or acceptance of Servicing Rights shall be with the party with which each is matched and not with Freddie Mac.

3. Purchase Price.

3.1 **Seller.** The purchase price paid to Seller for the Servicing Rights related to each Loan shall be included in the price quoted by Freddie Mac and accepted by Seller for the sale of the Loan to Freddie Mac and shall be paid to Seller by Freddie Mac pursuant to the terms of the Gold Cash Xtra Agreement, Exhibit 27 of the Guide.

3.2 **Fees.** In accordance with Section 6.1, Seller shall pay to Servicer all fees that are due on the Sale Date including but not limited to tax service, transaction fee and any additional fees required under this Agreement.

4. Condition Precedent to Servicer's Obligations. Servicer's obligations hereunder are expressly conditioned upon Seller's satisfaction of each of the following, unless specifically waived in writing by Servicer:

4.1 **Seller Obligations on Sale Date.**

(a) **Notice to Insurance Company.** On the Sale Date, Seller shall inform, by written notice, all insurance companies and/or their agents of the transfer of Servicing Rights to Servicer. Such notice shall include Servicer's Loan numbers and shall:

(i) **Title.** Name Servicer and its successors and assigns as an insured in the lender's policy of title insurance for the Loan (unless the lender's policy of the title insurance for the Loan defines "insured" as any owner of indebtedness secured by the insured mortgage);

(ii) **Fire and Extended Coverage.** Change the loss payee or mortgagee clause to include Servicer in the fire and extended coverage policy for the mortgaged property;

(iii) **Flood and Catastrophe.** Change the loss payee or mortgagee clause to include Servicer in the flood insurance policy and in the catastrophe insurance policy, if any, for the mortgaged property; and

(iv) **Private Mortgage.** Name Servicer and its successors and assigns as an insured and, if applicable, include a lender's loss payable endorsement, in the private mortgage insurance certificate for the Loan.

(b) **Notice to Mortgagor.** Seller shall provide all Mortgagors with written notice of the change in Servicer from Seller to Servicer, the form and content of which shall comply with the Real Estate Settlement Procedures Act ("RESPA"), RESPA's implementing Regulation X, and other applicable laws and regulations. Seller shall provide each Mortgagor with such written notice at the Loan closing or such other time as may be required by RESPA and other applicable laws and regulations. Servicer may wish to issue a joint "hello-goodbye" letter with each Seller.

(c) **Recording and Delivery of Assignment.**

(i) If MERS (Mortgage Electronic Registration Systems, Inc.) is not the mortgagee of record at the time Seller transfers the Servicing Rights to Servicer, Seller shall execute and submit for recording at the applicable recording office an assignment

of the relevant security instrument on each Loan in favor of Servicer or MERS as instructed by Servicer on each Loan and deliver all such recorded assignments to Servicer.

(ii) In the event that Seller fails to execute an assignment of the relevant security instrument on a Loan in favor of Servicer or MERS as instructed by Servicer, Seller hereby authorizes the applicable officer of Servicer or such officer's designee to execute such assignment and hereby appoints Servicer as Seller's attorney-in-fact for such purposes.

(d) **Real Estate Tax Payment.** For Loans for which Mortgagors are required to escrow funds, Seller shall pay real estate taxes and for Loans for which Mortgagors are not required to escrow funds, Seller shall cause mortgagors to pay real estate taxes. Real estate taxes shall be paid as follows: all real estate taxes that are due and payable: (i) on or before the Sale Date, and (ii) within sixty (60) days after the Sale Date. Seller agrees to follow transfer procedures with respect to real estate tax service contracts in a manner described in the Servicing Transfer Instructions. In addition, Seller shall not pay any bill for which Seller has not specifically retained escrow funds pursuant to Section 5 below, Exchange of Funds.

(e) **Insurance Payment.** For Loans for which mortgagors are required to escrow funds, Seller shall pay the hazard insurance, flood insurance and private mortgage insurance premiums and for Loans for which mortgagors are not required to escrow funds, Seller shall cause mortgagors to pay the hazard insurance, flood insurance and private mortgage insurance premiums. Premiums shall be paid as follows: premiums that are due and payable: (i) on or before the Sale Date, and (ii) within sixty (60) days after the Sale Date. Seller shall not pay any bill for which Seller has not specifically retained escrow funds pursuant to Section 5 below, Exchange of Funds.

(f) **Execute Other Documents.** Seller shall execute such further documents reasonably required by Servicer to fully transfer or assign all of Seller's rights, title, and interest in and to the subject Servicing Rights to Servicer and escrow funds transferred hereunder.

4.2 **Seller Obligations after Sale Date.** Within three (3) Business Days after the Sale Date, Seller at its own expense, or Seller's custodian bank when applicable, shall furnish Servicer with the following:

(a) **Loan Information.** Available computer or like records requested by Servicer reflecting pertinent information on the Loans as of the origination dates of such loans including but not limited to comprehensive tax and insurance information identifying payee, payee address, next payment due date, and policy number.

(b) **File.** A complete loan file to Servicer or as directed by Freddie Mac.

(c) **Other Documents.** Seller shall deliver to Servicer any and all further documents reasonably required by Servicer in order to fully transfer to Servicer all of Seller's rights, title and interest in and to the Servicing Rights and escrow funds transferred hereunder.

(d) **Late Fee.** If, for a Loan, Seller fails to comply with this Section 4.2, Servicer may, in its sole discretion, charge Seller a late fee of up to $500.

4.3 **Accurate Representations and Warranties.** Seller's representations and warranties hereunder are true and accurate as of and prior to the Sale Date.

4.4 **Compliance with Requirements.** Seller shall comply with all transfer instructions, as amended from time to time, provided to Seller and Seller shall complete and return any and all required forms contained in the Servicing Transfer Instructions.

5. Exchange of Funds.

5.1 **After Sale Date.**

(a) **Funds.** Within three (3) Business Days after the Sale Date, Seller shall transfer and forward to Servicer via wire transfer, the sum of the following amounts, related to the Loans:

(i) Escrow Balance. The aggregate escrow balances on the Loans for which real estate taxes and insurance payments are not due within sixty (60) days after the Sale Date; plus

(ii) Loss Draft Funds. All undistributed insurance loss draft funds; plus

(iii) Unapplied Funds. All unapplied funds received by Seller before or on the Sale Date; plus

(iv) Buydown Funds. All unapplied buydown funds received by Seller before or on the Sale Date; plus

(v) Other Funds. Tax contract fees, Loan setup fees, interest adjustment funds and servicing spread funds as determined by and stated on the Wire Reconciliation Form incorporated in the Servicing Transfer Instructions.

(b) **Late Fee.** If, for a Loan, Seller fails to transfer any and all funds required to be transferred under Section 5.1(a), Servicer may, in its sole discretion, charge Seller a late fee of up to $500.

5.2 **After Receipt.** Within one (1) Business Day of receipt, Seller shall transfer and forward to Servicer via wire transfer or overnight delivery service all funds received from Mortgagors after the Sale Date.

6. Payment of Costs.

6.1 **Seller Costs.** Seller shall pay all its own costs for computer service fees, production of required material, transporting records and files, obtaining a real estate tax contract, assignment fees, legal and accounting fees, wire transfer fees and other related costs incurred by Seller in its performance of its obligations under this Agreement. Additionally, Seller shall pay the applicable Freddie Mac transfer fee(s), if any, for the Mortgages transferred to Servicer.

6.2 **Servicer Costs.** Servicer shall pay all its own costs for computer service fees, legal and accounting fees and other related costs incurred by Servicer in its performance of its obligations under this Agreement.

6.3 **Late Fee.** Servicer shall be entitled to charge Seller a fee ("Late Document Fee") equal to $100.00 per Loan per month on those Loans for which all original final documents specified in Section 12 of the Servicing Transfer Instructions have not been delivered to Servicer or Servicer's Document Custodian within twelve (12) months of the Sale Date.

Notwithstanding the foregoing, Servicer shall not impose a Late Document Fee if Seller's failure to deliver an original Loan document is caused by the failure of the applicable recording office to record and return an original Loan document, provided Seller, in Servicer's reasonable judgment, has exercised and continues to exercise reasonable good faith effort to fulfill its obligation hereunder.

6.4 **Refund of Servicing-Released Premium.**

(a) **Loans Paid in full.** If a Loan is paid in full within 90 days of Servicer's purchase of the Servicing Rights for such Loan, Seller shall refund 100 percent of the price paid by Servicer for such Servicing Rights.

(b) **Loans Repurchased.** If Freddie Mac requires Seller to repurchase a Loan, Servicer may, in its sole discretion, require Seller to repurchase the Servicing Rights for such Loan. Seller shall then be required to refund the price paid by Servicer for such Servicing Rights in accordance with the schedule in Exhibit A to this Agreement. In addition, Servicer may charge Seller a $200 repurchase fee for each Loan that Seller is required to repurchase. Seller shall remit payment of such repurchase fees directly to Servicer.

7. Representations, Warranties, Covenants and Indemnification.

7.1 **Transfer of Servicing Rights.**

(a) **Governing Rules.** Except as provided for herein, all concurrent transfers of Servicing Rights shall be in accordance with the requirements of Chapter 56 of the Guide. As of the Sale Date, Servicer shall become responsible for all servicing representations and warranties in accordance with the Guide.

(b) **Sale Representations and Warranties.** In accordance with Section 56.15 of the Guide and Freddie Mac Form 960G (Agreement of Concurrent Transfer of Servicing of Single Family Mortgages Sold Through Gold Cash Xtra), Seller shall remain liable for the sale representations and warranties for each Loan and Servicer shall not become liable for such sale representations and warranties. For Loans subject to recourse, Seller shall retain liability for all risks and costs of a Borrower default.

7.2 **Indemnification of Servicer.**

(a) **Seller Action.** Seller shall indemnify Servicer for, and shall hold Servicer harmless from and against any and all losses, liabilities, penalties, damages, expenses or other harm or injury that Servicer may incur or suffer or which may be asserted by any person or entity, including reasonable attorneys' fees and court costs, arising out of any action at any time taken or omitted to be taken either by Seller under, or in connection with, this Agreement.

(b) **Servicer Reliance.** Such indemnification shall include, without limitation, any failure by Seller to observe and perform properly each and every covenant of this Agreement, or any action by Servicer in reliance upon information provided by Seller; provided, however, that Servicer has acted in accordance with standard industry custom and practice.

(c) **Third Party Claims.** Without limiting the above, Seller shall indemnify Servicer for and shall hold Servicer harmless from and against any and all losses, liabilities, penalties damages, expenses or other harm or injury that Servicer may incur or suffer

or that may be asserted by any person or entity, including reasonable attorney's fees and court costs, arising out of any Loan or the Servicing Rights relating to such Loan which result from:

(i) **Misrepresentation.** Any misrepresentation made by Seller in this Agreement.

(ii) **Breach.** Any breach by Seller, any prior originator or any prior servicer of any of Seller's representations or warranties under this Agreement.

(iii) **Seller Act.** Any act or failure to act or perform any term, covenant, condition or obligation of Seller under this Agreement.

(iv) **Prior Act.** Any act or failure to act by any prior originator of a Loan or any act or failure to act by any prior servicer of a Loan.

(v) **Defect.** Any defect in any Loan existing as of the Funding Date.

(vi) **Error.** Any errors in originating, closing or Servicing any Loan prior to the Funding Date, including any improper act or failure to act when required to do so.

(d) **Servicer Remedies.** Notwithstanding the provisions set forth above, Servicer shall use commercially reasonable efforts to pursue all remedies under any title insurance policy, hazard insurance policy, flood insurance policy, government guarantee, tax service contract, or any other means available in the Loan documents or under this Agreement. Servicer, however, shall not be required to sue any such third parties.

7.3 **Indemnification of Seller.** Servicer shall indemnify Seller and shall hold Seller harmless from and against any and all losses, liabilities, penalties, damages, expenses or other harm or injury that Seller may incur, including reasonable attorney's fees and court costs, arising from any failure to observe and perform properly each and every covenant of this Agreement either by (a) Servicer or (b) Seller in reliance upon information provided to Seller by Servicer; provided however, that there is no negligence by Seller.

7.4 **Notice of Claim/Subrogation.** Servicer shall notify Seller, in writing, within 30 days of receipt of notice of any claim, the commencement of any action or of Servicer becoming aware of any facts that would give rise to, or serve as a basis for, a claim or action for which Servicer is entitled to receive indemnification under this Agreement. It is understood that Servicer shall take action in accord with servicing standards generally applicable in the industry in dealing with such matters, and failure to promptly notify Seller shall not affect Servicer's right of indemnification unless such failure is prejudicial to Seller. If any such action is brought against Servicer and Servicer notifies Seller as set forth above, Seller shall be entitled to participate in and, provided Seller provides written notice to Servicer of its interest to do so and no conflict of interest exists in doing so, to assume the defense with counsel reasonably satisfactory to Servicer. However, Seller shall promptly deliver written notice to Servicer of its intent to assume the defense of such action. Upon receipt by Servicer of the notice from Seller of its election to assume the defense of such action, Seller shall not be liable to Servicer under this Agreement for any legal or other expenses subsequently incurred by Servicer in connection with the defense thereof. Additionally, Seller shall not be entitled to settle, compromise, decline to appeal or otherwise dispose of any such action without the consent of Servicer, which consent shall not be unreasonably withheld or delayed, but which consent may be withheld by Servicer if the settlement or compromise will have a material impact on

Servicer's methods of servicing or ability to service the Loans or any other mortgage loans serviced for other investors.

8. Seller's Representation and Warranties.

8.1 **As to Each Loan.** Seller represents and warrants as to each Loan:

(a) **Freddie Mac Requirements.** Each Loan meets all requirements of the applicable Purchase Documents which term is defined in and includes Guide, as amended and in effect at the time the Loan was originated.

(b) **No Fraud.** There was no fraud or misrepresentation in the origination of any Loan, whether or not as a result of any act or omission of Seller, the Mortgagor, or any employee, representative or agent of the foregoing as would materially impair the loan or the related Mortgage Insurance contract.

(c) **Delinquency.** None of the Loans shall have been delinquent (more than 30 days past due) within one year of the Funding Date.

(d) **Other.** Seller has not committed any act or failed to commit an act in connection with any Loan which would cause Freddie Mac to request a repurchase of such Loan.

(e) **Master Agreement and/or Master Commitment.** If, after the first Sale Date, Seller enters into a Master Agreement and/or Master Commitment for the sale of loans to Freddie Mac, Seller shall deliver a copy of such Master Agreement and/or Master Commitment to Servicer before the Sale Date of a Loan originated in accordance with the terms of such Master Agreement and/or Master Commitment. Additionally, if Seller has delivered to Servicer a copy of such Master Agreement and/or Master Commitment, Seller shall deliver a copy of any and all amendments before the Sale Date of a Loan originated after the date of such amendment.

8.2 **As to Servicing Rights.** Seller represents, warrants and covenants that:

(a) **Title to Servicing Rights.** Seller has good and marketable title to the Servicing Rights and has the complete right and power to transfer the Servicing Rights to Servicer, subject to approval by Freddie Mac free and clear of all adverse claims and encumbrances.

(b) **No Adverse Claims.** Each transfer of Servicing Rights by Seller to Servicer shall be free and clear of all adverse claims and encumbrances, and a there has been no assignment, sale or hypothecation thereof.

(c) **Validity of Transfer.** Each Loan not originated by Seller or Seller's subsidiary shall nonetheless be transferred to Servicer by Seller pursuant to appropriate endorsement and assignment of the Loan and shall be subject to the representations, warranties and covenants of Seller as provided in this Agreement with the same force and effect as if such Loan was originated by Seller or Seller's subsidiary.

(d) **Requirement Adherence.** The Loans were serviced in accordance with applicable federal, state and local laws, rules and regulations and with all applicable requirements of Freddie Mac with respect thereto.

(e) **Prior Servicing.** There are no defenses, counterclaims, or rights of setoff arising from the prior Servicing affecting the Loans or affecting the validity or enforceability of any Mortgage Insurance applicable to the Loan.

(f) **Filing of Reports.** Seller has filed or will have filed all reports required by governmental agencies having jurisdiction over the Servicing Rights being transferred by Seller to Servicer.

(g) **Pending Litigation.** There is no pending, or to the best of Seller's knowledge threatened, Litigation, or basis therefore, with respect to a Loan which would have a material adverse affect on the servicing of the Loan.

8.3 **Servicer Representations and Warranties.** Servicer represents, warrants and covenants that it will service the Loan for which Servicing Rights are transferred to it hereunder in accordance with the Guide, as it may be amended from time to time, as the case may be.

9. Mutual Representations and Warranties. Seller and Servicer each represent, warrant and agree that as of the date of this Agreement:

9.1 **Validity and Standing.** It is a duly organized, validly existing and in good standing under the laws of the jurisdiction of organization. It has the power to own its assets and to transact the business in which it is presently engaged. It is duly qualified and in good standing under the law of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification. The failure to be so qualified would have a material adverse effect on its business and assets taken as a whole.

9.2 **Authority and Right.** It has the power, authority and legal right to make, deliver and perform the Agreement and all of the transactions contemplated hereunder and has taken all necessary action to authorize the execution, delivery and performance of the Agreement. No consent of any other party and no consent, license approval or authorization of, or registration, or declaration with, any governmental authority, bureau of agency is required in connection with the execution, delivery, performance, validity or enforceability of the Agreement as amended, except Freddie Mac.

9.3 **No Violation.** The execution, delivery and performance of the Agreement will not violate any provision of: any existing law or regulation; any order or decree of any court; its Charter or Bylaws; or any mortgage, indenture, contract or other agreement to which it is party or by which it and any of its property or assets may be bound.

9.4 **No Pending Action.** No Litigation is presently pending or, to the best of its knowledge, threatened against it or any of its properties or with respect to the Agreement which, if adversely determined, would have a material adverse affect on its business, assets, or its financial condition.

9.5 **Authorized.** The Agreement has been duly authorized, executed and delivered by a duly authorized officer, legally binding upon it and is enforceable, except as may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditor's rights generally, in accordance with its terms.

9.6 **Freddie Mac Approved.** Freddie Mac has approved the sale of the Loans and the transfer of the Servicing Rights.

9.7 **Licenses.** It has all necessary licenses, which are validly issued in good standing, and is otherwise in compliance with all state and federal regulations concerning servicing and the transferring of servicing.

10. Restriction on Cross-Selling and Solicitation.

10.1 **Election by Seller and Servicer to Restrict Cross-Selling by Servicer**. Upon notice by Seller to Freddie Mac, in such format as may be specified by Freddie Mac from time-to-time, with respect to Loans identified by Seller, Seller may elect to restrict cross-selling and solicitations by Servicer as provided in Section 10.2 below. In such event, Freddie Mac shall notify Servicer, in such manner and format as may be specified by Freddie Mac from time-to-time, of such election prior to Servicer's servicing bid on the identified Loans. With respect to any such identified Loans, Freddie Mac shall specially identify such Loans by unique Seller/Servicer numbers or loan numbers or such other manner as Freddie Mac may specify.

10.2 **Restriction on Servicer.** For any Loan subject to restrictions on cross-selling and solicitations by Servicer as provided in Section 10.1 above, and for a period of five years from the date of the transfer of servicing of such Loan from Seller to Servicer pursuant to this Agreement, Servicer covenants that neither it nor its affiliates shall directly or indirectly solicit or provide information for any other party to solicit mortgagors of such Loans for financial or consumer services, including but not limited to deposit products, life insurance, automobile insurance, automobile financing, home equity financing, credit or debit cards, household goods or related services. It is understood that promotions undertaken by Servicer or its affiliates which are directed to the general public at large (i.e., newspaper advertisements, radio or TV ads, etc.) and not directed to the mortgagors herein individually or as a targeted group shall not constitute direct or indirect solicitation as referred to herein. The foregoing restrictions shall inure to and be binding on Servicer's successors and assigns, including any transferees of servicing for such Loans. Notwithstanding the foregoing and with respect to refinances of the identified Loans only, Servicer may engage in allowable refinance practices as permitted by the Guide including products or programs that facilitate accelerated equity accumulation for the Borrower.

10.3 **Restriction on Seller.** Seller covenants that neither it nor its affiliates shall directly or indirectly solicit or provide information for any other party to solicit mortgagors of Loans subject to this Agreement for refinancing, prepayment or modification of their Loan. It is understood that promotions undertaken by Seller or its affiliates which are directed to the general public at large (i.e., newspaper advertisements, radio or TV ads, etc.) and not directed to the mortgagors herein individually or as a targeted group shall not constitute direct or indirect solicitation as referred to herein. The foregoing restrictions shall inure to and be binding on Seller's successors and assigns. In the event Seller or its affiliates solicits any mortgagor of a Loan for refinancing, prepayment or modification of the Loan, Seller hereby agrees to pay Servicer an amount equal to the applicable percentage set forth in Exhibit A, as amended from time to time, multiplied by the then outstanding principal balance of the Loan at the time of such solicitation.

11. Mutual Further Assurances. Seller and Servicer agree and covenant that each will at any time and from time to time, upon the reasonable request of the other party, execute, acknowledge, deliver or perform all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better vesting and confirming unto the other party and its successors and assigns the title to and possession of the Servicing Rights or as shall be necessary to effect the transactions provided for in this Agreement..

12. Governmental Authorities and Laws. In the event any provision of the Agreement is inconsistent with or in violation of any federal statute or rule or regulation of applicable governmental agencies, it is agreed by the parties thereto that such provision shall be of no force or affect and that the Agreement shall continue as though said contrary provision was deleted from this Agreement.

13. Notices. Any notice, demand, or communication which either party desires or is required to give the other party in connection with this Agreement shall be in writing and shall be either served personally, sent by prepaid registered or certified mail or delivered by a nationally recognized courier service, addressed to the parties as set forth in an electronic transmission by received by Seller after purchase of Loan by Freddie Mac.

14. Termination Provision.

14.1 **Termination for Cause.** Servicer shall not accept from Seller any new Loans that were locked-in (i.e., Loans for which Seller accepted the price quoted to Seller) at any time after Servicer has provided Seller and Freddie Mac with written notice that Servicer is terminating the Agreement for cause.

(a) **Events Constituting Cause.** If termination is for one of the following events, which the parties hereby agree shall constitute an event sufficient to terminate this Agreement for cause, Servicer shall purchase the Servicing Rights for any Loan which has been locked-in by Seller before Servicer has provided such notice, and which is subsequently purchased by Freddie Mac:

(i) **Excessive Delinquency Ratio.** For Sellers that have sold to Freddie Mac more than two hundred (200) Loans, Servicer determines that the delinquency ratio (including foreclosure and bankruptcies) of the such Loans exceeds six percent (6%).

(ii) **Failure to Comply with Agreement.** Seller fails to comply with the terms or provisions of this Agreement.

(iii) **Failure to Meet Net Worth Requirement.** Servicer determines Seller fails to meet Freddie Mac's net worth requirement.

(b) **Further Events Constituting Cause.** If termination is for one of the following events, which the parties hereby agree shall constitute an event sufficient to terminate this Agreement for cause, Servicer may, but shall not be obligated to, purchase the Servicing Rights for any Loan which has been locked-in by Seller before Servicer has provided such notice, and which is subsequently purchased by Freddie Mac.

(i) **Excessive Defective or Deficient Loans.** For Sellers that have sold to Freddie Mac more than one hundred (100) Loans, Servicer determines that ten percent (10%) or more (based on the number of Loans) with respect to which the Servicing Rights have been delivered by Seller to Servicer hereunder, were characterized by defects or deficiencies that could not be reasonably cured within the time periods permitted by Freddie Mac so as to render such Loans subject to repurchase requests by Freddie Mac.

(ii) **Seller Bankruptcy Protection.** Seller files for protection under any bankruptcy or similar law.

(iii) **Seller Suspension.** Any suspension of Seller's approvals from Freddie Mac, government entity, or any other regulatory entity.

(iv) **Seller Status.** Seller is no longer a Freddie Mac approved Seller/Servicer.

14.2 **Termination without Cause.** Either Seller or Servicer may terminate this Agreement without cause or penalty upon sixty (60) days prior written notice to the other party; provided, however, if Servicer terminates this Agreement, then after the date of such sixty (60) day notice, Servicer shall not adjust the fee schedule in effect as of the date of such notice. Servicer shall purchase the Servicing Rights for any Loan that has been locked-in by Seller before the effective date set forth in any such notice and that is subsequently purchased by Freddie Mac. Seller shall sell to Servicer the Servicing Rights for each Loan that has been locked-in by Seller before the effective date set forth in any such notice, and that is subsequently purchased by Freddie Mac.

14.3 **Seller's Right to Suspend Sale of Servicing Rights to a Servicer.** Under Section 5(c) of the Gold Cash Xtra Agreement, Seller retains the right to notify Freddie Mac at any time that Seller wishes to terminate or suspend Servicer's ability to purchase Servicing Rights for Loans that Freddie Mac purchases from such Seller through Gold Cash Xtra. Beginning on the Business Day following the Business Day on which Freddie Mac receives the above notice and continuing until the Business Day following the Business Day on which Seller notifies Freddie Mac to resume such sale of Servicing Rights to Servicer, Freddie Mac shall not sell to Servicer Servicing Rights for Loans that Freddie Mac purchases from Seller through Gold Cash Xtra. Freddie Mac shall have no discretion with respect to action taken under Section 5(c) of the Gold Cash Xtra Agreement. Servicer shall have no right of action, appeal or other recourse against Freddie Mac, and shall release all claims it may have against Freddie Mac and/or Seller. Servicer shall hold Freddie Mac and Seller harmless for actions taken by Freddie Mac under this provision.

14.4 **Effect of Termination on Prior Breaches.** Upon termination of this Agreement, each party shall remain liable for breaches of the Agreement that occurred prior to such termination. Termination of this Agreement shall not release a breaching party from its obligation to indemnify the non-breaching party and the non-breaching party shall be entitled to receive reimbursement and payment for all sums that it would have been entitled to receive under this Agreement prior to termination.

15. Entire Agreement. Except as set forth herein, this Agreement, together with the attachments and schedules, constitutes the entire Agreement between the parties pertaining to the subject matter hereof, and supersedes any and all prior agreements, representations, and understanding of the parties, written or oral. In the event of a conflict between this Agreement and the attachments or schedules, then the terms of this Agreement shall control. No addendum, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. Notwithstanding the foregoing, this Agreement shall not affect or supersede any terms of other agreements between Seller and Freddie Mac, including but not limited to the Guide and any Master Agreement and Master Commitment or other purchase agreement between Seller and Freddie Mac.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which Servicer's principal place of business is located.

17. Disputes.

17.1 **Payment of Costs.** In the event of any dispute between parties to this Agreement, the prevailing party shall be entitled to immediate payment of all costs incurred by such party in such dispute shall include but not be limited to court costs and reasonable attorney's fees.

17.2 **Jurisdiction.** In the event of any suit, action, or other proceeding arising directly or indirectly out of such dispute (hereinafter in this Section collectively "such proceeding"), the parties agree that such proceeding shall be instituted in the federal and/or state courts located in the state in which Servicer's principal place of business is found and that such courts shall have sole and exclusive in personam, subject matter, and other jurisdiction in connection with such proceeding. For all purposes of venue, such proceeding shall occur in and be determined solely and exclusively by such courts and any final judgment rendered by such counts shall be deemed final and conclusive for all purposes among the parties, subject to appellate review.

17.3 **Survival of Provisions.** Notwithstanding any provision to the contrary in this Agreement, the representations, warranties, covenants, agreements, commitments, promises, and obligations of Servicer under this Agreement shall survive for the life of the Loans.

17.4 **Waiver.** Notwithstanding any provision to the contrary in this Agreement, any waiver regarding this Agreement by a party may be made only by a writing signed by each party specifying that such writing is such a waiver.

17.5 **Party Consent.** Notwithstanding any provision to the contrary in this Agreement, no consent, permission, authorization, or approval required of or by Servicer under this Agreement shall be unreasonable withheld or delayed.

EXHIBIT A TO LOAN SERVICING PURCHASE AND SALE AGREEMENT

REPURCHASE/SOLICITATION SERVICING RELEASED PREMIUM SCHEDULE

Time from date of purchase of Servicing Rights	Percent
Up to 12 months	100%
13 to 24 months	75%
25 to 36 months	50%
37 to 60 months	25%
Greater than 60 months	0%

Freddie Mac
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Exhibit 28A

Loan Servicing Purchase and Sale Agreement for the Servicing-Released Sales Process

This Loan Servicing Purchase and Sale Agreement ("Agreement") is by and between a Seller participating in the Freddie Mac Selling System Servicing-Released Sales Process ("Seller") and a Servicer approved by Freddie Mac to service Loans sold to Freddie Mac through the Servicing-Released Sales Process ("Servicer").

WHEREAS, Freddie Mac has developed a Servicing-Released Sales Process that is available via the Freddie Mac Selling System, described in Chapter 9 of the Guide, which permits Seller to obtain a price from, and sell Mortgages servicing-released to, Freddie Mac ("Servicing Released Sales Process");

WHEREAS, pursuant to the Servicing-Released Sales Process and Seller's Purchase Documents, Seller, at the time of sale of the Mortgages to Freddie Mac, will transfer the related Servicing Rights to Freddie Mac; and

WHEREAS, pursuant to the Servicing-Released Sales Process and the Servicer's Purchase Documents, Freddie Mac will transfer, and Servicer will accept, the Servicing Rights to the Mortgages.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Servicer agree to the terms and conditions set forth below, in this Loan Servicing Purchase and Sale Agreement.

1. Definitions. A capitalized term in this Agreement shall have the meaning defined in the Guide unless otherwise defined in this Agreement.

1.1 **Agreement.** This Loan Servicing Purchase and Sale Agreement for the Servicing-Released Sales Process.

1.2 **Business Day.** Monday through Friday excluding days on which the Federal Reserve Bank of New York, Seller or Servicer is authorized or obligated by law or executive order to be closed.

1.3 **Concurrent Transfer of Servicing.** The Transfer of Servicing of a Mortgage at the same time Freddie Mac purchases that Mortgage.

1.4 **Funding Adjustments.** The escrow deposits, interest adjustment, Servicing Spread, tax service fee, transaction fee, and other adjustments for each Mortgage purchased by Freddie Mac through the Servicing-Released Sales Process.

1.5 **Funding Date.** The date on which Freddie Mac disburses payment to Seller for the Loan Freddie Mac purchases.

1.6 **Guide.** The Freddie Mac Single-Family Seller/Servicer Guide (Guide), which sets forth the Freddie Mac requirements applicable to Freddie Mac sales and servicing.

1.7 **Litigation.** All legal, regulatory, governmental or administrative actions, suits, claims, investigations and complaints that affect or involve a Loan, excluding foreclosure and bankruptcy actions.

1.8 **Loan.** A mortgage loan that Freddie Mac purchased or will purchase from Seller through the Servicing-Released Sales Process.

1.9 **Master Agreement and Master Commitment.** Agreements entered into between Seller and Freddie Mac for the sale of Loans.

1.10 **Mortgage Insurance.** A contract with a private mortgage insurer insuring or guaranteeing full or partial payment of principal, interest and related expenses of a Loan.

1.11 **Sale Date.** The Sale Date shall be the date that title to the Servicing Rights is transferred from Seller to Servicer subject to the terms and conditions herein. The right of Seller to any portion of the servicing fees or any other fees or income relating to Servicing of the Loans shall terminate at the close of business on the Sale Date. The Sale Date shall be the close of business on the Funding Date.

1.12 **Servicing Rights.** The Servicing Rights shall be all of Seller's responsibilities, rights, title and interest associated with servicing Loans, as required by Freddie Mac. Such Servicing Rights shall include but not be limited to the contractual right to receive all amounts payable, such as servicing fees, late fees, assumption fees, and other authorized amounts.

1.13 **Servicing Transfer Instructions.** Instructions for submission of required information and completion of applicable forms by Seller for the transfer of servicing for each Loan. The instructions are provided to Seller by Freddie Mac, by the Freddie Mac Selling System or other notice provided by Freddie Mac.

2. Scope of Responsibilities for Purchase and Sale.

2.1 **Seller.** Seller shall sell its interest in the Servicing Rights of Loans to the Servicer that has submitted the highest bid to Freddie Mac for such Servicing Rights.

2.2 **Servicer.** Servicer shall purchase Seller's interest in the Servicing Rights of Loans for which Servicer submitted the highest bid to Freddie Mac for such Servicing Rights. A Servicer for purposes of this Agreement may designate a third party to act on its behalf (such as a subservicer), and Seller shall perform its obligations under this Agreement with such designee as instructed or authorized by the Servicer or by Freddie Mac.

2.3 **Freddie Mac.** Freddie Mac shall facilitate the transfer of Servicing Rights. Freddie Mac has approved the sale of the Loans and the transfer of the Servicing Rights. Except as otherwise expressly provided in this Agreement, the only recourse due to any dissatisfaction with the transfer or acceptance of Servicing Rights shall be with the party with which each is matched and not with Freddie Mac.

2.4 **Notification of Parties.** Freddie Mac shall notify Servicer and Seller of the transfer of Servicing Rights based on Servicer's bid as follows:

(a) **Notice to Servicer.** Servicer may obtain from the Freddie Mac Selling System the Loans with respect to which Servicer submitted the highest bid.

(b) **Notice to Seller.** Seller may obtain from the Freddie Mac Selling System the Loans which have been committed to Freddie Mac under the Servicing-Released Sales Process.

2.5 **Sellers and Servicer Acknowledgement of Freddie Mac's Role.** Both Seller and Servicer hereby agree and acknowledge that:

(a) Match. Freddie Mac through the Servicing Released Sales Process will match Sellers with Servicers for the purchase and sale of Seller's interest in the Servicing Rights.

(b) Recourse. The only recourse due to any dissatisfaction with the transfer or acceptance of Servicing Rights shall be with the party with which each is matched and not with Freddie Mac.

(c) Release of Liability. Except as otherwise provided in this Agreement or any other agreement between Freddie Mac and Seller or Servicer, respectively, Seller and Servicer each hereby release Freddie Mac from any liability, claim or expense relating to the performance of each other under the terms of this Agreement.

3. Purchase Price.

3.1 **Seller.** The purchase price paid to Seller for the Servicing Rights related to each Loan shall be included in the "all in" price quoted by Freddie Mac and accepted by Seller for the sale of the Loan to Freddie Mac.

3.2 **Funding Adjustments.** The amount of all Funding Adjustments will be transferred by Freddie Mac from Seller to Servicer on the Funding Date.

4. Condition Precedent to Servicer's Obligations. Unless waived by Servicer in writing, Seller agrees to the following:

4.1 **Seller Obligations on Sale Date.**

(a) **Notice to Insurance Company.** On the Sale Date, Seller shall inform, by written notice, all interested insurance companies and/or their agents of the transfer of Servicing Rights to Servicer. Such notice shall include Servicer's Loan numbers and shall:

(i) **Title.** Name Servicer and its successors and assigns as an insured in the lender's policy of title insurance for the Loan (unless the lender's policy of the title insurance for the Loan defines "insured" as any owner of indebtedness secured by the insured mortgage);

(ii) **Fire and Extended Coverage.** Change the loss payee or mortgagee clause to include Servicer in the fire and extended coverage policy for the Mortgaged Premises;

(iii) **Flood and Catastrophe.** Change the loss payee or mortgagee clause to include Servicer in the flood insurance policy and in the catastrophe insurance policy, if any, for the Mortgaged Premises; and

(iv) **Private Mortgage.** Name Servicer and its successors and assigns as an insured and, if applicable, include a lender's loss payable endorsement in the private mortgage insurance certificate for the Loan.

(b) **Notice to Mortgagor.** Seller shall provide all mortgagors with written notice of the transfer of servicing from Seller to Servicer, the form and content of which notice shall comply with the Real Estate Settlement Procedures Act ("RESPA"), RESPA's

implementing Regulation X, and other applicable laws and regulations. Seller shall provide each mortgagor with such written notice at the Loan closing or such other time as may be required by RESPA and other applicable laws and regulations. Servicer may wish to issue a joint "hello-goodbye" letter with Seller.

(c) **Recording and Delivery of Assignment.**

(i) If MERS (Mortgage Electronic Registration Systems, Inc.) is not the mortgagee of record at the time Seller transfers the Servicing Rights to Servicer, Seller shall execute and submit for recording at the applicable recording office an assignment of the relevant Security Instrument on each Loan in favor of Servicer or MERS as instructed by Servicer on each Loan and deliver all such recorded assignments to Servicer.

(ii) In the event that Seller fails to execute an assignment of the relevant security instrument on a Loan in favor of Servicer or MERS as instructed by Servicer, Seller hereby authorizes the applicable officer of Servicer or such officer's designee to execute such assignment and hereby appoints Servicer as Seller's attorney-in-fact for such purposes.

(d) **Real Estate Tax Payment.** For Loans for which mortgagors are required to escrow funds, Seller shall pay all real estate taxes that are due and payable (i) on or before the Sale Date, and (ii) within sixty (60) days after the Sale Date. Seller agrees to follow transfer procedures with respect to real estate tax service contracts in a manner described in the Servicing Transfer Instructions. In addition, Seller shall not pay any bill for which Seller has not specifically retained escrow funds pursuant to Section 5.2 below. For Loans for which mortgagors are not required to escrow funds, Seller shall cause the mortgagors to pay real estate taxes.

(e) **Insurance Payment.** For Loans for which mortgagors are required to escrow funds, Seller shall pay the hazard insurance, flood insurance and private mortgage insurance premiums that are due and payable (i) on or before the Sale Date, and (ii) within sixty (60) days after the Sale Date. Seller shall not pay any bill for which Seller has not specifically retained escrow funds pursuant to Section 5.2 below. For Loans for which mortgagors are not required to escrow funds, Seller shall cause the mortgagors to pay the hazard insurance, flood insurance and private mortgage insurance premiums.

(f) **Execute Other Documents.** Seller shall execute such further documents reasonably required by Servicer to fully transfer or assign all of Seller's rights, title, and interest in and to the subject Servicing Rights to Servicer and escrow funds transferred hereunder.

4.2 **Seller Obligations after Sale Date.** Within three (3) Business Days after the Sale Date, Seller at its own expense shall furnish Servicer or the Designated Custodian with the following:

(a) **Loan Information.** Available computer or like records requested by Servicer reflecting pertinent information on the Loans as of the Origination Dates of such Loans, including but not limited to comprehensive tax and insurance information identifying payee, payee address, next payment due date, and policy number.

(b) **File.** A complete loan file to Servicer or as directed by Freddie Mac.

(c) **Other Documents.** Seller shall deliver to Servicer any and all further documents reasonably required by Servicer in order to fully transfer to Servicer all of Seller's rights, title and interest in and to the Servicing Rights and escrow funds transferred hereunder.

(d) **Late Fee.** If, for a Loan, Seller fails to comply with this Section 4.2, Servicer may, in its sole discretion, charge Seller a late fee of up to $500.

4.3 **Accurate Representations and Warranties.** Seller's representations and warranties hereunder are true and accurate as of and prior to the Sale Date.

4.4 **Compliance with Requirements.** Seller shall comply with the Servicing Transfer Instructions, as amended from time to time; and Seller shall complete and return any and all required forms contained in the Servicing Transfer Instructions.

5. Exchange of Funds.

5.1 **After Sale Date.**

(a) **Reconciliation of Funding Adjustments.** Seller and Servicer shall have the responsibility to adjust and reconcile the amount of the Funding Adjustments. Seller and Servicer hereby agree to release Freddie Mac from any responsibility to adjust the Funding Adjustments, to communicate with Seller and Servicer regarding Funding Adjustments, or to pay any amounts owed or owing between Seller and Servicer regarding Funding Adjustments. For each Loan for which Servicer informs Seller of the need to adjust and reconcile the Funding Adjustments, Seller agrees to research the discrepancy and to transfer to Servicer by wire any additional funds required.

(b) **Late Fee.** If, for a Loan, Seller fails to transfer any and all funds required pursuant to this Agreement within three (3) Business Days notice from Servicer, then Servicer may, in its sole discretion, charge Seller a late fee of up to $500.

5.2 **After Receipt.** Within one (1) Business Day of receipt, Seller shall transfer and forward to Servicer via wire transfer or overnight delivery service all funds received from mortgagors after the Sale Date.

6. Payment of Costs.

6.1 **Seller Costs.** Seller shall pay all its own costs for computer service fees, production of required material, transporting records and files, obtaining a real estate tax contract, assignment fees, legal and accounting fees, wire transfer fees and other related costs incurred by Seller in its performance of its obligations under this Agreement. Additionally, Seller shall pay the applicable Freddie Mac transfer fee(s), if any, for the Mortgage Servicing Rights transferred to Servicer.

6.2 **Servicer Costs.** Servicer shall pay all its own costs for computer service fees, legal and accounting fees and other related costs incurred by Servicer in its performance of its obligations under this Agreement.

6.3 **Late Fee.** Servicer shall be entitled to charge Seller a fee ("Late Document Fee") equal to $100.00 per Loan per month on those Loans for which all original final documents specified in Section 12 of the Servicing Transfer Instructions have not been delivered to Servicer or Servicer's Document Custodian within six (6) months of the Sale Date. Such

Late Document Fee shall begin to accrue on the first day of the seventh (7th) month after the Sale Date. Notwithstanding the foregoing, Servicer shall not impose a Late Document Fee if Seller's failure to deliver an original Loan document is caused by the failure of the applicable recording office to record and return an original Loan document, provided Seller, in Servicer's reasonable judgment, has exercised and continues to exercise reasonable good faith effort to fulfill its obligation hereunder.

6.4 **Refund of Servicing-Released Premium.**

(a) **Loans Paid in Full.** If a Loan is paid in full within 90 days of Servicer's purchase of the Servicing Rights for such Loan, Seller shall refund 100 percent of the price paid by Servicer for such Servicing Rights.

(b) **Loans Repurchased.** If Freddie Mac requires Seller to repurchase a Loan, Servicer may, in its sole discretion, require Seller to repurchase the Servicing Rights for such Loan. Seller shall then be required to refund the price paid by Servicer for such Servicing Rights in accordance with the schedule in Exhibit A to this Agreement. In addition, Servicer may charge Seller a $200 repurchase fee for each Loan that Seller is required to repurchase. Seller shall remit payment of such repurchase fees directly to Servicer.

7. Representations, Warranties, Covenants and Indemnification.

7.1 **Transfer of Servicing Rights.**

(a) **Governing Rules.** Except as provided for herein or in Chapter 9 of the Guide, all Concurrent Transfers of Servicing shall be in accordance with the requirements of Chapter 56 of the Guide. As of the Sale Date, Servicer shall become liable to Freddie Mac for all Servicing representations, covenants and warranties in the Purchase Documents with respect to the Loans sold pursuant to the Servicing-Released Sales Process.

(b) **Sale Representations and Warranties.** Seller shall remain liable to Freddie Mac for all sale representations, covenants and warranties in the Purchase Documents with respect to the Loans sold pursuant to the Servicing-Released Sales Process, and Servicer shall not become liable for such sale representations and warranties. For Loans subject to recourse, Seller shall retain liability for all risks and costs of a Borrower default.

(i) **Consent to Workout/REO Disposition.** Seller acknowledges that in the event a Loan becomes delinquent or is foreclosed, Freddie Mac or the Servicer may enter into a workout of such Loan or dispose of the REO. Seller consents in advance to any such workout option or REO disposition that Freddie Mac and/or the Servicer enters into for any of the Loans, and acknowledges that Freddie Mac retains the right to exercise its remedies for Seller’s breach of the sales representations, covenants and warranties.

7.2 **Indemnification of Servicer.**

(a) **Seller Action.** Seller shall indemnify Servicer for, and shall hold Servicer harmless from and against any and all losses, liabilities, penalties, damages, expenses or other harm or injury that Servicer may incur or suffer or which may be asserted by any person or entity, including reasonable attorneys' fees and court costs, arising out of

any action at any time taken or omitted to be taken either by Seller under, or in connection with, this Agreement.

(b) **Servicer Reliance.** The indemnification described in subsection (a) shall include, without limitation, any failure by Seller to observe and perform properly each and every covenant of this Agreement, or any action by Servicer in reliance upon information provided by Seller, provided, however, that Servicer has acted in accordance with standard industry custom and practice.

(c) **Third Party Claims.** Without limiting the above, Seller shall indemnify Servicer for and shall hold Servicer harmless from and against any and all losses, liabilities, penalties, damages, expenses or other harm or injury that Servicer may incur or suffer or that may be asserted by any person or entity, including reasonable attorney's fees and court costs, arising out of any Loan or the Servicing Rights relating to such Loan which result from:

(i) **Misrepresentation.** Any misrepresentation made by Seller in this Agreement.

(ii) **Breach.** Any breach by Seller, any prior originator or any prior servicer of any of Seller's representations or warranties under this Agreement.

(iii) **Seller Act.** Any act or failure to act or perform any term, covenant, condition or obligation of Seller under this Agreement

(iv) **Prior Act.** Any act or failure to act by any prior originator of a Loan or any act or failure to act by any prior servicer of a Loan.

(v) **Defect.** Any defect in any Loan existing as of the Funding Date.

(vi) **Error.** Any errors in originating, closing or Servicing any Loan prior to the Funding Date, including any improper act or failure to act when required to do so.

(d) **Servicer Remedies.** Notwithstanding the provisions set forth above, Servicer shall use commercially reasonable efforts to pursue all remedies under any title insurance policy, hazard insurance policy, flood insurance policy, government guarantee, tax service contract, or any other means available in the Loan documents or under this Agreement. Servicer, however, shall not be required to sue any such third parties.

7.3 **Indemnification of Seller.** Servicer shall indemnify Seller and shall hold Seller harmless from and against any and all losses, liabilities, penalties, damages, expenses or other harm or injury that Seller may incur, including reasonable attorney's fees and court costs, arising from any failure to observe and perform properly each and every covenant of this Agreement either by (a) Servicer or (b) Seller in reliance upon information provided to Seller by Servicer; provided, however, that there is no negligence by Seller.

7.4 **Notice of Claim/Subrogation.** Servicer shall notify Seller, in writing, within 30 days of receipt of notice of any claim, the commencement of any action or of Servicer becoming aware of any facts that would give rise to, or serve as a basis for, a claim or action for which Servicer is entitled to receive indemnification under this Agreement. It is understood that Servicer shall take action in accord with servicing standards generally applicable in the industry in dealing with such matters, and failure to promptly notify Seller shall not affect Servicer's right of indemnification unless such failure is prejudicial to Seller. If any such action is brought against Servicer and Servicer notifies Seller as set

forth above, Seller shall be entitled to participate in and, provided Seller provides written notice to Servicer of its interest to do so and no conflict of interest exists in doing so, to assume the defense with counsel reasonably satisfactory to Servicer. However, Seller shall promptly deliver written notice to Servicer of its intent to assume the defense of such action. Upon receipt by Servicer of the notice from Seller of its election to assume the defense of such action, Seller shall not be liable to Servicer under this Agreement for any legal or other expenses subsequently incurred by Servicer in connection with the defense thereof. Additionally, Seller shall not be entitled to settle, compromise, decline to appeal or otherwise dispose of any such action without the consent of Servicer, which consent shall not be unreasonably withheld or delayed, but which consent may be withheld by Servicer if the settlement or compromise will have a material impact on Servicer's methods of servicing or ability to service the Loans or any other mortgage loans serviced for other investors.

8. Seller's Representation and Warranties.

8.1 **As to Each Loan.** Seller represents and warrants as to each Loan:

(a) **Freddie Mac Requirements.** Each Loan meets all requirements of the applicable Purchase Documents, as amended and in effect at the time the Loan was sold pursuant to the Servicing Released Sales Process.

(b) **No Fraud.** There was no fraud or misrepresentation in the origination of any Loan, whether or not as a result of any act or omission of Seller, the mortgagor, or any employee, representative or agent of the foregoing as would materially impair the Loan or the related Mortgage Insurance contract.

(c) **Delinquency.** None of the Loans shall have been delinquent (more than 30 days past due) within one year of the Funding Date.

(d) **Other.** Seller has not committed any act or failed to commit an act in connection with any Loan which would cause Freddie Mac to request a repurchase of such Loan.

8.2 **As to Servicing Rights.** Seller represents, warrants and covenants that:

(a) **Title to Servicing Rights.** Seller has good and marketable title to the Servicing Rights and has the complete right and power to transfer the Servicing Rights to Servicer, subject to approval by Freddie Mac, free and clear of all adverse claims and encumbrances.

(b) **No Adverse Claims.** Each transfer of Servicing Rights by Seller to Servicer shall be free and clear of all adverse claims and encumbrances, and there has been no assignment, sale or hypothecation thereof.

(c) **Validity of Transfer.** Each Loan not originated by Seller or Seller's subsidiary shall nonetheless be transferred to Servicer by Seller pursuant to appropriate endorsement and assignment of the Loan and shall be subject to the representations, warranties and covenants of Seller as provided in this Agreement with the same force and effect as if such Loan was originated by Seller or Seller's subsidiary.

(d) **Requirement Adherence.** The Loans were serviced in accordance with applicable federal, state and local laws, rules and regulations and with all applicable requirements of Freddie Mac with respect thereto.

(e) **Prior Servicing.** There are no defenses, counterclaims, or rights of setoff arising from the prior Servicing affecting the Loans or affecting the validity or enforceability of any Mortgage Insurance applicable to the Loan.

(f) **Filing of Reports.** Seller has filed or will have filed all reports required by governmental agencies having jurisdiction over the Servicing Rights being transferred by Seller to Servicer.

(g) **Pending Litigation.** There is no pending, or to the best of Seller's knowledge, threatened, Litigation, or basis therefore, with respect to a Loan which would have a material adverse affect on the servicing of the Loan.

8.3 **Servicer Representations and Warranties.** Servicer represents, warrants and covenants that it will service the Loan for which Servicing Rights are transferred to it hereunder in accordance with the Purchase Documents, as amended from time to time.

9. Restrictions on Cross-Selling and Solicitation.

9.1 **Election by Seller and Servicer to Restrict Cross-Selling by Servicer.** Upon notice by Seller to Freddie Mac, in such format and for such Loans as may be specified by Freddie Mac from time-to-time, with respect to Loans identified by Seller, Seller may elect to restrict cross-selling and solicitations by Servicer as provided in Section 9.2 below. Seller acknowledges that such election may not be available for all Servicers. In such event, Freddie Mac shall notify Servicer, in such manner and format as may be specified by Freddie Mac from time-to-time, of such election prior to Servicer's servicing bid on the identified Loans. With respect to any such identified Loans, Freddie Mac shall specially identify such Loans by unique Seller/Servicer numbers or loan numbers or such other manner as Freddie Mac may specify.

9.2 **Restriction on Servicer.** For any Loan subject to restrictions on cross-selling and solicitations by Servicer as provided in Section 9.1 above, and for a period of five years from the date of the transfer of servicing of such Loan from Seller to Servicer pursuant to this Agreement, Servicer covenants that neither it nor its affiliates shall directly or indirectly solicit or provide information for any other party to solicit mortgagors of such Loans for financial or consumer services, including but not limited to deposit products, life insurance, automobile insurance, automobile financing, home equity financing, credit or debit cards, household goods or related services. It is understood that promotions undertaken by Servicer or its affiliates which are directed to the general public at large (i.e., newspaper advertisements, radio or TV ads, etc.) and not directed to the mortgagors herein individually or as a targeted group shall not constitute direct or indirect solicitation as referred to herein. The foregoing restrictions shall inure to and be binding on Servicer's successors and assigns, including any transferees of servicing for such Loans. Notwithstanding the foregoing and with respect to refinances of the identified Loans only, Servicer may engage in allowable refinance practices as permitted by the Guide including products or programs that facilitate accelerated equity accumulation for the Borrower.

9.3 **Restriction on Seller.** Seller covenants that neither it nor its affiliates shall directly or indirectly solicit or provide information for any other party to solicit mortgagors of Loans subject to this Agreement for refinancing, prepayment or modification of their Loan. It is understood that promotions undertaken by Seller or its affiliates which are directed to the

general public at large (i.e., newspaper advertisements, radio or TV ads, etc.) and not directed to the mortgagors herein individually or as a targeted group shall not constitute direct or indirect solicitation as referred to herein. The foregoing restrictions shall inure to and be binding on Seller's successors and assigns. In the event Seller or its affiliates solicits any mortgagor of a Loan for refinancing, prepayment or modification of the Loan, Seller hereby agrees to pay Servicer an amount equal to the applicable percentage set forth in Exhibit A, as amended from time to time, multiplied by the then outstanding principal balance of the Loan at the time of such solicitation.

10. Mutual Further Assurances. Seller and Servicer agree and covenant that each will at any time and from time to time, upon the reasonable request of the other party, execute, acknowledge, deliver or perform all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better vesting and confirming unto the other party and its successors and assigns the title to and possession of the Servicing Rights or as shall be necessary to effect the transactions provided for in this Agreement.

11. Governmental Authorities and Laws. In the event any provision of the Agreement is inconsistent with or in violation of any federal statute or rule or regulation of applicable governmental agencies, it is agreed by the parties thereto that such provision shall be of no force or effect and that the Agreement shall continue as though said contrary provision was deleted from this Agreement.

12. Notices. Any notice, demand, or communication which either party desires or is required to give the other party in connection with this Agreement shall be in writing and shall be either served personally, sent by prepaid registered or certified mail or delivered by a nationally recognized courier service, addressed to the parties as set forth in an electronic transmission received by Seller after purchase of Loan by Freddie Mac.

13. Termination Provision.

13.1 **Termination for Cause.** Servicer may elect to not accept from Seller any new Loans that were locked-in (i.e., Loans for which Seller accepted the price quoted to Seller) at any time after Servicer has provided Seller and Freddie Mac with written notice that Servicer is terminating the Agreement with respect to Seller for any of the following for cause events:

(a) **Seller Bankruptcy Protection.** Seller files for protection under any bankruptcy or similar law.

(b) **Seller Termination.** Any termination of Seller's approvals from Freddie Mac, a government entity, or any other regulatory entity.

(c) **Seller Status.** Seller is no longer a Freddie Mac-approved Seller/Servicer.

13.2 **Termination without cause.** Either Seller or Servicer may terminate this Agreement without cause or penalty upon sixty (60) days prior written notice to the other party. Servicer shall purchase the Servicing Rights for any Loan that has been locked-in by Seller before the effective date set forth in any such notice and that is subsequently purchased by Freddie Mac. Seller shall sell to Servicer the Servicing Rights for each Loan that has been locked-in by Seller before the effective date set forth in any such notice and that is subsequently purchased by Freddie Mac.

13.3 **Effect of Termination on Prior Breaches.** Upon termination of this Agreement, each party shall remain liable for breaches of the Agreement that occurred prior to such termination. Termination of this Agreement shall not release a breaching party from its obligation to indemnify the non-breaching party and the non-breaching party shall be entitled to receive reimbursement and payment for all sums that it would have been entitled to receive under this Agreement prior to termination.

14. Entire Agreement. Except as set forth herein, this Agreement, together with the attachments and schedules, constitutes the entire Agreement between the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, representations, and understanding of the parties, written or oral. In the event of a conflict between this Agreement and the attachments or schedules, then the terms of this Agreement shall control. No addendum, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. Notwithstanding the foregoing, this Agreement shall not affect or supersede any terms of other agreements between Seller and Freddie Mac, including but not limited to the Guide and any Master Agreement and Master Commitment or other purchase agreement between Seller and Freddie Mac.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which Servicer's principal place of business is located.

16. Disputes.

16.1 **Payment of Costs.** In the event of any dispute between parties to this Agreement, the prevailing party shall be entitled to immediate payment of all costs incurred by such party in such dispute shall include, but not be limited to, court costs and reasonable attorney's fees.

16.2 **Jurisdiction.** In the event of any suit, action, or other proceeding arising directly or indirectly out of such dispute (hereinafter in this Section, collectively “such proceeding”), the parties agree that such proceeding shall be instituted in the federal and/or state courts located in the state in which Servicer's principal place of business is located and that such courts shall have sole and exclusive in personam, subject matter, and other jurisdiction in connection with such proceeding. For all purposes of venue, such proceeding shall occur in and be determined solely and exclusively by such courts; and any final judgment rendered by such counts shall be deemed final and conclusive for all purposes among the parties, subject to appellate review.

16.3 **Survival of Provisions.** Notwithstanding any provision to the contrary in this Agreement, the representations, warranties, covenants, agreements, commitments, promises, and obligations of Servicer under this Agreement shall survive for the life of the Loans.

16.4 **Waiver.** Notwithstanding any provision to the contrary in this Agreement, any waiver regarding this Agreement by a party may be made only by a writing signed by each party specifying that such writing is such a waiver.

16.5 **Party Consent.** Notwithstanding any provision to the contrary in this Agreement, no consent, permission, authorization, or approval required of or by Servicer under this Agreement shall be unreasonably withheld or delayed.

EXHIBIT A TO LOAN SERVICING PURCHASE AND SALE AGREEMENT

REPURCHASE/SOLICITATION SERVICING-RELEASED PREMIUM SCHEDULE

Time From Date of Purchase of Servicing Rights	Percent
Up to 12 months	100%
13 to 24 months	75%
25 to 36 months	50%
37 to 60 months	25%
Greater than 60 months	0%

Exhibit 29

Agreement of Terms and Conditions for Third-Party Use of Loan Prospector®

Capitalized terms used in this Agreement of Terms and Conditions for Third- Party Use of Loan Prospector ("Third-Party Use Agreement") shall have the meanings given to them in the Loan Prospector User Agreement ("User Agreement") (Exhibit 15 of the Guide), the terms of which are incorporated herein by reference, or shall have the meanings ascribed to them in the Guide, except as otherwise indicated in this Third-Party Use Agreement.

Pursuant to the terms of Section 1(a) of the User Agreement, User has agreed not to permit any third party to use the System, either directly or through User, unless such use shall otherwise be consented to by Freddie Mac in writing. User acknowledges that any consent obtained from Freddie Mac shall incorporate the terms and conditions of this Third-Party Use Agreement by reference. User acknowledges that User has requested such consent from Freddie Mac, and that this Third-Party Use Agreement shall not be effective unless User receives a separate letter or notice of consent from Freddie Mac which expressly incorporates this Third-Party Use Agreement by reference. Such letter or notice may be sent, at the election of Freddie Mac, to User at its postal address or its e-mail address, to the attention of such person(s) designated by User, or reasonably believed by Freddie Mac to be responsible, for the receipt of such letters or notices. Upon receiving such letter or notice of consent from Freddie Mac, User agrees that User will comply with the following terms and conditions:

1. The only permissible third party users ("TPUs") shall be Mortgage Brokers and correspondents acting on behalf of User. Neither User nor any TPU may provide access to the System to any consumer, Borrower or loan Applicant, or to any other person or entity.

2. User is required, prior to permitting any TPU to have access to the System, to provide Freddie Mac information to permit Freddie Mac to assign a discrete TPU identification number or code ("TPU Identifier") to each TPU.

3. The TPU Identifier must be provided to the System by the TPU in connection with each use of the System by the TPU and in connection with each Loan Application that is evaluated by the System for the TPU.

4. With respect to any use of the System by a TPU, User agrees that the System may use the Subscriber Number(s) issued to the TPU by various consumer reporting agencies to retrieve consumer reports relating to each Applicant in connection with each Loan Application, and that any consumer report obtained by the System may result in a notation in the Applicant's file that an inquiry or inquiries, as applicable, were made by the TPU and/or User, as required by the consumer reporting agencies. User authorizes the System to obtain the aforesaid consumer reports on behalf of the TPU and to transmit the consumer reports to the TPU, as User's agent. User hereby agrees that User and the TPU will provide Freddie Mac with all of such consumer reports through the System. The TPU must also report, or otherwise provide, its identity to each consumer reporting agency that provides consumer reports in connection

with the TPU's use of the System to permit agency compliance with all requirements of the Fair Credit Reporting Act, including requirements relating to the reporting of use of consumer reports. Each TPU is responsible for entering into the necessary agreements with consumer reporting agencies to permit the obtaining and use of any consumer reports as provided in this section 4. User represents that the TPUs have entered into any necessary agreements with consumer reporting agencies to permit the obtaining and use of any consumer reports as provided in this section 4.

5. User represents that, for each Loan Application that is evaluated by the System for a TPU, User will make the decision with respect to whether to extend credit to any loan Applicant. User represents that it, or another party acting on behalf of User, will provide an adverse action notice to each Applicant to whom it determines not to extend credit in accordance with the requirements of ECOA, FCRA, and any other applicable law, and that User will otherwise comply with all other applicable laws.

6. User must enter into an agreement with each TPU that requires the TPU to comply with the terms of the User Agreement, the provisions of this Third- Party Use Agreement, any applicable agreements between the TPU and consumer reporting agencies, and all applicable laws. User must, either upon notice from Freddie Mac or on User's own initiative, terminate access to the System to any TPU that at any time fails to comply with the terms of the User Agreement, this Third Party Use Agreement, any applicable agreements between the TPU and consumer reporting agencies, or of any applicable law. User shall be responsible for and ensure each TPU's compliance with the User Agreement, this Third-Party Use Agreement, any applicable agreements between the TPU and consumer reporting agencies, and all applicable laws.

7. All System output provided to TPUs must be labeled or identified as being from Loan Prospector. All links to the System on any Internet site maintained by or on behalf of a TPU must identify Loan Prospector.

8. Freddie Mac names, logos, designs, slogans, trademarks and service marks may not be used in any advertising, publicity or promotion or in any other commercial manner without the prior written consent of Freddie Mac. Freddie Mac's corporate logo may be used as a web page link in some circumstances, provided you obtain Freddie Mac's prior written consent. In order to request this consent, User must read and accept the Freddie Mac “Website Terms and Conditions” set forth at the “FreddieMac.com” or “LoanProspector.com” Internet sites and submit the request form incorporated into such terms and conditions.

9. Freddie Mac may terminate access with respect to any TPU at any time upon notice to the TPU and to User. Freddie Mac may terminate this Third-Party Use Agreement at any time upon thirty (30) days' notice to User.

Exhibit 30

Standard ARM Index Descriptions

Standard ARM Index Descriptions

ARM Index Source Code	ARM Index Type
002	**3-YEAR WEEKLY CONSTANT MATURITY TREASURY (Mon–Sun)** The weekly average yield on United States Treasury securities adjusted to a constant maturity of three years, as made available by the Federal Reserve Bo
003	**5-YEAR WEEKLY CONSTANT MATURITY TREASURY** 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.
004	**1-YEAR WEEKLY CONSTANT MATURITY TREASURY (Mon–Sun)** 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.
005	**11TH DISTRICT MONTHLY COST OF FUNDS INDEX** The monthly weighted average cost of savings, borrowings and advances of members of the Federal Home Loan Bank of San Francisco (the "Bank"), as made available by the Bank.
007	**6-MONTH LIBOR** The average of London interbank offered rates for six-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in the print edition of *The Wall Street Journal*.
041	**1-YEAR LIBOR** The average of London interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in the print edition of *The Wall Street Journal*.

Exhibit 32

Terms Relating to Use of Data Generated by Home Value Explorer®

The following terms and conditions (these "Terms and Conditions") apply to Seller/Servicer's use of all data generated by Freddie Mac's proprietary automated property valuation product, Home Value Explorer® ("HVE® data") that is provided by Freddie Mac directly to Seller/Servicer by any means (electronic or otherwise).

1. **Grant of License**. Freddie Mac grants to Seller/Servicer a limited, non-exclusive, non-transferable license to use HVE® data for Seller/Servicer's internal business purposes only, subject to the provisions of these Terms and Conditions. As part of this license, Seller/Servicer will have the right to make HVE® data accessible to third party brokers and correspondent lenders who are contractually affiliated with Seller/Servicer ("Affiliated Third Parties"), who are provided access to HVE® data through a password protected interface on Seller/Servicer's website. Seller/Servicer agrees it will not sublicense HVE® data or transfer, disclose or make accessible such data except as expressly permitted herein.

2. **Disclaimer**.

   (a) HVE® DATA IS PROVIDED TO SELLER /SERVICER AND AFFILIATED THIRD PARTIES "AS IS" AND "AS AVAILABLE," AND ALL USES OF HVE® DATA ARE AT SELLER/SERVICER'S AND AFFILIATED THIRD PARTIES' SOLE RISK. ALL WARRANTIES CONCERNING HVE®DATA, BOTH EXPRESS AND IMPLIED, ARE HEREBY EXPRESSLY DISCLAIMED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, ACCURACY AND/OR FITNESS FOR A PARTICULAR PURPOSE.

   (b) IN NO EVENT WILL FREDDIE MAC BE LIABLE TO SELLER/SERVICER, ANY AFFILIATED THIRD PARTIES OR ANY OTHER INDIVIDUAL OR ENTITY FOR DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY TYPE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, ARISING OUT OF OR RELATING IN ANY MANNER TO SELLER/SERVICER'S OR AFFILIATED THIRD PARTIES' USE OF HVE® DATA, WHETHER UNDER A CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EVEN IF FREDDIE MAC IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

   (c) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN NO EVENT WILL THE AGGREGATE LIABILITY OF FREDDIE MAC, INCLUDING FOR ATTORNEYS' FEES, ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THE USE OF HVE® DATA BY SELLER/SERVICER AND ALL AFFILIATED THIRD PARTIES EXCEED TEN THOUSAND DOLLARS ($10,000).

3. **Uses, Disclosure and Copying of Confidential Information**.

(a) Seller/Servicer will treat all HVE® data as strictly confidential. Without limiting the foregoing:

(i) Seller/Servicer will keep all HVE® data, including any notes, files or reports that are based on HVE® data, confidential except to the extent Freddie Mac agrees otherwise in writing.

(ii) Seller/Servicer will not disclose HVE® data, except to its employees and Third Party Affiliates who need access to such data for Seller/Servicer's and Third Party Affiliates' internal mortgage business purposes and use it only for the purposes permitted herein.

(b) Seller/Servicer will exercise at least the same degree of care to preserve the confidentiality of the HVE® data that it exercises to protect its own confidential information of a similar level of sensitivity, but in no event less than a reasonable standard of care. Seller/Servicer further agrees in its use of HVE® data to comply with all applicable laws, including the privacy provisions of the Gramm-Leach-Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1138), as it may be amended from time to time, and the applicable regulations promulgated thereunder, as such regulations are amended from time to time.

(c) Seller/Servicer may disclose HVE® data to the extent, and only to the extent, necessary to comply with orders or subpoenas issued by a court of competent jurisdiction or with regulatory examiners with jurisdiction over Seller/Servicer, or to the extent otherwise required by applicable law (the "Legal Requirements") provided that prior to any particular such disclosure:

(i) Seller/Servicer provides to Freddie Mac reasonable notice of the Legal Requirement and takes such actions as may be necessary or reasonably requested by Freddie Mac to provide Freddie Mac with a reasonable opportunity to seek either a protective order or otherwise to minimize the required disclosure; and

(ii) Seller/Servicer notifies all auditors and regulators and any other recipients of the HVE® data in writing that the HVE® data may not be copied or used for any purpose other than review or examination of Seller/Servicer except to the extent ordered by a court of competent jurisdiction, and, further, that the HVE® data is proprietary to Freddie Mac and its use is strictly limited under these Terms and Conditions.

(d) Notwithstanding anything to the contrary in this exhibit, if Seller/Servicer is contemplating (i) a Concurrent Transfer of Servicing or a Subsequent Transfer of Servicing (both as defined in the Guide), or (ii) the sale of any Mortgages for which HVE® data provided by Freddie Mac may be retained in the Mortgage file, Seller/Servicer shall have the right to disclose the HVE® data with respect to the Mortgages included in such transfer or such sale, as the case may be, to the transferee.

4. Permitted Uses; Restrictions on Use.

(a) Seller/Servicer only may disclose and use HVE® data (i) in connection with activities associated with the origination of a Freddie Mac Relief Refinance Mortgage℠ under the "Same Servicer" option backed by the value of the collateral, and (ii) to review a property value included in an appraisal provided during the loan origination process.

(b) Any use other than specified in Section 4(a) hereof is prohibited unless Freddie Mac consents to the use in writing. The following are three examples of prohibited uses.

- Any use that could be construed as being connected to "predatory lending" such as generating high-rate/high cost loans covered by the Home Ownership and Equity Protection Act of 1994 (HOEPA);
- Uses associated with identifying potential customers, including but not limited to generating marketing or mailing lists for solicitation purposes; and
- Uses associated with endeavoring to reverse engineer HVE® data to discover the underlying models.

(c) HVE® data must be clearly identified as Freddie Mac property and cannot be presented as any other brand or merged with valuation data generated by any other model.

(d) Seller/Servicer may not make HVE® data available or disclose it to (i) any agency, instrumentality or entity formed or controlled by a state, city or local government, or (ii) any agency or instrumentality of the United States Government, except as required by law.

5. **Intellectual Property Rights**.

(a) The models underlying HVE® data and all HVE® data are the sole and exclusive property of Freddie Mac, and Freddie Mac reserves all rights thereto. HVE® data provided to Seller/Servicer has not been, and is not being, sold to Seller/Servicer, and Seller/Servicer will have no title or ownership interest in the models underlying HVE® data, in HVE® data or in any copies thereof.

(b) Seller/Servicer may not reverse engineer, modify, summarize, add to or delete information from the HVE® data or create derivative products from the HVE® data. Nothing herein will be deemed to transfer to Seller/Servicer any rights in any Freddie Mac trademark, patent, copyright or other intellectual property.

(c) In the event Freddie Mac receives notice of any claim that the model underlying the HVE® data or HVE® data violate or infringe on any patent, trade secret, copyright or other proprietary right of any third party, Freddie Mac may elect to suspend or terminate Seller/Servicer's right to use HVE data, which action will in no event be deemed to give rise to any claim against Freddie Mac.

6. **Affiliated Third Parties**. To the extent Seller/Servicer makes HVE® data accessible to Affiliated Third Parties, such Seller/Servicer shall have controls in place to ensure that such Affiliated Third Parties comply with the terms of these Terms and Conditions.

7. **Governing Law**. These Terms and Conditions will be construed, and the rights and obligations of the parties hereunder determined, exclusively in accordance with the substantive law of the state of New York, excluding provisions of New York law concerning choice-of-law that would result in the law of any state other than New York being applied.

8. **Integration**. These Terms and Conditions constitute the only agreement relating to Freddie Mac's provision of HVE® data directly to Seller/Servicer by any means (electronic or otherwise). For clarity, if Seller/Servicer has (i) executed an "End-User Agreement" with an authorized "reseller" of HVE®, (ii) executed a "Reseller Agreement"

with an authorized "Distributor" of HVE®, or (iii) entered into a "Distributor Agreement" with Freddie Mac, the terms of such agreements do not apply to the provision of HVE® data directly to Seller/Servicer outside of the distribution channel provided for in such agreements.

9. **Severability**. If any provision of these Terms and Conditions is held for any reason to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect any other provisions of these Terms and Conditions, and these Terms and Conditions will be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

10. **Indemnification**. Seller/Servicer will indemnify Freddie Mac and its directors, officers, employees, successors and assigns and hold each harmless from and against any and all liabilities, losses, claims, damages, costs and expenses, including reasonable attorneys' fees, arising directly or indirectly out of the breach of any of Seller/Servicer's or an Affiliated Third Party's obligations hereunder, whether such breach arises out of its own action or inaction or the action or inaction of an Affiliated Third Party, or any of such Seller/Servicer's or Affiliated Third Party's directors, officers, employees, subcontractors, partners, principals and agents, successors or assigns.

11. **Return of HVE® Data**. Upon written request by Freddie Mac to Seller/Servicer, Seller/Servicer shall return to Freddie Mac all copies of HVE® data provided to Seller/Servicer hereunder (and all reproductions made thereof) within 10 days of such notice.

12. **Notices**. All notices required or permitted hereunder shall be in accordance with Freddie Mac Single-Family Seller/Servicer Guide Section 2.10.

13. **Term**. The term of these Terms and Conditions will commence on the date that Seller/Servicer first receives HVE® data covered by these Terms and Conditions and will continue until terminated by either party upon ninety (90) days' prior notice to the other party. In addition to the foregoing, Freddie Mac will have the right to terminate the term effective immediately upon notice in the event of any default by Seller/Servicer or a Third Party Affiliate under these Terms and Conditions, or upon Seller/Servicer's suspension or disqualification to do business with Freddie Mac. Notwithstanding the provisions of Section 12, at Freddie Mac's option, notice will be deemed sufficient if made by telephone and confirmed by any means set forth in Section 12 within five (5) business days, in which case notice will be deemed to have been given at the time of the telephone call.

14. **Assignment**. Seller/Servicer may not assign any of its rights or obligations under these Terms and Conditions in any manner whatsoever without Freddie Mac's prior written consent.

15. **Cumulative Remedies**. Subject to the provisions of Section 2 hereof, the rights and remedies of the parties hereunder are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity. All of the parties' rights, obligations and agreements under these Terms and Conditions (other than Seller/Servicer's right to use HVE® data) which arise prior to the termination of the term of these Terms and Conditions will survive such termination.

16. **Amendments to Terms and Conditions**. Freddie Mac may amend these Terms and Conditions at any time by providing notice to Seller/Servicer of the terms of such

amendment. Seller/Servicer's use of HVE® data on and after the effective date of any such amendment shall constitute Seller/Servicer's consent to the terms of the amendment.

Exhibit 33

MIDANET Data Delivery Requirements for Documents to be Certified by the Designated Custodian

For Mortgages sold through MIDANET®, if the Mortgages are to be certified by the Designated Custodian, the Seller must also provide to the Designated Custodian a separate data file containing all of the data that must be certified for each Mortgage in the delivery. The data file must be in the form of an Excel spreadsheet and must be sent to the Designated Custodian via secure email or by emailing the file using a WinZip advanced encryption or 128-bit Advanced Encryption Standard (AES) with password protection. Sellers should contact the Designated Custodian for further information and/or assistance (**see Directory 4**).

The data file must include the following data elements in the order specified below:

Designated Custodian Data Term	Freddie Mac Form 1034/1034A Term
Freddie Mac Loan Number	FHLMC Ln #
Seller/Servicer Number	Seller/Servicer number
Seller Loan Number	Seller Ln #
Date of Note	Note Date
Property Address	Property Street
City	Property City
State	St
ZIP	Zip code
Original Loan Amount	Loan Amt
Original Interest Rate	Interest Rate
Original P&I	P&I Amount
Date of First P&I Payment	1st P&I
Original Maturity Date	Maturity Date
Original P&I Payment	P&I Amount
Borrower Name	Borrower Name
Co Borrower Name	Co-Borrower Name
Modification/Conversion Date	Mod/Conv date

For ARMs, include the following additional data elements	
Convertible	Convrt
First Rate Adjust Date	1st Rate Adj
Index Source	Index
Index Lookback Days	Lookback
Note Margin	Mtg Margin
Interest Rate Rounded	% Round
First Rate Adjustment MAX	1st Adj Max Initial Rate
First Rate Adjustment MIN	1st Adj Min Initial Rate
Periodic Interest Rate Cap	Period Cap
Life of Loan Max Rate	Life Cap

EXHIBIT 34A
Special Characteristics Codes Mapped to MISMO® Data Points

The information on this Exhibit represents how Mortgage characteristics captured today by delivery of Special Characteristics Codes (SCCs) will be captured in the future using the MISMO data points and values prescribed by the Uniform Loan Delivery Data standards effective for all Mortgages delivered to Freddie Mac on or after September 1, 2011.

Additional delivery information will be required and additional requirements must be met based on the Mortgage type and other conditions. Sellers should also review their other Purchase Documents for special requirements that do not appear in the Guide or on this Exhibit.

For more information on the Uniform Mortgage Data Program, the Uniform Loan Delivery Data Specification (jointly developed by Freddie Mac with Fannie Mae at the direction of the Federal Housing Finance Agency) and the Freddie Mac Implementation Guide for Loan Delivery Data (Freddie Mac IG-LD) that sets forth the requirements for implementing the Data Specification components applicable to Mortgages sold to Freddie Mac, refer to the Uniform Mortgage Data Program area on our website at http://www.freddiemac.com/sell/secmktg/uniform_mortgage.html and our Guide Bulletins 2010-15 and 2010-18.

Because our Relief Refinance Mortgage offering is a temporary offering, mapping for SCCs applicable to delivery of Relief Refinance Mortgages is shown in a separate chart below the numerical/alphanumerical SCC listing.

Mapping by Special Characteristics Codes (SCC): Numerical/Alphanumerical Order

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Code Description**	**MISMO Data Point Name**	**Valid Values**
003	Cash-out refinance Mortgage	Loan Purpose Type Refinance Cash Out Determination Type	Refinance Cash Out
007	No cash-out refinance Mortgage	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
009	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
013	Fixed-rate relocation Mortgage	Relocation Loan Indicator	True
014	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
018	Retail Mortgage (not a Wholesale Home Mortgage)	Loan Originator Type	Lender
019	Mortgage with Lender Paid mortgage insurance	MI Premium Source Type MI Premium Payment Type (Select One)	Lender Prepaid Rate Premium
071	Mortgage was originated under one of Freddie Mac's special Affordable Housing Initiatives	Loan Affordable Indicator	True
113	Prepayment Penalty Mortgage	Prepayment Penalty Indicator	True
128	Section 184 Native American Mortgage, fee simple	Section of Act Type Property Estate Type	184 Fee Simple
130	Section 184 Native American Mortgage, allotted land	Section of Act Type Native American Lands Type	184 Allotted Tribal Land

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Code Description**	**MISMO Data Point Name**	**Valid Values**
140	Purchase transaction Home Possible® Mortgages where the income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income.	Investor Feature Identifier	140
170	Property in Special Flood Hazard Area (SFHA) with flood insurance	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	True True
175	Property out of SFHA with flood insurance	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	False True
180	Property out of SFHA without flood insurance	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	False False
185	Property in an SFHA without flood insurance	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	True False
203	Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	Refinance Cash Out Determination Type Refinance Primary Purpose Type Loan Purpose Type Investor Feature Identifier	Cash Out Special Purpose Refinance 203
206	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
207	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
211	Correspondent Third Party Origination Mortgage	Loan Originator Type	Correspondent
212	Broker Third Party Origination Mortgage	Loan Originator Type	Broker
218	Section 184 Native American Mortgage, tribal trust land	Section Of Act Type Property Estate Type Native American Lands Type Native American Lands Type Other Description	184 Leasehold Other Tribal Trust Land
221	Texas Equity Section 50(a)(6) Mortgages	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
257	Mortgage secured by California Condominium Unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True True 257
259	Mortgage secured by California Condominium Unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True True 259

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Code Description**	**MISMO Data Point Name**	**Valid Values**
261	Mortgage secured by California Condominium Unit where earthquake insurance is not necessary and delivery fee is waived	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True False 261
288	Freddie Mac-owned streamlined refinance Mortgage	Loan Purpose Type Related Loan Investor Type Refinance Program Identifier	Refinance FRE FRE Owned Streamlined Refinance
357	Property Inspection Alternative (PIA)	Automated Underwriting System Type Property Valuation Form Type Property Valuation Form Type Other Description Property Valuation Inspection Type Investor Feature Identifier	Loan Prospector Other Property Inspection Alternative None 357
532	Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	Loan Affordable Indicator Credit Reference Type	True Non Traditional
535	Mortgage where the TLTV ratio is greater than 100%	Combined LTV Ratio Percent	(Enter the Actual Percent)
547	Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	Loan Affordable Indicator Down Payment Type and / or Closing Cost Funds Type	True Cash On Hand Cash On Hand
582	Mortgage with an RHS leveraged second	Loan Role Type Lien Priority Type Loan Program Identifier (Select One) - - - - - - - - - - - - - - - - Loan Role Type Lien Priority Type Mortgage Type	Subject Loan First Lien Home Possible 3 Percent Cash Home Possible 97 Home Possible Neighborhood Solution 3 Percent Cash Home Possible Neighborhood Solution 97 - Related Second Lien USDA Rural Housing
583	Mortgage with an Affordable Second	Investor Feature Identifier	(Enter the Actual Percent)
681 - 695	Mortgage with Financed Mortgage Insurance Premium	MI Premium Financed Indicator Base LTV Ratio Percent (Select One) (This is the Actual Base LTV Ratio)	True 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Code Description**	**MISMO Data Point Name**	**Valid Values**
903	Loan Prospector Mortgage delivered with Form 2070 (exterior-only inspection)	Property Valuation Form Type Automated Underwriting System Type Property Valuation Inspection Type	Loan Prospector Condition And Marketability Loan Prospector Exterior Only
904	Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	Property Valuation Form Type Automated Underwriting System Type Property Valuation Inspection Type	Desktop Underwriter Property Inspection Report Loan Prospector Exterior Only
921	Mortgage where Borrower uses a credit card, cash advance or unsecured line of credit to pay fees	Closing Cost Funds Type	Credit Card
951	Single-wide Manufactured Home	Construction Method Type Manufactured Home Width Type	Manufactured Singlewide
952	Multiwide Manufactured Home	Construction Method Type Manufactured Home Width Type	Manufactured Multiwide
D25	Mortgages using Employer Assisted Homeownership Benefits as a source of funds	Down Payment Source Type and / or Closing Cost Source Type	Employer Employer
D49	Newly Built Home Mortgage site-built	Construction Method Type Loan Program Identifier	Site Built Newly Built Home Mortgage
D50	Newly Built Home Mortgage Manufactured Home	Construction Method Type Loan Program Identifier	Manufactured Newly Built Home Mortgage
D51	Construction Conversion Mortgage site-built	Construction Method Type Loan Program Identifier	Site Built Construction Conversion
D52	Construction Conversion Mortgage Manufactured Home	Construction Method Type Loan Program Identifier	Manufactured Construction Conversion
D51 D69	Renovation Mortgage site-built	Construction Method Type Loan Program Identifier	Site Built Renovation
D99	Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	Investor Feature Identifier	D99
G00	Home Possible 97 Mortgage	Loan Program Identifier	Home Possible 97
G01	Home Possible Neighborhood Solution® 97 Mortgage	Loan Program Identifier	Home Possible Neighborhood Solution 97
G18	Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	Loan Program Identifier Investor Feature Identifier	Home Possible 97 Home Possible Neighborhood Solution 97 Home Possible 3 Percent Cash Home Possible Neighborhood Solution 3 Percent Cash G18
G20	Home Possible 3% Cash Mortgage	Loan Program Identifier	Home Possible 3 Percent Cash
G21	Home Possible Neighborhood Solution 3% Cash Mortgage	Loan Program Identifier	Home Possible Neighborhood Solution 3 Percent Cash
H09	Condominiums with PERS Approval	Project Legal Structure Type Project Classification Identifier	Condominium Reciprocal Review
H10	Streamlined Condo Review Allowed for Established Projects	Project Legal Structure Type Condominium Project Status Type Project Classification Identifier	Condominium Established Limited Review
H24	Condominium Unit – Freddie Mac Owned Mortgages	Loan Program Identifier	FRE Owned Condo Project

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Code Description**	**MISMO Data Point Name**	**Valid Values**
SCCs for temporary offering - Relief Refinance Mortgages			

The mapping for SCCs applicable to delivery of Relief Refinance Mortgages (see Chapters A24 and B24) is as follows:

Relief Refinance Mortgage - Same Servicer

001	Mortgages with life-of-loan recourse	Credit Enhancement Type Credit Enhancement Effective Period Type	Recourse Life Of Loan
007 (shown above)	No cash-out refinance Mortgage	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
033	Mortgages with life-of-loan indemnification	Credit Enhancement Type Credit Enhancement Effective Period Type	Indemnification Life Of Loan
221 (shown above)	Texas Equity Section 50(a)(6) Mortgages	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
583 (shown above)	Mortgage with an Affordable Second	Investor Feature Identifier	583
H03	Home Value Explorer (HVE) point value estimate used to determine value	Property Valuation Method Type AVM Model Name Type	Automated Valuation Model Home Value Explorer
H06	Relief Refinance Mortgages – Same Servicer	Refinance Program Identifier Related Loan Investor Type	Relief Refinance Same Servicer FRE

Relief Refinance Mortgage - Open Access

007 (shown above)	No cash-out refinance Mortgage	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
221 (shown above)	Texas Equity Section 50(a)(6) Mortgages	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
583 (shown above)	Mortgage with an Affordable Second	Investor Feature Identifier	583
H08	Relief Refinance Mortgage – Open Access	Refinance Program Identifier Related Loan Investor Type	Relief Refinance Open Access FRE

NOTES

1 SCCs 916, G02 and G03 that currently appear on Exhibit A to Forms 11 and 13SF are not being mapped because, as previously announced and as indicated on Exhibit A, Mortgages with these SCCs are no longer eligible for delivery.

2 SCC H03 is only permitted with SCC H06

Mapping by SCCs: Topic Listing

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Standard SCCs (applicable SCC must be delivered for all loans)			
Retail Mortgage (not a Wholesale Home Mortgage)	018	Loan Originator Type	Lender
Property in an SFHA with flood insurance	170	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	True True
Property out of SFHA with flood insurance	175	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	False True
Property out of SFHA without flood insurance	180	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	False False
Property in an SFHA without flood insurance	185	Special Flood Hazard Area Indicator Property Flood Insurance Indicator	True False
Correspondent Third Party Origination Mortgage	211	Loan Originator Type	Correspondent
Broker Third Party Origination Mortgage	212	Loan Originator Type	Broker
Affordable Housing Initiatives			
Mortgage was originated under one of Freddie Mac's special Affordable Housing Initiatives	071	Loan Affordable Indicator	True
Section 184 Native American Mortgage, fee simple	128	Section of Act Type Property Estate Type	184 Fee Simple
Section 184 Native American Mortgage, allotted land	130	Section of Act Type Native American Lands Type	184 Allotted Tribal Land
Purchase transaction Home Possible Mortgages where the income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income.	140	Investor Feature Identifier	140
Section 184 Native American Mortgage, tribal trust land	218	Section Of Act Type Property Estate Type Native American Lands Type Native American Lands Type Other Description	184 Leasehold Other Tribal Trust Land
Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	532	Loan Affordable Indicator Credit Reference Type	True Non Traditional
Mortgage where the TLTV ratio is greater than 100%	535	Combined LTV Ratio Percent	(Enter the Actual Percent)
Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	547	Loan Affordable Indicator Down Payment Type and / or Closing Cost Funds Type	True Cash On Hand Cash On Hand

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Mortgage with an RHS leveraged second	582	Loan Role Type Lien Priority Type Loan Program Identifier (Select One) - - - - - - - - - - - - - - - - Loan Role Type Lien Priority Type Mortgage Type	Subject Loan First Lien Home Possible 3 Percent Cash Home Possible 97 Home Possible Neighborhood Solution 3 Percent Cash Home Possible Neighborhood Solution 97 - Related Second Lien USDA Rural Housing
Mortgage with an Affordable Second	583	Investor Feature Identifier	583
Mortgages using Employer Assisted Homeownership Benefits as a source of funds	D25	Down Payment Source Type and / or Closing Cost Source Type	Employer Employer
Home Possible 97 Mortgage	G00	Loan Program Identifier	Home Possible 97
Home Possible Neighborhood Solution 97 Mortgage	G01	Loan Program Identifier	Home Possible Neighborhood Solution 97
Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	G18	Loan Program Identifier Investor Feature Identifier	Home Possible 97 Home Possible Neighborhood Solution 97 Home Possible 3 Percent Cash Home Possible Neighborhood Solution 3 Percent Cash G18
Home Possible 3% Cash Mortgage	G20	Loan Program Identifier	Home Possible 3 Percent Cash
Home Possible Neighborhood Solution 3% Cash Mortgage	G21	Loan Program Identifier	Home Possible Neighborhood Solution 3 Percent Cash
Collateral Assessment			
Property Inspection Alternative (PIA)	357	Automated Underwriting System Type Property Valuation Form Type Property Valuation Form Type Other Description Property Valuation Inspection Type Investor Feature Identifier	Loan Prospector Other Property Inspection Alternative None 357
Loan Prospector Mortgage delivered with Form 2070 (exterior only inspection)	903	Property Valuation Form Type Automated Underwriting System Type Property Valuation Inspection Type	Loan Prospector Condition And Marketability Loan Prospector Exterior Only
Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	904	Property Valuation Form Type Automated Underwriting System Type Property Valuation Inspection Type	Desktop Underwriter Property Inspection Report Loan Prospector Exterior Only

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Condominium Unit Mortgages			
Condominiums with PERS Approval	H09	Project Legal Structure Type Project Classification Identifier	Condominium Reciprocal Review
Streamlined Condo Review Allowed for Established Projects	H10	Project Legal Structure Type Condominium Project Status Type Project Classification Identifier	Condominium Established Limited Review
Condominium Unit – Freddie Mac Owned Mortgages	H24	Loan Program Identifier	FRE Owned Condo Project
California Earthquake			
Mortgage secured by California Condominium Unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	257	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True True 257
Mortgage secured by California Condominium Unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	259	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True True 259
Mortgage secured by California Condominium Unit where earthquake insurance is not necessary and delivery fee is waived	261	State Code Project Legal Structure Type Property Earthquake Insurance Indicator Earthquake Insurance Required Indicator Investor Feature Identifier	CA Condominium True False 261
Manufactured Homes			
Single-wide Manufactured Home	951	Construction Method Type Manufactured Home Width Type	Manufactured Singlewide
Multiwide Manufactured Home	952	Construction Method Type Manufactured Home Width Type	Manufactured Multiwide
Newly Built Home Mortgage Manufactured Home	D50	Construction Method Type Loan Program Identifier	Manufactured Newly Built Home Mortgage
Construction Conversion Mortgage Manufactured Home	D52	Construction Method Type Loan Program Identifier	Manufactured Construction Conversion

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Mortgage Insurance			
Mortgage with Lender Paid mortgage insurance	019	MI Premium Source Type MI Premium Payment Type (Select One)	Lender Prepaid Rate Premium
Mortgage with Financed Mortgage Insurance Premium	681 - 695	MI Premium Financed Indicator Base LTV Ratio Percent (Select One) (This is the Actual Base LTV Ratio)	True 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95
Mortgages for Newly Constructed Homes			
Newly Built Home Mortgage site-built	D49	Construction Method Type Loan Program Identifier	Site Built Newly Built Home Mortgage
Newly Built Home Mortgage Manufactured Home	D50	Construction Method Type Loan Program Identifier	Manufactured Newly Built Home Mortgage
Construction Conversion Mortgage site-built	D51	Construction Method Type Loan Program Identifier	Site Built Construction Conversion
Construction Conversion Mortgage Manufactured Home	D52	Construction Method Type Loan Program Identifier	Manufactured Construction Conversion
Renovation Mortgage site-built	D51 D69	Construction Method Type Loan Program Identifier	Site Built Renovation
Mortgages with Buydowns			
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	009	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	014	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	206	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	207	Buydown Temporary Subsidy Indicator Buydown Initial Discount Percent Buydown Duration Months Count	True (Enter the Valid Percent) (Enter the Valid Months Count)

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Refinance Mortgages			
Cash-out refinance Mortgage	003	Loan Purpose Type Refinance Cash Out Determination Type	Refinance Cash Out
No cash-out refinance Mortgage	007	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	203	Refinance Cash Out Determination Type Refinance Primary Purpose Type Loan Purpose Type Investor Feature Identifier	Cash Out Special Purpose Refinance 203
Texas Equity Section 50(a)(6) Mortgages	221	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
Freddie Mac-owned streamlined refinance Mortgage	288	Loan Purpose Type Related Loan Investor Type Refinance Program Identifier	Refinance FRE FRE Owned Streamlined Refinance
Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	D99	Investor Feature Identifier	D99
Relief Refinance Mortgages			
Relief Refinance Mortgage - Same Servicer			
Mortgages with life-of-loan recourse	001	Credit Enhancement Type Credit Enhancement Effective Period Type	Recourse Life Of Loan
No cash-out refinance Mortgage	007	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
Mortgages with life-of-loan indemnification	033	Credit Enhancement Type Credit Enhancement Effective Period Type	Indemnification Life Of Loan
Texas Equity Section 50(a)(6) Mortgages	221	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
Mortgage with an Affordable Second	583	Investor Feature Identifier	583
Home Value Explorer (HVE) point value estimate used to determine value	H03	Property Valuation Method Type AVM Model Name Type	Automated Valuation Model Home Value Explorer
Relief Refinance Mortgages – Same Servicer	H06	Refinance Program Identifier Related Loan Investor Type	Relief Refinance Same Servicer FRE
Relief Refinance Mortgage - Open Access			
No cash-out refinance Mortgage	007	Loan Purpose Type Refinance Cash Out Determination Type	Refinance No Cash Out
Texas Equity Section 50(a)(6) Mortgages	221	Refinance Program Identifier Loan Purpose Type	Texas Equity Refinance
Mortgage with an Affordable Second	583	Investor Feature Identifier	583
Relief Refinance Mortgage – Open Access	H08	Refinance Program Identifier Related Loan Investor Type	Relief Refinance Open Access FRE
Topics - Other			
Fixed-rate relocation Mortgage	013	Relocation Loan Indicator	True
Prepayment Penalty Mortgage	113	Prepayment Penalty Indicator	True

Current Applicable SCCs for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code Description	**Code**	**MISMO Data Point Name**	**Valid Values**
Mortgage where Borrower uses a credit card, cash advance or unsecured line of credit to pay fees	921	Closing Cost Funds Type	Credit Card

EXHIBIT 34B
Other Delivery Codes Mapped to MISMO® Data Points

The information on this Exhibit represents how Mortgage characteristics captured today by delivery of Feature Codes, Offering Codes, and Reference Codes will be captured in the future using the MISMO data points and values prescribed by the Uniform Loan Delivery Data standards effective for all Mortgages delivered to Freddie Mac on or after September 1, 2011.

Additional delivery information will be required and additional requirements must be met based on the Mortgage type and other conditions. Sellers should also review their other Purchase Documents for special requirements that do not appear in the Guide or on this Exhibit.

For more information on the Uniform Mortgage Data Program, the Uniform Loan Delivery Data Specification (jointly developed by Freddie Mac with Fannie Mae at the direction of the Federal Housing Finance Agency) and the Freddie Mac Implementation Guide for Loan Delivery Data (Freddie Mac IG-LD) that sets forth the requirements for implementing the Data Specification components applicable to Mortgages sold to Freddie Mac, refer to the Uniform Mortgage Data Program area on our website at http://www.freddiemac.com/sell/secmktg/uniform_mortgage.html and our Guide Bulletins 2010-15 and 2010-18.

Current Applicable Codes for Mortgages delivered before 9/1/2011		**Future** Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Loan Feature**	**MISMO Data Point Names**	**Valid Values**
Loan Feature Codes			
B	Buydown Plan	Buydown Temporary Subsidy Indicator Shared Equity Indicator	True False
F	FHA Mortgage	Mortgage Type	FHA
H	Section 502 GRH Rurual Housing Mortgage or Home Possible Mortgages with Rural Housing Leveraged Seconds	Loan Role Type Lien Priority Type Mortgage Type or Loan Role Type Lien Priority Type Loan Program Identifier (Select One) - Loan Role Type Lien Priority Type Mortgage Type	Subject Loan First Lien USDA Rural Housing Subject Loan First Lien Home Possible 3 Percent Cash Home Possible 97 Home Possible Neighborhood Solution 3 Percent Cash Home Possible Neighborhood Solution 97 - Related Second Lien USDA Rural Housing
K	Capitalized Mortgage	Capitalized Loan Indicator	True
N	Section 184 Native American Mortgage	Section of Act Type	184
R	Premium financing funded temporary subsidy buydown	Buydown Temporary Subsidy Indicator Buydown Contributor Type Loan Purpose Type	True Lender Purchase
S	Shared Equity Plan	Shared Equity Indicator Buydown Temporary Subsidy Indicator	True False
V	VA Mortgage	Mortgage Type	VA
X	Shared equity/buydown plan	Shared Equity Indicator Buydown Temporary Subsidy Indicator	True True

Current Applicable Codes for Mortgages delivered before 9/1/2011		Future Freddie Mac Valid Values for Mortgages delivered on or after 9/1/2011	
Code	**Loan Feature**	**MISMO Data Point Names**	**Valid Values**
Offering Codes			
210	Alt 97	Loan Program Identifier	Alt97
Reference Codes			
0003	Seller-Owned Modified Mortgage	Related Loan Investor Type Mortgage Modification Indicator	Seller True
0004	Freddie Mac-Owned Converted Mortgage	Related Loan Investor Type Convertible Indicator Convertible Status Type	FRE True Exercised
0005	Seller-Owned Converted Mortgage	Related Loan Investor Type Convertible Indicator Convertible Status Type	Seller True Exercised
0007	Freddie Mac-owned Streamlined Refinance Mortgage	Related Loan Investor Type Loan Purpose Type Refinance Program Identifier	FRE Refinance FRE Owned Streamlined Refinance
0013	Construction Conversion or Renovation Mortgages using Integrated or Modification Documentation	Loan Program Identifier (Select One) <u>Select One of the Following</u> Construction To Permanent Closing Type or Construction to Permanent Closing Feature Type	Construction Conversion Renovation One Closing Modification Agreement

Exhibit 35

Appraiser Independence Requirements

I. Appraiser Independence Safeguards

A. An "appraiser" must be, at a minimum, licensed or certified by the State in which the property to be appraised is located.

B. No employee, director, officer, or agent of the Seller, or any other third party acting as joint venture partner, independent contractor, appraisal company, appraisal management company, or partner on behalf of the Seller, shall influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner including but not limited to:

(1) Withholding or threatening to withhold timely payment or partial payment for an appraisal report;

(2) Withholding or threatening to withhold future business for an appraiser, or demoting or terminating or threatening to demote or terminate an appraiser;

(3) Expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;

(4) Conditioning the ordering of an appraisal report or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary value estimate requested from an appraiser;

(5) Requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report;

(6) Providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the Borrower, except that a copy of the sales contract for purchase transactions may be provided;

(7) Providing to an appraiser, appraisal company, appraisal management company, or any entity or person related to the appraiser, appraisal company, or appraisal management company, stock or other financial or non-financial benefits;

(8) Removing an appraiser from a list of qualified appraisers, or adding an appraiser to an exclusionary list of disapproved appraisers, in connection with the influencing or attempting to influence an appraisal as described in Paragraph B above (this prohibition does not preclude the management of appraiser lists for bona fide administrative or quality-control reasons based on written policy); and

(9) Any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act (TILA) and Regulation Z, or the Uniform Standards of Professional Appraisal Practice (USPAP).

II. Acceptability of Subsequent Appraisals

A Seller must not order, obtain, use, or pay for a second or subsequent appraisal in connection with a Mortgage financing transaction unless: (i) there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the Mortgage file, or (ii) such appraisal is done pursuant to written, pre-established bona fide pre- or post-funding appraisal review or quality control processes or underwriting guidelines, and so long as the Seller adheres to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value, or (iii) a second appraisal is required by law.

III. Borrower Receipt of Appraisal

The Seller shall ensure that the Borrower is provided a copy of any appraisal report concerning the Borrower's subject property promptly upon completion at no additional cost to the Borrower, and in any event no less than three days prior to the closing of the Mortgage. The Borrower may waive this three-day requirement if such waiver is obtained at least three days prior to the closing of the Mortgage. The Seller may provide the Borrower at closing, a revised copy of an appraisal and information as to the nature of any revisions, so long as the revisions had no impact on value.

The Seller may require the Borrower to reimburse the Seller for the cost of the appraisal.

IV. Appraiser Engagement

A. The Seller or any third party specifically authorized by the Seller (including, but not limited to, appraisal companies, appraisal management companies, and Correspondent lenders) shall be responsible for selecting, retaining, and providing for payment of all compensation to the appraiser. The Seller will not accept any appraisal report completed by an appraiser selected, retained, or compensated in any manner by any other third party (including Mortgage Brokers and real estate agents).

B. There must be separation of a Seller's sales or Mortgage production functions and appraisal functions. An employee of the Seller in the sales or Mortgage production function shall have no involvement in the operations of the appraisal function.

(1) Certain parties are prohibited from:

(a) Selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved or forbidden to perform appraisals for the Seller; and

(b) Having any substantive communications with an appraiser or appraisal management company relating to or having an impact on valuation, including ordering or managing an appraisal assignment.

These parties are:

(i) All members of the Seller's Mortgage production staff;

(ii) Any person who is compensated on a commission basis upon the successful completion of a Mortgage; and

(iii) Any person whose immediate supervisor is not independent of the Mortgage production staff and process.

Seller personnel not described in Section IV.B.(1)(i) through (iii) above are not subject to the restrictions described above, and may engage in communications with an appraiser. In addition, any party, including the parties described in Section IV.B.(1)(i) through (iii) above, may request that an appraiser provide additional information or explanation about the basis for a valuation, or correct objective factual errors in an appraisal report.

(2) If absolute lines of independence cannot be achieved as a result of the Seller's small size and limited staff, the Seller must be able to clearly demonstrate that it has prudent safeguards to isolate its collateral evaluation process from influence or interference from its Mortgage production process.

C. Any employee of the Seller (or if the Seller retains an appraisal company or appraisal management company, any employee of that company) tasked with selecting appraisers for an approved panel or substantive appraisal review must be:

(1) Appropriately trained and qualified in the area of real estate appraisals; and

(2) In the case of an employee of the Seller, wholly independent of the Mortgage production staff and process.

V. Use of Appraisal Reports by In-House Appraisers or Affiliated Appraisers

A. In underwriting a Mortgage, the Seller may use an appraisal report:

(1) Prepared by an appraiser employed by:

(a) The Seller;

(b) An affiliate of the Seller;

(c) An entity that is owned, in whole or in part, by the Seller; or

(d) An entity that owns, in whole or in part, the Seller.

(2) Prepared by an appraiser employed, engaged as an independent contractor, or otherwise retained by an appraisal company or any appraisal management company affiliated with, or that owns or is owned, in whole or in part, by the Seller or an affiliate of the Seller, provided that the Seller complies with the provisions of these Appraiser Independence Requirements.

B. The Seller also may use in-house staff appraisers to:

(1) Order appraisals;

(2) Conduct appraisal reviews or other quality control, whether pre-funding or post-funding;

(3) Develop, deploy, or use internal Automated Valuation Models; or

(4) Prepare appraisals in connection with transactions other than Mortgage origination transactions (e.g., Mortgage workouts), if the Seller complies with the provisions of these Appraiser Independence Requirements.

VI. Transfer of Appraisals

A Seller may deliver to Freddie Mac a conventional Mortgage with an appraisal prepared by an appraiser selected by another lender, including where a Mortgage Broker has facilitated the Mortgage application (but not ordered the appraisal). The Seller delivering the loan to Freddie Mac makes all representations and warranties to Freddie Mac regarding the appraisal set forth in the Seller's Purchase Documents, including the representation that the appraisal is obtained in a manner consistent with these Appraiser Independence Requirements.

VII. Referrals of Appraisal Misconduct Reports

Any Seller that has a reasonable basis to believe an appraiser or appraisal management company is violating applicable laws, or is otherwise engaging in unethical conduct, shall promptly refer the matter to the applicable State appraiser certifying and licensing agency or other relevant regulatory bodies.

VIII.Compliance

Sellers must adopt written policies and procedures implementing these Appraiser Independence Requirements, including, but not limited to, adequate training and disciplinary rules on appraiser independence, including the principles detailed in Section I. Additionally, Sellers must ensure that any third parties, such as appraisal management companies or Correspondent lenders, used in conjunction with the sale and delivery of a Mortgage to Freddie Mac are also in compliance with these Appraiser Independence Requirements.

Exhibit 51

Credit Repositories and Information to Report

Credit Repositories

Equifax JVWTC 1505 Windward Concourse Maildrop 41A Alpharetta, Georgia 30202	Manager, Customer Assistance (800) 685-5000
Experian (formerly TRW) If you are sending tapes: Experian 621 Experian Parkway Allen, Texas 75002	Resource Center (800) 831-5614 (option 3)
If you are sending diskettes: Experian AMC Department PO Box 9525 Allen, Texas 75013	
Innovis Data Solutions Attention: Consumer Assistance P.O. Box 1358 Columbus, Ohio 43216-1358	(800) 540-2505
TransUnion Credit Information Company 555 West Adams Chicago, Illinois 60661	Director, Information and Resolution Center (312) 258-1818

For each Mortgage serviced for Freddie Mac, a Servicer must provide a "full-file" status report to the credit repositories for the Mortgages it services and identify the Mortgage by its applicable Freddie Mac loan number and identifier (specifically "FRD"). For more information about the "full-file" credit reporting see Section 55.4.

The credit repositories' representatives will assist the Servicer in formatting the above information into a standard format that would be acceptable to all credit repositories. This format is expected to be what is commonly referred to as "standard metro format" in the credit reporting industry.

The Servicer may schedule any monthly reporting date that is mutually agreeable to the Servicer and each credit repository.

Exhibit 52

Federal Disaster Assistance

Presidential Declarations

When disaster strikes and the President of the United States issues a Major Disaster Declaration for the designated area, federal Individual Assistance may be made available to disaster victims. Such assistance may be provided through programs such as:

- Individuals and Households Program (IHP) administered by the Federal Emergency Management Agency (FEMA). Financial and direct assistance under the "Housing" provision of IHP can be used for temporary housing, repairs, replacement or permanent housing construction. Financial assistance under the "Other Needs" provision of IHP can be used for medical, dental, funeral, personal property, transportation or other necessary expenses or serious needs.
- Low-interest Small Business Administration (SBA) loans for homeowners, renters and businesses of all sizes, and nonprofit organizations for their uncompensated losses

This assistance is designed to supplement State and local assistance and the proceeds of insurance claimable under property insurance polices.

Once a Major Disaster Declaration has been issued and federal Individual Assistance is made available in the designated area, FEMA may set up one or more interagency Disaster Recovery Centers (DRCs) in the disaster area to assist individuals with transactions related to disaster assistance. The sites of these DRCs will be announced via the local media.

Registrations for disaster assistance are taken by telephone. The numbers are:

- (800) 621-3362
- (800) 462–7585 (for the hearing impaired)

For inquiries about whether an area has been declared a presidential major disaster area, Sellers/Servicers may contact FEMA at (202) 646–3260 or (202) 646–3629.

Borrowers should be aware that the President may declare an emergency or major disaster in which only Public Assistance is made available in the designated areas. Public Assistance provides supplemental federal funding to State and local governments for a variety of projects, including clearance of debris, emergency protective measures and repair or replacement of public-owned facilities or structures. Public Assistance does not provide assistance to individuals or business owners.

SBA Disaster Declarations

When the SBA Administrator declares a disaster area under SBA's statutory authority, homeowners, renters, businesses of all sizes and nonprofit organizations may be eligible for the same low-interest SBA loans for their uncompensated losses that are available when a presidential Major Disaster Declaration is made.

Such SBA loans include the following:

- A disaster home loan to a homeowner to repair or replace a Primary Residence/personal property that has been damaged or destroyed by the disaster
- A disaster home loan to a renter to repair or replace personal property that has been damaged or destroyed by the disaster
- A business physical disaster loan to a business of any size to repair or replace business property (including inventory and supplies) that has been damaged or destroyed by the disaster
- An economic injury disaster loan for working capital to assist a small business or a small agricultural cooperative through the disaster recovery period (provided the business or cooperative is unable to obtain similar financing from nongovernment sources)

Information regarding SBA disaster loans may be obtained online at **http://www.sba.gov** or by calling the National Customer Service Center at (800) 659-2955.

Federal Housing Administration Mortgage Insurance Program

The Federal Housing Administration (FHA) also insures loans made to disaster victims under the following programs:

- **Section 203(h), mortgage insurance for disaster victims:** to help a disaster victim purchase or reconstruct a residence to replace the residence that was destroyed or damaged to such an extent that reconstruction or replacement is necessary. The loan application must be submitted to the lender within one year of the date of the related presidential Major Disaster Declaration. The residence to be financed by a Section 203(h) mortgage must be:
  - A one-unit property
  - The applicant's primary residence

The replacement residence need not be located in the disaster-area.

- **Section 203(k), rehabilitation mortgage insurance:** to help a disaster victim repair a disaster-damaged residence or reconstruct a disaster-destroyed residence
- **Title I, property improvement and manufactured home loans:** to help a disaster victim repair, rebuild, or replace a disaster-damaged residence

Applications for the above loans must be submitted to a Department of Housing and Urban Development (HUD) approved mortgagee.

Exhibit 54

List of Items for Loan Assumption Application

Conventional Home Mortgage

The application for an assumption of a conventional Home Mortgage will not be considered complete until the applicant provides, or causes to be provided, the following information:

1. The completed Form 65, Uniform Residential Loan Application
2. A current credit report on the applicants
3. An executed copy of the contract of sale
4. Written approval of the mortgage insurer or a commitment to insure from a new mortgage insurer, when applicable
5. Written verification of the applicant's current employment and income whenever the credit reporting agency is unable to verify these items
6. Profit and loss statements plus balance sheet or Federal tax returns for the last two years prior to applicant's application for assumption of the Mortgage, if the applicant is self-employed
7. A verification or acceptable evidence of the source and amount of the down payment and payment of prepaid items
8. Any other information Servicer determines to be necessary

Items 1, 3 and 6 are to be furnished by the applicants.

FHA/VA Home Mortgage

The application for assumption of an FHA/VA Home Mortgage will not be considered complete until the applicant provides, or causes to be provided, the following information:

1. The completed form of application for approval of a loan assumption
2. An executed copy of the contract of sale
3. Written approval of the Federal Housing Administration or the Department of Veterans Affairs, as the case may be, with regard to (a) the continuation of the mortgage insurance provided by the Federal Housing Administration or the mortgage guaranty provided by the Department of Veterans Affairs, as the case may be, and (b) the release of the prior Borrower from liability, when applicable
4. All other information the Federal Housing Administration or the Department of Veterans Affairs, as the case may be, may require an applicant to provide, or cause to be provided

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Exhibit 57

1- to 4- Unit Property Approved Expense Amounts

EXPENSE	CODE	ITEM	NOTES	EXPENSE LIMITS
MAINTENANCE AND PRESERVATION	090001	Securing/re-keying	One door only. Contact us[1] if the property has more than one unit.	$ 75
	090002	Boarding	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.	$ 900
	090003	Extermination	Fumigation by a professional extermination company	$ 350
	090008	Police/Fire report		$ 150
	091001	Initial property cleaning	Cleaning of interior to include kitchen and bathroom	$ 400
	091002	Trash removal/Dumping fees	Interior/exterior debris removal	$ 600
	093000	Initial yard maintenance	Full yard and/or perimeter cut and trimming/per summer season*	$ 300
	093003	Pest removal	Removal of dead vermin from property	$ 75
	094000	Yard maintenance	(Bi-weekly) grass cutting during summer season*	$ 125
	095001	Winterization	One time charge during winter season**	$ 250
	090009	Pool and spa securing	One time charge	$ 1,100
		Utilities:	***	***
	100000	Electric		
	101000	Gas		
	102000	Oil		
	103000	Water		
	105000	Other Utilities		

EXPENSE	CODE	ITEM	NOTES	EXPENSE LIMITS
	191003	Snow removal	As needed during winter season**	$ 75
	200000	Roof repair/replacement	One time charge to tarp or repair roof	$ 1,000
MISCELLANEOUS	020000	Foreclosure advertising fees—posting	California only	$ 60
	021000	Foreclosure advertising fees—publication	California only	$ 210
	203000	Sump pump/HVAC Repair/Replacement	Servicing and restart	$ 50
	404005	Property Inspection	Maximum aggregate amount per property for all inspections provided by outside service	$ 16[+]

[1] Servicers must preserve and maintain properties in accordance with the requirements set forth in Chapters 66, 67 and 70. Prior approval from Freddie Mac (**overallowables@freddiemac.com**) is required before incurring any expense in excess of any of the above amounts. You must not incur property preservation expenses on low balance Mortgages (see Section B65.50) without our prior approval.

* Summer season dates—04/01–09/30
In the following States, grass cutting is permitted year round:
AL, AR, AZ, CA, FL, GA, GU, HI, KS, LA, MS, NM, NV, OK, SC, TX, VI, PR

** Winter season dates—10/01–3/31
In the following States, winterization is permitted year round regardless of month the property is secured: AK, CT, IA, IL, IN, MA, ME, MI, MN, MT, ND, NE, NH, NY, OH, PA, RI, SD, VT, WI

*** Actual paid amount, does not include interest and penalties. Prior approval is not required for the reimbursement of necessary utility expenses incurred from the Due Date of the Last Paid Installment (DDLPI) through to the date you receive the Property Condition Certificate (PCC) pursuant to Sections 66.36 and 67.28 of the Guide.

[+] If a Mortgage has mortgage insurance, we will reimburse you for the inspection fees paid by the mortgage insurer via expense code 404006, Inspection Fees Payable by MI

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Exhibit 57A

Approved Attorney Fees and Title Expenses

Attorney Fees*					Title Work*
STATE	JUDICIAL F/C	TRUSTEE/ NONJUD F/C	EVICT[1]	D/L	EXPENSE LIMITS
AK*,**	–	$1000	$500	$200	TSG
AL**	–	500	500	200	$200
AR**	–	500	350	200	250
AZ*,***	–	500	400	200	TSG
CA***	–	500	550	250	350 FOR LIMITED TSG
CO**	–	700	450	225	TSG
CT***	$1,450	–	400	225	225
DC**	–	750	400	300	150
DE	900	–	450	225	150
FL***	950	–	400	300	200
GA**, ***	–	550	450	300	200
GU**	–	1,200	350	250	150
HI**	–	1,200	500	250	250
IA	750	–	350	250	500
ID*, **	–	500	400	250	TSG
IL***	900	–	400	250	275
IN***	900	–	450	250	250
KS	750	–	400	200	200
KY	1,000	–	400	300	250
LA	1,050	–	500	200	250
MA**, ***	–	1,200	600	225	150
MD**, ***	–	800	500	300	150
ME	1,500	–	500	225	150
MI**, ***	–	500	425	250	150

STATE	Attorney Fees* JUDICIAL F/C	TRUSTEE/ NONJUD F/C	EVICT[1]	D/L	Title Work* EXPENSE LIMITS
MN** The approved attorney fee for Torrens Act is $500 (Form 104SF expense code 010002)	–	500	400	250	200
MO**	–	500	450	200	200
MS**	–	500	400	300	200
MT*, **	–	600	400	250	TSG
NC**, ***	–	650	400	300	200
ND	800	–	350	250	300
NE+	750	500	350	250	275
NH**	–	800	400	225	225
NJ***	750	–	500	250	100
NM	750	–	400	200	400
NV*, ***	–	500	650	250	TSG
NY***	900	–	600	225	250
OH***	900	–	600	250	250
OK	700	–	350	200	400
OR*	–	600	400	250	TSG
PA***	1,000	–	450	225	250
PR	750	–	300	225	150
RI**	–	800	500	225	225
SC***	750	–	450	300	200
SD	700	–	400	250	350
TN**	–	550	350	300	225
TX**, ***	–	500	400	200	175
UT	–	500	400	225	300
VA**, ***	–	550	600	300	150
VI	800	–	225	225	200
VT++	1,300	700	350	225	200
WA*, ***	–	600	450	250	TSG
WI+	1,000	–	400	250	325
WV**	–	500	400	300	150
WY*, **	–	700	500	250	TSG

* See Section 71.18, Expenses we will not reimburse.

TSG: We will reimburse for the actual full or limited TSG policy if the Mortgaged Premises goes to foreclosure sale. We will not reimburse for any additional title abstract or commitment.

If you must get an update to the title because the original is stale due to bankruptcy delay, we will reimburse you up to $75 for the update. You must contact Freddie Mac for prior approval for an update if the title becomes stale for any other reason.

** In these States, if you have to restart a new foreclosure proceeding due to a delay in the process, such as bankruptcy or a delay for which you have secured our written prior approval, we will reimburse you as follows:

- All of the actual costs of each foreclosure in accordance with the requirements of the Guide
- Up to 100% of the approved attorney or trustee's fees for the first foreclosure attempt
- Up to 70% of the approved attorney or trustee's fees for the subsequent foreclosure

*** You must use Designated Counsel/Trustee in accordance with Sections 66.15 and 67.15.

[+] This expense limit for title work includes $75 to cover the additional title update the State requires during the foreclosure process.

[++] The higher attorney fee listed is for cases where there is equity in the property, thus requiring a foreclosure by judicial sale.

Legend

D/L	Deed-in-lieu of foreclosure
F/C	Foreclosure
Evict	Eviction
Nonjud	Nonjudicial
TSG	Trustee's Sale Guaranty

[1] The REO division manages the eviction process; therefore, our Servicer Form 104 expense reimbursement process does not pertain to eviction fees.

Our approved Bankruptcy reimbursement amounts (Section 71.14) are:	
Chapter	**Allowable Fee**
Chapter 7	$500
Chapter 11, 12 and 13	$450 through confirmation of the plan $350 for post plan confirmation default, if applicable
Multi-filer defense[+++]	$350

Prior approval from Freddie Mac is required before incurring any expense in excess of any of the above amounts.

If a case converts, we will reimburse you for up to the allowable legal fee for each of the chapters filed.

[+++] If a Borrower is a multiple-bankruptcy filer and petitions the court to extend the automatic stay, we will reimburse you for up to $350 to file an objection to an extension of the automatic stay and attend the related court hearings. If the objection to an extension of the stay is denied and you must then handle protecting our interests in the bankruptcy proceeding, we will additionally reimburse you for the allowable bankruptcy fee for the chapter of bankruptcy filed.

Exhibit 58

Draft Letter of Authorization

(PRINT ON YOUR INSTITUTION'S LETTERHEAD)

(Designated bank name)
(Street address)
(City, state, zip code)

Re: (Freddie Mac Seller/Servicer number)
(Name of account)
(Account number)

Dear _____:

This letter authorizes your bank to honor electronic debits initiated through the Automated Clearing House (ACH) system against the subject account at your bank.

We approve your honoring of the ACH transfers without signature or other authorization.

Sincerely,

(Seller/Servicer authorized signature)

(Typed name of authorized signer)

(Telephone number of authorized signer)

Exhibit 60

Loan-Level Reporting Data Description

Seller/Servicer Loan Number
This field is optional. It is the loan number (maximum of 12 characters) assigned by the Seller/Servicer. It should be used to add or update the Seller/Servicer's loan number on Freddie Mac's files but may be blank.

Freddie Mac Loan Number
Enter the Freddie Mac-assigned nine-digit loan number.

Last Payment Received Date
Enter the date the last fully paid installment was received from the Borrower and not reversed as of the accounting cutoff.

Due Date of Last Paid Installment
Enter the due date on the last payment received from the Borrower.

Unpaid Principal Balance (100%)
For the Mortgages accounted for under the net yield or alternate method of accounting, report the Mortgage's unpaid principal balance (UPB) as follows:

Type of Mortgage	Action
Active	Report the actual UPB of the Mortgage*, **
Paid in full by the mortgagor, repurchased by the Servicer or paid in full via a third-party foreclosure sale	Report the UPB as zero
Removed due to an FHA/VA foreclosure or transfer to REO	Report the UPB of the Mortgage on the date of the last paid installment*
ARMs that convert to fixed-rate Mortgages	Report the actual UPB of the Mortgage*

* For participation Mortgages, 100% of the UPB must be reported in this field; **not** just Freddie Mac's share of the UPB.

** For Mortgages with deferred principal, the UPB must equal the sum of the Interest-Bearing UPB and Deferred UPB.

For Mortgages accounted for under the timely principal and interest method of accounting (scheduled interest and scheduled principal), report 100% of the scheduled UPB associated with the Mortgage.

Interest Due Freddie Mac
Enter the total interest due Freddie Mac including net yield interest, interest adjustments (related to reinstatements or foreclosure sales), interest advanced (on transfers to REO or FHA/VA foreclosures) and payoff interest.

Principal Due Freddie Mac
For Mortgages accounted for under the net yield or alternate method of accounting, report the Freddie Mac share of principal payments, including prepaid principal, curtailments, reduction of negative amortization, payoffs and foreclosure sale proceeds.

For Mortgages accounted for under the timely principal and interest method of accounting, report total principal due Freddie Mac, including scheduled principal payments, curtailments and payoffs.

Exception Code
Enter the applicable code to indicate that a special exception has occurred. If an exception has not occurred, this field should be blank. After an exception on a Mortgage has been reported, it is not necessary to continue to report the code (e.g., report code #40 only in the month the loan is inactivated). Valid action codes are:

40	Inactivate loan
50	Reinstate loan
60	Payoff—Mortgage matured
61	Payoff—Mortgage prepaid, short payoff, make-whole preforeclosure sale and chargeoff
65	Payoff—Mortgage repurchased
66	Payoff—Mortgage converted from adjustable interest rate to fixed interest rate
70	Transfer to REO and Deed-in-Lieu of Foreclosure
71	Third-Party foreclosure sale
72	FHA/VA Foreclosure
73	FHA/VA Third-Party foreclosure sale
80	Principal balance correction (e.g., negative principal reduction)

Exception Date
Enter the date that the exception occurred. If an exception has not occurred, this field should be blank.

Exception Code	Action
40	No date is required
50	No date is required
60–66	Enter the date on which the Mortgage is paid in full*
70–73	Enter the date of the foreclosure sale
80	No date is required

* For short payoffs and make-whole preforeclosure sales, enter the date of receipt of funds; for full charge-offs, enter the date of receipt of the chargeoff approval letter; for repurchases of Converted Mortgages reported as exception code “66,” enter the Conversion Date.

Noteholder
Enter a code indicating who holds the Mortgage Note. Acceptable values are:

0	Note is held by Freddie Mac
1	Note is held by Servicer
2	Note is held by third party

If the noteholder information is not provided at loan-level initialization, the noteholder information must be reported at the time of payoff. If the noteholder information was provided at initialization, this field may be blank when reporting payoff activity. If the noteholder changes, this field may be used to update Freddie Mac's files.

Mortgage Note Rate
Enter the current annual rate of interest the Borrower is paying on the Mortgage. (This field is mandatory data for reporting.)

Mortgage P&I
Enter the principal and interest (P&I) portion of the Borrower's regular installment. (Note: 100% of the P&I amount should be entered in this field, not Freddie Mac's share.) (This field is mandatory data for reporting.)

The following three additional data fields must be reported beginning December 14, 2009 for all Mortgages with a partial principal forbearance:

Interest-Bearing UPB
For Mortgages with a partial principal forbearance, the amount of the interest-bearing unpaid principal balance as of the accounting cycle cutoff.

Deferred UPB
For Mortgages with a partial principal forbearance, the amount of the deferred (non-interest-bearing) unpaid principal balance as of the accounting cycle cutoff.

Deferred Principal Curtailment Amount
The amount of any curtailment applied to the deferred UPB during the accounting cycle.

The following data field must be reported beginning December 14, 2009 for all Mortgages modified under HAMP:

Borrower Incentive Curtailment Amount
The amount of any Borrower incentive payments applied to the (interest-bearing) unpaid principal balance of the Mortgage during the accounting cycle.

Exhibit 61

Interest and Principal Due Freddie Mac

NET YIELD INTEREST METHOD
INTEREST AND PRINCIPAL DUE FREDDIE MAC

CALCULATING INTEREST DUE FREDDIE MAC: No Exception Code Reported

If the Mortgage was active as of the beginning of the accounting cycle, calculate one month's net yield interest:

1. Determine unpaid principal balance (UPB)—Freddie Mac share:

   UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = UPB—Freddie Mac share

2. Determine interest due:

   UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = Total interest due Freddie Mac

   If the Mortgage was inactive as of the beginning of the accounting cycle, interest due Freddie Mac equals 0.

CALCULATING INTEREST DUE FREDDIE MAC: Inactivate Loan (exception code 40)

In the month a Mortgage is inactivated, the Servicer owes Freddie Mac one month's net yield interest. See calculations above for "No Exception Code Reported."

CALCULATING INTEREST DUE FREDDIE MAC: Cash Liquidation Reported

Cash liquidations include:

- Mortgages paid in full (exception codes 60–66)
- Non-FHA/VA third-party foreclosure sales (exception code 71)
- FHA/VA third-party foreclosure sales (exception code 73)
- Short payoffs (exception code 61)
- Make whole preforeclosure sales (exception code 61)
- Chargeoffs (exception code 61)

If the Mortgage was inactive as of the beginning of the current accounting cycle, calculate the interest due Freddie Mac as follows:

1. Determine prior months' interest due as follows:

   For fixed-rate Mortgages:

   Accounting Net Yield rate
   × UPB—Freddie Mac share
   × Number of months from month inactivated up to, but not including, exception month
   ÷ 12
   = Total prior months' interest due

   For adjustable-rate Mortgages: If an adjustment(s) occurs while the Mortgage is inactive, the following calculations are required:

   (a) Accounting Net Yield rate when Mortgage inactivated
   × UPB—Freddie Mac share
   × Number of months from month inactivated to new net yield takes effect
   ÷ 12
   = Prior months' interest due (a)

   (b) This calculation is done for each rate change that occurs up to, but not including, month exception occurred.

   New Accounting Net Yield rate
   × UPB—Freddie Mac share
   × Number of months until net yield rate becomes effective up to, but not including, month of exception
   ÷ 12
   = Prior months' interest due (b)

   (c) Prior months' interest due (a)
   + Prior months' interest due (b)
   = Total prior months' interest

2. Calculate interest for the exception month from first of the month up to, but not including, the exception date:

   Current month's Accounting Net Yield rate
   × UPB—Freddie Mac share
   × Number of days
   ÷ 365
   = Exception month interest

If the Mortgage was active as of the beginning of the current accounting cycle and the exception date is the first of the month through the accounting cutoff:

1. Calculate one month's net yield interest:

   (a) Determine UPB—Freddie Mac share

   UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = UPB—Freddie Mac share

   (b) Determine one month's net yield interest

   UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = One month's net yield interest

2. Calculate interest for the exception month from first of the month up to, but not including, the exception date:

   Accounting Net Yield
   × UPB—Freddie Mac share
   × Number of days
   ÷ 365
   = Exception month interest

3. Calculate total interest due:

   One month's net yield interest
   + Exception month interest
   = Total interest due Freddie Mac

Note: Servicers will use the above calculations to enter data into the interest fields on MIDANET for the PC as follows:

From above calculations		**MIDANET field**
Exception month interest	=	Exception interest adjustment
One month's net yield interest	=	Monthly interest due

Entering a number from 1 to 9 in exception and monthly interest fields will prompt MIDANET for the PC to calculate the interest.

If the Mortgage was active as of the beginning of the current accounting cycle and the exception date is between the accounting cutoff and the first of the month:

1. Calculate one month's net yield interest:

   (a) Determine UPB—Freddie Mac share

   UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = UPB—Freddie Mac share

   (b) Determine one month's net yield interest

   UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = One month's net yield interest

2. Calculate interest for the exception month from first of the month up to, but not including, the exception date:

   Accounting Net Yield rate
   × UPB—Freddie Mac share
   × Number of days
   ÷ 365
   = Exception month interest

3. Calculate interest adjustment:

   Exception month interest
   – One month's net yield interest
   = Interest adjustment

4. Calculate total interest due:

   One month's net yield interest
   + Interest adjustment
   = Total interest due Freddie Mac

Note: Servicers will use the above calculations (#1–4) to enter data into the interest fields on MIDANET for the PC as follows:

From above calculations		**MIDANET field**
Interest adjustment	=	Exception interest adjustment
One month's net yield interest	=	Monthly interest due

Entering a number from 1 to 9 in exception and monthly interest fields will prompt MIDANET for the PC to calculate the interest.

CALCULATING INTEREST DUE FREDDIE MAC: Transfer to REO (exception code 70)
FHA/VA foreclosure (exception code 72) or,
Deed-in-lieu of foreclosure (exception code 70)

The interest advanced to Freddie Mac that was not collected from the borrower in dollars and cents should be reported as a negative number on the Loan-Level Report in the Interest Due Freddie Mac field.

For fixed-rate Mortgages: The interest due Freddie Mac is calculated as follows:

(a) Accounting Net Yield
× Principal Balance—Freddie Mac share
× Number of months from due date of last paid installment through the end of the month prior to the month the Mortgage was inactivated
÷ 12
= Interest advanced

(b) Interest advanced
× -1
= Interest due Freddie Mac

For adjustable-rate Mortgages: If an interest rate adjustment did not occur during the period from the due date of last paid installment through the end of the month before the month the Mortgage was inactivated, the interest calculation is:

Accounting Net Yield
× Principal balance—Freddie Mac share
× Number of months from due date of last paid installment up to, but not including, the month inactivated
÷ 12
= Interest advanced

Interest advanced
× -1
= Interest due Freddie Mac

If an interest rate adjustment did occur after the due date of last paid installment but before the end of the month before the month the Mortgage was inactivated, the following calculations are required:

(a) Accounting Net Yield
× Principal balance—Freddie Mac share
× Number of months from due date of last paid installment up to the end of the month of the next interest rate change date
÷ 12
= Interest advanced (a)

(b) Accounting Net Yield
× Principal balance—Freddie Mac share
× Number of months from the end of the month of one interest rate change date to the end of the month of the next interest rate change date
÷ 12
= Interest advanced (b)

(c) Accounting Net Yield
× Principal balance—Freddie Mac share
× Number of months from the end of the month of the most recent interest rate change date up to, but not including, the month the Mortgage was inactivated
÷ 12
= Interest advanced (c)

(d) Interest advanced (a)
+ Interest advanced (b)
+ Interest advanced (c)
= Total interest advanced

(e) Total interest advanced
× -1
= Total interest due Freddie Mac

CALCULATING INTEREST DUE FREDDIE MAC: Principal Balance Correction (e.g. Negative Principal Reduction, (exception code 80)

A negative principal reduction (exception code 80) is used to indicate that the balance of a Mortgage has increased during the cycle for reasons other than negative amortization.

Calculate the one month's net yield interest:

	Accounting Net Yield
×	Principal balance—Freddie Mac share
÷	12
=	Interest due Freddie Mac

1. Calculate the change in Mortgage balance:

	Mortgage UPB at beginning of accounting cycle
–	Mortgage UPB at end of accounting cycle
=	Change in Mortgage balance

2. Calculate principal due Freddie Mac:

	Change in Mortgage balance
×	Freddie Mac % owned
=	Principal due Freddie Mac

Note: Principal due Freddie Mac will be a negative number if there has been negative amortization this cycle or if a negative principal reduction has occurred. A negative principal reduction (exception code 80) is used to indicate that the balance of a Mortgage has increased during the cycle for reasons other than negative amortization.

TIMELY PRINCIPAL AND INTEREST CALCULATIONS
INTEREST AND PRINCIPAL DUE FREDDIE MAC

CALCULATING INTEREST DUE FREDDIE MAC: No Exception Code Reported

1. Determine scheduled UPB—Freddie Mac share:

   Scheduled UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = Scheduled UPB—Freddie Mac share

2. Determine interest due:

   Scheduled UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = Total interest due Freddie Mac

CALCULATING INTEREST DUE FREDDIE MAC: Cash Liquidation Reported

Cash liquidations include:

- Mortgages paid in full (exception codes 60–66)
- Non-FHA/VA third-party foreclosure sales (exception code 71)
- FHA/VA third-party foreclosure sales (exception code 73)
- Short payoffs (exception code 61)
- Make whole preforeclosure sales (exception code 61)
- Chargeoffs (exception code 61)

If the exception date is the first of the month through the accounting cutoff:

1. Calculate one month's net yield interest:

   (a) Determine scheduled UPB—Freddie Mac share

   Scheduled UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = Scheduled UPB—Freddie Mac share

   (b) Determine one month's net yield interest

   Scheduled UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = One month's net yield interest

2. Calculate interest for the exception month from first of the month up to, but not including, the exception date:

   Accounting Net Yield
   × Scheduled UPB—Freddie Mac share
   × Number of days
   ÷ 365
   = Exception month interest

3. Calculate total interest due:

   One month's net yield interest
   + Exception month interest
   = Total interest due Freddie Mac

Note: Servicers will use the above calculations to enter data into the interest fields on MIDANET for the PC as follows:

From above calculations		MIDANET field
One month's net yield interest	=	Monthly interest due
Exception month interest	=	Exception month interest

Entering a number from 1 to 9 in exception and monthly interest fields will prompt MIDANET for the PC to calculate the interest.

If the exception date is between the accounting cutoff and the first of the month:

1. Calculate one month's net yield interest:

   (a) Determine Scheduled UPB—Freddie Mac share

   Scheduled UPB at beginning of accounting cycle
   × Freddie Mac % owned
   = Scheduled UPB—Freddie Mac share

   (b) Determine one month's net yield interest

   Scheduled UPB—Freddie Mac share
   × Accounting Net Yield rate
   ÷ 12
   = One month's net yield interest

2. Calculate interest for the exception month from first of the month up to, but not including, the exception date:

   Accounting Net Yield
   × Scheduled UPB—Freddie Mac share
   × Number of days
   ÷ 365
   = Exception month interest

3. Calculate interest adjustment:

   Exception month interest
   – One month's net yield interest
   = Interest adjustment

4. Calculate total interest due:

   One month's net yield interest
   + Interest adjustment
   = Total interest due

Note: Servicers will use the above calculations to enter data into the interest fields on MIDANET for the PC as follows:

From above calculations		**MIDANET field**
One month's net yield interest	=	Monthly interest due
Interest adjustment	=	Exception month interest

Entering a number from 1 to 9 in exception and monthly interest fields will prompt MIDANET for the PC to calculate the interest.

CALCULATING INTEREST DUE FREDDIE MAC: Transfer to REO (exception code 70) FHA/VA foreclosure (exception code 72), or Deed-in-lieu of foreclosure (exception code 70)

The interest advanced to Freddie Mac that was not collected from the borrower in dollars and cents should be reported as a negative number on the Loan-Level Report in the Interest Due Freddie Mac field.

For fixed-rate Mortgages: The interest advanced is calculated as follows:

	Accounting Net Yield
×	Scheduled principal balance—Freddie Mac share
×	Number of months from due date of last paid installment through the end of the month prior to exception month
÷	12
=	Interest advanced

	Interest advanced
×	-1
=	Interest due Freddie Mac

For adjustable-rate Mortgages: If an interest rate adjustment did not occur during the period from the due date of last paid installment through the end of the month before the exception occurred, the interest calculation is:

	Accounting Net Yield
×	Scheduled principal balance—Freddie Mac share
×	Number of months from due date of last paid installment up to, but not including, the exception month
÷	12
=	Interest advanced

	Interest advanced
×	-1
=	Interest due Freddie Mac

If an interest rate adjustment did occur after the due date of last paid installment but before the end of the month before the month the exception occurred, the following calculation is required:

(a) Accounting Net Yield
× Scheduled principal balance—Freddie Mac share
× Number of months from due date of last paid installment through the end of the month prior to the first interest rate change date
÷ 12
= Interest advanced (a)

(b) Accounting Net Yield
× Scheduled principal balance—Freddie Mac share
× Number of months from the first interest rate change date through the end of the month prior to the next interest rate change date
÷ 12
= Interest advanced (b)

(c) Accounting Net Yield
× Scheduled principal balance—Freddie Mac share
× Number of months from the end of the month of the most recent interest rate change date through the end of the month prior to exception month
÷ 12
= Interest advanced (c)

(d) Interest advanced (a)
+ Interest advanced (b)
+ Interest advanced (c)
= Total interest advanced

(e) Total interest advanced
× -1
= Total interest due Freddie Mac

CALCULATING INTEREST DUE FREDDIE MAC: Principal Balance Correction (e.g. Negative Principal Reduction, (exception code 80)

1) Calculate one month's net yield interest:

	Accounting Net Yield
×	Scheduled principal balance—Freddie Mac share
÷	12
=	Interest due Freddie Mac

CALCULATING SCHEDULED UPB

1. Determine scheduled principal payment:

(a)

	Beginning scheduled UPB
×	Coupon rate
÷	12
=	Scheduled interest

(b)

	Principal and interest constant
–	Scheduled interest
=	Scheduled principal payment

2. Determine scheduled UPB:

	Beginning scheduled UPB
–	Scheduled principal payment
–	Previous month's additional principal curtailments
=	Scheduled UPB

CALCULATING PRINCIPAL DUE FREDDIE MAC

1. Calculate the change in Mortgage scheduled balance:

	Mortgage scheduled UPB at beginning of accounting cycle
–	Mortgage scheduled UPB at end of accounting cycle
=	Change in Mortgage scheduled balance

2. Calculate principal due Freddie Mac:

	Change in Mortgage scheduled balance
×	Freddie Mac % owned
=	Principal due Freddie Mac

Note 1: For cash liquidations: Principal due will equal Scheduled UPB as of beginning of accounting cycle.

Note 2: For transfers to REO and FHA/VA foreclosures: Principal due will equal 0.

ALTERNATE METHOD CALCULATIONS
PRINCIPAL AND INTEREST DUE FREDDIE MAC

CALCULATING INTEREST DUE FREDDIE MAC: No Exception Code Reported

Interest is due according to the number of monthly installments collected from the borrower. Interest due Freddie Mac should be calculated as follows:

1. Calculate the number of monthly installments collected:

   Due date of last paid installment (DDLPI) as of the end of the current accounting cycle
   – DDLPI as of the beginning of the current accounting cycle
   = Number of monthly installments

2. Determine scheduled UPB:

   Beginning scheduled UPB
   – Scheduled principal payment
   – Previous month's additional principal curtailments
   = Scheduled UPB

CALCULATING PRINCIPAL DUE FREDDIE MAC:

1. Calculate the change in Mortgage scheduled balance:

   Mortgage scheduled UPB at beginning of accounting cycle
   – Mortgage scheduled UPB at end of accounting cycle
   = Change in Mortgage scheduled balance

2. Calculate principal due Freddie Mac:

   Change in Mortgage scheduled balance
   × Freddie Mac % owned
   = Principal due Freddie Mac

Note 1: For cash liquidations: Principal due will equal Scheduled UPB as of beginning of accounting cycle.

Note 2: For transfers to REO and FHA/VA foreclosures: Principal due will equal 0.

CALCULATING INTEREST DUE FREDDIE MAC: No Exception Code Reported

Interest is due according to the number of monthly installments collected from the borrower. Interest due Freddie Mac should be calculated as follows:

1. Calculate the numbe of monthly installments collected:

	Due date of last paid installment (DDLPI) as of the end of the current accounting cycle
–	DDLPI as of the beginning of the current accounting cycle
=	Number of monthly installments

CALCULATING INTEREST DUE FREDDIE MAC: Transfer to REO (exception code 70) FHA/VA foreclosure (exception code 72) or Deed-in-lieu of foreclosure (exception code 70)

Since interest is not advanced under the alternate method, Total Interest Due Freddie Mac will equal 0.

CALCULATING INTEREST DUE FREDDIE MAC: Principal Balance Correction (e.g. Negative Principal Reduction, (exception code 80)

A negative principal reduction (exception code 80) is used to indicate that the balance of a Mortgage has increased during the cycle for reasons other than negative amortization.

1. Calculate the number of monthly installments to be reversed:

	DDLPI as of the end of the current accounting cycle
–	DDLPI as of the beginning of the current accounting cycle
=	Number of monthly installments

2. Determine interest due:

	UPB—Freddie Mac share
×	Accounting Net Yield rate
÷	12
×	Number of monthly installments
=	Total interest due Freddie Mac

CALCULATING PRINCIPAL DUE FREDDIE MAC:

1. Calculate the change in Mortgage balance:

	Mortgage UPB at beginning of accounting cycle
–	Mortgage UPB at end of accounting cycle
=	Change in Mortgage balance

2. Calculate principal due Freddie Mac:

	Change in Mortgage balance
×	Freddie Mac % owned
=	Principal due Freddie Mac

CALCULATING INTEREST DUE FREDDIE MAC: Cash Liquidation Reported

(a) Accounting Net Yield rate when Mortgage became delinquent
× UPB—Freddie Mac share
× Number of months from DDLPI (as of beginning of cycle) to month new net yield takes effect
÷ 12
= Prior months' interest due (a)

(b) This calculation is done for each rate change that occurs up to, but not including, the month the exception occurred.

New Accounting Net Yield rate
× UPB—Freddie Mac share
× Number of months until net yield rate becomes effective up to, but not including, month of exception
÷ 12
= Prior months' interest due (b)

(c) Prior months' interest due (a)
+ Prior months' interest due (b)
= Total prior months' interest

Calculate interest for the exception month from first of the month up to, but not including, the exception date:

Accounting Net Yield rate
× UPB—Freddie Mac share
× Number of days
÷ 365
= Exception month interest

Calculate total interest due:

Total prior months' interest
+ Exception month interest
= Total interest due Freddie Mac

Note: Servicers will use the above calculations (#1–2) to enter data into the interest fields on MIDANET for the PC as follows:

From above calculations		**MIDANET field**
Exception month interest	=	Exception interest adjustment
Total prior month's interest	=	Monthly interest due

Exhibit 62

Interest Calculation: Amortization Method

Full Month's Interest

Interest Calculation—Amortization Method of Accounting

Application of Single Payments—Computing each installment on outstanding principal

ASSUME: 14% mortgage; $1,007.15 monthly constant, unpaid principal as of May 4, XXXX, $84,930.08. Mortgage is current and payments are due the 1st of each month.

Borrower payment date	Due Date of Last Paid Installment	P&I payment amount	Credited to interest	Credited to principal	Principal bal. after payment
					$84,930.08*
June 1, XXXX	June 1, XXXX	$1,007.15	$990.85	$16.30	$84,913.78
July 3, XXXX	July 1, XXXX	$1,007.15	$990.66	$16.49	$84,897.29
Aug. 1, XXXX	Aug. 1, XXXX	$1,007.15	$990.47	$16.68	$84,880.61
Sept. 2, XXXX	Sept. 1, XXXX	$1,007.15	$990.27	$16.88	$84,863.73
Oct. 1, XXXX	Oct. 1, XXXX	$1,007.15	$990.08	$17.07	$84,846.66
Nov. 7, XXXX	Nov. 1, XXXX	$1,007.15	$989.88	$17.27	$84,829.39
Dec. 1, XXXX	Dec. 1, XXXX	$1,007.15	$989.68	$17.47	$84,811.92

* Beginning balance

Exhibit 63

Interest Calculation: Amortization Method

Multiple Installments on Same Principal Balance

Interest Calculations—Amortization Method of Accounting

Application of Payments—Computing each installment on outstanding principal

ASSUME: 14% mortgage; $1,007.15 monthly constant, unpaid principal as of May 4, XXXX, $84,930.08. Mortgage is current and payments are due the 1st of each month.

	Collections		Mortgage Balance	Delinquent		Prepaid	
	Prin.	Int.		Prin.	Int.	Prin.	Int.
Beginning balance			84,930.08				
June payment	16.30	990.85	84,913.78				
No July payment			84,913.78	16.49	990.66		
No August payment			84,913.78	16.49	990.66		
September payments	16.49	990.66		(16.49)	(990.66)		
	16.49	990.66		(16.49)	(990.66)		
	16.49	990.66	84,864.31				
October payments	17.07	990.08	84,847.24				
	17.27	989.88	84,829.97			17.27	989.88
November payment	17.47	989.68	84,812.50			(17.27)	(989.88)
						17.47	989.68
No December payment			84,812.50			(17.47)	(989.68)
January payments							
Regular	17.67	989.48	84,794.83				
Curtailment	100.00		84,694.83				
February payment	19.04	988.11	84,675.79				

Exhibit 64

Interest Calculation: Amortization Method

Multiple Installments on Respective Principal Balances

Interest Calculations—Amortization Method of Accounting

Application of Payments—Computing each month in sequential increments

ASSUME: 14% mortgage; $1,007.15 monthly constant, unpaid principal as of May 4, XXXX, $84,930.08. Mortgage is current and payments are due the 1st of each month.

	Collections		Mortgage	Delinquent		Prepaid	
	Prin.	Int.	Balance	Prin.	Int.	Prin.	Int.
Beginning balance			84,930.08				
June payment	16.30	990.85	84,913.78				
No July payment			84,913.78	16.49	990.66		
No August payment			84,913.78	16.68	990.47		
September payments	16.49	990.66	84,897.29	(16.49)	(990.66)		
	16.68	990.47	84,880.61	(16.68)	(990.47)		
	16.88	990.27	84,863.73				
October payments	17.07	990.08	84,846.66				
	17.27	989.88	84,829.39			17.27	989.88
November payment	17.47	989.68	84,811.92			(17.27)	(989.88)
						17.47	989.68
No December payment			84,811.92			(17.47)	(989.68)
January payments							
Regular	17.68	989.47	84,794.24				
Curtailment	100.00		84,694.24				
February payment	19.05	988.10	84,675.19				

Exhibit 65

Audit Confirmation Request

Suggested Form and Content of Confirmation Request

ATTN AUDIT CONFIRMATION MS 387
FREDDIE MAC
8200 JONES BRANCH DRIVE
MCLEAN, VA 22102

Dear *(Freddie Mac contact)*:

Our auditors, *(name and address)*, are presently engaged in their annual audit of the association. In connection with this audit, will you please confirm the following information as of *(MM/DD/YY)**:

Seller/Servicer Number—*(six-digit number assigned)*

Freddie Mac Loan Number	Unpaid principal balance as of *(MM/DD/YY)** (Freddie Mac share)	Please note any differences
110000011	$ 90,426.97	
110000022	111,226.12	
110000033	152,221.11	
110000044	92,661.92	
110000055	89,284.43	

Thank you for your cooperation in this matter.

Sincerely yours,

* These two dates must match

Exhibit 66

Determining Borrower's Scheduled Principal Payments

DETERMINING THE SCHEDULED PRINCIPAL PAYMENTS

The scheduled principal payments that a Servicer is required to report and remit to Freddie Mac each month are calculated as follows:

CALCULATION FORMULA

$$\text{Scheduled Principal Payment} = \text{Scheduled Mortgage Payment}^{(a)} - (\text{Current UPB}^{(b)} \times \text{Monthly Rate}^{(c)})$$

(a) $$\text{Scheduled Mortgage Payment} = \frac{\text{Original UPB} \times \text{Monthly Rate}^{(c)}}{1 - (1 + \text{Monthly Rate}^{(c)})^{[-\text{Term in Months}]}}$$

(b) Current UPB = last reported unpaid scheduled principal balance

(c) Monthly Rate = mortgage coupon interest rate ÷ 12

Brackets [ ] contain the exponent to the equation.

CALCULATION EXAMPLE

In the following example, these values were used in calculating the scheduled principal payment:

Current UPB	=	$100,000
Coupon	=	12 %
Monthly Rate	=	.01
Term	=	360

Calculation of scheduled principal and interest payment:

$$\text{Scheduled Mortgage Payment} = \frac{\$100{,}000 \times .01}{1 - (1 + .01)^{-360}} = \$1{,}028.61$$

$$\text{Scheduled Principal} = \$1{,}028.61 - (\$100{,}000 \times .01)$$

$$\text{Scheduled Principal} = \$28.61$$

Exhibit 68

Cash Remittance System

PROCEDURES FOR USING THE MULTIFIELD TOUCH-TONE CASH REMITTANCE SYSTEM

(See Sections 77.19 through 77.24)

The Servicer should call (800) 568–4100.

The Servicer must call by 9:00 p.m. Eastern time the Business Day before the remittance is due, in accordance with Sections 78.10 and 78.11.

An audio response unit (ARU) will prompt as follows:

"WELCOME TO (NAME OF SERVICE BUREAU) AUDIO RESPONSE SERVICE"

1. ARU PROMPTS: "PLEASE ENTER TYPE"

   SERVICER ENTERS: 2 5 #

2. ARU PROMPTS: "ENTER COMPANY NUMBER AND IDENTIFICATION NUMBER"

   SERVICER ENTERS: 5 9 0 1 * _ _ _ _ _ _ #

Freddie Mac's four-digit company number	Servicer's six-digit identification number

3. ARU PROMPTS: "ENTER NONPAYOFF AMOUNT" (FIELD 1)

   SERVICER ENTERS: _____ * *

   Enter both dollars and cents (for example, an amount of $15.50 is entered "1550"). ARU will read back amount.

   (OR, if Servicer has no nonpayoff amount, enter # to proceed to step 4.)

   ARU PROMPTS: "TO PROCEED, ENTER #"

   SERVICER ENTERS: # if amount is correct

   OR

   * if amount is incorrect (ARU PROMPTS: "THE AMOUNT HAS BEEN VOIDED; REENTER NONPAYOFF AMOUNT.")

4. ARU PROMPTS: "ENTER PAYOFF AMOUNT" (FIELD 2)

   SERVICER ENTERS: _____ * *

   Enter both dollars and cents (for example, an amount of $15.00 is entered as "1500"). ARU will read back amount.

   (OR, if Servicer has no payoff amount, enter # to proceed to step 5.)

   ARU PROMPTS: "TO PROCEED, ENTER #"

   SERVICER ENTERS: # if amount is correct

   OR

   * if amount is incorrect (ARU PROMPTS: "THE AMOUNT HAS BEEN VOIDED: REENTER PAYOFF AMOUNT.")

5.	ARU PROMPTS:	"ENTER FEES ASSESSED" (FIELD 3) (RESERVED FOR MULTIFAMILY SERVICER USE ONLY)
	SERVICER ENTERS:	_____ * * Enter both dollars and cents (for example, an amount of $15.25 is entered as "1525"). (ARU will read back amount.) (OR, if Servicer has no fee amount, enter # to proceed to step 6.)
	ARU PROMPTS:	"TO PROCEED, ENTER #"
	SERVICER ENTERS:	# if amount is correct OR * if amount is incorrect (ARU PROMPTS: "THE AMOUNT HAS BEEN VOIDED; REENTER FEE AMOUNT.")
6.	ARU PROMPTS:	"ENTER VERIFICATION CODE"
	SERVICER ENTERS:	_ _ * * (ARU will read back code.)
	ARU PROMPTS:	"TO PROCEED, ENTER #"
	SERVICER ENTERS:	# if code is correct OR * if code is incorrect (ARU PROMPTS: "THE VERIFICATION CODE FIELD HAS BEEN VOIDED; REENTER VERIFICATION CODE.")
7.	ARU PROMPTS:	"PLEASE WAIT FOR PROCESSING" "ACCEPTED _ _ _ _ " 4-digit verification code
	NOTE:	SERVICER MAY ENTER: * to hear verification code again The Servicer should record this verification code as proof of the call. NOTE: If any of the fields (including the two-digit verification code) were not input correctly, the Servicer will not receive a four-digit verification code. Instead, ARU PROMPTS: "Invalid transaction. Please hold for an operator."
8.	ARU PROMPTS:	"THANK YOU, GOODBYE"

CHANGES OR VERIFICATIONS VIA VOICE REPORTING TO FREDDIE MAC'S SERVICE BUREAU

If you want to change or cancel a remittance call-in before the service bureau starts the process of drafting your Custodial Account, you must contact an operator as indicated in the following chart and you must complete the cancellation or corrected call-in to our service bureau before 9:00 p.m. Eastern time on the same Business Day as the original call-in.

If the original call-in you want to cancel or change is made…	Then you must complete the corrected call-in to our service bureau no later than…
On a non-Business Day	9:00 p.m. Eastern time on the 1st Business Day following the original call-in
On a Business Day	9:00 p.m. Eastern time on the same Business Day as the original call-in

If you cancel a remittance by the deadlines noted in the above chart, the telephonic cash remittance system will not draft your account. If you change a remittance by the deadlines noted in the above chart, the telephonic cash remittance system will draft your account for the changed amount.

If you are not able to correct the revision through the telephonic cash remittance system by the deadlines noted in the chart above, the telephonic cash remittance system will draft your account for the amount of your original call-in. You must ensure that adequate funds are in the account to prevent a returned item.

If you remitted less money to us than you should have, you must immediately remit the amount still owed by completing another call-in via the telephonic cash remittance system.

If you remitted more money to us than you should have, you must reduce the amount of your next remittance by the amount you overremitted. You must ensure that you reduce your next call-in only by the amount of any overremittances to avoid a late remittance fee.

You must call by 9:00 p.m. Eastern time on the Business Day before the remittance is due, in accordance with Sections 78.10 and 78.11 and follow the procedures below:

1. The Servicer should call (800) 944-2020.
2. An operator will answer ("Name of Service Bureau")
3. A. To change or cancel a previous report, the Servicer should say, "I want to change/cancel my information report. My ID number is 5901/ _ _ _ _ _ _ ." (The caller must say, "slash.")

   B. To verify a report or obtain a verification code, the Servicer should say, "I would like to display my information report. My ID number is 5901/ _ _ _ _ _ _ ." (The caller must say, "slash.")

   C. To use as a back-up procedure to report regular deposit information, the Servicer should say, "I want to add an information report. My ID number is 5901/ _ _ _ _ _ _ ." (The caller must say, "slash.")
4. The Servicer must provide the operator with only the corrected fields and identify the amounts as follows:

   For a nonpayoff amount: "Field 1 is _____ dollars and _____ cents."

   For a payoff amount: "Field 2 is _____ dollars and _____ cents."
5. Our service bureau operator will state the new amount; indicate whether the amount has been changed, canceled, or accepted; and, if appropriate, give a new four-digit verification code.

ROLLOVER FROM TELEPHONE CASH REMITTANCE SYSTEM TO OPERATOR

If the call has been rolled over during touch-tone input, the Servicer should say, “I need to verify my information report. My ID number is 5901/ _ _ _ _ _ _ .” (The caller must say, “slash.”)

- If the report is already in the computer, the Servicer should ask for the verification code.
- If the report is not in the computer, the Servicer should use the back-up procedure (step #3-C under “Changes or Verifications Via Voice Reporting.”

QUESTIONS AND ANSWERS ABOUT USING THE MULTIFIELD TOUCH-TONE REMITTANCE SYSTEM

Q. IF MY REMITTANCE IS IN EVEN DOLLARS, DO I STILL ENTER CENTS?

A. Yes, cents must be entered even if zero (for example, a deposit of $15.00 is entered as 1500).

Q. CAN I CHANGE OR CANCEL A PREVIOUS ENTRY?

A. Yes, but not via the touch-tone input mode. The change or cancellation must relate to today's report and be made before the cutoff. See the procedures in this exhibit for "Changes or Verifications Via Voice Reporting."

Q. WHAT IS THE PURPOSE OF THE FOUR-DIGIT VERIFICATION CODE?

A. The first two digits are a computer-generated figure giving information on your identification and call date. The last two digits provide a means of checking the accuracy of your reported amount.

Q. HOW DO I CALCULATE THE LAST TWO DIGITS OF MY VERIFICATION CODE?

A. A verification code is calculated as follows:
(Assume an information report of a nonpayoff amount of $5,203.87 and a payoff amount of $3,011.30 for a total of $8,215.17.)

1. Total all digits in each type of payment:
   (nonpayoff) 5+2+0+3+8+7=25
   (payoff) 3+0+1+1+3+0=8

2. Count the number of digits in each type of payment:
   (nonpayoff) 5,2,0,3,8,7=6
   (payoff) 3,0,1,1,3,0=6

3. Add the total from steps 1 and 2 above for each type:
   (nonpayoff) 25+6=31
   (payoff) 8+6=14

4. Add the two-digit verification code for each type of payment to obtain the verification code for the total call-in:
   (nonpayoff) 31 + (payoff) 14=45

5. In the above example, if the $8,215.17 consisted solely of payoff proceeds, then the following steps would be used to calculate the last two digits of the verification code:
   a. Sum of the digits, 8+2+1+5+1+7=24
   b. Count number of digits, 8,2,1,5,1,7=6
   c. Add the two numbers together, 24+6=30

Q. WHAT IF I GET CUT OFF OR RECEIVE AN INCORRECT VERIFICATION CODE?

A. Follow the instructions on "Changes or Verifications Via Voice Reporting." Say to the operator, "I want to verify my information report." You must do this immediately after the call is cut off or after you receive an incorrect verification code.

If you have further questions on this cash remittance system, call Freddie Mac at (800) FREDDIE.

Exhibit 69

Seller/Servicer Remittance Analysis

Funds available for Freddie Mac's use.

Freddie Mac
Seller/Servicer Remittance Analysis
10/16/2002 through 11/15/2002

Final

Last Updated: 11/30/2002
12:00:00 AM

Servicer Number:
Servicer Name:
Servicer Contact Name:

	Amount Received			Amount Due					
Date	**P&I, Adj, Int. Advanced**	**P/O, TP FCL**	**Corrections**	**P&I, Int. Advanced**	**P/O, TP FCL**	**Adj.**	**Adj. Code**	**Balance**	**Int. Reimbursement**
								100,000.00	
Oct. 16	0.00	0.00	0.00	0.00	0.00	0.00		**100,000.00**	0.00
Oct. 17	0.00	0.00	0.00	0.00	**100,000.00**	0.00		0.00	0.00
Oct. 18	**15,000.00**	0.00	0.00	**15,000.00**	0.00	0.00		0.00	0.00
Oct. 19	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 20	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 21	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 22	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 23	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 24	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 25	0.00	0.00	0.00	0.00	**120,000.00**	0.00		**(120,000.00)**	**37.80**
Oct. 26	0.00	0.00	0.00	0.00	0.00	0.00		**(120,000.00)**	**37.80**
Oct. 27	0.00	0.00	0.00	0.00	0.00	0.00		**(120,000.00)**	**37.80**
Oct. 28	0.00	**120,000.00**	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 29	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 30	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Oct. 31	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 1	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 2	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 3	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 4	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 5	0.00	0.00	0.00	**300,000.00**	0.00	0.00		**(300,000.00)**	**94.52**
Nov. 6	**300,000.00**	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 7	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 8	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 9	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 10	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 11	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 12	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 13	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 14	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Nov. 15	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Totals:	**315,000.00**	**120,000.00**	**0.00**	**315,000.00**	**220,000.00**	**0.00**		**0.00**	**207.92**

Total Interest Reimbursement Due to Freddie Mac calculated at (Prime Rate 8.5% plus 3%) 207.92

Funds must be called in by 9 pm Eastern Time via GPI.
NOTE: Funds are available the next Business Day.

Daily balance based on cash available NOT Cash Call in.

Ending Cash balance as of last day of cash cycle.

Understanding your remittance analysis

Remittances which appear in the "Amount Received" column are based on codes you used during the remittance call-in. Freddie Mac will not make corrections to any remittances inadvertently coded since it does not affect your overall balances.

Exhibit 71

SCRA Example of Principal and Interest Payment Calculation

SCRA Example of Principal and Interest Payment Calculation
Using the Reamortization Method

Assumptions:

30–year fixed-rate Mortgage

Original balance:	$100,000.00
Original Note Rate:	10%
Adjusted rate:	6%
Original term:	360 months

The original monthly principal and interest payment equals:

$$\frac{(\$100{,}000 \times .10/12)}{1 - (1 + .10/12)^{-360}} = \$877.57$$

One year into payment of the Mortgage, the Borrower is called to active duty and requests the 6% interest rate cap provided by the SCRA. The balance on the Mortgage, after 12 monthly payments of $877.57, equals $99,444.13. The adjusted monthly payment, at 6%, equals:

$$\frac{(\$99{,}444.13 \times .06/12)}{1 - (1 + .06/12)^{-348}} = \$603.63$$

Four months later, the service member returns to civilian life, and the Mortgage will return to the Note Rate of 10% beginning with the second monthly payment due following the date that is one year from the date the service member is released from active duty. The balance on the Mortgage, after 17 additional monthly payments of $603.63, equals $97,560.58. The readjusted monthly payment, at the Note Rate of 10%, equals:

$$\frac{(\$97{,}560.58 \times .10/12)}{1 - (1 + .10/12)^{-331}} = \$868.72$$

This payment is lower than the original payment, due to the accelerated amortization that occurred while the 6% rate was in effect.

Amortization Schedule

(SCRA Example of Principal and Interest Payment Calculation
Using the Reamortization Method)

Month	Beginning Balance	P&I Payment	Interest	Principal
10	$99,588.32	$877.57	$829.91	$47.66
11	99,540.66	877.57	829.51	48.06
12	99,492.60	877.57	829.10	48.47
13	99,444.13	603.63	497.22	106.41
14	99,337.72	603.63	496.69	106.94
15	99,230.78	603.63	496.15	107.48
16	99,123.30	603.63	495.62	108.01
17	99,015.29	603.63	495.08	108.55
18	98,906.74	603.63	494.53	109.10
19	98,797.64	603.63	493.99	109.64
20	98,688.00	603.63	493.44	110.19
21	98,577.81	603.63	492.89	110.74
22	98,467.07	603.63	492.34	111.29
23	98,355.78	603.63	491.78	111.85
24	98,243.93	603.63	491.22	112.41
25	98,131.52	603.63	490.66	112.97
26	98,018.55	603.63	490.09	113.54
27	97,905.01	603.63	489.52	114.10
28	97,790.91	603.63	488.95	114.68
29	97,676.23	603.63	488.38	115.25
30	97,560.98	868.72	813.01	55.71

SCRA Example of Principal and Interest Payment Calculation
Using the Original Amortization Schedule

Assumptions:

30–year fixed-rate Mortgage

Original balance:	$100,000.00
Original Note Rate:	10%
Adjusted rate:	6%
Original term:	360 months

The monthly payment equals:

$$\frac{(\$100{,}000 \times .10/12)}{1 - (1 + .10/12)^{-360}} = \$877.57$$

One year into payment of the Mortgage, the Borrower is called to active duty and requests the 6% interest rate cap provided by the SCRA. The balance on the Mortgage, after 12 monthly payments of $877.57, equals $99,444.13.

For each subsequent monthly payment during active federal duty, the applicable principal amount shown on the original amortization schedule becomes the principal component of the Borrower's monthly payment. The interest component of each payment equals:

Beginning UPB × .06/12

The Borrower's monthly payment equals the total of the principal and interest components for each respective month.

Four months later, the service member returns to civilian life, and the Mortgage will return to the Note Rate of 10% beginning with the second monthly payment due following the date that is one year from the date the service member is released from active duty. The balance on the Mortgage, after 17 additional monthly payments, equals the amount shown on the original amortization schedule.

The new monthly payment is equal to the original monthly payment, due to the fact that UPB remained consistent with the original amortization schedule throughout the period of interest rate relief.

Amortization Schedule

(SCRA Example of Principal and Interest Payment Calculation
Using the Original Amortization Schedule)

Month	Beginning Balance*	P&I Payment	Interest	Principal*
10	$99,588.32	$877.57	$829.91	$47.66
11	99,540.66	877.57	829.51	48.06
12	99,492.60	877.57	829.10	48.47
13	99,444.13	546.09	497.22	48.87
14	99,395.26	546.26	496.98	49.28
15	99,345.98	546.42	496.73	49.69
16	99,296.29	546.58	496.48	50.10
17	99,246.19	546.75	496.23	50.52
18	99,195.67	546.92	495.98	50.94
19	99,144.73	547.08	495.72	51.36
20	99,093.37	547.26	495.47	51.79
21	99,041.58	547.43	495.21	52.22
22	98,989.36	547.61	494.95	52.66
23	98,936.70	547.78	494.68	53.10
24	98,883.60	547.96	494.42	53.54
25	98,830.06	548.14	494.15	53.99
26	98,776.07	548.32	493.88	54.44
27	98,721.63	548.50	493.61	54.89
28	98,666.74	548.68	493.33	55.35
29	98,611.39	548.87	493.06	55.81
30	98,555.58	877.57	821.30	56.27

* The amounts in these columns will not change as a result of the reduction in interest rate to 6% under the SCRA.

Exhibit 72

SCRA Example of Monthly Interest Rate Differential Credit

Example of SCRA Monthly Interest Rate Differential Credit

The following example illustrates the calculation of your interest rate differential credit for a Borrower's payment that was reported by you in the March 1998 loan-level transaction.

Please note that this example is for one month. You must now report 3 months together quarterly. That is, January, February and March credits must be reported 5 Business Days after the 1st quarter (March) accounting cycle cutoff.

Assumptions:

Whole Loan (100% owned by Freddie Mac)

Unpaid Principal Balance (UPB) of the Mortgage as of 02/15/98 accounting cycle cutoff:	$50,000
Servicing Fee:	0.375%
Adjusted interest rate under SCRA:	5.625% (6.00%–0.375%)
Current Accounting Net Yield rate:	10.00%
Loan status:	Active
Monthly remittance cycle:	First Tuesday

Calculation:

1. First, calculate the net yield interest as follows:

$$\text{02/15/98 UPB} \times \frac{\text{Accounting Net Yield rate}}{\text{12 months}} = \text{Net Yield Interest}$$

$$\$50{,}000 \times \frac{10.00\%}{\text{12 months}} = \$416.67$$

2. Then, calculate the relief interest due to us based on the adjusted interest rate as follows:

$$\text{02/15/98 UPB} \times \frac{\text{adjusted interest rate}}{\text{12 months}} = \text{Interest due Freddie Mac}$$

$$\$50{,}000 \times \frac{5.625\%}{\text{12 months}} = \$234.38$$

3. Finally, compute the Interest Differential Credit as follows:

Credit Relief interest due – Net Yield interest = Interest Differential Credit

$234.38 – $416.67 = ($182.29)

For this example, you would see the amount of $182.29, plus any other amounts for this quarter, as a credit on your April Monthly Account Statement.

Exhibit 73

GMP Payment Factors

5% Annual increase, 15-year maturity

Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6–15	High balance	Month of high balance
7.000	7.5204	7.8964	8.2912	8.7058	9.1411	9.5981	0.9983	1
7.125	7.5819	7.9609	8.3590	8.7769	9.2158	9.6766	0.9984	1
7.250	7.6436	8.0258	8.4271	8.8484	9.2908	9.7554	0.9984	1
7.375	7.7056	8.0909	8.4954	8.9202	9.3662	9.8345	0.9984	1
7.500	7.7679	8.1563	8.5641	8.9923	9.4419	9.9140	0.9985	1
7.625	7.8305	8.2220	8.6331	9.0648	9.5180	9.9939	0.9985	1
7.750	7.8934	8.2881	8.7025	9.1376	9.5945	10.0742	0.9986	1
7.875	7.9566	8.3544	8.7722	9.2108	9.6713	10.1549	0.9986	1
8.000	8.0200	8.4210	8.8421	9.2842	9.7484	10.2358	0.9986	1
8.125	8.0838	3.4880	8.9124	9.3580	9.8259	10.3172	0.9987	1
8.250	8.1478	8.5552	8.9829	9.4321	9.9037	10.3989	0.9987	1
8.375	8.2122	8.6228	9.0539	9.5066	9.9819	10.4810	0.9988	1
8.500	8.2767	8.6906	9.1251	9.5814	10.0604	10.5634	0.9988	1
8.625	8.3416	8.7587	9.1966	9.6564	10.1393	10.6462	0.9988	1
8.750	8.4067	8.8271	9.2684	9.7319	10.2184	10.7294	0.9989	1
8.875	8.4722	8.8958	9.3406	9.8076	10.2980	10.8129	0.9989	1
9.000	8.5379	8.9648	9.4130	9.8836	10.3778	10.8967	0.9990	1
9.125	8.6039	9.0341	9.4858	9.9601	10.4581	10.9810	0.9990	1
9.250	8.6702	9.1037	9.5589	10.0368	10.5387	11.0656	0.9990	1
9.375	8.7367	9.1736	9.6322	10.1138	10.6195	11.1505	0.9991	1
9.500	8.8035	9.2437	9.7059	10.1912	10.7007	11.2358	0.9991	1
9.625	8.8706	9.3141	9.7799	10.2688	10.7823	11.3214	0.9992	1
9.750	8.9380	9.3849	9.8542	10.3469	10.8642	11.4074	0.9992	1
9.875	9.0057	9.4560	9.9288	10.4252	10.9464	11.4938	0.9992	1
10.000	9.0736	9.5273	10.0036	10.5038	11.0290	11.5805	0.9993	1
10.125	9.1418	9.5989	10.0788	10.5827	11.1119	11.6675	0.9993	1
10.250	9.2102	9.6707	10.1543	10.6620	11.1951	11.7548	0.9993	1
10.375	9.2789	9.7429	10.2300	10.7415	11.2786	11.8425	0.9994	1
10.500	9.3480	9.8154	10.3061	10.8214	11.3625	11.9306	0.9994	1
10.625	9.4172	9.8881	10.3825	10.9016	11.4467	12.0190	0.9994	1
10.750	9.4867	9.9611	10.4591	10.9821	11.5312	12.1077	0.9995	1
10.875	9.5565	10.0343	10.5361	11.0629	11.6160.	12.1968	0.9995	1
11.000	9.6266	10.1079	10.6133	11.1440	11.7012	12.2862	0.9995	1
11.125	9.6969	10.1818	10.6908	11.2254	11.7867	12.3760	0.9996	1
11.250	9.7675	10.2559	10.7687	11.3071	11.8724	12.4661	0.9996	1
11.375	9.8383	10.3302	10:8467	11.3891	11.9585	12.5564	0.9996	1
11.500	9.9094	10.4049	10.9251	11.4714	12.0450	12.6472	0.9997	1
11.625	9.9808	10.4798	10.0038	11.5540	12.1317	12.7383	0.9'997	1
11.750	10.0524	10.5550	11.0828	11.6369	12.2188	12.8297	0.9997	1
11.875	10.1243	10.6305	11.1620	11.7201	12.3061	12.9214	0.9998	1
12.000	10.1964	10.7062	11.2415	11.8036	12.3938	13.0134	0.9998	1
12.125	10.2688	10.7822	11,3213	11.8874	12.4817	13.1058	0.9998	1
12.250	10.3414	10.8585	11.4014	11.9714	12.5700	13.1985	0.9999	1
12.375	10.4143	10.9350	11.4817	12.0558	12.6586	13.2915	0.9999	1
12.500	10.4874	11.0118	11.5624	12.1405	12.7475	13.3849	0.9999	1
12.625	10.5608	11.0888	11.6433	12.2254	12.8367	13.4785	1.0000	1
12.750	10.6344	11.1661	11.7244	12.3107	12.9262	13.5725	1.0000	1
12.875	10.7083	11.2437	11.8059	12.3962	13.0160	13.6668	1.0003	12
13.000	10.7824	11.3215	11.8876	12.4820	13.1061	13.7614	1.0006	12
13.125	10.8568	11.3996	11.969£	12.5681	13.1965	13.8563	1.0010	12
13.250	10.9314	11.4779	12.0518	12.6544	13.2871	13.9515	1.0014	12
13.375	11.0062	11.5565	12.1344	12.7411	13.3781	14.0470	1.0018	12
13.500	11.0813	11.6354	12.2171	12.8280	13.4694	14.1429	1.0022	12
13.625	11.1566	11.7145	12.3002	12.9152	13.5610	14.2390	1.0025	12
13.750	11.2322	11.7938	12.3835	13.0027	13.6528	14.3355	1.0029	12
13.875	11.3080	11.8734	12.4671	13.0904	13.7450	14.4322	1.0033	12
14.000	11.3841	11.9533	12.5509	13.1785	13.8374	1'.5293	1.0036	12

7.5% Annual increase, 15-year maturity

Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6–15	High balance	Month of high balance
7.000	6.8823	7.3985	7.9534	8.5499	9.1912	9.8805	0.9990	1
7.125	6.9398	7.4603	8.0198	8.6213	9.2679	9.9630	0.9990	1
7.250	6.9978	7.5226	8.0868	8.6933	9.3453	10.0462	0.9990	1
7.375	7.0555	7.5847	8.1535	8.7650	9.4224	10.1291	0.9991	1
7.500	7.1138	7.6473	8.2209	8.8374	9.5002	10.2127	0.9991	1
7.625	7.1723	7.7103	8.2885	8.9102	9.5784	10.2968	0.9992	1
7.750	7.2313	7.7736	8.3566	8.9834	9.6571	10.3814	0.9992.	1
7.875	7.2904	7.8372	8.4250	9.0568	9.7361	10.4663	0.9993	1
8.000	7.3498	7.9010	8.4936	9.1306	9.8154	10.5516	0.9993	1
8.125	7.4095	7.9652	8.5626	9.2048	9.8952	10.6373	0.9994	1
8.250	7.4695	8.0297	8.6319	9.2793	9.9753	10.7234	0.9994	1
8.375	7.5298	8.0945	8.7016	9.3543	10.0558	10.8100	0.9994	1
8.500	7.5904	8.1596	8.7716	9.4295	10.1367	10.8969	0.9995	1
8.625	7.6512	8.2250	8.8419	9.5050	10.2179	10.9843	0.9995	1
8.750	7.7123	8.2907	8.9125	9.5809	10.2995	11.0720	.0.9996	1
8.875	7.7737	8.3567	8.9834	9.6572	10.3815	11.1601	0.9996	1
9.000	7.8353	8.4230	9.0547	9.7338	10.4638	11.2486	0.9997	1
9.125	7.8973	8.4896	9.1264	9.8108	10.5467	11.3377	0.9997	1
9.250	7.9596	8.5566	9.1983	9.8882	10.6298	11.4270	0.9997	1
9.375	8.0221	8.6237	9.2705	9.9658	10.7132	11.5167	0.9998	1
9.500	8.0848	8.6912	9.3430	10.0438	10.7971	11.6068	0.9998	1
9.625	8.1479	8.7590	9.4159	10.1221	10.8813	11.6974	0.9999	1
9.750	8.2113	8.8271	9.4892	10.2008	10.9659	11.7883	0.9999	1
9.875	8.2749	8.8955	9.5627	10.2799	11.0509	11.8797	1.0000	1
10.000	8.3388	8.9642	9.6365	10.3592	11.1362	11.9714	1.0000	1
10.125	8.4029	9.0331	9.7106	10.4389	11.2218	12.0635	1.0004	12
10.250	8.4673	9.1024	9.7851	10.5189	11.3079	12.1560	1.0009	12
10.375	8.5320	9.1719	9.8598	10.5993	11.3943	12.2488	1.0014	12
10.500	8.5970	9.2418	9.9349	10.6801	11.4811	12.3422	1.0019	12
10.625	8.6623	9.3119	10.0103	10.7611	11.5682	12.4358	1.0024	12
10.750	8.7278	9.3824	10.0860	10.8425	11.6557	12.5298	1.0029	12
10.875	8.7935	9.4531	10.1620	10.9242	11.7435	12.6243	1.0034	12
11.000	8.8596	9.5241	10.2384	11.0062	11.8317	12.7191	1.0039	12
11.125	.8.9259	9.5954	10.3150	11:.0886	11.9203	12.8143	1.0044	12
11.250	8.9925	9.6669	10.3919	11.1713	12.0092	12.9099	1.0048	12
11.375	9.0593	9.7388	10.4692	11.2544	12.0984	13.0058	1.0053	12
11.500	9.1264	9.8109	10.5467	11.3377	12.1881	13.1022	1.0058	12
11.625	9.1938	9.8833	10.6246	11.4214	12.2780	13.1989	1.0063	12
11.750	9.2614	9.9561	10.7028	11.5055	12.3684	13.2960	1.0067	12
11.875	9.3293	10.0290	10.7812	11.5898	12.4590	13.3935	1.0072	12
12.000	9.3974	10.1023	10.8599	11.6744	12.5500	13.4913	1.0076	12
12.125	9.4659	10.1758	10.9390	11.7594	12.6414	13.5895	1.0082	24
12.250	9.5345	10.2496	11.0183	11.8447	12.7331	13.6880	1.0091	24
12.375	9.6034	10.3237	11.0980	11.9303	12.8251	13.7870	1.0100	24
12.500	9.6726	10.3981	11.1779	12.0163	12.9175	13.8863	1.0109	24
12.625	9.7421	10.4727	11.2582	12.1025	13.0102	13.9860	1.0118	24
12.750	9.8117	10.5476	11.3387	12.1891	13.1033	14.0860	1.0127	24
12.875	9.8817	10.6228	11.4195	12.2759	13.1966	14.1864	1.0136	24
13.000	9.9518	10.6982	11.5006	12.3631	13.2904	14.2872	1.0145	24
13.125	10.0223	10.7740	11.5820	12.4507	13.3845	14.3883	1.0154	24
13.250	10.0930	10.8500	11.6637	12.5385	13.4789	14.4898	1.0163	24
13.375	10.1639	10.9262	11.7457	12.6266	13.5736	14.5916	1.0171	24
13.500	10.2351	11.0027	11.8279	12.7150	13.6687	14.6938	1.0180	24
13.625	10.3065	11.0795	11.9105	12.8038	13.7641	14.7964	1.0188	24
13.750	10.3782	11.1566	11.9933	12.8928	13.8598	14.8993	1.0197	24
13.875	10.4501	11.2339	12.0765	12.9822	13.9559	15.0025	1.0205	24
14.000	10.5223	11.3115	12.1598	13.0718	14.0522	15.1061	1.0214	24

5% Annual increase, 30-year maturity

Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6–30	High balance	Month of high balance
7.000	5.4701	5.7436	6.0308	6.3323	6.6489	6.9814	1.0059	24
7.125	5.5421	5.8192	6.1102	6.4157	6.7365	7.'0733	1.0067	24
7.250	5.6146	5.8953	6.1901	6.4996	6.8246	7.1658	1.0075	24
7.375	5.6875	5.9718	6.2704	6.5839	6.9131	7.2588	1.0083	24
7.500	5.7607	6.0488	6.3512	6.6688	7.0022	7.3523	1.0090	24
7.625	5.8344	6.1262	6.4325	6.7541	7.0918	7.4464	1.0098	24
7.750	5.9085	6.2040	6.5142	6.8399	7.1819	7.5410	1.0107	36
7.875	5.9830	6.2822	6.5963	6.9261	7.2724	7.6360	1.0118	36
8.000	6.0579	6.3608	6.6789	7.0128	7.3634	7.7316	1.0129	36
8.125	6.1332	6.4399	6.7619	7.0999	7.4549	7.8277	1.0139	36
8.250	6.2089	6.5193	6.8453	7.1875	7.5469	7.9243	1.0150	36
8.375	6.2849	6.5992	6.9291	7.2756	7.6394	8.0213	1.0160	36
8.500	6.3613	6.6794	7.0134	7.3640	7.7322	8.1188	1.0170	36
8.625	6.4381	6.7600	7.0980	7.4529	7.8256	8.2168	1.0180	36
8.750	6.5153	6.8410	7.1831	7.5422	7.9193	8.3153	1.0190	36
8.875	6.5928	6.9224	7.2685	7.6320	8.0136	8.4142	1.0200	36
9.000	6.6706	7.0042	7.3544	7.7221	8.1082	8.5136	1.0210	36
9.125	6.7489	7.0863	7.4406	7.8127	8.2033	8.6135	1.0220	36
9.250	6.8274	7.1688	7.5273	7.9036	8.2988	8.7137	1.0229	36
9.375	6.9064	7.2517	7.6142	7.9950	8.3947	8.8144	1.0239	48
9.500	6.9856	7.3349	7.7016	8.0867	8.4910	8.9156	1.0251	48
9.625	7.0652	7.4184	7.7894	8.1788	8.5878	9.0171	1.0263	48
9.750	7.1451	7.5024	7:8775	8.2713	8.6849	9.1192	1.0275	48
9.875	7.2253	7.5866	7.9659	8.3642	8.7824	9.2216	1.0287	48
10.000	7.3059	7.6712	8.0547	8.4575	8.8804	9.3244	1.0299	48
10.125	7.3868	7.7561	8.1439	8.5511	8.9786	9.4276	1.0310	48
10.250	7.4679	7.8413	8.2334	8.6451	9.0773	9.5312	1.0321	48
10.375	7.5494	7.9269	8.3232	8.7394	9.1764	9.6352	1.0333	48
10.500	7.6312	8.0128	8.4134	8.8341	9.2758	9.7396	1.0344	48
10.625	7.7133	8.0990	8.5039	8.9291	9.3756	9.8444	1.0355	48
10.750	7.7957	8.1855	8.5948	9.0245	9.4757	9.9495	1.0365	48
10.875	7.8784	8.2723	8.6859	9.1202	9.5762	10.0550	1.0376	48
11.000	7.9613	8.3594	_8.7774	9.2162	9.6771	10.1609	1.0387	48
11.125	8.0446	8.4468	8.8692,	9.3126	9.7784	10.2672	1.0397	48
11.250	8.1281	8.5345	8.9612	9.4093	9.8798	10.3137	1.0408	48
11.375	8.2119	8.6225	9.0536	9.5063	9.9816	10.4807	1.0418	48
11.500	8.2960	8.7108	9.1463	9.6036	10.0838	10.5880	1.0428	48
11.625	8.3803	8.1993	9.2393	9.7012	10.1863	10.6956	1.0438	48
11.750	8.4649	8.8881	9.3325	9.7992	10.2891	10.8036	1.0448	48
11.875	8.5497	8.9772	9.4261	9.8974	10.3922	10.9119	1.0458	48
12.000	8.6348	9.0666	9.5199	9.9959	10.4957	11.0205	1.0467	48
12.125	8.7202	9.1562	9.6140	10.0947	10.5994	11.1294	1.0477	48
12.250	8.8058	9.2461	9.7084	10.1938	10.7035	11.2386	1.0486	60
12.375	8.8916	9.3362	9.8030	10.2931	10.8018	11.3482	1.0498	60
12.500	8.9771	9.4266	9.8979	10.3928	10.9124	11.4581	1.0509	60
12.625	9.0640	9.5172	9.9931	10.4927	11.0173	11.5682	1.0519	60
12.750	9.1505	9.6081	10.0885	10.5929	11.1225	11.6787	1.0530	60
12.875	9.2373	9.6992	10.1841	10.6933	11.2280	11.7894	1.0541	60
13.000	9.3243	9.7905	10.2800	10.7941	11.3338	11.9004	1.0552	60
13.125	9.4115	9.8$21	10.3762	10.8950	11.4398	12.0118	1.0562	60
13.250	9.4990	9.9739	10.4726	10.9962	11.5460	12.1233	1.0572	60
13.375	9.5866	10.0659	10.5692	11.0977	11.6526	12.2352	1.0583	60
13.500	9.6745	10.1582	10.6661	11.1994	11.7594	12.3473	1.0593	60
13.625	9.7625	10.2507	10.7632	11.3013	11.8664	12.4597	1.0603	60
13.750	9.8508	10.3433	10.8605	11.4035	11.9737	12.5724	1.0613	60
13.875	9.9393	10.4362	10.9580	11.5059	12.0812	12.6853	1.0622	60
14.000	10.0279	10.5293	11.0558	11.6086	12.1890	12.7985	1.0632	60

7.5% Annual increase, 30-year maturity

Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6–30	High balance	Month of high balance
7.000	4.9662	5.3386	5.7390	6.1694	6.6322	7.1296	1.0201	36
7.125	5.0327	5.4102	5.8160	6.2522	6.7211	7.2252	1.0215	36
7.250	5.0998	5.4823	5.8935	6.3355	6.8107	7.3215	1.0228	36
7.375	5.1671	5.5546	5.9712	6.4191	6.9005	7.4180	1.0241	36
7.500	5.2349	5.6275	6.0496	6.5033	6.9910	7.5154	1.0255	36
7.625	5.3031	5.7008	6.1284	6.5880	7.0821	7.6133	1.0268	36
7.750	5.3717	5.7746	6.2077	6.6733	7.1738	7.7118	1.0281	36
7.875	5.4407	5.8488	6.2874	6.7590	7.2659	7.8108	1.0294	36
8.000	5.5101	5.9233	6.3676	6.8452	7.3585	7.9104	1.0310	48
8.125	5.5799	5.9983	6.4482	6.9318	7.4517	8.0106	1.0326	48
8.250	5.6500	6.0738	6.5293	7.0190	7.5454	8.1113	1.0342	48
8.375	5.7206	6.1496	6.6108	7.1066	7.6396	8.2126	1.0358	48
8.500	5.7915	6.2258	6.6928	7.1947	7.7343	8.3144	1.0374	48
8.625	5.8628	6.3025	6.7752	7.2833	7.8295	8.4168	1.0389	48
8.750	5.9344	6.3795	6.8580	7.3723	7.9252	8.5196	1.0405	48
8.875	6.0064	6.4569	6.9412	7.4618	8.0214	8.6230	1.0420	48
9.000	6.0788	6.5347	7.0248	7.5517	8.1181	8.7269	1.0436	48
9.125	6.1516	6.6129	7.1089	7.6421	8.2152	8.8314	1.0451	48
9.250	6.2247	6.6915	7.1934	7.7329	8.3128	8.9363	1.0466	48
9.375	6.2981	6.7704	7.2782	7.8241	8.4109	9.0417	1.0481	48
9.500	6.3719	6.8498	7.3635	7.9157	8.5094	9.1476	1.0495	48
9.625	6.4460	6.9294	7.4491	8.0078	8.6084	9.2540	1.0510	48
9.750	6.5204	7.0095	7.5352	8.1003	8.7079	9.3609	1.0524	48
9.875	6.5952	7.0899	7.6216	8.1932	8.8077	9.4683	1.0538	48
10.000	6.6704	7.1706	7.7084	8.2866	8.9081	9.5762	1.0553	48
10.125	6.7458	7.2517	7.7956	8.3803	9.0088	9.6845	1.0567	48
10.250	6.8216	7.3332	7.8832	8.4744	9.1100	9.7932	1.0581	48
10.375	6.8976	7.4150	7.9711	8.5689	9.2116	9.9024	1.0594	48
10.500	6.9740	7.4971	8.0594	8.6638	9.3136	10.0121	1.0608	48
10.625	7.0507	7.5795	8.1480	8.7591	9.4160	10.1222	1.0622	48
10.750	7.1277	7.6623	8.2370	8.8548	9.5189	10.2328	1.0636	60
10.875	7.2050	7.7454	8.3263	8.9508	9.6221	10.3438	1.0652	60
11.000	7.2826	7.8288	8.4160	9 .0472	9.7257	10.4552	1.0667	60
11.125	7.3605	7.9126	8.5060	9.1440	9.8298	10.5670	1.0683	60
11.250	7.4387	7.9966	8.5964	9.2411	9.9342	10.6793	1.0698	60
11.375	7.5172	8.0810	8.6871	9.3386	10.0390	10.7919	1.0713	60
11.500	7.5960	8.1657	8.7781	9.4364	10.1442	10.9050	1.0728	60
11.625	7.6750	8.2506	8.8694	9.5346	10.2497	11.0185	1.0743	60
11.750	7.7543	8.3359	8.9611	9.6332	10.3557	11.1323	1.0758	60
11.875	7.8339	8.4214	9.0531	9.7320	10.4619	11.2466	1.0773	60
12.000	7.9138	8.5013	9.1453	9.8312	10.5686	11.3612	1.0787	60
12.125	7.9939	8.5934	9.2379	9.9308	10.6756	11.4762	1.0801	60
12.250	8.0742	8.6798	9.3308	10.0306	10.7829	11.5916	1.0816	60
12.375	8.1549	8.7665	9.4240	10.1308	10.8906	11.7074	1.0830	60
12.500	8.2358	8.8535	9.5175	10.2313	10.9986	11.8235	1.0844	60
12.625	8.3169	8.9407	9.6112	10.3321	11.1070	11.9400	1.0858	60
12.750	8.3983	9.0282	9.7053	10.4332	11.2157	12.0569	1.0871	60
12.875	8.4800	9.1160	9.7996	10.5346	11.3247	12.1741	1.0885	60
13.000	8.5618	9.2040	9.8943	10.6363	11.4341	12.2916	1.0898	60
13.125	8.6440	9.2923	9.9892	10.7384	11.5437	12.4095	1.0912	60
13.250	8.7263	9.3808	10.0843	10.8407	11.6537	12.5277	1.0925	60
13.375	8.8089	9.4696	10.1798	10.9433	11.7640	12.6463	1.0938	60
13.500	8.8917	9.5586	10.2755	11.0461	11.8746	12.7652	1.0951	60
13.625	8.9748	9.6479	10.3715	11.1493	11.9855	12.8844	1.0964	60
13.750	9.0580	9.7374	10.4677	11.2528	12.0967	13.0040	1.0977	60
13.875	9.1415	9.8271	10.5642	11.3565	12.2082	13.1238	1.0990	60
14.000	9.2252	9.9171	10.6609	11.4604	12.3200	13.2440	1.1002	60

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Exhibit 74

Expense and Income Codes for Form 104SF

Expense Codes: Activity Listing

Action	Expense codes	Expense descriptions	Notes
Foreclosure	010000	Trustee/Attorney Fees	Indicate number of actions
	010000	Trustee/Attorney Fees — Probate	
	010000	Trustee/Attorney Fees — Contested	
	010002	Trustee/Attorney Fees – Torrens Act	Limited to applicable properties in MN only
	020000	Advertising Fees — Posting	
	021000	Advertising Fees — Publication	
	030000	Sheriff/Auctioneer Fees	
	040000	Court Costs	
	300000	Title Work	
	300005	Torrens Act – Costs (MN only)	Limited to applicable properties in MN only
	400001	Appraisal Charge	Prior approval is required
Bankruptcy	011000	Trustee/Attorney Fees Bankruptcy — Chapter 7	■ Indicate number of actions ■ Attach 341 Notice
	011009	Trustee/Attorney Fees Bankruptcy — Chapter 11	■ Indicate number of actions ■ Attach 341 Notice
	011010	Trustee/Attorney Fees Bankruptcy — Chapter 12	■ Indicate number of actions ■ Attach 341 Notice
	011011	Trustee/Attorney Fees — Bankruptcy Chapter 13	■ Indicate number of actions ■ Attach 341 Notice
	011012	Trustee/Attorney Fees Bankruptcy – Multi-filer Defense	
	041000	Court Costs	
	401000	Appraisal Charge	Prior approval is required
Other Legal	013000	Deed-in-lieu of Foreclosure — Attorney Fees	
	014000	Receiver Fees	
	032000	Sheriff/Auctioneer Fees — Other Actions	
	043000	Court Costs — Other Actions	
Note: All expense codes require *from* and *to* dates for the period billed.			

Action	Expense codes	Expense descriptions	Notes
Utilities	100000	Electric Bills	
	101000	Gas Bills	
	102000	Oil Bills	
	103000	Water Bills	
	105000	Other Utilities	■ Prior approval is required ■ Provide detail of the approved expenses on Form 104SF
Property Repairs	200000	Roof Repair/Replacement	
	201000	Interior Painting	Prior approval is required
	202000	Exterior Painting	Prior approval is required
	203000	Sump pump/HVAC Repair/Replacement	Servicing and restart
	204000	Flooring Repair	Prior approval is required
	205000	Appliance Repair/Replacement	Prior approval is required
	206000	Other Repairs	■ Prior approval is required ■ Provide detail of the approved expenses on Form 104SF
	207000	Other Replacements	■ Prior approval is required ■ Provide detail of the approved expenses on Form 104SF
Note: All expense codes require *from* and *to* dates for the period billed.			

Action	Expense codes	Expense descriptions	Notes
Maintenance/ Preservation	090001	Securing/Rekeying	One door only
	090002	Boarding	Where needed as required by local ordinances
	090008	Police/Fire Report	
	090009	Pool and Spa Securing	One time charge
	091001	Initial Property Cleaning	Interior to include kitchen and clean bathroom
	091002	Trash Removal/Dumping Fees	Interior/exterior debris removal. (Do not remove personal property.)
	090003	Extermination	Fumigation by a professional extermination company
	093000	Initial Yard Maintenance	Full yard and/or perimeter cut and trimming/per summer season*
	093003	Pest Removal	Removal of dead vermin from property
	094000	Yard Maintenance	(Bi-weekly) grass cutting during summer season*
	095001	Winterization	One time charge during winter season**
	095002	Dewinterization	Prior approval is required
	191001	Other Maintenance Costs	■ Prior approval is required ■ Provide detail of the approved expenses on Form 104SF
	191003	Snow Removal	As needed during winter season**
	404005	Property Inspection	Maximum aggregate amount per property for all inspections provided by outside service
	404006	Inspection Fees Payable by MI	For Mortgages with primary mortgage insurance, all property inspection fees incurred
Liens	500000	Superior (First) Liens	Prior approval is required
	501000	IRS Liens	Prior approval is required
	502000	Other Liens	■ Prior approval is required ■ Specify in comments section of Form 104SF
Note: All expense codes require *from* and *to* dates for the period billed.			

Action	Expense codes	Expense descriptions	Notes
Insurance/ Taxes	050000	Mortgage Insurance Premiums	
	051000	FHA Insurance Premiums	
	060000	Property Insurance Premiums	
	061000	Flood Insurance Premiums	
	062000	Lender-Placed Insurance Premiums	
	064000	Supplemental Windstorm Coverage	
	070000	County Property Taxes	
	071001	Municipal Property Taxes	
	071002	Borough Property Taxes	
	071003	Town Property Taxes	
	071004	Village Property Taxes	
	072000	School Taxes	
	073000	Sewer Charges	
	074001	Other Property Taxes	Specify in comments section of Form 104SF
	074002	Supplemental Tax	
	074003	Transfer Tax	Prior approval is required. Refer to Section 71.18.
	074004	Ground Rents	
	074005	First Tax Penalty on Non-Escrowed Mortgages (must not include interest)	
	076000	Ad Valorem Tax	
Homeowners' Association	080000	Homeowners' Association and PUD Fees	Refer to Section 71.13 regarding such expense liens that could prime the Mortgage
	080002	Special Assessments	
	080003	Condominium Project Documents/HOA Transfer Fee	
Other	503000	Principal Reimbursement	Attach amortization schedule for Super ARC guaranteed loans
	404001	Freddie Mac Special Inspection	Prior approval is required
Note: All expense codes require *from* and *to* dates for the period billed.			

* Summer season dates - 04/01-09/30

In the following States, grass cutting is permitted year round: AL, AR, AZ, CA, FL, GA, GU, HI, KS, LA, MS, NM, NV, OK, SC, TX, VI, PR

** Winter season dates - 10/01-3/31

In the following States, winterization is permitted year round regardless of month the property is secured: AK, CT, IA, IL, IN, MA, ME, MI, MN, MT, ND, NE, NH, NY, OH, PA, RI, SD, VT, WI

Income Codes: Activity Listing

Action	Income codes	Income descriptions	Notes
Escrow	811000	Escrow balance at DDLPI (positive)	
Subsidy/ Buydown	812000	Subsidy Fund (buydown account)	
Rental	814000	Rental income	
Other (specify)	815000	Other income (income received after DDLPI)	Provide a brief description of the item in the Comments section of Form 104SF
	815050	Mortgage Insurance Premium Refund	
Insurance Refunds	815060	Property insurance premium refund	
	815061	Flood insurance premium refund	
	815062	Lender-placed insurance premium refund	
Tax Refunds	815070	County tax refund	
	815071	Municipal, Borough, Town, Village, tax refunds	
	815072	School tax refund	
	815073	Sewer tax refund	
	815074	Supplemental tax refund	
Interest on Escrow	815065	Interest on Escrow	
Note: If available, provide *from* and *to* dates for the refund period.			

Expense Codes: Alphabetical Listing

Expense codes	Expense descriptions
076000	Ad Valorem Tax
020000	Advertising Fees — Posting
021000	Advertising Fees — Publication
205000	Appliance Repair/Replacement
401000	Appraisal Charge — Bankruptcy
400001	Appraisal Charge — Foreclosure
090002	Boarding
071002	Borough Property Taxes
080003	Condominium Project Documents/HOA Transfer Fees
070000	County Property Taxes
041000	Court Costs — Bankruptcy
040000	Court Costs — Foreclosure
043000	Court Costs — Other Actions — Other Legal
013000	Deed-in-Lieu of Foreclosure — Attorney Fees
095002	Dewinterization
091002	Dumping Fees
100000	Electric
202000	Exterior Painting
090003	Extermination
051000	FHA Insurance Premiums
074005	First Tax Penalty on Non-Escrowed Mortgages (must not include interest)
061000	Flood Insurance Premiums
204000	Flooring Repair
404001	Freddie Mac Special Inspection
101000	Gas
074004	Ground Rents
080000	Homeowners' Association and PUD Fees
091001	Initial Property Cleaning
093000	Initial Yard Maintenance
404006	Inspection Fees Payable by MI
201000	Interior Painting
501000	IRS Liens
062000	Lender-Placed Insurance Premiums
050000	Mortgage Insurance Premiums
071001	Municipal Property Taxes
102000	Oil
102000	Oil Receiver Fees
502000	Other Liens
191001	Other Maintenance Costs
074001	Other Property Taxes
Note: All expense codes require *from* and *to* dates for the period billed.	

Expense codes	Expense descriptions
206000	Other Repairs
207000	Other Replacements
105000	Other Utilities
093003	Pest Removal
090008	Police/Fire Report
090009	Pool and Spa Securing
404005	Property Inspection
060000	Property Insurance Premiums
503000	Principal Reimbursement
014000	Receiver Fees
090001	Rekeying
200000	Roof Repair/Replacement
072000	School Taxes
090001	Securing
073000	Sewer Charges
030000	Sheriff/Auctioneer Fees — Foreclosure
032000	Sheriff/Auctioneer Fees — Other Actions
191003	Snow Removal
080002	Special Assessments
203000	Sump pump/HVAC Repair/Replacement
500000	Superior (First) Liens
074002	Supplemental Tax
064000	Supplemental Windstorm Coverage
300000	Title Work
300005	Torrens Act – Costs (MN only)
071003	Town Property Taxes
074003	Transfer Tax
091002	Trash Removal/Dumping Fee
011000	Trustee/Attorney Fees — Bankruptcy Chapter 7
011009	Trustee/Attorney Fees — Bankruptcy Chapter 11
011010	Trustee/Attorney Fees — Bankruptcy Chapter 12
011011	Trustee/Attorney Fees — Bankruptcy Chapter 13
011012	Trustee/Attorney Fees Bankruptcy – Multi-filer Defense
010000	Trustee/Attorney Fees — Contested
010000	Trustee/Attorney Fees — Foreclosure
010000	Trustee/Attorney Fees — Probate
010002	Trustee/Attorney Fees — Torrens Act (MN only)
Note: All expense codes require *from* and *to* dates for the period billed.	

Expense codes	Expense descriptions
	Utilities:
100000	Electric
101000	Gas
102000	Oil
103000	Water
105000	Other Utilities
071004	Village Property Taxes
103000	Water Bills
095001	Winterization
094000	Yard Maintenance
Note: All expense codes require *from* and *to* dates for the period billed.	

Income Codes: Alphabetical Listing

Income codes	Income descriptions
815071	Borough Tax Refund
815070	County Tax Refund
811000	Escrow Balance at DDLPI (positive)
815061	Flood Insurance Premium Refund
815065	Interest on Escrow
815062	Lender-Placed Insurance Premium Refund
815050	Mortgage Insurance Premium Refund
815071	Municipal Tax Refund
815000	Other income (income received after DDLPI)
815060	Property Insurance Premium Refund
814000	Rental Income
815072	School Tax Refund
815073	Sewer Tax Refund
812000	Subsidy Fund (buydown account)
815074	Supplemental Tax Refund
815071	Town Tax Refund
815071	Village Tax Refund
Note: If available, provide *from* and *to* dates for the refund period.	

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Exhibit 75

Adjustment Codes for Forms 104SF and 104DC

The adjustment codes listed below will be used by Freddie Mac to explain adjustments to the request for reimbursement. An audit of Form 104SF will determine the existence of errors or omissions as indicated below, which may delay or modify the reimbursement.

Adjustment Code	Adjustment Reason
02	This Mortgage has been or is in the process of being repurchased, has recourse, or you are required to make us whole. Reimbursement is denied.
03	This expense or income/credit was previously submitted or paid by Freddie Mac.
04	This expense was previously paid by Freddie Mac at closing.
06	Required documentation or the from Date/to Date for this expense was insufficient or omitted. Please resubmit this expense accompanied by the appropriate documentation within 10 Business Days.
08	Prior approval from Freddie Mac is required for payment of this expense.
09	You must cancel the policy within 14 days after the property has been inspected and is vacant, even if there is claimable damage to the property. You will be notified that the property has been inspected and is vacant via the Property Condition Certificate (PCC). In the event you do not receive the PCC within five Business Days after acquisition, you must check the status via REO Manager or by calling 800-FREDDIE.
11	If there is a positive escrow balance as of the Due Date of Last Paid Installment (DDLPI), it must be shown as Income Code 811 on Form 104SF.
12	This expense is not reimbursable per Section 71.18 of the Guide
13	Property inspection fees are only reimbursable up to Freddie Mac's approved limit. Refer to Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts.
14	Appraisals are not reimbursable without prior approval.
15	Tax and insurance expenses that are assessed and paid more than12 months prior to the Due Date of Last Paid Installment (DDLPI) are not reimbursable.
16	Late fees, interest and penalties are not reimbursable.
17	Condominium, HOA or PUD assessments are only reimbursable: ■ Up to a total of six months of regular assessments over the life of the Mortgage if they were incurred prior to REO acquisition and the property is located in a State that gives First Lien priority, or ■ If these expenses were incurred from the foreclosure sale date through the REO settlement date.
19	This expense amount exceeds Freddie Mac's generally-approved limits.

Adjustment Code	Adjustment Reason
20	A review of the Form 104SF has resulted in the determination that a check is due to Freddie Mac rather than a reimbursement to you. Please submit a check to the applicable Freddie Mac office within 10 Business Days accompanied by a copy of this form.
21	This expense was adjusted for other reasons. Please refer to the comments section of the Form 104SF payment advice.
22	Taxes requested on your Form 104SF were paid by Freddie Mac at closing. Please contact the appropriate taxing authority for a refund per Section 71.9 of the Guide.
23	Your expense dates appear to be incorrect. Please resubmit your request within 10 Business Days with the supporting documents and the correct dates, if applicable.
24	Your initial Form 104SF is due within 30 days of acquisition. Your form was received after this date and reimbursement is denied.
25	Your initial Form 104SF should include expenses incurred from the DDLPI through acquisition.
26	Your final Form 104SF is due no later than 60 days after the day the REO sales proceeds have been received by our REO department. Your request was received after this date and reimbursement is denied.
27	Your final Form 104SF included preacquisition expenses that should have been included on your initial Form 104SF, therefore reimbursement is denied.
29	You must resubmit this expense with documentation on a paper Form 104SF within 10 Business Days.
30	Your workout settlement is still pending. Please contact your workout specialist.
31	The property has not been acquired. Please resubmit when acquisition occurs.
33	Your expense reimbursement request is not reimbursable at this time. Freddie Mac approval of this expense is required.
36	Incorrect season for expense—Summer season is April 1 through September 30, and winter season is October 1 through March 31. Refer to Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts.
55	Recourse Credit Enhanced Mortgage. Expense not payable. Contact **credit_enhancement_questions@freddiemac.com**.
64	Your supplemental Form 104SF or 104DC is due no later than 10 days after the initial form submission due date. Your request was received after this date and reimbursement is denied.
68	The expenses you submitted have been denied since they were submitted after the specified time frame.
75	This expense line spans across calendar years. Please resubmit an individual line item per calendar year.
76	Designated counsel and non-designated counsel expenses were submitted on the same form. Submit Form 104DC that was completed by designated counsel for attorney fees and costs.
77	Designated counsel expenses submitted in a State where designated counsel program does not exist. Submit Form 104SF.
78	Mortgage should have been assigned to designated counsel. Refer to Section 66.15.1.
81	Mortgage has not been referred to foreclosure or no bankruptcy has been filed.

Adjustment Code	Adjustment Reason
82	Mortgage assigned to Freddie Mac designated counsel, non-designated expense codes submitted.
83	Repurchase funds were received. Expense is not payable.
84	Redemption period has not expired. Claim denied.
85	Mortgage insurance premiums are reimbursable if paid after the Due Date of Last Paid Installment (DDLPI) and before the REO acquisition date. The acquisition date is the foreclosure sale date, the date of the expiration of the redemption period and/or the confirmation/ratification date, whichever occurs last. Reimbursement denied.
86	Mortgage must be a completed workout or in REO status before fees are paid.
87	Income refund not accepted.
88	Your final Form 104SF or 104DC is due no later than 30 days after the completion of the non-REO workout activity or event. Your request was received after this date and reimbursement is denied.
89	Your supplemental Form 104SF or 104DC is due no later than 60 days after the completion of the non-REO workout activity or event. Your request was received after this date and reimbursement is denied.
90	Your final Form 104SF included expenses that, when incurred after acquisition, are not reimbursable expenses.
91	End date adjusted based on expense 062000 and amount prorated.
92	End date adjusted based on the date the Property Condition Certificate (PCC) was received and, as a result, the amount was prorated.
93	End date adjusted based on Non-REO Activity Date and amount prorated.
94	Start date adjusted based on DDLPI and amount prorated.
95	Start date adjusted based on DDLPI, end date adjusted based on expense 062000, and amount prorated.
96	Start date adjusted based on DDLPI, end date adjusted based on PCC Date, and amount prorated.
97	Start date adjusted based on DDLPI, end date adjusted based on Non-REO Activity Date, and amount prorated.
98	Income adjusted to $0 since expense was previously prorated.
99	Income adjusted to $0 since no expense was paid.

Exhibit 76

Loan Modification for Delinquent Mortgages

This modification agreement may only be used in conjunction with the modification of a delinquent Mortgage, in accordance with Sections B65.11 through B65.26 of the Guide.

Freddie Mac Loan #: _____
This document was prepared by: _____
After recording please return to: _____

THIS MODIFICATION IS TO BE EXECUTED IN DUPLICATE ORIGINALS.
ONE ORIGINAL IS TO BE AFFIXED TO THE ORIGINAL NOTE AND
ONE ORIGINAL IS TO BE RECORDED IN THE LAND RECORDS WHERE
THE SECURITY INSTRUMENT IS RECORDED.

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Modification"), is effective _____, 20__, between _____ ("Borrower") and _____ ("Lender"), and amends and supplements (1) the Note (the "Note") made by the Borrower, dated _____, 20__, in the original principal sum of U.S. $_____, and (2) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), recorded on _____, 20__ as Document No. _____ in Book or Liber _____, at page(s) _____, of the _____ Records of _____ [County and state, or other jurisdiction]. The Security Instrument, which was entered into as security for the performance of the Note, encumbers the real and personal property described in the Security Instrument (and defined in the Security Instrument as the "Property"), which is located at _____. That real property is described as follows:

The Borrower has requested that the Lender modify the terms of the Note and Security Instrument. The Lender has agreed to do so pursuant to the terms and conditions stated in this Modification. In consideration of the agreements made in this Modification, and other good and valuable consideration which the parties agree they have received, the Borrower and Lender agree to modify the terms of the Note and Security Instrument as follows. The Borrower and the Lender agree that the provisions of this Modification supersede and replace any inconsistent provisions set forth in the Note and Security Instrument.

1. The Borrower represents that the Borrower _____ is, _____ is not, the occupant of the Property.
2. The Borrower acknowledges that interest has accrued but not been paid and the Lender has incurred, paid or otherwise advanced taxes, insurance premiums and other expenses necessary to protect or enforce its interest in the Note and the Security Instrument, and that such interest, costs and expenses, in the total amount of $_____, have been added to the indebtedness under the terms of the Note and Security Instrument. As of _____, 20__, the amount, including such amounts which have been added to the indebtedness (if any), payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. $_____.

3. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender, until the Unpaid Principal Balance has been paid. Interest will be charged on the Unpaid Principal Balance at the yearly rate of _____%, beginning _____, 20___.
The Borrower promises to make monthly payments of principal and interest of U.S. $_____, beginning on the _____ day of _____, 20___, and continuing thereafter on the same day of each succeeding month.
If on _____, 20___ (the "Modified Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Modification, the Borrower will pay these amounts in full on the Modified Maturity Date. The Borrower will make such payments at _____ or at such other place as the Lender may require.
4. Except to the extent that they are modified by this Modification, the Borrower will comply with all of the covenants, agreements, and requirements of the Note and the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument.
5. Nothing in this Modification shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Modification, the Note and Security Instrument will remain unchanged and in full effect, and the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Modification.
6. If one or more riders are executed by the Borrower and recorded together with this Modification, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Modification as if the rider(s) were a part of this Modification. [Check applicable box(es)]

   [ ] 1–4 Family Rider—Assignment of Rents
   [ ] Modification Due on Transfer Rider
   [ ] Bankruptcy Rider
   [ ] Other rider

[To be signed by all Borrowers, endorsers, guarantors, sureties, and other parties signing the Note or Security Instrument].

_____ _____(Seal)
Date – Borrower
_____ _____(Seal)
Date – Borrower
_____ _____(Seal)
Date – Borrower
_____ _____(Seal)
Date – Borrower
_____ _____
Date – Lender

By: _____

[Space Below This Line for Acknowledgment in Accordance with Laws of Jurisdiction]

MULTISTATE DELINQUENT LOAN MODIFICATION—Single-Family—Freddie Mac

Exhibit 77

Assignment of Rents Rider

1–4 Family Modification Agreement Rider Assignment of Rents

THIS 1–4 FAMILY MODIF1CATION AGREEMENT RIDER ASSIGNMENT OF RENTS ("1–4 Family Rider") effective the _____ day of _____, 20_____, is incorporated into that certain Loan Modification Agreement (the "Modification") of the same date made by_____ (the "Borrower") and is incorporated into and amends and supplements the Security Instrument executed by Borrower to secure the Note. The Security Instrument covers the Property as defined and described in the Security Instrument and located at:

_____

[Property Address]

1–4 FAMILY COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower: and Lender further covenant and agree as follows:

A. ADDITIONAL PROPERTY SUBJECT TO THE SECURITY INSTRUMENT. In addition to the Property described in the Security Instrument, the following items are added to the Property description, and shall also constitute the Property covered by the Security Instrument: building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, paneling and attached floor coverings now or hereafter attached to the Property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the Property covered by the Security Instrument. All of the foregoing together with the Property described in the Security Instrument (or the leasehold estate if the Security Instrument is on a leasehold) are referred to in this 1–4 Family Rider and the Security Instrument as the "Property."

B. USE OF PROPERTY; COMPLIANCE WITH LAW. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

C. SUBORDINATE LIENS. Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

D. RENT LOSS INSURANCE. Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Uniform Covenant 5 of the Security Instrument.

E. "BORROWER'S RIGHT TO REINSTATE" DELETED. Uniform Covenant 18 of the Security Instrument is deleted.

F. BORROWER'S OCCUPANCY. Unless Lender and Borrower otherwise agree in writing, the first sentence in Uniform Covenant 6 of the Security Instrument concerning Borrower's occupancy of the Property is deleted. All remaining covenants and agreements set forth in Uniform Covenant 6 of the Security Instrument shall remain in effect.

G. ASSIGNMENT OF LEASES. Upon Lender's request, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph G, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

H. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Borrower absolutely and unconditionally assigns and transfers to Lender all the rents revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Borrower authorizes Lender or Lender's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Lender or Lender's agents. However, Borrower shall receive the Rents until (i) Lender has given Borrower notice of default pursuant to paragraph 21 of the Security Instrument and (ii) Lender has given notice to the tenant(s) that the Rents are to be paid to Lender or Lender's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of default to Borrower: (i) all Rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the Rents of the Property; (iii) Borrower agrees that each tenant of the Property shall pay all Rents due and unpaid to Lender or Lender's agents upon Lender's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Lender or Lender's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sum secured by the Security Instrument; (v) Lender, Lender's agents or any judicially appointed receiver shall be liable to account for only those rents actually received; and (vi) Lender shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents, any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by the Security Instrument pursuant to Uniform Covenant 7 of the Security Instrument.

Borrower represents and warrants that Borrower has not executed any prior assignment of the Rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph.

Lender, or Lender's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Borrower. However, Lender, or Lender's agents or judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of Rents of the Property shall terminate when all the sums secured by the Security Instrument are paid in full.

I. CROSS-DEFAULT PROVISION. Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

J. PRIOR ASSIGNMENT OF RENTS. This 1–4 Family Rider supersedes the provisions of any previous 1–4 Family Rider Assignment of Rents (a "Previous Assignment') executed by Borrower pertaining to the Property. If a Previous Assignment has been executed by the Borrower, then the assignment and lien granted in the assignment of Rents contained in Paragraph H of this 1–4 Family Rider shall relate back in time to the date and priority of any such Previous Assignment.

K. CAPITALIZED TERMS. Capitalized terms used in this 1–4 Family Rider shall have the meanings ascribed to them in the Modification except as otherwise specifically set forth in this 1–4 Family Rider.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this 1–4 Family Rider.

_____ _____(Seal)
Date – Borrower

_____ _____(Seal)
Date – Borrower

[Name of Lender]

_____ By: _____
Date

Exhibit 78

Modification Due on Transfer Rider

Modification Due on Transfer Rider

THIS MODIFICATION DUE ON TRANSFER RIDER, effective the _____ day of _____, 20_____, is incorporated into and shall be deemed to amend and supplement the Loan Modification Agreement of the same date made by _____ (the "Borrower") and _____(the "Lender") covering the Property described in the Loan Modification Agreement located at:

_____

_____

In addition to the covenants and agreements made in the Loan Modification Agreement, the Borrower and Lender covenant and agree as follows:

A. Notwithstanding any other covenant, agreement or provision of the Note and Security Instrument, as defined in the Loan Modification Agreement, the Borrower agrees as follows:

   Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by the Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of the Loan Modification Agreement.

   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 delivered or mailed within which Borrower must pay all sums secured by the Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Security Instrument without further notice or demand on Borrower.

B. Except as otherwise specifically provided in this Modification Due On Transfer Rider, the Loan Modification Agreement, the Note and Security Instrument will remain unchanged and in full effect.

_____ _____(Seal)
Date – Borrower

_____ _____(Seal)
Date – Borrower

[Name of Lender]

_____ By: _____
Date

Exhibit 78A

Modification Bankruptcy Disclosure Rider

Modification Bankruptcy Disclosure Rider

THIS MODIFICATION BANKRUPTCY RIDER, effective the _____ day of _____, 20_____, is incorporated into and shall be deemed to amend and supplement the Loan Modification Agreement of the same date made by _____ (the "Borrower") and _____ (the "Lender") covering the Property described in the Loan Modification Agreement located at: _____.

In addition to the covenants and agreements made in the Loan Modification Agreement, the Borrower and Lender covenant and agree as follows:

Borrower represents that Borrower was discharged in a Chapter 7 bankruptcy proceeding subsequent to the execution of the Note and Security Instrument. Borrower and Lender acknowledge and agree that the Loan Modification Agreement does not affect the discharge of the Borrower's personal liability on the debt.

_____ _____(Seal)
Date – Borrower
_____ _____(Seal)
Date – Borrower

_____ By: _____
Date

Exhibit 80

Balloon Loan Modification (Form 3293)

Servicer Loan Number: _____

BALLOON LOAN MODIFICATION
(Pursuant to the Terms of the Balloon Note Addendum and Balloon Rider)

TWO ORIGINAL BALLOON LOAN MODIFICATIONS MUST BE EXECUTED BY THE BORROWER: ONE ORIGINAL IS TO BE FILED WITH THE BALLOON NOTE AND ONE ORIGINAL IS TO BE RECORDED IN THE LAND RECORDS WHERE THE SECURITY INSTRUMENT IS RECORDED

This Balloon Loan Modification ("Modification"), entered into effective as of the _____ day of _____, _____, between _____ _____ ("Borrower") and _____ ("Lender"), amends and supplements (1) the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument"), dated _____, _____ securing the original principal sum of U.S. $_____, and recorded in Book or Liber _____, at page(s) _____, of the _____ Records
[Name of Records]
of _____, and (2) the Balloon Note bearing the same
[County and State, or other jurisdiction]
date as, and secured by the Security Instrument, (the "Note") which covers the real and personal property described in the Security Instrument and defined in the Security Instrument as the "Property," located at:

_____,
[Property Address]
the real property described being set forth as follows:

To evidence the election by the Borrower of the [Conditional Right to Refinance] [Conditional Modification and Extension of Loan Terms] as provided in the Balloon Note Addendum and Balloon Rider and to modify the terms of the Note and Security Instrument in accordance with such election, Borrower and Lender agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. The Borrower is the owner and occupant of the Property.
2. As of _____, _____, the amount payable under the Note and Security Instrument (the "Unpaid Principal Balance") is U.S. $_____.
3. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of _____%, beginning _____, _____. The Borrower promises to make monthly payments of principal and interest of U.S. $_____, beginning on the _____ day of _____, _____, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on _____, _____ (the "Modified Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Modification, the Borrower will pay these amounts in full on the Modified Maturity Date.

The Borrower will make such payments at _____
_____ or at such other place as the Lender may require.

4. The Borrower will comply with all other covenants, agreements, and requirements of the Note and the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument; however, all the terms and provisions of the Balloon Note Addendum and Balloon Rider are forever cancelled, null and void, as of the maturity date of the Note.

5. Nothing in this Modification shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Modification, the Note and Security Instrument will remain unchanged and in full effect, and the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Modification.

[To be signed and dated by all borrowers, endorsers, guarantors, sureties, and other parties signing the Balloon Note and Security Instrument.]

_____ _____ (Seal)
Date - Borrower

_____ _____ (Seal)
Date - Borrower

_____ _____ (Seal)
Date - Borrower

_____ _____ (Seal)
Date - Borrower

_____[Space Below This Line For Acknowledgment in Accordance with Laws of Jurisdiction]_____

Exhibit 81

Signature and Acknowledgment Formats for Living Trusts

When a Borrower has transferred ownership of the property securing a Balloon/Reset Mortgage to a living trust, you must use the following language for the signature and acknowledgment sections of the Balloon/Loan Modification (Form 3293) when resetting the Balloon/Reset Mortgage.

Form for Signature of Trustee of a Living Trust

_____ -Seal
[Name of Trustee]

Trustee of the _____ Trust,
under Trust Agreement dated _____, 20_____,
made by _____, as Settlor.

Servicing Note:
The trustee's signature must be notarized.

Form for Acknowledgment of Settlor of a Living Trust

[Name of Trustee]_____,
Settlor of the _____ Trust
under Trust Agreement dated _____, 20_____,
agrees that the term "Borrower" when used in this Balloon Loan Modification shall include the Settlor, and the Settlor acknowledges and agrees to be bound by all of the terms and covenants contained in this Balloon Loan Modification, and in the Balloon Note and Security Instrument bearing the date of _____, 20_____.

SETTLOR:

_____ -Seal
[Settlor's Name]

Servicing Note:
The settlor's signature must be notarized.

Exhibit 82

Electronic Default Reporting Transmission Code List

For additional information on the codes identified in this exhibit, refer to the *EDR Quick Reference Guide*, available on FreddieMac.com at the Learning Center.

Default Action Codes

Code	Description
Status Codes (To be reported each month until the status no longer applies.)	
09	Forbearance plan
12	Repayment plan
24	Government seizure
31	Probate
32	Military indulgence
33	Contested foreclosure & litigation (EDI term: contested foreclosure)
43	Referred to foreclosure (EDI term: foreclosure started)
49	HUD assignment (EDI term: assignment complete)
59	Chapter 12 bankruptcy petition filed
61	Second lien considerations
62	Veterans Affairs — No-bid
63	Veterans Affairs — Refund
64	Veterans Affairs — Buydown
65	Chapter 7 bankruptcy petition filed
66	Chapter 11 bankruptcy petition filed
67	Chapter 13 bankruptcy petition filed
75	No activity to report (for a particular Seller/Servicer number)

Default Action Codes

Code	Description
Event Codes (To be reported only one time in the month following the month in which the event took place.)	
20	Reinstatement (full or partial)
68	Date of first legal action
69	Bankruptcy plan confirmed
71	Foreclosure sale scheduled
74	Broker's Price Opinion or appraisal report obtained (optional)
75	No activity to report (for a particular Seller/Servicer number)
76	Bankruptcy court clearance obtained/stay lifted
80	Date breach letter sent
AW	Date of first right party contact with delinquent Borrower
AX	Date of last right party contact with delinquent Borrower
AY	Date advised property listed for sale
HA	Workout in Review*
HB	Short Sale in Review*
11	Repayment Plan in Review*
HD	Modification in Review* (other than a modification under HAMP)
H3	BPO Ordered*
H4	Solicitation Letter Sent*
H5	Positive Solicitation Response*
HC	Short Sale Denied*
HE	Ineligible for Modification*
Home Affordable Modification Program (HAMP) Specific Codes (Refer to Section C65.11 for additional information.)	
H6	Eligible for HAMP
H7	HAMP in Review
H8	HAMP Modification Agreement Sent
H9	HAMP Modification Agreement Received
Home Affordable Foreclosure Alternatives (HAFA) Specific Code	
(Refer to Section D65.10 for additional information.)	
HF*	Short Sale Agreement (SSA) – Borrower Execution
*Effective **September 1, 2010**, this default action code is required, as applicable. Servicers may begin reporting this code June 28, 2010.	

Default Reason Codes

Code	Description
001	Death of principal mortgagor
002	Illness of principal mortgagor
003	Illness of mortgagor's family member
004	Death of mortgagor's family member
005	Marital difficulties
006	Curtailment of income
007	Excessive obligations
008	Abandonment of property
009	Distant employment transfer
011	Property problem
012	Inability to sell property
013	Inability to rent property
014	Military service
015	Other (EDI term: default detail)
016	Unemployment
017	Business failure
019	Casualty loss
022	Energy-environment cost
023	Servicing problems
026	Payment adjustment
027	Payment dispute
029	Transfer of ownership pending
030	Fraud
031	Unable to contact borrower
INC	Incarceration
HMP*	Home Affordable Modification Program
HAF**	Home Affordable Foreclosure Alternative

Default Reason Codes

Note: All default reason codes, with the exception of "HMP - Home Affordable Modification Program" and "HAF – Home Affordable Foreclosure Alternative," must be reported by the 90th day of Delinquency.

*The default reason code "HMP – Home Affordable Modification Program" must be reported together with default action code "09 – Forbearance." These codes must be reported:

- Beginning October 1, 2009, but may be reported beginning June 1, 2009
- In the first electronic default reporting (EDR) cycle after the Servicer receives the Trial Period Plan executed by the Borrower, together with all required documentation and the first payment due under the Trial Period Plan. The Servicer must report these codes even if the Trial Period offer was based on stated income and the Servicer has not yet verified the Borrower's continued eligibility based on verified income.
- For each month that the status applies. For example, the Servicer would no longer report these codes once the Mortgage is modified, the Borrower fails to comply with the terms of the Trial Period Plan, or the Borrower is re-underwritten based on verified income and is no longer eligible for a modification. See Section C65.7(b) for additional information.

** The default reason code "HAF – Home Affordable Foreclosure Alternative" must be reported together with default action code "09 – Forbearance." These codes must be reported:

- Beginning September 1, 2010, but may be reported beginning June 28, 2010
- In the month following the Effective Date of the SSA, and each month thereafter, for as long as the Mortgaged Premises are being marketed for a HAFA Short Sale.

Real Estate Property Condition Codes

Code	Description
03	Excellent
04	Good
05	Fair
06	Poor
10	Unknown or no property inspection
18	Property inaccessible

Note: Property condition must be known by the 90th day of delinquency. Prior to the 90th day of delinquency, if the property condition is unknown, populate the field with Code “10 Unknown” or blanks.

Occupancy Status Codes

Code	Description
01	Vacant
03	Borrower occupied
04	Tenant occupied
06	Unknown
15	Occupied by unknown

Note: Must be provided by the 90th day of delinquency. Prior to the 90th day of delinquency, if the occupancy status is unknown, populate the field with Code “06 Unknown” or blanks.

Freddie Mac
We make home possible®

Exhibit 83

Freddie Mac State Foreclosure Time Lines—In Calendar Days

State Foreclosure Time Line—In Calendar Days		
	From DDLPI to Foreclosure sale	**From initiation of foreclosure to foreclosure sale**
Alabama	300	150
Alaska	300	150
Arizona	300	150
Arkansas	300	150
California	300	150
Colorado	315	165
Connecticut	370	220
District of Columbia	300	150
Delaware	400	250
Florida	320	170
Georgia	300	150
Guam	400	250
Hawaii	300	150
Idaho	340	190
Illinois	425	275
Indiana	415	265
Iowa	465	315
Kansas	330	180
Kentucky	415	265
Louisiana	370	220
Maine	505	355
Maryland	300	150
Massachusetts	345	195
Michigan	300	150
Minnesota	300	150
Mississippi	300	150

State Foreclosure Time Line—In Calendar Days		
	From DDLPI to Foreclosure sale	**From initiation of foreclosure to foreclosure sale**
Missouri	300	150
Montana	355	205
Nebraska	305	155
Nevada	305	155
New Hampshire	300	150
New Jersey	450	300
New Mexico	400	250
New York	430	280
New York City	575	425
North Carolina	300	150
North Dakota	340	190
Ohio	415	265
Oklahoma	400	250
Oregon	330	180
Pennsylvania	450	300
Puerto Rico	525	375
Rhode Island	300	150
South Carolina	365	215
South Dakota	355	205
Tennessee	300	150
Texas	300	150
Utah	315	165
Vermont	510	360
Virgin Islands	475	325
Virginia	300	150
Washington	310	160
West Virginia	300	150
Wisconsin	460	310
Wyoming	300	150

Exhibit 83A

Determining Your Foreclosure Time Line Performance Penalties

Time Line Performance Penalties

You may be assessed a penalty for failure to complete your foreclosures within the number of days in our foreclosure time line. A penalty will be computed as follows:

Multiply by $30 the total number of days by which you exceeded our foreclosure time lines with respect to all Mortgages that resulted in a foreclosure sale and reverted to Freddie Mac as an REO during a calendar year.

FHA, VA and RHS Mortgages, foreclosure sales reverting to a third-party bidder and designated counsel program loans are not included in the penalty calculation.

The following are examples of how we will calculate your foreclosure time line aggregate and, if you are not in compliance, then how we will calculate your penalty.

Example #1: Calculation that does not result in a penalty

You had 10 Mortgages that resulted in a foreclosure sale during a calendar year.

Foreclosed Mortgages	Number of days Mortgage was managed through foreclosure in relation to our time line requirements*
1	(3)
2	+2
3	+1
4	(5)
5	(3)
6	+2
7	+1
8	(2)
9	(1)
10	+1
Net number of days, in aggregate, over “+” or under “( )” our State time lines	(7)

* “( )” represents the number of days you managed under our foreclosure time line.
“+” represents the number of days you exceeded our foreclosure time line.

In this example the Servicer's aggregate time line performance was 7 days less than our time line requirement. A penalty will not be assessed.

Example #2: Calculation that results in a penalty

You had 10 Mortgages that resulted in a foreclosure sale during a calendar year.

Foreclosed Mortgages	Number of days Mortgage was managed through foreclosure*
1	+3
2	(2)
3	(1)
4	+5
5	+3
6	(2)
7	(1)
8	+2
9	+1
10	(1)
Net number of days, in aggregate, over "+" or under "( )" our State time lines	+7

* "( )" represents the number of days you managed under our foreclosure time line.
"+" represents the number of days you exceeded our foreclosure time line.

In this example, the Servicer's time line performance exceeded our requirements by 7 days. Therefore, a penalty of $210 derived by multiplying $30 by 7, will be assessed.

When a Borrower files for bankruptcy protection we will add, for a Chapter 12 or 13 bankruptcy, the lesser of (a) 125 days or (b) the total amount of time in the Chapter 12 or 13 bankruptcy, to the allowable time line.

For a Chapter 7 bankruptcy, we will add the lesser of (a) 80 days, or (b) the total amount of time in the Chapter 7 bankruptcy. This represents a reasonable number of days for you to obtain relief from the automatic stay of bankruptcy in order to proceed with the foreclosure. We will add these days to the time line if the bankruptcy delayed the foreclosure initiation or the foreclosure process.

Exhibit 85

Special Reset Mortgage Title Insurance Information

Title Insurer	Reset Title Insurance Product Name	Cost	Special Remarks
First American Title Insurance Company *Contact:* First American Loss Mitigation Title Services Division Attn: Jay Anderson 3 American Way Santa Ana, CA 92707 1-800-965-0363 (phone) 1-800-965-0295 (fax) E-mail: jayanderson@firstam.com	"Balloon Mortgage Priority Guarantee Plus"	$100 plus recording fees (New Jersey is $200 plus recording fees)	"Balloon Mortgage Priority Guarantee Plus" is not available in Florida, New Mexico, New York and Texas. In those states, a conventional modification endorsement is available. Check with First American for rates and requirements.

Title Insurer	Reset Title Insurance Product Name	Cost	Special Remarks
Lawyers Title Insurance Corporation *Contact:* Land America Lender Services Sales Robert Starliper 25 North Point Pkwy, Suite 400 Alpharetta, GA 30005 301-790-3969 (phone) 1-800-886-6835 (fax) E-mail: Address:rstarliper@landam.com *New Client / Operations Set-up* Land America Lender Services Tammy Boren 6 Executive Circle, Suite 100 Irvine, CA 92614 949-930-8293 (phone) 949-923-0736 (cell phone) E-mail: tboren@landam.com	"Balloon Loan Modification Limited Policy"	$125 (except $175 in Hawaii and Oregon) (New Jersey is $150 + $50 search fee)	The availability of the "Balloon Loan Modification Limited Policy" is subject to state approvals of the form. The coverage will not be available in: Alaska, Florida, New Mexico, New York, North Carolina, Pennsylvania, South Dakota, Texas and Wyoming. In those states, a conventional modification endorsement is available. Check with Lawyers Title for rates and requirements.

Title Insurer	Reset Title Insurance Product Name	Cost	Special Remarks
Old Republic National Title Insurance Company *Contact:* ORTRIS 320 Springside Drive Ste. 320 Akron, OH 44333 1-888-406-5166 (phone) 1-888-816-7626 (fax)	"Balloon Loan Modification Endorsement" with previous Title Policy	$75 (except $100 in California, Nevada and Washington D.C.) ($200 in New Jersey) (For Pennsylvania – call for rates)	The availability of the "Balloon Loan Modification Endorsement" is subject to state approvals of the form. The coverage is not available in Alaska, Florida, New Mexico, New York, Oregon, Texas and Washington. In those states, a conventional modification endorsement is available. Check with Old Republic Title for more rates and requirements. The MPG is not available in Alaska, Florida, Montana, New Jersey, New Mexico, New York, Oregon, Pennsylvania and Texas. In those states, a conventional modification endorsement is available. Check with Old Republic for rates and requirements.
	"Mortgage Priority Guarantee" without previous Title Policy	$75 (except $100 in California) (For North Carolina – call for rates)	

Exhibit 86

Workout Prospector® User Agreement

This **Workout Prospector User Agreement** (this "Agreement") is made by and between the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and "User," as defined in Section 1 below.

Introduction

Freddie Mac is the owner of a certain loss mitigation application known as Workout Prospector®, which assists in analysis and structuring of workouts and other foreclosure alternatives (the "Application"). The Application is available for use by User, subject to the terms of this Agreement, using a secure User ID and password that User may obtain on Freddie Mac's web site at **http://freddiemac.com/singlefamily/service/tools.html**.

User is a Servicer of certain loans owned by Freddie Mac and desires to use the Application to facilitate its servicing activities on behalf of Freddie Mac (the "Permitted Purpose").

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions:** Unless separately defined in this Agreement, all capitalized terms used in this Agreement will have the meaning ascribed to such terms in the Freddie Mac Single-Family Seller/Servicer Guide. The capitalized terms listed below will have the following definitions for purposes of this Agreement:

   (a) **Application:** The Application identified in the Introduction to this Agreement, includes any version of the Application that may already have been used by User and also includes all updates and enhancements to the Application that are made available to User by Freddie Mac. In addition, the Application includes such other versions of or enhancements to the Application, as Freddie Mac may make available to User in the future that Freddie Mac identifies in writing as being covered by this Agreement at or prior to the time of its delivery to User.

   (b) **Freddie Mac's Intellectual Property ("FMIP"):** The Application, any User's Guide and all other versions or enhancements thereto and all written or electronic materials provided by Freddie Mac to User in connection with the use of the Application.

   (c) **Guide:** Freddie Mac's *Single-Family Seller/Servicer Guide*, as in effect from time to time.

   (d) **User:** The authorized user of the FMIP bound to the provisions of this Agreement by virtue of the provisions of the Guide.

   (e) **Permitted Purpose:** The purpose identified in the Introduction to this Agreement and such additional purposes to which Freddie Mac may agree in writing.

   (f) **User's Guide:** Any user's guide or other written instructions published by Freddie Mac to govern the use of the FMIP or any version of the FMIP made available to User by Freddie Mac, from time-to-time.

2. **Grant of Rights:** Subject to the terms and conditions of this Agreement, Freddie Mac hereby grants to User a non-exclusive, non-transferable right to use the FMIP on Freddie Mac's web site at **http://freddiemac.com/singlefamily/service/tools.html** for the Permitted Purpose. The right granted herein includes the use of the FMIP made available to User by Freddie Mac via its web site.

3. **Limitations on Use and Disclosure of FMIP:**

   (a) User may use the FMIP only for the Permitted Purpose and for no other purposes whatsoever. User's use of the FMIP is subject to the provisions of the Guide, the applicable User's Guide, if any, the terms of this Agreement and such other requirements as may be communicated by Freddie Mac to User, from time to time. The FMIP is provided for only User's internal use, and User will not enable or (to the extent within User's control) permit any third parties to use the FMIP, either directly or through User.

   (b) Freddie Mac reserves the right to modify or enhance the FMIP at any time and, at its option, may make available to User the modified and/or enhanced versions of the FMIP.

   (c) User recognizes that the FMIP constitutes proprietary and confidential information and trade secrets belonging to Freddie Mac. User agrees to treat the FMIP as strictly confidential and not to disclose or permit the disclosure of (or access to) the FMIP, or any information concerning the FMIP, to any third party whatsoever without Freddie Mac's prior written consent. User agrees not to modify, enhance, disassemble or reverse engineer the Application for any reason. User agrees not to download or copy the Application, in whole or in part. With respect to User's Guides and other FMIP, User may make no more than the number of copies necessary for internal distribution to enable User to use the Application for the Permitted Purpose. User will reproduce (without modification) on each copy of any FMIP all copyright and other proprietary notices provided by Freddie Mac and will ensure that all such copies are also marked "Confidential" in a prominent location. All copies of the FMIP will be deemed part of the FMIP for all purposes of this Agreement, including, without limitation, ownership, confidentiality, nondisclosure and other purposes.

4. **Fees:** As of the date this Agreement is published in the Guide, unless otherwise expressly agreed by User and Freddie Mac, the Application or any other FMIP is being made available to User without charge. Freddie Mac reserves the right to impose a fee for use of all or any portion of the FMIP at any time upon ninety (90) days' notice to User.

5. **Ownership of FMIP; Infringement:**

   (a) User acknowledges that User has no ownership or other interest in the FMIP, except to the extent of the rights expressly granted herein. All applicable rights to copyrights, trade secrets, patents, trademarks and other rights in and to the FMIP and any modifications or enhancements made to the FMIP will belong to and remain with Freddie Mac.

   (b) Freddie Mac represents that Freddie Mac has the right to grant to User the rights granted by this Agreement. If a claim is made against User by a third party alleging that the Application violates the patent, trademark, copyright or other proprietary rights of a third party, as in effect in the United States only (a "Claim"), then Freddie Mac will defend User against the Claim and will indemnify User against any final judgment entered with respect to the Claim; provided that (i) User provides prompt notice of the Claim to Freddie Mac and cooperates fully with Freddie Mac in the defense of the Claim, and (ii) User provides to Freddie Mac the exclusive right to defend the Claim using counsel selected by Freddie Mac and to litigate, negotiate and/or settle the Claim, all as determined by Freddie Mac in its sole discretion. The preceding sentence will not apply to claims arising out of or related to (i) the use of the Application by User or any third party who obtains access to the Application through User for any purpose other than the Permitted Purpose, or (ii) any other violation of this Agreement by User, any third party who obtains access to the Application through User or the employees or agents of User or any such third party.

6. **Warranties; Limitation of Liability:**

   (a) Except to the extent expressly provided in Section 5(b) of this Agreement, Freddie Mac makes no representation or warranty with respect to the FMIP. **EXCEPT TO THE EXTENT SET FORTH IN SECTION 5(b), THE USER IS BEING PROVIDED ACCESS TO AND USE OF THE FMIP "AS-IS" AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

   (b) **IN NO EVENT WILL FREDDIE MAC BE LIABLE TO USER OR ANY OTHER THIRD PARTY FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) ARISING OUT OF OR RELATED TO THIS WORKOUT PROSPECTOR USER AGREEMENT, REGARDLESS OF THE NATURE OR BASIS OF THE CLAIM, INCLUDING, BUT NOT LIMITED TO, TORT, CONTRACT OR STRICT LIABILITY CLAIMS. IN THE EVENT THAT FREDDIE MAC IS LIABLE TO USER FOR ANY CLAIM, LOSS OR DAMAGES ARISING OUT OF OR RELATED TO THIS WORKOUT PROSPECTOR USER AGREEMENT, FREDDIE MAC'S AGGREGATE LIABILITY TO USER WILL NOT EXCEED THE AMOUNT OF ANY ACTUAL MONETARY LOSS OR DIRECT DAMAGES SUFFERED UP TO, AND NOT IN EXCESS OF, FIVE THOUSAND DOLLARS ($5000) U.S.**

7. **Term; Termination:**

   (a) The term of this Agreement will commence on the date User first uses the Application and will continue until terminated by either party in its sole discretion upon thirty (30) days' written notice to the other party. Freddie Mac also will have the right to terminate this Agreement effective immediately upon notice to User in the event of any default by User under the Agreement. Finally, this Agreement will terminate automatically if User ceases at any time to be a Freddie Mac-approved Servicer for any reason or User is listed by Freddie Mac on Freddie Mac's "Exclusionary List."

   (b) Upon the expiration or earlier termination of this Agreement, User will have no further right to use the Application or any other FMIP and will immediately return to Freddie Mac all copies of any FMIP previously provided to User or otherwise in User's possession or control. Notwithstanding the foregoing, if requested by Freddie Mac in writing, User will immediately destroy all such FMIP. In each case, if requested by Freddie Mac, User will promptly certify to Freddie Mac in writing that the actions required by this subsection (b) have been taken.

8. **Miscellaneous:** This Agreement is the complete and exclusive statement of the parties' agreement with respect to the subject matter hereof, which supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to such subject matter, including any pre-existing GoldWorks® Member Subscription Agreement. This Agreement may not be modified except by written instrument executed by both parties. All notices required or permitted under this Agreement will be sent the Managing Associate General Counsel, Corporate Affairs, Freddie Mac, at 8200 Jones Branch Drive, McLean, Virginia 22102. Freddie Mac will have the right, from time-to-time upon reasonable notice to User, to audit User's facilities and systems to confirm User's compliance with the requirements of this Agreement.

Freddie Mac
We make home possible®

Exhibit 87

Servicer Education Resources

Our Servicer education materials include easy-to-print references, online self-study and training sessions on investor accounting and default management that can help you successfully service our Mortgages.

Our resources cover servicing-related topics such as:

- Loss mitigation
- Foreclosure and bankruptcy
- Electronic Default Reporting (EDR)
- Investor reporting and remitting
- Custodial account reconciliation

These materials may be accessed at **http://www.freddiemac.com/learn/**.

Exhibit 88

Servicing Tools

The following tools and applications are available to Servicers to assist them in the monitoring and Servicing of Mortgages for Freddie Mac. These applications and tools are available through Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/service/tools.html** and are accessible using a secure User ID and password. Instructions on signing up for these tools are available on FreddieMac.com.

By virtue of Servicer's use of the Servicing tools, Servicer agrees to be bound by and comply with the Guide, including without limitation, Section 1.3 of the Guide, the requirements of any applicable user guides, any applicable user agreements (e.g., Workout Prospector User Agreement), the terms and conditions applicable to accessing and using Freddie Mac's web site, FreddieMac.com, and all other applicable requirements in Servicer's Purchase Documents.

- **Default Reporting Manager℠** helps you monitor, validate and update your foreclosure sale reporting processes, with feedback on how to correct errors
- **Expense Manager℠** provides you with daily electronic status reports and other detailed information about your Freddie Mac default management and reimbursement requests
- **Imminent Default Indicator™** is a Freddie Mac Home Affordable Modification Program (HAMP) Servicing tool that you must use to help you determine whether a Borrower under a Mortgage you service for Freddie Mac is in imminent default.
- **Incentive Manager℠** tracks your workout incentive payments as they are earned over a calendar year
- **Investor Accounting Manager℠** allows you to access and download our loan data, receive reports online, create your own tailored reports, remit funds online, and obtain daily cash data
- **Online Reimbursement System (Freddie Mac's Online 104SF/DC System)**, lets you easily file and request reimbursement for expenses related to default management
- **Remedy Manager®** enables you to see the current status of your quality control repurchase and indemnification requests, the reason Freddie Mac issued the request, due date of funds and more
- **REO Manager®** gives you information about the status of your Freddie Mac real estate owned (REO) portfolio and about specific REO properties
- **Servicer Performance Profile** is a confidential report that details how well your organization's performance meets our servicing guidelines
- **Timeline Manager℠** contains loan-level detail on each mortgage past or approaching our time line standards for each stage of the delinquent loan management process
- **Workout Manager®** helps you spot instances where a workout has been unduly delayed and where your workout specialist might need more guidance to complete a workout arrangement
- **Workout Prospector®** enables you to analyze and deliver workouts, receive automatic property valuations, receive reports, and access specific loan information from our database.

Exhibit 90

Imminent Default Indicator™ License Agreement

1. **Definitions**. The capitalized terms listed below will have the following definitions for purposes of this Agreement:

   - **Documentation**: Any Users' Guide and other documentation provided by Freddie Mac for use in connection with the Licensed Software or the Output.
   - **Guide**: Freddie Mac's Single-Family Seller/Servicer Guide, as in effect and as amended from time-to-time.
   - **Imminent Default**: An eligibility requirement for certain Borrowers for modification under the Home Affordable Modification Program ("HAMP"). The existence of "Imminent Default" for purposes of HAMP is determined in accordance with Chapter C65 of the Guide as supplemented from time to time by Freddie Mac in a Bulletin or other communication.
   - **Licensed Material**: The Licensed Software, any documentation provided by Freddie Mac in connection with the Licensed Software, such as a Users' Guide, and the Output generated by the Licensed Software.
   - **Licensee**: The Freddie Mac Servicer that submits data to Freddie Mac for analysis by the Licensed Software.
   - **Licensed Software**: The Imminent Default Indicator™ software.
   - **Output**: The output of the Licensed Software.
   - **Permitted Purpose**: Use of the Licensed Material by Licensee in conjunction with other information to determine whether a Borrower under a Mortgage serviced by Licensee for Freddie Mac is in Imminent Default (the "Imminent Default Test") and for related internal purposes.
   - **Users' Guide**: Any users' guide or other written instructions published, posted or otherwise provided by Freddie Mac to govern the use of the Licensed Software, the Output or any portion of the Licensed Software or the Output, as in effect from time to time.

2. **Grant of Rights**. Subject to the terms and conditions of this Agreement, Freddie Mac hereby grants to Licensee a non-exclusive, non-transferable license to use the Licensed Material solely for the Permitted Purpose. Licensee may copy the Licensed Material as necessary for use by Licensee for the Permitted Purpose. Licensee will reproduce without modification on each copy of the Licensed Material all copyright and other proprietary notices provided by Freddie Mac and will ensure that all employees and other individuals who use the Licensed Material are aware that their use is subject to the terms of the Agreement.

3. **Limitations on Use and Disclosure of Licensed Material; Use of Imminent Default Indicator Output**.

(a) Licensee may use the Licensed Material only for the Permitted Purpose and for no other purposes whatsoever. The Licensed Material is provided for Licensee's internal use only, and Licensee will not enable or (to the extent within Licensee's control) permit any third party to use the Licensed Material, either directly or through Licensee, except for Licensee's contractors providing services to Licensee under an agreement that obligates them to comply with the provisions of this Agreement. Licensee will be responsible for use of the Licensed Material and compliance with this Agreement by all such contractors. Licensee will not at any time: (i) use the Licensed Material in a resale capacity or for performing loss mitigation, or collections review, analysis or similar services for third parties; (ii) except as expressly permitted by this Agreement, copy all or any portion of the Licensed Material; (iii) transfer any Licensed Material to another person or entity or make any Licensed Material available to any person or entity other than Licensee and the employees of Licensee for the Permitted Purpose; (iv) modify the Licensed Material; (v) reverse engineer, disassemble, decompile, or otherwise attempt to discover the source code to the Licensed Software; (vi) translate or create derivative works based on the Licensed Material or otherwise use the Licensed Material to develop other software, whether such work or software is developed by Licensee or another person or entity for the benefit of Licensee; (vii) remove or obscure any notice of copyright, trademark or other proprietary rights from the Licensed Material; (viii) sublicense, sell, lend, rent or lease all or any portion of the Licensed Material; or (ix) distribute the Output to any third party for a fee or other thing of value.

(b) Licensee represents, warrants and agrees that:

(i) It is a Freddie Mac Servicer;

(ii) It will use the Licensed Material solely in connection with HAMP as administered by Freddie Mac and Fannie Mae on behalf of the U.S. Department of the Treasury, and then solely for Mortgages owned, securitized or guaranteed by Freddie Mac and in accordance with all instructions from Freddie Mac with respect to HAMP;

(iii) All Mortgage information submitted to or through the Licensed Software is related to Mortgages that are owned, securitized or guaranteed by Freddie Mac and that Licensee has initially determined may be eligible for inclusion in HAMP under the terms of Chapter C65 of the Guide as supplemented from time to time by Freddie Mac in a Bulletin or other communication;

(iv) The Output is numerical output from the Licensed Software and does not constitute, in whole or in part, a decision regarding the credit worthiness of the Borrower in question or a decision relating to the extension of credit;

(v) It will not make any decision that a Borrower is ineligible for HAMP solely based upon the Output;

(vi) If the Licensed Software does not predict that a Borrower will imminently default under the terms of the Mortgage in question, then Licensee will manually evaluate the Borrower to determine whether the Borrower meets the definition of Imminent Default set forth in Guide Chapter C65 as supplemented from time to time by Freddie Mac in a Bulletin or other communication, and Licensee will not deny the Borrower a modification under HAMP on the basis of the Output; and

(vii) It will take each and every action required under all applicable federal, State and local laws relating to the use of the Licensed Material, including the Output, and the Imminent Default Test.

Licensee's agreements in this subsection (b) are both a covenant and a condition to Licensee's right to use the Licensed Material.

(c) Licensee recognizes that the Licensed Material constitutes proprietary and confidential information and trade secrets belonging to Freddie Mac. Licensee agrees to treat the Licensed Material as strictly confidential and not to disclose or permit the disclosure of the Licensed Material to any third party without Freddie Mac's prior written consent, except as specified in Section 3(a) above or in the Guide. Licensee will reproduce without modification on each copy of the Licensed Material all copyright and other proprietary notices provided by Freddie Mac and will ensure that all such copies are marked "Confidential" in a prominent location.

4. **Fees**. Licensee's use of the Licensed Material will be at no charge. Licensee will be responsible for payment of all applicable sales, use and similar taxes, if any, associated with this Agreement and Licensee's use of the Licensed Material, and agrees to pay all such taxes upon demand.

5. **Ownership of Licensed Material; Infringement Claims**.

(a) Licensee acknowledges that Licensee has no ownership or other interest in the Licensed Material, except to the extent of the rights expressly granted herein. All applicable rights to copyrights, trade secrets, patents, trademarks and other rights in and to the Licensed Material will belong to and remain with Freddie Mac.

(b) Freddie Mac represents that, to the best of Freddie Mac's knowledge without independent investigation, it has the right to grant to Licensee the rights granted by this Agreement. If a claim is made against Licensee by a third party alleging that the Licensed Material, or any portion thereof, violates the patent, trademark, copyright or other proprietary rights of a third party, Licensee will immediately notify Freddie Mac, and Freddie Mac will have the right to terminate the Agreement, effective immediately upon notice to Licensee.

6. **"AS IS"; Limitation of Liability**. In consideration of the Licensed Material being provided to Licensee, Licensee agrees as follows:

(a) LICENSEE ACCEPTS THE LICENSED MATERIAL IN ITS "AS IS" CONDITION WITH NO WARRANTIES WHATSOEVER AND USES THE LICENSED MATERIAL AT ITS OWN RISK. FREDDIE MAC DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE FOREGOING, FREDDIE MAC DOES NOT WARRANT THAT THE ACTUAL PERFORMANCE OF ANY MORTGAGE WILL BE AS PREDICTED BY THE LICENSED MATERIAL OR THAT THE LICENSED SOFTWARE WILL BE FREE OF ERRORS OR VIRUSES OR OTHER DESTRUCTIVE CODE OR OPERATE WITHOUT INTERRUPTION.

(b) In no event will Freddie Mac be liable to Licensee or any other party for indirect, special, incidental, exemplary or consequential damages (including, without limitation, damages for loss of data or programming, loss of revenue or profits or loss of business) arising out of or related to use of or inability to use the Licensed Material or otherwise under this Agreement, regardless of the nature or basis of the claim, including, but not limited to, tort, contract or strict liability claims, even if Freddie Mac has been advised of the possibility of such damages. Without limiting the foregoing, Freddie Mac will have no liability to Licensee for third party claims made against Licensee.

(c) In the event that Freddie Mac is liable to Licensee for any claims, losses, damages, costs or expenses arising out of or related to the Licensed Material or this Agreement, Freddie Mac's aggregate liability to Licensee will in no event exceed the amount of any actual monetary losses, damages, costs and expenses suffered, up to, and not in excess of, One Hundred Dollars ($100).

(d) Licensee agrees to indemnify and defend Freddie Mac and hold it harmless from and against any and all third party claims and related damages, judgments, liabilities, fines, penalties, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to Licensee's use of the Licensed Material, other than claims arising directly out of the violation of applicable laws by the Licensed Material itself. Licensee will have the right to control the defense and settlement of any such claims, subject to Freddie Mac's consent, which will not be unreasonably withheld. Freddie Mac will provide Licensee with notice of any such claim promptly after it comes to Freddie Mac's attention and will provide reasonable cooperation and assistance in the defense or settlement of the claim, at Licensee's sole cost and expense.

7. **Term; Termination**.

(a) The term of this Agreement will commence on the date that Licensee first submits data for evaluation by the Licensed Software and will continue until terminated by either party upon notice to the other party, effective on the date specified in the notice. Notwithstanding the provisions of Section 8(g) below, at the terminating party's option, notice will be deemed sufficient if made by telephone and confirmed by any means set forth in Section 8(g) within five (5) business days, in which case notice will be deemed to have been given at the time of the telephone call.

(b) Upon the expiration or earlier termination of this Agreement, Licensee will have no further right to use or retain the Licensed Material, except that Licensee may retain and continue to use a copy of the Output to the extent required by HAMP, the Guide, Licensee's normal internal quality control processes or Licensee's normal document retention protocols, in each case subject to the provisions of this Agreement.

8. **General Provisions**.

(a) This Agreement will be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the Commonwealth of Virginia, without regard to the choice of law provisions of such state.

(b) This Agreement and the rights and obligations of Licensee hereunder will not be assignable or delegable by Licensee without Freddie Mac's prior written consent, which may be granted or withheld in its sole discretion, except that Freddie Mac's consent will not be required for an assignment by Licensee of its rights hereunder to any affiliate or subsidiary of Licensee, or to any successor by merger or acquisition of substantially all of its assets, which affiliate, subsidiary or successor assumes the obligations of Licensee hereunder and will thereafter be substituted for Licensee for all purposes under this Agreement. Subject to the foregoing provisions, this Agreement will be binding upon the parties hereto and their agents, directors, officers, partners, principals, employees, successors and assigns.

(c) No modification or waiver of any provision of this Agreement will be valid unless such modification or waiver is in writing and signed by the party against whom it is sought to be enforced. No waiver at any time of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement.

(d) If one or more of the provisions, or any portion of one or more of the provisions, of this Agreement are held for any reason to be invalid, illegal or unenforceable, such status will not affect any other provisions of this Agreement, and the Agreement will be construed and enforced as if such invalid, illegal or unenforceable provisions (or the portions thereof that are invalid, illegal or unenforceable) had not been contained herein.

(e) Subject to the provisions of Section 6, the parties' rights and remedies under this Agreement are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity. In addition to any provisions of this Agreement, which by their terms contemplate performance after the end of the term of the Agreement, the parties' confidentiality and indemnification obligations will survive the expiration or earlier termination of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties, superseding any prior agreements or understandings, oral or written between Freddie Mac and Licensee with respect to the Licensed Material. Statements that add to or vary the terms of this Agreement or the Licensed Material do not constitute representations or warranties by Freddie Mac and should not be relied upon.

(g) All notices required or permitted hereunder to be effective must be in writing and will be deemed effective (i) upon delivery to the recipient in person or by an express carrier with guaranteed next business day delivery, (ii) three (3) days after mailing by registered or certified mail, postage prepaid, return receipt requested, or (iii) upon delivery by facsimile. In addition, Freddie Mac may provide notices in the manner described in Section 7(a) above. Notices to Freddie Mac must be addressed to:

Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110
Deputy General Counsel, Mortgage Law

Or such other address as the Freddie Mac identifies to the Licensee in writing or as made publicly available on the Freddie Mac's primary website which is currently http://www.freddiemac.com. Notices to Servicer may be sent to the Servicer's address on record with Freddie Mac.

(h) Nothing contained in this Agreement will be construed to create any association, partnership or joint venture or any agency or employer-employee relationship between Freddie Mac and Licensee.

This Purchase Contract Confirmation confirms the terms of the commitment of the Seller named below to sell to the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “FHLMC”) conventional Home Mortgages or undivided interest in conventional Home Mortgages in total principal amount to be purchased by Freddie Mac as stated herein, on the terms stated below, in accordance with the Purchase Documents as defined in the *Single-Family Seller/Servicer Guide*, all of which are fully incorporated into such commitment by reference.

This also confirms that all Mortgages sold under the commitment confirmed by this Purchase Contract Confirmation will be serviced in accordance with the terms of the unitary, indivisible master servicing contract comprised of the *Single-Family Seller/Servicer Guide*, applicable bulletins, the applicable MIDANET Users’ Guide (or the MIDAPHONE Users’ Guide), and any other applicable purchase documents, all of which are fully incorporated herein by reference.

The terms of the Purchase Documents in effect on the Date of the Master Commitment shall apply to all purchase contracts under mandatory delivery master commitments. Unless otherwise agreed by Freddie Mac and the Seller, the terms of the Purchase Documents in effect on the Date of Seller’s Offer shall apply to all other purchase contracts, including mandatory delivery purchase contracts under optional delivery master commitments.

Offer Accepted by Freddie Mac

FHLMC Product Number .....

Program.....

Purchase Contract Number .....

Delivery Date .....

Contract Commitment Amount ..... $ (Freddie Mac’s Interest)

Master Commitment Number.....

Minimum Servicing Fee ..... %

Net Yield to Freddie Mac ..... %

Date of Seller’s Offer .....

Date of Acceptance .....

S/S:
Seller:
Address:

Federal Home Loan Mortgage Corporation

This Purchase Contract Confirmation confirms the terms of the commitment of the Seller named below to sell to the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") conventional Home Mortgages or undivided interest in conventional Home Mortgages in total principal amount to be purchased by Freddie Mac as stated herein, on the terms stated below, in accordance with the Purchase Documents as defined in *the Single-Family Seller/Servicer Guide*, all of which are fully incorporated into such commitment by reference.

This also confirms that all Mortgages sold under the commitment confirmed by this Purchase Contract Confirmation will be serviced in accordance with the terms of the unitary, indivisible master servicing contract comprised of the *Single-Family Seller/Servicer Guide*, applicable bulletins, the applicable MIDANET Users' Guide (or the MIDAPHONE Users' Guide), and any other applicable purchase documents, all of which are fully incorporated herein by reference.

The terms of the Purchase Documents in effect on the Date of the Master Commitment shall apply to all purchase contracts under mandatory delivery master commitments. Unless otherwise agreed by Freddie Mac and the Seller, the terms of the Purchase Documents in effect on the Date of Seller's Offer shall apply to all other purchase contracts, including mandatory delivery purchase contracts under optional delivery master commitments.

---------- Offer Accepted by Freddie Mac ----------

FHLMC Product Number .....
Program
Purchase Contract Number .....
Delivery Date .....
Contract Commitment Amount ..... $
(Freddie Mac's Interest)
Master Commitment Number .....
Minimum Servicing Fee ..... %
Minimum Margin Servicing Fee ..... %
Minimum LOLN Cap Servicing Fee ..... %
Initial Net Yield to Freddie Mac ..... %
Required Margin ..... %
Date of Seller's Offer .....
Date of Acceptance .....

S/S:
Seller:
Address:

, -

Federal Home Loan Mortgage Corporation
By Signature Authority of:

David A. Andrukonis
S.V.P. / G.M. Seller Division

Subject to the terms and conditions of the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide), the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") hereby accepts the offer of the Seller named below on the terms stated below (1) to sell to Freddie Mac mortgages or participation interest in mortgages ("Mortgages") in accordance with the Purchase Documents as defined in the Guide, all of which are fully incorporated herein by reference, and (2) to purchase from Freddie Mac mortgage participation certificates (PC's) representing undivided interests in such Mortgages pursuant to the offering circular for mortgage participation certificates applicable to the program specified below in effect on the Date of Seller's Offer.

Unless otherwise agreed by Freddie Mac and the Seller, (i) the terms of the Purchase Documents in effect on the Date of Seller's Offer shall apply for sales under mandatory delivery Guarantor contracts and (ii) the terms of the Purchase Documents in effect on the Date of Delivery shall apply for sales under optional delivery Guarantor contracts.

---------- Offer Accepted by Freddie Mac ----------

FHLMC Product Number .....
Program
Purchase Contract Number .....
Delivery Date .....
Contract Commitment Amount ..... $
(Freddie Mac's Interest)
Master Commitment Number .....
Minimum Servicing Fee..... %
Required Spread..... %
Date of Seller's Offer .....
Date of Acceptance .....
Nonrefundable Commitment Fee ..... $
(The Commitment Fee must be submitted with
an executed copy of this Summary Agreement)

Special Instructions:

Receipt of Contract Hereby Acknowledged by Seller

S/S:
Seller:
Address:

BY: _____
Signature of Authorized Representative

_____
Print Name and Title

Date of Acknowledgement ___ / ___ / ___

Federal Home Loan Mortgage Corporation
By Signature Authority of:

David A. Andrukonis
S.V.P. / G.M. Seller Division

Agreement to Service Mortgages
The Seller hereby agrees to service all Mortgages sold hereunder in accordance with the terms of the unitary, indivisible master servicing contract comprised of the *Single-Family Seller/Servicer Guide*, applicable bulletins, the applicable MIDANET Users' Guide (or the MIDAPHONE Users' Guide), and any other applicable purchase documents, all of which are fully incorporated herein by reference.

BY: _____
Signature of Authorized Representative

_____
Print Name and Title

Date of Acknowledgement ___ / ___ / ___

This contract is signed pursuant to a telephone commitment.

Execute in duplicate and submit either copy to
Freddie Mac.

Freddie Mac
We make home possible®

Form 4

Convertible Mortgage Conversion Confirmation

THE FEDERAL HOME LOAN MORTGAGE CORPORATION ("FREDDIE MAC") HEREBY CONFIRMS NOTIFICATION BY THE SERVICER NAMED BELOW ("SERVICER") OF THE CONVERSION OF THE CONVERTIBLE ADJUSTABLE RATE MORTGAGE DESCRIBED BELOW TO A FIXED RATE OF INTEREST ("CONVERTED MORTGAGE").

SERVICER HEREBY AGREES TO REMIT TO FREDDIE MAC PRINCIPAL AND INTEREST ON THE CONVERTED MORTGAGE AT THE REQUIRED NET YIELD, SET FORTH BELOW, AS REQUIRED BY SECTION 80.4.2 OF THE FREDDIE MAC SINGLE-FAMILY SELLER/SERVICER GUIDE.

MORTGAGE CONVERSION ACCEPTED BY FREDDIE MAC

LOAN NUMBER TO BE CONVERTED: 999999999

REQUIRED NET YIELD: XX.XXX%
MINIMUM SERVICING FEE: XX.XXX%

DATE OF SERVICER'S NOTIFICATION: XX/XX/XX
EFFECTIVE CONVERSION DATE: XX/XX/XX
DELIVERY DUE DATE: XX/XX/XX
CONVERSION PROGRAM: XXXXXXXXXXXXXXX

ARC LOAN - MONTHLY P&I REMITTANCES DUE 3 BUSINESS DAYS AFTER ACCOUNTING CUTOFF
BUY-UP PROCEEDS = XX.XX BASIS POINTS

LOAN PROPERTY ADDRESS:
XXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXX, XX XXXXXX

DELIVER NOTE MODIFICATION AND EXECUTED FORM 4 TO FREDDIE MAC AT:
FREDDIE MAC
8250 JONES BRANCH DRIVE
MAILSTOP A2B
MCLEAN, VA 22102-3110
ATTN: CUSTOMER SUPPORT

NOTE MODIFICATION DATA TO BE COMPLETED BY SERVICER

FIXED RATE NOTE COUPON: %

ESTIMATED UNPAID PRIN BAL AT CONVERSION DATE: $

CONVERTED P & I AMOUNT: $

RECEIPT OF CONVERSION CONFIRMATION HEREBY ACKNOWLEDGED BY SERVICER

SERVICER'S FREDDIE MAC SELLER/SERVICER NUMBER: 999999

DATE OF ACKNOWLEDGMENT: __/__/__

BY:

AUTHORIZED REPRESENTATIVE (SEAL)

(TYPE NAME AND TITLE)

XXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXX XX XXXXXXXXX

AUTHORIZED REP:
PHONE NUMBER:

EXECUTE IN DUPLICATE AND SUBMIT EITHER COPY TO THE ABOVE FREDDIE MAC OFFICE WITH NOTE MODIFICATION.

Subject to the terms and conditions of the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide), the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") hereby accepts the offer of the Seller named below on the terms stated below (1) to sell to Freddie Mac mortgages or participation interest in mortgages ("Mortgages") in accordance with the Purchase Documents as defined in the Guide (all of which are fully incorporated herein by reference) and (2) to purchase from Freddie Mac mortgage participation certificates (PC's) representing undivided interest in a pool of mortgages of which such mortgages are a part, which PC's are described in Freddie Mac's offering circular for Mortgage Participation Certificates as in effect on the Date of Seller's Offer and has the PC Coupon and PC Pool number set forth below.

Unless otherwise agreed by Freddie Mac and the Seller, (i) the terms of the Purchase Documents in effect on the Date of Seller's Offer shall apply for sales under mandatory delivery contracts, including mandatory delivery purchase contracts under optional delivery master commitments, (ii) the terms of the Purchase Documents in effect on the Date of Delivery shall apply for sales under optional delivery purchase contracts, excluding optional delivery purchase contracts under mandatory delivery master commitments, and (iii) the terms of the Purchase Documents in effect on the Date of the Master Commitment shall apply to all purchase contracts under mandatory delivery master commitments.

---------- Offer Accepted by Freddie Mac ----------

FHLMC Product Number .....
Program
Purchase Contract Number .....
Delivery Date .....
Contract Commitment Amount ..... $
(Freddie Mac's Interest)
Master Commitment Number .....
Minimum Servicing Fee..... %
Required Spread..... %
Date of Seller's Offer .....
Mortgage Coupon Range ..... - %, inclusive
PC Coupon..... %
CUSIP Number .....
Last Settlement Date.....
Commitment Fee ..... $
(The Commitment Fee must be submitted with
an executed copy of this Purchase Contract)

Special Instructions:

Receipt of Contract Hereby Acknowledged by Seller

S/S:
Seller:
Address:

BY: _____
Signature of Authorized Representative

_____
Print Name and Title

Date of Acknowledgement ___ / ___ / ___

Federal Home Loan Mortgage Corporation
By Signature Authority of:

David A. Andrukonis
S.V.P. / G.M. Seller Division

Agreement to Service Mortgages
The Seller hereby agrees to service all Mortgages sold hereunder in accordance with the terms of the unitary, indivisible master servicing contract comprised of the *Single-Family Seller/Servicer Guide*, applicable bulletins, the applicable MIDANET Users' Guide (or the MIDAPHONE Users' Guide), and any other applicable purchase documents, all of which are fully incorporated herein by reference.

BY: _____
Signature of Authorized Representative

_____
Print Name and Title

Date of Acknowledgement ___ / ___ / ___

This contract is signed pursuant to a telephone commitment.

Execute in duplicate and submit either copy to
Freddie Mac.

This Purchase Contract Confirmation confirms the terms of the commitment of the Seller named below to sell to the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") conventional Home Mortgages or undivided interest in conventional Home Mortgages in total principal amount to be purchased by Freddie Mac as stated herein, on the terms stated below, in accordance with the Purchase Documents as defined in the *Single-Family Seller/Servicer Guide*, all of which are fully incorporated into such commitment by reference.

This also confirms that all Mortgages sold under the commitment confirmed by this Purchase Contract Confirmation will be serviced in accordance with the terms of the unitary, indivisible master servicing contract comprised of the *Single-Family Seller/Servicer Guide*, applicable bulletins, the applicable MIDANET Users' Guide (or the MIDAPHONE Users' Guide), and any other applicable purchase documents, all of which are fully incorporated herein by reference.

The terms of the Purchase Documents in effect on the Date of the Master Commitment shall apply to all purchase contracts under mandatory delivery master commitments. Unless otherwise agreed by Freddie Mac and the Seller, the terms of the Purchase Documents in effect on the Date of Seller's Offer shall apply to all other purchase contracts, including mandatory delivery purchase contracts under optional delivery master commitments.

---------- Offer Accepted by Freddie Mac ----------

Program .....
FHLMC Product Number .....
Purchase Contract Number .....
Master Commitment Number .....
Delivery Date .....
Contract Commitment Amount ..... $
Servicing Fee ..... %
Date/Time of Pricing ..... /

S/S:
Seller:
Address:

, -

Federal Home Loan Mortgage Corporation
By Signature Authority of:

David A. Andrukonis
S.V.P. / G.M. Seller Division

Freddie Mac
We make home possible®

Form 11

Mortgage Submission Schedule

FORM 11 FORMAT - FIXED-RATE LOAN DETAIL

COMPLETE FOR ALL MORTGAGES:

FHLMC LOAN #: SELLER/SERVICER #: CONTRACT #: CONTROL #: (Freddie Mac Use only)

LOAN ORIGINATOR IDENTIFIER: APPRAISER'S STATE LICENSE NUMBER:

LOAN ORIGINATION COMPANY IDENTIFIER: SUPERVISORY APPRAISER'S STATE LICENSE NUMBER:

CURRENT UPB: INTEREST PAID TO DATE: DATE OF NOTE:

ORIGINAL LOAN AMOUNT: DATE OF FIRST P&I PAYMENT: MONTHLY P&I PAYMENT:

NOTE INTEREST RATE: NOTE MATURITY DATE: LOAN FEATURE CODE:

PROPERTY TYPE CODE: NUMBER OF DWELLING UNITS: PURPOSE OF LOAN CODE:

LOAN-TO-VALUE RATIO: BORROWER NAME: CO-BORROWER NAME:

PROPERTY STREET ADDRESS: PROPERTY CITY:

PROPERTY STATE: PROPERTY ZIP CODE:

SELLER/SERVICER LOAN #: MIN #:

COMPLETE FOR EQUAL/TPM MORTGAGES ONLY:

BORROWER'S FIRST PAYMENT CHANGE DATE: BORROWER'S INITIAL P&I PAYMENT: YEARLY PAYMENT INCREASE %:

COMPLETE FOR ALL MORTGAGES:

BORROWER'S SOCIAL SECURITY #: REDUCED DOCUMENTATION (Y/N):

CO-BORROWER'S SOCIAL SECURITY #:

MI CERTIFICATE #: MI CODE: MI LOSS COVERAGE %:

CSV: CST:

CONDO/PUD NAME: CONDO/PUD PROJECT TYPE:

HOEPA STATUS: RATE SPREAD:

BORROWER RACE: 1. 2. 3. 4. 5. FIRST-TIME HOMEBUYER:

BORROWER ETHNICITY: BORROWER GENDER: BORROWER AGE: BORROWER DATE OF BIRTH:

CO-BORROWER RACE: 1. 2. 3. 4. 5.

CO-BORROWER ETHNICITY: CO-BORROWER GENDER: CO-BORROWER AGE: CO-BORROWER DATE OF BIRTH:

NUMBER OF BORROWERS: YEAR BUILT: MONTHLY HOUSING EXPENSE:

NUMBER OF BEDROOMS—UNIT 1: UNIT 2: UNIT 3: UNIT 4:

GROSS MONTHLY RENT—UNIT 1: UNIT 2: UNIT 3: UNIT 4:

MONTHLY DEBT PAYMENT: MONTHLY INCOME:

Form 11
Mortgage Submission Schedule

FORM 11 FORMAT - FIXED-RATE LOAN DETAIL (PAGE 2):

REF CODE: ASSOC FHLMC LOAN #: MOD/CONV DATE:

PURCHASE PRICE: APPRAISED VALUE:

SPECIAL CHARACTERISTICS CODES: SCC 1: SCC 2: SCC 3: SCC 4: SCC 5: SCC 6:

SCC 7: SCC 8: SCC 9: SCC 10:

AUS#:

OFFERING CODE:

SECONDARY FINANCING SOURCES/AMOUNTS: 1: / 2: /

AFFORDABLE HOUSING INITIATIVE MORTGAGES ONLY:

DOWN PAYMENT SOURCES AMOUNTS: 1: / 2: / 3: / 4: /

CLOSING COSTS SOURCES AMOUNTS: 1: / 2: / 3: / 4: /

BORROWER EDUCATION ADMINISTRATOR/FORMAT: 1: / 2: /

MORTGAGES SOLD THROUGH THE SELLING SYSTEM SERVICING RELEASED SALES PROCESS ONLY:

BORROWER MAILING ADDRESS DIFFERENT FROM PROPERTY ADDRESS: (Y/N):

US ADDRESS (Y/N):

STREET ADDRESS:

CITY/STATE/ZIP:

OTHER FUNDS COLLECTED:

ESCROW DEPOSIT:

BUYDOWN:

OTHER 1 CODE/$: /

OTHER 2 CODE/$: /

ESCROW (Y/N):

PROPERTY TAXES:

STATE:

CITY:

COUNTY:

TOWNSHIP:

OTHER CODES:

MONTHLY INSURANCE:

MORTGAGE:

HAZARD:

FLOOD:

EARTHQUAKE:

OTHER 1 CODE/$: /

OTHER 2 CODE/$: /

OTHER 3 CODE/$: /

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Freddie Mac Loan Number	A Freddie Mac supplied number assigned to the Mortgage by the Seller/Servicer.	Mandatory	9-digit Freddie Mac provided number	
Seller/Servicer #	A unique identification number that Freddie Mac assigns to each Seller/Servicer.	Mandatory	6-digit number	When using MIDANET® for the PC, this information is used to sign into the application and automatically populates each loan within that delivery.
Seller/Servicer Loan Number	The unique identification number assigned by Seller to the Mortgage.	Optional		
Contract Number	The number of the Freddie Mac Purchase Contract under which these Mortgages are sold.	Mandatory *automatically populated from the Form 381*	10-digit number	When using MIDANET for the PC, this information is entered into the Form 381 and automatically populates each loan within that delivery.
Mortgage Identification Number (MIN)	The unique number assigned to each loan registered on the Mortgage Electronic Registration System (MERS).	Mandatory *for MERS loans only*		
Loan Originator Identifier	The Loan Originator's identifier as assigned by the Nationwide Mortgage Licensing System (NMLS).	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Loan Origination Company Identifier	The Loan Origination Company's identifier as assigned by the NMLS.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Appraiser's State License Number	The field appraiser's State license number (or State certification number in the absence of a license number) issued by the State in which the subject property is located.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Supervisory Appraiser's State License Number	The supervisory appraiser's State license number (or State certification number in the absence of a license number) issued by the State in which the subject property is located.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		Required in all cases where the appraisal report was signed by a supervisory appraiser.

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Date of Note	The original Note Date.	Mandatory		For Converted Mortgages, Seller-Owned Modified Mortgages and Mortgages with curtailments, the **Date of Note** must be the original Note Date. For Newly Built Home Mortgages, the Date of Note must be the Note Date of the Mortgage. For Construction Conversion Mortgages and Renovation Mortgages: • Using Integrated Documentation, the Date of Note must be the original Note Date of the integrated Interim Construction Financing and Permanent Financing documentation. • Using Separate Documentation, the Date of Note must be the Note Date of the Permanent Financing documentation. • Using Modification Documentation, the Date of Note must be the original Note Date of the Interim Construction Financing documentation. • For Energy Conservation Mortgages the Date of Note must be the date of Mortgage funding and not the anticipated date of final disbursement of the Escrow Funds
Original Loan Amount	The original principal amount of the loan as indicated on the Note or the loan amount at time of Note modification or conversion.	Mandatory	Whole Dollars only (*omit the cents)*	For Mortgages with capitalized balances, the unpaid principal balance (UPB) of the Mortgage rounded up to the next dollar, including all capitalized amounts, as of the date of the most recent monthly payment on the Mortgage. For Seller-Owned Modified Mortgages, the loan amount as of the modification date. For Converted Mortgages, the loan amount as of the Conversion Date. For Construction Conversion Mortgages and Renovation Mortgages, the loan amount of the Permanent Financing. For Mortgages with curtailments, the original principal amount of the loan as indicated on the Note, not the curtailed amount. For Mortgages with future advances made before the Delivery Date, the consolidated principal amount. For Financed Permanent Buydown, the original principal amount stated in the Note plus the amount needed to finance discount points paid to the lender.

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Loan to Value Ratio	The ratio obtained by dividing the original loan amount by the lesser of the property's appraised value or its purchase price.	Mandatory	Enter the original loan to value ratio as a numeral only. *For example, 95% is entered as 95.* Always round up to the next whole number. *For example, 94.01 is entered as 95.*	For Financed Mortgage Insurance Mortgages, the LTV ratio must equal the Gross LTV ratio. Note: Freddie Mac will calculate the LTV ratio for each Mortgage it purchases based on data delivered by the Seller. Freddie Mac will calculate the LTV ratio to two decimal places and round the result of that calculation up to the next whole number.
Note Interest Rate	The original interest rate as indicated on the Note.	Mandatory	The rate should be entered to three decimal places *For example, 10.5% should be entered as 10.500*	For Seller-Owned Modified Mortgages, the rate in effect after modification. For Converted Mortgages, the rate in effect as of the Conversion Date. For Construction Conversion Mortgages and Renovation Mortgages, the rate in effect for the Permanent Financing.
Monthly P&I Payment	The full monthly principal and interest (P&I) payment as indicated on the note (excluding taxes and any insurance).	Mandatory	This amount should include dollar and cents	For Home Possible® Mortgages, the Monthly P&I Payment must equal the actual monthly P&I payment and not the subsidized monthly payment for Mortgages using MCCs. For Seller-Owned Modified Mortgages, the monthly P&I payment in effect after modification. For Converted Mortgages, the monthly P&I payment in effect after conversion. For Construction Conversion Mortgages and Renovation Mortgages, the monthly P&I payment for the Permanent Financing. For Mortgages with curtailments, the amount of the first full monthly P&I payment as indicated on the Note.
Date of First P&I Payment	The Due Date of the first full principal & interest (P&I) payment, as indicated on the Note.	Mandatory		For Mortgages with capitalized balances, the current "interest paid to" date of the Mortgage. For Seller-Owned Modified Mortgages, the due date of the first full P&I payment of the modified Mortgage. For Converted Mortgages, the due date of the first full P&I payment of the Converted Mortgage. For Construction Conversion Mortgages and Renovation Mortgages: • Using Integrated Documentation, the due date of the first P&I payment of the Permanent Financing. • Using Separate Documentation, the due date of the first P&I payment of the Note for the Permanent Financing. • Using Modification Documentation, the due date of the first P&I payment after the Date of the Modification Agreement, or if a new Note is used with the Modification Agreement, the due date of the first P&I payment under the new Note.

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Note Maturity Date	The date of the final monthly P&I Payment, as indicated on the Note.	Mandatory		For Balloon/Reset Mortgages, the maturity date should equal the Balloon/Reset Date. For Mortgages with capitalized balances, the actual recomputed maturity date based on the actual principal and interest payment currently applicable. For Energy Conservation Mortgages, the Maturity Date must be determined using the date of Mortgage funding and not the anticipated date of final disbursement of the Escrow Funds. For Seller-Owned Modified Mortgages, the maturity date of the Note after modification. For Mortgages with curtailments, the date of the final monthly P&I payment disregarding the effect of any curtailment.
Current UPB	The scheduled unpaid principal balance of the Mortgage in the month of funding reduced for principal due in the month of settlement and prepaid installments and curtailments, if any.	Mandatory	This amount should include dollar and cents	For additional Gold Cash® and Guarantor delivery instructions regarding the UPB, see Sections 17.4, 17.5 and 17.6. For Mortgages sold through the Servicing Released Sales Process, see the additional instructions in Section 17.4(c). For Mortgages with curtailments, the scheduled UPB of the Mortgage in the month of funding reduced for principal due in the month of settlement, prepaid installments and curtailments.
Interest Paid to Date	The Due Date of the most recent monthly P&I Payment made by the Borrower as of the Settlement Date.	Mandatory		For Mortgages sold through the Servicing Released Sales Process, see Section 17.4(c) for delivery instructions regarding the “interest paid to” date. Refer to Sections 17.4(c), 17.5(c) and 17.6(c) for additional information regarding the “interest paid to” date.
Borrower Name	The name of the Borrower who is obligated to repay the Note secured by the Property.	Mandatory	Enter the Borrower’s last name, then a comma, followed by the first initial or name. *For example, John Smith should be entered as Smith, J. or Smith, John*	
Co-Borrower Name	The name of a second Borrower who is obligated to repay the Note secured by the Property. The term “Co-Borrower” is used to distinguish between multiple Borrowers, not to rank Borrowers. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory *if more than 1 Borrower exists*	Enter Borrower’s last name, then a comma, followed by the first initial or name. *For example, John Smith should be entered as Smith, J. or Smith, John*	

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Purpose of Loan Code	Describes how the loan proceeds will be used.	Mandatory	The valid **Purpose of Loan Codes** are: 1 = Purchase (owner-occupied) 2 = Refinance (owner-occupied) 3 = Purchase (investment property) 4 = Second Home (purchase or refinance) 5 = Refinance (investment property)	For a **refinance Mortgage** (loan purpose codes 2, 4 and 5) you must designate in the SCC fields whether the loan was a cash-out or no cash-out refinance. Use one of the following SCCs: 003 = cash-out refinance or 007 = no cash-out refinance See Chapter 17 for more details on delivery instructions. See Section K33.6 for instructions on when a Construction Conversion or Renovation Mortgage is a refinance transaction.
Loan Feature Code	Describes features associated with a Mortgage.	Mandatory *for loans with the additional mortgage features listed*	The valid **Loan Feature Codes** are: blank = No Feature B = Buydown Plan R = Premium Financing funded buydown plan on purchase transaction Mortgages S = Shared Equity Plan X = Shared Equity/Buydown Plan K = Capitalized Mortgage F = FHA Loan V = VA Loan N = Native American Mortgage H = Guaranteed Rural Housing or Home Possible Mortgages with Rural Housing Services Leveraged Seconds	

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Property Type Code	The type of property secured by the Mortgage.	Mandatory	The valid **Property Type Codes** are: 1 = Condominium 2 = Leasehold 3 = PUD 4 = Manufactured Housing 5 = 1-4 Family Fee Simple	For property type code "4" (Manufactured Housing), the Manufactured Housing must be classified as "real property" under the laws of the State in which the property is located. For property that may be coded in more than one category, code in the following priority: A. Code manufactured housing (code 4) over all other code values (condominium/cooperatives, leasehold, PUD, 1-4 family fee simple). B. Code condominium/cooperative (code 1) over all other code values except manufactured housing. C. Code leasehold (code 2) over PUD and 1-4 family fee simple. D. Code PUD (code 3) (planned unit developments, planned communities or other land subdivisions where individual parcels are subject to community association covenants and restrictions) over 1-4 family fee simple; a PUD may consist of either or both single-family detached houses or townhouses/row houses. E. Code 1-4 family fee simple (code 5) if not manufactured housing, a condominium/cooperative unit, leasehold or PUD. A townhouse or row house may be included in this category if it is not subject to community association covenants and restrictions.
Property Address	The address of the property.	Mandatory		
City	The city where the property is located.	Mandatory		
State	The state where the property is located.	Mandatory	The abbreviation used must be the U.S. Postal Service State abbreviation.	
Zip Code	The zip code where the property is located.	Mandatory	The zip code field allows for 9 digits to be entered, if available. Do not enter the hyphen for the full zip. *For example, 12345-6789 should be entered as 123456789.*	
Borrower's First Payment Change Date	The first date the Borrower's monthly P&I payment will change.	Not Applicable		
Borrower's Initial P&I Payment	The first P&I payment as indicated on the Note.	Not Applicable		

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Yearly Payment Increase %	The percentage by which the Borrower's scheduled monthly payments may increase each year.	Not Applicable		
Number of Dwelling Units	The number of dwelling units in the property.	Mandatory	For Freddie Mac's Single Family program, the valid number of units are 1-4. Use 1, 2, 3 or 4 in this field indicating the number of units.	
Purchase Price	The purchase price of the property, net of any adjustments made for sales concessions.	Mandatory *except for refinance transactions*	Whole Dollars only (*round to the nearest dollar).* Leave Blank for refinance transactions.	The Purchase Price is mandatory when the Purpose of Loan code is 1, 3, or 4 (purchase only).
Total Appraised Value	For a purchase transaction Loan Prospector® Mortgage, either (i) the purchase price if the property if supported by Freddie Mac's Home Value models, or (ii) the lesser of the appraised value of the property on the Origination Date or the purchase price of the property. For a refinance Loan Prospector Mortgage, either (i) the Borrower's estimate of value if supported by Freddie Mac's Home Value models, or (ii) the appraised value of the property on the Origination Date. For a Non-Loan Prospector purchase Mortgages, the lesser of (i) the appraised value of the Mortgaged Premises on the Origination Date, or (ii) the purchase price of the property. For a Non-Loan Prospector refinance transaction, the value of the property on the Origination Date. For super conforming Mortgages with LTV/TLTV/HTLTV ratios greater than or equal to 75% and value of Mortgaged Premises greater than $1 million, lower of the appraised value or the field review (Form 1032 or Form 1072, as applicable) value.	Mandatory	Whole Dollars only (*round to the nearest dollar)*	See Section 23.1 for more details. See Section L33. 6 for additional information regarding appraisal and collateral documentation requirements and Section 17.44 for additional information regarding delivery requirements for super conforming Mortgages.
Borrower Social Security Number	The social security number of the Borrower.	Mandatory	Valid 9-digit social security number	
Co-Borrower Social Security Number	The social security number of the Co-Borrower, if more than one Borrower exists. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory *if more than 1 Borrower exists*	Valid 9-digit social security number	

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Reduced Documentation	Indicates whether the loan was underwritten using reduced documentation.	Not Applicable		
MI Certificate	The certificate number of the mortgage insurance policy covering the Property.	Mandatory *for loans over 80% LTV, or as otherwise specified*		If the MI CODE is **89, 97**, or left intentionally **blank** for the government guaranteed programs—this field should also be left blank.
MI Code	The code that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage, or the governmental insurance coverage.	Mandatory *for conventional Mortgages over 80% LTV, and certain government guaranteed programs*	See Exhibit 10 for Freddie Mac-approved mortgage insurers and MI Codes Additional valid values are: 89 = Section 502 Guaranteed Rural Housing (MIDANET deliveries only) 97 = Original LTV ratio greater than 80%, and mortgage insurance has been canceled prior to delivery Blank = FHA/VA or Section 184 Guaranteed Native American	
MI Loss Coverage%	The percentage of loss coverage that the mortgage insurance company is providing for the insured conventional Mortgage.	Mandatory *for conventional Mortgages over 80% LTV*	The percentage loss field is 3-digits. *For example, 20% coverage should be entered as 020*	This field should be blank if the MI CODE is **89, 97**, or left intentionally **blank.**
Credit Score Value (CSV)	The numeric value of the Indicator Score. See Section 37.5 for more details.	Mandatory *for Non-Loan Prospector Mortgages* Mandatory *for Mortgages sold through Servicing Released Sales Process*	Numeric field Blank = Credit Score is unusable due to significant inaccurate credit information or Credit Score is unusable or not available due to insufficient credit information	This field may be left blank for Non LP Mortgages when the CST = I (significant inaccurate credit information) or T (insufficient credit information). May generally be left blank for Loan Prospector Mortgages. See specific offering for Indicator Score requirements.

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Credit Score Type (CST)	The method used to select the Indicator Score entered into the CSV field. (See Section 37.5).	Mandatory *for Mortgages not processed through Loan Prospector* Mandatory *for Mortgages sold through Servicing Released Sales Process*	The **Credit Score Type (CST)** represents the method used to select the Indicator Score entered into the CSV field. The valid codes are: 1 = Middle/lower then lowest method 2 = Middle/lower then average method 3 = Average/average method I = Credit Score is unusable due to significant inaccurate credit information T = Credit Score is unusable or not available due to insufficient credit information	If you entered an Indicator Score in the CSV field, then you must also enter an Indicator Score selection method of 1, 2, or 3. Note: See Section 37.5 for more detailed information regarding the Indicator Score selection methods.
Condo/PUD Name	The legal name of the Condominium Project.	Mandatory *for Property Type 1 (condominiums) only*	Alphanumeric field	You are not required to deliver the PUD name.
Condo/PUD Project Type	The classification of the Condominium Project. See Chapter 42 for more details.	Mandatory *for Property Type 1 (condominiums) only*	The valid **Condo Project Type** codes are: 1 = New Condominium Project 2 = Established Condominium Project or 2- to 4-Unit Condominium Project 3 = Reciprocal review, streamlined review or Detached Condominium Project	For Condominium Unit Mortgages sold with full project warranties, the Seller should enter “1” if the project is a New Condominium Project and ”2” if the project is an Established Condominium Project or 2- to 4-Unit Condominium Project. For Condominium Unit Mortgages sold with limited or reduced project warranties, the Seller should enter”3” for reciprocal review, streamlined review and for a Detached Condominium Project. See Section 17.22(b) for additional information regarding completing this field for Condominium Projects. At this time Freddie Mac does not require PUD Project Type information.
HOEPA Status	Indicates whether a Mortgage is covered by the Home Ownership and Equity Protection Act.	Mandatory	The valid HOEPA Status codes that correspond to HOEPA Status of the Mortgage are: Y = HOEPA Mortgage N = Mortgage is not subject to requirements of HOEPA	A Y value for HOEPA Status means that the Mortgage is not eligible for purchase by Freddie Mac.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Rate Spread	For Mortgages with application dates before **October 1, 2009,** and Note Dates before **January 1, 2010** the spread between the annual percentage rate (APR) on a Mortgage and the rate on Treasury securities with comparable maturity periods. For Mortgages with application dates on or after **October 1, 2009**, and Mortgages with Note Dates on or after **January 1, 2010** (regardless of application date), the spread between the APR and the Average Prime Offer Rate (APOR).	Mandatory for all Mortgages with application dates before **October 1, 2009** and Note Dates before **January 1, 2010** where Rate Spread is ≥ 3%. See Data Comments. Mandatory for all Mortgages with application dates on or after **October 1, 2009,** and all Mortgages with Note Dates on or after **January 1, 2010 (regardless of application date)** where Rate Spread is ≥ 1.5%. See Data Comments.	The Rate Spread should be entered to two decimal places. For example, 3.5% should be entered as 3.50.	All Sellers must report Rate Spread. A Seller that is a HMDA reporter should deliver to Freddie Mac the same Rate Spread that it calculates pursuant to HMDA. For a Higher-Priced Mortgage Loan, a Seller should deliver to Freddie Mac the Rate Spread based on the calculations it performed to determine that the Mortgage is a Higher-Priced Mortgage Loan.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Race	The race or national origin of the Borrower.	Mandatory	The valid **Borrower Race** codes that correspond to the race or national origin of the Borrower are: 1 = American Indian/Alaska Native 2 = Asian 3 = Black or African American 4 = Native Hawaiian or other Pacific Islander 5 = White 6 = Information not provided by Borrower in mail, Internet or telephone application 7 = Not Applicable (Use when the Borrower is an entity rather than an individual) Note: Up to five Borrower Race codes may be selected	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* *If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 1 (American Indian/Alaskan Native), deliver Race = 1 (American Indian/Alaska Native)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 2 (Asian or Pacific Islander), deliver Race = 2 (Asian)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 3 (Black [Not Hispanic]), deliver Race = 3 (Black or African American)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Race = 7 (Not Applicable)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 5 (White [Not Hispanic]), deliver Race = 5 (White)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 6 (Other), deliver Race = 7 (Not Applicable)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Borrower for an application received by mail or telephone), deliver Race = 6 (Information not provided by Borrower in mail, Internet or telephone application)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 8 (Not Applicable), deliver Race = 7 (Not Applicable)*

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Ethnicity	The ethnicity of the Borrower.	Mandatory	The valid **Borrower Ethnicity** codes that correspond to ethnicity of the Borrower are: 1 = Hispanic or Latino 2 = Not Hispanic or Latino 3 = Information not provided by Borrower in mail, Internet or telephone application 4 = Not Applicable (Use when the Borrower is an entity rather than an individual)	*If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Ethnicity = 1 (Hispanic or Latino)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Borrower for an application received by mail or telephone), deliver Ethnicity = 3 (Information not provided by Borrower in mail, Internet or telephone application)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 1,2,3,5,6 or 8 (American Indian or Alaskan Native, Asian or Pacific Islander, Black, White, Other or Not Applicable), deliver Ethnicity = 4 (Not Applicable)*
Borrower Gender	The gender of the Borrower.	Mandatory	The valid **Borrower Gender** codes are: 1 = Male 2 = Female 3 = Information not provided by Borrower in mail, Internet or telephone application. 4 = Not Applicable (Use when Borrower is an entity rather than an individual, but not a Native American tribe or tribal organization) 8 = Not Applicable (Use for Native American tribes or tribal organizations only)	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Borrower Age	The age of the Borrower expressed in years.	Mandatory	The age of Borrower, as listed on the loan application. *Note: This is a 2-digit field* 98 = Use when Borrower does not provide age on the application 99 = Use when Borrower's age is 99 or older Blank = Use when not applicable (only to be used when Borrower is an entity rather than an individual)	*This data is mandatory, except for Notes originated prior to 1/1/93 and Mortgage applications taken after 1/1/04; however, the data should be delivered, if available for these Mortgages.*
Borrower Date of Birth	The date of birth of the Borrower.	Mandatory	The date of birth of the Borrower, as listed on the Mortgage application.	*This data is mandatory for Mortgage applications completed on or after 1/1/2004.*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
First-Time Homebuyer	Indicates whether the Borrower is a First-Time Homebuyer.	Mandatory *for purchase, owner occupied Mortgages only*	Y or N or Blank Y = Yes, one of the Borrowers who will reside in the Mortgaged Premises is a First-Time Homebuyer. N = No, none of the Borrowers who will reside in the Mortgaged Premises is a First-Time Homebuyer. Blank = First-Time Homebuyer does not apply to this transaction. (Investment Property, Second Home, or refinance transactions are not eligible to be considered First-Time Homebuyer transactions.)	This field must have a Y or N, if the Purpose of the Loan Code is 1(Purchase). The field must be left blank if the Purpose of the Loan Code is 2, 3, 4 or 5. *This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* *Note: See Exhibit 1, Instructions for Completing the First-Time Homebuyer Indicator Field, for additional instructions on completing this field.*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Co-Borrower Race	The race or national origin of the Co-Borrower. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory	The valid **Co-Borrower Race** codes that corresponds to the race or national origin of the Co-Borrower are: 1 = American Indian/Alaska Native 2 = Asian 3 = Black or African American 4 = Native Hawaiian or other Pacific Islander 5 = White 6 = Information not provided by Co-Borrower in mail, Internet or telephone application 7 = Not applicable (Use when the Co-Borrower is an entity rather than an individual) 8 = No Co-Borrower Note: Up to five Co-Borrower Race codes may be selected	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* *If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 1 (American Indian/Alaskan Native), deliver Race = 1 (American Indian/Alaska Native)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 2 (Asian or Pacific Islander), deliver Race = 2 (Asian)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 3 (Black [Not Hispanic]), deliver Race = 3 (Black or African American)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Race = 7 (Not Applicable)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 5 (White [Not Hispanic]), deliver Race = 5 (White)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 6 (Other), deliver Race = 7 (Not Applicable)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Co-Borrower for an application received by mail or telephone), deliver Race = 6 (Information not provided by Co-Borrower in mail, Internet or telephone application)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 8 (Not applicable), deliver Race = 7 (Not Applicable)*

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Co-Borrower Ethnicity	The ethnicity of the Co-Borrower.	Mandatory	The valid **Co-Borrower Ethnicity** codes that correspond to ethnicity of the Co-Borrower are: 1 = Hispanic or Latino 2 = Not Hispanic or Latino 3 = Information not provided by Co-Borrower in mail, Internet or telephone application 4 = Not Applicable (Use when the Co-Borrower is an entity rather than an individual) 5 = No Co-Borrower	*If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Ethnicity = 1 (Hispanic or Latino)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Co-Borrower for an application received by mail or telephone), deliver Ethnicity = 3 (Information not provided by Co-Borrower in mail, Internet or telephone application)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 1,2,3,5,6 or 8 (American Indian or Alaskan Native, Asian or Pacific Islander, Black, White, Other or Not Applicable), deliver Ethnicity = 4 (Not Applicable)*
Co-Borrower Gender	The gender of the Co-Borrower. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory	The valid **Co-Borrower Gender** codes are: 1 = Male 2 = Female 3 = Information not provided by Co-Borrower in mail, Internet or telephone application. 4 = Not Applicable (Use when the Borrower is an entity rather than an individual, but not a Native American tribe or tribal organization) 5 = No Co-Borrower	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Co-Borrower Age	The age of the Co-Borrower expressed in years. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory if more than one Borrower exists	The age of Co-Borrower, as listed on the loan application. *Note: This is a 2-digit field* 98 = Use when Co-Borrower does not provide an age on the application 99 = Use when Co-Borrower's age is 99 or older Blank = Use when not applicable (only to be used when there is no Co-Borrower)	*This data is mandatory, except for Notes originated prior to 1/1/93 and Mortgage applications taken after 1/1/04; however, the data should be delivered, if available for these Mortgages.*
Co-Borrower Date of Birth	The date of birth of the Co-Borrower.	Mandatory if more than one Borrower exists	The date of birth of the Co-Borrower, as listed on the Mortgage application.	*This data is mandatory for Mortgage applications completed on or after 1/1/2004.*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Number of Borrowers	The total number of individuals who sign the Note. Individuals who sign the security instrument but not the Note are not considered Borrowers.	Mandatory	This is a 2-digit field	*This data is mandatory, except for Notes originated prior to 1/1/93; however, if available, the data should be delivered for these Mortgages.*
Year Built	The year the property was built.	Optional	Valid value for the **Year Built** is the full year. *For example, 1985*	*This data should be delivered, if available. The appraisal report should state the year built, if that information is available.*
Monthly Housing Expense	The monthly housing expense is the sum of the monthly charges on the Borrower's Primary Residence. See Section 37.15 for more details.	Mandatory	Whole Dollars only *(round to the nearest dollar)*	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* Insert the monthly housing expense calculated using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac.
Number of Bedrooms (by unit)	The total number of bedrooms in a 1-unit property or in each unit of a 2- to 4-unit property.	Mandatory *for investment properties and 2- to 4-unit properties*	The applicable number of units must be completed for either a 1-unit property or for each unit in a 2- to 4-unit property.	
Gross Monthly Rent (by unit)	This is the gross monthly rental income per unit as indicated on the signed lease(s) for the Property. If there is not active lease for a unit, or the Borrower rents the unit to a family member, enter the gross monthly rental income as estimated on the applicable appraisal report or addenda.	Mandatory	The applicable number of units must be completed for either a 1-unit investment property or for each unit in a 2- to 4-unit property. If the 2- to 4-unit property is owner-occupied, enter a zero in any unit(s) Borrower(s) occupy.	
Monthly Debt Payment	The sum of the Borrower's monthly debt payments. See Section 37.16 for more details.	Mandatory	Whole Dollars only *(round to the nearest dollar)*	See Section 37.16 for more information. Insert the monthly debt payment calculated using the monthly housing expense determined using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac.
Monthly Income	The total monthly income used to qualify the Borrower(s).	Mandatory	Whole Dollars only *(round to the nearest dollar)*	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Special Characteristics Codes	These codes provide additional information relating to the Mortgage.	Mandatory *for loans requiring the delivery of this information*	There is space available for ten different SCCs. The valid **Special Characteristic Codes** are: **For all loans:** The following SCCs must be delivered for all loans: Seller must identify the loan using one of the following SCCs: 018 = Retail Mortgage (not a Wholesale Home Mortgage) 211 = Correspondent Third Party Origination Mortgage (replaces 002) 212 = Mortgage Broker Third Party Origination Mortgage (replaces 002) Seller must identify the status of a property's flood insurance coverage by using one of the following SCCs: 170 = in Special Flood Hazard Area (SFHA) with flood insurance 185 = in SFHA without flood insurance 175 = out of SFHA with flood insurance 180 = out of SFHA without flood insurance	**See Exhibit A, Special Characteristics Codes, of this form for a complete listing of SCCs.** Please see Section 58.3 for flood zone determination and flood insurance requirements. Additional comments to help deliver the correct SCC for flood insurance: • **SCC 185** is used only if the community participates in the National Flood Insurance Program (NFIP), the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. • **SCCs 175 and 180** may also be used if there is no NFIP map for the community where the property is located.
Loan Prospector Key Number (AUS)	The unique number that Loan Prospector assigns to each loan processed through Loan Prospector.	Mandatory *for Mortgages processed through Loan Prospector*	Alphanumeric provided by Loan Prospector	Also known as Key Number or Loan Prospector (LP) AUS Key Number.
Offering Code	The codes used to identify specific mortgage purchase offerings.	Mandatory *for applicable programs*	Valid **Offering Code** values are: 210 = Alt 97®	For mortgage purchase offerings, see chapters: D33—Alt 97

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Secondary Financing Sources for secondary financing other than Affordable Seconds®	Identifies the source of the secondary financing.	Mandatory *for Mortgages with secondary financing*	**All Mortgages with Secondary Financing, other than an Affordable Second** The valid **Secondary Financing Sources** are: Blank = No secondary financing 20 = HELOC 30 = other secondary financing See below for source codes for Affordable Seconds.	**All Mortgages with Secondary Financing, other than an Affordable Second** If there is no secondary financing, leave this field blank. Seller may deliver up to two secondary financing sources.
Secondary Financing Sources for Affordable Seconds	Identifies the source of the Affordable Second	Mandatory *for all AHI Mortgages and for Mortgages with an Affordable Second*	**All Affordable Housing Initiative Mortgages and Mortgages with Affordable Seconds** The valid **Affordable Second Sources** are: 01 = originating lender 02 = other financial institution 03 = Federal government program 04 = State government program 05 = local government program 06 = employer 08 = not applicable 09 = property seller 10 = other	**Affordable Housing Initiative Mortgages and Mortgages with Affordable Seconds** Affordable Seconds must be originated by an Agency which must be one of the following: ■ A municipality which includes any duly authorized authority or agency of the federal, State, local, or municipal government ■ A nonprofit community or religious organization, other than a credit union. ■ The Borrower's employer, or ■ A regional Federal Home Loan Bank under one of its affordable housing programs. Only Affordable Housing Initiative Mortgages may have an Affordable Second. This information is required only if the **Purpose Of Loan Code** = 1 (purchase/owner-occupied). Seller may deliver up to two source codes for Affordable Seconds. Instructions for coding the source codes: 1. Use source code 01 only if the originating lender is an Agency 2. Use source code 02 only for FHLB affordable housing programs 3. Use source code 09 only if the property seller is a financial institution or nonprofit organization; if the property seller is a federal, state or local government program use source code 03, 04 or 05 respectively 4. Use source code 10 if the source is a nonprofit organization and is not the property seller For AHI Mortgages, if there is no Affordable Second, use the **Secondary Financing Source 08**.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Secondary Financing Amounts	The dollar amount of the secondary financing attributable to the corresponding secondary financing code.	Mandatory *for Mortgages with secondary Financing and all AHI Mortgages*	Whole Dollars only *(round to the nearest dollar)* *For example, for secondary financing that is not an Affordable Second, a Mortgage with one subordinate second loan that is not a HELOC in the amount of $5000 and one HELOC with $1000 disbursed at closing should be entered under the Secondary Financing Sources/Amounts fields as:* 1: 20/1000 and 2: 30/5000 If there are two subordinate loans from the same source (e.g., two HELOCs or two non-HELOCs) code the aggregate of the two loans in the appropriate sources/amounts field. *For Affordable Seconds, a Mortgage with one second Mortgage funded by a Federal government program in the amount of $2000 and one subordinate Mortgage funded by the Borrower's employer in the amount of $2000 would be entered under the Secondary Financing Sources/ Amounts fields as* 1: 03/2000 and 2: 06/2000	When a **Secondary Financing Source** code of "20" is entered for a HELOC, enter the disbursed amount or used portion at closing, not the maximum credit loan amount. If no disbursements have occurred, enter zero. If there are more than two subordinate loans that are not Affordable Seconds, code the aggregate amount from each source. For example, a Mortgage with two HELOCs with $1000 and $1500, respectively, disbursed at closing, and with two second loans that are not HELOCs in the amount of $5000 and $3000, respectively, would be coded: 1: 20/2500 and 2: 30/8000 If there are more than two Affordable Seconds, code the source with the largest aggregate amount as the first subordinate loan. If all the remaining Affordable Seconds are from the same secondary financing source, code the aggregate of all other Affordable Seconds as from that source; otherwise code the aggregate of all remaining Affordable Seconds as secondary financing source code 10. For example, a Mortgage with the following subordinate loans would be coded: 1: 03/5000 and 2: 10/5000: ■ $5000 from a Federal Government program ■ $3000 from a nonprofit ■ $1000 from a religious institution ■ $1000 from an employer

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Down Payment Sources	The source(s) of the Borrower's down payment, up to a maximum of four codes.	Mandatory *for AHI Mortgages only*	The valid **Down Payment Sources** are: 01 = gift from relative 02 = gifts or grants from a non-profit religious organization or non-profit community organization 03 = gifts or grants from a Federal government program 04 = gifts or grants from a State government program 05 = gifts or grants from a local government program 06 = gifts or grants from employer 07 = other Borrower cash or equity 08 = unsecured loan 10 = other 11 = [intentionally deleted] 12 = secondary financing	*Up to a maximum of four codes.*
Down Payment Amounts	The dollar amount of the Borrower's down payment attributable to the corresponding down payment source code.	Mandatory *for AHI Mortgages only*	Whole Dollars only *(round to the nearest dollar)* *For example, a Mortgage with two sources of down payment (gift from relative and Borrower's own funds), $2000 each would be entered as:* 1: 01/2000 2: 07/2000	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Closing Costs Sources	The source(s) for paying the Borrower's closing costs, up to a maximum of four codes.	Mandatory *for AHI Mortgages only*	The valid **Closing Cost Sources** are: 01 = gift from relative 02 = gifts or grants from a non-profit religious organization or non-profit community organization 03 = gifts or grants from a Federal government program 04 = gifts or grants from a State government program 05 = gifts or grants from a local government program 06 = gifts or grants from employer 07 = Borrower's own funds 08 = unsecured loan 09 = property seller contributions 10 = other 11 = premium funds 12 = secondary financing	*Up to a maximum of four codes.*
Closing Costs Amounts	The dollar amount of the closing costs attributable to the corresponding closing costs source code.	Mandatory *for AHI Mortgages only*	Whole Dollars only *(round to the nearest dollar)* *For example, a Mortgage with two sources of closing costs (gift from employer and Borrower's own funds), $500 each would be entered as:* 1: 06/500 2: 07/500	
Borrower Education Counseling Codes	The applicable code for the administrator and the Format of the counseling program, up to a maximum of two codes, in blocks one and two.	Mandatory *for AHI*	The valid **Administrator codes** are: L = Lender (Freddie Mac Seller/Servicer N = Non-profit organization P = Public or government agency O = Other X = Borrower education not required	*If Borrower did not participate in a counseling program leave blank.*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Education Format	The applicable code for the Format of the counseling program, up to a maximum of two codes, in blocks one and two	Mandatory *for AHI Mortgages only*	The valid **Format codes** are: C = Classroom H = Home study I = Individual O = Other X = Borrower education not required *For example, if a Borrower participated in a counseling program offered by the lender in a classroom setting, enter in block 1: L/C.*	*If Borrower did not participate in a counseling program leave blank.* Use code I = Individual for Internet (web-based) borrower homeownership education programs
Borrower Mailing Address Different From the Property Address	Indicates whether the Mailing Address is different from the Property Address.	Mandatory *for Mortgages sold through Servicing Released Sales Process*	Y or N Y = Yes, the Mailing Address is different from the Property Address N = No, the Mailing Address is not different from the Property Address	
US Address	Indicates whether the Mailing Address is located within the US.	Mandatory *for Mortgages sold through Servicing Released Sales Process*	Y or N Y = Yes, the Mailing Address is within the US N = No, the Mailing Address is not within the US	
Street Address	The Mailing Address of the Borrower.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Borrower Mailing Address Different from the Property Address field, and if "Y" is entered in the US Address field.*		

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
City/State/Zip	The City, State and Zip code of the Mailing Address.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Borrower Mailing Address Different from the Property Address field, and if "Y" is entered in the US Address field.*		
Escrow	Indicates whether the Mortgage has monthly escrow amounts.	Mandatory *for Mortgages sold through Servicing Released Sales Process*	Y or N Y = Yes, the Mortgage has monthly escrow amounts N = No, the Mortgage does not have monthly escrow amounts	
Property Taxes–State	The monthly property tax for the State jurisdiction.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this tax applies.*	This amount should include dollars and cents.	
Property Taxes–City	The monthly property tax for the City jurisdiction.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this tax applies.*	This amount should include dollars and cents.	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Property Taxes–County	The monthly property tax for the County jurisdiction.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this tax applies.*	This amount should include dollars and cents.	
Property Taxes–Township	The monthly property tax for the Township jurisdiction.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this tax applies.*	This amount should include dollars and cents.	
Property Taxes–Other Code	Other jurisdiction types for monthly property taxes.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and Other Property Taxes Amount field has a value.*	Valid Property Taxes Other Codes are: 01 = Borough 02 = School 03 = District 99 = Other	
Property Taxes–Other$	The dollar amount of the Other Property Taxes attributable to the corresponding Property Taxes Other Code.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this tax applies.*	This amount should include dollars and cents.	
Monthly Insurance–Mortgage	The monthly Mortgage Insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Monthly Insurance–Property	The monthly Property Insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	
Monthly Insurance–Flood	The monthly Flood Insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	
Monthly Insurance–Earthquake	The monthly Earthquake Insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	
Monthly Insurance–Other 1 Code	Other types of monthly insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and Other Monthly Insurance Amount has a value.*	Valid Monthly Insurance Other Codes are: 21 = Storm Insurance (Hail, Wind, Rain) 22 = Insect/Infestation Insurance 23 = Leasehold (Ground Rent) 99 = Other	
Monthly Insurance–Other1 $	The dollar amount of the Other Monthly Insurance attributable to the corresponding Monthly Insurance Other1 Code.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Monthly Insurance– Other2 Code	Other types of monthly insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and Other Monthly Insurance Amount has a value.*	Valid Monthly Insurance Other Codes are: 21 = Storm Insurance (Hail, Wind, Rain) 22 = Insect/Infestation Insurance 23 = Leasehold (Ground Rent) 99 = Other	
Monthly Insurance– Other2 $	The dollar amount of the Other Monthly Insurance attributable to the corresponding Monthly Insurance Other2 Code.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	
Monthly Insurance– Other3 Code	Other types of monthly insurance.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and Other Monthly Insurance Amount has a value.*	Valid Monthly Insurance Other Codes are: 21 = Storm Insurance (Hail, Wind, Rain) 22 = Insect/Infestation Insurance 23 = Leasehold (Ground Rent) 99 = Other	
Monthly Insurance– Other3 $	The dollar amount of the Other Monthly Insurance attributable to the corresponding Monthly Insurance Other3 Code.	Mandatory *for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field and this insurance applies.*	This amount should include dollars and cents.	
Other Funds Collected– Escrow Deposit	Escrow balance on loan net of any escrow advances less aggregate adjustments.	Mandatory for Mortgages sold through Servicing Released Sales Process if "Y" is entered in the Escrow field.	This amount should include dollars and cents.	*For Mortgages sold through Servicing Released Sales Process.*

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Other Funds Collected–Buydown	Current remaining Temporary Subsidy Buydown balance (e.g. the amount provided to subsidize the borrower's interest rate on the loan for the remaining time during which the lower interest rate applies).	Optional	This amount should include dollars and cents.	*For Mortgages sold through Servicing Released Sales Process. Mortgages with temporary subsidy buydowns are not eligible under the Servicing Released Sales Process.*
Other Funds Collected–Other1 Code	Other types of funds due to the Servicer after funding for the Servicer to apply to the Borrower's UPB.	Optional	Valid Other Funds Collected Other Codes are: 41 = Advanced PITI Payment 42 = Principal Curtailment 99 = Other	*For Mortgages sold through Servicing Released Sales Process.*
Other Funds Collected–Other1 $	The dollar amount attributable to the corresponding Other Funds Collected Other1 Code.	Optional	This amount should include dollars and cents.	*For Mortgages sold through Servicing Released Sales Process.*
Other Funds Collected–Other2 Code	Other types of funds due to the Servicer after funding for the Servicer to apply to the Borrower's UPB.	Optional	Valid Other Funds Collected Other Codes are: 41 = Advanced PITI Payment 42 = Principal Curtailment 99 = Other	*For Mortgages sold through Servicing Released Sales Process.*
Other Funds Collected–Other2 $	The dollar amount attributable to the corresponding Other Funds Collected Other2 Code.	Optional	This amount should include dollars and cents.	*For Mortgages sold through Servicing Released Sales Process.*
Ref Code	Codes used to identify Mortgages with certain characteristics. See valid values.	Mandatory *if applicable*	The valid Reference Codes are: 0003 = Seller-Owned Modified Mortgage 0004 = Freddie Mac-Owned Converted Mortgage 0005 = Seller-Owned Converted Mortgage 0007 = Freddie Mac-owned streamlined refinance Mortgage 0013 = Construction Conversion or Renovation Mortgages using Integrated or Modification Documentation	
Associated FHLMC Loan #	A Freddie Mac-supplied number assigned to the original Mortgage by the Seller/Servicer when the Mortgage was initially sold to Freddie Mac.	Mandatory *if applicable*	9-digit Freddie Mac provided number	For Freddie Mac-owned streamlined refinance Mortgages with SCC of 288. For Freddie Mac-Owned Converted Mortgages with Reference Code 0004.

Instructions for Completing the Report Format for Form 11

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Mod/Conv Date	Date on which the modification documentation was effective.	Mandatory *if applicable*		For Seller-Owned Modified Mortgages, the date the modification documentation was effective. For Seller-Owned Converted Mortgages, the date the conversion documentation was effective. For Freddie Mac-Owned Converted Mortgages, the Conversion Date of the Converted Mortgage. For Construction Conversion and Renovation Mortgages: • Using Integrated Documentation, the Due Date of the first principal and interest payment of the Permanent Financing. • Using Modification Documentation, the date on which the modification agreement was effective or if a new Note was used, the Note Date of the new Note.

Exhibit A

Special Characteristics Codes

Additional codes must be provided or requirements must be met based on the Mortgage type, if applicable. Sellers should also review their Purchase Documents for additional special requirements, which may not appear in Form 11, Form 13SF, Chapter 17 or this exhibit.

Special Characteristics Codes (SCC): Numerical Listing

Code	Code Description	Comments
003	Cash-out refinance Mortgage	In addition to SCC 003, Seller must deliver SCC 203 for a special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner. If the Loan Purpose Code field has a 2, 4 or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Guide Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on cash-out refinance Mortgages, see Sections 17.18 and 24.6.
007	No cash-out refinance Mortgage	In addition to SCC 007: ■ SCC 288 must be used for Freddie Mac-owned streamlined refinance Mortgages, or ■ SCC D99 must be used for Freddie Mac-owned “no cash-out” refinance Mortgages with expanded loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV)s If the Loan Purpose Code field has a 2, 4, or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on “no cash-out” refinance Mortgages, see Sections 17.18 and 24.5.
009	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	For more information, see Sections 17.20, 25.4 and A34.5.
013	Fixed-rate relocation Mortgage	For more information on relocation Mortgages, see Sections 13.4(f) and 17.19.
014	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	For more information, see Sections 17.20 and 25.4.
018	Retail Mortgage (not a Wholesale Home Mortgage)	This SCC is required when Seller does not deliver SCC 211 or 212. For more information on Retail Mortgages, see Section 17.3(b) and the Glossary.
019	Mortgage with Lender Paid mortgage insurance	For more information regarding Lender Paid mortgage insurance, see Sections 17.25 and 27.1.1(b).
071	Mortgage was originated under one of Freddie Mac’s special Affordable Housing Initiatives	For more information, see Section 17.13.1 and Chapter A34.
113	Prepayment Penalty Mortgage	For more information, see Section 17.12 and Chapter B33.
128	Section 184 Native American Mortgage, fee simple	For more information, see Sections 17.11 and 35.4.
130	Section 184 Native American Mortgage, allotted land	

Code	Code Description	Comments
140	Purchase transaction Home Possible® Mortgages where: ■ The income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income ■ The property securing the Mortgage is located in a Hurricane Katrina/Hurricane Rita eligible Disaster Area	Purchase transaction Home Possible Mortgages originated subject to the Hurricane Katrina/Hurricane Rita area median income exemption must have Note Dates on or before June 30, 2008 and must be delivered to Freddie Mac on or before September 30, 2008. For more information, see Sections 17.13.1 and A34.7(a).
170	Property in Special Flood Hazard Area (SFHA) with flood insurance	For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
175	Property out of SFHA with flood insurance	SCCs 175 and 180 may also be used if there is no National Flood Insurance Program (NFIP) map for the community where the property is located. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
180	Property out of SFHA without flood insurance	
185	Property in an SFHA without flood insurance	SCC 185 is used only if the community participates in the NFIP, the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
203	Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	For more information, see Sections 17.18 and 24.7.
206	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	For more information, see Sections 17.20, 25.4 and A34.5.
207	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	For more information, see Sections 17.20 and 25.4.
211	Correspondent Third Party Origination Mortgage	For more information, see Sections 17.3(b), 22.15 and the Glossary.
212	Broker Third Party Origination Mortgage	
218	Section 184 Native American Mortgage, tribal trust land	For more information, see Sections17.11 and 35.4.
221	Texas Equity Section 50(a)(6) Mortgages	For more information, see Sections 17.18 and 24.8.
257	Mortgage secured by California condominium unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	If a Mortgage secured by a California Condominium Unit is delivered to Freddie Mac without SCC 257, 259 or 261, the Seller will be assessed a 1% delivery fee. For more information, see Sections 17.22 and 42.12.
259	Mortgage secured by California condominium unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	
261	Mortgage secured by California condominium unit where earthquake insurance is not necessary and delivery fee is waived	
288	Freddie Mac-owned streamlined refinance Mortgage	For SCC 288, provide the Associated Freddie Mac loan number (the 9-digit loan number of the existing Mortgage) and the applicable Reference Code. For more information, see Sections 17.18 and 24.4.
357	Property Inspection Alternative (PIA)	Loan Prospector Mortgage originated using the property inspection alternative. For more information, see Sections 17.34, 44.7 and 44.9.

Code	Code Description	Comments
532	Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	For more information, see Sections 17.13.1, A34.2, 37.7(a) and 37.11(c).
535	Mortgage where the TLTV ratio is greater than 100%	The only Mortgages with a TLTV ratio greater than 100% eligible for sale to Freddie Mac are Home Possible Mortgages secured by a 1-unit Primary Residence with a minimum 700 Indicator Score, FHA/VA Mortgages, Section 502 GRH Mortgages and Section 184 Native American Mortgages. For more information, see Sections 17.13.1 and A34.10.
547	Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	For more information, see Sections 17.13.1, 26.6.3 and A34.2(b).
582	Mortgage with an RHS leveraged second	For more information, see Sections 17.15 and 35.3.
583	Mortgage with an Affordable Second	Affordable Seconds may be used only with Affordable Housing Initiative Mortgages. For more information on Mortgage with an Affordable Seconds, see Sections 17.13.1 and 25.1(g).
681 - 695	Mortgage with Financed Mortgage Insurance Premium	Seller must deliver an SCC 6+ (plus) the base LTV to represent the Base LTV ratio of the Mortgage. Valid Codes for Financed MI include: 681 through 695 For example, for an ARM with a 90% LTV ratio with financed MI, the Seller must enter a special characteristic code of “690” and the gross LTV ratio (which would be higher than 90%) through the LTV ratio field. For more information, see Sections 17.24 and 27.1.1(a).
903	Loan Prospector Mortgage delivered with Form 2070 (exterior-only inspection)	For more information, see Sections 17.34, 44.7 and 44.9.
904	Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	
916	Mortgage where the Mortgaged Premises are completed after application	For more information, see Section 17.39.
921	Mortgage where Borrower uses a credit card, cash advance or unsecured line of credit to pay fees	For more information, see Sections 17.43, 26.2 and 26.6.4.
951	Single-wide Manufactured Home	If the Property Type Code field has a 4 (manufactured housing), then an SCC of either 951 or 952 must be delivered with that loan. For more information, see Section 17.33 and Chapter H33.
952	Multiwide Manufactured Home	
D25	Mortgages using Employer Assisted Homeownership Benefits as a source of funds	For more information, see Sections 17.42 and 26.6.2.
D49	Newly Built Home Mortgage site-built	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D50	Newly Built Home Mortgage Manufactured Home	
D51	Construction Conversion Mortgage site-built *or* Renovation Mortgage site-built	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D52	Construction Conversion Mortgage Manufactured Home	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D69	Renovation Mortgage site-built	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.

Code	Code Description	Comments
D99	Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	For more information see Sections 17.18 and 24.5.
G00	Home Possible® 97 Mortgage	Other SCCs that may be applicable to Home Possible Mortgages are 140 (Borrower's income does not exceed 80% of area median income (AMI) or property is located in a Hurricane Katrina/Hurricane Rita Eligible Disaster Area), 532 (Noncredit Payment References), 535 (TLTV ratio greater than 100%), 547 (Cash on hand), 582 (RHS Leveraged Second) and 583 (Affordable Second). For more information, see Section 17.13.1 and Chapter A34. Effective **March 1, 2009**, Home Possible 100 and Home Possible Neighborhood Solution 100 Mortgages are ineligible for sale to Freddie Mac.
G01	Home Possible Neighborhood Solution® 97 Mortgage	
G02	Home Possible 100 Mortgage	
G03	Home Possible Neighborhood Solution 100 Mortgage	
G18	Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	For more information, see Sections 17.13.1 and A34.8(a).
G20	Home Possible 3% Cash Mortgage	For more information, see Section 17.13.1 and Chapter A34.
G21	Home Possible Neighborhood Solution 3% Cash Mortgage	
H09	Condominiums with PERS Approval	Condominium Unit in Condominium Project approved through the Fannie Mae Project Eligibility Review Service (PERS) process. For more information, see Sections 42.9(a) and 42.13.
H10	Streamlined Condo Review Allowed for Established Projects	Condominium evaluated using the streamlined review process. For more information, see Sections 42.4 and .42.13.
H24	Condominium Unit – Freddie Mac Owned Mortgages	Mortgages secured by a unit in a Florida Condominium Project meeting the requirements in Section 42.7(e).

SCCs: Topic Listing

Code Description	Code	Comments
Standard SCCs (applicable SCC must be delivered for all loans)		
Retail Mortgage (not a Wholesale Home Mortgage)	018	This SCC is required when Seller does not deliver SCC 211 or 212. For more information on Retail Mortgages, see Section 17.3(b) and the Glossary.
Property in an SFHA with flood insurance	170	For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Property out of SFHA with flood insurance	175	SCCs 175 and 180 may also be used if there is no National Flood Insurance Program (NFIP) map for the community where the property is located. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Property out of SFHA without flood insurance	180	
Property in an SFHA without flood insurance	185	SCC 185 is used only if the community participates in the NFIP, the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Correspondent Third Party Origination Mortgage	211	For more information, see Sections 17.3(b), 22.15 and the Glossary.
Broker Third Party Origination Mortgage	212	
Affordable Housing Initiatives		
Mortgage was originated under one of Freddie Mac's special Affordable Housing Initiatives	071	For more information, see Section 17.13.1 and Chapter A34.
Section 184 Native American Mortgage, fee simple	128	For more information, see Sections 17.11 and 35.4.
Section 184 Native American Mortgage, allotted land	130	
Purchase transaction Home Possible Mortgages where: ■ The income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income ■ The property securing the Mortgage is located in a Hurricane Katrina/Hurricane Rita eligible Disaster Area	140	Purchase transaction Home Possible Mortgages originated subject to the Hurricane Katrina/Hurricane Rita area median income exemption must have Note Dates on or before June 30, 2008 and must be delivered to Freddie Mac on or before September 30, 2008. For more information, see Sections 17.13.1 and A34.7(a).
Section 184 Native American Mortgage, tribal trust land	218	For more information, see Sections17.11 and 35.4.
Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	532	For more information, see Sections 17.13.1, A34.2, 37.7(a) and 37.11(c).
Mortgage where the TLTV ratio is greater than 100%	535	The only Mortgages with a TLTV ratio greater than 100% eligible for sale to Freddie Mac are Home Possible Mortgages secured by a 1-unit Primary Residence with a minimum 700 Indicator Score, FHA/VA Mortgages, Section 502 GRH Mortgages and Section 184 Native American Mortgages. For more information, see Sections 17.13.1 and A34.10.
Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	547	For more information, see Sections 17.13.1, 26.6.3 and A34.2(b).
Mortgage with an RHS leveraged second	582	For more information, see Sections 17.15 and 35.3.

Code Description	Code	Comments
Mortgage with an Affordable Second	583	Affordable Seconds may be used only with Affordable Housing Initiative Mortgages. For more information on Mortgage with an Affordable Seconds, see Sections 17.13.1 and 25.1(g).
Mortgages using Employer Assisted Homeownership Benefits as a source of funds	D25	For more information, see Sections 17.42 and 26.6.2.
Home Possible 97 Mortgage	G00	Other SCCs that may be applicable to Home Possible Mortgages are 140 (Borrower's income does not exceed 80% of area median income (AMI) or property is located in a Hurricane Katrina/Hurricane Rita Eligible Disaster Area), 532 (Noncredit Payment References), 535 (TLTV ratio greater than 100%), 547 (Cash on hand), 582 (RHS Leveraged Second) and 583 (Affordable Second). For more information, see Section 17.13.1 and Chapter A34. Effective **March 1, 2009**, Home Possible 100 and Home Possible Neighborhood Solution 100 Mortgages are ineligible for sale to Freddie Mac.
Home Possible Neighborhood Solution 97 Mortgage	G01	
Home Possible 100 Mortgage	G02	
Home Possible Neighborhood Solution 100 Mortgage	G03	
Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	G18	For more information, see Sections 17.13.1 and A34.8(a).
Home Possible 3% Cash Mortgage	G20	For more information, see Section 17.13.1 and Chapter A34.
Home Possible Neighborhood Solution 3% Cash Mortgage	G21	
Collateral Assessment		
PIA	357	Loan Prospector Mortgage originated using the property inspection alternative. For more information, see Sections 17.34, 44.7 and 44.9.
Loan Prospector Mortgage delivered with Form 2070 (exterior-only inspection)	903	For more information, see Sections 17.34, 44.7 and 44.9.
Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	904	
Condominium Unit Mortgages		
Condominiums with PERS Approval	H09	Condominium Unit in Condominium Project approved through the Fannie Mae PERS process. For more information, see Sections 42.9(a) and 42.13.
Streamlined Condo Review Allowed for Established Projects	H10	Condominium evaluated using the streamlined review process. For more information, see Sections 42.4 and .42.13.
Condominium Unit – Freddie Mac Owned Mortgages	H24	Mortgages secured by a unit in a Florida Condominium Project meeting the requirements in Section 42.7(e).
California Earthquake		
Mortgage secured by California condominium unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	257	If a Mortgage secured by a California Condominium Unit is delivered to Freddie Mac without SCC 257, 259 or 261, the Seller will be assessed a 1% delivery fee. For more information, see Sections 17.22 and 42.12.
Mortgage secured by California condominium unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	259	
Mortgage secured by California condominium unit where earthquake insurance is not necessary and delivery fee is waived	261	
Manufactured Homes		
Single-wide Manufactured Home	951	If the Property Type Code field has a 4 (manufactured housing), then an SCC of either 951 or 952 must be delivered with that loan. For more information, see Section 17.33 and Chapter H33.
Multiwide Manufactured Home	952	
Newly Built Home Mortgage Manufactured Home	D50	
Construction Conversion Mortgage Manufactured Home	D52	

Code Description	Code	Comments
Mortgage Insurance		
Mortgage with Lender Paid mortgage insurance	019	For more information regarding Lender Paid mortgage insurance, see Sections 17.25 and 27.1.1(b).
Mortgage with Financed Mortgage Insurance Premium	681 - 695	Seller must deliver an SCC 6+ (plus) the base LTV to represent the Base LTV ratio of the Mortgage. Valid Codes for Financed MI include: 681 through 695 For example, for an ARM with a 90% LTV ratio with financed MI, the Seller must enter a special characteristic code of “690” and the gross LTV ratio (which would be higher than 90%) through the LTV ratio field. For more information, see Sections 17.24 and 27.1.1(a).
Mortgages for Newly Constructed Homes		
Mortgage where the Mortgaged Premises are completed after application	916	For more information, see Section 17.39.
Newly Built Home Mortgage site-built	D49	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Newly Built Home Mortgage Manufactured Home	D50	
Construction Conversion Mortgage site-built *or* Renovation Mortgage site-built	D51	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Construction Conversion Mortgage Manufactured Home	D52	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Renovation Mortgage site-built	D69	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Mortgages with Buydowns		
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	009	For more information, see Sections 17.20, 25.4 and A34.5.
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	014	For more information, see Sections 17.20 and 25.4.
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	206	For more information, see Sections 17.20, 25.4 and A34.5.
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	207	For more information, see Sections 17.20 and 25.4.

Code Description	Code	Comments
Refinance Mortgages		
Cash-out refinance Mortgage	003	In addition to SCC 003, Seller must deliver SCC 203 for a special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner. If the Loan Purpose Code field has a 2, 4 or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Guide Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on cash-out refinance Mortgages, see Sections 17.18 and 24.6.
No cash-out refinance Mortgage	007	In addition to SCC 007: ■ SCC 288 must be used for Freddie Mac-owned streamlined refinance Mortgages, or ■ SCC D99 must be used for Freddie Mac-owned “no cash-out” refinance Mortgages with expanded LTV/TLTV/HTLTVs If the Loan Purpose Code field has a 2, 4, or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on “no cash-out” refinance Mortgages, see Sections 17.18 and 24.5.
Texas Equity Section 50(a)(6) Mortgages	221	For more information, see Sections 17.18 and 24.8.
Freddie Mac-owned streamlined refinance Mortgage	288	For SCC 288, provide the Associated Freddie Mac loan number (the 9-digit loan number of the existing Mortgage) and the applicable Reference Code. For more information, see Sections 17.18 and 24.4.
Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	D99	For more information see Sections 17.18 and 24.5.

Freddie Mac
We make home possible®

Form 13SF

Mortgage Submission Voucher

FORM 13SF FORMAT – ARM GPM LOAN DETAIL:

FHLMC LOAN #:	SELLER/SERVICER #:	CONTRACT #:	CONTROL #: (Freddie Mac Use only)
LOAN ORIGINATOR IDENTIFIER:	LOAN ORIGINATION COMPANY IDENTIFIER:	APPRAISER'S STATE LICENSE NUMBER:	SUPERVISORY APPRAISER'S STATE LICENSE NUMBER:
SS LOAN #:	MIN#:	DATE OF NOTE:	ORIGINAL LOAN AMT:
ORIGINAL INTEREST RATE:	ORIG. MONTHLY P&I PMT:	DATE OF FIRST P&I PMT:	MATURITY DATE:
CURRENT UPB:	INT PAID TO DATE:	GRADUATED PMT (Y/N):	YEARLY PMT INCR (FOR GPM LOANS):
COMPLETE IF ARM:	LOL FLOOR:		
MORTGAGE MARGIN:	NEXT RATE ADJUSTMENT DATE:		NEXT PAYMENT ADJUSTMENT DATE:
PERIODIC INTEREST RATE CAP (Y/N):	RATE CAP PERCENT:	LIFE OF LOAN RATE CAP (Y/N):	LIFE OF LOAN MAX RATE %:
IS INTEREST RATE ROUNDED (Y/N):	PERCENT ROUNDED:		
PAYMENT CAP (Y/N):	PAYMENT CAP %:	PAYMENT CAP (OPT/MAN):	IS ARM CONVERTIBLE (Y/N):
INDEX SOURCE CODE:	INDEX LOOKBACK DAYS:	FIRST RATE ADJUSTMENT MIN RATE:	
FIRST RATE ADJUSTMENT MAX RATE:			
COMPLETE THE FOLLOWING FIELDS IF THE ARM HAS ADJUSTED AT LEAST ONCE:			
DATE OF FIRST RATE ADJUSTMENT:			
CURRENT INTEREST RATE:	CURRENT P&I PAYMENT:	NET NEGATIVE AMORTIZATION AMOUNT:	
COMPLETE THE FOLLOWING LOAN INFORMATION FOR ALL MORTGAGES:			
BORROWER NAME:	CO-BORROWER NAME:	PURPOSE OF LOAN CODE:	LOAN FEATURE CODE:
PROPERTY TYPE CODE:	PROPERTY ADDRESS:		
PROPERTY CITY:	PROPERTY STATE:	PROPERTY ZIP CODE:	NUMBER OF DWELLING UNITS:
PURCHASE PRICE:	AMOUNT OF OTHER FINANCING:		TOTAL APPRAISED VALUE:
BORROWER SOCIAL SECURITY #:	CO-BORROWER SOCIAL SECURITY #:		REDUCED DOCUMENTATION (Y/N):
MI CERTIFICATE:	MI CODE:		MI LOSS COVERAGE %:
CSV:	CST:		
CONDO/PUD NAME:			CONDO/PUD PROJECT TYPE:
HOEPA STATUS:	RATE SPREAD:		
REF CODE:	ASSOC FHLMC LOAN #:	MOD/CONV DATE:	

Form 13SF
Mortgage Submission Voucher

FORM 13SF FORMAT - ARM/GPM LOAN DETAIL (PAGE 2):

BORROWER RACE: 1. 2. 3. 4. 5. FIRST-TIME HOMEBUYER:

BORROWER ETHNICITY: BORROWER GENDER: BORROWER AGE: BORROWER DATE OF BIRTH:

CO-BORROWER RACE: 1. 2. 3. 4. 5.

CO-BORROWER ETHNICITY: CO-BORROWER GENDER: CO-BORROWER AGE: CO-BORROWER DATE OF BIRTH:

NUMBER OF BORROWERS: YEAR BUILT: MONTHLY HOUSING EXPENSE:

NUMBER OF BEDROOMS—UNIT 1: UNIT 2: UNIT 3: UNIT 4:

GROSS MONTHLY RENT—UNIT 1: UNIT 2: UNIT 3: UNIT 4:

MONTHLY DEBT PAYMENT: MONTHLY INCOME:

PURCHASE PRICE: APPRAISED VALUE:

SPECIAL CHARACTERISTICS CODES (SCC): SCC 1: SCC 2: SCC 3: SCC 4: SCC 5: SCC 6:

SCC 7: SCC 8: SCC 9: SCC 10:

AUS:

OFFERING CODE:

SECONDARY FINANCING SOURCES/AMOUNTS: 1: / 2: /

AFFORDABLE HOUSING INITIATIVE MORTGAGES ONLY:

DOWN PAYMENT SOURCES/AMOUNTS: 1: / 2: / 3: / 4: /

CLOSING COSTS SOURCES/AMOUNTS: 1: / 2: / 3: / 4: /

BORROWER EDUCATION ADMINISTRATOR/FORMAT: 1: / 2: /

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Freddie Mac Loan Number	A Freddie Mac supplied number assigned to the Mortgage by the Seller/Servicer.	Mandatory	9-digit Freddie Mac provided number	
Seller/Servicer #	A unique identification number that Freddie Mac assigns to each Seller/Servicer.	Mandatory	6-digit number	When using MIDANET® for the PC, this information is entered when signing into the application and automatically populates each loan within that delivery.
Seller/Servicer Loan Number	The unique identification number assigned by Seller to the Mortgage.	Optional		
Contract Number	The number of the Freddie Mac Purchase Contract under which these Mortgages are sold.	Mandatory *automatically populated from the Form 381*	10-digit number	When using MIDANET for the PC, this information is entered into the Form 381 and automatically populates each loan within that delivery.
Mortgage Identification Number (MIN)	The unique number assigned to each loan registered on the Mortgage Electronic Registration System (MERS).	Mandatory *for MERS loans only*		
Loan Originator Identifier	The Loan Originator's identifier as assigned by the Nationwide Mortgage Licensing System (NMLS).	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Loan Origination Company Identifier	The Loan Origination Company's identifier as assigned by the NMLS.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Appraiser's State License Number	The field appraiser's State license number (or State certification number in the absence of a license number) issued by the State in which the subject property is located.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		
Supervisory Appraiser's State License Number	The supervisory appraiser's State license number (or State certification number in the absence of a license number) issued by the State in which the subject property is located.	Mandatory *for Mortgages with application dates on or after July 1, 2010*		Required in all cases where the appraisal report was signed by a supervisory appraiser.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Date of Note	The original Note Date.	Mandatory		For Seller-Owned Modified Mortgages and Mortgages with curtailments, the **Date of Note** must be the original Note Date. For Newly Built Home Mortgages, the Date of Note must be the Note Date of the Mortgage. For Construction Conversion Mortgages and Renovation Mortgages: • Using Integrated Documentation, the Date of Note must be the original Note Date of the integrated Interim Construction Financing and Permanent Financing documentation. • Using Separate Documentation, the Date of Note must be the Note Date of the Permanent Financing documentation. • Using Modification Documentation, the Date of Note must be the original Note Date of the Interim Construction Financing documentation. For Energy Conservation Mortgages the Date of Note must equal the date of Mortgage funding and not the anticipated date of final disbursement of the Escrow Funds.
Original Loan Amount	The original principal amount of the loan as indicated on the Note or the loan amount at the time of Note modification.	Mandatory	Whole Dollars only *(omit the cents)*	For Mortgages with capitalized balances, the unpaid principal balance (UPB) of the Mortgage rounded up to the next dollar, including all capitalized amounts, as of the date of the most recent monthly payment on the Mortgage. For Seller-Owned Modified Mortgages, the loan amount as of the modification date. For Construction Conversion Mortgages and Renovation Mortgages, the loan amount of the Permanent Financing. For Mortgages with curtailments, the original principal amount of the loan as indicated on the Note, not the curtailed amount. For Mortgages with future advances made before the Delivery Date, the consolidated principal amount. For Financed Permanent Buydown Mortgages, the original principal amount stated in the Note plus the amount needed to finance discount points paid to the lender.
Original Interest Rate	The original interest rate as indicated on the Note.	Mandatory	The rate should be entered to three decimal places *For example, 10.5% should be entered as 10.500*	For Seller-Owned Modified Mortgages, the rate in effect after modification. For Construction Conversion Mortgages and Renovation Mortgages, the rate in effect for the Permanent Financing.

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Original Monthly P&I Payment	The full monthly principal and interest (P&I) payment as indicated on the note (excluding taxes and any insurance).	Mandatory	This amount should include dollar and cents	For Home Possible® Mortgages, the Monthly P&I payment must equal the actual monthly P&I payment and not be the subsidized monthly payment for Mortgages using Mortgage Credit Certificates (MCCs). For Seller-Owned Modified Mortgages, the Monthly P&I payment in effect after modification. For Construction Conversion Mortgages and Renovation Mortgages, the monthly P&I payment for the Permanent Financing. For Mortgages with curtailments, the amount of the first full monthly P&I payment as indicated on the Note.
Date of First P&I Payment	The Due Date of the first full principal & interest (P&I) payment, as indicated on the Note.	Mandatory		For Mortgages with capitalized balances, the current "interest paid to" date of the Mortgage. For Seller-Owned Modified Mortgages, the due date of the first full P&I payment of the modified Mortgage. For Construction Conversion Mortgages and Renovation Mortgages: • Using Integrated Documentation, the due date of the first P&I payment of the Permanent Financing. • Using Separate Documentation, the due date of the first P&I payment of the Note for the Permanent Financing. • Using Modification Documentation, the due date of the first P&I payment after the Date of the Modification Agreement, or if a new Note is used with the Modification Agreement, the due date of the first P&I payment under the new Note.
Maturity Date	The date of the final monthly P&I payment, as indicated on the Note.	Mandatory		For Mortgages with capitalized balances, the actual recomputed maturity date based on the actual principal and interest payment currently applicable. For Energy Conservation Mortgages, the Maturity Date must be determined using the date of Mortgage funding and not the anticipated date of final disbursement of the Escrow Funds. For Seller-Owned Modified Mortgages, the maturity date of the Note after modification. For Mortgages with curtailments, the date of the final monthly P&I payment disregarding the effect of any curtailment.
Current UPB	The scheduled unpaid principal balance of the Mortgage in the month of funding reduced for principal due in the month of settlement and prepaid installments and curtailments, if any.	Mandatory	This amount should include dollar and cents	For Mortgages with curtailments, the scheduled UPB of the Mortgage in the month of funding reduced for principal due in the month of settlement, prepaid installments and curtailments.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Interest Paid to Date	The Due Date of the most recent monthly P&I Payment made by the Borrower as of the Settlement Date.	Mandatory		Refer to Sections 17.4(c) and 17.5(c) for additional information regarding the “interest paid to” date.
Graduated Payment	A type of flexible-payment Mortgage where the payments increase for a specified period of time and then level off.	Not Applicable		
Yearly Payment Increase	The amount of the yearly payment increase, as expressed as a percentage amount, as indicated on the Note.	Not Applicable		
Mortgage Margin	The percentage added to the index value to determine the new interest rate on each adjustment date. The mortgage margin is indicated on the Note.	Mandatory	The margin rate should be entered to three decimal places *For example, 1.5% should be entered as 1.500*	
Next Rate Adjustment Date	The date of the next interest rate change date scheduled to occur after the Delivery Date.	Mandatory		For unadjusted ARMs, this should be the initial rate adjustment date. See Section 30.2(c) for more detailed information. See Section 17.8 for more detailed ARM information.
Next Payment Adjustment Date	The date of the next payment change date scheduled to occur after the Delivery Date.	Mandatory		This date must be one month following the next interest change date. See Section 30.2(d) for more detailed information.
Periodic Interest Rate Cap	Indicates whether the Mortgage has a periodic interest rate cap.	Mandatory	Y or N Y = Yes, the Mortgage has a periodic cap N = No, the Mortgage does not have a periodic cap	
Rate Cap Percent	The maximum percentage rate that the Mortgage can adjust within the adjustment period, as indicated on the Note.	Mandatory	The rate cap percent should be entered to three decimal places *For example, 2% should be entered as 02.000*	If “Y” is entered in the Periodic Interest Rate Cap field, you must enter the periodic interest rate cap percentage.
Life of Loan Rate Cap	Indicates whether a Mortgage has a life of loan interest rate cap (also known as the loan ceiling).	Mandatory	Y or N Y = Yes, the Mortgage has a life of loan rate cap N = No, the Mortgage does not have a life of loan rate cap	
Life of Loan Max Rate %	The maximum interest rate over the life of the Mortgage, as indicated on the Note.	Mandatory	The life of loan rate max % should be entered to three decimal places *For example, 9% should be entered as 09.000*	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Life of Loan Floor (LOL Floor)	The Minimum Gross Coupon Rate, that is, the minimum rate to which the interest rate may decrease over the life of the Mortgage as specified in the Note.	Mandatory *for loans with a Life of Loan Floor Only* See Data Comments	The life of loan floor rate (minimum) should be entered to three decimal places *For example, 6.5% should be entered as 6.500* If the LOL Floor is equal to the Mortgage Margin, leave this field blank.	Unless otherwise provided in the Purchase Documents, Mortgages with Life of Loan Floors are not eligible for sale to Freddie Mac.
Interest Rate Rounded Indicator	Indicates whether the interest rate will be rounded. For all Freddie Mac ARM programs, this flag should be set to Y (Yes)	Mandatory	Y = interest rate rounded to .00125% at time of adjustment	
Percent Rounded	The percent that the interest rate will be rounded to on each interest rate adjustment date. This should be set to .125% for all Freddie Mac ARM programs.	Mandatory	The interest rate rounding should be set to 00125; the import format should be 12500.	
Payment Cap	Indicates whether the Mortgage is a payment capped ARM.	Mandatory	Y or N Y = Yes, the Mortgage is a payment capped ARM—not eligible for sale to Freddie Mac under the Guide N = No, the Mortgage is not a payment capped ARM	This field should be set to “N”.
Payment Cap %	The percentage of the payment cap, as indicated on the Note.	Not Applicable		
Payment Cap Option	Indicates whether the Payment Cap was mandatory or optional.	Not Applicable		
ARM Convertible	Indicates whether the ARM has a feature that allows the loan to convert to a fixed rate.	Mandatory	Y or N Y = Yes, the Mortgage is a convertible ARM N = No, the Mortgage is not a convertible ARM	
Date of First Rate Adjustment	The initial interest rate change date, as indicated on the Note.	Mandatory *for ARMs which have adjusted at least once*	Valid Date	
Current Interest Rate	The current interest rate as of the last interest change date.	Mandatory *for ARMs which have adjusted at least once*	The current interest rate should be entered to three decimal places *For example, 7.5% should be entered as 7.500*	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Current P&I Payment	The monthly P&I payment as of the last interest change date (excluding taxes and any insurance).	Mandatory *for ARMs which have adjusted at least once*	This amount should include dollar and cents.	
Net Negative Amortization Amount	Negative amortization is the amount by which the monthly interest calculated at the note rate exceeds the Borrower's scheduled monthly interest payment to the Servicer.	Mandatory *for Payment Capped ARMs with Negative Amortization*	This amount should include dollar and cents.	
Borrower Name	The name of the Borrower who is obligated to repay the note secured by the property.	Mandatory	Enter the Borrower's last name, then a comma, followed by the first initial or name. *For example, John Smith should be entered as Smith, J. or Smith, John*	
Co-Borrower Name	The name of a second Borrower who is obligated to repay the note secured by the property. The term "Co-Borrower" is used to distinguish between multiple Borrowers, not to rank Borrowers. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory *if more than 1 Borrower exists*	Enter the Borrower's last name, then a comma, followed by the first initial or name. *For example, John Smith should be entered as Smith, J. or Smith, John*	
Purpose of Loan Code	Describes how the loan proceeds will be used.	Mandatory	The valid **Purpose of Loan Codes** are: 1 = Purchase (owner-occupied) 2 = Refinance (owner-occupied) 3 = Purchase (investment property) 4 = Second Home 5 = Refinance (investment property)	Special Note: For a **refinance Mortgage** (loan purpose codes 2, 4, and 5) you must designate whether the loan was a cash-out or no cash-out refinance in the SCC fields. One of the SCC fields should be entered with a: 003 = cash-out refinance 007 = no cash-out refinance (Further refinance mortgage delivery instructions can be found in Chapter 17.) See Section K33.6 for instructions on when a Construction Conversion or Renovation Mortgage is a refinance transaction.
Loan Feature Code	Describes features associated with a Mortgage.	Mandatory *for loans with the additional Mortgage features listed*	The valid **Loan Feature Codes** are: blank = No Feature R = Premium Financing funded buydown plan on purchase transaction Mortgages B = Buydown Plan S = Shared Equity Plan X = Shared Equity/Buydown Plan K = Capitalized Mortgage	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Property Type Code	The type of property secured by the Mortgage.	Mandatory	The valid **Property Type Codes** are: 1 = Condominium 2 = Leasehold 3 = PUD 4 = Manufactured Housing 5 = 1–4 Family Fee Simple	For property type code "4" (Manufactured Housing), the Manufactured Housing must be classified as "real property" under the laws of the State in which the property is located. For property that may be coded in more than one category, code in the following priority: A. Code manufactured housing (code 4) over all other code values (condominium/cooperatives, leasehold, PUD, 1-4 family fee simple). B. Code condominium/cooperative (code 1) over all other code values except manufactured housing. C. Code leasehold (code 2) over PUD and 1-4 family fee simple. D. Code PUD (code 3) (planned unit developments, planned communities or other land subdivisions where individual parcels are subject to community association covenants and restrictions) over 1-4 family fee simple; a PUD may consist of either or both single-family detached houses or townhouses/row houses. E. Code 1-4 family fee simple (code 5) if not manufactured housing, a condominium/cooperative unit, leasehold or PUD. A townhouse or row house may be included in this category if it is not subject to community association covenants and restrictions.
Property Address	The address of the property.	Mandatory		
City	The city where the property is located.	Mandatory		
State	The state where the property is located.	Mandatory	The abbreviation used must be the U.S. Postal Service State abbreviation.	
Zip Code	The zip code where the property is located.	Mandatory	The zip Code field allows for 9 digits to be entered, if available. Do not enter the hyphen for the full zip. *For example, 12345–6789 should be entered as 123456789.*	
Number of Dwelling Units	The number of dwelling units in the property.	Mandatory	For Freddie Mac's Single Family program, the valid number of units is 1–4. Use 1, 2, 3 or 4 in this field indicating the number of units.	

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Purchase Price	The purchase price of the property, net of any adjustments made for sales concessions.	Mandatory *except for refinance transactions*	Whole Dollars only *(round to the nearest dollar)* Leave blank for refinance transactions	The purchase price is mandatory when the **Purpose of Loan** code is 1, 3, or 4 (purchase only).
Amount of Other Financing	The original loan amount of any subordinate financing secured by the property.	Not Applicable		
Total Appraised Value	For a purchase transaction Loan Prospector® Mortgage, either (i) the purchase price if the property if supported by Freddie Mac's Home Value models, or (ii) the lesser of the appraised value of the property on the Origination Date or the purchase price of the property. For a refinance Loan Prospector Mortgage, either (i) the Borrower's estimate of value if supported by Freddie Mac's Home Value models, or (ii) the appraised value of the property on the Origination Date. For a Non-Loan Prospector purchase Mortgages, the lesser of (i) the appraised value of the Mortgaged Premises on the Origination Date, or (ii) the purchase price of the property. For a Non-Loan Prospector refinance transaction, the value of the property on the Origination Date. For super conforming Mortgages with LTV/TLTV/HTLTV ratios greater than or equal to 75% and value of Mortgaged Premises greater than $1 million, lower of the appraised value or the field review (Form 1032 or Form 1072, as applicable) value.	Mandatory	Whole Dollars only *(round to the nearest dollar)*	See Section 23.1 for more details. See Section L33. 6 for additional information regarding appraisal and collateral documentation requirements and Section 17.44 for additional information regarding delivery requirements for super conforming Mortgages.
Borrower Social Security Number	The social security number of the Borrower.	Mandatory	Valid 9-digit social security number	
Co-Borrower Social Security Number	The social security number of the Co-Borrower, if more than one Borrower exists. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory *if more than 1 Borrower exists*	Valid 9-digit social security number	
Reduced Documentation	Indicates whether the loan was underwritten using reduced documentation.	Not Applicable		

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
MI Certificate	The certificate number of the mortgage insurance policy covering the property.	Mandatory *for loans over 80% LTV, or as otherwise specified*		If the MI CODE is **89, 97**, or left intentionally **blank** for the government guaranteed programs, then this field should also be left blank.
MI Code	The code that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage, or the governmental insurance coverage.	Mandatory *for conventional Mortgages over 80% LTV, and certain government guaranteed programs*	See Exhibit 10 for Freddie Mac-approved mortgage insurers and MI Codes Additional valid values are: 89 = Section 502 Guaranteed Rural Housing (MIDANET deliveries only) 97 = Original LTV ratio greater than 80%, and mortgage insurance has been canceled prior to delivery Blank = FHA/VA or Section 184 Guaranteed Native American	
MI Loss %	The percentage of loss coverage that the mortgage insurance company is providing for the insured conventional Mortgage.	Mandatory *for conventional Mortgages over 80% LTV*	The percentage loss field is 3-digits. *For example, 20% coverage should be entered as 020*	If the MI CODE is **89, 97**, or left intentionally **blank**.
Credit Score Value (CSV)	The numeric value of the Indicator Score. See Section 37.5 for more details.	Mandatory *for Non-Loan Prospector Mortgages*	Numeric field Blank = Credit Score is unusable due to significant inaccurate credit information or Credit Score is unusable or not available due to insufficient credit information	This field may be left blank for Non LP Mortgages when the CST = I (significant inaccurate credit information) or T (insufficient credit information). May generally be left blank for Loan Prospector Mortgages. See specific offering for Indicator Score requirements.
Credit Score Type (CST)	The method used to select the Indicator Score entered into the CSV field. (See Section 37.5).	Mandatory *for Mortgages not processed through Loan Prospector*	The **Credit Score Type (CST)**, represents the method used to select the Indicator Score entered into the CSV field. The valid codes are: 1 = Middle/lower then lowest method 2 = Middle/lower then average method 3 = Average/average method I = Credit Score is unusable due to significant inaccurate credit information T = Credit Score is unusable or not available due to insufficient credit information	If you entered an Indicator Score into the CSV field, then you must also enter an Indicator Score selection method of 1, 2, or 3. Note: See Section 37.5 for more detailed information regarding the Indicator Score selection methods.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Condo/PUD Name	The legal name of the Condominium Project.	Mandatory *for Property Type 1 (condominiums)*	Alphanumeric field	You are not required to deliver the PUD name.
Condo/PUD Project Type	The classification of the Condominium Project. See Chapter 42 for more details.	Mandatory *for Property Type 1 (condominiums) only*	The valid **Condo Project Type** codes are: 1 = New Condominium Project 2 = Established Condominium Project or 2- to 4-Unit Condominium Project 3 = Reciprocal review, streamlined review or Detached Condominium Project	For Condominium Unit Mortgages sold with full project warranties, the Seller should enter “1” if the project is a New Condominium Project and ”2” if the project is an Established Condominium Project or 2- to 4-Unit Condominium Project. For Condominium Unit Mortgages sold with limited or reduced project warranties, the Seller should enter”3” for reciprocal review, streamlined review and for a Detached Condominium Project. See Section 17.22(b) for additional information regarding completing this field for Condominium Projects. At this time Freddie Mac does not require PUD Project Type information.
HOEPA Status	Indicates whether a Mortgage is covered by the Home Ownership and Equity Protection Act.	Mandatory	The valid HOEPA Status codes that correspond to HOEPA Status of the Mortgage are: Y = HOEPA Mortgage N = Mortgage is not subject to requirements of HOEPA	A Y value for HOEPA Status means that the Mortgage is not eligible for purchase by Freddie Mac.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Rate Spread	For Mortgages with application dates before **October 1, 2009** and Note Dates before **January 1, 2010**, the spread between the annual percentage rate (APR) on a Mortgage and the rate on Treasury securities with comparable maturity periods. For Mortgages with application dates on or after **October 1, 2009**, and Mortgages with Note Dates on or after **January 1, 2010** (regardless of application date), the spread between the APR and the Average Prime Offer Rate (APOR).	Mandatory for all Mortgages with application dates before **October 1, 2009** and Note Dates before **January 1, 2010** where Rate Spread is ≥ 3%. See Data Comments. Mandatory for all Mortgages with application dates on or after **October 1, 2009,** and all Mortgages with Note Dates on or after **January 1, 2010** (regardless of application date) where Rate Spread is ≥ 1.5%. See Data Comments.	The Rate Spread should be entered to two decimal places. For example, 3.5% should be entered as 3.50.	All Sellers must report Rate Spread. A Seller that is a HMDA reporter should deliver to Freddie Mac the same Rate Spread that it calculates pursuant to HMDA. For a Higher-Priced Mortgage Loan, a Seller should deliver to Freddie Mac the Rate Spread based on the calculations it performed to determine that the Mortgage is a Higher-Priced Mortgage Loan.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Race	The race or national origin of the Borrower.	Mandatory	The valid **Borrower Race** codes that correspond to the race or national origin of the Borrower are: 1 = American Indian/Alaska Native 2 = Asian 3 = Black or African American 4 = Native Hawaiian or other Pacific Islander 5 = White 6 = Information not provided by Borrower in mail, Internet or telephone application 7 = Not Applicable (Use when the Borrower is an entity rather than an individual) Note: Up to five Borrower Race codes may be selected	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* *If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 1 (American Indian/Alaskan Native), deliver Race = 1 (American Indian/Alaska Native)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 2 (Asian or Pacific Islander), deliver Race = 2 (Asian)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 3 (Black [Not Hispanic]), deliver Race = 3 (Black or African American)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Race = 7 (Not Applicable)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 5 (White [Not Hispanic]), deliver Race = 5 (White)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 6 (Other), deliver Race = 7 (Not Applicable)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Borrower for an application received by mail or telephone), deliver Race = 6 (Information not provided by Borrower in mail, Internet or telephone application)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 8 (Not Applicable), deliver Race = 7 (Not Applicable)*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Ethnicity	The ethnicity of the Borrower.	Mandatory	The valid **Borrower Ethnicity** codes that correspond to ethnicity of the Borrower are: 1 = Hispanic or Latino 2 = Not Hispanic or Latino 3 = Information not provided by Borrower in mail, Internet or telephone application 4 = Not Applicable (Use when the Borrower is an entity rather than an individual)	*If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Ethnicity = 1 (Hispanic or Latino)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Borrower for an application received by mail or telephone), deliver Ethnicity = 3 (Information not provided by Borrower in mail, Internet or telephone application)* *If the Borrower's Race selection on the application dated prior to 1/1/2004 = 1,2,3,5,6 or 8 (American Indian or Alaskan Native, Asian or Pacific Islander, Black, White, Other or Not Applicable), deliver Ethnicity = 4 (Not Applicable)*
Borrower Gender	The gender of the Borrower.	Mandatory	The valid **Borrower Gender** codes are: 1 = Male 2 = Female 3 = Information not provided by Borrower in mail, Internet or telephone application) 4 = Not Applicable (Use when the Borrower is an entity rather than an individual but not a Native American tribe or tribal organization) 8 = Not Applicable (Use for Native American tribes or tribal organizations only)	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Borrower Age	The age of the Borrower expressed in years.	Mandatory	The age of the Borrower, as listed on the loan application. *Note: This is a 2-digit field* 98 = Use when Borrower does not provide age on the application 99 = Use when Borrower's age is 99 or older Blank = Use when not applicable (only to be used when Borrower is an entity rather than an individual)	*This data is mandatory, except for Notes originated prior to 1/1/93 and Mortgage applications taken after 1/1/04; however, the data should be delivered, if available for these Mortgages.*
Borrower Date of Birth	The date of birth of the Borrower.	Mandatory	The date of birth of the Borrower, as listed on the Mortgage application.	*This date is mandatory for Mortgage applications completed on or after 1/1/2004.*

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
First-Time Homebuyer	Indicates whether the Borrower is a First-Time Homebuyer.	Mandatory *for purchase, owner occupied Mortgages only)*	Y or N or Blank Y = Yes, one of the Borrowers who will reside in the Mortgaged Premises is a First-Time Homebuyer. N = No, none of the Borrowers who will reside in the Mortgaged Premises is a First-Time Homebuyer. Blank = First-Time Homebuyer does not apply to this transaction. (Investment property, Second Home, or refinance transactions are not eligible to be considered First-Time Homebuyer transactions.)	This field must have a Y or N, if the Purpose of the Loan Code is 1 (Purchase). The field must be left blank if the Purpose of the Loan Code is 2, 3, 4 or 5. *This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* Note: See Exhibit 1, Instructions for Completing the First-Time Homebuyer Indicator Field, for additional instructions on completing this field.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Co-Borrower Race	The race or national origin of the Co-Borrower. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory	The valid **Co-Borrower Race** codes that correspond to the race or national origin of the Co-Borrower are: 1 = American Indian/Alaska Native 2 = Asian 3 = Black or African American 4 = Native Hawaiian or other Pacific Islander 5 = White 6 = Information not provided by Co-Borrower in mail, Internet or telephone application 7 = Not Applicable (Use when the Co-Borrower is an entity rather than an individual) 8 = No Co-Borrower Note: Up to five Co-Borrower Race codes may be selected	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* *If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 1 (American Indian/Alaskan Native), deliver Race = 1 (American Indian/Alaska Native)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 2 (Asian or Pacific Islander), deliver Race = 2 (Asian)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 3 (Black [Not Hispanic]), deliver Race = 3 (Black or African American)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Race = 7 (Not Applicable)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 5 (White [Not Hispanic]), deliver Race = 5 (White)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 6 (Other), deliver Race = 7 (Not Applicable)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Co-Borrower for an application received by mail or telephone), deliver Race = 6 (Information not provided by Co-Borrower in mail, Internet or telephone application)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 8 (Not applicable), deliver Race = 7 (Not Applicable)*

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Co-Borrower Ethnicity	The ethnicity of the Co-Borrower.	Mandatory	The valid **Co-Borrower Ethnicity** codes that correspond to ethnicity of the Co-Borrower are: 1 = Hispanic or Latino 2 = Not Hispanic or Latino 3 = Information not provided by Co-Borrower in mail, Internet or telephone application 4 = Not Applicable (Use when the Co-Borrower is an entity rather than an individual) 5 = No Co-Borrower	*If the Mortgage will be delivered on or after 1/1/2004 and the Mortgage application was completed prior to 1/1/2004, the following conversion rules apply:* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 4 (Hispanic), deliver Ethnicity = 1 (Hispanic or Latino)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 7 (Information not provided by Co-Borrower for an application received by mail or telephone), deliver Ethnicity = 3 (Information not provided by Co-Borrower in mail, Internet or telephone application)* *If the Co-Borrower's Race selection on the application dated prior to 1/1/2004 = 1,2,3,5,6 or 8 (American Indian or Alaskan Native, Asian or Pacific Islander, Black, White, Other or Not Applicable), deliver Ethnicity = 4 (Not Applicable)*
Co-Borrower Gender	The gender of the Co-Borrower. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Mandatory	The valid **Co-Borrower Gender** codes are: 1 = Male 2 = Female 3 = Information not provided by Co-Borrower in mail, Internet or telephone application. 4 = Not Applicable (Use when the Borrower is an entity rather than an individual but not a Native American tribe or tribal organization) 5 = No Co-Borrower	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Co-Borrower Age	The age of the Co-Borrower expressed in years. If there is more than one Co-Borrower, enter the data for the first Co-Borrower listed on the application.	Optional	The age of the Borrower, as listed on the loan application. Note: This is a 2-digit field 98 = Use when Co-Borrower does not provide an age on the application 99 = Use when Co-Borrower's age is 99 or older Blank = Use when not applicable (only to be used when there is no Co-Borrower)	*This data is mandatory, except for Notes originated prior to 1/1/93 and Mortgage applications taken after 1/1/04; however, the data should be delivered, if available for these Mortgages.*
Co-Borrower Date of Birth	The date of birth of the Co-Borrower.	Mandatory if more than one Borrower exists	The date of birth of the Co-Borrower, as listed on the Mortgage application.	*This data is mandatory for Mortgage applications completed on or after 1/1/2004.*

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Number of Borrowers	The total number of individuals who sign the Note. Individuals who sign the security instrument but not the Note are not considered Borrowers.	Mandatory	This is a 2-digit field	*This data is mandatory, except for Notes originated prior to 1/1/93; however, if available, the data should be delivered for these Mortgages.*
Year Built	The year the property was built.	Optional	Valid value for the **Year Built** is the full year. *For example, 1985*	*This data should be delivered, if available. The appraisal report should state the year built, if that information is available.*
Monthly Housing Expense	The monthly housing expense is the sum of the monthly charges on the Borrower's Personal Residence. See Section 37.15 for more details.	Mandatory	Whole Dollars only *(round to the nearest dollar)*	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* Insert the monthly housing expense calculated using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac.
Number of Bedrooms (by unit)	The total number of bedrooms in a 1-unit property or in each unit of a 2- to 4-unit property.	Mandatory *for investment properties and 2- to 4-unit properties*	The applicable number of units must be completed for either a 1-unit property or for each unit in a 2- to 4-unit property.	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Gross Monthly Rent (by unit)	This is the gross monthly rental income per unit from the actual signed lease(s) for the property. If there is no active lease for a unit, or the Borrower rents the unit to a family member who pays no rent, enter the gross monthly rental income as estimated on the applicable appraisal report or addenda.	Mandatory	The applicable number of units must be completed for either a 1-unit investment property or for each unit in a 2- to 4-unit property. If the 2- to 4-unit property is owner-occupied, enter a zero in any unit(s) the Borrower(s) occupy.	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*
Monthly Debt Payment	The sum of the Borrower's monthly debt payments. See Section 37.16 for more details.	Mandatory	Whole Dollars only *(round to the nearest dollar)*	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.* Insert the monthly debt payment calculated using the monthly housing expense determined using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage to Freddie Mac.
Monthly Income	The total monthly income used to qualify the Borrower(s).	Mandatory	Whole Dollars only *(round to the nearest dollar)*	*This data is mandatory, except for Notes originated prior to 1/1/93; however, the data should be delivered, if available for these Mortgages.*

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Special Characteristics Codes	These codes provide additional information relating to the Mortgages.	Mandatory *for loans requiring the delivery of this information*	There is space allowed for ten different SCC fields. The valid **Special Characteristic Codes** are: **For all loans:** The following SCCs must be delivered for all loans. Seller must identify the loan using one of the following SCCs: 018 = Retail Mortgage (not a Wholesale Home Mortgage) 211 = Correspondent Third Party Origination Mortgage (replaces 002) 212 = Mortgage Broker Third Party Origination Mortgage (replaces 002) Seller must identify the status of the property's flood insurance coverage by using one of the following SCCs: 170 = in Special Flood Hazard Area (SFHA) with flood insurance 185 = in SFHA without flood insurance 175 = out of SFHA with flood insurance 180 = out of SFHA without flood insurance	**See Exhibit A, Special Characteristics Codes, of this form for a complete listing of SCCs.** Please see Section 58.3 for flood zone determination and flood insurance requirements. Additional comments to help deliver the correct SCC for flood insurance: • **SCC 185** is used only if the community participates in the National Flood Insurance Program (NFIP), the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. • **SCCs 175 and 180** may also be used if there is no NFIP map for the community where the property is located.
Loan Prospector Key Number (AUS)	The unique number that Loan Prospector assigns to each loan that is processed through Loan Prospector.	Mandatory *for Mortgages processed through Loan Prospector*	Alphanumeric provided by Loan Prospector	Also known as Key Number or Loan Prospector (LP) AUS Key Number.
Offering Code	The codes used to identify specific Mortgage purchase offerings.	Mandatory *for applicable programs*		

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Secondary Financing Sources, for secondary financing other than Affordable Seconds®	Identifies the source of the secondary financing.	Mandatory *for Mortgages with secondary financing*	**All Mortgages with Secondary Financing, other than Affordable Seconds** The valid **Secondary Financing Sources** are: Blank = No secondary financing 20 = HELOC 30 = other secondary financing See below for source codes for Affordable Seconds.	**All Mortgages with Secondary Financing, other than Affordable Seconds** If there is no secondary financing, leave this field blank. Seller may deliver up to two secondary financing sources.
Secondary Financing Sources for Affordable Seconds	Identifies the source of the secondary financing.	Mandatory *for all AHI Mortgages and for Mortgages with an Affordable Second*	**Affordable Housing Initiative Mortgages and Mortgages with Affordable Seconds** The valid **Secondary Financing Sources** are: 01 = originating lender 02 = other financial institution 03 = Federal government program 04 = State government program 05 = local government program 06 = employer 08 = not applicable 09 = property seller 10 = other	**Affordable Housing Initiative Mortgages and Mortgages with Affordable Seconds** Affordable Seconds must be originated by an Agency which must be one of the following: ■ A municipality which includes any duly authorized authority or agency of the federal, State, local, or municipal government ■ A nonprofit community or religious organization, other than a credit union. ■ The Borrower's employer, or ■ A regional Federal Home Loan Bank under one of its affordable housing programs. Only Affordable Housing Initiative Mortgages may have an Affordable Second. This information is required only if the **Purpose Of Loan Code** = 1 (purchase/owner-occupied). Seller may deliver up to two source codes for Affordable Seconds. Instructions for coding the source codes: 1. Use source code 01 only if the originating lender is an Agency 2. Use source code 02 only for FHLB affordable housing programs 3. Use source code 09 only if the property seller is a financial institution or nonprofit organization; if the property seller is a federal, state or local government program use source code 03, 04 or 05 respectively 4. Use source code 10 if the source is a nonprofit organization and is not the property seller For AHI Mortgages, if there is no Affordable Second, use the **Secondary Financing Source 08**.

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Secondary Financing Amounts	The dollar amount of secondary financing attributable to the corresponding secondary financing code, rounded to the nearest dollar.	Mandatory *for Mortgages with secondary Financing and all AHI Mortgages*	Whole Dollars only *(round to the nearest dollar)* *For example, for secondary financing that is not an Affordable Second, a Mortgage with one subordinate second loan that is not a HELOC in the amount of $5000 and one HELOC with $1000 disbursed at closing should be entered under the Secondary Financing Sources/Amounts fields as:* 1: 20/1000 and 2: 30/5000 If there are two subordinate loans from the same source (e.g., two HELOCs or two non-HELOCs) code the aggregate of the two loans in the appropriate sources/amounts field. *For Affordable Seconds, a Mortgage with one second Mortgage funded by a Federal government program in the amount of $2000 and one subordinate Mortgage funded by the Borrower's employer in the amount of $2000 would be entered under the Secondary Financing Sources/ Amounts fields as* 1: 03/2000 and 2: 06/2000	When a **Secondary Financing Source** code of "20" is entered for a HELOC, enter the disbursed amount or used portion at closing, not the maximum credit loan amount. If no disbursements have occurred, enter zero. If there are more than two subordinate loans that are not Affordable Seconds, code the aggregate amount from each source. For example, a Mortgage with two HELOCs with $1000 and $1500, respectively, disbursed at closing, and with two second loans that are not HELOCs in the amount of $5000 and $3000, respectively, would be coded: 1: 20/2500 and 2: 30/8000 If there are more than two Affordable Seconds, code the source with the largest aggregate amount as the first subordinate loan. If all the remaining Affordable Seconds are from the same secondary financing source, code the aggregate of all other Affordable Seconds as from that source; otherwise code the aggregate of all remaining Affordable Seconds as secondary financing source code 10. For example, a Mortgage with the following subordinate loans would be coded: 1: 03/5000 and 2: 10/5000: ■ $5000 from a Federal Government program ■ $3000 from a nonprofit ■ $1000 from a religious institution ■ $1000 from an employer

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Down Payment Sources	The source(s) for the Borrower's down payment, up to a maximum of four codes.	Mandatory *for AHI Mortgages only*	The valid **Down Payment Sources** are: 01 = gift from relative 02 = gifts or grants from a non-profit religious organization or non-profit community organization 03 = gifts or grants from a Federal government program 04 = gifts or grants from a State government program 05 = gifts or grants from a local government program 06 = gifts or grants from employer 07 = other Borrower cash or equity 08 = unsecured loan 10 = other 11 = [intentionally deleted] 12 = secondary financing	*Up to a maximum of four codes.*
Down Payment Amounts	The dollar amount of the Borrower's down payment attributable to the corresponding down payment source code.	Mandatory *for AHI Mortgages only*	Whole Dollars only *(round to the nearest dollar)* *For example, a Mortgage with two sources of down payment (gift from relative and Borrower's own funds), $2000 each would be entered as:* 1: 01/2000 2: 07/2000	

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Closing Costs Sources	The source(s) for paying the Borrower's closing costs, up to a maximum of four codes.	Mandatory *for AHI Mortgages only*	The valid **Closing Cost Sources** are: 01 = gift from relative 02 = gifts or grants from a non-profit religious organization or non-profit community organization 03 = gifts or grants from a Federal government program 04 = gifts or grants from a State government program 05 = gifts or grants from a local government program 06 = gifts or grants from employer 07 = Borrower's own funds 08 = unsecured loan 09 = property seller contribution 10 = other 11 = premium funds 12 = secondary financing	*Up to a maximum of four codes.*
Closing Costs Amounts	The dollar amount of the closing costs attributable to the corresponding closing costs source code, rounded to the nearest dollar.	Mandatory *for AHI Mortgages only*	Whole Dollars only *(round to the nearest dollar)* *For example, a Mortgage with two sources of Closing Costs (gift from employer and Borrower's own funds), $500 each would be entered as:* 1: 06/500 2: 07/500	
Borrower Education Counseling Codes	The applicable code for the administrator of the counseling program, up to a maximum of two codes, in blocks one and two.	Mandatory *for AHI Mortgages only*	The valid **Administrator codes** are: L = Lender (Freddie Mac Seller/Servicer) N = Non-profit organization P = Public or government agency O = Other X = Borrower education not required	*If the Borrower did not participate in a counseling program leave blank.*

Instructions for Completing the Report Format for Form 13SF

Field Name	Short Definition	Data Type	Valid Values	Data Comments
Borrower Education Format	The applicable code for the format of the counseling program, up to a maximum of two codes, in blocks one and two.	Mandatory *for AHI Mortgages only*	The valid **Format codes** are: C = Classroom H = Home study I = Individual O = Other X = Borrower education not required *For example, a Borrower participated in a counseling program offered by the lender in a classroom setting.* Enter in block 1: L/C.	*If the Borrower did not participate in a counseling program leave blank.* Use code I = Individual for Internet (web-based) borrower homeownership education programs
Ref Code	Code used to identify Mortgages with certain characteristics. See Valid Values.	Mandatory *if applicable*	The valid **Reference Codes** are: 0003 = Seller-Owned Modified Mortgage 0007 = Freddie Mac-owned streamlined refinance Mortgage 0013 = Construction Conversion or Renovation Mortgages using Integrated or Modification Documentation	
Associated FHLMC Loan#	A Freddie Mac supplied number assigned to the original Mortgage by the Seller/Servicer when the Mortgage was initially sold to Freddie Mac.	Mandatory *if applicable*	9-digit Freddie Mac provided number	For Freddie Mac-owned streamlined refinance Mortgages with SCC of 288.
Mod/Conv Date	Date on which the modification documentation was effective.	Mandatory *if applicable*		For Seller-Owned Modified Mortgages, the date the modification documentation was effective. For Seller-Owned Converted Mortgages, the date the conversion documentation was effective. For Freddie Mac-Owned Converted Mortgages, the Conversion Date of the Converted Mortgage. For Construction Conversion and Renovation Mortgages: • Using Integrated Documentation, the Due Date of the first principal and interest payment of the Permanent Financing. • Using Modification Documentation, the date on which the modification agreement was effective or if a new Note was used, the Note Date of the new Note.

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Field Name	Short Definition	Data Type	Valid Values	Data Comments
Index Lookback Days	The number of days between the Interest Change Date and the date the value of the index is determined.	Mandatory	Enter the number of days preceding the Interest Change Date. Enter 25 if the Lookback is the 1st Business Day of the month immediately preceding the month in which the Change Date occurs.	
Index Source Code	The code used by Freddie Mac to identify the Index used to determine the new rate of interest at each Interest Change Date.	Mandatory	See Exhibit 30 for listing of valid Index codes and descriptions.	
First Rate Adjustment Min Rate	The minimum interest rate at the first Interest Change Date.	Mandatory		Enter zero if first Interest Change Date occurs before Delivery Date.
First Rate Adjustment Max Rate	The maximum interest rate at the first Interest Change Date.	Mandatory		Enter zero if first Interest Change Date occurs before Delivery Date.

Exhibit A

Special Characteristics Codes

Additional codes must be provided or requirements must be met based on the Mortgage type, if applicable. Sellers should also review their Purchase Documents for additional special requirements, which may not appear in Form 11, Form 13SF, Chapter 17 or this exhibit.

Special Characteristics Codes (SCC): Numerical Listing

Code	Code Description	Comments
003	Cash-out refinance Mortgage	In addition to SCC 003, Seller must deliver SCC 203 for a special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner. If the Loan Purpose Code field has a 2, 4 or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Guide Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on cash-out refinance Mortgages, see Sections 17.18 and 24.6.
007	No cash-out refinance Mortgage	In addition to SCC 007: ■ SCC 288 must be used for Freddie Mac-owned streamlined refinance Mortgages, or ■ SCC D99 must be used for Freddie Mac-owned “no cash-out” refinance Mortgages with expanded loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV)s If the Loan Purpose Code field has a 2, 4, or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on “no cash-out” refinance Mortgages, see Sections 17.18 and 24.5.
009	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	For more information, see Sections 17.20, 25.4 and A34.5.
013	Fixed-rate relocation Mortgage	For more information on relocation Mortgages, see Sections 13.4(f) and 17.19.
014	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	For more information, see Sections 17.20 and 25.4.
018	Retail Mortgage (not a Wholesale Home Mortgage)	This SCC is required when Seller does not deliver SCC 211 or 212. For more information on Retail Mortgages, see Section 17.3(b) and the Glossary.
019	Mortgage with Lender Paid mortgage insurance	For more information regarding Lender Paid mortgage insurance, see Sections 17.25 and 27.1.1(b).
071	Mortgage was originated under one of Freddie Mac’s special Affordable Housing Initiatives	For more information, see Section 17.13.1 and Chapter A34.
113	Prepayment Penalty Mortgage	For more information, see Section 17.12 and Chapter B33.
128	Section 184 Native American Mortgage, fee simple	For more information, see Sections 17.11 and 35.4.
130	Section 184 Native American Mortgage, allotted land	

Code	Code Description	Comments
140	Purchase transaction Home Possible® Mortgages where: ■ The income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income ■ The property securing the Mortgage is located in a Hurricane Katrina/Hurricane Rita eligible Disaster Area	Purchase transaction Home Possible Mortgages originated subject to the Hurricane Katrina/Hurricane Rita area median income exemption must have Note Dates on or before June 30, 2008 and must be delivered to Freddie Mac on or before September 30, 2008. For more information, see Sections 17.13.1 and A34.7(a).
170	Property in Special Flood Hazard Area (SFHA) with flood insurance	For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
175	Property out of SFHA with flood insurance	SCCs 175 and 180 may also be used if there is no National Flood Insurance Program (NFIP) map for the community where the property is located. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
180	Property out of SFHA without flood insurance	
185	Property in an SFHA without flood insurance	SCC 185 is used only if the community participates in the NFIP, the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
203	Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	For more information, see Sections 17.18 and 24.7.
206	Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	For more information, see Sections 17.20, 25.4 and A34.5.
207	Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	For more information, see Sections 17.20 and 25.4.
211	Correspondent Third Party Origination Mortgage	For more information, see Sections 17.3(b), 22.15 and the Glossary.
212	Broker Third Party Origination Mortgage	
218	Section 184 Native American Mortgage, tribal trust land	For more information, see Sections17.11 and 35.4.
221	Texas Equity Section 50(a)(6) Mortgages	For more information, see Sections 17.18 and 24.8.
257	Mortgage secured by California condominium unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	If a Mortgage secured by a California Condominium Unit is delivered to Freddie Mac without SCC 257, 259 or 261, the Seller will be assessed a 1% delivery fee. For more information, see Sections 17.22 and 42.12.
259	Mortgage secured by California condominium unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	
261	Mortgage secured by California condominium unit where earthquake insurance is not necessary and delivery fee is waived	
288	Freddie Mac-owned streamlined refinance Mortgage	For SCC 288, provide the Associated Freddie Mac loan number (the 9-digit loan number of the existing Mortgage) and the applicable Reference Code. For more information, see Sections 17.18 and 24.4.
357	Property Inspection Alternative (PIA)	Loan Prospector Mortgage originated using the property inspection alternative. For more information, see Sections 17.34, 44.7 and 44.9.

Code	Code Description	Comments
532	Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	For more information, see Sections 17.13.1, A34.2, 37.7(a) and 37.11(c).
535	Mortgage where the TLTV ratio is greater than 100%	The only Mortgages with a TLTV ratio greater than 100% eligible for sale to Freddie Mac are Home Possible Mortgages secured by a 1-unit Primary Residence with a minimum 700 Indicator Score, FHA/VA Mortgages, Section 502 GRH Mortgages and Section 184 Native American Mortgages. For more information, see Sections 17.13.1 and A34.10.
547	Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	For more information, see Sections 17.13.1, 26.6.3 and A34.2(b).
582	Mortgage with an RHS leveraged second	For more information, see Sections 17.15 and 35.3.
583	Mortgage with an Affordable Second	Affordable Seconds may be used only with Affordable Housing Initiative Mortgages. For more information on Mortgage with an Affordable Seconds, see Sections 17.13.1 and 25.1(g).
681 - 695	Mortgage with Financed Mortgage Insurance Premium	Seller must deliver an SCC 6+ (plus) the base LTV to represent the Base LTV ratio of the Mortgage. Valid Codes for Financed MI include: 681 through 695 For example, for an ARM with a 90% LTV ratio with financed MI, the Seller must enter a special characteristic code of “690” and the gross LTV ratio (which would be higher than 90%) through the LTV ratio field. For more information, see Sections 17.24 and 27.1.1(a).
903	Loan Prospector Mortgage delivered with Form 2070 (exterior-only inspection)	For more information, see Sections 17.34, 44.7 and 44.9.
904	Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	
916	Mortgage where the Mortgaged Premises are completed after application	For more information, see Section 17.39.
921	Mortgage where Borrower uses a credit card, cash advance or unsecured line of credit to pay fees	For more information, see Sections 17.43, 26.2 and 26.6.4.
951	Single-wide Manufactured Home	If the Property Type Code field has a 4 (manufactured housing), then an SCC of either 951 or 952 must be delivered with that loan. For more information, see Section 17.33 and Chapter H33.
952	Multiwide Manufactured Home	
D25	Mortgages using Employer Assisted Homeownership Benefits as a source of funds	For more information, see Sections 17.42 and 26.6.2.
D49	Newly Built Home Mortgage site-built	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D50	Newly Built Home Mortgage Manufactured Home	
D51	Construction Conversion Mortgage site-built *or* Renovation Mortgage site-built	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D52	Construction Conversion Mortgage Manufactured Home	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
D69	Renovation Mortgage site-built	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.

Code	Code Description	Comments
D99	Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	For more information see Sections 17.18 and 24.5.
G00	Home Possible® 97 Mortgage	Other SCCs that may be applicable to Home Possible Mortgages are 140 (Borrower's income does not exceed 80% of area median income (AMI) or property is located in a Hurricane Katrina/Hurricane Rita Eligible Disaster Area), 532 (Noncredit Payment References), 535 (TLTV ratio greater than 100%), 547 (Cash on hand), 582 (RHS Leveraged Second) and 583 (Affordable Second). For more information, see Section 17.13.1 and Chapter A34. Effective **March 1, 2009**, Home Possible 100 and Home Possible Neighborhood Solution 100 Mortgages are ineligible for sale to Freddie Mac.
G01	Home Possible Neighborhood Solution® 97 Mortgage	
G02	Home Possible 100 Mortgage	
G03	Home Possible Neighborhood Solution 100 Mortgage	
G18	Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	For more information, see Sections 17.13.1 and A34.8(a).
G20	Home Possible 3% Cash Mortgage	For more information, see Section 17.13.1 and Chapter A34.
G21	Home Possible Neighborhood Solution 3% Cash Mortgage	
H09	Condominiums with PERS Approval	Condominium Unit in Condominium Project approved through the Fannie Mae Project Eligibility Review Service (PERS) process. For more information, see Sections 42.9(a) and 42.13.
H10	Streamlined Condo Review Allowed for Established Projects	Condominium evaluated using the streamlined review process. For more information, see Sections 42.4 and .42.13.
H24	Condominium Unit – Freddie Mac Owned Mortgages	Mortgages secured by a unit in a Florida Condominium Project meeting the requirements in Section 42.7(e).

SCCs: Topic Listing

Code Description	Code	Comments
Standard SCCs (applicable SCC must be delivered for all loans)		
Retail Mortgage (not a Wholesale Home Mortgage)	018	This SCC is required when Seller does not deliver SCC 211 or 212. For more information on Retail Mortgages, see Section 17.3(b) and the Glossary.
Property in an SFHA with flood insurance	170	For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Property out of SFHA with flood insurance	175	SCCs 175 and 180 may also be used if there is no National Flood Insurance Program (NFIP) map for the community where the property is located. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Property out of SFHA without flood insurance	180	
Property in an SFHA without flood insurance	185	SCC 185 is used only if the community participates in the NFIP, the dwelling is not covered by flood insurance and the Mortgage file contains a FEMA Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) effectively removing the dwelling from the SFHA. For more information, see Section 17.3(b) regarding delivery requirements and Section 58.3 for flood zone determination and flood insurance requirements.
Correspondent Third Party Origination Mortgage	211	For more information, see Sections 17.3(b), 22.15 and the Glossary.
Broker Third Party Origination Mortgage	212	
Affordable Housing Initiatives		
Mortgage was originated under one of Freddie Mac's special Affordable Housing Initiatives	071	For more information, see Section 17.13.1 and Chapter A34.
Section 184 Native American Mortgage, fee simple	128	For more information, see Sections 17.11 and 35.4.
Section 184 Native American Mortgage, allotted land	130	
Purchase transaction Home Possible Mortgages where: ■ The income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income ■ The property securing the Mortgage is located in a Hurricane Katrina/Hurricane Rita eligible Disaster Area	140	Purchase transaction Home Possible Mortgages originated subject to the Hurricane Katrina/Hurricane Rita area median income exemption must have Note Dates on or before June 30, 2008 and must be delivered to Freddie Mac on or before September 30, 2008. For more information, see Sections 17.13.1 and A34.7(a).
Section 184 Native American Mortgage, tribal trust land	218	For more information, see Sections17.11 and 35.4.
Affordable Housing Initiative Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	532	For more information, see Sections 17.13.1, A34.2, 37.7(a) and 37.11(c).
Mortgage where the TLTV ratio is greater than 100%	535	The only Mortgages with a TLTV ratio greater than 100% eligible for sale to Freddie Mac are Home Possible Mortgages secured by a 1-unit Primary Residence with a minimum 700 Indicator Score, FHA/VA Mortgages, Section 502 GRH Mortgages and Section 184 Native American Mortgages. For more information, see Sections 17.13.1 and A34.10.
Affordable Housing Initiative Mortgage using cash on hand as Borrower Funds or Borrower Personal Funds	547	For more information, see Sections 17.13.1, 26.6.3 and A34.2(b).
Mortgage with an RHS leveraged second	582	For more information, see Sections 17.15 and 35.3.

Code Description	Code	Comments
Mortgage with an Affordable Second	583	Affordable Seconds may be used only with Affordable Housing Initiative Mortgages. For more information on Mortgage with an Affordable Seconds, see Sections 17.13.1 and 25.1(g).
Mortgages using Employer Assisted Homeownership Benefits as a source of funds	D25	For more information, see Sections 17.42 and 26.6.2.
Home Possible 97 Mortgage	G00	Other SCCs that may be applicable to Home Possible Mortgages are 140 (Borrower's income does not exceed 80% of area median income (AMI) or property is located in a Hurricane Katrina/Hurricane Rita Eligible Disaster Area), 532 (Noncredit Payment References), 535 (TLTV ratio greater than 100%), 547 (Cash on hand), 582 (RHS Leveraged Second) and 583 (Affordable Second). For more information, see Section 17.13.1 and Chapter A34. Effective **March 1, 2009**, Home Possible 100 and Home Possible Neighborhood Solution 100 Mortgages are ineligible for sale to Freddie Mac.
Home Possible Neighborhood Solution 97 Mortgage	G01	
Home Possible 100 Mortgage	G02	
Home Possible Neighborhood Solution 100 Mortgage	G03	
Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the Total Gift Fund field	G18	For more information, see Sections 17.13.1 and A34.8(a).
Home Possible 3% Cash Mortgage	G20	For more information, see Section 17.13.1 and Chapter A34.
Home Possible Neighborhood Solution 3% Cash Mortgage	G21	
Collateral Assessment		
PIA	357	Loan Prospector Mortgage originated using the property inspection alternative. For more information, see Sections 17.34, 44.7 and 44.9.
Loan Prospector Mortgage delivered with Form 2070 (exterior-only inspection)	903	For more information, see Sections 17.34, 44.7 and 44.9.
Loan Prospector Mortgage delivered with FNMA Form 2075 as allowable substitute for Form 2070	904	
Condominium Unit Mortgages		
Condominiums with PERS Approval	H09	Condominium Unit in Condominium Project approved through the Fannie Mae PERS process. For more information, see Sections 42.9(a) and 42.13.
Streamlined Condo Review Allowed for Established Projects	H10	Condominium evaluated using the streamlined review process. For more information, see Sections 42.4 and .42.13.
Condominium Unit – Freddie Mac Owned Mortgages	H24	Mortgages secured by a unit in a Florida Condominium Project meeting the requirements in Section 42.7(e).
California Earthquake		
Mortgage secured by California condominium unit with partially pre-funded earthquake insurance deductibles and delivery fee is reduced	257	If a Mortgage secured by a California Condominium Unit is delivered to Freddie Mac without SCC 257, 259 or 261, the Seller will be assessed a 1% delivery fee. For more information, see Sections 17.22 and 42.12.
Mortgage secured by California condominium unit with adequately pre-funded earthquake insurance deductibles and delivery fee is waived	259	
Mortgage secured by California condominium unit where earthquake insurance is not necessary and delivery fee is waived	261	
Manufactured Homes		
Single-wide Manufactured Home	951	If the Property Type Code field has a 4 (manufactured housing), then an SCC of either 951 or 952 must be delivered with that loan. For more information, see Section 17.33 and Chapter H33.
Multiwide Manufactured Home	952	
Newly Built Home Mortgage Manufactured Home	D50	
Construction Conversion Mortgage Manufactured Home	D52	

Code Description	Code	Comments
Mortgage Insurance		
Mortgage with Lender Paid mortgage insurance	019	For more information regarding Lender Paid mortgage insurance, see Sections 17.25 and 27.1.1(b).
Mortgage with Financed Mortgage Insurance Premium	681 - 695	Seller must deliver an SCC 6+ (plus) the base LTV to represent the Base LTV ratio of the Mortgage. Valid Codes for Financed MI include: 681 through 695 For example, for an ARM with a 90% LTV ratio with financed MI, the Seller must enter a special characteristic code of “690” and the gross LTV ratio (which would be higher than 90%) through the LTV ratio field. For more information, see Sections 17.24 and 27.1.1(a).
Mortgages for Newly Constructed Homes		
Mortgage where the Mortgaged Premises are completed after application	916	For more information, see Section 17.39.
Newly Built Home Mortgage site-built	D49	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Newly Built Home Mortgage Manufactured Home	D50	
Construction Conversion Mortgage site-built *or* Renovation Mortgage site-built	D51	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Construction Conversion Mortgage Manufactured Home	D52	For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Renovation Mortgage site-built	D69	Renovation Mortgages must have both SCC D51 and SCC D69. For more information, see Section 17.38.1, Chapter K33 and the Glossary.
Mortgages with Buydowns		
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is not more than 2% below the Note Rate	009	For more information, see Sections 17.20, 25.4 and A34.5.
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	014	For more information, see Sections 17.20 and 25.4.
Mortgage with temporary subsidy buydown plan that extends more than 2 years, but not more than 3 years, and an effective interest rate that is not more than 2% below the Note Rate	206	For more information, see Sections 17.20, 25.4 and A34.5.
Mortgage with temporary subsidy buydown plan that extends 2 years or less and an effective interest rate that is more than 2%, but not more than 3%, below the Note Rate	207	For more information, see Sections 17.20 and 25.4.

Code Description	Code	Comments
Refinance Mortgages		
Cash-out refinance Mortgage	003	In addition to SCC 003, Seller must deliver SCC 203 for a special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner. If the Loan Purpose Code field has a 2, 4 or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Guide Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on cash-out refinance Mortgages, see Sections 17.18 and 24.6.
No cash-out refinance Mortgage	007	In addition to SCC 007: ■ SCC 288 must be used for Freddie Mac-owned streamlined refinance Mortgages, or ■ SCC D99 must be used for Freddie Mac-owned “no cash-out” refinance Mortgages with expanded LTV/TLTV/HTLTVs If the Loan Purpose Code field has a 2, 4, or 5, as applicable, Seller must enter an SCC of 003 (cash-out refinance) or 007 (no cash-out refinance). See Chapter 24 for Special Eligibility Requirements for Refinance Mortgages. For more information on “no cash-out” refinance Mortgages, see Sections 17.18 and 24.5.
Texas Equity Section 50(a)(6) Mortgages	221	For more information, see Sections 17.18 and 24.8.
Freddie Mac-owned streamlined refinance Mortgage	288	For SCC 288, provide the Associated Freddie Mac loan number (the 9-digit loan number of the existing Mortgage) and the applicable Reference Code. For more information, see Sections 17.18 and 24.4.
Freddie Mac-owned “no cash-out” refinance w/ Expanded LTV/TLTV/HTLTVs	D99	For more information see Sections 17.18 and 24.5.

Form 15/A/C

Loan Purchase Statement

FORM 15

PURCHASE STATEMENT ADJUSTMENT

LOAN PURCHASE STATEMENT x
REGION: 10
FHLMC SELLER/SERVICER NO.: 123456
NAME: FRIENDLY SAVINGS AND LOAN
ADDRESS: 34 MAIN STREET

ANYTOWN, USA 99999
TYPE PURCHASED: SF – FULLY AMORTIZED
ACCOUNTING RECONCILIATION: 308
MINIMUM NOTE RATE (WHOLE LOANS ONLY): 11.500
REQUIRED NET YIELD: 10.230 ACCTING NET YIELD: 10.2300
ARC CONTRACT – MTHLY P&I REMITTANCES DUE 3 BUSINESS DAYS AFTER ACCTG. CUTOFF
ARMS ONLY: BASE INDEX VALUE: 00.00 ACCTING NET MARGIN: 00.000
RATE ADJUSTMENT DATE: 00/00/00 PERIODIC RATE CAP: 00.000
BASE INDEX SOURCE: 000 ACCTING NET LIFE CAP: 00.000

BRANCH CODE: US01
CONTRACT/CONVERSION NO: 8808000000 SETTLEMENT DATE: 09/23/88

UNPAID PRINCIPAL	NO. OF LOANS	PART. PCT	NEGATIVE AMORTIZATION	PRINCIPAL PURCHASED
$55,000	1	100	$0.00	$55,000.00

	DEBIT	CREDIT
PRINCIPAL PURCHASED:	55,000.00	
INTEREST ACCRUED (GROSS) THROUGH THE DAY PRIOR TO SETTLEMENT:	343.84	
COMMITMENT FEES TO BE REFUNDED:		
DISCOUNT(PURCHASE PRICE 100.0000%:		
DISCOUNT(CONT PURCH PR): (000.0000%):		
DISBURSEMENT TO SELLER:		55,343.84
TOTAL:	55,343.84	55,343.84

FORM 15A

SETTLEMENT SUMMARY
SETTLEMENT DATE 12/22/88
FIXED RATE GUARANTOR

Effective July 8, 2004
GO TO WWW.FREDDIEMAC.COM/MBS/HTML/SD_PC_LOOKUP.HTML
FOR YOUR POOL SUPPLEMENT OR CALL INVESTOR INQUIRY AT (800) 366-3672

SELLER DETAIL
987654
ANY SAVINGS & LOAN

12000 MAIN STREET

ANYTOWN USA
00000-0000

TRANSACTION DETAIL
POOL NO: 000000 PC RATE: 8.500
CUSIP NO: 131313-XX-0
TRANSACTION NO: 000000000000
ACCOUNTING NET YIELD: 8.650
PAYMENT TO BE MADE BY CHECK

MORTGAGE PURCHASE DETAIL

TOTAL OF UNPAID PRINCIPAL BALANCES(S)	1,002,407.40	
TOTAL OF ACCRUED INTEREST(S)	5,057.98	
GRAND TOTAL MORTGAGE PURCHASE		$1,007,465.38

PC DETAIL

TOTAL OF ORIGINAL PRINCIPAL BALANCES(S)	1,002,407.00	
TOTAL OF ACCRUED INTEREST(S)	4,970.27	
GRAND TOTAL PC SETTLEMENT		$1,007,377.27

AMOUNT DUE SELLER ON SETTLEMENT DATE $88.11

TOTAL PAR AMOUNT ISSUED TO SELLER $1,002,407.00

PC WIRE INSTRUCTIONS:

TAX ID: 000000000
ACCT: NA

CHASE NYY/CUST/FHLB USA/HOME
UNITY/AC#XOOOOO/ATTN:J DOE
021000021
NA
NA PA 10000-0000

ATTN: NA
CREDIT OF: MRM

FORM 15C

SETTLEMENT SUMMARY
SETTLEMENT DATE 12/22/88
WEIGHTED AVERAGE COUPON ARM PC

Effective July 8, 2004
GO TO WWW.FREDDIEMAC.COM/MBS/HTML/SD_PC_LOOKUP.HTML
FOR YOUR POOL SUPPLEMENT OR CALL INVESTOR INQUIRY AT (800) 366-3672

SELLER DETAIL
987654
ANY SAVINGS & LOAN

12000 MAIN STREET

ANYTOWN USA 00000-0000

TRANSACTION DETAIL

PC POOL NO:	000000	ORIG WGTD AVG PC COUPON:	9.931
CUSIP NO:	131313-XX-0	ORIG WGTD AVG COMP MARGIN:	2.035
TRANSACTION NO:	000000000000	ORIG WGTD AVG COMP LIFE CAP:	14.354
		ORIG WGTD AVG ACCT NET YIELD:	10.021

PAYMENT TO BE MADE BY CHECK

MORTGAGE PURCHASE DETAIL

TOTAL OF UNPAID PRINCIPAL BALANCES(S)	12,468,064.81	
TOTAL OF ACCRUED INTEREST(S)	86,765.61	
GRAND TOTAL MORTGAGE PURCHASE		$12,554,830.42

PC DETAIL

TOTAL OF ORIGINAL PRINCIPAL BALANCES(S)	12,468,064.00	
TOTAL OF ACCRUED INTEREST(S)	85,986.35	
GRAND TOTAL PC SETTLEMENT		$12,554,050.35

AMOUNT DUE SELLER ON SETTLEMENT DATE $780.07

TOTAL PAR AMOUNT ISSUED TO SELLER $12,468,064.00

PC WIRE INSTRUCTIONS:

TAX ID: 000000000
ACCT: NA

CHASE NYY/CUST/FHLB USA/HOME UNITY/
AC#000000/ATTN:J DOE
021000021
NA
NA PA 10000-0000

ATTN: NA
CREDIT OF: MRM

Single-Family Form 16SF Instructions

Annual Eligibility Certification Report

Seller/Servicers must comply at all times with applicable requirements of the Purchase Documents. The completion of Form 16SF, Annual Eligibility Certification Report, as of the fiscal year-end by each Freddie Mac Seller/Servicer is one such requirement set forth in Section 4.9 of the *Single-Family Seller/Servicer Guide* (Guide). Refer to the chart below and Guide Section 4.9 for more information about our annual eligibility reporting requirements.

Annual eligibility reporting includes the following documentation	From
❒ **Form 16SF**	Each Seller/Servicer [1]
❒ **Audited financial statements** Prepared in accordance with generally accepted accounting principles (GAAP). The financial statements must include the opinion of an Independent Public Accountant (IPA) based on an audit conducted in accordance with generally accepted auditing standards (GAAS).	Each Seller/Servicer[1], except that: ■ A federally insured depository institution need not submit such statement and ■ A Seller/Servicer that is approved only to sell Mortgages to Freddie Mac may submit Reviewed Financial Statements (as defined in the Guide Glossary). Each Seller/Servicer [1] that is a subsidiary of another institution and that is required to submit audited financial statements as noted above may submit audited financial statements prepared at the Seller/Servicer level or at its parent level, with a consolidating worksheet.
❒ **Report on internal controls** This separate report states whether the IPA noted any material weaknesses during the audit of the financial statements and prepared in accordance with Interpretation 1 of SAS No. 60, "Communication of Internal Control Related Matters Noted in an Audit," titled, "Reporting on the Existence of Material Weaknesses" (AICPA, Professional Standards, vol. I, AU sec. 9325).	Each Seller/Servicer [1] required to submit audited financial statements.
❒ **Applicable Form 1107SF sections and attachments**	Each Seller/Servicer[1] that has unreported changes per Guide Sections 4.11 and 4.12. *Please do not submit Form 1107SF if you had no changes or you have already reported changes to us.*

[1]Includes, as applicable
- Active Seller/Servicers
- Seller/Servicers that are suspended from selling Mortgages to Freddie Mac, but are Servicing Mortgages for Freddie Mac

Note: Freddie Mac reserves the right to require financial information and other information relevant to the Seller/Servicer's eligibility, in addition to the Seller/Servicer's annual eligibility reporting requirements as listed here.

Where to send your report: Please refer to Guide Section 4.10 to determine where to submit your Annual Eligibility Certification Report (Form 16SF and attachments). If you are also filing the Form 1107SF, Change Notification Form, please refer to Guide Section 4.11.

If you have questions: Please direct questions regarding this form, or our eligibility reporting requirements, to our customer service line (800) FREDDIE [(800) 373-3343].

Definitions and Explanations

We have provided the following information to assist you in completing the Form 16SF. Please note that definitions and explanations below are for use with the Form 16SF only.

Identification (Section 1): Employer Identification Number (EIN) may also be referred to as Federal Taxpayer Identification Number. This is not to be a Social Security Number.

Institution type (Section 3): "Other" includes investment and finance companies, state-insured credit unions, etc.

Servicing and Originations (Sections 5 and 6):

Conduit: We consider you a conduit if you issue mortgage-backed securities backed by Mortgages that were originated by other entities.

Mortgage Broker/Correspondent: We consider you a Mortgage Broker/Correspondent if you receive an application for a Mortgage and subsequently transfer, assign, or sell the Mortgage to another lender. A Mortgage Broker/Correspondent may also perform one or more of the following: completely or partially take an application, process credit documents, underwrite the Mortgage and fund the Mortgage.

Retailer: If in the origination of Mortgages you take the Mortgage application, process credit documents, underwrite and fund the Mortgage, we consider you to be a retailer.

Retail Home Mortgage: Mortgages originated where your role is the Retailer (see above definition).

Servicing Agent: A Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac.

Subprime Mortgage: A first or second Mortgage secured by real property that is made to Borrowers with significant past or current credit problems or to Borrowers with unconventional borrowing needs, with an original unpaid principal balance that does not exceed the maximum original loan amount for Mortgages eligible for delivery to Freddie Mac. If the loan amount exceeds the maximum original loan amount deliverable to Freddie Mac, and it has other subprime characteristics as noted above, please report it in the jumbo Mortgage column. Do not include Mortgages in this category solely due to a delinquent status.

Wholesaler: We consider you a wholesaler if you purchase Mortgages originated by another lender with the intent of selling the Mortgage. A wholesaler may also fund the Mortgage of the other lender.

Originations (Section 6, Chart): *Note: If your loan classifications do not match those indicated on the chart, please complete as much information as possible and include at a minimum your total Home Mortgage originations volume. See also definition of Subprime Mortgage above.*

Alt-A Mortgage: A Mortgage that generally conforms to agency prime credit guidelines, although the LTV, loan documentation, occupancy status or property type, etc., may not meet all of the underwriting standards applicable to a prime mortgage, with an original unpaid principal balance that does not exceed the maximum original loan amount for Mortgages eligible for delivery to Freddie Mac. If the loan amount exceeds the maximum original loan amount deliverable to Freddie Mac, and it has other Alt-A characteristics as noted above, please report it in the jumbo Mortgage column.

First Mortgage: A Home Mortgage that gives the mortgagee a security right over all other Mortgages of the mortgaged property.

Jumbo Mortgage: A Home Mortgage with an original unpaid principal balance that exceeds the maximum that can be purchased by Freddie Mac.

Second Mortgage: A Mortgage that is subordinate to a first Mortgage.

Ownership (Section 10):

Minority-owned institution: An institution in which
- More than 50 percent of the ownership or control is held by one or more minority individuals, and
- More than 50 percent of the net profit or loss accrues to one or more minority individuals

Women-owned institution: An institution in which
- More than 50 percent of the ownership or control is held by one or more women, and
- More than 50 percent of the net profit or loss accrues to one or more women, and
- A significant percentage of the senior management positions are held by women

Community-oriented lending institution: An institution that has as a primary mission promoting community development. Community-oriented lending institutions include, without limitation,
- Community development financial institutions
- Community development corporations
- State and local housing finance agencies or other state and local instrumentalities engaged in financing housing in targeted areas or for targeted populations
- Nonprofit institutions engaged in financing housing in targeted areas or for targeted populations
- Low-income credit unions that serve predominantly low-income members (as defined by the National Credit Union Administration Board pursuant to section 101[5] of the Federal Credit Union Act, 12 USCS § 1752 [5]).

Warehouse Lenders (Section 14)

Warehouse Lender: A warehouse lender is the bank or other financial institution that has entered into an agreement with the Seller such that the bank or other financial institution receives a security interest in Mortgages that are thereafter offered for sale to Freddie Mac.

Freddie Mac
We make home possible℠

Single-Family Form 16SF

Annual Eligibility Certification Report

1. Identification (If this address is new, attach section A of Form 1107.)

Seller/Servicer Number | | | | |	Additional Seller/Servicer Numbers Assigned to This Institution (exclude subservicers)	Employer Identification Number (EIN) | -|- | | | | | |
Seller/Servicer Name		Date Fiscal Year-Ends (Month/Day/Year)
Principal Office Address		Mailing Address (if different from principal address)
City, State, Zip		City, State, Zip

2. Parent Information

Name of direct parent: _____

Name of ultimate parent: _____

3. Institution type (Please check boxes below that apply to your institution)

☐ Federally insured depository institution

☐ Mortgage banking company that is a(n):

☐ Subsidiary or parent of a depository institution or part of a bank or thrift holding company

☐ Other privately or publicly held company

☐ Other: Please specify type (insurance company, housing agency, etc.)_____

4. Contacts Please provide the below information on your Chief Executive Officer, Chief Financial Officer, and division heads or equivalents in the following Mortgage-related functions: production, underwriting, secondary marketing, servicing, primary Freddie Mac business contact, and Loan Prospector business contact (Please attach the addresses of contacts if different from Section 1 above.)

Name and Title ☐ Mr. ☐ Mrs. ☐ Ms.	Office E-mail Address	Telephone Number ( ) FAX Number ( )
Name and Title ☐ Mr. ☐ Mrs. ☐ Ms.	Office E-mail Address	Telephone Number ( ) FAX Number ( )

5. Servicing (See definitions in instructions.)

a) Do you use a Servicing Agent(s) to perform your Mortgage Servicing? Yes ☐ No ☐

- Servicing Agent's name(s) and Seller/Servicer number(s): _____
- Is the above Servicing Agent affiliated with your institution? Yes ☐ No ☐
- Has Freddie Mac approved your Servicing Agent via Form 479A? Yes ☐ No ☐

b) If you are active in servicing subprime Mortgages, what is the total UPB of your subprime portfolio? _____

c) What servicing platform do you employ? _____

d) How do you send your investor reporting data to Freddie Mac?

☐ Service Bureau ☐ Self-report

If you self-report, how do you transmit your data? ☐ Midanet for the PC ☐ GCS ☐ Goldworks ☐ Other _____

e) What is your 1-4 Family and Multifamily servicing aggregate unpaid principal balance for mortgages held in portfolio and serviced for others? $_____

f) Do you service any participation loans?

- ☐ Yes If yes, approximately what percentage of total Mortgages serviced are participation loans? _____
- ☐ No

g) Where do you maintain the original documents required pursuant to Section 52.2 of the Guide for the Mortgages you service for Freddie Mac? (This does not include the location of documents required to be held by Freddie Mac or a Document Custodian)

- ☐ Onsite
- ☐ Other location (Please specify street address) _____

h) Where do you maintain the servicing files for the Mortgages you service for Freddie Mac?

- ☐ Onsite
- ☐ Other location (Please specify street address) _____

i) Provide the street address for all locations from which you service Mortgages for Freddie Mac. Specify the servicing activities performed at each location._____

j) Do you image any of the documents and records or otherwise maintain copies of documents and records that are reproduced from the originals by any other photographic, photostatic, microfilm, microfiche, optical disk, laser disk or digital image storage process pursuant to Section 52.2 of the Guide?

- ☐ Yes. If yes, please specify
  - The process (i.e. imaged, microfilm, etc.) _____
  - The street address of where the imaged records are stored _____
- ☐ No

k) Are any of the servicing activities for the Mortgages serviced for Freddie Mac performed on your behalf by a provider that performs the servicing activities outside the United States and its territories?

- ☐ Yes. If yes, please specify
  - The servicing activities that are performed_____
  - The name of the service provider performing the activities_____
  - The city and country where those activities are performed_____
- ☐ No

l) What servicing vendors do you use for Borrower escrow management (taxes, insurance, flood)? _____

m) Do you use a third-party mortgage servicing rights (MSR) valuation company?

- ☐ Yes If yes, which company_____
- ☐ No

n) Do you use a third party to hedge your MSR assets?

- ☐ Yes If yes, provide name of company_____
- ☐ No

6. Originations (See definitions in instructions.)

Mortgages originated for the most recent calendar year	**Conventional Conforming**		**FHA/VA**		**Jumbo**		**Subprime**		**Alt-A**	
	# Loans	$(000)	# Loans	$(000)	# Loans	$(000)	# Loans	$(000)	# Loans	$(000)
Fixed rate (incl. balloons)										
Adjustable Rate (ARMs)										
Total Originations										

- What percentage of your Home Mortgage originations was retail? _____
- What was the aggregate unpaid principal balance of your Multifamily originations for the year? $_____
- If you are involved with subprime loan origination, what is your role? (Check all that apply):
  ☐ Wholesaler ☐ Mortgage Broker/Correspondent ☐ Retail ☐ Conduit

7. Funds custodian information. Please complete the information below for all Freddie Mac Custodial Accounts that are currently open. If funds are being held in-house, please indicate your institution as the depository.

Depository Name	City, State	ABA Number	Account Type (P&I, Escrow, Clearing, Buydown)	Account Number

8. Document Custodian information.

Has your note Custodian changed in the past 12 months? Yes ☐ No ☐

Does Freddie Mac hold your notes? Yes ☐ No ☐

If no, please complete the information below for your note Custodian**.**

S/S Number	Custodian Name	Custodian Number	Custodial Agreement Number

9. Other Investor information. Please list the top five entities to which you have sold Home Mortgages, the % of Home Mortgages sold to those entities, and the % of Home Mortgages held in portfolio in the past year:

Investor Name	% Home Mortgages (in 10% increments, 10%, 20%, 30%, etc.)
Held in portfolio	

What was your total 1-4 Family and Multifamily sales volume to all investors for the year? $_____

10. Ownership (See definitions in instructions. Please check all applicable boxes.)

☐ Minority-owned institution
- ☐ African Americans
- ☐ Native Americans: including American Indians, American Eskimos, American Aleuts and Native Hawaiians
- ☐ Hispanic Americans
- ☐ Asian-Pacific Americans
- ☐ Asian-Indian Americans

☐ Women-owned institution

☐ Community-oriented lending institution

☐ None of the above

11. Insurance. Please provide the following information on insurance coverages for your institution.

Fidelity Bond Policy Information

Provider	Policy Number	Coverage Amount	Deductible	Expiration Date of Policy

Errors & Omissions Policy Information

Provider	Policy Number	Coverage Amount	Deductible	Expiration Date of Policy

Insurance Broker/Agent Information:

Name: _____

Address: _____

Phone Number: (_____)_____-_____

12. External Auditor. Please identify your external auditor.

Name of firm	Address	Contact Person	Telephone Number
			( ) -

Is this a change from the previous year? Yes ☐ No ☐

If yes, please indicate reason: _____

13. Attachments. Indicate what information you are submitting in conjunction with this Form 16SF to fulfill Freddie Mac's annual eligibility reporting requirements. (See Guide Section 4.8 and instructions to this form.)

☐ Seller/Servicer's audited financial statements and report on internal control structure (if applicable) or reviewed financial statements

☐ Parent company's audited financial statements and report on internal control structure, together with consolidating worksheets (if Seller/Servicer is a subsidiary and not submitting audited financial statements prepared at the Seller/Servicer level)

☐ Form 1107SF *(If you had no changes or you have already reported them, please do not attach.)*

☐ No attachments are required

14. Warehouse Lenders. List your active Warehouse Lenders.

Name	City, State	Amount of commitment
Are you in compliance with the covenants of your warehouse line?		Yes ☐ No ☐

If No, please explain: _____

Change notification requirements

Have you reported all changes since your last Form 16SF filing date, including but not limited to regulatory actions, mergers, acquisitions, changes in ownership, name, address, charter, external auditor and managing executives via the Form 1107SF (Seller/Servicer Change Notification)? Yes ☐ No ☐

[redacted]

(i) Information set forth in this Annual Eligibility Certification Report (including any required attachments thereto) is complete and correct; If the Seller/Servicer designates a Document Custodian for maintaining Freddie Mac Notes and assignments in accordance with the requirements of Sections 18.2, Custodian Eligibility, and 18.3, Contracting with a Custodian, then the Seller/Servicer also certifies its compliance with Guide Sections 18.3, Contracting with a Custodian, and 18.4, Seller/Servicer Responsibilities; and its designated Document Custodian's compliance with 18.2, Custodian Eligibility;

(ii) Seller/Servicer accesses the electronic version of the Guide through the link on FreddieMac.com, or has arranged for a current subscription to the electronic Guide via AllRegs, and Seller has access to an up-to-date Guide. Seller/Servicer agrees to comply with all of the Guide provisions and requirements, as they may be amended from time to time, as a condition of continuing eligibility;

(iii) Seller/Servicer is in compliance with the provisions and requirements set forth in the Guide, as they have been amended, including, but not limited to: Chapter 4, Seller/Servicer Institutional Eligibility; Chapter 48, Seller's In-House Quality Control Program; and Chapter 77, Establishing Investor Accounting Functions;

(iv) With respect to the sale of Seasoned Mortgages, Seller/Servicer is in compliance with the provisions and requirements set forth in Section 36.8(b) of the Guide, Special Warranties Regarding the Sale of Seasoned Mortgages, as they have been amended;

(v) Seller/Servicer employs business practices that promote fair lending, and does not discriminate in any manner relative to lending practices because of a Borrower's race, color, religion, sex, handicap, familial status, age or national origin;

(vi) Seller/Servicer has policies and procedures in place to ensure that each mortgage that it originates, at the time that it was made, complied with applicable local, state and federal laws, including, but not limited to, all applicable predatory and abusive lending laws;

(vii) Seller/Servicer is in compliance with all requirements of the Purchase Documents as that term is defined in the Guide;

(viii) Seller/Servicer maintains a system of internal controls designed to ensure compliance with all applicable federal, state and local laws relating to data privacy and the safeguarding of Borrower personal information, including, without limitation, the Gramm-Leach-Bliley Act and all relevant implementing rules, regulations and guidance prescribed by the Seller/Servicer's regulator(s):

(ix) All wire transfer instructions previously delivered to Freddie Mac by Seller/Servicer, whether in writing or in electronic form, for the transfer of funds or PCs to Seller/Servicer as payment for Mortgages purchased by Freddie Mac were executed by Seller/Servicer's duly authorized representative and are hereby confirmed by Seller/Servicer. In addition, all wire transfer instructions to be delivered to Freddie Mac by Seller/Servicer, whether in writing or in electronic form, for the transfer of funds or PCs to Seller/Servicer as payment for Mortgages to be purchased by Freddie Mac will be executed by Seller/Servicer's duly authorized representative.

Exceptions to compliance with the above-stated requirements are noted below:

_____

(continue on additional sheets as necessary)

The Seller/Servicer acknowledges its obligation to correct any noncompliance issues identified above and intends to be in compliance with the above cited requirements by _____ (date).

I understand that Freddie Mac may require additional financial and other information.

I understand that any misrepresentation to Freddie Mac constitutes cause for suspension or disqualification to sell and/or service Mortgages for Freddie Mac and may be cause for Freddie Mac to exercise any other remedies available.

The Seller/Servicer consents to the use of "Electronic Records" and "Electronic Signatures", as defined in the federal Electronic Signatures in Global and National Commerce Act, in connection with the completion, execution, transmission and submission of this electronic Annual Eligibility Certification Report, Single-Family Form 16SF. In addition, the Seller/Servicer agrees that this electronic Annual Eligibility Certification Report, Single-Family Form 16SF, shall be subject to the requirements of Section 1.3 of the Guide as amended from time to time.

As the authorized representative of the Seller/Servicer, I agree that by typing my name in the “signature” box below and clicking on the button below entitled “I agree and submit”, I have: (i) adopted the actions of typing my name in the “signature” box below and clicking on the button below entitled “I agree and submit” as my Electronic Signature; (ii) electronically signed and intended to sign this electronic Annual Eligibility Certification Report, Single-Family Form 16SF, as an Electronic Record, on behalf of the Seller/Servicer using an Electronic Signature; (iii) bound the Seller/Servicer to the provisions contained in this Electronic Record in the same manner that the Seller/Servicer would be bound if I had completed and signed an original paper Form 16SF in writing and delivered it to Freddie Mac; and (iv) transmitted and submitted this Electronic Record to Freddie Mac.

Signature of Authorized Officer: _____	Date: _____
Officer’s Title: _____	Company Name: _____
Officer’s Telephone No.: _____	Business Address: _____
Officer’s Office E-mail Address: _____	_____
_____	_____

“I agree and submit”

Form 59

As of 00/15/00

Principal and Interest Custodial Account Reconciliation Worksheet - *Monthly Account Statement*

Note: Do not enter any data in shaded fields. Values will automatically calculate based on information entered in other fields.

Seller/Servicer Number: **Seller/Servicer Name:**

Section 1 - Adjusted Bank Balance			
1a)	Bank balance as of (00/15/00)		
	1b) Outstanding debits		
	1c) Deposits in transit		
1)	Adjusted bank balance (lines 1a - 1b + 1c)		0.00
Section 2 - Total Liability			
2)	Ending Balance from the _____ Monthly Account Statement (Month/Yr)		
Subtract cumulative totals for:			
	3a) Delinquent interest on active Mortgages		
	3b) Delinquent interest on inactive Mortgages		
	3c) Delinquent principal on scheduled/scheduled Mortgages		
3)	Subtotal for delinquent principal and interest (lines 3a + 3b + 3c)		0.00
Add cumulative totals for:			
	4a) Prepaid interest		
	4b) Prepaid principal on scheduled/scheduled Mortgages		
	4c) Minority principal and interest collected but not reported as of _____ (Month/Yr)		
4)	Subtotal for prepaid items (lines 4a + 4b + 4c)		0.00
5)	Total Liability (lines 2 - 3 + 4)		0.00
Section 3 - Total Variance			
6a)	Current cycle's total cumulative variance (line 1 - line 5)		0.00
6b)	Previous cycle's total cumulative variance (line 6a from previous cycle)		
6c)	Total variance for the current cycle (line 6a - line 6b)		0.00

Prepared by : _____ Date _____

Approved by: _____ Date _____

The Principal and Interest Custodial Account Reconciliation Worksheet is a required document. See instructions worksheet for information on completing it. The additional worksheets in this workbook are optional tools to assist you in identifying variances.

Instructions for Form 59, Principal and Interest Custodial Account Reconciliation Worksheet—Monthly Account Statement

Note: This worksheet contains automatically calculating formulas.
Do not enter any data in shaded fields.

Section 1 - Adjusted Bank Balance	
1a	Bank Balance: Enter the balance from your Principal and Interest Custodial Account bank statement as of the accounting cycle cutoff. Example: If you are performing April's reconciliation and the April cutoff is the 15th, use the bank balance as of 4/15/XX. Supporting documentation: The current cycle's bank statement to verify the bank balance as of the accounting cycle cutoff.
1b	Outstanding Debits: Enter any outstanding debits initiated as of the accounting cycle cutoff but not reflected on the bank statement until the next Business Day after the cutoff. Examples of valid outstanding debits may include payment reversals for checks returned for non-sufficient funds and recovery of advances. Generally, you should not include any call-in remittances to Freddie Mac initiated as of the accounting cycle cutoff. However, if your system automatically reflects call-in remittances as an outstanding debit, you may include those remittances on this line. This may cause a shortage variance that will clear the next Business Day. Note: You will rarely have an adjustment for outstanding debits. Supporting documentation: The bank statement with all outstanding debits clearly identified.
1c	Deposits in Transit: Enter any deposits made as of the accounting cycle cutoff but not reflected on the bank statement until the next Business Day after the cutoff (or two Business Days after the cutoff for lockbox transactions). Supporting documentation: The bank statement or the monthly collections report with all deposits in transit clearly identified on the statement.
1	Adjusted Bank Balance: Total of lines 1a–1b+1c.
Section 2 - Total Liability	
2	Ending Balance: Enter the ending balance (last line) from the Monthly Account Statement (MAS) for the month being reconciled. Example: If you are performing April's reconciliation, use the MAS for 4/15/XX. Supporting documentation: Final MAS for the month being reconciled.
3a	Delinquent Interest on Active Mortgages: Enter the total cumulative amount of delinquent interest for active Mortgages that has been reported to Freddie Mac and is included in the amount due to Freddie Mac on the MAS but not collected as of the cycle's cutoff. (Do not include repayment plans accounted for as partial reinstatements.) Supporting documentation: The last page of the delinquent interest report. If your system does not generate a delinquent interest report, you may substitute a spreadsheet or handwritten report.
3b	Delinquent Interest on Inactive Mortgages: Enter the total cumulative amount of delinquent interest for inactive Mortgages that has been reported to Freddie Mac and is included in the amount due to Freddie Mac on the MAS but not collected as of the cycle's cutoff. (Do not include repayment plans accounted for as partial reinstatements.) Supporting documentation: The last page of the delinquent interest report. If your system does not generate a delinquent interest report, you may substitute a spreadsheet or handwritten report. Note: If your delinquent interest report does not separate out the delinquent interest on inactive Mortgages, you may report the total amount of delinquent interest on active and inactive Mortgages on line 3a.
3c	Delinquent Principal: Enter the total cumulative amount of delinquent principal for Mortgages reported under the guaranteed Timely Principal and Interest and Super ARC products (scheduled/scheduled reporting methods). This is the amount of delinquent principal passed through to Freddie Mac but not collected as of the cycle's cutoff. Supporting documentation: The last page of the delinquent principal report. If your system does not generate a delinquent principal report, you may substitute a spreadsheet or handwritten report.
3	Subtotal for Delinquent Principal and Interest: Total of lines 3a+3b+3c.
4a	Prepaid Interest: Enter the total cumulative amount of prepaid interest payments collected from Borrowers but not yet reported to Freddie Mac or included in the amount due on the MAS. (Do not include repayment plans accounted for as partial reinstatements.) Supporting documentation: The last page of the prepaid interest report. If your system does not generate a prepaid interest report, you may substitute a spreadsheet or handwritten report.
4b	Prepaid Principal on Scheduled/Scheduled Mortgages: Enter the total cumulative amount of principal reduction prepaid by Borrowers but not yet reported for guaranteed Timely Principal and Interest and Super ARC products (scheduled/scheduled reporting methods). Supporting documentation: The last page of the prepaid principal report. If your system does not generate a prepaid principal report, you may substitute a spreadsheet or handwritten report.

Section 2 - Total Liability	
4c	Minority Principal and Interest: Enter the total cumulative amount of minority principal and interest payments collected but not yet posted to the adjustments line on the MAS. If we originally purchased a participation percentage and then later purchased the remaining minority percentage you must remit to us the majority and minority portions separately. The majority portion of the amount due Freddie Mac must be included in the current cycle's reporting and remitting. The minority portion of the funds you receive in the current cycle is not due to us until the last Business Day of the following month's accounting cycle. The funds received for the minority portion are carried as part of your prepaids in the current cycle. The minority billing amounts are sent to you via the Detailed Adjustment Report and the monthly RTC minority Principal and Interest billings. The date at the top of the report must match the cycle date you are reconciling. The amount you must enter appears on the following month's Detailed Adjustment Report. Supporting documentation: Freddie Mac minority principal and interest report.
4	Subtotal for Prepaid Items: Total of lines 4a+4b+4c.
5	Total Liability: The total liability is calculated as follows: line 2: MAS ending balance – line 3: subtotal for delinquent principal and interest + line 4: subtotal for prepaid items = line 5: total liability
Section 3 - Total Variance	
6a	Current Cycle's Total Cumulative Variance: The current cycle's total cumulative variance is calculated by subtracting the total liability in line 5 from the adjusted bank balance in line 1. This amount is the cumulative total of all variance items that have occurred up to the accounting cutoff. Supporting documentation: If there are any variances, you must provide a bank statement or screen print showing verification of the deposit or withdrawal correcting the variances. All variances must be cleared within 90 days of the accounting cycle cutoff, even if the source of the variance has not been identified.
6b	Previous Cycle's Total Cumulative Variance: Enter line 6a from the previous accounting cycle's Principal and Interest Custodial Account Reconciliation Worksheet for the MAS.
6c	Current Cycle's Variance: The total variance for the current is calculated as follows: line 6a: current cycle's total cumulative variance – line 6b: previous cycle's total cumulative variance = line 6c: current cycle's variance. The current cycle's total cumulative variance (line 6a) is the total of all variances that have occurred in the current cycle plus all unresolved previous cycle variances. The current cycle's variance (line 6c) represents how much variance occurred in the cycle being reconciled. Identifying the individual items causing the variance will help you resolve the variance. Publication 173, Understanding Custodial Accounts, provides worksheets and logs for that purpose. Refer to Exhibit 87 for additional Servicer educational materials and information on training courses. Supporting documentation: Variance logs.

Note 1: If there are posting errors, you must attach a copy of the transaction that was made in error together with the documentation for the correcting entry.

Note 2: In addition to the supporting documentation identified within this form, Freddie Mac reserves the right, at any time and at its sole discretion, to request copies of any other documentation that it deems necessary to ensure that the custodial account reconciliations are completed in accordance with the requirements set forth in Chapter 77, Establishing Investor Accounting Functions, and Chapter 79, Managing Custodial Accounts, of the Single-Family Seller/Servicer Guide.

00/15/00

Cash Receipts to Current Amount Due Worksheet - *Monthly Account Statement*

Seller/Servicer Number: **Seller/Servicer Name:**

	Section 1 - Adjusted Cash Receipts		
1a)	Cash Receipts from Bank Statement		
	1b) Add: Deposits in Transit		
	1c) Less previous cycle's deposits in transit		
1)	Adjusted cash receipts (line 1a + 1b - 1c)		0.00
	Section 2 - Total Liability		
	Amount Due from Monthly Account Statement		
2a)	Total Principal and Interest		
2b)	Adjustments made by Freddie Mac		
	2) Net Current Amount Due Freddie Mac		0.00
	Change in Delinquencies		
3a)	Current Cycle 05/15/03 (line 3 current cycle P&I Wksht.)		
3b)	Previous Cycle 04/14/03 (line3 previous cycle P&I Wksht.)		
	3) Net change in delinquencies (line 3a - 3b)		0.00
	Change in Prepaids		
4a)	Current cycle 00/15/00 (line 4 current cycle P&I Wksht.)		
4b)	Previous cycle 00/15/00 (Line 4 previous cycle P&I Wksht.)		
	4) Net change in prepaids (line 4a - 4b)		0.00
5)	Total Liability (lines 2 - 3 + 4)		0.00
	Section 3 - Total Variance		
6)	Total cash receipts variance (line 1- line 5)		0.00

00/15/00

Cash Disbursements to Amount Remitted Worksheet- *Monthly Account Statement*

Seller/Servicer Number: **Seller/Servicer Name:**

Section 1 - Adjusted Cash Disbursements			
1a)	Cash Disbursements from Bank Statement		
	1b) Add outstanding drafts		
	1c) Less previous cycle's outstanding drafts		
1)	Adjusted cash disbursements (1a + 1b - 1c)		0.00
Section 2 - Total Remittances to Freddie Mac			
2)	Total cash made available to Freddie Mac in the cycle (Remittances made from Monthly Account Statement)		
Section 3 - Total Variance			
3)	Total cash disbursement variance (line 1 - line 2)		0.00

Current Cycle Variance Log
Month _____

Orig Cycle	Type	Transaction/Description	C/P	Date Adj. was made	Dollar Amount Indicate if a positive or a negative(-) amt.
00/15/00		Identified Variance			0.00
00/15/00		Total Current Cycle Variance			0.00
00/15/00		Unidentified			0.00

Cumulative Variance Log
Month _____

Orig Cycle	Type	Transaction/Description	C/P	Date Adj. was made	Dollar Amount Indicate if a positive or a negative(-) amt.
00/15/00		Identified Variance			0.00
00/15/00		Total Variance			0.00
00/15/00		Unidentified			0.00

Form 59E

			As of 00/15/00

Escrow Custodial Reconciliation Worksheet - *Monthly Account Statement*

Note: Do not enter any data in shaded fields. Values will automatically calculate based on information entered in other fields.

You must complete a consolidated reconciliation if you have more than one Escrow Custodial Account

Seller/Servicer Number: **Seller/Servicer Name:**

	Section 1 - Adjusted Bank Balance		
1a)	Bank Balance as of 00/15/00		
	1b) Subtract: Outstanding debits		
	1c) Add: Deposits in Transit		
1)	Adjusted bank balance (lines 1a-1b+1c)		0.00
	Section 2 - Total Liability		
2a)	Escrow trial balance total as of 00/15/00		
Enter cumulative totals for:			
	2b) Negative escow trial balance as of 00/15/00		
	2c) Adjustments for suspense accounts		
	2d) Adjustments for Mortgages not included on trial		
	2e) Adjustments for other accounts (e.g. buydown subsidies)		
2)	Adjusted escrow balance (lines 2a+2b+2c+2d+2e)		0.00
	Section 3 - Total Variance		
3a)	Current cycle's total cumulative variance (line 1 - line 2)		0.00
3b)	Enter previous cycle's cumulative variance (line 3a of previous cycle)		
3c)	Current cycle's variance (line 3a - 3b)		0.00
			overage/(shortage)

Prepared by: _____ Date _____

Approved by: _____ Date _____

The Escrow Custodial Reconciliation Worksheet is a required document. See Instructions tab for information on completing it. The additional tabs in this workbook are optional tools to assist you in identifying variances.

Instructions for Form 59E, Escrow Custodial Account Reconciliation Worksheet

Section 1 - Adjusted Bank Balance	
1a	Bank Balance: Enter the balance from your Escrow Custodial Account bank statement as of the accounting cycle cutoff (usually the 15th day of the month). Example: If you are performing November's reconciliation, use the bank balance as of 11/15/XX. Supporting documentation: The current cycle's bank statement to verify the bank balance as of the accounting cycle cutoff.
1b	Outstanding Debits: Enter the total amount of funds disbursed from the Escrow Custodial Account as of the cutoff but not reflected on the bank statement until the next Business Day after the cutoff. Note: Any disbursement as of the accounting cycle cutoff that is not reflected on the bank statement must be included on this line. Supporting documentation: The bank statement, with all outstanding debits clearly identified.
1c	Deposits in Transit: Enter the total amount of Escrow funds that have been collected as of the accounting cycle cutoff but not reflected on the bank statement until the next Business Day after the cutoff (or two Business Days after the cutoff for lockbox transactions). Supporting documentation: The bank statement or the monthly collections report with all deposits in transit clearly identified.
1	Adjusted Bank Balance: Total of lines 1a–1b+1c.
Section 2 - Total Liability	
2a	Escrow Trial Balance Total: Enter the total of the Escrow balances as reflected on your investor loan trial balance. Ensure that the amount of total Escrow includes all positive balances and excludes negative balances. If your trial balance nets negative Escrow from positive Escrow you may add back the negative Escrow on line 2b. You, as the Servicer, must advance any negative amounts for each individual Borrower the same day the shortage occurs. Supporting documentation: The last page of the trial balance that supports the positive Escrow liability.
2b	Negative Escrow Trial Balance: Add the total amount of negative Escrow balances if your trial balance subtracts (nets) them from the total in line 2a. If the Escrow balance total on the trial balance is a "netted" figure, you must add the total amount of any negative Escrow back to the netted Escrow figure to capture the total positive Escrow liability. Supporting documentation: The totals page of the negative Escrow trial balance.
2c	Adjustments for Suspense Accounts: Add your suspense account balances if they are not included in trial balance totals on line 2a. Suspense funds are partial payments or unapplied funds held in the Escrow Custodial Account until the funds are applied to the Mortgage or returned to a Borrower. Supporting documentation: The last page of the trial balance that supports the total suspense liability.
2d	Adjustments for Mortgages Not Included on Trial Balance: Add the Escrow balances of any Mortgages funded by Freddie Mac as of the accounting cycle cutoff, but not included in your trial balance totals on line 2a. Supporting documentation: A screen print of the Mortgage history that verifies the Escrow balance at the time of cutoff, or a spreadsheet with a list of Mortgages and their respective ending positive Escrow balance.
2e	Adjustments for Other Accounts (e.g., Buydown Subsidies): Add the total of your buydown account balances if your trial balance subtracts them from the total on line 2a. The balance of a buydown account must equal the total of buydown funds deposited at the time we purchased the Mortgage, minus the monthly buydown amount, times the number of payments applied since we purchased the Mortgage. Note: If the amount of your buydown liability is negative, determine the reason before you account for a negative liability on Form 59E. Supporting documentation: The last page of the trial balance that supports the total liability for buydown subsidies.
2	Adjusted Escrow Balance: Total of lines 2a+2b+2c+2d+2e.
	Additional required documentation for total liability: For any other funds held on behalf of the Borrower (e.g., replacement reserves), attach the last page of the trial balance to support the itemized amount.
Section 3 - Total Variance	
3a	Current Cycle's Total Cumulative Variance calculated by subtracting line 2 from line 1 (line 1 - line 2). This is your total cumulative variance for the current cycle. Supporting documentation: If there are any variances, you must provide a bank statement or screen print showing verification of the deposit or withdrawal correcting the variances. All variances must be cleared within 90 days of the accounting cycle cutoff, even if the source of the variance has not been identified.
3b	Previous Cycle's Total Cumulative Variance: Enter the total amount of cumulative variance (line 3a) from the previous cycle's Escrow Custodial Account Reconciliation Worksheet.
3c	Current Cycle's Variance calculated by subtracting line 3b from line 3a (line 3a - 3b). This is your current cycle's variance (overage/shortage). Supporting documentation: Variance logs.

Note 1: If there are posting errors, you must attach a copy of the transaction that was made in error together with the documentation for the correcting entry.

Note 2: In addition to the supporting documentation identified within this form, Freddie Mac reserves the right, at any time and at its sole discretion, to request copies of any other documentation that it deems necessary to ensure that the custodial account reconciliations are completed in accordance with the requirements set forth in Chapter 77, Establishing Investor Accounting Functions, and Chapter 79, Managing Custodial Accounts, of the *Single-Family Seller/Servicer Guide*.

Current Cycle Variance Log
Month _____

Orig Cycle	Type	Transaction/Description	C/P	Date Adj. was made	Dollar Amount Indicate if a positive or a negative(-) amt.
00/15/00		Identified Variance			0.00
00/15/00		Total Current Cycle Variance			0.00
00/15/00		Unidentified			0.00

Cumulative Variance Log
Month _____

Orig Cycle	Type	Transaction/Description	C/P	Date Adj. was made	Dollar Amount Indicate if a positive or a negative(-) amt.
00/15/00		Identified Variance			0.00
00/15/00		Total Variance			0.00
00/15/00		Unidentified			0.00

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when ☐ the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or ☐ the income or assets of the Borrower's spouse or other person who has community property or similar rights pursuant to applicable state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person who has community property or similar rights and the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower _____ Co-Borrower _____

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Mortgage Applied for:	☐ VA ☐ USDA/Rural Housing Service ☐ FHA ☐ Conventional ☐ Other (explain):	Agency Case Number	Lender Case Number

Amount $	Interest Rate %	No. of Months	Amortization Type:	☐ Fixed Rate ☐ GPM	☐ Other (explain): ☐ ARM (type):

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state & ZIP)	No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built

Purpose of Loan	☐ Purchase ☐ Refinance ☐ Construction ☐ Construction-Permanent ☐ Other (explain):	Property will be: ☐ Primary Residence ☐ Secondary Residence ☐ Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	$	$	$	$	$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	☐ made ☐ to be made
	$	$			

Title will be held in what Name(s)	Manner in which Title will be held	Estate will be held in: ☐ Fee Simple ☐ Leasehold (show expiration date)

Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)

III. BORROWER INFORMATION

Borrower				Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
Social Security Number	Home Phone (incl. Area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. Area code)	DOB (mm/dd/yyyy)	Yrs. School
☐ Married ☐ Separated ☐ Unmarried (include single, divorced, widowed)		Dependents (not listed by Co-Borrower) no.	ages	☐ Married ☐ Separated ☐ Unmarried (include single, divorced, widowed)		Dependents (not listed by Borrower) no.	ages
Present Address (street, city, state, ZIP) ☐ Own ☐ Rent __No. Yrs.				Present Address (street, city, state, ZIP) ☐ Own ☐ Rent __No. Yrs.			
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address			

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) ☐ Own ☐ Rent __No. Yrs.	Former Address (street, city, state, ZIP) ☐ Own ☐ Rent __No. Yrs.

IV. EMPLOYMENT INFORMATION

Borrower		Co-Borrower	
Name & Address of Employer ☐ Self Employed	Yrs. on this job	Name & Address of Employer ☐ Self Employed	Yrs. on this job
	Yrs. employed in this line of work/profession		Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name & Address of Employer ☐ Self Employed	Dates (from - to)	Name & Address of Employer ☐ Self Employed	Dates (from - to)
	Monthly Income $		Monthly Income $
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
Name & Address of Employer ☐ Self Employed	Dates (from - to)	Name & Address of Employer ☐ Self Employed	Dates (from - to)
	Monthly Income $		Monthly Income $
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	$	$	$	Rent	$	
Overtime				First Mortgage (P&I)		$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/ Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	$	$	$	**Total**	$	$

*** Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.**

Describe Other Income *Notice:* **Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.**

B/C		Monthly Amount
		$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed ☐ Jointly ☐ Not Jointly

ASSETS Description	Cash or Market Value	**Liabilities and Pledged Assets.** List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	$	**LIABILITIES**	**Monthly Payment & Months Left to Pay**	**Unpaid Balance**
List checking and savings accounts below		Name and address of Company	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.		
Acct. no.	$	Name and address of Company	$ Payment/Months	$

VI. ASSETS AND LIABILITIES (cont'd)

Name and address of Bank, S&L, or Credit Union		Acct. no.			
Acct. no.	$	Name and address of Company		$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.			
Acct. no.	$	Name and address of Company		$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.			
Acct. no.	$	Name and address of Company		$ Payment/Months	$
Stocks & Bonds (Company name/number & description)	$	Acct. no.			
Life insurance net cash value Face amount: $	$	Name and address of Company		$ Payment/Months	$
Subtotal Liquid Assets	$	Acct. no.			
Real estate owned (enter market value from schedule of real estate owned)	$	Alimony/Child Support/Separate Maintenance Payments Owned to:		$	$
Vested interest in retirement fund	$				
Net worth of business(es) owned (attach financial statement)	$	Job-Related Expense (child care, union dues, etc.)		$	
Automobiles owned (make and year)	$				
Other Assets (itemize)	$				
		Total Monthly Payments		**$**	
Total Assets a.	$	**Net Worth (a minus b)**	$	**Total Liabilities b.**	$

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)		Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
			$	$	$	$	$	$
	Totals		$	$	$	$	$	$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION			VIII. DECLARATIONS				
a.	Purchase price	$	**If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.**	**Borrower**		**Co-Borrower**	
b.	Alterations, improvements, repairs			**Yes**	**No**	**Yes**	**No**
c.	Land (if acquired separately)		a. Are there any outstanding judgments against you?	☐	☐	☐	☐
d.	Refinance (incl. debts to be paid off)		b. Have you been declared bankrupt within the past 7 years?	☐	☐	☐	☐
e.	Estimated prepaid items		c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	☐	☐	☐	☐
f.	Estimated closing costs		d. Are you a party to a lawsuit?	☐	☐	☐	☐
g.	PMI, MIP, Funding Fee		e. Have you directly or indirectly been obligated on any loan of which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)	☐	☐	☐	☐
h.	Discount (if Borrower will pay)		f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question.	☐	☐	☐	☐
i.	**Total costs** **(add items a through h)**		g. Are you obligated to pay alimony, child support, or separate maintenance?	☐	☐	☐	☐

j.	Subordinate financing		h.	Is any part of the down payment borrowed?	☐	☐	☐ ☐

VII. DETAILS OF TRANSACTION (cont'd)		VIII. DECLARATIONS (cont'd)					
k.	Borrower's closing costs paid by Seller		i.	Are you a co-maker or endorser on a note?	☐	☐	☐ ☐
l.	Other Credits (explain)			----------			
			j.	Are you a U.S. citizen?	☐	☐	☐ ☐
			k.	Are you a permanent resident alien?	☐	☐	☐ ☐
m.	Loan amount (exclude PMI, MIP, Funding Fee financed)		l.	**Do you intend to occupy the property as your primary residence?** If "Yes," complete question m below.	☐	☐	☐ ☐
n.	PMI, MIP, Funding Fee financed		m.	Have you had an ownership interest in a property in the last three years?	☐	☐	☐ ☐
o.	Loan amount (add m & n)			(1) What type of property did you own–principal residence (PR), second home (SH), or investment property (IP)?	___	___	___ ___
p.	Cash from/to Borrower (subtract j, k, l & o from i)			(2) How did you hold title to the home– by yourself (S), jointly with your spouse or jointly with another person (O)?	___	___	___ ___

ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	CO-BORROWER
☐ I do not wish to furnish this information	☐ I do not wish to furnish this information
Ethnicity: ☐ Hispanic or Latino ☐ Not Hispanic or Latino	**Ethnicity:** ☐ Hispanic or Latino ☐ Not Hispanic or Latino
Race: ☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White	**Race:** ☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White
Sex: ☐ Female ☐ Male	**Sex:** ☐ Female ☐ Male

To be Completed by Loan Originator

This information was provided:

- ☐ In a face-to-face interview
- ☐ In a telephone interview
- ☐ By the applicant and submitted by fax or mail
- ☐ By the applicant and submitted via e-mail or the Internet

Loan Originator's Signature	Date

Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)

Loan Origination Company's Name	Loan Origination Company Identifier	Loan Origination Company's Address

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.	Borrower:	Agency Case Number:
	Co-Borrower:	Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature X	Date	Co-Borrower's Signature X	Date

Statement of Assets and Liabilities

(Supplement to Residential Loan Application)

Name

The following information is provided to complete and become a part of the application for a mortgage in the amount of $

with interest at %, for a term of months and to be secured by property known as:

Subject Property Address (street, city, state, & ZIP)

Legal Description of Subject Property (attach description if necessary)

ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed ☐Jointly ☐Not Jointly

ASSETS Description	Cash or Market Value	**Liabilities and Pledged Assets.** List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	$	LIABILITIES	Monthly Payment & Months Left to Pay	Unpaid Balance
List checking and savings accounts below		Name and address of Company	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.		
Acct. no.	$	Name and address of Company	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.		
Acct. no.	$	Name and address of Company	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.		
Acct. no.	$	Name and address of Company	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union		Acct. no.		
Acct. no.	$	Name and address of Company	$ Payment/Months	$

ASSETS AND LIABILITIES (cont'd)					
Stocks & Bonds (Company name/number & description)	$	Acct. no.			
Life insurance net cash value Face amount: $	$	Name and address of Company		$ Payment/Months	$
Subtotal Liquid Assets	**$**	Acct. no.			
Real estate owned (enter market value from schedule of real estate owned)	$	Alimony/Child Support/Separate Maintenance Payments Owed to:		$	
Vested interest in retirement fund	$				
Net worth of business(es) owned (attach financial statement)	$	Job-Related Expense (child care, union dues, etc.)		$	
Automobiles owned (make and year)	$				
Other Assets (itemize)	$				
		Total Monthly Payments		**$**	
Total Assets a.	**$**	**Net Worth (a minus b)**	**$**	**Total Liabilities b.**	**$**

Schedule of Real Estate Owned (if additional properties are owned, use continuation sheet)

Property Address (enter S if sold, PS if pending sale or R is rental being held for income		Type of Property	Present Market Value	Amount of Mortgages and Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc	Net Rental Income
			$	$	$	$	$	$
		Totals	$	$	$	$	$	$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrowers Signature X	Date	Co-Borrowers Signature X	Date

TO BE COMPLETED BY INTERVIEWER

This application was taken by: ☐ Face-to-face interview ☐ Mail ☐ Telephone ☐ Internet	Interviewer's Name (print or type) Interviewer's Signature Date Interviewer's Phone Number (incl. area code)	Name and Address of Interviewer's Employer

Uniform Residential Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | City | State | Zip Code
Borrower | Owner of Public Record | County
Legal Description
Assessor's Parcel # | Tax Year | R.E. Taxes $
Neighborhood Name | Map Reference | Census Tract
Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | ☐ PUD HOA $ ☐ per year ☐ per month
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)
Lender/Client | Address
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No
Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐Yes ☐No | Data Source(s)
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	One-Unit Housing Trends	One-Unit Housing	Present Land Use %
Location ☐ Urban ☐ Suburban ☐ Rural	Property Values ☐ Increasing ☐ Stable ☐ Declining	PRICE AGE	One-Unit %
Built-Up ☐ Over 75% ☐ 25–75% ☐ Under 25%	Demand/Supply ☐ Shortage ☐ In Balance ☐ Over Supply	$ (000) (yrs)	2-4 Unit %
Growth ☐ Rapid ☐ Stable ☐ Slow	Marketing Time ☐ Under 3 mths ☐ 3–6 mths ☐ Over 6 mths	Low	Multi-Family %
Neighborhood Boundaries		High	Commercial %
		Pred.	Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

SITE

Dimensions | Area | Shape | View
Specific Zoning Classification | Zoning Description
Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)
Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No | FEMA Flood Zone | FEMA Map # | FEMA Map Date
Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

IMPROVEMENTS

General Description	Foundation	Exterior Description materials/condition	Interior materials/condition
Units ☐ One ☐ One with Accessory Unit	☐ Concrete Slab ☐ Crawl Space	Foundation Walls	Floors
# of Stories	☐ Full Basement ☐ Partial Basement	Exterior Walls	Walls
Type ☐ Det. ☐ Att. ☐ S-Det./End Unit	Basement Area sq. ft.	Roof Surface	Trim/Finish
☐ Existing ☐ Proposed ☐ Under Const.	Basement Finish %	Gutters & Downspouts	Bath Floor
Design (Style)	☐ Outside Entry/Exit ☐ Sump Pump	Window Type	Bath Wainscot
Year Built	Evidence of ☐ Infestation	Storm Sash/Insulated	Car Storage ☐ None
Effective Age (Yrs)	☐ Dampness ☐ Settlement	Screens	☐ Driveway # of Cars
Attic ☐ None	Heating ☐ FWA ☐ HWBB ☐ Radiant	Amenities ☐ Woodstove(s) #	Driveway Surface
☐ Drop Stair ☐ Stairs	☐ Other Fuel	☐ Fireplace(s) # ☐ Fence	☐ Garage # of Cars
☐ Floor ☐ Scuttle	Cooling ☐ Central Air Conditioning	☐ Patio/Deck ☐ Porch	☐ Carport # of Cars
☐ Finished ☐ Heated	☐ Individual ☐ Other	☐ Pool ☐ Other	☐ Att. ☐ Det. ☐ Built-in

Appliances ☐Refrigerator ☐Range/Oven ☐Dishwasher ☐Disposal ☐Microwave ☐Washer/Dryer ☐Other (describe)
Finished area above grade contains: Rooms | Bedrooms | Bath(s) | Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.)

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

Uniform Residential Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

SALES COMPARISON APPROACH

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Cost Approach (if developed) $ Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

Uniform Residential Appraisal Report

File #

ADDITIONAL COMMENTS

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = $
Source of cost data	Dwelling Sq. Ft. @ $ ..... =$
Quality rating from cost service Effective date of cost data	Sq. Ft. @ $ ..... =$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	
	Garage/Carport Sq. Ft. @ $ ..... =$
	Total Estimate of Cost-New ..... = $
	Less Physical / Functional / External
	Depreciation =$( )
	Depreciated Cost of Improvements..... =$
	"As-is" Value of Site Improvements..... =$
Estimated Remaining Economic Life (HUD and VA only) Years	Indicated Value By Cost Approach ..... =$

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of an existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities

Uniform Residential Appraisal Report

File #

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

File #

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

File #

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other (describe) _____ State # _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
_____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Manufactured Home Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | City | State | Zip Code

Borrower | Owner of Public Record | County

Legal Description

Assessor's Parcel # | Tax Year | R.E. Taxes $

Neighborhood Name | Map Reference | Census Tract

Occupant ☐ Owner ☐ Tenant ☐ Vacant Project Type (if applicable) ☐ PUD ☐ Condominium ☐ Cooperative ☐ Other (describe)

Special Assessments $ HOA $ ☐ per year ☐ per month

Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)

Lender/Client Address

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No

Report data source(s) used, offering price(s), and date(s).

Manufactured homes located in either a condominium or cooperative project require the appraiser to inspect the project and complete the Project Information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ Date of Contract Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

I ☐ did ☐ did not analyze the manufacturer's invoice. Explain the results of the analysis of the manufacturer's invoice or why the analysis was not performed.

Retailer's Name (New Construction)

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	Manufactured Housing Trends	Manufactured Housing		Present Land Use %
Location ☐ Urban ☐ Suburban ☐ Rural	Property Values ☐ Increasing ☐ Stable ☐ Declining	PRICE	AGE	One-Unit %
Built-Up ☐ Over 75% ☐ 25–75% ☐ Under 25%	Demand/Supply ☐ Shortage ☐ In Balance ☐ Over Supply	$ (000)	(yrs)	2-4 Unit %
Growth ☐ Rapid ☐ Stable ☐ Slow	Marketing Time ☐ Under 3 mths ☐ 3–6 mths ☐ Over 6 mths	Low		Multi-Family %
Neighborhood Boundaries		High		Commercial %
		Pred.		Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

SITE

Dimensions Area Shape View

Specific Zoning Classification Zoning Description

Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No FEMA Flood Zone FEMA Map # FEMA Map Date

Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe

Is the site size, shape and topography generally conforming to and acceptable in the market area? ☐ Yes ☐ No If No, explain

Is there adequate vehicular access to the subject property? ☐ Yes ☐ No If No, describe

Is the street properly maintained? ☐ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

HUD DATA PLATE

The HUD Data Plate/Compliance Certificate is located on the interior of the subject and contains, among other things, the manufacturer's name, trade/model name, year manufactured and serial number. The HUD Certification Label is located on the exterior of each section of the home.

Is the HUD Data Plate/Compliance Certificate attached to the dwelling? ☐ Yes ☐ No If Yes, identify the location. If No, provide the data source(s) for the HUD Data Plate/Compliance Certificate information.

Is a HUD Certification Label attached to the exterior of each section of the dwelling? ☐ Yes ☐ No If No, provide the data source(s) for the HUD Certification Label #'s

Manufacturer's Serial #(s)/VIN #(s)

HUD Certification Label #(s)

Manufacturer's Name Trade/Model Date of Manufacture

Do the Wind, Roof Load, and Thermal Zones meet the minimum HUD requirements for the location of the subject property? ☐ Yes ☐ No If No, explain

Manufactured Home Appraisal Report

File #

IMPROVEMENTS

General Description	Foundation	Exterior Description materials/condition	Interior materials/condition
# of Units ☐ One ☐ Additions	☐ Poured Concrete ☐ Concrete Runners	Skirting	Floors
# of Stories ☐ 1 ☐ 2 ☐ Other	☐ Block & Pier ☐ Other-att. description	Exterior Walls	Walls
Design (Style)	☐ Full Basement ☐ Partial Basement	Roof Surface	Trim/Finish
# of Sections ☐ 1 ☐ 2 ☐ 3	Basement Area sq. ft.	Gutters & Downspouts	Bath Floor
☐ Other	Basement Finish %	Window Type	Bath Wainscot
Type ☐ Det. ☐ Att. ☐ S-Det./End Unit	☐ Outside Entry/Exit ☐ Sump Pump	Storm Sash/Insulated	Car Storage ☐ None
☐ Existing ☐ Proposed ☐ Under Const.	Evidence of ☐ Infestation	Screens	☐ Driveway # of Cars
Year Built Effective Age (Yrs)	☐ Dampness ☐ Settlement	Doors	Driveway Surface
Attic ☐ None	Heating ☐ FWA ☐ HWBB ☐ Radiant	Amenities ☐ WoodStove(s) #	☐ Garage # of Cars
☐ Drop Stair ☐ Stairs	☐ Other Fuel	☐ Fireplace(s) # ☐ Fence	☐ Carport # of Cars
☐ Floor ☐ Scuttle	Cooling ☐ Central Air Conditioning	☐ Patio/Deck ☐ Porch	☐ Attached ☐ Detached
☐ Finished ☐ Heated	☐ Individual ☐ Other	☐ Pool ☐ Other	☐ Built-in

Appliances ☐ Refrigerator ☐ Range/Oven ☐ Dishwasher ☐ Disposal ☐ Microwave ☐ Washer/Dryer ☐ Other (describe)

Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade

Describe any additions or modifications (decks, rooms, remodeling, etc.)

Installer's Name Date Installed Model Year

Is the manufactured home attached to a permanent foundation system? ☐ Yes ☐ No If No, describe the foundation sytem and the manner of attachment.

Have the towing hitch, wheels, and axles been removed? ☐ Yes ☐ No If No, explain

Is the manufactured home permanently connected to a septic tank or sewage system and other utilities? ☐ Yes ☐ No If No, explain

Does the dwelling have sufficient gross living area and room dimensions to be acceptable to the market? ☐ Yes ☐ No If No, explain

Additional features (special energy efficient items, non-realty items, etc.)

The appraiser must rate the quality of construction for the subject unit based on objective criteria (such as N.A.D.A. Manufactured Housing Appraisal Guide®, Marshall & Swift Residential Cost Handbook®, or other published cost service). The appraiser must also report the source used for this quality of construction rating determination.

Quality ☐ Poor ☐ Fair ☐ Average ☐ Good ☐ Excellent Identify source of quality rating

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

COST APPROACH

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW

Source of cost data Effective date of cost data Quality rating from cost service

OPINION OF SITE VALUE		$	Exterior Dimensions of the Subject Unit		
Section One	Sq. ft. @ $	$	X	=	Sq. ft.
Section Two	Sq. ft. @ $	$	X	=	Sq. ft.
Section Three	Sq. ft. @ $	$	X	=	Sq. ft.
Section Four	Sq. ft. @ $	$	X	=	Sq. ft.
		$	Total Gross Living Area:		Sq. ft.
		$	Other Data Identification		
		$	N.A.D.A. Data Identification Info: Edition Mo: Yr:		
	Sub-total:	$	MH State: Region: Size: ft. x ft.		
	Cost Multiplier (if applicable):	x	Gray pg. White pg. Black SVS pg.		
	Modified Sub-total:		15 years and older Conversion Chart pg. Yellow pg.		
	Physical Depreciation or Condition Modifier:		Comments		
	Functional Obsolescence (not used for N.A.D.A.):				
	External Depreciation or State Location Modifier:				
	Delivery, Installation, and Setup (not used for N.A.D.A.):	$			
	Other Depreciated Site Improvements:	$			
	Market Value of Subject Site (as supported above):	$			
	Indicated Value by Cost Approach:	$	Estimated Remaining Economic Life (HUD and VA only)		Years

Summary of Cost Approach

Manufactured Home Appraisal Report

File #

SALES COMPARISON APPROACH

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Manufactured Home		☐ Yes ☐ No		☐ Yes ☐ No		☐ Yes ☐ No	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 4).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Cost Approach $ Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair.

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

ADDITIONAL COMMENTS

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae.)			
Estimated Monthly Market Rent $	X Gross Rent Multiplier	= $	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)			

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)		
Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No		Unit type(s) ☐ Detached ☐ Attached
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.		
Legal name of project		
Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)
Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion		
Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)		
Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.		
Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.		
Describe common elements and recreational facilities.		

Manufactured Home Appraisal Report

File #

This report form is designed to report an appraisal of a one-unit manufactured home; including a manufactured home in a planned unit development (PUD). A Manufactured home located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

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SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I also developed the cost approach to value as support for the sales comparison approach. I have adequate comparable market and cost data to develop reliable sales comparison and cost approaches for this appraisal assignment. I further certify that I considered the income approach to value but did not develop it, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY
☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Market Conditions Addendum to the Appraisal Report

File No.

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address | City | State | ZIP Code

Borrower

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

MARKET RESEARCH & ANALYSIS

Inventory Analysis	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				☐ Increasing	☐ Stable	☐ Declining
Absorption Rate (Total Sales/Months)				☐ Increasing	☐ Stable	☐ Declining
Total # of Comparable Active Listings				☐ Declining	☐ Stable	☐ Increasing
Months of Housing Supply (Total Listings/Ab.Rate)				☐ Declining	☐ Stable	☐ Increasing

Median Sale & List Price, DOM, Sale/List %	Prior 7–12 Months	Prior 4–6 Months	Current – 3 Months	Overall Trend		
Median Comparable Sale Price				☐ Increasing	☐ Stable	☐ Declining
Median Comparable Sales Days on Market				☐ Declining	☐ Stable	☐ Increasing
Median Comparable List Price				☐ Increasing	☐ Stable	☐ Declining
Median Comparable Listings Days on Market				☐ Declining	☐ Stable	☐ Increasing
Median Sale Price as % of List Price				☐ Increasing	☐ Stable	☐ Declining
Seller-(developer, builder, etc.) paid financial assistance prevalent? ☐ Yes ☐ No				☐ Declining	☐ Stable	☐ Increasing

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.).

Are foreclosure sales (REO sales) a factor in the market? ☐ Yes ☐ No If yes, explain (including the trends in listings and sales of foreclosed properties).

Cite data sources for above information.

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

CONDO/CO-OP PROJECTS

If the subject is a unit in a condominium or cooperative project , complete the following: Project Name:

Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current – 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				☐ Increasing	☐ Stable	☐ Declining
Absorption Rate (Total Sales/Months)				☐ Increasing	☐ Stable	☐ Declining
Total # of Active Comparable Listings				☐ Declining	☐ Stable	☐ Increasing
Months of Unit Supply (Total Listings/Ab. Rate)				☐ Declining	☐ Stable	☐ Increasing

Are foreclosure sales (REO sales) a factor in the project? ☐ Yes ☐ No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

APPRAISER

Signature	Signature
Appraiser Name	Supervisory Appraiser Name
Company Name	Company Name
Company Address	Company Address
State License/Certification # State	State License/Certification # State
Email Address	Email Address

Small Residential Income Property Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | City | State | Zip Code

Borrower | Owner of Public Record | County

Legal Description

Assessor's Parcel # | Tax Year | R.E. Taxes $

Neighborhood Name | Map Reference | Census Tract

Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | ☐ PUD HOA $ ☐ per year ☐ per month

Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)

Lender/Client | Address

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No

Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐Yes ☐No | Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics				2-4 Unit Housing Trends				2-4 Unit Housing		Present Land Use %	
Location	☐ Urban	☐ Suburban	☐ Rural	Property Values	☐ Increasing	☐ Stable	☐ Declining	PRICE	AGE	One-Unit	%
Built-Up	☐ Over 75%	☐ 25–75%	☐ Under 25%	Demand/Supply	☐ Shortage	☐ In Balance	☐ Over Supply	$ (000)	(yrs)	2-4 Unit	%
Growth	☐ Rapid	☐ Stable	☐ Slow	Marketing Time	☐ Under 3 mths	☐ 3–6 mths	☐ Over 6 mths	Low		Multi-Family	%
Neighborhood Boundaries								High		Commercial	%
								Pred.		Other	%

Neighborhood Description

Market Conditions (including support for the above conclusions)

SITE

Dimensions | Area | Shape | View

Specific Zoning Classification | Zoning Description

Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No | FEMA Flood Zone | FEMA Map # | FEMA Map Date

Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

IMPROVEMENTS

General Description		Foundation		Exterior Description materials/condition	Interior materials/condition
Units ☐ Two ☐ Three ☐ Four		☐ Concrete Slab	☐ Crawl Space	Foundation Walls	Floors
☐ Accessory Unit (describe below)		☐ Full Basement	☐ Partial Basement	Exterior Walls	Walls
# of Stories	# of bldgs.	Basement Area	sq. ft.	Roof Surface	Trim/Finish
Type ☐ Det. ☐ Att.	☐S-Det./End Unit	Basement Finish	%	Gutters & Downspouts	Bath Floor
☐ Existing ☐ Proposed	☐ Under Const.	☐ Outside Entry/Exit	☐ Sump Pump	Window Type	Bath Wainscot
Design (Style)		Evidence of ☐ Infestation		Storm Sash/Insulated	**Car Storage**
Year Built		☐ Dampness	☐ Settlement	Screens	☐ None
Effective Age (Yrs)		**Heating/Cooling**		**Amenities**	☐ Driveway # of Cars
Attic	☐ None	☐ FWA	☐HWBB ☐ Radiant	☐ Fireplace(s) #	☐ Woodstove(s) #	Driveway Surface
☐ Drop Stair	☐ Stairs	☐ Other	Fuel	☐ Patio/Deck	☐ Fence	☐ Garage # of Cars
☐ Floor	☐ Scuttle	☐ Central Air Conditioning		☐ Pool	☐ Porch	☐ Carport # of Cars
☐ Finished	☐ Heated	☐ Individual	☐ Other	☐ Other		☐ Att. ☐ Det. ☐ Built-in

# of Appliances	Refrigerator	Range/Oven	Dishwasher	Disposal	Microwave	Washer/Dryer	Other (describe)

Unit # 1 contains:	Rooms	Bedroom(s)	Bath(s)	Square feet of Gross Living Area
Unit # 2 contains:	Rooms	Bedroom(s)	Bath(s)	Square feet of Gross Living Area
Unit # 3 contains:	Rooms	Bedroom(s)	Bath(s)	Square feet of Gross Living Area
Unit # 4 contains:	Rooms	Bedroom(s)	Bath(s)	Square feet of Gross Living Area

Additional features (special energy efficient items, etc.)

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).

Small Residential Income Property Appraisal Report

File #

IMPROVEMENTS

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

Is the property subject to rent control? ☐ Yes ☐ No If Yes, describe

COMPARABLE RENTAL DATA

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.

FEATURE	SUBJECT	COMPARABLE RENTAL # 1	COMPARABLE RENTAL # 2	COMPARABLE RENTAL # 3
Address				
Proximity to Subject				
Current Monthly Rent	$	$	$	$
Rent/Gross Bldg. Area	$ sq. ft.	. $ sq. ft.	$ sq. ft.	$ sq. ft.
Rent Control	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Data Source(s)				
Date of Lease(s)				
Location				
Actual Age				
Condition				
Gross Building Area				

Unit Breakdown	Rm Count Tot	Rm Count Br	Rm Count Ba	Size Sq. Ft.	Rm Count Tot	Rm Count Br	Rm Count Ba	Size Sq. Ft.	Monthly Rent	Rm Count Tot	Rm Count Br	Rm Count Ba	Size Sq. Ft.	Monthly Rent	Rm Count Tot	Rm Count Br	Rm Count Ba	Size Sq. Ft.	Monthly Rent
Unit # 1									$					$					$
Unit # 2									$					$					$
Unit # 3									$					$					$
Unit # 4									$					$					$
Utilities Included																			

Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.)

SUBJECT RENT SCHEDULE

Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.

Leases			Actual Rent			Opinion Of Market Rent		
	Lease Date		Per Unit		Total	Per Unit		Total
Unit #	Begin Date	End Date	Unfurnished	Furnished	Rent	Unfurnished	Furnished	Rent
1			$	$	$	$	$	$
2								
3								
4								
Comment on lease data			Total Actual Monthly Rent		$	Total Gross Monthly Rent		$
			Other Monthly Income (itemize)		$	Other Monthly Income (itemize)		$
			Total Actual Monthly Income		$	Total Estimated Monthly Income		$

Utilities included in estimated rents ☐ Electric ☐ Water ☐ Sewer ☐ Gas ☐ Oil ☐ Cable ☐ Trash collection ☐ Other (describe)

Comments on actual or estimated rents and other monthly income (including personal property)

PRIOR SALE HISTORY

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale history of the subject property and comparable sales (report additional prior sales on page 4).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale history for the subject property and comparable sales

Small Residential Income Property Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Bldg. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Gross Monthly Rent	$	$		$		$	
Gross Rent Multiplier							
Price Per Unit	$	$		$		$	
Price Per Room	$	$		$		$	
Price Per Bedroom	$	$		$		$	
Rent Control	☐ Yes ☐ No	☐ Yes ☐ No		☐ Yes ☐ No		☐ Yes ☐ No	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) Adjustment	DESCRIPTION	+ (-) Adjustment	DESCRIPTION	+ (-) Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Gross Building Area							

Unit Breakdown	Total	Bedrooms	Baths	Total	Bdrms	Baths		Total	Bdrms	Baths		Total	Bdrms	Baths	
Unit # 1															
Unit # 2															
Unit # 3															
Unit # 4															

Basement Description							
Basement Finished Rooms							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Parking On/Off Site							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$
Adj. Price Per Unit (Adj. SP Comp / # of Comp Units)		$		$		$	
Adj. Price Per Room (Adj. SP Comp / # of Comp Rooms)		$		$		$	
Adj. Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)		$		$		$	

Value Per Unit $ _____ X _____ Units = $ _____ Value Per GBA $_____ X _____ GBA = $ _____

Value Per Rm. $ _____ X _____ Rooms = $ _____ Value Per Bdrms. $_____ X _____ Bdrms. = $ _____

Summary of Sales Comparison Approach including reconciliation of the above indicators of value.

Indicated Value by Sales Comparison Approach $

INCOME

Total gross monthly rent $ X gross rent multiplier (GRM) = $ Indicated value by the Income Approach

Comments on income approach including reconciliation of the GRM

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Income Approach $ Cost Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

ADDITIONAL COMMENTS

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = $
Source of cost data	Dwelling Sq. Ft. @ $ ..... =$
Quality rating from cost service Effective date of cost data	Sq. Ft. @ $ ..... =$
Comments on Cost Approach (gross building area calculations, depreciation, etc.)	
	Garage/Carport Sq. Ft. @ $ ..... =$
	Total Estimate of Cost-New ..... = $
	Less Physical / Functional / External
	Depreciation =$( )
	Depreciated Cost of Improvements ..... =$
	"As-is" Value of Site Improvements. ..... =$
Estimated Remaining Economic Life (HUD and VA only) Years	Indicated Value By Cost Approach ..... =$

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of an existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Small Residential Income Property Appraisal Report

File #

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property, including all units. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other (describe) _____ State # _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED

_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT

Name _____
Company Name _____
Company Address _____
_____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Freddie Mac
We make home possible®

Form 90

Verbal Verification of Employment

Borrower name: _____

Employer name: _____

Employer contact: _____

Employer contact title: _____

Phone number: _____

Third party source used to obtain the phone number: _____

_____

Dates of employment: _____

Borrower's title: _____

Is the Borrower currently employed? (Circle one) *Yes* *No*

Is the Borrower/employee active or on leave? (Circle one) *Active* *On leave*

Additional information: _____

_____

Verified by: _____

Title: _____

Company: _____

Date: _____

Form 91

Income Analysis Form

IRS Form 1040 Federal Individual Income Tax Return	Yr	Yr
1. W-2 Income from Self-Employment (Form W-2, Line 5)		
2. Form 2106- Employee Business Expenses		
Total Expenses	(-)	(-)
Depreciation	(+)	(+)
3. Schedule C- Sole Proprietor Profit or Loss		
Net Profit or Loss	(+/-)	(+/-)
Other Income or Loss	(+/-)	(+/-)
Depletion	(+)	(+)
Depreciation	(+)	(+)
Meals and Entertainment Exclusion	(-)	(-)
Amortization or Casualty Loss	(+)	(+)
Business Use of Home	(+)	(+)
4. Schedule D - Capital Gains and Losses	(+/-)	(+/-)
Form 4797 Sales of Business Property	(+/-)	(+/-)
5. Form 6252 Installment Sale Income		
Principal Payments Received	(+)	(+)
6. Schedule E-Supplemental Income or Loss		
Gross Rents and Royalties	(+)	(+)
Total Expenses Before Depreciation	(-)	(-)
Amortization/Casualty Loss/Non Recurring Expenses	(+)	(+)
If Using the Rental Properties Full PITI Payment in Qualifying Ratios- Add Back Insurance, Mortgage Interest and Taxes	(+)	(+)
7. Schedule F - Profit or Loss from Farming		
Net Farm Profit or Loss	(+/-)	(+/-)
Non-Taxable Portion of Recurring Cooperative & CCC Payments-	(+)	(+)
Non-recurring Other Income or Loss	(+/-)	(+/-)
Depreciation	(+)	(+)
Amortization/Casualty Loss/Depletion	(+)	(+)
Business Use of Home	(+)	(+)
8. Partnership K-1 (Form 1065)		
Ordinary Income or Loss	(+/-)	(+/-)
Net Rental Real Estate Income or Loss	(+/-)	(+/-)
Guaranteed Payments to Partner	(+)	(+)
9. S Corporation K-1 (Form 1120s)		
Ordinary Income or Loss	(+/-)	(+/-)
Net Rental Real Estate Income or Loss	(+/-)	(+/-)
Subtotal of Qualifying Income		

10.	**Partnership Income from Form 1065**		
	Depreciation	**(+)**	**(+)**
	Depletion	**(+)**	**(+)**
	Amortization or Casualty loss	**(+)**	**(+)**
	Mortgage, Notes, Bonds Payable in Less than One Year	**(-)**	**(-)**
	Other Nonrecurring Income or Loss	**(+/-)**	**(+/-)**
	Meals and Entertainment Exclusion	**(-)**	**(-)**
	Multiply Total by Percentage of Ownership (on K-1)	**(x)** _____	**(x)** _____
	Partnership Total		
11.	**S-Corporation Income from Form 1120s**		
	Depreciation	**(+)**	**(+)**
	Depletion	**(+)**	**(+)**
	Amortization or Casualty Loss	**(+)**	**(+)**
	Mortgage, Notes, Bonds Payable in Less than One Year	**(-)**	**(-)**
	Other Nonrecurring Income or Loss	**(+/-)**	**(+/-)**
	Meals and Entertainment Exclusion	**(-)**	**(-)**
	Multiply Total by Percentage of Ownership (on K-1)	**(x)** _____	**(x)** _____
	S-Corporation Total		
12.	**Corp Income from Form 1120**		
	Depreciation	**(+)**	**(+)**
	Depletion	**(+)**	**(+)**
	Amortization or Casualty Loss	**(+)**	**(+)**
	Net Operating Loss	**(+)**	**(+)**
	Taxable Income or Loss	**(+/-)**	**(+/-)**
	Total Tax	**(-)**	**(-)**
	Mortgage, Notes, Bonds Payable in Less than One Year	**(-)**	**(-)**
	Other Nonrecurring Income or Loss	**(+/-)**	**(+/-)**
	Multiply Total by Percentage of Ownership (From the Corporate Resolution or "Compensation of Officers" Section of the 1120)	**(x)** _____	**(x)** _____
	Corporation Total		
Grand Total of Qualifying Income			

Income Calculation

YTD Income*= _____ minus deductions_____ (ave. business expenses, etc) = _____

+ Yr 1 income=_____

+ Yr 2 income =_____

Total= _____

Divided by number of months _____=_____

*YTD income required when calculating commission income

Income Analysis Form Instructions

This form is not intended to replace a full analysis of acceptable income qualification and sources. This form is intended to be used as a tool to help calculate income from self-employed sources. While this form is most useful for self-employed Borrowers, it may also be used for Borrower's who earn commission income, are employed by a family member, property seller or broker or a Borrower who owns investment properties. A separate form should be used for each Borrower. Income from the following sources should be reviewed to ensure that it meets Guide requirements, and should be evaluated and documented separately: W-2 income that is not from self-employment, interest and dividend income, alimony, trust, pension or IRA, unemployment and social security. See Guide Chapter 37 for additional information on evaluating the Borrower's qualifying income.

Line 1- W-2 income: If evaluating a self-employed Borrower, only include the W-2 income from self-employment on this line. W-2 income from other sources should be evaluated separately.

Line 2- Form 2106: Deduct all employee paid business expenses. Add back depreciation, if applicable.

Line 3- Schedule C income: Include continuing income or loss from commission or sole proprietorship in this area.

Line 4- Capital Gains and Losses: Only recurring gains and losses consistent over a two-year period may be considered (one-time gains or losses should not be considered). There must be documentation to support verification of sufficient assets remaining after closing to support, the income used to qualify, in the Mortgage file.

Line 5- Form 6252- Installment Sale Income: Include this income if payments have been received for at least one year. A copy of the installment sales agreement evidencing a minimum three-year continuance must be retained in the Mortgage file.

Line 6- Schedule E- Supplemental Income or Loss: Use this area to calculate continuing rent and royalty income (income from a Partnership or S-Corporation is added to lines 8,9,10,11 and 12). Royalty income may be used if there is a 12-month history of receipt and documentation that it will continue for a minimum of three years. Rental properties should match the properties on the Schedule of Real Estate Owned on the application (Form 65). If properties are reflected on the application but not on the tax returns, provide alternative documentation as required by Guide Chapter 37. If properties are reflected on the tax returns but not on the application, provide documentation to evidence proof of sale or transfer of ownership.

Line 7- Schedule F- Profit or loss from Farming: Use the net farm income and add back allowances as indicated. Add back the non-taxable portions of the Cooperative and CCC income only if it has been proven to be recurring and stable. The subject property must not be listed as the address of the farm.

Line 8- Partnership K-1 income: Use of this income is only allowed if the Partnership tax returns (Form 1065) evidence that the partnership is showing positive earning trends and liquidity, the Borrower provides a partnership resolution reflecting the Borrower's access to the income and the income is not already reported on the Borrower's personal tax returns (Form 1040)

Line 9- S-Corporation K-1 income: Use of this income is only allowed if the S-Corporation tax returns (Form 1120S) evidence that the S-Corporation is showing positive earning trends and liquidity, the Borrower provides a corporate resolution proving access to the income and the income is not already reported on the Borrower's personal tax returns (Form 1040)

Line 10, 11 and 12- Partnership, S-Corporation and Corporation income: Use of the Borrower's share of after-tax Partnership, S-Corp and Corporate income is only allowed if the Borrowers' percentage of ownership and right to the funds has been documented in the Mortgage file and the business tax returns reflect positive earning trends and liquidity. If the business operates on a fiscal year that is different from the calendar year, adjustments must be made to relate the income to the Borrowers' tax return.

Freddie Mac

SECOND MORTGAGE/HIL SERVICING TRANSMITTAL

See reverse side for instructions

PART A: SERVICER INFORMATION

Preparer's Name (printed or typed)	Seller/Servicer Number	Phone Number ( ) -
Servicer Name	Date prepared	Fax Number ( ) -
Address		
City	State	Zip

PART B: LOAN INFORMATION

Freddie Mac Loan Number	Seller/Servicer Loan Number
Borrower Name	Property Address
Co-Borrower Name	City State Zip
Bankruptcy Chapter Date Filed / /	
Has the property been or is it currently listed for sale? _____ If yes, list price $ _____	Occupancy status (check one): ☐ Owner ☐ Vacant ☐ Abandoned ☐ Tenant ☐ Unknown ☐ Occupied by unknown
	Number of units ☐ 1 ☐ 2 ☐ 3 ☐ 4
Due Date of Last Paid Installment: / /	Date of Last Contact with the Borrower: / /

PART C: FIRST LIEN INFORMATION

Name of Superior Lien Holder:	Loan Number:
Contact Person:	Phone Number: ( ) -
Current Status of Superior Lien:	☐ Current ☐ Delinquent ☐ Foreclosure ☐ Other (Explain in Part G)
Due Date of Last Paid Installment: / / (mm/dd/yy)	Date of first legal action: / / (mm/dd/yy)
Estimated Foreclosure Sale Date: / / (mm/dd/yy)	Scheduled Foreclosure Sale Date: / / (mm/dd/yy))
Is Freddie Mac the owner of the superior lien mortgage?	If yes, Freddie Mac loan number:
Date of contact with superior lien holder:	

PART D: INDEBTEDNESS

(A) Total Indebtedness				(B) Pending Unpaid Expenses describe/due	
Unpaid Principal Balance	$_____	■ Superior Liens	$_____	_____	$_____
Accrued Interest	$_____	■ Junior Liens	$_____	_____	$_____
Advances		■ Water/Sewer Bills	$_____	_____	$_____
■ Foreclosure Fees/Costs	$_____	■ Preservation Costs	$_____	_____	$_____
■ Bankruptcy Fees/Costs	$_____	Other (explain)	$_____	_____	$_____
■ Appraisal/BPO	$_____	Less: Positive Escrow Balance- (net of advances)	$_____	_____	$_____
■ Real Estate Taxes	$_____			_____	$_____
■ Property Insurance	$_____				
■ Mortgage Insurance	$_____	(A) Total indebtedness	$_____	(B) Total	$_____

PART E: REASON FOR TRANSMITTAL

☐ Approval to Initiate Foreclosure	☐ Monitor First Lien Action
☐ Charge off	☐ Other (explain)

☐ Obtain Bidding Instructions (submit this form at least 3 business days before sale)
Scheduled Foreclosure Sale Date: / / (mm/dd/yy)

PART F: DOCUMENTATION NEEDED TO REVIEW PACKAGE (Please Attach)

☐ Payoff statement for the first lien (include pending expenses)

☐ BPO with pictures on Freddie Mac Form 1092

PART G: EXPLANATION

PARTS A & B

Fill in the appropriate Servicer and Loan information.

PART C FIRST LIEN INFORMATION

Fill in the appropriate first lien information. Indicate the current status of the first lien, and if the first lien is delinquent. Also, indicate the date of the first mortgagee's first legal action, which is the first public action required by law, such as filing a complaint or petition, recording a notice of default or publication of a notice of sale. Also, if a foreclosure sale is scheduled note the 'Estimated Sale Date' and/or the 'Scheduled Sale Date'. Indicate the date that you last contacted the superior lien holder.

PART D INDEBTEDNESS

The indebtedness Section of the Form must be completed and should include all money owed by the borrower to satisfy the mortgage debt, and expenses that have been incurred. The section is to be completed as follows:

Unpaid principal balance	The total unpaid principal balance due on the mortgage
Accrued interest	The total interest that has accrued form the Due Date of the Last Paid Installment to the date the form is completed
Foreclosure Fees/Costs	The total amount of foreclosure fees/costs that have accrued to the date the form is completed
Bankruptcy Fees/Costs	The total amount of bankruptcy fees/costs that have accrued to the date the form is completed
Appraisal/BPO	Amount paid for appraisals or BPOs ordered, up to the allowable maximum (Exhibit 57), unless we granted an approval to incur expenses over the allowable limits
Real Estate Taxes	Amount advanced by the Servicer for real estate taxes
Property Insurance	Amount advanced by the Servicer for property insurance, including hazard, flood and earthquake coverage
Mortgage Insurance	Amount advanced by the Servicer for a mortgage insurance premium
Superior Liens	If applicable, the amount paid by the Servicer to satisfy superior liens. Must have prior Freddie Mac approval before paying off any superior liens.
Junior Liens	If applicable, the amount paid by the Servicer to satisfy junior liens. Must have prior Freddie Mac approval before paying off any junior liens.
Water/Sewer	Amount advanced by the Servicer for water and sewer bills
Preservation costs	Amount advanced by the Servicer to preserve the property. These costs must be approved by Freddie Mac if they exceed the allowable limits set forth in the Guide. (do not include fees for property inspections because these fees are not reimbursable)
Other	Any other costs that have been incurred that should be included in the borrower's total indebtedness. Please explain what the costs are and indicate the amounts. Examples are HOA and Condominium fees
Positive Escrow	Indicate the amount of money in escrow at the beginning of the delinquency. This amount should be subtracted from the total indebtedness

The pending unpaid expenses include any expenses or costs that have not been paid, but you are aware are outstanding or will be due in the future. Please indicate the type of expense, the due date, and the amount. If a definite amount is not known, please provide an estimate. Examples are unpaid water bills and upcoming real estate tax bills.

PART E REASON FOR TRANSMITTAL

Please mark the box that indicates the reason for the transmittal.

PART F DOCUMENTATION NEEDED TO REVIEW PACKAGE

Please mark the box that indicates the supporting documentation that accompanies this form.

PART G EXPLANATION

Please detail any pertinent information that is not already included on the form.

Form 104SF

Statement of Loan, Workout and REO Expenses and Income

INCOME/CREDIT TO OFFSET EXPENSES

PAYEE INFORMATION	**MORTGAGE / PROPERTY INFORMATION**
Servicer Number:	Freddie Mac Loan Number:
Payee/Vendor Number:	Borrower Name:
Servicer Loan Number:	Property Address:
Servicer Name:	City:
Servicer Address:	State:
City, State, Zip:	Zip:
MI Claim Filed: ☐ Yes ☐ No ☐ N/A (FHA/VA/RHS only)	

CHECK THE APPROPRIATE BOX FROM THE FOLLOWING CLAIM TYPES:

REO	**NON-REO**		
☐ Deed in Lieu (DIL)	☐ Rejected Workout	☐ Short Payoff	☐ Full Reinstatements
☐ Foreclosure	☐ FHA/VA/RHS Mortgage	☐ 3rd Party Purchase at Foreclosure Sale for Less Than Total Debt	
	☐ Charge off	☐Other (please explain):	

ESCROWED MORTGAGE	**CHECK APPROPRIATE SUBMISSION TYPE**
☐ YES (only if the Mortgage was escrowed at DDLPI) ☐ NO	☐ **Initial** ☐ **Supplemental** ☐ **Final**

EXPENSES
BILLING PERIOD (SEE EXPENSE/INCOME CODES)

Expense Code	# of actions	Vendor Name	From Date MM/DD/YY	To Date MM/DD/YY	Date Paid MM/DD/YY (taxes and insurance only, mandatory as of January 1, 2008)	Requested Amount
900 Subtotal of Expenses						$

Income Code	Description of Income	Less Income
811000	Escrow balance at DDLPI (positive balance only)	( )
812000	Subsidy Fund (buydown account)	( )
814000	Rental income	( )
815000	Other: specify	( )
815050	Mortgage insurance premium refund	( )
815060	Property insurance premium refund	( )
815061	Flood insurance premium refund	( )
815062	Force placed insurance premium refund	( )
815070	County tax refund	( )
815071	Municipal, Borough, Town, Village tax refunds	( )
815072	School tax refund	( )
815073	Sewer tax refund	( )
815074	Supplemental tax refund	( )
815065	Interest on Escrow	( )
901	SUBTOTAL OF INCOME	( )
902	SUBTOTAL OF NET EXPENSE/INCOME	$
903	Freddie Mac ownership percentage	%
904	REIMBURSABLE NET EXPENSE/(NET INCOME)	$
905	NET INCOME REMITTED TO FREDDIE MAC (attach check made payable to Federal Home Loan Mortgage Corp)	$
906	REIMBURSABLE EXPENSES	$

Non-reimbursable Items*

Property inspections (for more than $16)	$
Penalties & interest (taxes)	$
Administrative costs (copies, photos, postage, etc.)	$
BPOs	$
Other:	$

*Amount should not be included as part of the reimbursable expenses. This section is for Seller/Servicer accounting.

Servicer Comments

Certification

I hereby certify that the information contained herein is true to the best of my knowledge and belief, and that all eligible amounts have been included on the claim for insurance or guaranty. Documentation supporting the expenses is attached to this form.

Preparer's name (type or print): Telephone number: Date: / /

For Freddie Mac Use Only:
F104 Submission Number: F104 Log Number: Date: / /

Mailing Address

Submit Form 104SF with the appropriate supporting documentation to the following address for regular, overnight or messenger:	When income is due to Freddie Mac, submit Form 104SF together with a check and any supporting documentation to:	For all FHA/VA/RHS claims, submit Form 104SF with the appropriate supporting documentation to:
FREDDIE MAC 1 FIRST AMERICAN WAY DFW 4-5 WESTLAKE, TX 76262	JP MORGAN CHASE BANK 131 S. DEARBORN – 6th FLOOR CHICAGO, IL 60603 ATTN: FREDDIE MAC #93434	ATTN GOVERNMENT 104SF CLAIMS DEPT FREDDIE MAC 8200 JONES BRANCH DRIVE MAIL STOP #124 MCLEAN VA 22102

Instructions for Form 104SF, Statement of Loan, Workout, REO Expenses and Income

We recommend you perform an audit of the expenses for which you are requesting reimbursement to ensure they are within the allowable expense reimbursement limits and submissions are within the required time frame.

If we did not pre-approve an expense that exceeds our reimbursement limits or if any of the information on this form is not complete and accurate, we will adjust or deny your request for reimbursement.

PAYEE INFORMATION

Complete this section with the following information:

- **Servicer Number** – The Freddie Mac assigned six-digit identification number for your organization.
- **Payee/Vendor Number** – The Freddie Mac assigned nine-digit identification number for your organization.
- **Servicer Loan Number** – The loan number assigned to the Mortgage by your organization.
- **Servicer Name** – The complete name of your organization.
- **Address, City, State, Zip** – Your organization's complete mailing address.
- **MI Claim Filed** – Indicate the appropriate response ("Yes," "No," "N/A" – N/A applies to FHA/VA/RHS Mortgages only).

MORTGAGE / PROPERTY INFORMATION

Complete this section with the following information:

- **Freddie Mac Loan Number** – The Freddie Mac assigned nine-digit loan number.
- **Borrower Name and Property Address** – The Borrower's name and exact property address, including street, city, State and zip.

CLAIM TYPES

Select the appropriate claim type(s):

- **Deed in Lieu (DIL) –** A Mortgage with respect to which the Borrower has voluntarily conveyed clear title to the property to Freddie Mac in exchange for a discharge of the debt in order to avoid foreclosure.
- **Foreclosure –** Any Mortgage that has been approved to begin the action necessary to acquire marketable title.
- **Short Payoff –** The sale of a property for less than the total amount necessary to satisfy the Mortgage obligation.
- **Rejected Workout –** Any workout recommendation you have submitted to Freddie Mac that has been rejected.
- **3rd Party Purchase at Foreclosure Sale for Less than Total Debt –** The purchase of the Mortgaged Premises at Foreclosure sale where the purchaser is not Freddie Mac and the sales price is less than the total Mortgage indebtedness.
- **Charge off –** Any Mortgage debt that has been deemed uncollectible and for which all collection efforts have ceased.
- **Full Reinstatement –** A Mortgage that has been restored to current status due to the payment of the total delinquent amount by the Borrower. (Reimbursement applies only for those expenses associated with the reinstatement of a Mortgage in foreclosure status).
- **FHA/VA/ RHS Mortgage –** A Mortgage that is insured by the Federal Housing Administration, guaranteed by the Department of Veteran Affairs, or guaranteed by the Rural Housing Service.
- **Other Expenses –** Any other Non-REO associated expense. Specify the expense type.

ESCROWED MORTGAGE

Indicate whether the Mortgage was subject to the collection of escrows at the time of the due date of the last paid installment (DDLPI).

SUBMISSION TYPE

Important: You must check one box. If a submission type box is not checked and the form is not submitted within the appropriate time frame we cannot process your reimbursement.

Below are definitions of the type of 104SF that can be submitted to Freddie Mac. Refer to Section 71.7 of the *Single-Family Seller/Servicer Guide* (Guide) for more information.

Submission Type	Type of Expense
Initial	Acquisition expenses incurred from DDLPI to acquisition date Bankruptcy
Supplemental	Non-reimbursable, but paid in the mortgage insurance settlement. Include MI advice. Previously omitted from the "final" Form 104SF
Final	Expenses incurred during the REO holding period Expenses incurred for rejected workouts after you receive the rejection letter

EXPENSE SECTION

Provide the following information for reasonable and customary costs incurred as a direct result of the property/Mortgage status:

- **Expense Code** – Group similar income and expenses (i.e., same code, same vendor and consecutive billing period date(s), except for real estate taxes) on one line. The codes and descriptions are located in Exhibit 74 of the Guide.
- **Number of Actions** – Indicate the number of occurrences included in the total for this expense.
- **Vendor Name** – The name of the payee/vendor that provided the service. The vendor name is required when reporting expenses.
- **Billing Period** – This is the period for which the service was rendered by the vendor. The "from" and "to" dates are required for each code.
- **Date Paid** – The date the tax or insurance expense listed was paid by your organization.
- **Requested Expense Amount:** Enter the dollar amount requested for reimbursement.

INCOME/CREDIT TO OFFSET EXPENSES

Use the income/credit codes, descriptions and amount of income/credit to complete this section. The codes and descriptions are pre-printed on Form 104SF as follows:

- **Code 811000 – Escrow balance at DDLPI** – Indicate only the positive balance if any of the Borrower's escrow account at the time of default.
- **Code 812000 – Subsidy Fund (buydown account)** – Indicate the positive balance in the temporary subsidy/buydown account that existed before the foreclosure action was started.
- **Code 814000 – Rental Income** – Indicate the amount received from tenants on rental property occupied during the foreclosure period or period pending disposition. This code requires billing period from and to dates. Please indicate dates on line provided.
- **Code 815000** – **Other** – Provide a specific description of any miscellaneous income/credit amounts.
- **Codes 815050 and 815060—815062 – Insurance refunds** – Indicate the amount received for insurance refunds.
- **Codes 815070 – 815074 – Tax refunds** – Indicate the amount received for tax refunds.
- **Code 815065 – Interest on Escrow** – Indicate the amount paid for interest on Escrow.

If the net income/credit exceeds net expenses incurred, a check for the appropriate amount, made payable to Federal Home Loan Mortgage Corporation, must accompany this form.

NON-REIMBURSABLE ITEMS

This section should be used when your internal accounting practices dictates reporting of expenses customarily deemed non-reimbursable by Freddie Mac (e.g., property inspections, appraisals not legally required or approved by Freddie Mac, etc.). The amounts related to non-reimbursable expenses should in no way figure into the request for reimbursement. If the form includes non-reimbursable items, your request for reimbursement will be immediately denied and returned to you.

SERVICER COMMENTS

Enter comments or detail any pertinent information that is not already included on the form in the comment area.

CERTIFICATION

Please read the certification paragraph and provide the typed or printed name and telephone number of the preparer of Form 104SF. The form should also include the preparation date.

BEFORE MAILING, DID YOU…

- Check to make sure all the expenses on which you are requesting reimbursement are reimbursable? Are the expenses within the allowable limits and submissions within the time frames?
- Fill in all the required fields (e.g., payee/vendor number, submission type, FHLMC number)?
- Attach the required documentation (e.g., invoices, approval letters, loan histories, etc.) as per Section 71.26 and Exhibits 74 and 75 of the Guide?
- Attach supporting documentation in the same order as listed on Form 104SF?
- Indicate the number of actions for the particular expense items?
- Include service period dates?
- Attach a check made payable to Federal Home Loan Mortgage Corporation (only if net income/credit exceeds net expenses)?
- Keep a copy for your records?

Form 105, Multipurpose Loan Servicing Transmittal

Attention: **Fax Number:** **See reverse side for instructions**

PART A: SERVICER INFORMATION

Preparer's name (printed or typed)	Seller/Servicer Number	Phone Number ( ) -	
Servicer Name		Fax Number ( ) -	
Servicer Address	City	State	Zip

PART B: LOAN INFORMATION

Freddie Mac Loan Number	Seller/Servicer Loan Number		
Borrower Name	Co-Borrower Name		
Property Address	City	State	Zip
Property Occupancy Status ☐ Owner ☐ Tenant ☐ Occupied by Unknown ☐ Vacant ☐ Abandoned		No. of Units ☐ 1 ☐ 2 ☐ 3 ☐ 4	
MI Company	FHA Case Number (if applicable)	VA Number (if applicable)	
MI Contact Phone No.	MI % of Coverage	MI Certificate No.	
Foreclosure Sale Date / / ☐ Estimated ☐ Scheduled ☐ Actual		Property Insurance Claim $	

PART C: REASON FOR TRANSMITTAL

(Check appropriate box(es) and explain situation in detail in Part E if there is not separate enclosure or if enclosure does not explain the servicing exception being reported to Freddie Mac)

☐ Request for expense over the allowable limits
☐ Deterioration, waste, disrepair of the property
☐ Natural or Man-Made Disaster
☐ Other (explain) _____
☐ Transfer of Ownership
☐ Government Seizure
☐ Obtain Bidding Instruction (first lien only)
☐ Litigation Matters
☐ Full Charge off
☐ Insurance Loss
☐ Long-term Forbearance
☐ Environmental Hazard(s)
☐ Repurchase

☐ Affordable Merit Rate® Mortgages (Rate Reduction) ■ Original Note Rate: _____% ■ Reduced Note Rate: _____%
■ New Principal & Interest Pmt.: $ ■ Effective Date of Rate Reduction: / /

☐ Change in redemption expiration or confirmation date New Date: / / (mm/dd/yy)

☐ Recommend pursuit of deficiency Estimated deficiency amount $

☐ 3rd Party Foreclosure Sale for Less than Total Indebtedness Due date of Last Paid Installment: / / (mm/dd/yy)

☐ Property redeemed Amount paid by the borrower/redeemer to redeem the property
Principal $ + Interest + Expenses + Other = Total $

☐ Bankruptcy Chapter Date filed: / / (mm/dd/yy)
Cramdowns only Reorganization Plan Attached ☐ Yes ☐ No
Attorney's Name Phone Number: ( ) - Fax Number: ( ) -
Address City State Zip

☐ Reinstatement ☐ Full ☐ Partial
Reinstatement Date: / / (mm/dd/yy) Due Date of Last Paid Installment: / / (mm/dd/yy)

PART D: INDEBTEDNESS

(A) Total Indebtedness

Unpaid Principal Balance $ _____
Accrued Interest $ _____

Advances
- Foreclosure Fees/Costs $ _____
- Bankruptcy Fees/Costs $ _____
- Appraisal/BPO $ _____
- Real Estate Taxes $ _____
- Property Insurance $ _____
- Mortgage Insurance $ _____
- Junior Liens $ _____
- Water/Sewer Bills $ _____
- Preservation Costs $ _____
- Other: (explain) _____ $ _____

Less: Positive Escrow Balance (net of advances) $ (_____)
(A) Total Indebtedness $ _____

(B) Pending Unpaid Expenses (provide description)

_____ $ _____
_____ $ _____
_____ $ _____
_____ $ _____
_____ $ _____

(B) Total $ _____

PART E: EXPLANATION/RECOMMENDATION

PART F: FREDDIE MAC'S REPLY

Freddie Mac Representative: Phone Number ( ) -

Instructions for Form 105, Multipurpose Loan Servicing Transmittal

Attach any necessary documentation or information to this form

PARTS A & B

Fill in the appropriate Servicer and Mortgage information. If there are more than two Borrowers, write the remaining Borrowers' names under PART E, Explanation.

PART C REASON FOR TRANSMITTAL

Please mark the box(es) that indicate the reason(s) for the transmittal. If the reason(s) for the transmittal is (are) not listed, please check the 'other' box and write in the reason.

If you are sending this transmittal because a proposal has been made to cramdown principal or interest or to re-amortize the monthly payment, you must complete the cramdown section within the bankruptcy box and attach a typed copy of the cramdown proposal.

If you are sending this transmittal because a property was redeemed, please indicate the amount paid to redeem the property. Itemize the amount indicating the principal, interest, expense amounts, and other amounts that were received.

PART D INDEBTEDNESS

This part must be completed if the reason for the transmittal is anything other than a reinstatement, request for expense over the allowable limit, bankruptcy, or change in the redemption expiration or confirmation date. The indebtedness section should include all money owed by the Borrower to satisfy the Mortgage debt, and expenses that were incurred. The section is to be completed as follows:

Unpaid principal balance	The total unpaid principal balance due on the Mortgage.
Accrued interest	The total interest that has accrued from the Due Date of the Last Paid Installment to the date the form is completed.
Foreclosure Fees/Costs	The total amount of foreclosure fees/costs that have accrued to the date the form is completed.
Bankruptcy Fees/Costs	The total amount of bankruptcy fees/costs that have accrued to the date the form is completed.
Appraisal/BPO	Amount paid for appraisals or BPOs that were ordered, up to the allowable maximum (Exhibit 57), unless we granted an approval to incur expenses over the allowable limits.
Real Estate Taxes	Amount advanced by the Servicer for real estate taxes.
Property Insurance	Amount advanced by the Servicer for property insurance, including hazard, flood and earthquake.
Mortgage Insurance	Amount advanced by the Servicer for a mortgage insurance premium.
Junior Liens	If applicable, the amount paid by the Servicer to satisfy junior liens. Must have prior Freddie Mac approval before paying off any junior liens.
Water/Sewer	Amount advanced by the Servicer for water and sewer bills.
Preservation costs	Amount advanced by the Servicer to preserve the property. These costs must be approved by Freddie Mac if they exceed the allowable limits set forth in the Guide. (Do not include fees for property inspections because these fees are not reimbursable.)
Other	Any other costs that have been incurred that should be included in the Borrower's total indebtedness. Please explain what the costs are and indicate the amounts. Examples are HOA and Condominium Association Fees.
Positive Escrow	Indicate the amount of money in escrow at the beginning of the delinquency. This amount should be subtracted from the total indebtedness.

The pending unpaid expenses include any expenses or costs that have not been paid, but you are aware are outstanding or will be due in the future. Please indicate the type of expense, the due date, and the amount. If a definite amount is not known, please provide an estimate. Examples are unpaid water bills and upcoming real estate tax bills.

PART E EXPLANATION/RECOMMENDATION

Please detail any pertinent information that is not already included on the form.

PART F FREDDIE MAC'S REPLY

If it is necessary for us to reply to your request, we will fill out this part of the form and the Freddie Mac representative who handles your case will print his or her name and telephone number in this section so that you have a contact.

Freddie Mac Form 105 (02/2007)

Freddie Mac

Contract Delivery Summary

Seller/Servicer number

State code

Seller's name

Seller's address

Master commitment number (if applicable)

If MIDANET delivery, date mortgage data forwarded via MIDANET — Mo Day Year

Contract data

FOR FREDDIE MAC USE ONLY

Purchase contract/conversion number

Required net yield/required spread

Control number

Date delivery received

Type of sale (Check one)

☐ Whole loan ☐ Participation

Freddie Mac's interest if participation %

Region

Funding/settlement date

If convertible, provide conversion period

Begins: Mo Day Year Ends: Mo Day Year

Note custody (Check one)

☐ Freddie Mac ☐ Servicer ☐ Third-party custodian

Fixed-rate mortgages (Check one)

☐ 30-Year term (maximum) home mortgages (Form 1)*
☐ 30-Year term (maximum) graduated payment home mortgages (Form 1)
☐ Multifamily mortgages*
If multifamily, complete following item.

☐ 15-Year term (maximum) home mortgages (Form 1)*
☐ 15-Year term (maximum) graduated payment home mortgages (Form 1)
☐ Second mortgages (Form 701)*
☐ Other

Multifamily type of delivery and plan

☐ Prior approval (Form 6) ☐ Plan A ☐ Plan B ☐ immediate delivery (From 64A) ☐ Plan A ☐ Plan B

*If this is a participation sale, complete the following calculation of the minimum coupon rate:

Required net yield plus .375 percent = Minimum coupon rate %

Adjustable-rate mortgages (Form 2) (Check one)

☐ 1% Rate cap ☐ 2% Rate cap ☐ 11th District Cost of Funds ☐ Other (identify)

Guarantor program (Form 3) Guarantor mortgage type (Check one)

☐ 30-Year term (maximum) conventional home mortgages
☐ 15-Year term (maximum) conventional home mortgages
☐ FHA/VA home mortgages
☐ Multifamily mortgages
☐ Other (Identify)

☐ ARM 1% rate cap
☐ ARM 2% rate cap
☐ ARM Cost of Funds

☐ 30-year GPM
☐ 15-Year GPM

Annual payment graduation of GPMs delivered %

Check if applicable to your Guarantor contract

☐ With recourse ☐ Buydown fee
☐ Buyup refund

Requested settlement date — Mo Day Year

Latest mortgage maturity date in this delivery — Mo Day Year

Complete for fixed-rate Guarantor deliveries only

Coupon rate of PC %

Required spread + %

Required net yield of mortgages delivered = %

Nonowner-occupied mortgage fees

For nonowner-occupied (NOO) mortgages included that are listed below, the fee due Freddie Mac must accompany the delivery. Please complete the following calculations adjusting unpaid principal balance (UPBs) for participation sales.

Investment property mortgages:

UPBs $ x Fee factor % = Fee due $

Second home mortgages:

UPBs $ x Fee factor % = Fee due $

Total fee due Freddie Mac for NOO mortgages delivered as listed above $

Complete for ARM Guarantor deliveries only

Next interest rate adjustment date of mortgages in this delivery — Mo Day Year

Coupon rate of PC %**

Required spread + %

Required net yield of mortgages delivered = %

Margin of PC %**

Required spread + %

Required net mortgage margin of mortgages delivered = %

Life cap of PC %**

Required spread + %

Required net life-of-loan cap of mortgages delivered = %

**ARM PC coupon, margin, and life cap must each be evenly divisible by .125%

Delivery summary

Number of mortgages submitted in this delivery

Total current unpaid principal balance of mortgages submitted (from Form 13SF, 13MF, 713, or 11) $

FOR FREDDIE MAC USE ONLY

Mortgage count verified by

Total dollar amount verified by

Assignment of servicing

If the mortgages in this delivery are subject to a request for assignment of servicing, please provide the designated Servicer's Freddie Mac Seller/Servicer number below and attach an executed copy of Freddie Mac's Form 960, Request or Assignment of Servicing, to this form.

Seller/Service number of designated Servicer

Warehouse mortgage delivery

Check if applicable

☐ The mortgages in this delivery are subject to a security interest held by a warehouse lender

Person to contact for a prompt and knowledgeable response to Freddie Mac inquiries about the mortgages delivered.

Name

Telephone number

( )

Appraisal Update and/or Completion Report

File #

The purpose of this report form is to provide the lender/client with an accurate update of an appraisal and/or to report a certification of completion. The appraiser must identify the service(s) provided by selecting the appropriate report type.

Property Address			Unit #
City		State	Zip Code
Legal Description			County
Borrower	Contract Price $	Date of Contract	Effective Date of Original Appraisal
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)			Original Appraised Value $
Original Appraiser		Company Name	
Original Lender/Client		Address	

☐ SUMMARY APPRAISAL UPDATE REPORT

INTENDED USE: The intended use of this appraisal update is for the lender/client to evaluate the property that is the subject of this report to determine if the property has declined in value since the date of the original appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal update is the lender/client.

SCOPE OF WORK: The appraiser must, at a minimum: (1) concur with the original appraisal, (2) perform an exterior inspection of the subject property from at least the street, and (3) research, verify, and analyze current market data in order to determine if the property has declined in value since the effective date of the original appraisal.

HAS THE MARKET VALUE OF THE SUBJECT PROPERTY DECLINED SINCE THE EFFECTIVE DATE OF THE ORIGINAL APPRAISAL? ☐Yes ☐No

APPRAISER'S CERTIFICATION: The appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal update in accordance with the scope of work requirements stated in this appraisal update report and concur with the analysis and conclusions in the original appraisal.
2. I performed this appraisal update in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal update was prepared.
3. I have updated the appraisal by incorporating the original appraisal report.
4. I have summarized my analysis and conclusions in this appraisal update and retained all supporting data in my work file.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal update assignment, have read the appraisal update report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal update report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

☐ CERTIFICATION OF COMPLETION

INTENDED USE: The intended use of this certification of completion is for the lender/client to confirm that the requirements or conditions stated in the appraisal report referenced above have been met.

INTENDED USER: The intended user of this certification of completion is the lender/client.

HAVE THE IMPROVEMENTS BEEN COMPLETED IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS STATED IN THE ORIGINAL APPRAISAL REPORT? ☐ Yes ☐ No If No, describe any impact on the opinion of market value.

APPRAISER'S CERTIFICATION: I certify that I have performed a visual inspection of the subject property to determine if the conditions or requirements stated in the original appraisal have been satisfied.

SUPERVISORY APPRAISER'S CERTIFICATION: I accept full responsibility for this certification of completion.

SIGNATURES

ADDITIONAL CERTIFICATION: I/we certify that if this report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this report containing a copy or representation of my signature, the report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____

Name _____

Company Name _____

Company Address _____

Telephone Number _____

Date of Signature and Report _____

Effective Date of Appraisal Update _____

Date of Inspection _____

State Certification # _____

or State License # _____

or Other (describe) _____ State # _____

State _____

Expiration Date of Certification or License _____

CURRENT LENDER/CLIENT

Name _____

Company Name _____

Company Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____

Name _____

Company Name _____

Company Address _____

Telephone Number _____

Date of Signature _____

State Certification # _____

or State License # _____

State _____

Expiration Date of Certification or License _____

SUPERVISORY APPRAISER

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street

Date of Inspection _____

☐ Did inspect interior and exterior of subject property

Date of Inspection _____

Freddie Mac

Owned by America's Savings Institutions

GROUND LEASE ANALYSIS

This analysis is for FHLMC underwriting purposes only. Completion of this form *does not fulfill the warranties and other leasehold loan requirements set forth in the FHLMC Sellers' Guide.* (The use of the terms "lease" or "sub-lease" in this form is intended to mean the total of the lease arrangements affecting the parties, including any amendments to those instruments.)

ADDRESS OF MORTGAGED PREMISES

Number and Street _____

City _____County _____State _____Zip_____

Project Name_____ [ ] Condo [ ] PUD

NAMES OF PARTIES

Borrower ([ ] lessee, or [ ] sub-lessee)_____

Sub-Lessor (if Borrower is sub-lessee) _____

Fee Owner (primary lessor) _____

STATUS OF GROUND LEASE

A. Is the leasehold subject to any encumbrances or liens? [ ] Yes [ ] No. If Yes, explain in detail on reverse side.

B. Does the lease or sub-lease require or permit subordination of the leasehold to encumbrances or liens without leasehold mortgagee's consent? [ ] Yes [ ] No. If Yes, explain in detail on reverse side.

C. Is the fee title now or can it in the future be subject to any encumbrance or lien not subordinate to the leasehold? [ ] Yes [ ] No. If Yes, explain in detail on reverse side.

DESCRIPTION OF PROPERTY COVERED BY

Primary Lease: _____

_____

Sub-Lease (if applicable):_____

_____

DETAILS OF LEASE/ SUB-LEASE

Date of Lease _____ Date Recorded _____ Date of Sub-Lease _____ Date Recorded _____

Orig. Primary Lease Term: _____ Mos. Beginning _____,19_____; Ending _____, _____

Orig. Sub-Lease Term: _____ Mos. Beginning _____,19_____; Ending _____, _____

Does lease and/or sub-lease term, together with renewals enforceable by mortgagee, terminate earlier than five (5) years (for single family) or ten (10) years (for multifamily) after the maturity date of leasehold mortgage? [ ] Yes [ ] No.

Are there any amendment(s) to lease? [ ] Yes [ ] No. To sub-lease? [ ] Yes [ ] No. (NOTE: The information required in this form is intended to summarize the total lease arrangements, including the effects of any amendments.)

Rental terms of primary lease _____

_____

Rental terms of sub-lease (if applicable) _____

_____

Overage rent provisions _____

_____

Expenses, taxes, other items paid by:

Borrower_____

_____

Sub-Lessor_____

_____

Fee Owner _____

_____

If rental is subject to renegotiation, automatic escalation, adjustment due to re-appraisal, or change for any other reason—EXPLAIN, and indicate dates of potential change. (If not, so indicate.) _____

_____

_____

_____

RIGHTS AND OPTIONS OF PARTIES

If Borrower is sub-lessee, does Borrower have right to cure default by Sub-Lessor on primary lease? [ ] Yes [ ] No [ ] Not Applicable. If No, describe impairments to the rights of Borrower as a result of such default.

_____

Option to extend term? [ ] Yes [ ] No. Provisions of option, including term and rental: _____

_____

_____

Option to purchase the fee? [ ] Yes [ ] No. If Yes, explain on reverse, including the terms, how rent payments apply to the option purchase price, purchase price adjustments, etc. If condemnation action in any way affects real property, is lessee and/or sub-lessee entitled to share in award? [ ] Yes [ ] No. If Yes, explain on reverse.

IN ADDITION TO THE ABOVE, COMPLETE THIS SECTION IF LEASE OR SUB-LEASE INVOLVES CONDOMINIUM OR PUD.

- Ground rent payments of $ _____ /Mo. are paid by the unit owner to: [ ] Fee Owner [ ] Sub-Lessor [ ] Owner's Assoc.
- Does unit owner or owner's association lease any other land, equipment, facilities or services from Fee Owner or Sub-Lessor? [ ] Yes [ ] No. If Yes, specify items and rents: _____

  _____

  If Yes, and pursuant to a separate lease, attach a completed Form 461 for such separate lease.

REVERSE

- The leasehold is subject to encumbrance or liens and/or the lease and/or sub-lease requires or permits subordination of the leasehold to encumbrances or liens without mortgagee's consent as follows: (Explain in detail.)

- Lessee and/or sub-lessee are entitled to share in any award arising from condemnation actions affecting the real property as follows: (Explain in detail.)

- Are provisions of lease and/or sub-lease commonly acceptable to private institutional mortgage investors and property purchasers in the area in which the mortgaged premises are located? [ ] Yes [ ] No. If No, explain.

- Other:

- Other:

Enter a response for each item. If an item is not applicable, enter "N/A".

The information provided herein is true to the best of my knowledge and belief. It is understood that misrepresentation constitutes cause for disqualification or suspension as a Seller.

Name of Firm: _____

Date of Analysis: _____ By: _____

Signature of Official Title

Individual Condominium Unit Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | Unit # | City | State | Zip Code

Borrower | Owner of Public Record | County

Legal Description

Assessor's Parcel # | Tax Year | R.E. Taxes $

Project Name | Phase # | Map Reference | Census Tract

Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | HOA $ ☐ per year ☐ per month

Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)

Lender/Client | Address

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No

Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐ Yes ☐ No | Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	Condominium Unit Housing Trends	Condominium Housing	Present Land Use %
Location ☐ Urban ☐ Suburban ☐ Rural	Property Values ☐ Increasing ☐ Stable ☐ Declining	PRICE AGE	One-Unit %
Built-Up ☐ Over 75% ☐ 25–75% ☐ Under 25%	Demand/Supply ☐ Shortage ☐ In Balance ☐ Over Supply	$ (000) (yrs)	2-4 Unit %
Growth ☐ Rapid ☐ Stable ☐ Slow	Marketing Time ☐ Under 3 mths ☐ 3–6 mths ☐ Over 6 mths	Low	Multi-Family %
Neighborhood Boundaries		High	Commercial %
		Pred.	Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

PROJECT SITE

Topography | Size | Density | View

Specific Zoning Classification | Zoning Description

Zoning Compliance ☐ Legal ☐ Legal Nonconforming – Do the zoning regulations permit rebuilding to current density? ☐ Yes ☐ No

☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No | FEMA Flood Zone | FEMA Map # | FEMA Map Date

Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

PROJECT INFORMATION

Data source(s) for project information

Project Description ☐ Detached ☐ Row or Townhouse ☐ Garden ☐ Mid-Rise ☐ High-Rise ☐ Other (describe)

General Description	General Description	Subject Phase		If Project Completed		If Project Incomplete	
# of Stories	Exterior Walls	# of Units		# of Phases		# of Planned Phases	
# of Elevators	Roof Surface	# of Units Completed		# of Units		# o f Planned Units	
☐ Existing ☐ Proposed	Total # Parking	# of Units For Sale		# of Units for Sale		# of Units for Sale	
☐ Under Construction	Ratio (spaces/units)	# of Units Sold		# of Units Sold		# of Units Sold	
Year Built	Type	# of Units Rented		# of Units Rented		# of Units Rented	
Effective Age	Guest Parking	# of Owner Occupied Units		# of Owner Occupied Units		# of Owner Occupied Units	

Project Primary Occupancy ☐ Principle Residence ☐ Second Home or Recreational ☐ Tenant

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No

Management Group – ☐ Homeowners' Association ☐ Developer ☐ Management Agent – Provide name of management company.

Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? ☐ Yes ☐ No If Yes, describe

Was the project created by the conversion of an existing building(s) into a condominium? ☐ Yes ☐ No If Yes, describe the original use and the date of conversion.

Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? ☐ Yes ☐ No If No, describe

Is there any commercial space in the project? ☐ Yes ☐ No If Yes, describe and indicate the overall percentage of the commercial space.

Individual Condominium Unit Appraisal Report

File #

PROJECT INFORMATION

Describe the condition of the project and quality of construction.

Describe the common elements and recreational facilities.

Are any common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Is the project subject to ground rent? ☐ Yes ☐ No If Yes, $ per year (describe terms and conditions)

Are the parking facilities adequate for the project size and type? ☐ Yes ☐ No If No, describe and comment on the effect on value and marketability.

PROJECT ANALYSIS

I ☐ did ☐ did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed.

Are there any other fees (other than regular HOA charges) for the use of the project facilities? ☐ Yes ☐ No If Yes, report the charges and describe.

Compared to other competitive projects of similar quality and design, the subject unit charge appears ☐ High ☐ Average ☐ Low If High or Low, describe

Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? ☐ Yes ☐ No If Yes, describe and explain the effect on value and marketability.

UNIT DESCRIPTION

Unit Charge $ per month X 12 = $ per year Annual assessment charge per year per square feet of gross living area = $

Utilities included in the unit monthly assessment ☐ None ☐ Heat ☐ Air Conditioning ☐ Electricity ☐ Gas ☐ Water ☐ Sewer ☐ Cable ☐ Other (describe)

General Description	Interior materials/condition	Amenities	Appliances	Car Storage
Floor #	Floors	☐ Fireplace(s) #	☐ Refrigerator	☐ None
# of Levels	Walls	☐ Woodstove(s) #	☐ Range/Oven	☐ Garage ☐ Covered ☐ Open
Heating Type Fuel	Trim/Finish	☐ Deck/Patio	☐ Disp ☐ Microwave	# of Cars
☐ Central AC ☐ Individual AC	Bath Wainscot	☐ Porch/Balcony	☐ Dishwasher	☐ Assigned ☐ Owned
☐ Other (describe)	Doors	☐ Other	☐ Washer/Dryer	Parking Space #

Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade

Are the heating and cooling for the individual units separately metered? ☐ Yes ☐ No If No, describe and comment on compatibility to other projects in the market area.

Additional features (special energy efficient items, etc.)

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

PRIOR SALE HISTORY

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales.

Individual Condominium Unit Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address and Unit #							
Project Name and Phase							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
HOA Mo. Assessment							
Common Elements and Rec. Facilities							
Floor Location							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

Individual Condominium Unit Appraisal Report

File #

This report form is designed to report an appraisal of a unit in a condominium project or a condominium unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject unit, (2) inspect and analyze the condominium project, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) research, verify, and analyze data from reliable public and/or private sources, and (6) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other _____ State # _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY
☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Form 465S

Earthquake Insurance Analysis Addendum

Loan Information		
This addendum is required for appraisals of **Condominium Units in a California moderate-risk ZIP CODE.**		
Property Address		
City	State	ZIP CODE
Project Name/Phase No.	County	Unit No.
Lender/Client	Address	
Appraiser	Address	
Loan Number		
Freddie Mac Loan Number		

Property Information				
All items on this section must be completed. For definitions of construction terms, refer to the reverse side of this form.				
Building type	Row or Townhouse	Garden	Midrise	High-rise
Number of stories				
Number of units in building				
Type of construction	Wood frame Concrete Steel frame	Reinforced masonry Unreinforced masonry Unknown		
Soft-story condition	Yes	No		
Year of construction				
Type of parking	Tuck-under	Above grade	Lot	
Appraiser SIGNATURE	Review Appraiser (if applicable)			
Effective DATE	Effective DATE			

Form 465S Earthquake Insurance Analysis Addendum

DEFINITION OF CONSTRUCTION TERMS

Wood frame	Buildings constructed almost entirely with wood. Typically 3 stories or less in height. Exterior finishes may include wood siding, stucco or brick veneer. If the brick is more than 9” thick, classify the building as masonry rather than wood frame. If a wood frame structure rests above a concrete or masonry structure, like a parking garage, classify the building as concrete with a soft story rather than wood.
Concrete	Buildings constructed almost entirely with concrete walls, beams or columns. Typically multistory in height. Exterior finishes may include concrete panels, glass or metal walls. Floors almost always are concrete.
Steel frame	Buildings constructed with steel beams or columns. Typically multistory in height. Exterior finishes may include concrete panels, glass or metal walls. May be difficult to differentiate from concrete buildings. If the building is not known to be steel frame, or if steel beams or columns cannot be clearly seen, classify the building as concrete.
Reinforced masonry	Buildings constructed with bricks or concrete blocks. Typically less than 15 stories in height. Exterior finishes usually are brick or concrete blocks.
Unreinforced masonry	Buildings constructed with bricks or concrete blocks. Typically less than 6 stories in height. Exterior finishes usually are brick or concrete blocks. Often have arch-shaped window heads or “soft/weak” mortar between the bricks.
Soft-story condition	Buildings in which one story – usually the ground floor – is particularly tall, or more than 30% of the structure is built above a parking garage, or more than 50% of the structure is built above a retail store with a large display window.
Tuck-under parking	Buildings with more than 30% of the structure built above a street-level parking garage. If tuck-under parking is present, classify as a soft-story condition.

Exterior-Only Inspection Individual Condominium Unit Appraisal Report File

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | Unit # | City | State | Zip Code
Borrower | Owner of Public Record | County
Legal Description
Assessor's Parcel # | Tax Year | R.E. Taxes $
Project Name | Phase # | Map Reference | Census Tract
Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | HOA $ ☐ per year ☐ per month
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)
Lender/Client | Address
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No
Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐ Yes ☐ No | Data Source(s)
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics				Condominium Unit Housing Trends				Condominium Housing		Present Land Use %	
Location	☐ Urban	☐ Suburban	☐ Rural	Property Values	☐ Increasing	☐ Stable	☐ Declining	PRICE	AGE	One-Unit	%
Built-Up	☐ Over 75%	☐ 25–75%	☐ Under 25%	Demand/Supply	☐ Shortage	☐ In Balance	☐ Over Supply	$ (000)	(yrs)	2-4 Unit	%
Growth	☐ Rapid	☐ Stable	☐ Slow	Marketing Time	☐ Under 3 mths	☐ 3–6 mths	☐ Over 6 mths	Low		Multi-Family	%
Neighborhood Boundaries								High		Commercial	%
								Pred.		Other	%

Neighborhood Description

Market Conditions (including support for the above conclusions)

PROJECT SITE

Topography | Size | Density | View
Specific Zoning Classification | Zoning Description
Zoning Compliance ☐ Legal ☐ Legal Nonconforming – Do the zoning regulations permit rebuilding to current density? ☐ Yes ☐ No
☐ No Zoning ☐ Illegal (describe)
Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No | FEMA Flood Zone | FEMA Map # | FEMA Map Date
Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

PROJECT INFORMATION

Data source(s) for project information
Project Description ☐ Detached ☐ Row or Townhouse ☐ Garden ☐ Mid-Rise ☐ High-Rise ☐ Other (describe)

General Description	General Description	Subject Phase		If Project Completed		If Project Incomplete	
# of Stories	Exterior Walls	# of Units		# of Phases		# of Planned Phases	
# of Elevators	Roof Surface	# of Units Completed		# of Units		# of Planned Units	
☐ Existing ☐ Proposed	Total # Parking	# of Units For Sale		# of Units for Sale		# of Units for Sale	
☐ Under Construction	Ratio (spaces/units)	# of Units Sold		# of Units Sold		# of Units Sold	
Year Built	Type	# of Units Rented		# of Units Rented		# of Units Rented	
Effective Age	Guest Parking	# of Owner Occupied Units		# of Owner Occupied Units		# of Owner Occupied Units	

Project Primary Occupancy ☐ Principle Residence ☐ Second Home or Recreational ☐ Tenant
Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No
Management Group – ☐ Homeowners' Association ☐ Developer ☐ Management Agent – Provide name of management company.

Does any single entity (the same individual, investor group, corporation, etc.) own more than 10% of the total units in the project? ☐ Yes ☐ No If Yes, describe

Was the project created by the conversion of an existing building(s) into a condominium? ☐ Yes ☐ No If Yes, describe the original use and the date of conversion.

Are the units, common elements, and recreation facilities complete (including any planned rehabilitation for a condominium conversion)? ☐ Yes ☐ No If No, describe

Is there any commercial space in the project? ☐ Yes ☐ No If Yes, describe and indicate the overall percentage of the commercial space.

Exterior-Only Inspection Individual Condominium Unit Appraisal Report File

PROJECT INFORMATION

Describe the condition of the project and quality of construction

Describe the common elements and recreational facilities.

Are any common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Is the project subject to ground rent? ☐ Yes ☐ No If Yes, $ per year (describe terms and conditions)

Are the parking facilities adequate for the project size and type? ☐ Yes ☐ No If No, describe and comment on the effect on value and marketability.

PROJECT ANALYSIS

I ☐ did ☐ did not analyze the condominium project budget for the current year. Explain the results of the analysis of the budget (adequacy of fees, reserves, etc.), or why the analysis was not performed.

Are there any other fees (other than regular HOA charges) for the use of the project facilities? ☐ Yes ☐ No If Yes, report the charges and describe.

Compared to other competitive projects of similar quality and design, the subject unit charge appears ☐ High ☐ Average ☐ Low If High or Low, describe

Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? ☐ Yes ☐ No If Yes, describe and explain the effect on value and marketability.

UNIT IMPROVEMENTS

Unit Charge $ per month X 12 = $ per year Annual assessment charge per year per square feet of gross living area = $

Utilities included in the unit monthly assessment ☐ None ☐ Heat ☐ Air Conditioning ☐ Electricity ☐ Gas ☐ Water ☐ Sewer ☐ Cable ☐ Other

Source(s) Used for Physical Characteristics of Property ☐ Appraisal Files ☐ MLS ☐ Assessment and Tax Records ☐ Prior Inspection ☐ Property Owner

☐ Other (describe) Data Source(s) for Gross Living Area

General Description	Amenities	Appliances	Car Storage
Floor #	☐ Fireplace(s) #	☐ Refrigerator	☐ None
# of Levels	☐ Woodstove(s) #	☐ Range/Oven	☐ Garage ☐ Covered ☐ Open
Heating Type Fuel	☐ Deck/Patio	☐ Disp ☐ Microwave	# of Cars
☐ Central AC ☐ Individual AC	☐ Porch/Balcony	☐ Dishwasher	☐ Assigned ☐ Owned
☐ Other (describe)	☐ Other	☐ Washer/Dryer	Parking Space #

Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade

Are the heating and cooling for the individual units separately metered? ☐ Yes ☐ No If No, describe and comment on compatibility to other projects in the market area.

Additional features (special energy efficient items, etc.)

Describe the condition of the property (including apparent needed repairs, deterioration, renovations, remodeling, etc.).

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

PRIOR SALE HISTORY

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARAB LE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales.

Exterior-Only Inspection Individual Condominium Unit Appraisal Report File

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address and Unit #							
Project Name and Phase							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
HOA Mo. Assessment							
Common Elements And Rec. Facilities							
Floor Location							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM).

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a visual inspection of the exterior areas of the subject property from at least the street, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of the exterior inspection and the effective date of this appraisal.

This report form is designed to report an appraisal of a unit in a condominium project or a condominium unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a visual inspection of the exterior areas of the subject property from at least the street, (2) inspect and analyze the condominium project, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) research, verify, and analyze data from reliable public and/or private sources, and (6) report his or her analysis, opinions, and conclusions in this appraisal report.

The appraiser must be able to obtain adequate information about the physical characteristics (including, but not limited to, condition, room count, gross living area, etc.) of the subject property from the exterior-only inspection and reliable public and/or private sources to perform this appraisal. The appraiser should use the same type of data sources that he or she uses for comparable sales such as, but not limited to, multiple listing services, tax and assessment records, prior inspections, appraisal files, information provided by the property owner, etc.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

4. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

5. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I have performed a visual inspection of the exterior areas of the subject property from at least the street. I have reported the condition of the improvements in factual, specific terms. I have identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

8. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____
LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY
☐ Did not inspect exterior of subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Form 479A

Single-Family Servicing Agent Certification

Servicer			**Servicing Agent**		
Servicer Name			Servicing Agent Name		
Seller/Servicer Number			Seller Servicer Number		
Address			Address		
City	State	Zip	City	State	Zip
Contact			Contact		
Telephone number ( )		ext.	Telephone number ( )		ext.
Requested effective date: / /					

The Servicer or Seller/Servicer ("Servicer") hereby designates the Servicer or Seller/Servicer ("Servicing Agent") to carry out the Servicer's responsibilities to service Mortgages for Freddie Mac, subject to Freddie Mac's Single-Family Seller/Servicer Guide ("Guide").

By signing this Servicing Agent Certification, the Servicer and the Servicing Agent expressly acknowledge that they have reviewed and understood all of the provisions of Section 51.4 and Chapter 56 of the Guide, which is expressly incorporated herein, and expressly agree to be bound thereby. The Servicing Agent also represents that it has reviewed all of Freddie Mac's requirements with respect to servicing the type of Mortgages to be serviced for Freddie Mac, as set forth in the Purchase Documents (as that term is defined in the Guide), and that it agrees to comply with all of such requirements. The Servicing Agent hereby agrees to service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprised of the Guide, applicable bulletins and the MIDANET® Users' Guide, and any other applicable Purchase Documents (as that term is defined in the Guide), all of which are incorporated herein by reference.

As the authorized representative of the Servicer or Servicing Agent, as applicable, I agree that by writing my signature on the "signature" line below and transmitting a copy of this Freddie Mac Form 479A to Freddie Mac by fax transmission, I have: (i) consented to the use of "Electronic Records," "Records," "Electronic Signatures" and fax copies of documents and signatures in connection with executing and delivering this Form 479A; (ii) agreed that this is an "electronic transaction" governed by Section 1.3 of the Guide and other applicable Purchase Documents; (iii) agreed that Freddie Mac's receipt of a fax copy of this Form 479A with a copy or representation of my signature attached to it or logically associated with it shall, for all purposes, serve as conclusive evidence that I have executed and intended to execute this Form 479A; and (iv) bound the Servicer or Servicing Agent, as applicable, to the provisions in this Form 479A.

Servicer	**Servicing Agent**
By (Signature of authorized representative)	By (Signature of authorized representative)
Date signed	Date signed
Typed or printed name	Typed or printed name

To be completed by the Servicer

1. Is this Servicing Agent a replacement? ☐ Yes ☐ No

2. If Yes, are you terminating another Servicing Agent relationship, and if so, with whom?

Acknowledgment and approval by Freddie Mac

Approved effective date: / /

Expiration date / / , or upon the Servicer executing a complete transfer, either party becoming a discontinued, suspended or terminated Freddie Mac Seller/Servicer, or upon Freddie Mac's approval of a new Servicing Agent Certification designating a new Servicing Agent, whichever comes first.

Date of acknowledgment and approval: / /

By (Signature of authorized representative)

Typed or printed name

Form 483

Wire Transfer Authorization

Please read the accompanying instructions before completing this form.

Prior to any wire transfer of funds to the Seller, the Federal Home Loan Mortgage Corporation ("Freddie Mac") must have the Seller's authorization in writing. Form 483 must be signed by an officer authorized to provide wire transfer instructions, and the signature of the authorized officer must be notarized by a notary public.

1. Seller/Servicer number

2. Seller's full legal name

3. City, State

4. Full legal name of Seller's bank

5. City, State

6. Seller's bank ABA number

7. Bank branch Seller uses

8. Seller's account number with bank

9. **Special Instructions** (Check and complete only one.)

- ❑ FOR ATTENTION OF
- ❑ IMMEDIATELY PHONE (Name and telephone number)

10. **Status** (Check only one.)

- ❑ Setup Initial Instructions
- ❑ Additional Instructions
- ❑ Change Instructions
- ❑ Recertify/Reconfirm Instructions

Authorization to Freddie Mac

By signing in the signature block below, I, as an authorized officer of Seller, hereby authorize and instruct Freddie Mac to transfer funds in accordance with the instructions provided in this form. The Seller acknowledges that any revisions to the information and instructions provided in this form must be completed and confirmed with Freddie Mac pursuant to the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide). The Seller agrees that this Form 483 is incorporated by reference into the Seller's "Purchase Documents" as that term is defined in the Guide.

11. **Signature Block for Seller's Authorized Officer**

By:_____

Name: _____

Title: _____

E-mail address: _____

12. **Notary Public**

(NOTARY SEAL)

State of _____)

County of _____)

Acknowledged before me this ____ day of _____, 20 ____,

by _____

(Type or Print the Signing Officer's Name Above)

Notary Public Signature:_____

Notary Public Printed Name: _____

Date approved
/ /

Telephone number
( )

Notary Public Commission Expires: / /

Notary Public State Registration Number: _____

Instructions for Filing Form 483

The Seller must complete the following items unless indicated as optional:

1. **Seller/Servicer number:** Seller/Servicer number assigned by Freddie Mac
2. **Seller's full legal name:** Full legal name of the Seller
3. **City, State:** City and state ONLY of the Seller
4. **Full legal name of Seller's bank:** Full legal name of the bank where the Seller has an open account for receipt of funds
5. **City, State:** City and state of the MAIN office of the Seller's bank
6. **Seller's bank ABA number:** Bank transit routing number that identifies the Seller's bank
7. **Bank branch Seller uses:** Bank branch if the Seller's account is not at the bank's main office
8. **Seller's account number with bank:** Seller's account number at the Seller's bank
9. **Special instructions**

   This space is provided for the Seller to furnish additional information that may expedite the notification to the Seller of actual receipt of funds at the Seller's bank (optional). Because space is limited to 30 characters, only one special instruction can be used.

   (a) FOR ATTENTION OF: This space could be used to identify a specific department or section within the bank or Seller organization that should be notified of receipt of funds

   (b) IMMEDIATELY PHONE: The name and telephone number, including area code, of any individual the Seller requests the bank to call upon receipt of funds
10. **Status:** This section allows the Seller to indicate:

    (a) Setup Initial Instructions: Select this box if you are a new customer

    (b) Change Instructions: Select this box if you need to make changes to the existing instructions, e.g., changing account number or ABA number

    (c) Additional Instructions: Select this box to create an additional set of wire instructions

    (d) Recertify/Reconfirm Instructions: Select this box if you are submitting this Form to reconfirm existing instructions
11. **Signature Block of Seller's Authorized Officer:** Must be signed by an authorized officer of the Seller. The name and specimen signature of the authorized officer must also be on a duly executed Certificate of Incumbency and the officer's name or title must also be on a copy of a board resolution or other governing body resolution authorizing the officer to provide Freddie Mac with wire transfer instructions. The Certificate of Incumbency and resolution must be delivered to and determined to be acceptable by Freddie Mac.

    E-mail address: E-mail address of signatory for instructions verification e-mail.
12. **Notarization:** The signature of the authorized officer must be notarized by a notary public

Mail Form 483 to:

Attn: Customer System Setup
Mailstop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

Questions concerning wire transfer instructions may be directed to (800) FREDDIE.

Form 900

Selling System Authorized User Identification & Certification Form

(Please see instructions for completing this form on page 2)

Seller/Servicer Name: _____ **Seller/Servicer #:** _____

This form must be signed by a vice president (or higher) who is authorized by Seller/Servicer to: (i) identify employees authorized by Seller/Servicer to use the Selling System in the assigned roles below ("Authorized Users"), (ii) receive the Authorized Users' identifications ("User IDs") and passwords from Freddie Mac, and (iii) add or delete Authorized Users and modify or recertify information herein by submitting a new Form 900 in accordance with Freddie Mac's express written instructions, as may be amended from time to time.

Officer's Name:	**Title (VP or higher):**
Address:	
City/State/Zip:	
Phone Number:	**( )** **Fax Number: ( )** **Email Address:**

Add/ Modify User	Delete User	USER NAMES AND EMAIL ADDRESSES: *(Attach additional forms if necessary.)*	PIN: Birthdate Month & Day Only *(e.g. July 4th=0704)*	User Role(s): Place A or D in appropriate boxes. **A**=Add user role **D**=Delete user role **The Setup Administrator and Setup Manager roles must be assigned to different employees*	
				General Roles *For both Cash and Guarantor Deliveries*	**Execution-Specific Roles** *See instructions for assigning these roles*
☒ Sample	☐ Sample	Name: Chris Sample Email: Sample@sample.com Phone: : 212-555-1234	0 7 0 4	A Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst ☐ Closer/Shipper ☐ Exclusionary List	**Cash** A Cash SMO ---------- **Guarantor/Multilender** ☐ Guarantor SMO ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Security Wire Assignor
☐	☐	Name: Email: Phone:	☐☐☐☐	☐ Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst ☐ Closer/Shipper ☐ Exclusionary List	**Cash** ☐ Cash SMO ---------- **Guarantor/Multilender** ☐ Guarantor SMO ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Security Wire Assignor
☐	☐	Name: Email: Phone Email: Phone:	☐☐☐☐	☐ Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst ☐ Closer/Shipper ☐ Exclusionary List	**Cash** ☐ Cash SMO ---------- **Guarantor/Multilender** ☐ Guarantor SMO ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Security Wire Assignor

As Seller/Servicer's authorized officer (VP or higher), I hereby certify and agree that: (i) the employees identified above are Authorized Users in accordance with their assigned user roles; (ii) the employees serving in the roles of Setup Administrator and Setup Manager are and always shall be different employees; **(iii) the employee serving in the role of Setup Manager is and always shall be identified in a Certificate of Incumbency, Forms 988SF/989SF, as authorized to give Freddie Mac wire instructions for the transfer of cash or securities in payment for mortgages sold to Freddie Mac;** (iv) Seller/Servicer shall protect the User IDs and passwords used to access the Selling System as required by the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") and page 2 of this Form; (v) capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Guide; and (vi) a fax copy of this Form with a copy or representation of my signature attached thereto shall be as binding, valid and enforceable as a paper original containing my original written signature.

Signature: _____ **Title (VP or higher):**_____

Printed Name: _____**Date:** _____

Please FAX the completed form to: 703-738-1532, or e-FAX to pe_customer_setup@freddiemac.com

Seller/Servicer's Duty to Safeguard and Protect Access to the Selling System – Seller/Servicer has a duty to safeguard and protect User IDs, passwords and PIN numbers used hereunder, and to adopt security measures to prevent their loss, theft or unauthorized disclosure or use. Seller/Servicer must notify Freddie Mac within 24 hours of an employee's termination or deletion as an Authorized User so that Freddie Mac may promptly revoke the employee's access to the Selling System. Seller/Servicer shall also notify Freddie Mac immediately in the event of any loss, theft or unauthorized disclosure or use of any such User IDs, passwords, PIN numbers or any other access codes. Seller/Servicer shall also notify Freddie Mac immediately if Seller/Servicer has reason to believe that: (i) its access to the Selling System is no longer secure; (ii) Seller/Servicer has had a breach of security in connection with the Selling System; (iii) anyone has made unauthorized use of the Selling System; or (iv) anyone has gained unauthorized access to the Selling System. Seller/Servicer's use of the Selling System and its duty to safeguard and protect User IDs, passwords and PIN numbers used hereunder shall be governed by the Guide including, without limitation, subsection 1.3(g) of the Guide, the Selling System user guide, and Seller/Servicer's other Purchase Documents. This Form shall be deemed to be part of Seller/Servicer's Purchase Documents.

INSTRUCTIONS: The following information is provided to assist you in completing Form 900. The definitions below correspond to the specified areas on the attached form. Please make sure the information is legible and correct.

NOTES:

- **EACH GENERAL ROLE MUST BE ASSIGNED TO ENSURE FULL ACCESS TO SELLING SYSTEM FUNCTIONALITY.**
- **You must assign the Cash SMO role if you sell Mortgages to Freddie Mac under the Cash program.**
- **Each Guarantor role must be assigned if you sell Mortgages to Freddie Mac under the Guarantor or MultiLender programs. Do not assign Guarantor roles if you do not have a Master Commitment contract with Freddie Mac with the Guarantor provision.**

Add/Modify User – Check this box if you are adding a new user

Delete User – Check this box if you are deleting a user

User Roles – For each user: Place an **A** in the box next to the user role that needs to be **added**; place a **D** in the box next to the user role that needs to be **deleted**

GENERAL ROLES

- **Loan Manager –** This role can create and modify a loan. Members of this group can create loans in the Selling System by either importing data or manually entering data.
- **Pipeline Manager –** This role can view the contract Pipeline or the Loan Pipeline.
- **Secondary Analyst –** This role can pair-off contracts, and allocate, de-allocate, and price loans against a contract.
- **Closer/Shipper –** This role can review certification issues, view evaluation issues, clear loan edits/evaluate loans, enter settlement details, create/view certification forms, view settlement statements, search for loans, search for contracts, and designate a warehouse lender.
- **Exclusionary List –** This role can view the Freddie Mac Exclusionary List.

CASH ROLE

- **Cash SMO (Secondary Marketing Officer)** – This role can create cash contracts, request, accept, or reject cash contract pricing.

GUARANTOR ROLES

- **Guarantor SMO (Secondary Marketing Officer) –** This role can take out a Guarantor or MultiLender contracts against a Master Commitment contract, view funding details and approve/disapprove (validate) proposed certification changes.
- **Setup Administrator –** This role can create, edit and delete the seller's security wire transfer instructions. **(The employee assigned to this role may not have the role of Setup Manager.)**
- **Setup Manager –** This role approves or rejects Security Wire transfer instructions for Guarantor or MultiLender contracts. **The name and signature of the employee assigned to this role, must appear on the Form 988SF Certificate of Incumbency and board of director's resolution. (The employee assigned to this role may not have the role of Setup Administrator.)**
- **Security Wire Assignor –** This role can select, assign, and remove security wire transfer instructions for Guarantor or MultiLender contracts.

Get Started Checklist: http://www.freddiemac.com/singlefamily/doingbusiness/checklist.html

Form 901 - Document Custodian

Selling System Authorized User Identification & Certification Form

(Please see instructions for completing this form on page 2)

Freddie Mac **Seller/Servicer Name:** _____ **Seller/Servicer #:** _____	**Freddie Mac** **Document Custodian Name:** _____ **Document Custodian #:** _____

This form must be signed by a vice president (or higher) who is authorized by a Document Custodian to: (i) identify employees authorized to use the Selling System in the assigned roles below ("Authorized Users"), (ii) receive the Authorized Users' identifications ("User IDs") and passwords from Freddie Mac, and (iii) add or delete Authorized Users and modify or recertify information herein by submitting a new Form 901 in accordance with Freddie Mac's express written instructions, as may be amended from time to time.

Officer's Name:	**Title (VP or higher):**
Address:	
City/State/Zip:	
Phone Number:	**( )** **Fax Number: ( )** **Email address:**

Add/ Modify User	Delete User	USER NAME AND EMAIL ADDRESS: *(Attach additional forms if necessary.)*	PIN: Birth Date Mo. & Day Only *(e.g. July 4th=0704)*	User Role(s): Place A or D in appropriate boxes. A=Add user role D=Delete user role Individuals responsible for Note certification may not hold any user roles in the Selling System other than those of Document Custodian and External Certification Manager.
☒ Sample	☐ Sample	Name: Chris Sample Email: Sample@sample.com Phone: 212-555-1234	0 7 0 4	A Document Custodian D External Certification Manager
☐	☐	Name: Email: Phone:	☐☐☐☐	☐ Document Custodian ☐ External Certification Manager
☐	☐	Name: Email: Phone:	☐☐☐☐	☐ Document Custodian ☐ External Certification Manager
☐	☐	Name: Email: Phone:	☐☐☐☐	☐ Document Custodian ☐ External Certification Manager
☐	☐	Name: Email: Phone:	☐☐☐☐	☐ Document Custodian ☐ External Certification Manager

As Document Custodian's authorized officer (VP or higher), I hereby certify and agree that: (i) the employees identified above are Authorized Users in accordance with their assigned user roles; (ii) Document Custodian will protect the User IDs and passwords used to access the Selling System as required by the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") and this Form; (iii) capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Guide; and (iv) a fax copy of this Form with a copy or representation of my signature attached, is as binding, valid and enforceable as a paper original containing my original written signature.

DOCUMENT CUSTODIAN OFFICER

Signature: _____ **Title (VP or higher):** _____

Printed Name: _____ **Date:** _____

Please FAX the completed form to: 703-738-1532, or e-FAX to pe_customer_setup@freddiemac.com

Document Custodian's Duty to Safeguard and Protect Access to the Selling System –Document Custodian has a duty to safeguard and protect User IDs, passwords and PIN numbers used hereunder, and to adopt security measures to prevent their loss, theft or unauthorized disclosure or use. Document Custodian must notify Freddie Mac within 24 hours of an employee's termination or deletion as an Authorized User so that Freddie Mac may promptly revoke the employee's access to the Selling System. Document Custodian must also notify Freddie Mac immediately in the event of any loss, theft or unauthorized disclosure or use of any such User IDs, passwords, PIN numbers or any other access codes, or if the Document Custodian has reason to believe that: (i) its access to the Selling System is no longer secure; (ii) there has been a breach of security in connection with the Selling System; (iii) anyone has made unauthorized use of the Selling System; or (iv) anyone has gained unauthorized access to the Selling System. Document Custodian's use of the Selling System and its duty to safeguard and protect User IDs, passwords and PIN numbers used hereunder is governed by the Guide including, without limitation, subsection 1.3(g) of the Guide, the Selling System user guide, and Form 1035.

INSTRUCTIONS:

The following information is provided to assist you in completing the Document Custodian Selling System Authorized User Identification and Certification Form. The definitions below correspond to the fields on the attached form. To avoid delays in processing access, please make sure the information is legible and correct.

Add User – Check this box if you are adding a new user.

Delete User – Check this box if you are deleting a user.

User Roles – For each user: Place an **A** in the box next to the user role that needs to be **added**; place a **D** in the box next to the user role to be **deleted**.

- **Document Custodian** – This person can certify notes, propose changes, and batch certify. **Individuals responsible for Note certification may not hold any user roles in the Selling System other than those of Document Custodian and External Certification Manager.**

- **External Certification Manager** – This person will have the ability to "uncertify" a loan. This role may be held by the Document Custodian or another individual.

Get Started Checklist: **http://www.freddiemac.com/singlefamily/doingbusiness/checklist.html**

Form 939

Guarantor Program: Security Settlement Information and Delivery Authorization

(MIDANET®)

FOR FREDDIE MAC USE ONLY

Complete this form using a typed format only.
☐ Revision

/__/__/ /__/__/ /__/__/__/__/
Mo Date Year

Control number

Mortgage delivery
Part ___ of _____

Seller and contract identification Please read instructions on the third page		
Before a change to requirements for transfer of securities for Mortgages sold through MIDANET, Freddie Mac must have the Seller's authorization in writing on Form 939. This form must be provided with each delivery of Mortgages.		
Seller's Full Legal Name		Requested Settlement Date /__/__/ /__/__/ /__/__/__/__/ Mo Date Year
Street Address		Seller/Servicer Number /__/__/__/__/__/__ /
Post Office Box	City, State, Zip	Contract/conversion number /__/__/__/__/__/__ /__/__/__/__/
Seller Contact	Telephone number ( )	PC Coupon rate %
Seller Contact	Telephone number ( )	Total UPB of this PC Pool
Single-family Guarantor program (check one) ☐ Fixed-rate ☐ Weighted Average Coupon ARM		
For warehouse lending arrangements only Warehouse lender's full legal name		
Warehouse Lender Contact	Telephone number ( )	
Warehouse Lender Contact	Telephone number ( )	
Total Warehouse Lenders for this PC Pool	**For MultiLender Swap only** Pool number	CUSIP number

Security Wire Instructions Please read instructions on the third page		
Depository institution/Type of account (if applicable)/Beneficiary/Account number (if applicable)/Attention (if applicable)		
ABA number	Unpaid principal balance ("UPB")	**FOR FREDDIE MAC USE ONLY** Actual UPB
Depository institution contact	Telephone number ( )	Confirmed by
Depository institution/Type of account (if applicable)/Beneficiary/Account number (if applicable)/Attention (if applicable)		
ABA number	UPB	**FOR FREDDIE MAC USE ONLY** Actual UPB
Depository institution contact	Telephone number ( )	Confirmed by

Authorization to Freddie Mac	
By signing in the signature block below, I, as an authorized officer of Seller hereby authorize and instruct the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer securities in accordance with the instructions provided in this form. Seller acknowledges that any revisions to the information and instructions in this form may only be made in accordance with the requirements in the Freddie Mac Single-Family Seller/Servicer Guide ("Guide") before the Settlement Date. Seller agrees that this Form 939 is incorporated by this reference into Seller's "Purchase Documents" as that term is defined in the Guide.	
Signature Block for Seller's Authorized Officer: By:_____ Name:_____ Title: _____	**Notary Public** **(NOTARY SEAL)** State of _____) County of _____ _____) Acknowledged before me this _ _ day of _____, 20 __, by _____ _____ (Type or Print the Signing Officer's Name Above.)
	Notary Public Signature:_____ Notary Public Printed Name: _____
Date approved Telephone number / / ( )	Notary Public Commission Expires:_____ Notary Public State Registration Number: _____

FOR FREDDIE MAC USE ONLY

Settlement Date	Pool number	CUSIP number
Coupon	Total actual UPB	Signature of approval
Special instructions		

FOR HOME OFFICE USE ONLY

Processed by	Date

INSTRUCTIONS FOR FORM 939

The Seller must complete the following items. For assistance, please call your Freddie Mac representative.

Revision: Enter a check if any information on this form is a change to the original submission. A revised Form 939 must be completed in its entirety.

SELLER AND CONTRACT IDENTIFICATION

Legal name: Full legal name of the Seller

Seller/Servicer number: Six-digit Seller/Servicer number assigned by Freddie Mac

Street address: Street address of the Seller

Requested settlement date: The desired settlement date of this PC Pool

Post office box: Post office box number of the Seller, if applicable

City, State, Zip: City, State and zip code of the Seller

Contract/conversion number: Freddie Mac contract number from the Form 3, Form 5, or the master commitment conversion contract

Seller contacts and telephone numbers: Indicate the names and telephone numbers, including area code, of two individuals at the office of the Seller who are authorized to confirm any and all instructions pertaining to this form.

PC coupon rate: Coupon rate of the Participation Certificate (PC) from Form 381

Total UPB of this PC Pool: Aggregate total of the unpaid principal balance ("UPB") of the Mortgage deliveries included in this PC Pool
For participations—This should be the amount of Freddie Mac's interest.
For single or multiple Warehouse Lenders—See the "For warehouse lending arrangements only" section. The aggregate total of all Mortgage deliveries, pledged and unpledged, should equal the unpaid principal balance of the PC Pool.

Guarantor program: Enter a check for the Guarantor program that applies to this PC Pool.
For warehouse lending arrangements only—Complete this section if any or all of the Mortgages to be in this PC Pool are Pledged Mortgages subject to a warehouse loan agreement.

If the PC Pool has all Pledged Mortgages, complete a Form 939 for each Warehouse Lender's Mortgage delivery.

If the PC Pool has any pledged and unpledged Mortgages, complete a Form 939 for each Warehouse Lender's delivery and a Form 939 for the Seller's Mortgage delivery.

Warehouse Lender's full legal name: Full legal name of the Warehouse Lender

Warehouse Lender contacts and telephone numbers: Indicate the names and telephone numbers, including area code of two individuals at the Warehouse Lender who are authorized to confirm any and all instructions pertaining to this authorization.

Total number of Warehouse Lenders for this PC Pool: Enter the total number of Warehouse Lenders involved in this PC Pool.

For MultiLender Swap only: Enter the MultiLender Swap pool and CUSIP numbers from Form 5.

SECURITY WIRE INSTRUCTIONS

Depository institution/Type of account/Beneficiary/Account number/Attention Depository institution: Enter the exact Federal Reserve telegraphic abbreviation of the depository institution. The depository institution is a bank or other institution eligible to receive book-entry securities. Contact the depository institution if the exact telegraphic abbreviation is not known.

Type of account: Enter, for example, CUST, INV, GEN, DEALER, or TRUST. Contact the depository institution to determine if the account type is applicable and/or to obtain the correct account type.

Beneficiary account name: Enter the beneficiary account name at the depository institution. For example, if the security is to be delivered to the Seller's account, the Seller's name would appear under beneficiary account name. If the security is to be delivered to a broker/dealer's account, the broker/dealer's name would appear under beneficiary account name. Contact the depository institution to obtain the correct account name.

Account number: Enter the account number of the beneficiary at the depository institution, if applicable. Contact the depository institution to obtain the correct account number.

Attention: Enter the specific person, department, or section, if applicable, at the depository institution that should be notified of actual receipt of securities. Contact the depository institution for this information. FOR EXAMPLE: TR BK NYC/CUST/XYZ MTG CORP /99999/ATTN John Smith
(This security is to be delivered to Trust Bank of New York City in custody for XYZ Mortgage Corporation. The account number is 99999. John Smith is the contact at Trust Bank.)

ABA numbers: Enter the American Banking Association's routing number of the depository institution. Contact the depository institution for this information.

UPB: Enter the whole dollar amount of unpaid principal balance (UPB) to be delivered in accordance with the security wire instructions on the first line of this subsection. (The book-entry system does not allow cents in the security amount.) For multiple subsections and multiple Forms 939, the aggregate total of the UPBs in each subsection must equal the total UPB of this PC Pool.

Depository institution contacted and telephone number: Indicate the name and telephone number, including area code, of the individual at the depository institution who can be contacted regarding this transaction.

AUTHORIZATION TO FREDDIE MAC

The security wire instructions contained on this Form 939 will be accepted only if the form is signed by an authorized officer of the Seller and the signature of the officer is notarized by a notary public. The name and specimen signature of the authorized officer must be on a duly executed Certificate of Incumbency and the officer's name or title must be on a copy of a board resolution or other governing body resolution, as applicable, authorizing the officer to provide Freddie Mac with wire transfer instructions. The Certificate of Incumbency and resolution must be delivered to and be determined to be acceptable by Freddie Mac.

Form 960

Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages

Provide the following information concerning the Master Commitment, if available:

Master Commitment number	Expiration date / /	Dollar amount $

Are there credit enhancements or Servicing-restricted Mortgages permitted under the Master Commitment? ❑ Yes ❑ No

Seller/Transferor			**Servicer/Transferee**		
Seller Name			Servicer Name		
Seller/Servicer Number			Seller/Servicer Number		
Address			Address		
City	State	ZIP	City	State	ZIP
Contact			Contact		
Telephone number ( )	ext.		Telephone number ( )	ext.	

Document custodian after transfer is completed

Complete the following for the Freddie Mac-approved Document Custodian indicated on your Form 1035, Custodial Agreement: Single-Family Mortgages, or Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages.

Name			Telephone number ( ) ext.
Address			Document Custodian number
City	State	ZIP	Custodial agreement number

In accordance with Section 51.1 and Chapter 56 of the Freddie Mac Single-Family Seller/Servicer Guide ("Guide") and subject to Freddie Mac's approval, the Seller/Transferor shall, upon Freddie Mac's purchase of the Mortgages the Seller/Transferor has identified as being subject to this Concurrent Transfer of Servicing (the "Mortgages"), transfer the Servicing of the Mortgages to the above-designated Servicer/Transferee on the effective date of the purchase of the Mortgages (the Freddie Mac Funding or Settlement Date) as established by Freddie Mac. The Servicer/Transferee acknowledges, covenants and warrants that it shall be solely responsible for all representations, covenants, and warranties required of the Seller/Transferor concerning the eligibility of the Mortgages for purchase by Freddie Mac. The Servicer/Transferee shall service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprised of the Guide, applicable Bulletins and any other applicable Purchase Documents (as that term is defined in the Guide), all of which are fully incorporated herein by reference.

1. a) Will this transfer include Mortgages that are credit enhanced? ❑ Yes ❑ No
   b) If yes, check the applicable boxes of all credit enhancements. *Certain credit enhancement agreements contain terms that may preclude or limit the transfer of Mortgages covered by the agreements. The Transferor must ensure that this transfer request is in compliance with the terms stated in the applicable agreements.*
   ❑ Recourse ❑ Indemnification ❑ Cash Accounts ❑ Spread Accounts ❑ Pool Insurance
   ❑ Collateral Pledge Agreements ❑ Enhanced Spread Account ❑ Other _____
2. a) Will this transfer include Mortgages that may have any of the following provisions? ❑ Yes ❑ No
   b) If yes, check the applicable boxes.
   ❑ Biweekly ❑ Skip-payment ❑ Balloon ❑ Payment-capped ARMs ❑ Scheduled/Scheduled
   ❑ Manufactured Homes ❑ Actual/Actual ❑ Originated pursuant to affordable housing initiatives
   ❑ Other restricted products negotiated or listed in Section 51.11 ❑ Other _____
3. What types of remittance options are included in this transfer?
   ❑ Accelerated Remittance cycle (ARC) ❑ Gold Remittance cycle ❑ First Tuesday Remittance cycle
   ❑ Early Remittance cycle (ERC) ❑ Super ARC ❑ SWEEP
   ❑ Flex Remittance ❑ Daily remittance for P&

As the authorized representative of the Seller/Transferor or Servicer/Transferee, as applicable, I agree that by writing my signature on the "signature" line below and transmitting a copy of this Form 960 to Freddie Mac by fax transmission, I have: (i) consented to the use of "Electronic Records," "Records," "Electronic Signatures" and fax copies of documents and signatures in connection with executing and delivering this Form 960; (ii) agreed that this is an "electronic transaction" governed by Section 1.3 of the Guide and other applicable Purchase Documents; (iii) agreed that Freddie Mac's receipt of a fax copy of this Form 960 containing a copy or representation of my signature attached to it or logically associated with it shall, for all purposes, serve as conclusive evidence that I executed and intended to execute this Form 960; and (iv) bound the Seller/Transferor or Servicer/Transferee, as applicable, to the provisions in this Form 960.

IN WITNESS WHEREOF, each party below has caused this Agreement to be signed in its name on its behalf by its duly authorized representative.

Seller/Transferor	**Servicer/Transferee**
Date	Date
By (Signature of authorized representative)	By (Signature of authorized representative)
Typed or printed name	Typed or printed name
Title	Title

Acknowledgment and approval by Freddie Mac

Effective for Mortgages delivered from _____ through _____

Date of acknowledgment and approval / /	By (Signature of authorized representative)
Typed or printed name	

Freddie Mac

Agreement of Concurrent Transfer of Servicing of Single-Family Mortgages Through Gold Cash Xtra®

Master Commitment # (if applicable):							
Seller/Transferor or Servicer/Transferee, As Applicable							
	Seller Name	DBA, if applicable					
	Servicer Name	DBA, if applicable					
Seller/Servicer Number							
Address							
City	State	Zip					
Contact							
Telephone number ( )	ext.						
E-mail Address							

In accordance with Section 51.1 and Chapter 56 of the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") and subject to Freddie Mac's approval, the Seller/Transferor shall, upon Freddie Mac's purchase of Mortgages through Gold Cash Xtra (the "Mortgages") and in accordance with the Gold Cash Xtra Agreement and the Loan Servicing Purchase and Sale Agreement in the Guide, transfer the Servicing of the Mortgages to a Servicer/Transferee approved to service the Mortgages. The Transfer of Servicing shall be effective on the effective date of the purchase of the Mortgages (the Freddie Mac Funding or Settlement Date) as established by Freddie Mac. Pursuant to Section 7.1(b) of the Loan Servicing Purchase and Sale Agreement, Seller shall remain liable for all representations and warranties concerning the eligibility of the Mortgages for purchase by Freddie Mac and Servicer shall not become liable for such representations and warranties. For all Mortgages subject to recourse, Seller shall retain liability for all risks and costs of a Borrower default. The Servicer/Transferee hereby agrees to service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprised of the Guide, applicable bulletins, the applicable MIDANET for the PC Users' Guide, and any other applicable Purchase Documents (as that term is defined in the Guide), all of which are fully incorporated herein by reference.

IN WITNESS WHEREOF, each party below has caused this Agreement to be signed in its corporate name on its behalf by its duly authorized representative.

Seller/Transferor	**Servicer/Transferee**
Date	Date
By (Signature of authorized representative)	By (Signature of authorized representative)
Typed or printed name	Typed or printed name
Title	Title

Acknowledgment and approval by Freddie Mac	
Effective for Mortgages delivered from _____	
Date of acknowledgment and approval / /	By (Signature of authorized representative)
Typed or printed name	

Form 981

Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages

Transferor			**Transferee**		
Servicer Name			Servicer Name		
Seller/Servicer Number			Seller/Servicer Number		
Address			Address		
City	State	ZIP	City	State	ZIP
Contact			Contact		
Telephone number ( )		ext.	Telephone number ( )		ext.
Requested Effective Date of Transfer / /					

This Agreement, executed by the Transferor and the Transferee, must be received by Freddie Mac not less than 30 days but not more than 60 days prior to the requested Effective Date of Transfer. The requested Effective Date of Transfer must be the first business day following the cutoff date for a Freddie Mac accounting cycle. Transferor and Transferee understand and agree that Freddie Mac makes no representations or warranties regarding the servicing rights to be transferred hereunder or regarding the Mortgages and, if applicable, REO identified on the List of Mortgages to be Transferred (the "Mortgages"), provided to Freddie Mac by the Transferor via MIDANET®. Transferor and Transferee further understand and agree that Freddie Mac's approval of the transfer does not imply that there are no outstanding repurchase or other contractual obligations, including recourse or indemnification, with respect to the Mortgages.

In accordance with Chapter 56 of the Single-Family Seller/Servicer Guide ("Guide"), and subject to Freddie Mac's approval as evidenced by the approval letter referenced in Section 56.3(b), the Transferor will transfer the Servicing of the Mortgages to the Transferee on the requested Effective Date of Transfer. The Transferee will be responsible for all representations, covenants, and warranties concerning the eligibility of the Mortgages for purchase by Freddie Mac as provided in Section 56.15.

The Transferor and Transferee further represent, warrant and covenant that the transfer, if approved by Freddie Mac, will be completed as follows:

A. The Transferor will deliver, and the Transferee will receive and possess all records, legal documentation, files and funds relevant to the transferred Mortgages, as required by Sections 56.8, 56.9 and 56.10.

   The Transferor represents, warrants and covenants that all Escrow funds and prepaid Installments will be transferred to the Transferee.

   The Transferee further represents and warrants that it will examine such records and determine whether such records are correct. The Transferee hereby assumes full responsibility and liability for the correctness of such records.

B. Borrowers will be notified of the transfer in accordance with Section 56.11, the Real Estate Settlement Procedures Act (RESPA) and any applicable local laws, and Borrowers will receive new payment coupons, monthly statement or any other material necessary for uninterrupted payment.

C. Insurance endorsements (pursuant to Section 58.6) and tax records, as appropriate, will be updated to reflect the Transferee as the party to be notified.

D. Transferee represents, warrants and covenants that it performed a due diligence review of the Servicing rights to be transferred hereunder before entering into this Agreement, including without limitation, review of the Mortgage files, the Custodial Accounts, and any outstanding or continuing obligations of the Transferor under the Purchase Documents (as that term is defined in the Guide). Transferee represents and warrants that it is not relying upon any information provided by Freddie Mac in entering into this transaction nor is it relying upon Freddie Mac to identify any deficiencies with respect to the Mortgages.

The Transferee will service the Mortgages in accordance with the terms of the Guide, applicable Bulletins, the applicable MIDANET Users' Guide and any other applicable Purchase Documents, all of which are fully incorporated herein by reference.

With this Agreement, the Transferor must submit the List of Mortgages to be Transferred, via MIDANET.

The Transferor will be assessed a nonrefundable $500 transfer processing fee to be billed via the Performing Loans monthly Servicer Billing Statement and paid in accordance with the requirements of Section 76.23.

By signing this Agreement, the Transferor and the Transferee each certifies that all of the information that it has provided to Freddie Mac in connection with the requested Transfer of Servicing, including the information set forth on page 2 of this Form 981, is true and correct.

Acknowledgment and approval by Freddie Mac
Approved Effective Date of Transfer (always effective with the first day of Freddie Mac's accounting cycle): ____ / 16 /____
Date of acknowledgment and approval: / /
By (Signature of authorized representative)
Typed or printed name

Part A. To be completed by the Transferor

1. Does this transfer include all Mortgages serviced by the Transferor for Freddie Mac? ❑ Yes ❑ No
   If yes, also complete 1a and 1b. Note: Mortgages that are funded by Freddie Mac after the Effective Date of Transfer will not be included with an "all transfer."

1a. Does the Transferor have any outstanding commitments with Freddie Mac? ❑ Yes ❑ No
   If yes, the Transferor intends to: ❑ retain the servicing ❑ assign the servicing

1b. Is this transfer the result of an ownership change? If yes, complete and submit Form 1107. ❑ Yes ❑ No

2. Does this transfer include Mortgages in foreclosure? If yes, provide a list. ❑ Yes ❑ No

3. Does this transfer include Mortgages in REO? If yes, provide a list. ❑ Yes ❑ No

4. Does this transfer include Mortgages that have lender-purchased mortgage insurance? If yes, provide a list. ❑ Yes ❑ No

5a. Does this transfer include Mortgages that are credit enhanced? ❑ Yes ❑ No
   If yes, check the applicable boxes and attach a list of all credit enhancements with the applicable Freddie Mac loan numbers and Master Commitments. Certain credit enhancement agreements contain terms that may preclude or limit the transfer of Mortgages covered by the agreements. The Transferor must ensure that this transfer request complies with the terms stated in the applicable agreements.
   ❑ Recourse ❑ Indemnification ❑ Cash Accounts ❑ Spread Accounts
   ❑ Collateral Pledge Agreements ❑ Pool Insurance ❑ Other _____

5b. Does the transfer include Mortgages in a Trial Period under the Home Affordable Modification Program (HAMP) or modified under HAMP? If yes, provide a list that identifies the FM loan number and whether the Mortgage is in the Trial Period or has been modified under HAMP. ❑ Yes ❑ No

6. Will this transfer include any of the following Mortgages? ❑ Yes ❑ No
   ❑ Biweekly ❑ Scheduled/Scheduled ❑ Actual/Actual ❑ Payment Capped or Option ARMs
   ❑ Manufactured Homes ❑ Skip-Payment ❑ Balloon/Reset
   ❑ Step Rate ❑ Partial Principal Forbearance
   ❑ Originated pursuant to affordable housing initiatives ❑ Other restricted products negotiated or listed in Section 51.11
   If yes, please provide a list of the type of provision and loan number of each Mortgage.

7. What types of remittance options are included in this transfer?
   ❑ Accelerated Remittance cycle (ARC) ❑ Gold Remittance cycle ❑ Super ARC ❑ Flex Remittance
   ❑ Early Remittance cycle (ERC) ❑ First Tuesday Remittance cycle ❑ Daily remittance for P&I ❑ Sweep

8. Does this transfer include Mortgages with repurchase demands in any status? If yes, provide a list. ❑ Yes ❑ No

9. Does this transfer include Mortgages that are Minority Participation Purchase? If yes, all Mortgages within the group must transfer. ❑ Yes ❑ No

10. Indicate the total number of Mortgages included in this transfer _____

11. Does the Transferor currently use a Servicing Agent (subservicer) to subservice Mortgages? If yes, please specify the following: ❑ Yes ❑ No
   Servicing Agent Name: _____
   Servicing Agent Number: _____

12. Are any of the original Mortgage documents electronic (for example, an electronic Note, Security Instrument, Truth in Lending disclosures)? ❑ Yes ❑ No
   If yes, please provide a list and indicate the specific location (repository) of the electronic mortgage documents.

13. Does this transfer include any Mortgages that were modified electronically pursuant to Freddie Mac's HAMP electronic modification requirements? If yes, please provide a list and indicate the specific location (repository) of the electronic modification agreements. ❑ Yes ❑ No

Document Custodian before requested transfer

Complete the following for the Freddie Mac-approved Document Custodian indicated on your Form 1035, Custodial Agreement: Single-Family Mortgages or Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages

Name			Telephone number ( ) ext.
Address			Document Custodian number
City	State	ZIP	Custodial Agreement number

IN WITNESS WHEREOF, the party below has caused this Agreement to be signed in its name on its behalf by its duly authorized representative.

Transferor

By (Signature of authorized representative)	Date
Typed or printed name	

Part B. To be completed by the Transferee

Does this Transferee intend to use a Servicing Agent (subservicer) to service the Mortgages? ❑ Yes ❑ No
If yes, please specify the following:
Servicing Agent Name: _____
Servicing Agent Number: _____

Document Custodian after transfer is completed

Complete the following for the Freddie Mac-approved Document Custodian indicated on your Form 1035, Custodial Agreement: Single-Family Mortgages, or Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages

Name			Telephone number ( ) ext.
Address			Document Custodian number
City	State	ZIP	Custodial Agreement number

IN WITNESS WHEREOF, the party below has caused this Agreement to be signed in its name on its behalf by its duly authorized representative.

Transferee

By (Signature of authorized representative)	Date
Typed or printed name	

Form 987

Wire Transfer Authorization for a Cash Warehouse Delivery

This form must be typed. Please **read** the accompanying instructions before completing this form.

Seller/Servicer number	Contract conversion number
Seller's full legal name	Unpaid principal balance ("UPB") of this delivery
Warehouse Lender's full legal name	Number of Mortgages in this delivery

Wire transfer instructions

Determine whether this transfer of funds is a three-party **OR** a two-party transfer, and **complete the appropriate section** below.

For three-party transfers only
Transfer bank's name (bank where funds are to be initially transferred for further credit to beneficiary's bank)

ABA number (nine-digit routing number of above-named transfer bank)

City, State (address of transfer bank)

Beneficiary's bank's name (bank receiving funds for beneficiary)

Beneficiary's account number at transfer bank

Beneficiary's name (Seller/Servicer or Warehouse Lender, depending on which will receive **final credit** of funds)

Beneficiary's account number (final account where transfer is to be credited)

For two-party transfers only
Beneficiary's bank's name (bank receiving funds for beneficiary)

ABA number (nine-digit routing number of above-named beneficiary's bank)

City, State (address of beneficiary's bank)

Beneficiary's name (Seller/Servicer or Warehouse Lender, depending on which will receive **final credit** of funds)

Beneficiary's account number (final account where transfer is to be credited)

Further instructions (Choose only one)

☐ FOR ATTENTION OF _____

☐ IMMEDIATE PHONE ADVICE (name and telephone number) _____

Comments

Mandatory
Before the Federal Home Loan Mortgage Corporation ("Freddie Mac") will wire transfer any funds, Freddie Mac must receive a duly executed Form 987 signed by an authorized officer of Seller. The Form 987 must be attached to a duly executed Form 996, Warehouse Lender Release of Security Interest, signed by the Warehouse Lender's authorized officer and must be provided to Freddie Mac with each delivery of Pledged Mortgages. Freddie Mac is not responsible if funding is delayed because Form 987 is incomplete or not received with a Mortgage delivery or the Form 996 is incomplete or not received with a Mortgage delivery.

Authorization

By signing in the signature block below, I, as an authorized officer of the Seller, hereby authorize and instruct Freddie Mac to transfer funds in accordance with the instructions provided in this form. The Seller acknowledges that any revisions to the information and instructions provided in this form may only be made in accordance with the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide). Seller agrees that this Form 987 is incorporated by this reference into Seller's "Purchase Documents" as that term is defined in the Guide.

Signature Block for Seller's Authorized Officer:	**Notary Public**
By: _____	**(NOTARY SEAL)**
Name: _____	State of _____)
Title: _____	County of _____)
	Acknowledged before me this___day of _____, 20 _ _
	by _____ (Type or Print the Signing Officer's Name Above)
	Notary Public Signature: _____ _
	Notary Public Printed Name: _____ _
Date approved _____	Notary Public Commission Expires: / /
	Notary Public State Registration Number:

FOR FREDDIEMAC USE ONLY

Funding Date	Seller's automated purchase disbursement amount	Warehouse disbursement amount	Adjusted automated purchase disbursement amount
	$	$	$

Signature of approval	**FOR CASH MANAGEMENT USE ONLY** Warehouse disbursement amount $

INSTRUCTIONS FOR FORM 987

The Seller must complete the following items, unless indicated as optional:

Seller/Servicer number: Seller/Servicer number assigned by Freddie Mac

Contract/conversion number: Freddie Mac contract number

UPB of this delivery: Unpaid principal balance of this delivery

Number of Mortgages in this delivery: The number of Mortgages being delivered with this Form 987

Seller's full legal name: Full legal name of the Seller

Warehouse Lender's full legal name: Full legal name of Warehouse Lender

Three-party transfers: A three-party transfer involves a transfer of funds in which a correspondent bank must be credited first in order for the funds to be applied to the beneficiary's bank (for example, a transfer of funds to the Federal Home Loan Bank of Pittsburgh for credit to ABC Bank for credit to XYC Mortgage Company)

Transfer bank: Full legal name and location (city and state) of the bank where funds are to be initially transferred for further credit to the beneficiary's bank

ABA number: American Bankers' Association's (ABA's) nine-digit routing number of the depository institution, that is, the transfer bank. This number must be entered to ensure the transfer of funds.

Beneficiary's bank: Full legal name and location (city and state) of the bank receiving the funds for the beneficiary (usually the warehouse lender)

Beneficiary's account number at transfer bank: Account number that the beneficiary's bank has open for receipt of funds at the transfer bank

Beneficiary's name: Full legal name of the final party to be credited as a result of the transfer of funds

Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited

Two-party transfers: A two-party transfer involves a transfer of funds in which the funds are directly routed to the beneficiary's bank (for example, a transfer of funds to ABC Bank for further credit to XYZ Mortgage Company)

Beneficiary's bank: Full legal name and location (city and state) of the bank receiving the funds for the beneficiary (usually the warehouse lender)

ABA number: ABA's nine-digit routing number of the depository institution, that is, the beneficiary's bank. This number must be entered to ensure the transfer of funds.

Beneficiary's name: Full legal name of the final party to be credited as a result of the transfer of funds

Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited

Further Instructions (Optional)

This space is provided for the Seller to furnish additional information that may expedite the notification to the Seller of actual receipt of funds at the bank. Due to the space limitations of 30 characters, only one special instruction can be used.

a. FOR ATTENTION OF: This space could be used to identify a specific department or section within the bank or Seller organization that should be notified of receipt of funds

b. IMMEDIATE PHONE ADVICE: This space could be used to identify the name and telephone number, including area code, of any individual the Seller requests the bank to call when funds are received

Comments: This space could be used to enter any additional information that will help the transfer of funds to be completed (for example, reference contract number of additional credit party advice)

Signature block of authorized officer

The wire transfer instructions contained on this Form 987 will be accepted only if the form is signed by an authorized officer of the Seller and the signature of the officer is notarized by a notary public. The name and specimen signature of the authorized officer must be on a duly executed certificate of incumbency and the officer's name or title must be on a copy of a board resolution or other governing body resolution, as applicable, authorizing the officer to provide Freddie Mac with wire transfer instructions. The Certificate of Incumbency and resolution must be delivered to and determined to be acceptable by Freddie Mac. For each delivery of Pledged Mortgages, a Form 996, Warehouse Lender Release of Security Interest, signed by the Warehouse Lender's authorized officer, must be attached to this Form 987.

Mailing Instructions

Mail original Form 987 to:

Attn: Mortgage Purchase
Mailstop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

Form 987E

Wire Transfer Authorization for a Cash Warehouse Delivery

For use only with the Freddie Mac Selling System.
Please read the accompanying instructions before completing this form.

Seller/Servicer number: /__/__/__/__/__/__/ Seller's full legal name: _____

Warehouse Lender's full legal name: _____

Warehouse Lender's address: _____

Wire transfer instructions

Determine whether this transfer of funds is a three-party OR a two-party transfer, and complete the appropriate section below.

For three-party transfers only:
Transfer bank's name (bank where funds are to be initially transferred for further credit to beneficiary's bank)

_____

ABA number (nine-digit routing number of above-named transfer bank) /__/__/__/__/__/ - /__/__/__/__/__/ - /__/

City, State (address of transfer bank) _____

Beneficiary's bank's name (bank receiving funds for beneficiary)

_____

Beneficiary's account number at transfer bank

_____

Beneficiary's name (either Seller or Warehouse Lender depending on who will receive final credit of funds)

_____

Beneficiary's account number (final account where transfer is to be credited)

_____

For two-party transfers only:
Beneficiary's bank's name (bank receiving funds for beneficiary)

_____

ABA number (nine-digit routing number of above-named beneficiary's bank) /__/__/__/__/__/ - /__/__/__/__/__/ - /__/

City, State (address of beneficiary's bank) _____

Beneficiary's name (either Seller or Warehouse Lender depending on who will receive final credit of funds)

_____

Beneficiary's account number (final account where transfer is to be credited)

_____

Further instructions (Choose only one):
[___] FOR ATTENTION OF: _____

[___] IMMEDIATE PHONE ADVICE (name and phone #):

_____

Comments:

Status (Check only one.)

- ❑ Setup Initial Instructions
- ❑ Change Instructions
- ❑ Additional Instructions
- ❑ Recertify/Reconfirm Instructions

Mandatory

Before Freddie Mac will wire transfer any funds, Freddie Mac must have in its files a Form 987E duly executed by Seller's authorized officer. The Seller must deliver a duly executed Form 987E to Freddie Mac for each Warehouse Lender that Seller uses. If the Seller desires to change the wire transfer instructions on a Form 987E, the Seller must execute a new Form 987E and deliver the new Form 987E to Freddie Mac. In addition, with each delivery of Pledged Mortgages, Freddie Mac must receive a fully completed Form 996E, Warehouse Lender Release of Security Interest, duly executed by the Warehouse Lender's authorized officer before Freddie Mac will fund. Freddie Mac is not responsible if funding is delayed because the Form 987E is not on file with Freddie Mac or the Form 996E is incomplete or not received with a Mortgage delivery.

Authorization

By signing in the signature block below, I, as an authorized officer of Seller, hereby authorize and instruct the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer funds in accordance with the instructions provided in this form. The Seller acknowledges that any revisions to the information and instructions provided in this form must be completed and confirmed with Freddie Mac pursuant to the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide). The Seller agrees that this Form 987E is incorporated by this reference into Seller's "Purchase Documents" as that term is defined in the Guide.

Signature Block for Seller's Authorized Officer:	**Notary Public**
By: _____	State of _____) **(Notary Seal)**
Name: _____	County of _____)
Title: _____	Acknowledged before me this _ _ day of_____, 20 _ _ , by _____ ____.
E-mail address: _____	(Type or Print the Signing Officer's Name Above)
	Notary Public Signature: _____
	Notary Public Printed Name: _____
Date approved _____	Notary Public Commission Expires: / /
Telephone number: _____	Notary Public State Registration Number:

FOR FREDDIE MAC USE ONLY

The undersigned has verified that the wire transfer instructions contained in this Form 987E have been accurately and properly entered into Freddie Mac's computerized systems.

Signature of Confirmation

By:

_____

(For use only with the Freddie Mac Selling System)

The Seller must complete the following items, unless indicated as optional:

Seller/Servicer number: Seller/Servicer number assigned by Freddie Mac

Seller's name: Full legal name of the Seller

Warehouse Lender's name: Full legal name of Warehouse Lender

Warehouse Lender's address: Street No., Suite No., Street Name, City, State, Zip Code

THREE PARTY TRANSFERS: A three-party transfer involves a transfer of funds in which a correspondent bank must be credited first in order for the funds to be applied to the beneficiary's bank (for example, a transfer of funds to the Federal Home Loan Bank of Pittsburgh for credit to ABC Bank for credit to XYC Mortgage Company)

Transfer bank: Full legal name and location (city and state) of the bank where funds are to be initially transferred for further credit to the beneficiary's bank

ABA number: American Bankers' Association's (ABA's) nine-digit routing number of the depository institution, that is, the transfer bank. This number must be entered to ensure the transfer of funds.

Beneficiary's bank: Full legal name and location (city and state) of the bank receiving the funds for the beneficiary (usually the Warehouse Lender)

Beneficiary's account number at transfer bank: Account number that the beneficiary's bank has open for receipt of funds at the transfer bank

Beneficiary's name: Full legal name of the final party to be credited as a result of the transfer of funds

Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited

TWO-PARTY TRANSFERS: A two-party transfer involves a transfer of funds in which the funds are directly routed to the beneficiary's bank (for example, a transfer of funds to ABC Bank for further credit to XYZ Mortgage Company)

Beneficiary's bank: Full legal name and location (city and state) of the bank receiving the funds for the beneficiary (usually the Warehouse Lender)

ABA number: ABA's nine-digit routing number of the depository institution, that is, the beneficiary's bank. This number must be entered to ensure the transfer of funds.

Beneficiary's name: Full legal name of the final party to be credited as a result of the transfer of funds

Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited

Further Instructions (Optional): This space is provided for the Seller to furnish additional information that may expedite the notification to the Seller of actual receipt of funds at the bank. Due to the space limitations of 30 characters, only one special instruction can be used.

For Attention of: This space could be used to identify a specific department or section within the bank or Seller organization that should be notified of receipt of funds

Immediate Phone Advice: This space could be used to identify the name and telephone number, including area code, of any individual the Seller requests the bank to call when funds are received

Comments: This space could be used to enter any additional information that will help the transfer of funds to be completed (for example, reference contract number of additional credit party advice)

Status: This section allows the Seller to indicate:

- ❑ Setup Initial Instructions: select this box if you are a new customer
- ❑ Change Instructions: select this box if you need to make changes to existing instructions, e.g., changing account number or ABA number
- ❑ Additional Instructions: Select this box to create an additional set of wire instructions
- ❑ Recertify/Reconfirm Instructions: select this box if you are submitting this Form to reconfirm existing instructions.

Signature block of Seller's authorized officer: The wire transfer instructions contained on this Form 987E will be accepted only if the form is signed by an authorized officer of the Seller and the signature of the authorized officer has been notarized by a notary public. The name and specimen signature of the authorized officer must be on a duly executed certificate of incumbency and the officer's name or title must be on a copy of a board resolution or other governing body resolution, as applicable, authorizing the officer to provide Freddie Mac with wire transfer instructions. The Certificate of Incumbency and resolution must be delivered to and determined to be acceptable by Freddie Mac. If a current, duly executed Form 987E is on file with Freddie Mac, Seller must, for each delivery of Pledged Mortgages, make sure that a Form 996E, Warehouse Lender Release of Security Interest, signed by the Warehouse Lender's authorized officer, is delivered to Freddie Mac.
E-mail address: E-mail address of signatory for instructions verification e-mail.

Mailing Instructions: Mail original Form 987E to:
Attn: Customer Systems setup
Mailstop A2B
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102

Form 988SF

Certificate of Incumbency
(Corporation or Limited Liability Company Certificate)

I, _____, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that I am the duly appointed and acting ***(Select One):*** [__] Secretary **OR** [__] Assistant Secretary **OR** [__] _____of _____ ("Seller"), a _____ _____ existing under the laws of _____, and further certify as follows:

1. Attached as **Exhibit "A"** hereto is a copy of a resolution of the _____ of the Seller dated _____, 20 ___ (the "Resolution") that remains in full force and effect and has not been amended, and which authorizes and empowers the persons listed in paragraph 2 below (the "Authorized Persons"), to provide Freddie Mac with instructions to transfer funds (cash or securities, as applicable) by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of Mortgages to Freddie Mac by Seller.

2. The Authorized Persons listed in this paragraph 2 hold the positions/titles (with the Seller) set forth directly across from their names and are authorized individually to execute and deliver any and all written instruments, documents and/or forms ("Records") necessary or proper or required by Freddie Mac to effectuate the authority set forth in paragraph 1above by affixing their signatures (or having their signatures affixed) to the Records and delivering the duly executed Records to Freddie Mac at an address specifically and expressly designated by Freddie Mac*:*

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**
Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

3. The specimen signature set forth directly across from each Authorized Person's name in paragraph 2 above is the true and genuine original signature of each such person and Freddie Mac may conclusively rely on the accuracy, genuineness, and good

faith of any: (i) Record provided to Freddie Mac bearing an original signature above; or (ii) facsimile ("fax") transmission of a Record submitted to Freddie Mac bearing a copy or representation of an original signature above, that contains or communicates instructions (or modifies previous instructions) to transfer funds by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac.

4. The Authorized Persons are also authorized to execute and deliver any and all instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

5. The information set forth in this Certificate of Incumbency is true and correct and Freddie Mac may conclusively rely upon this Certificate of Incumbency, and any attachments hereto, until Seller delivers a replacement Certificate of Incumbency to Freddie Mac at an address specified by Freddie Mac.

IN WITNESS WHEREOF, I have subscribed my name this ____ day of _____, 20____.

By: _____

Typed Name: _____

Title: _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this _____ day of _____, 20_____,

by _____ a _____ of _____.
(Type or Print Signer's Name) (Type or Print Signer's Title) (Type or Print Seller's Name)

Notary Signature: _____

Notary Printed Name: _____

Notary Commission Expires: _____ **(NOTARY SEAL)**

Notary State Registration Number: _____

Instructions: This Form 988SF must be completed, signed, notarized and delivered to Freddie Mac together with the resolution referenced in paragraph 1 above attached hereto as Exhibit A. The resolution must be in the form attached, unless applicable law requires another form of resolution. If additional space is needed to identify "Authorized Persons", the Seller should complete the Form 988ASF and submit that form together with the Form 988SF. The notary acknowledgment may be changed if required by applicable law. **Important: National Banks, Federal Savings & Loan Associations, Federal Savings Banks and Federal Credit Unions exist under the laws of the United States.**

Mail Form 988SF to: Attn: Customer System Setup
Mail Stop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

INSTRUCTIONS FOR PREPARING CORPORATION OR LIMITED LIABILITY COMPANY RESOLUTION:

#1 LABEL THE RESOLUTION EXHIBIT "A"
#2 INSERT THE NAME OF GOVERNING BODY OF SELLER (e.g., BD. OF DIRECTORS, BD. OF MEMBERS, MANAGING MEMBER, ETC.)
#3 INSERT THE LEGAL NAME OF SELLER (e.g., XYZ CORPORATION, ABC, LLC, ETC.)
#4 INSERT THE DATE OF THE RESOLUTION
#5 PREPARE A LIST OF AUTHORIZED EMPLOYEES - LABEL IT EXHIBIT "A-1" AND ATTACH IT TO EXHIBIT "A"
#6 ATTACH EXHIBIT "A" AND EXHIBIT "A-1" TO THE CERTIFICATE OF INCUMBENCY
#7 SECRETARY OR ASSISTANT SECRETARY MUST EXECUTE
#8 INSERT SECRETARY'S OR ASSISTANT SECRETARY'S TYPED OR PRINTED NAME
#9 INSERT SECRETARY'S OR ASSISTANT SECRETARY'S TITLE

FORM OF RESOLUTION:

[#1- Exhibit "A"]

[#2 – INSERT GOVERNING BODY NAME]
OF
[#3 - INSERT SELLER'S LEGAL NAME]

[#4 - DATE: _____]

WHEREAS, the **[#2 – INSERT GOVERNING BODY NAME]** of **[#3 - INSERT SELLER'S LEGAL NAME]** is adopting the following resolution ("Resolution") to amend, restate and reassign general delegations of authority to its management with respect to subject matters not otherwise covered by specific Resolutions.

NOW, THEREFORE, BE IT RESOLVED that the persons listed on **[#5 - Exhibit "A-1"]**, attached hereto, are authorized and empowered (the "Authorized Persons") individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are authorized individually to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by a Freddie Mac to effectuate the authority set forth in this Resolution including, but not limited to, delivering: (i) a Record to Freddie Mac bearing the original signature of any of the Authorized Persons; or (ii) a facsimile ("fax") transmission of a Record to Freddie Mac bearing a copy or representation of the original signature of any of the Authorized Persons that contains or communicates instructions (or modifies previously provided instructions) to transfer funds by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are also authorized to execute and deliver instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

Any such actions set forth above heretofore taken by any of the Authorized Persons on behalf of **[#3 - INSERT SELLER'S LEGAL NAME]** are hereby ratified, approved, and confirmed.

By the [#2 – INSERT GOVERNING BODY NAME]

#7 - By: _____

#8 - Name: _____

#9- Title: _____

Form 988ASF

Addendum to Certificate of Incumbency
(Corporation or Limited Liability Company Certificate)

I, _____, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that I am the duly appointed and acting ***(Select One):*** [__] Secretary **OR** [__] Assistant Secretary **OR** [__] _____of _____ _____ ("Seller"), a _____ _____ existing under the laws of _____ and further certify and agree as follows:

1. This Addendum supplements the Certificate of Incumbency to which this Addendum is attached and is, by this reference, incorporated into and made a part of the Certificate of Incumbency.
2. The persons listed below are (i) "Authorized Persons", as that term is defined in the Certificate of Incumbency to which this Addendum is attached and (ii) governed by all of the provisions of the Certificate of Incumbency.

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

IN WITNESS WHEREOF, I have subscribed my name this _____ day of _____, 20_____.

By: _____

Typed Name: _____

Title: _____

NOTARY ACKNOWLEDGMENT

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public,, on this _____day of _____, 20_____,

by _____ a _____ of _____.
(Type or Print Signer's Name) (Type or Print Signer's Title) (Type or Print Seller's Name)

Notary Signature: _____ Notary Commission Expires: _____

(NOTARY SEAL)

Notary Printed Name: _____ Notary State Registration Number: _____

Instructions: Use this Form 988ASF to add Authorized Persons to the Form 988SF. If this Form is used, it must be completed, signed, notarized, attached to the Form 988SF and delivered to Freddie Mac. The notary acknowledgment may be changed if required by applicable law. **Mail this Form 988ASF with the Form 988SF to: Attn: Customer System Setup, Mail Stop A2B, Freddie Mac, 8250 Jones Branch Drive, McLean, VA 22102**

Form 989SF

Certificate of Incumbency
(Sole Proprietorship or Partnership Certificate)

I, _____, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that I am the ***(Select One):*** [___] Sole Proprietor **OR** [___] General Partner **OR** [__] Authorized Representative of the General Partner of _____ ("Seller"), ***(Select One):*** [___] a Sole Proprietorship **OR** [__] a Partnership, existing under the laws of _____ and I am duly authorized to make the certifications herein, and hereby further certify as follows:

1. ***(Select One):***
   [*For a sole proprietorship or partnership with a general partner that is a person*] [___] I have the authority to authorize and empower and, by executing this Certificate of Incumbency, I hereby authorize and empower: **OR**
   [*For a partnership with a general partner that is a corporation or limited liability company*][___] Attached as **Exhibit "A"** hereto is a copy of a Resolution of the _____ of the General Partner, which Resolution: (i) remains in full force and effect and has not been amended, and (ii) authorizes and empowers:

   the persons listed under paragraph 2 below (the "Authorized Persons") individually to provide Freddie Mac with instructions to transfer funds (cash or securities, as applicable) by wire transfer, Automated Clearing House ("ACH") or other customary payment system approved by Freddie Mac in connection with the sale of Mortgages to Freddie Mac by Seller.

2. The Authorized Persons listed in this paragraph 2 below hold the positions/titles (with the Seller) set forth directly across from their names and are authorized individually to execute, and deliver any and all written instruments, documents and/or forms ("Records") necessary or proper or required by Freddie Mac to effectuate the authority set forth in paragraph 1above by affixing their signatures (or having their signatures affixed) to the Records and delivering the duly executed Records to Freddie Mac at an address specifically and expressly designated by Freddie Mac:

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**
Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

3. The specimen signature set forth directly across from each Authorized Person's name in paragraph 2 above is the true and genuine original signature of each such person and Freddie Mac may conclusively rely on the accuracy, genuineness, and good faith of any: (i) Record provided to Freddie Mac bearing an original signature above; or (ii) facsimile ("fax") transmission of a Record submitted to Freddie Mac bearing a copy or representation of an original signature above, that contains or communicates instructions (or modifies previous instructions) to transfer funds by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac.

4. The Authorized Persons are also authorized to execute and deliver any and all instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

5. The information set forth in this Certificate of Incumbency is true and correct and Freddie Mac may conclusively rely upon this Certificate of Incumbency, and any attachment(s) hereto, until Seller delivers a replacement Certificate of Incumbency to Freddie Mac at an address specified by Freddie Mac.

IN WITNESS WHEREOF, I have subscribed my name on this _____ day of _____, 20_____.

By: _____

Typed Name: _____

Title: _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this _____ day of _____, 20_____,

by _____ a _____ of _____.
(Type or Print Signer's Name) (Type or Print Signer's Title) (Type or Print Seller's Name)

Notary Signature: _____

Notary Printed Name: _____

Notary Commission Expires: _____ **(NOTARY SEAL)**

Notary State Registration Number: _____

Instructions: This Form 989SF must be completed, signed, notarized and delivered to Freddie Mac. If Seller is a partnership and the General Partner is a corporation or limited liability company, the General Partner must attach a copy of the resolution referenced in paragraph 1 hereto as Exhibit "A". The resolution must be in the form attached, unless applicable law requires another form of resolution. If additional space is needed to identify "Authorized Persons", the Seller should complete the Form 989ASF and submit that form together with the Form 989SF. The notary acknowledgment above may be changed if required by applicable law.

Mail Form 989SF to: Attn: Customer System Setup
Mail Stop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

INSTRUCTIONS FOR PREPARING A GENERAL PARTNER RESOLUTION, IF NECESSARY:

IF SELLER IS A PARTNERSHIP AND THE GENERAL PARTNER IS A CORPORATION OR LIMITED LIABILITY COMPANY, PREPARE THE RESOLUTION BELOW.

#1 LABEL THE RESOLUTION EXHIBIT "A"
#2 INSERT NAME OF GOVERNING BODY OF GENERAL PARTNER (e.g., BD. OF DIRECTORS, BD. OF MEMBERS, MANAGING MEMBER, ETC.)
#3 INSERT LEGAL NAME OF THE GENERAL PARTNER (e.g., XYZ CORPORATION, ABC, LLC, ETC.)
#4 INSERT DATE OF THE RESOLUTION
#5 INSERT LEGAL NAME OF SELLER
#6 PREPARE A LIST OF AUTHORIZED PERSONS - LABEL IT EXHIBIT "A-1" AND ATTACH IT TO EXHIBIT "A"
#7 ATTACH EXHIBIT "A" AND EXHIBIT "A-1" TO THE CERTIFICATE OF INCUMBENCY
#8 SECRETARY OR ASSISTANT SECRETARY OR OTHER AUTHORIZED OFFICER MUST EXECUTE
#9 INSERT SECRETARY'S, ASSISTANT SECRETARY'S, OR OTHER AUTHORIZED REPRESENTATIVE'S TYPED OR PRINTED NAME
#10 INSERT SECRETARY'S, ASSISTANT SECRETARY'S, OR OTHER AUTHORIZED REPRESENTATIVE'S TITLE

FORM OF RESOLUTION:

[#1 - EXHIBIT "A"]

[#2 – INSERT NAME OF GOVERNING BODY]
OF
[#3 - INSERT GENERAL PARTNER'S LEGAL NAME]

[#4 - DATE:_____]

WHEREAS, the **[#2 - INSERT NAME OF GOVERNING BODY]** of **[#3 - INSERT GENERAL PARTNER'S LEGAL NAME**], the General Partner of **[#5 - INSERT SELLER'S LEGAL NAME**], is adopting the following Resolution to amend, restate and reassign general delegations of authority to its representatives with respect to subject matters not otherwise covered by specific Resolutions.

NOW, THEREFORE, BE IT RESOLVED that the persons listed on **[#6 Exhibit "A-1"]**, attached hereto, are authorized and empowered (the "Authorized Persons") individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are authorized individually on to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by a Freddie Mac to effectuate the authority set forth in this Resolution including, but not limited to, delivering: (i) a Record to Freddie Mac bearing the original signature of any one of the Authorized Persons; or (ii) a facsimile ("fax") transmission of a Record to Freddie Mac bearing a copy or representation of the original signature of any one of the Authorized Persons, that contains or communicates instructions (or modifies previously provided instructions) to transfer funds by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are also authorized to execute and deliver any and all instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

Any such actions set forth above heretofore taken by any of the Authorized Persons on behalf of **[#5 - INSERT SELLER'S LEGAL NAME],** are hereby ratified, approved, and confirmed.

By the **[#2 – INSERT NAME OF GOVERNING BODY]**

[#8 - By: _____**]**

[#9 - Name: _____**]**

[#10 - Title: _____**]**

Form 989ASF

Addendum to Certificate of Incumbency
(Sole Proprietorship or Partnership Certificate)

I, _____, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that I am the ***(Select One)*** [__] Sole Proprietor **OR** [__] General Partner **OR**[__] Authorized Representative of the General Partner of _____("Seller") a ***(Select One)*** [___] Sole Proprietorship **OR** [___] Partnership, existing under the laws of _____, and I am duly authorized to make the certifications herein and hereby further certify and agree as follows:

1. This Addendum supplements the Certificate of Incumbency to which this Addendum is attached and is, by this reference, incorporated into and made a part of the Certificate of Incumbency.
2. The persons listed below are (i) "Authorized Persons", as that term is defined in the Certificate of Incumbency to which this Addendum is attached and (ii) governed by all of the provisions of the Certificate of Incumbency.

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**Email Address:**

IN WITNESS WHEREOF, I have subscribed my name this _____ day of _____, 20_____.

By: _____

Typed Name: _____

Title: _____

NOTARY ACKNOWLEDGMENT

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this _____ day of _____, 20_____,

by _____ a _____ of _____.
(Type or Print Signer's Name) (Type or Print Signer's Title) (Type or Print Seller's Name)

Notary Signature: _____ Notary Commission Expires: _____

(NOTARY SEAL)

Notary Printed Name: _____ Notary State Registration Number: _____

Instructions: Use this Form to add Authorized Persons to the Form 989SF. This Form 989ASF must be completed, signed, notarized, attached to the Form 989SF and delivered to Freddie Mac. The notary acknowledgment may be changed if required by applicable law. **Mail Form 989ASF with the Form 989SF to: Attn: Customer System Setup, Mail Stop A2B, Freddie Mac, 8250 Jones Branch Drive, McLean, VA 22102**

Form 996

Warehouse Lender Release of Security Interest

This form must be typed.

Please **read** instructions on the **reverse** side before completing this form.

Contract/conversion number			
Seller/Servicer Number		UPB of the delivery	
Seller's full legal name			

The undersigned as the authorized representative of the Warehouse Lender, hereby agrees to relinquish any and all right, title or interest that the Warehouse Lender may have in those Mortgages listed in Appendix 1 Schedule of Pledged Mortgages, attached to or delivered together with this Form 996, as of the date and time of the transfer of the Purchase Proceeds, which evidences payment for such Mortgages that are purchased by Freddie Mac under the purchase contract or Master Commitment conversion identified above.

The undersigned also understands that Freddie Mac's obligations with respect to the Pledged Mortgages are set forth in the Freddie Mac Single-Family Seller/Servicer Guide (the "Guide"). The undersigned also understands that Freddie Mac will transmit funds or deliver PCs in accordance with the instructions given below and that such instructions may be modified as described in the Guide. The undersigned agrees that capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Guide.

The undersigned agrees that Section 19.13 of the Guide is hereby incorporated into this Form 996, made a part hereof and applicable to the Warehouse Lender. The undersigned further agrees that if a fax copy of this completed Form 996 is transmitted to Freddie Mac containing a facsimile of my signature, the fax copy of the Form 996 shall legally bind the Warehouse Lender and be as effective, enforceable and valid as if a paper original of this Form 996 containing the undersigned's original signature were delivered to Freddie Mac.

Warehouse Lender name		Warehouse Lender contact	
Address		Telephone number	
City, state, and zip			

Provide the signature, printed name and corporate title of the individual signing on behalf of the Warehouse Lender.

Signature of corporate officer		Typed name of corporate officer	
Corporate title		Date signed	

Security wire instructions – Guarantor warehouse delivery

Depository institution/Type of account (if applicable)/Beneficiary/Account number (if applicable)/Attention (if applicable)			
ABA number		UPB	
Depository institution/Type of account (if applicable)/Beneficiary/Account number (if applicable)/Attention (if applicable)			
ABA number		UPB	

Wire transfer instructions – Cash warehouse delivery

Transfer bank's name (three-party transfers only)	
ABA number (three-party transfers only)	
City, state, and zip code (three-party transfers only)	
Beneficiary's bank name (bank receiving funds for beneficiary)	
Beneficiary's bank ABA number or (three-party transfer) beneficiary's account number at transfer bank	
City, state, and zip code of beneficiary's bank	
Beneficiary's name (final party to be credited)	
Beneficiary's account number (final account where funds are to be credited)	
Further instructions (choose only one)	☐ Immediate phone advice to
☐ For attention of	Name: Telephone: ( )

Appendix 1: Schedule of Pledged Mortgages

List Mortgages in Freddie Mac loan number order. If additional space is needed, please check box 1 below and indicate the number of additional pages attached. The Appendix 1 attachments must be clearly identified by Freddie Mac Seller/Servicer number and contract/conversion number and attached to this form.

Copies of applicable Freddie Mac Mortgages submission forms (Forms 11 or 13SF) may be used in lieu of the appendix to identify Pledged Mortgages. If submission forms are used, check box 2 below and attach the forms to this form.

1 ☐ Number of additional appendix pages attached:

2 ☐ Mortgage submission forms attached

Freddie Mac Loan Number	Borrower name and property address	Unpaid Principal Balance

Instructions for Form 996

The Seller must complete the following items. For assistance, please call your Freddie Mac Mortgage Purchase Representative.

SELLER IDENTIFICATION

Seller/Servicer number: Seller/Servicer number assigned by Freddie Mac.

Contract/conversion number: Freddie Mac contract number from the Form 3, 5, 7. 9, or Master Commitment conversion contract, as applicable.

UPB of this delivery: Unpaid principal balance of this delivery.

Warehouse lender name: Full legal name of Warehouse Lender.

Address: Street address of Warehouse Lender.

City, state, and zip: City, state, and zip code of Warehouse Lender.

Warehouse Lender contact: Indicate the name of the individual at the Warehouse Lender who is authorized to confirm any and all instructions pertaining to this authorization.

Telephone number: Telephone number, including area code, of contact at the Warehouse Lender.

SECURITY WIRE INSTRUCTIONS-Guarantor warehouse delivery

Depository Institution/Type of account/Beneficiary/Account number/Attention

Depository Institution: Enter the exact Federal Reserve telegraphic abbreviation of the depository institution. The depository institution is a bank or other institution eligible to receive book-entry securities. Contact the depository institution if the exact telegraphic abbreviation is not known

Type of account: Enter, for example, CUST, INV, GEN, DEALER, or TRUST. Contact the depository institution to determine which account type is applicable and/or to obtain the correct account type.

Beneficiary account name: Enter the beneficiary account name at the depository institution. For example, if the security is to be delivered to the Seller/Servicer's account, the Seller/Servicer's name would appear under beneficiary account name. If the security is to be delivered to a broker/dealer's account, the broker/dealer's name would appear under beneficiary account name. Contact the depository institution to obtain the correct account name.

Account number: Enter the account number of the beneficiary at the depository institution. Contact the depository institution to obtain the correct account number.

Attention: Enter the specific person, department, or section, if applicable, at the depository institution that should be notified of the receipt of securities. Contact the depository institution for this information.

For example: TR BK NYC/CUST/FIRST FED SLA/99999/ATTN John Smith
(This security is to be delivered to Trust Bank of New York in custody for First Federal Savings and Loan Association. The account number is 99999. John Smith is the contact at Trust Bank.)

ABA number: Enter the American Banking Association's (ABA's) routing number of the depository institution. Contact the depository institution for this information.

WIRE TRANSFER INSTRUCTIONS-Cash warehouse delivery

THREE-PARTY TRANSFERS: A three-party transfer involves a transfer of funds in which a correspondent bank must be credited first in order for the funds to be applied to the beneficiary's bank (for example, a transfer of funds to the Federal Home Loan Bank of Pittsburgh for credit to ABA Bank for credit to XYZ Mortgage Company).

TWO-PARTY TRANSFERS: A two-party transfer involves a transfer of funds directly routed to the beneficiary's bank (for example, a transfer of funds to ABC Bank for further credit to XYZ Mortgage Company).

Transfer bank's name: Full legal name and location (city, state, and zip code) of the bank where funds are to be initially transferred for further credit to the beneficiary's bank.

ABA number: American Banking Association's nine-digit routing number of the depository institution, that is, the transfer bank. This number must be entered to ensure the transfer of funds.

Beneficiary's bank name: Full legal name and location (city, state, and zip code) of the bank receiving the funds for the beneficiary.

Beneficiary's bank ABA number: ABA's nine-digit routing number of the depository institution, that is, the beneficiary's bank. This number must be entered to ensure the transfer of funds (TWO-PARTY TRANSFERS only).

Beneficiary's account number at transfer bank: Account number that the beneficiary's bank has opened for receipt of funds at the transfer bank (THREE-PARTY TRANSFERS only).

Beneficiary's name: Full legal name of the final party to be credited as a result of the transfer of funds.

Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited.

Mailing Instructions

Mail original Form 996 to Mortgage Purchase
Freddie Mac
8250 Jones Branch Drive
Mailstop A2B
McLean, VA 22102

Fax Instructions

Fax a copy of Form 996 to Mortgage Purchase
Freddie Mac
(571) 382-4866 (primary)
(703) 918-8003 (secondary)

Operating Income Statement

One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

Property Address

Street City State Zip Code

General Instructions: This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

	Currently Rented	Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
Unit No. 1	Yes ____ No ____	_____	$_____	$_____	Electricity.....	☐	☐
Unit No. 2	Yes ____ No ____	_____	$_____	$_____	Gas.....	☐	☐
Unit No. 3	Yes ____ No ____	_____	$_____	$_____	Fuel Oil	☐	☐
Unit No. 4	Yes ____ No ____	_____	$_____	$_____	Fuel (Other)	☐	☐
Total			$_____	$_____	Water/Sewer	☐	☐
					Trash Removal	☐	☐

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years *(for new properties the applicant's projected income and expenses must be provided).* This Operating Income Statement and any previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures *(e.g., Applicant/Appraiser 288/300).* If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. *(Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item.)* Income should be based on current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

Annual Income and Expense Projection for Next 12 months

Income *(Do not include income for owner-occupied units)*	By Applicant/Appraiser	Adjustments by Lender's Underwriter
Gross Annual Rental *(from unit(s) to be rented)*	$ _____	$ _____
Other Income *(include sources)*	+ _____	+ _____
Total	$ _____	$ _____
Less Vacancy/Rent Loss	− _____ (%)	− _____ (%)
Effective Gross Income	$ _____	$ _____
Expenses *(Do not include expenses for owner-occupied units)*		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Fuel .....(Type - _____)	_____	_____
Water/Sewer	_____	_____
Trash Removal	_____	_____
Pest Control	_____	_____
Other Taxes or Licenses	_____	_____
Casual Labor	_____	_____
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	_____	_____
This includes the costs of contract labor and materials that are required to maintain the interiors of the living units.		
General Repairs/Maintenance	_____	_____
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses	_____	_____
These are the customary expenses that a professional management company would charge to manage the property.		
Supplies	_____	_____
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2.....	_____	_____
Miscellaneous	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
.....	_____	_____
Total Operating Expenses	$ _____	$ _____

Replacement Reserve Schedule

Adequate replacement reserves must be calculated regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year—such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc.—should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
Refrigerators	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
Dishwashers	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
A/C Units	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
C. Washer/Dryers	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
HW Heaters	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
Furnace(s)	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
(Other)	@ $ _____ ea.	÷ ____ Yrs. x _____ Units	=$ _____	$ _____
Roof	@ $ _____	÷ ____ Yrs. x One Bldg. =	$ _____	$ _____

Carpeting (Wall to Wall)

		Remaining Life		
(Units)	____ Total Sq. Yds. @ $____ Per Sq. Yd.	÷ ____Yrs. =	$ _____	$ _____
(Public Areas)	____ Total Sq. Yds. @ $____ Per Sq. Yd.	÷ ____Yrs. =	$ _____	$ _____

Total Replacement Reserves. (Enter on Pg. 1) $ _____ $ _____

Operating Income Reconciliation

$ _____ (Effective Gross Income) – $ _____ (Total Operating Expenses) = $ _____ (Operating Income) ÷12 = $ _____ (Monthly Operating Income)

$ _____ (Monthly Operating Income) – $ _____ (Monthly Housing Expense) = $ _____ (Net Cash Flow)

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

Underwriter's instructions for 2-4 Family Owner-Occupied Properties

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the **subject property** to the borrower's stable monthly income.

Underwriter's instructions for 1-4 Family Investment Properties

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's **primary residence** to the borrower's stable monthly income.

Appraiser's Comments *(Including sources for data and rationale for the projections)*

Appraiser Name _____ Appraiser Signature _____ Date _____

Underwriter's Comments and Rationale for Adjustments

Underwriter Name _____ Underwriter Signature _____ Date _____

December 17, 2010 Single-Family Seller/Servicer Guide ("Guide") snapshot - not an official Guide version, for official Guide requirements see AllRegs web site.

Freddie Mac

1-4 Unit Property Inspection Report

Reason for inspection

☐ Delinquency ☐ REO
☐ Foreclosure ☐ Other _____

Servicer Name			Seller/Servicer Number
Servicer Address	City	State	Zip Code
Freddie Mac Loan Number	Servicer Loan Number		
Borrower Name	Co-Borrower Name		
Property Address	City	State	Zip Code

If there is no change to report in any particular section, check the "No Change" box for that section.

SECTION A

Property Type ☐ 1-unit ☐ 2-4 unit ☐ Condominium ☐ Manufactured Home ☐ Other ☐ Specify _____

If the property is a Manufactured Home: Is the property permanently attached to the foundation? ☐ Yes ☐ No

Single wide ☐ Yes ☐ No Double wide ☐ Yes ☐ No

SECTION B

Improvements

Does the property generally conform to the neighborhood in terms of style, condition and construction materials? ☐ Yes ☐ No

Are there any adverse environmental conditions (hazardous waste, mold, toxic substances, etc.) present in the improvements, on the site or in the immediate vicinity of the property? ☐ Yes ☐ No If yes, please provide specific information and identify items needing immediate attention.

_____

SECTION C ☐ No change

Property occupied by ☐ Owner ☐ Tenant ☐ Unknown ☐ Vacant ☐ Abandoned

If property is occupied by a tenant, tenant's name	Monthly rent
Rent paid to whom?	Term of lease

SECTION D ☐ No change

Is property listed for sale? ☐ Yes ☐ No	If yes, Broker's Name	Broker's Phone Number ( ) –

SECTION E ☐ No change

Is house locked and secure? ☐ Yes ☐ No	Is house winterized? ☐ Yes ☐ No	Do you have keys to the house? ☐ Yes ☐ No	Is there personal property in house? ☐ Yes ☐ No

SECTION F ☐ No change

Condition of interior	☐ Excellent	☐ Good	☐ Fair	☐ Poor	☐ Interior Inaccessible
Condition of exterior	☐ Excellent	☐ Good	☐ Fair	☐ Poor	
Overall property condition	☐ Excellent	☐ Good	☐ Fair	☐ Poor	

If "fair" or "poor" condition, explain

Deferred maintenance (attach list if necessary)

Capital Repairs needed (attach list if necessary)

Are repairs in progress? ☐ Yes ☐ No Are photographs attached? ☐ Yes ☐ No

SECTION G ☐ No change

Person interviewed on-site	Relationship to borrower

Summary of findings from on-site interview including, if applicable, reason for delinquency and borrower's intentions, whereabouts, and home and work telephone numbers

Summary of instructions left for borrower

☐ Not applicable

SECTION H ☐ No change

Comments and/or recommendations

Name of Inspection Company		☐ Check here if Servicer employee performed inspection
Inspector's Name	Servicer Contact Name	Date of Report
Inspector's Signature	Servicer Phone Number	Date of Inspection
Date of previous inspections		

Freddie Mac Form 1013 (9/02)

One-Unit Residential Appraisal Field Review Report

File #

The purpose of this appraisal field review report is to provide the lender/client with an opinion on the accuracy of the appraisal report under review.

Property Address	City	State	Zip Code
Borrower	Owner of Public Record	County	
Legal Description			
Assessor's Parcel #	Map Reference	Census Tract	
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)		Project Type ☐ Condo ☐ PUD ☐ Cooperative	
Loan #	Effective Date of Appraisal Under Review	Manufactured Home ☐ Yes ☐ No	
Lender/Client	Address		

SECTION I — COMPLETE FOR ALL ASSIGNMENTS

1. Is the information in the subject section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

2. Is the information in the contract section complete and accurate? ☐ Yes ☐ No ☐ Not Applicable If Yes, provide a brief summary. If No, explain

3. Is the information in the neighborhood section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

4. Is the information in the site section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

5. Is the data in the improvements section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

6. Are the comparable sales selected locationally, physically, and functionally the most similar to the subject property? ☐ Yes ☐ No If Yes, provide a brief summary. If No, provide a detailed explanation as to why they are not the best comparable sales.

7. Are the data and analysis (including the individual adjustments) presented in the sales comparison approach complete and accurate?
☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

8. Are the data and analysis presented in the income and cost approaches complete and accurate? ☐ Yes ☐ No ☐ Not developed If No, explain

9. Is the sale or transfer history reported for the subject property and each of the comparable sales complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, analyze and report the correct sale or transfer history and the data source(s).

10. Is the opinion of market value in the appraisal report under review accurate as of the effective date of the appraisal report?
☐ Yes ☐ No If No, complete Section II.

One-Unit Residential Appraisal Field Review Report

File #

SECTION II — COMPLETE ONLY IF REVIEW APPRAISER ANSWERS "NO" TO QUESTION 10 IN SECTION I.

1. Provide detailed reasoning for disagreement with the opinion of value in the appraisal report under review.

2. State all extraordinary assumptions used (i.e. gross living area, room count, condition, etc.).

3. Provide a new opinion of value as of the effective date of the appraisal report under review using the below sales comparison analysis grid.
(NOTE: This may or may not include the use of the same comparable sales in the appraisal report under review.)

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq.ft.	$ sq.ft.		$ sq.ft.		$ sq.ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count Gross Living Area	Total / Bdrms / Baths / sq. ft.	Total / Bdrms / Baths / sq. ft.		Total / Bdrms / Baths / sq. ft.		Total / Bdrms / Baths / sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

I ☐ did ☐ did not research the sale or transfer history of the above comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the above comparable sales (report additional prior sales on an addendum).

ITEM	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer			
Price of Prior Sale/Transfer			
Data Source(s)			
Effective Date of Data Source(s)			

Analysis of prior sale or transfer history for the comparable sales.

Summary of Value Conclusion (including detailed support for the opinion of value and reasons why the new comparable sales are better that the sales used in the appraisal report under review).

REVIEW APPRAISER'S OPINION OF MARKET VALUE (Required only if review appraiser answered "No" to Question 10 in Section 1)

Based on a ☐ visual inspection of the exterior areas of the subject property from at least the street or ☐ complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the effective date of the appraisal report under review.

One-Unit Residential Appraisal Field Review Report

File #

SCOPE OF WORK

The scope of work for this appraisal field review is defined by the complexity of the appraisal report under review and the reporting requirements of this report form, including the following statement of assumptions and limiting conditions, and certifications. The review appraiser must, at a minimum: (1) read the entire appraisal report under review, (2) perform a visual inspection of the exterior areas of the subject property from at least the street, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) perform data research and analysis to determine the appropriateness and accuracy of the data in the appraisal report, (6) research, verify, and analyze data from reliable public and/or private sources, (7) determine the accuracy of the opinion of value, and (8) assume the property condition reported in the appraisal report is accurate unless there is evidence to the contrary.

If the review appraiser determines that the opinion of value in the report under review is not accurate, he or she is required to provide an opinion of market value. The review appraiser is not required to replicate the steps completed by the original appraiser that the review appraiser believes to be reliable and in compliance with the applicable real property appraisal development standards of the Uniform Standards of Professional Appraisal Practice. Those items in the appraisal report under review are extended to this report by the use of an extraordinary assumption, which is identified in Section II, Question 2. If the review appraiser determines that the opinion of value is not accurate, he or she must present additional data that has been researched, verified, and analyzed to produce an accurate opinion of value in accordance with the applicable sections of Standard 1 of the Uniform Standards of Professional Appraisal Practice.

INTENDED USE

The intended use of this appraisal field review report is for the lender/client to evaluate the accuracy and adequacy of support of the appraisal report under review.

INTENDED USER

The intended user of this appraisal field review report is the lender/client.

GUIDANCE FOR COMPLETING THE ONE-UNIT RESIDENTIAL APPRAISAL FIELD REVIEW REPORT

The appraisal review function is important to maintaining the integrity of both the appraisal and loan underwriting processes. The following guidance is intended to aid the review appraiser with the development and reporting of an appraisal field review:

1. The review appraiser must be the individual who personally read the entire appraisal report, performed a visual inspection of the exterior areas of the subject property from at least the street, inspected the neighborhood, inspected each of the comparable sales from at least the street, performed the data research and analysis, and prepared and signed this report.
2. The review appraiser must focus his or her comments on the appraisal report under review and not include personal opinions about the appraiser(s) who prepared the appraisal.
3. The lender/client has withheld the identity of the appraiser(s) who prepared the appraisal report under review, unless otherwise indicated in this report.
4. The review appraiser must assume that the condition of the property reported in the appraisal report is accurate, unless there is evidence to the contrary.
5. This One-Unit Residential Appraisal Field Review Report is divided into two sections. Section I must be completed for all assignments. Section II must be completed only if the answer to Question 10 in Section I is “No.”
6. The review appraiser must determine whether the opinion of market value is accurate and adequately supported by market evidence. When the review appraiser disagrees with the opinion of value, he or she must complete Section II. Because appraiser’s opinions can vary, the review appraiser must have conclusive evidence that the opinion of value is not accurate.
7. The review appraiser must explain why the comparable sales in the appraisal report under review should not have been used. Simply stating: “see grid” is unacceptable. The review appraiser must explain and support his or her conclusions.
8. The review appraiser must form an opinion about the overall accuracy and quality of the data in the appraisal report under review. The objective is to determine whether material errors exist and what effect they have on the opinions and conclusions in the appraisal report under review. When the review appraiser agrees that the data is essentially correct (although minor errors may exist), he or she must summarize the overall findings. When the review appraiser determines that material errors exist in the data, he or she must identify them, comment on their overall effect on the opinions and conclusions in the appraisal report under review, and include the correct information.
9. The Questions in Section I are intended to identify both the positive and negative elements of the appraisal under review and to report deficiencies. The review appraiser must make it clear to the reader what effect the deficiencies have on the opinions and conclusions in the appraisal report. Simple “Yes” and “No” answers are unacceptable.
10. The review appraiser must provide specific, supportable reasons for disagreeing with the opinion of value in the appraisal report under review in response to Question 1 in Section II.
11. The review appraiser must identify any extraordinary assumptions that were necessary in order to arrive at his or her opinion of market value. Extraordinary assumptions include the use of information from the appraisal report under review that the review appraiser concludes is reliable (such as an assumption that the reported condition of the subject property is accurate).
12. The review appraiser must include the rationale for using new comparable sales. The following question must be answered: Why are these new comparable sales better than the sales in the appraisal report under review?
13. The new comparable sales provided by the review appraiser and reported in the sales comparison analysis grid must have closed on or before the effective date of the appraisal report under review. It may be appropriate to include data that was not available to the original appraiser as of the effective date of the original appraisal; however, that information should be reported as “supplemental” to the data that would have been available to the original appraiser.
14. The review appraiser must provide a sale or transfer history of the new comparable sales for a minimum of one year prior to the date of sale of the comparable sale. The review appraiser must analyze the sale or transfer data and report the effect, if any, on the review appraiser’s conclusions.
15. A review of an appraisal on a unit in a condominium, cooperative, or PUD project requires the review appraiser to analyze the project information in the appraisal report under review and comment on its completeness and accuracy.
16. An appraisal review of a manufactured home requires the review appraiser to assume that the HUD data plate information is correct, unless information to the contrary is available. In such cases, the review appraiser must identify the source of the data.
17. The review appraiser’s opinion of market value must be “as of” the effective date of the appraisal report under review.

One-Unit Residential Appraisal Field Review Report

File #

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal review. The review appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The review appraiser will not give testimony or appear in court because he or she performed a review of the appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
3. Unless otherwise stated in this appraisal field review report, the review appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The review appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the review appraiser is not an expert in the field of environmental hazards, this appraisal field review report must not be considered as an environmental assessment of the property.

REVIEW APPRAISER'S CERTIFICATION

The Review Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal field review in accordance with the scope of work requirements stated in this appraisal field review report.
2. I performed this appraisal field review in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal field review report was prepared.
3. I have the knowledge and experience to perform appraisals and review appraisals for this type of property in this market area.
4. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
5. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal field review report from reliable sources that I believe to be true and correct.
6. I have not knowingly withheld any significant information from this appraisal field review report and, to the best of my knowledge, all statements and information in this appraisal field review report are true and correct.
7. I stated in this appraisal field review report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal field review report.
8. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value (if any) in this appraisal field review report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
9. My employment and/or compensation for performing this appraisal field review or any future or anticipated appraisals or appraisal field reviews was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
10. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal field review report. I further certify that no one provided significant professional assistance to me in the development of this appraisal field review report. I have not authorized anyone to make a change to any item in this appraisal field review report; therefore, any change made to this appraisal field review report is unauthorized and I will take no responsibility for it.
11. I identified the lender/client in this appraisal field review report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal field review report.
12. The lender/client may disclose or distribute this appraisal field review report to: the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the review appraiser's consent. Such consent must be obtained before this appraisal field review report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
13. The mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal field review report as part of any mortgage finance transaction that involves any one or more of these parties.
14. If this appraisal field review report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal field review report containing a copy or representation of my signature, the appraisal field review report shall be as effective, enforceable and valid as if a paper version of this appraisal field review report were delivered containing my original hand written signature.
15. Any intentional or negligent misrepresentation(s) contained in this appraisal field review report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

REVIEW APPRAISER	LENDER/CLIENT
Signature _____	Name _____
Name _____	Company Name _____
Company Name _____	Company Address _____
Company Address _____	_____
_____	_____
Telephone Number _____	**LENDER/CLIENT OF THE APPRAISAL UNDER REVIEW**
Email Address _____	Name _____
Date of Signature and Report _____	Company Address _____
State Certification # _____	_____
Or State License # _____	_____
State _____	Reviewer's Opinion of Market Value $ Date
Expiration Date of Certification or License _____	Only ff review appraiser answered "No" to Questions 10, in Section I.

Form 1034

Fixed-Rate Custodial Certification Schedule

Fixed-Rate Custodial Certification Schedule

Freddie Mac contract number:_____ **Custodian number: _____**
Seller/Servicer number: _____

SELLER/SERVICER CERTIFICATION
(If this is a Concurrent Transfer of Servicing, the Transferor Seller should complete this section.)

The undersigned Seller/Servicer certifies it is the party to a certain Custodial Agreement, identified above, between the undersigned Seller/Servicer and Freddie Mac, AND the Custodian as identified in the Custodial Agreement with Freddie Mac by the Custodian number above.
The undersigned Seller/Servicer certifies that all information contained in the attached Custodial Certification Schedule is correct and that the original notes and Mortgage Loan Documents corresponding to the mortgages listed in the Custodial Certification Schedule, and any other documents required by the Custodial Agreement to be delivered to the custodian, accompany this form.

The undersigned Seller/Servicer also acknowledges that other than the interest in the mortgage(s) purchased by Freddie Mac and any applicable interest in the mortgage(s) retained by the Seller/Servicer pursuant to the Purchase Documents, there are and will be no other interests or security agreements affecting any mortgage(s) listed in the Custodial Certification Schedule (other than a security interest evidenced by Form 996, Warehouse Lender Release of Security Interest, which is delivered separately by the Seller/Servicer to Freddie Mac).

_____ By:_____
Name of Seller/Servicer Signature

_____ _____
Date Name and Title

CUSTODIAN CERTIFICATION
(If this is a Concurrent Transfer of Servicing, the Transferee Custodian should make the certifications in this section.)
The undersigned Custodian certifies it is the party to a certain Custodial Agreement, identified above, between the undersigned Custodian, as identified above, AND Freddie Mac, AND as identified in the Custodial Agreement as the Seller/Servicer. The undersigned agrees to hold the Notes and Mortgage Loan Documents identified in this Custodial Certification Schedule in accordance with the terms of the Custodial Agreement.

The custodian certifies all of the following:

- that, as to each of the mortgage listed in this Custodial Certification Schedule, it has examined the notes and accompanying Mortgage Loan Documents
- that such documents comply, on their face, with the requirements in section 2 of the Custodial Agreement
- that the undersigned has made the determinations set forth in section 2 of the Custodial Agreement
- that the loan data provided on the Form 1034 agrees with the loan data on the corresponding Note(s)
- that if there is a discrepancy and the Seller confirms that the loan data provided on the Form 1034 is not correct, it has clearly identified all corrections on the Form 1034 correction page

_____ By:_____
Name of Custodian Signature

_____ _____
Date Name and Title

Address of Custodian: Address where Documents are Held:

_____ _____
_____ _____
_____ _____

Freddie Mac Form 1034 (6/03)

Fixed-Rate Custodial Certification Schedule

Freddie Mac Contract number: _____ Custodian number: _____

Seller/Servicer number: _____ Requested Funding Date or Settlement Date:_____

FHLMC Ln #	Seller Ln #	MIN	Note Date	Property St	Property City	St	Zip code	Loan Amt	Interest Rate
	1st P&I	Maturity Date	P&I Amount	Borrower Name		Co-Borrower Name			Mod/Conv date

Total Notes:_____ Page:_____

REMINDER: As stated in Sections 46.2, 47.2, and 52.2 of the Single Family/Servicer Guide, the Seller/Servicer must maintain a legible copy of each Note, together with any related modification or assumption/release of liability instrument, in the Mortgage files.

Preparer's Name:_____ Telephone Number: (____)_____
Date:_____

For Concurrent Transfers of Servicing, provide the following:
Transferor's Seller/Servicer #:_____ Transferee's Seller/Servicer #:_____
Transferor's Custodian #:_____ Transferee's Custodian Number:_____

Freddie Mac Form 1034 (6/03)

FORM 1034A
ARM Custodial Certification Schedule

Freddie Mac contract no.:_____ **Custodian no.: _____**
Seller/Servicer no: _____

SELLER/SERVICER CERTIFICATION

(If this is a Concurrent Transfer of Servicing, the Transferor Seller should complete this section.)

The undersigned Seller/Servicer certifies it is the party to a certain Custodial Agreement, identified above, between the undersigned Seller/Servicer and Freddie Mac, AND the Custodian as identified in the Custodial Agreement with Freddie Mac by the Custodian number above.

The undersigned Seller/Servicer certifies that all information contained in the attached Custodial Certification Schedule is correct and that the original notes and Mortgage Loan Documents corresponding to the mortgages listed in the Custodial Certification Schedule, and any other documents required by the Custodial Agreement to be delivered to the custodian, accompany this form.

The undersigned Seller/Servicer also acknowledges that other than the interest in the mortgage(s) purchased by Freddie Mac and any applicable interest in the mortgage(s) retained by the Seller/Servicer pursuant to the Purchase Documents, there are and will be no other interests or security agreements affecting any mortgage(s) listed in the Custodial Certification Schedule (other than a security interest evidenced by Form 996, Warehouse Lender Release of Security Interest, which is delivered separately by the Seller/Servicer to Freddie Mac).

_____ By:_____
Name of Seller/Servicer Signature

_____ _____
Date Name and Title

CUSTODIAN CERTIFICATION

(If this is a Concurrent Transfer of Servicing, the Transferee Custodian should make the certifications in this section.)

The undersigned Custodian certifies it is the party to a certain Custodial Agreement, identified above, between the undersigned Custodian, as identified above, AND Freddie Mac, AND as identified in the Custodial Agreement as the Seller/Servicer. The undersigned agrees to hold the Notes and Mortgage Loan Documents identified in this Custodial Certification Schedule in accordance with the terms of the Custodial Agreement.

The custodian certifies all of the following:

- as to each mortgage listed in this Custodial Certification Schedule, it has examined the notes and accompanying Mortgage Loan Documents
- such documents comply, on their face, with the requirements in section 2 of the Custodial Agreement
- the undersigned has made the determinations set forth in section 2 of the Custodial Agreement
- the loan data provided on the Form 1034A agrees with the loan data on the corresponding Note(s)
- if there is a discrepancy and the Seller confirms that the loan data provided on the Form 1034A is not correct, custodian has clearly identified all corrections on the Form 1034A correction page

_____ By:_____
Name of Custodian Signature

_____ _____
Date Name and Title

Address of Custodian: Address where Documents are Held:
_____ _____

_____ _____

ARM CUSTODIAL CERTIFICATION SCHEDULE

Freddie Mac Contract number:_____ Custodian Number:_____
Seller/Servicer number:_____ Requested Funding Date or Settlement Date:_____

FHLMC Ln #	convrt	Note Date	Property Street	Property City	St	Zip
Seller Ln #	Loan Amt	Interest Rate	Index	Lookback	1st P&I	Maturity Date
Min #	P&I Amount	1st Rate Adj	Mtg Margin	Period Cap	% Round	Life Cap	1st Adj Max Initial Rate	1st Adj Min Initial Rate
	Mod/Conv Date	Borrower Name	Co Borrower Name			

Total Notes:_____ Page:_____

REMINDER: As stated in Sections 46.2, 47.2, and 52.2 of the Single Family/Servicer Guide, the Seller/Servicer must maintain a legible copy of each Note, together with any related modification or assumption/release of liability instrument, in the Mortgage files. For Mortgages documented by a New York Consolidation, Extension and Modification Agreement, the Seller/Servicer must maintain Original Notes as required by Sections 46.2 and 47.2.1 in the Mortgage file.

Preparer's Name:_____ Telephone Number: (____)_____ Date:_____

For Concurrent Transfers of Servicing, provide the following:
Transferor's Seller/Servicer #:_____ Transferee's Seller/Servicer #:_____
Transferor's Custodian #:_____ Transferee's Custodian #:_____

Form 1034B

Custodial Certification Schedule – Balloon Loan Modification

Seller/Servicer Number:		
Freddie Mac Loan Number:		
Borrower's Name:		
Property Address:		
Loan Amount:		
Note Rate:		
P&I Amount:		
Maturity Date:		
Seller/Servicer Loan Number (if available):		
Reminder: As stated in Chapter 46.2 (Volume 1) of the Freddie Mac Single-Family Seller/Servicer Guide, the Seller/Servicer must maintain a legible copy of each Note, together with any related modification or assumption/release of liability instrument, in the Mortgage file. The Balloon Loan Modification is a modification of the original Balloon Note executed by the Borrower.		
Preparer's Name:	Telephone Number: E-mail address:	Date:

INSTRUCTIONS FOR CUSTODIAL CERTIFICATION:

1. **Freddie Mac Loan number:** This should be the loan number on the top of the Balloon Loan Modification and should be the same number that was used for the original Balloon Note.
2. **Borrower's Name:** This is the name shown on the Balloon Loan Modification; it is the name carried on the loan database and should be the same as the name on the original Balloon Note.
3. **Property Address:** The property address should be on the Balloon Loan Modification and should be the same as the original Balloon Note.
4. **Loan Amount:** This is the amount stated in the Balloon Loan Modification and should be the unpaid principal balance of the original Balloon Note at the time of the Balloon Maturity Date.
5. **Note Rate:** The new note rate from the Balloon Loan Modification.
6. **Principal and Interest (P&I) Amount**: The P&I amount from the Balloon Loan Modification.
7. **New Maturity Date:** This is the maturity date shown on the Balloon Loan Modification and is the maturity date of the Reset Mortgage.
8. **Seller/Servicer loan number (if available).**

- The Servicer must review and complete the top of the form and the Seller/Servicer Certification below, and send the form with the Balloon Loan Modification Documents to the Document Custodian.
- The Document Custodian must complete the Document Custodian Certification below, and send the completed Form 1034B to the following address:

Freddie Mac
Document Custodial Services
8250 Jones Branch Drive, Mailstop A2D
McLean, VA 22102

NOTE: These documents must be received by Freddie Mac by the Balloon Reset Document Due Date, which may be found on the Due Date Calendar for Monthly Reporting and Remitting at **http://www.freddiemac.com/learn/service/balloon_resets.html**

SELLER/SERVICER AND CUSTODIAN CERTIFICATION

- The Seller/Servicer, the Document Custodian and Freddie Mac must have previously entered into a Custodial Agreement and the Document Custodian must have been assigned a Freddie Mac custodian number.
- The Seller/Servicer must sign the Seller/Servicer Certification. The Document Custodian must sign the Document Custodian Certification.

SELLER/SERVICER CERTIFICATION

The undersigned Seller/Servicer certifies it is the party to a certain Custodial Agreement, identified as Freddie Mac custodial agreement number _____ between the undersigned Seller/Servicer AND _____ (identified in the Custodial Agreement as the Document Custodian with Freddie Mac custodian number _____), AND Freddie Mac.

The undersigned Seller/Servicer certifies that all information contained in the attached Custodial Certification Schedule is correct and that the Balloon Loan Modification (Form 3293) corresponding to the mortgage listed in the Custodial Certification Schedule, and any other documents required by the Custodial Agreement to be delivered to the Document Custodian, accompany this form.

The undersigned Seller/Servicer also acknowledges that other than the interest in the mortgage purchased by Freddie Mac and any applicable interest in the mortgage retained by the Seller/Servicer pursuant to the Purchase Documents, there are and will be no other interest or security agreements affecting the mortgage listed on the Custodial Certification Schedule.

_____ (Name of Seller/Servicer)	By: _____
_____ Date	_____ (Name and Title)

DOCUMENT CUSTODIAN CERTIFICATION

The undersigned Document Custodian certifies it is the party to a certain Custodial Agreement, identified as Freddie Mac custodial agreement number _____ between the undersigned Document Custodian (custodian number _____), AND _____ (identified in the Custodial Agreement as the Seller Servicer), AND Freddie Mac. The undersigned agrees to attach the Balloon Loan Modification identified on this Custodial Certification Schedule to the corresponding original Balloon Note it is currently holding in accordance with the terms of the Custodian Agreement.

The undersigned custodian certifies all of the following:

- That, for the mortgage listed on this Custodial Certification Schedule, it has examined the Balloon Loan Modification
- That such documents comply, on their face, with the requirements in section 2 of the Custodial Agreement
- That the undersigned has made the determinations set forth in section 2 of the Custodial Agreement

_____ (Name of Document Custodian)	By: _____ _____ (Name and Title)
Address of Custodian _____ _____	Address where Documents are held: _____ _____

CUSTODIAN CERTIFICATION SCHEDULE SUMMARY

Seller/Servicer number: _____ Freddie Mac Contract number: _____ Custodian number:_____

First Freddie Mac loan number of delivery: _____
Last Freddie Mac loan number of delivery: _____ (ifapplicable)
Total Notes: _____

For Concurrent Transfers of Servicing, provide the following:
Transferor's Seller/Servicer number: _____ Transferee's Seller/Servicer number: _____
Transferor's Custodian number: _____ Transferee's Custodial number: _____

_____ (____) _____-_____ _____
Preparer's Name Telephone Number Date

In accordance with Section 1.3 of the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide"), as it may be amended from time to time, and the provisions of the Freddie Mac Form 1035 Custodian Agreement between Custodian and Freddie Mac ("Form 1035"), Seller/Servicer and Custodian are not required to return the signed Freddie Mac Form 1034 Fixed Rate Custodial Certification Schedule ("Form 1034 Schedule"), or Form 1034A ARM Custodial Certification Schedule ("Form 1034A Schedule") to Freddie Mac; provided that the Custodian submits, on behalf of the Seller/Servicer and Custodian, this Form 1034S Custodian Certification Schedule Summary ("Form 1034S Summary") to Freddie Mac. Further, in accordance with Section 1.3 of the Guide as it may be amended from time to time and the provisions of Form 1035, respectively, Seller/Servicer adopts as its signature its Freddie Mac Seller/Servicer number, which is stated in this Form 1034S Summary, and Custodian adopts as its signature its Freddie Mac Custodian number, which is also stated in this Form 1034S Summary. Custodian may transmit this Form 1034S Summary to Freddie Mac via facsimile transmission or email.

Seller/Servicer and Custodian hereby represent and warrant to Freddie Mac that they have made the certifications contained in the signed Freddie Mac Form 1034 Schedule and Form 1034A Schedule and that each of them shall be bound by the information and their respective certifications contained in the Freddie Mac Form 1034 Schedule and Form 1034A Schedule that are delivered to the Custodian. With the submission of this Form 1034S Summary, Freddie Mac is relying on the representations and warranties of the Seller/Servicer and the Custodian that they have made the certifications contained in the Freddie Mac Form 1034 Schedule and Form 1034A Schedule.

Custodial Certification Corrections

Please fill in this section ONLY if loan data information has changed during the loan certification process. Please list the Freddie Mac loan number and the changes in the loan data information. You'll also need to list the name of the loan data field. If necessary, use an additional sheet for corrections.

	Freddie Mac Loan No.	Name of Loan Data Field	Changed Loan Data
Sample 1	000000001	Property Address	12460 South Main Street
Sample 2	000000002	Interest Rate	12%
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

☐ **Please indicate number of corrections pages here ONLY if there are additional pages to follow.**

Custodian Certification Schedule Summary for Multiple Purchase Contracts

Seller/Servicer #:	Custodian #:	Date:
Custodian Preparer's Name:_____	**Telephone #:**	

For Concurrent Transfers of servicing, provide the following:

Transferee's Seller/Servicer #:_____

Transferee's Custodian #:_____

Transferee Custodian Preparer' s Name:	Date:	Telephone #:

FM Contract #s:	1st Freddie Mac loan number in Contract:	Last FM loan number in Contract: | (if applicable)	NUMBER Of Loans in Contract

In accordance with Section 1.3 of the Freddie Mac *Single-Family Seller/Servicer Guide* (the "Guide") as it may be amended from time to time, and the provisions of the Freddie Mac Form 1035 Custodian Agreement between Custodian and Freddie Mac ("Form 1035"), Seller/Servicer and Custodian are not required to return the signed Freddie Mac Form 1034 Fixed Rate Custodial Certification Schedule ("Form 1034 Schedule"), or Form 1034A ARM Custodial Certification Schedule ("Form 1034A Schedule") to Freddie Mac; provided that the Custodian submits, on behalf of the Seller/Servicer and Custodian, this Form 1034SM Custodian Certification Schedule Summary ("Form 1034SM Summary") to Freddie Mac. Further, in accordance with Section 1.3 of the Guide as it may be amended from time to time and the provisions of Form 1035, respectively, Seller/Servicer adopts as its signature its Freddie Mac Seller/Servicer number, which is stated in this Form 1034SM Summary and Custodian adopts as its signature its Freddie Mac Custodian number, which is also stated in this Form 1034SM Summary. Custodian may transmit this Form 1034SM Summary to Freddie Mac via facsimile transmission or email.

Seller/Servicer and Custodian hereby represent and warrant to Freddie Mac that they have made the certifications contained in the signed Freddie Mac Form 1034 Schedule and Form 1034A Schedule and that each of them shall be bound by the information and their respective certifications contained in the Freddie Mac Form 1034 Schedule and Form 1034A Schedule that are delivered to the Custodian. With the submission of this Form 1034SM Summary, Freddie Mac is relying on the representations and warranties of the Seller/Servicer and the Custodian that they have made the certifications contained in the Freddie Mac Form 1034 Schedule and Form 1034A Schedule.

Custodial Certification Corrections

Please fill in this section ONLY if loan data information has changed during the loan certification process. Please list the Freddie Mac Loan number and the changes in the loan data information. You'll also need to list the name of the loan data field. If necessary, use an additional sheet for corrections.

	Freddie Mac Loan No.	Name of Loan Data Field	Changed Loan Data
Sample 1	000000001	Property address	12460 South Main Street
Sample 2	000000002	Interest Rate	12%
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

☐ Please indicate number of corrections pages here ONLY if there are additional pages to follow.

Form 1034T

Subsequent Transfer Custodial Certification Schedule

For Subsequent Transfers of Servicing and/or Custody, provide the following:

Transferor Name: _____ Transferee Name: _____

Transferor Seller/Servicer number: _____ Transferee Seller/Servicer number: _____

Transferor Custodian number: _____ Transferee Custodian number: _____

Custodial Agreement number: _____ Custodial Agreement number: _____

Freddie Mac Loan Number (in sequence)	S/S Loan Number (optional)	Borrower Name (first, middle, last)	Property Address (number, street, city, state)

Total number of Notes: Page of ____

Reminder: As stated in Sections 46.2, 47.1 and 52.2 of the *Single-Family Seller/Servicer Guide* (the Guide), the Seller/Servicer must maintain a legible copy of each Note, together with any related modification or assumption/release of liability instrument, in the Mortgage files.

Preparer's Name: Telephone Number: Certification Date:

_____ _____ _____

INSTRUCTIONS FOR FORM 1034T

- Freddie Mac Loan Number – List the nine-digit Loan numbers in sequential order.
- Borrower Name – Provide the Borrower's first, middle and last name.
- Property Address – Provide the actual address of the property securing the Mortgage (Post Office Box is not valid)
- If there is a difference in a Borrower's name and address, the Transferee, or Transferee Custodian must notify the Transferor or Transferor Custodian to supply correct information prior to recertification of the Notes by the Transferee Custodian. If after appropriate research there is no resolution of the difference, the Transferor or Transferor Custodian should contact their portfolio representative for instructions.

Seller/Servicer and Custodian Certification

- The Seller/Servicer must sign the last page where indicated under the Transferor Seller/Servicer Certification section.
- The Transferee Custodian must sign the last page where indicated under the Transferee Custodian Certification section.
- Unless the Notes were delivered to Freddie Mac the Transferee, the Transferee Custodian, and Freddie Mac must have previously entered into a Custodial Agreement and the Transferee Custodian must have been assigned a Freddie Mac custodian number.
- When finished, mail or fax all pages of Form 1034T to Freddie Mac Document Custodial Operations Department. If you are delivering Notes you must send them via mail.

TRANSFEROR SELLER/SERVICER CERTIFICATION

The undersigned Transferor certifies that all information contained in the attached Subsequent Transfer Custodial Certification Schedule is correct and that the original Notes and Mortgage Loan Documents corresponding to the Mortgages listed in the Subsequent Transfer Custodial Certification Schedule, and any other documents required by the Custodial Agreement, have been delivered to the Transferee Custodian.

The undersigned Transferor also acknowledges that, other than the interest in the Mortgage(s) purchased by Freddie Mac and any applicable interest in the Mortgage(s) retained by the Transferor pursuant to the Documents, there are and will be no other interests or security agreements affecting any Mortgage(s) listed in the Subsequent Transfer Custodial Certification Schedule at the time of transfer to the approved Transferee.

Name of Seller/Servicer	By
Date	Name and Title
Telephone	E-mail address

Certifying Custodian

- Check the appropriate Custodial Agreement Number for accuracy. Notify Freddie Mac if it is not the correct number.
- Compare the loan data provided on this form to the values on the corresponding Notes(s).
- For each Loan, certify the Mortgage Loan Documents as described in Guide Chapter 56.
- For each Loan, verify all values on the Form 1034T match to the Loan Documents.
- If all values do not match, contact the Transferor Seller/Servicer to resolve the discrepancy.
- If the Transferor corrects loan data to resolve the discrepancy, you will receive a new Form 1034T for the corrected loans only.
- Recertify those Loans on the new Form 1034T and cross through the incorrect loans on the original Form 1034T.
- If the Transferor requires the return of the Note to resolve the discrepancy and then returns it to you without providing a revised
- Form 1034T, recertify the Note using the data on the original Form 1034T. If the loan data matches the Note data, then you may recertify that loan.
- At the bottom of each page of Form 1034T, please enter the preparer's name, telephone number, and date of certification.
- Complete the Transferee Custodian Certification section below.

TRANSFEREE CUSTODIAN CERTIFICATION

The undersigned agrees to hold the Notes and Mortgage Loan Documents identified in this Subsequent Transfer Custodial Certification Schedule in accordance with the terms of the Custodial Agreement and the Guide.

The undersigned Custodian certifies that:

- As to each Mortgage listed in this Custodial Certification Schedule, it has examined the Notes and accompanying Mortgage Loan Documents,
- Such documents comply, on their face, with the requirements in Guide Section 56.9, and
- The undersigned has made the determinations required by the Custodial Agreement and the Guide.

Name of Custodian	By
Date	Name and Title

Form 1036

Request for Release of Documents

TO: Name of Custodian ("Custodian") | **Custodial Agreement number**

Address

In connection with the administration of the Mortgages you hold in custody for Freddie Mac, the undersigned Seller/Servicer requests the release of the Mortgage documents described below in accordance with Section 2(c) of the Custodial Agreement entered into between the Seller/Servicer, the Custodian (identified as Freddie Mac Custodian no._____), and Freddie Mac, and for the reason indicated below. All documents released to the Seller/Servicer shall be held in trust by the Seller/Servicer for the benefit of Freddie Mac, and the Seller/Servicer's possession of such documents shall be solely for the purpose indicated below. The Seller/Servicer shall promptly return the documents to the Custodian when the Seller/Servicer's need therefore no longer exists, except where the Mortgage is paid in full or otherwise disposed of in accordance with Freddie Mac's *Single-Family Seller/Servicer Guide*.

Freddie Mac Loan Number | Seller Servicer Loan Number

Borrower's last name | Property address (number, street, city, state)

Note Date | Documents requested for release

Note | Modifying instrument (description)

Assignment | Entire File

Reason for requesting documents

Maturity	Foreclosure	Modification	Recordation of Assignment
Prepayment	Substitution	Conversion	Other (must explain)
Repurchase	Assumption	New York CEMA	

Seller/Servicer name | Seller/Servicer number

Authorized signature of Seller/Servicer | Date | Phone:

Name (typed or printed) | Title | E-mail address:

To Custodian: You must retain this form for your file in accordance with the terms of the Custodial Agreement.

Authorized signature of Custodian | Date of release

Name (typed or printed) | Title

Reason given by Seller/Servicer for return to custody (foreclosure discontinued, assumption completed, modification completed, etc.)

Attach copy of supporting document (assumption agreement, etc.)

Authorized signature of Custodian (acknowledging receipt of returned document) | Date document returned to custody

Name (typed or printed) | Title

Mortgage Bankers' Financial Reporting Form

Fannie Mae Form 1002 / Freddie Mac Form 1055
Ginnie Mae Form HUD 11750

Reporting Period:
Data for the Period Ending:

This form was generated on xxxx x, xxxx by WebMB (http://www.mbfrf.org) for FHLMC. This copy of the form is for informational uses only. Please submit your MBFRF online by using the "Submit Form" option.

FHLMC Information

Address .....
Address(2) .....
City .....
State .....
Zip Code .....
Website .....
FHA .....
Fannie Mae ID .....
Freddie Mac ID .....
Ginnie Mae ID .....
Company Type .....
Is Woman Owned? .....
Is Minority Owned? .....
Fiscal Year End .....
Date Operations Commenced .....
Independent Auditing Company .....
Date of Most Recent Financial Statement .....
Independent Auditor Opinion .....
Number of Consecutive Years Current Firm has Audited .....
Direct Parent .....

Contact Information

Name .....
Position .....
Phone .....
Email .....

Schedule A: Assets

Cash and Cash Equivalents, Unrestricted	A010
Cash and Cash Equivalents, Restricted	A020
Securities Held to Maturity, at Amortized Cost	A030
Securities Held to Maturity, at Fair Value	A032
Securities Available for Sale	A034
Trading Account Securities	A036
Reverse Repurchase Agreements	A040
Receivables from Unrelated Parties	A050
Mortgage Loans Held for Sale (HFS), at Lower of Cost or Market (LOCOM)	A060
Mortgage Loans Held for Sale (HFS), at Fair Value	A062
Mortgage Loans Held for Investment (HFI), at Amortized Cost	A064
Mortgage Loans Held for Investment (HFI), at Fair Value	A066
Other Financial Instrument Assets, at Fair Value	A070
Non-Mortgage Investments	A080
Real Estate Owned, at Net Realizable Value	A090
Investment in Joint Ventures, Partnerships, and Other Entities	A100
Other Real Estate Investments	A110
Net Mortgage Servicing Rights	A160
Reserve for Other Losses Contra	A170
Property, Equipment, Leasehold, Net of Accum. Depreciation	A180
Receivables from Related Parties	A190
Deferred Tax Assets	A200
Goodwill and Other Intangible Assets	A210
Derivative Assets	A220
Other Assets	A230
Total Assets	A240
MEMO: Escrow Funds (Held in Trust for Investors or Mortgagors)	A250
MEMO: Capitalized Hardware and Other Telecommunications Property and Equipment	A260
MEMO: Capitalized Software	A262
MEMO: Watercraft	A264
MEMO: Aircraft	A266

Schedule A-030: Securities

	Held to Maturity At Amortized Cost	Held to Maturity At Fair Value	Available for Sale	Trading Account
Investment-Grade Securities				
Agency MBS	A030A	A032A	A034A	A036A
Non-Agency MBS	A030B	A032B	A034B	A035B
Commercial MBS Investment Grade	A030C	A032C	A034C	A036C
Non-Mortgage ABS Investment Grade	A030D	A032D	A034D	A036D
Obligations of Government Sponsored Enterprise	A030E	A032E	A034E	A036E
U.S. Treasury Obligations	A030F	A032F	A034F	A036F
Other Securities Investment Grade	A030G	A032G	A034G	A036G
Total Investment-Grade Securities	A030H	A032H	A034H	A036H
Non-Investment Grade Securities				
Non-Agency MBS Non-Investment Grade	A030L	A032L	A034L	A036L
Principal Only Securities Non-Investment Grade	A030M	A032M	A034M	A036M
Interest Only Strips Non-Investment Grade	A030N	A032N	A034N	A036N
Commercial MBS Non-Investment Grade	A030O	A032O	A034O	A036O
Debt Securities Non-Investment Grade	A030P	A032P	A033P	A036P
Other Securities Non-Investment Grade	A030Q	A032Q	A034Q	A036Q
Total Non-Investment Grade Securities	A030R	A032R	A034R	A036R
Non-Rated Retained Interests	A030S	A032S	A034S	A036S
Other Securities	A030U	A032U	A034U	A036U
Total Securities	A030V	A032V	A034V	A036V
Unamortized Deferred Fees and Costs, if Not Included Above	A030W			
Net Securities	A030T	A032T	A034T	A036T

Schedule A-060: Mortgage Loans Held for Sale and Held for Investment, UPB

	HFS, at LOCOM	HFS, at Fair Value	HFI, at Amortized Cost	HFI, at Fair Value
Residential First Mortgages (1-4 Unit)				
Government (FHA/ VA/ RHS) Fixed	A060A	A062A	A064A	A066A
Government (FHA/ VA/ RHS) ARM	A060B	A062B	A064B	A066B
Prime Conforming Fixed	A060C	A062C	A064C	A066C
Prime Conforming ARM	A060D	A062D	A064D	A066D
Prime Non-Conforming (Jumbo) Fixed	A060E	A062E	A064E	A066E
Prime Non-Conforming (Jumbo) ARM	A060F	A062F	A064F	A066F
Other Fixed	A060G	A062G	A064G	A066G
Other ARM	A060H	A062H	A064H	A066H
Total Residential First Mortgage Loans	A060I	A062I	A064I	A066I
Other Mortgages				
Closed-End Second Mortgages	A060L	A062L	A064L	A066L
Funded HELOCs	A060M	A062M	A064M	A066M
Reverse Mortgages	A060N	A062N	A064N	A066N
Construction and Land Development Loans	A060O	A062O	A064O	A066O
Multifamily Loans Agency	A060P	A062P	A064P	A066P
Commercial Mortgage Loans	A060Q	A062Q	A064Q	A066Q
Other Mortgage Loans	A060R	A062R	A064R	A066R
Total Other Loans	A060V	A062V	A064V	A066V
Total Mortgage Loans, UPB (before adjustments)	A060W	A062W	A064W	A066W
Adjustments				
Fair Value Adjustments for Loans Held For Sale (for FAS 159)		A062X		A066X
(Discount)/ Premium on Loans Contra	A060Y		A064Y	
Other Deferred Fees on Loans Contra	A060Z		A064Z	

Deferred Costs on Loans Contra	A060AA		A064AA	
Basis Adjustments from Hedging	A060AB		A064AB	
Other Basis Adjustments	A060AC		A064AC	
Accum Amort. of Discounts/ Premiums Deferred Fees & Cost, and Basis Adjustments			A064AD	
LOCOM Valuation Allowance Contra	A060AE			
Reserve For Credit Losses On Loans Held For Investment at Amortized Cost			A064AF	
Total Adjustments	A060AG	A062AG	A064AG	A066AG
Total Mortgage Loan, UPB (after adjustments)	A060T	A062T	A064T	A066T
MEMO: UPB of Loans Included in Total Mortgage Loans (before Adjustments) that are Accounted for as Financings.	A060AH	A062AH	A064AH	A066AH
MEMO: UPB of Loans Included in Total Mortgage Loans (before Adjustments) that are on Non-Accrual Status / Non Interest Earning	A060AI	A062AI	A064AI	A066AI

Schedule A-090: Real Estate Owned

Real Estate Owned, at Cost ..... _____ A090A

Valuation Allowance Contra ..... _____ A090B

Real Estate Owned at Net Realizable Value ..... _____ A090T

Schedule A-120R: Rollforward of Mortgage Servicing Rights (MSRs)

Rollforward of Amortized MSRs (excluding Valuation Allowance)

Balance at Beginning of Period	A120A
Additions: from Transfers of Financial Assets	A120B
Additions: From Purchases and Other Assumptions	A120C
Disposals: Sales and Other	A120D
Amortization (must be negative)	A120E
Other Than Temporary Impairment (OTTI)	A120F
Basis Adjustments from Net Hedging Activity	A120G
Other Changes	A120H
Balance at End of Period	A120T
Balance at End of Previous Period	A120P

Rollforward of MSR Valuation Allowance

Balance at Beginning of Period	A130A
Change in Valuation Allowance	A130B
Balance at End of Period	A130T
Balance at End of Previous Period	A130P
Total Amortized MSRs, Net of Valuation Allowance, at End of Period	A140T
MEMO: Fair Value of Amortized MSRs at End Of Period	A130E

Rollforward of Fair Value MSRs

Balance at Beginning of Period	A150A
Remeasurement of MSRs to Fair Value upon Adoption of FAS 156	A150B
Additions: from Transfers of Financial Assets	A150C
Additions: from Purchases and Other Assumptions	A150D
Reductions: from MSRs Sold	A150E
Change in Value Due to Realization of Cash Flows	A150F
Change in Value Due to Market And Model Changes	A150G
Other Changes	A150H
Balance at End of Period	A150T
Balance at End of Previous Period	A150P
Total MSRs at End of Period	A160T

Schedule A-220-B-180: Derivatives

	Derivative Assets	Derivative Liabilities
Interest Rate Lock Commitments (IRLCs)	A220A	B180A
Other Loan Commitments Classified as Derivatives	A220B	B180B
Derivatives Designated as Hedges of Funded Loans	A220C	B180C
Derivatives Designated as Hedges of MSRs	A220D	B180D
Derivatives Designated As Hedges Other	A220E	B180E
Derivatives Not Designated as Hedges	A220F	B180F
Total Derivatives	A220T	B180T
MEMO: UPB of IRLCs before Fallout Adjustments	A220G	B180G
MEMO: UPB of IRLCs after Fallout Adjustments	A220H	B180H

Schedule A-230: Other Assets

Securities Borrowed ..... _____ A230A

Accrued Interest Receivable ..... _____ A230B

Accounts Receivable ..... _____ A230C

P&I, T&I, and Foreclosure Advances ..... _____ A230D

Advances Other ..... _____ A230E

Foreclosure Claims Receivable ..... _____ A230F

Current Income Taxes Receivable ..... _____ A230G

Other Assets Other ..... _____ A230H

Other Assets Other as Percentage of Total Assets ..... _____ A230I

Explanation of Amounts in "Other Assets Other" _____ A230J

Total Other Assets ..... _____ A230T

Schedule B: Liabilities and Equity

Liabilities

Outstanding Balance on Debt Facilities ..... _____ B010

Collateralized Mortgage Debt Relating to Financings ..... _____ B020

Collateralized Mortgage Debt Other ..... _____ B030

Trust Preferred Securities ..... _____ B040

Deposits ..... _____ B050

Advances from Federal Home Loan Banks ..... _____ B060

Commercial Paper ..... _____ B070

Other Short-Term Payables to Related Parties ..... _____ B080

Other Short-Term Notes Payable to Unrelated Parties ..... _____ B090

Accrued Expenses ..... _____ B100

Estimated Future Loss Liability (Recourse) ..... _____ B110

Other Short-term Liabilities ..... _____ B120

Other Long-Term Liabilities to Related Parties ..... _____ B130

Other Long-Term Liabilities to Unrelated Parties ..... _____ B140

Servicing Liabilities ..... _____ B150

Guaranty Liabilities under FIN 45 ..... _____ B160

Other Financial Instrument Liabilities, at Fair Value ..... _____ B170

Derivative Liabilities ..... _____ B180

Taxes Payable ..... _____ B190

Deferred Tax Liability ..... _____ B200

Repurchase Reserves ..... _____ B210

Total Liabilities ..... _____ B220

Minority Interest ..... _____ B230

Subordinated Debt ..... _____ B240

Owners' Equity

For Corporations:

Preferred Stock, Issued and Outstanding ..... _____ B250

Common Stock, Issued and Outstanding ..... _____ B260

Additional Paid-In Capital ..... _____ B270

Retained Earnings ..... _____ B280

Treasury Stock ..... _____ B290

Other Comprehensive Income (OCI) ..... _____ B300

Noncontrolling Interest ..... _____ B310

For Partnerships and Sole Proprietorships:

General Partners' Capital ..... _____ B320

For Partnerships:

Limited Partners' Capital ..... _____ B330

Members' Capital ..... _____ B340

For All Companies:

Total Equity ..... _____ B350

Total Liabilities and Equity ..... _____ B360

Schedule B-350R: Equity Rollforward

Balance at Beginning of Period	B350A
Net Income / (Loss)	B350B
Issuance of New Stock or Conversions of Preferred to Common	B350C
Stock Repurchases	B350D
Other Capital Contributions	B350E
OCI: Unrealized Gains (Losses) from Assets Available-for-Sale	B350F
OCI: Unrealized Gains (Losses) from Derivatives Designated as Cash Flow Hedges	B350G
OCI: Other Changes in OCI	B350H
Cumulative Effect from Adoption of FAS 156	B350I
Cumulative Effect from Adoption of FAS 159	B350J
Cumulative Effect Adjustments to Retained Earnings Other	B350K
Dividends/ Distributions	B350L
Changes in the carrying amount of Noncontrolling Interest	B350M
Equity Adjustments	B350N
Balance at End of Period	B350T
Balance at End of Previous Period	B350P

Schedule C: Income

	Total	1-4 Unit Residential Only: Origination Warehousing, and Secondary Marketing	1-4 Unit Residential Only: Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
NET INTEREST INCOME					
Interest Income					
Warehousing Interest Income from Loans Held For Sale Residential and Multifamily/ Commercial	C010	C010		C010	
Interest Income on Loans Held for Investment	C020			C020	C020
Interest Income from Securities Held to Maturity	C030			C030	C030
Interest Income from Securities Available for Sale	C040			C040	C040
Interest Income from Trading Securities	C050			C050	C050
Other Interest Income	C060	C060	C060	C060	C060
Recognition of Yield Adjustment	C070	C070		C070	C070
Servicing-Related/ Escrow Interest Income	C080		C080	C080	
Total Interest Income	C090	C090	C090	C090	C090
Interest Expense					
Warehousing Interest Expense Residential and Multifamily/ Commercial	C100	C100		C100	
Income Property Interest Expense	C110			C110	C110
Interest Expense on MBS Pools/ Prepayment Interest Shortfall	C120		C120	C120	
Interest Expense on Residential MSR Asset	C130		C130		
Interest Expense Debt Issuance	C140				C140
Other Interest Expense	C150	C150	C150	C150	C150
Total Interest Expense	C160	C160	C160	C160	C160
Net Interest Income	C170	C170	C170	C170	C170
NON-INTEREST INCOME					
Originations-Related Non-Interest Income					
(Discounts)/ Premiums Recognized As Income (only if FV option elected for LHS)	C200	C200		C200	

Origination Fees	C210	C210	C210	
Fees Received from Correspondents and Brokers	C220	C220	C220	
Broker Fees Received on Loans Brokered Out	C230	C230	C230	
Other Originations-Related Income	C240	C240	C240	
Contra: Above Amounts Reclassified as Gain on Sale or Deferred (under FAS 91)	C250	C250	C250	
Total Origination-Related Non-Interest Income	C260	C260	C260	
Secondary Marketing Gains/ (Losses) On Sale				
Gain (Loss) on Loans/ MBS Sold with Servicing Retained (excluding capitalized servicing)	C300	C300	C300	
Capitalized Servicing On Loans/ MBS Sold with Servicing Retained	C310	C310	C310	
Gain (Loss) on Loans/ MBS Sold with Servicing Released (excluding servicing released premiums)	C320	C320	C320	
Servicing Released Premiums on Loans/ MBS Sold with Servicing Released	C330	C330	C330	
Fees Paid to Brokers	C340	C340	C340	
Direct Fees Reclassified as Gain on Sale in Accordance with FAS 91	C350	C350	C350	
Direct Expenses Reclassified as Gain on Sale in Accordance with FAS 91	C360	C360	C360	
Recognition of Retained Interests)	C370	C370	C370	
Pair-Off Expenses and Other Hedge Costs	C380	C380	C380	
Provision for Repurchase (EPD, FPD, etc.) Reserve	C390	C390	C390	
LOCOM Adjustments on Loans Held for Sale	C400	C400	C400	
Income Relating to Interest Rate Lock Commitments (IRLCs)	C410	C410	C410	
Gains/ (Losses) on Derivatives Used to Hedge Interest Rate Locks and Loans Held for Sale	C420	C420	C420	
Gains/ (Losses) on Changes in Fair Value of Loans Held for Sale	C430	C430	C430	
Other Secondary Marketing Gains (Losses)	C440	C440	C440	
Net Secondary Marketing Income Gain/ (Loss) on Sale	C450	C450	C450	
Servicing-Related Non-Interest Income				
Servicing Fees, First Mortgages	C500	C500	C500	
Servicing Fees, Second Mortgages, Reverse Mortgages, Other	C510	C510	C510	C510

Subservicing Fees Earned (including intercompany subservicing fees)	C520		C520	C520	C520
Subservicing Fees Intracompany Only	C530		C530	C530	C530
Late Fees and Other Ancillary Income	C540		C540	C540	C540
Amortization of Mortgage Servicing Rights	C550		C550	C550	
Other Than Temporary Impairment of MSRs	C560		C560	C560	
Changes in MSR Valuation Allowance (+/ -)	C570		C570	C570	
Change in MSR Value Due to Realization of Cash Flows (+/ -)	C580		C580	C580	
Change in MSR Value Due to Market and Model Changes (+/ -)	C590		C590	C590	
Gains(Losses) on Derivatives Used to Hedge MSRs (+/ -)	C600		C600	C600	
Other Changes in MSR Value (+/ -)	C610		C610	C610	
Net Gain (Loss) on Bulk Sales of Servicing Rights	C620		C620	C620	
Net Gain (Loss) from Sale of REO	C630		C630	C630	C630
Other Servicing-Related Income	C640		C640	C640	
Total Servicing-Related Non-Interest Income	C650		C650	C650	C650
Other Non-Interest Income					
Provision for Credit Losses on Loans Held For Investment	C700			C700	C700
Other Than Temporary Impairment (not MSR-Related) & Other Credit Related Losses	C710			C710	C710
Net Gain (Loss) from Sale of Securities	C720	C720	C720	C720	C720
Unrealized Gains/ (Losses) on Trading Securities	C730			C730	C730
Gains (Losses) on Other Derivatives or Other Financial Instruments	C740	C740	C740	C740	C740
Gains/ (Losses) on Changes in Fair Value of Loans Held for Investment	C750			C750	C750
Pre-Tax Income/ (Loss) from Investments in JVs, Partnerships, and Other Entities	C760	C760	C760	C760	C760
Other Non-Interest Income	C770	C770	C770	C770	C770
Total Other Non-Interest Income	C780	C780	C780	C780	C780
Total Gross Income	C800	C800	C800	C800	C800

Schedule CF: Selected Cash Flow Data

Net Cash (Used)/ Provided by Operating Activities ..... _____ CF010

Cash Flows from Investing Activities ..... _____ CF020

Cash Flows from Financing Activities ..... _____ CF030

Total Increase/ (Decrease) in Cash ..... _____ CF040

Schedule D: Non-Interest Expenses and Net Income

	Total	1-4 Unit Residential Only: Origination Warehousing, and Secondary Marketing	1-4 Unit Residential Only: Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
Personnel Compensation (Non-Corporate)					
Origination, Secondary Marketing and Warehousing Personnel					
Loan Production Officers (Sales Employees)	D010	D010			
Loan Origination (Fulfillment/ Non-Sales)	D020	D020			
Warehousing and Secondary Marketing Personnel	D030	D030			
Post-Close and Other Production Support Staff	D040	D040			
Origination-Related Management and Directors	D050	D050		D050	
Other Origination-Related Personnel	D060	D060		D060	D060
Total Origination Compensation	D070	D070		D070	D070
Servicing Personnel					
Servicing-Related Management and Directors	D080		D080	D080	
Other Servicing-Related Personnel	D090		D090	D090	
Total Servicing Compensation	D100		D100	D100	
Other Personnel					
Other Personnel	D110				D110
Contra: Direct Personnel Expenses Reclassified as Gain on Sale or Deferred in Accordance with FAS 91	D120	D120		D120	D120
Total Non-Corporate Compensation	D130	D130	D130	D130	D130
MEMO: Amount of Direct Compensation Related to Temporary / Contractor Personnel	D140	D140	D140	D140	D140
Other Personnel Expenses					
Employee Benefits (including Education and Training)	D150	D150	D150	D150	D150
Other Personnel Expenses	D160	D160	D160	D160	D160
Total Other Personnel Expenses	D170	D170	D170	D170	D170

Total Personnel Expenses	D180	D180	D180	D180	D180
Occupancy and Equipment (including depreciation)	D200	D200	D200	D200	D200
Technology-Related Expenses (including depreciation)	D210	D210	D210	D210	D210
Outsourcing Fees	D220	D220	D220	D220	D220
Professional Fees, Including Consulting/ Advisory/ Legal	D230	D230	D230	D230	D230
Subservicing Fees Paid Including Intercompany Subservicing Fees Paid	D240	D240	D240	D240	D240
Unreimbursed Servicing Expenses for Foreclosure and REO	D250	D250	D250	D250	
Changes in REO Valuation Allowance	D260	D260		D260	D260
Provision For Other Losses	D270	D270	D270	D270	D270
All Other Non-Interest Expenses	D280	D280	D280	D280	D280
Contra: Direct Operating Expenses Reclassified as Gain On Sale or Deferred in Accordance with FAS 91	D290	D290	D290	D290	D290
Total - Other Non-Interest Expenses	D300	D300	D300	D300	D300
Total Gross Non-Interest Expenses (before Corporate Allocation)	D310	D310	D310	D310	D310
Net Income (Loss) before Corporate Allocations and Minority Interest	D320	D320	D320	D320	D320

Corporate Administration/ Overhead Allocations

Corporate Management, Support, and Other Corporate Personnel Expenses	D400
Corporate Technology Charges	D410
Goodwill Impairment	D420
Other Corporate Expenses or Allocations not Included Above	D430
Total Corporate Administration/ Allocation	D440
Total Gross Non-Interest Expenses (After Corporate Allocation)	D500

Income Taxes, Non-recurring Items, and Minority Interest

Income (Loss) before Taxes, Nonrecurring Items & Minority Interest	D510
Income Taxes	D520
Net Income (Loss) before Nonrecurring Items & Minority Interest	D530
Nonrecurring Items	D540

Net Income (Loss) before Minority Interest	_____ D550
Minority Interest	_____ D560
Net Income (Loss) after Corporate Allocations and Minority Interest ..	_____ D600

Schedule H: Average Number of Full-Time Equivalent (FTE) Employees

		1-4 Unit Residential Only			
	Total	Origination Warehousing, and Secondary Marketing	Servicing	Multifamily/ Commercial	Residential Portfolio Management and All Other
Origination Employees					
Loan Production Officers (Sales Employees)	H010	H010			
Loan Origination Fulfillment/ Non-Sales Employees	H020	H020			
Warehousing and Marketing Employees	H030	H030			
Post-Close and Production Support Staff	H040	H040			
Origination-Related Management and Directors	H050	H050		H050	
Other Origination-Related Personnel	H060	H060		H060	H060
Total Origination Employees	H070	H070		H070	H070
Servicing Employees					
Servicing-Related Management and Directors	H080		H080	H080	
Other Servicing-Related Personnel	H090		H090	H090	
Total Servicing Employees	H100		H100	H100	
Other Employees	H110	H110	H110	H110	H110
Total Employees (before Corporate Personnel)	H130	H130	H130	H130	H130
MEMO: Number of Employees Included Above Related to Temporary / Contractor Personnel	H140	H140	H140	H140	H140
Corporate Administration/ Overhead Employees	H150				
Total Full-Time Equivalent Employees	H160				

Schedule I: Loan Originations

	UPB($000)	Loan Count	Average Loan Size($000)
Residential First Mortgages (1-4 Unit)			
Government (FHA/ VA/ RHS) Fixed	I010	I010	I010
Government (FHA/ VA/ RHS) ARM	I020	I020	I020
Prime Conforming Fixed	I030	I030	I030
Prime Conforming ARM	I040	I040	I040
Prime Non-Conforming (Jumbo) Fixed	I050	I050	I050
Prime Non-Conforming (Jumbo) ARM	I060	I060	I060
Other Fixed	I070	I070	I070
Other ARM	I080	I080	I080
Total Residential First Mortgages	I100	I100	I100
Other Mortgages			
Closed-End Second Mortgages	I110	I110	I110
Funded HELOCs	I120	I120	I120
Reverse Mortgages	I130	I130	I130
Construction and Land Development Loans, 1-4 Unit Residential	I140	I140	I140
Multifamily LoansAgency	I150	I150	I150
Commercial Mortgage Loans	I160	I160	I160
Other Mortgage Loans	I170	I170	I170
Total Other Loans	I180	I180	I180
Total Mortgage Loans Originated	I200	I200	I200
Retail	I210	I210	I210
Wholesale Correspondent	I220	I220	I220
Wholesale Broker	I230	I230	I230
Total First Residential Volume (must equal Total in I100 above)	I240	I240	I240

Fixed Rate	I250	I250	I250
ARM	I251	I251	I251
Total First Residential Volume	I259	I259	I259
Jumbo	I260	I260	I260
Non-Jumbo	I261	I261	I261
Total First Mortgage Volume (must equal Total in I100 above)	I269	I269	I269
Alt Doc	I270	I270	I270
Full Doc	I271	I271	I271
Total First Mortgage Volume (must equal Total in I100 above)	I279	I279	I279
Interest Only	I280	I280	I280
Not Interest Only	I281	I281	I281
Total First Mortgage Volume (must equal Total in I100 above)	I289	I289	I289
Option ARMs	I290	I290	I290
Not Option ARMs	I291	I291	I291
Total First Mortgage Volume (must equal Total in I100 above)	I299	I299	I299
Loans with Prepayment Penalties	I300	I300	I300
Loans without Prepayment Penalties	I301	I301	I301
Total First Mortgage Volume (must equal Total in I100 above)	I309	I309	I309
Purchase	I310	I310	I310
Refinance Rate-Term	I311	I311	I311
Refinance Cash-Out Refinances	I312	I312	I312
Refinance Restructure	I313	I313	I313
Refinance Other/ Unknown	I314	I314	I314
Total First Mortgage Volume (must equal Total in I100 above)	I319	I319	I319
Owner-Occupied	I320	I320	I320
Non-Owner Occupied	I321	I321	I321

Total First Mortgage Volume (must equal Total in I100 above)	I329	I329	I329
Loans with Private Mortgage Insurance	I330	I330	I330
Loans without Private Mortgage Insurance	I331	I331	I331
Total First Mortgage Volume (must equal Total in I100 above)	I339	I339	I339
Loans with Piggyback Seconds or Funded HELOCs	I340	I340	I340
Loans without Piggyback Seconds or Funded HELOCs	I341	I341	I341
Total First Mortgage Volume (must equal Total in I100 above)	I349	I349	I349

First Mortgage Borrower's FICO Score Distribution

Equals 600 or less	I350	I350	I350
Greater than 600 but less than or equal to 650	I351	I351	I351
Greater than 650 but less than or equal to 700	I352	I352	I352
Greater than 700 but less than or equal to 750	I353	I353	I353
Greater than 750	I354	I354	I354
Total First Mortgage Volume (must equal Total in I100 above)	I359	I359	I359

	Average
Average FICO Score for First Mortgage Borrowers (simple average based on loan count)	I360
Average FICO Score for Second and HELOC Mortgage Borrowers (simple average based on loan count)	I365

First Mortgage Loan-to-Value (LTV) Distribution

Equals 60% or less	I370	I370	I370
Greater than 60% but less than or equal to 70%	I371	I371	I371
Greater than 70% but less than or equal to 80%	I372	I372	I372
Greater than 80% but less than or equal to 90%	I373	I373	I373
Greater than 90% but less than or equal to 100%	I374	I374	I374
Greater than 100%	I375	I375	I375
Total First Mortgage Volume (must equal Total in I100 above)	I379	I379	I379

				Wtd. Average
Weighted Average LTV on First Mortgages Only (enter two-decimal figure, e.g., 87.65 for 87.65% weighted LTV)				I380
Weighted Average CLTV Combined First and Second Mortgages (enter two-decimal figure, e.g., 87.65 for 87.65% weighted CLTV)				I385
Weighted Average Coupon at Origination on First Mortgages Only (enter two-decimal figure, e.g., 6.78 for 6.775%)				I390

First Mortgage Residential Loans Sold by Investor Type

Production Sold to Secondary Market Agencies (Fannie, Freddie, Ginnie)	I400	I400	I400
Production Sold to Others (Non-Affiliate)	I401	I401	I401
Production Sold to Others (Affiliate)	I402	I402	I402
Production Kept in Portfolio/ Held for Investment	I403	I403	I403
Production Sold through Non-Agency Securitizations with Sale Treatment	I404	I404	I404
Production Sold through Non-Agency Securitizations without Sale Treatment	I405	I405	I405
Total 1 4 Unit Residential Loans Sold this Period	I409	I409	I409
Production Sold Servicing Released	I410	I410	I410
Production Brokered Out	I420	I420	I420

				Ratio
Fall-Out Ratio (enter two-decimal figure, e.g., 67.55 for 67.54%)				I430
Total Multifamily/ Commercial Loans Sold This Period	I440	I440	I440	

Warehouse Period

				Days
Average Days in Warehouse1-4 Unit Residential Mortgages Only				I450
Average Days in WarehouseMultifamily Loans				I455
Average Days in WarehouseCommercial Mortgage Loans				I456
Production Warehoused in Excess of 90 Days as of Period End1-4 Unit Residential Mortgages Only	I460	I460	I460	

Schedule K: Debt Facilities

	Facility Provider Name	Facility Provided by Affiliate	Facility Type	Outstanding Borrowings ($000)	Credit Facility Limit ($000)	Wet Sublimit ($000)	Repurchase Sublimit ($000)	Wtd Avg Advance Rate ($000)	TNW Requirements ($000)	Covenant Violations	Waiver for Violation	Facility Expiration Date
Facility #1	K010A	K020A	K030A	K040A	K050A	K060A	K070A	K080A	K090A	K100A	K110A	K120A
Facility #2	K010B	K020B	K030B	K040B	K050B	K060B	K070B	K080B	K090B	K100B	K110B	K120B
Facility #3	K010C	K020C	K030C	K040C	K050C	K060C	K070C	K080C	K090C	K100C	K110C	K120C
Facility #4	K010D	K020D	K030D	K040D	K050D	K060D	K070D	K080D	K090D	K100D	K110D	K120D
Facility #5	K010E	K020E	K030E	K040E	K050E	K060E	K070E	K080E	K090E	K100E	K110E	K120E
Facility #6	K010F	K020F	K030F	K040F	K050F	K060F	K070F	K080F	K090F	K100F	K110F	K120F
Facility #7	K010G	K020G	K030G	K040G	K050G	K060G	K070G	K080G	K090G	K100G	K110G	K120G
Facility #8	K010H	K020H	K030H	K040H	K050H	K060H	K070H	K080H	K090H	K100H	K110H	K120H
Facility #9	K010I	K020I	K030I	K040I	K050I	K060I	K070I	K080I	K090I	K100I	K110I	K120I
Facility #10	K010J	K020J	K030J	K040J	K050J	K060J	K070J	K080J	K090J	K100J	K110J	K120J
Total Other Facilities				K040K								
Total				K040T								
MEMO: Total Number of Facilities	K130T											

Schedule L: Servicing Portfolio

	UPB($000)	Loan Count	Average Loan Size($000)
Residential First Mortgages (1-4 Unit Residential)			
Government (FHA/ VA/ RHS) Fixed	L010	L010	L010
Government (FHA/ VA/ RHS) ARM	L020	L020	L020
Prime (Conforming and Jumbo)- Fixed	L030	L030	L030
Prime (Conforming and Jumbo) - ARM	L040	L040	L040
Other Fixed	L050	L050	L050
Other ARM	L060	L060	L060
Total Residential First Mortgages	L100	L100	L100
Other Mortgages			
Closed-End Second Mortgages	L110	L110	L110
Funded HELOCs	L120	L120	L120
Reverse Mortgages	L130	L130	L130
Construction and Land Development Loans, 1-4 Unit Residential	L140	L140	L140
Multifamily LoansAgency	L150	L150	L150
Commercial Mortgage Loans	L160	L160	L160
Other Mortgages Not Reported Above	L170	L170	L170
Total Other Mortgages Outstanding	L180	L180	L180
Total Servicing / Mortgage Outstanding	L200	L200	L200
Residential First Mortgages (1-4 Unit Residential) Only:			
Fixed Rate	L201	L201	L201
ARM	L202	L202	L202
Total First Mortgage Residential Volume Outstanding (must equal Total in L100 above)	L209	L209	L209
Interest Only	L210	L210	L210
Not Interest Only	L211	L211	L211
Total First Mortgage Residential Outstanding (must equal Total in L100 above)	L219	L219	L219

Option ARMs	L220	L220	L220
Not Option ARMs	L221	L221	L221
Total First Mortgage Residential Outstanding (must equal Total in L100 above)	L229	L229	L229
Loans with Prepayment Penalties	L230	L230	L230
Loans without Prepayment Penalties	L231	L231	L231
Total First Mortgage Residential Outstanding (must equal Total in L100 above)	L239	L239	L239
Owner-Occupied	L240	L240	L240
Non-Owner Occupied	L241	L241	L241
Total First Mortgage Volume (must equal Total in L100 above)	L249	L249	L249
Loans with Private Mortgage Insurance	L250	L250	L250
Loans without Private Mortgage Insurance	L251	L251	L251
Total First Mortgage Residential Outstanding (must equal Total in L100 above)	L259	L259	L259
Loans with Piggyback Seconds or Funded HELOCs	L260	L260	L260
Loans without Piggyback Seconds or Funded HELOCs	L261	L261	L261
Total First Mortgage Residential Volume (must equal Total in L100 above)	L269	L269	L269

Investor Distribution

Serviced for Portfolio/ Affiliates/ Parent	L270	L270	L270
Serviced for Secondary Market Agencies (Fannie, Freddie, Ginnie)	L271	L271	L271
Serviced for Other Investors or Securities	L272	L272	L272
Total First Mortgage Volume must equal Total in L100 above)	L279	L279	L279

Loan Age

	Age
Weighted Average Loan Age (in Months) Residential First Mortgages Only	L280

Subservicing

UPB of Loans Subserviced for Others, Excluding Intracompany Portfolio	L290	L290	L290
UPB of Loans Subserviced by Others	L300	L300	L300

Bankruptcy Status

				Percentage
Of total first mortgage residential mortgage debt outstanding, what portion of loans had bankruptcy status as of the period end?				L310
Reductions in Portfolio				
For this quarter only, Loans Removed from Servicing Portfolio Due to Prepayment of Mortgage, Transfer of Asset, or Other Reason	L320	L320	L320	
Seriously Delinquent Loans as of Period End (90 Days or More Delinquent and Loans in Foreclosure Process)				
Residential First Mortgages (1-4 Unit Residential)				
Government (FHA/ VA/ RHS) - Fixed	L410	L410	L410	
Government (FHA/ VA/ RHS) - ARM	L420	L420	L420	
Prime (Conforming and Jumbo)- Fixed	L430	L430	L430	
Prime (Conforming and Jumbo) - ARM	L440	L440	L440	
Other - Fixed	L450	L450	L450	
Other - ARM	L460	L460	L460	
Total Residential First Mortgages	L500	L500	L500	
Other Mortgages				
Closed-End Second Mortgage Loans	L510	L510	L510	
Funded HELOCs	L520	L520	L520	
Reverse Mortgages	L530	L530	L530	
Construction and Land Development Loans, 1-4 Unit Residential	L540	L540	L540	
Multifamily LoansAgency	L550	L550	L550	
Commercial Mortgage Loans	L560	L560	L560	
Other Loans Not Reported Above	L570	L570	L570	
Total Other Loans	L580	L580	L580	
Total Mortgage Loans 90 or More Days Delinquent and Loans in Foreclosure Process	L600	L600	L600	

Schedule N: Recourse Exposure

	UPB($000)	Loan Count	Average Loan Size($000)
Loans and MBS Recourse Agreements	N010	N010	N010
Home Equity Loans and MBS	N030	N030	N030
Other Loans	N040	N040	N040
Total Recourse Exposure	N050	N050	N050

Schedule O: Reserves and Valuation Allowance Rollforwards

Beginning Balance ..... _____ O010

Provision for Credit Losses on Loans Held for Investment ..... _____ O020

Charge-Offs, Net of Recoveries ..... _____ O030

Adjustments upon Adoption of FAS 159 ..... _____ O040

Other Changes ..... _____ O050

Ending Balance ..... _____ O060

Rollforward of Valuation Allowance on REO

Beginning REO Valuation Allowance ..... _____ O110

Changes in REO Valuation Allowance ..... _____ O120

Ending REO Valuation Allowance ..... _____ O130

Rollforward of Reserve for Other Losses

Beginning Reserve for Other Losses ..... _____ O210

Provision For Other Losses ..... _____ O220

Charge-Offs, Net of Recoveries ..... _____ O230

Other changes ..... _____ O240

Ending Reserve for Other Losses ..... _____ O250

Rollforward of Repurchase Reserves

Beginning Repurchase Reserve ..... _____ O310

Provision for Repurchases (EPD, FPD, etc.) ..... _____ O320

Charge-Offs, Net of Recoveries ..... _____ O330

Other Changes ..... _____ O340

Ending Repurchase Reserve ..... _____ O350

MEMO: UPB of Loans Repurchased or Indemnified During the Quarter ..... _____ O360

MEMO: Number of Loans Repurchased or Indemnified During the Quarter ..... _____ O370

Schedule P: GNMA Pass-Through Data

Lines of Credit Available for Advances ..... _____ P010

Dollar Amount of Foreclosed Loans ..... _____ P030

Schedule Q: Pledged of Restricted Items

Carrying Value of Pledged Assets ..... _____ Q010

Total Restricted Retained Earnings ..... _____ Q020

Total Pledged Servicing ..... _____ Q030

Schedule R: Loan Modifications

	UPB($000)	Loan Count	Average Loan Size($000)
Loan Modifications	R010	R010	R010

Letter Agreement for Servicer's Single-Family Principal and Interest, or P & I Disbursement Clearing Custodial Account

(The front side of this form is to be completed by a Servicer that is not a depository institution whose deposits are insured by the FDIC or the NCUSIF or maintained in a Federal Reserve Bank or Federal Home Loan Bank or a federally insured depository, but does not maintain its Freddie Mac principal and interest, or P & I disbursement clearing custodial account in-house. The reverse side is to be completed by the depository for the Servicer.)

Type of custodial account (check applicable box)

☐ Principal and interest account

☐ P & I disbursement clearing account

To:

Typed name of depository

Depository FDIC docket, Bank 9000, ABA, or S Bank number

Typed address of depository

The depositor/Servicer named below ("Servicer") hereby authorizes the depository institution named above ("depository") to establish, and requests that said depository establish, a demand deposit or interest-bearing deposit account ("deposit account") for the collection of single-family principal and interest funds which it holds with respect to mortgages serviced by the undersigned for remittance to the Federal Home Loan Mortgage Corporation ("Freddie Mac").

The deposit account shall be designated as (check applicable box)

☐ "_____,[1] as custodian and/or bailee for Federal Home Loan Mortgage Corporation and/or various owners of interests in mortgages and/or mortgage-related securities and/or various mortgagors"; or

☐ "Freddie Mac P & I Custodial Account" or

☐ "Freddie Mac P & I Clearing Custodial Account"

If the second or third box is checked, the abbreviated name following the box shall be deemed to be the same as the full name following the first box, and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the deposit account and the funds deposited or held therein.

All funds in the deposit account shall be subject to draft thereon signed by the depositor and shall also be subject to draft thereon by Freddie Mac. The depository is authorized to pay to Freddie Mac at any time the entire amount on deposit in the deposit account, or any lesser amount specified, upon its presentation of a sight draft, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form.

The above authorizations and agreements have been made by the Servicer to induce Freddie Mac to rely on them, and constitute part of the basis of the bargain for Freddie Mac's agreement to permit the Servicer to service mortgages for Freddie Mac. The Servicer agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the Servicer, without the express written consent of Freddie Mac.

Please execute the certification on the reverse side and return it to the Servicer with this agreement, thereby acknowledging the existence of the deposit account, and your undertakings and agreements with respect to the deposit account, so that we may present the agreement and the certification to Freddie Mac.

Typed name of depositor (Servicer)

Seller/Servicer Number

Typed name and title

By

Dated

(Signature)

[1] Type complete legal name of depositor (Servicer).

Depository's Certification

The depository certifies to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that the deposit account identified above is in existence in this institution as account no._____[2] and agrees with the Servicer and with Freddie Mac to honor a sight draft from Freddie Mac, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, presented by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form. The depository expressly represents to Freddie Mac that it has reviewed Freddie Mac Forms 1061 and 1062 and that it understands the terms and use of such forms.

The depository hereby agrees that it will submit to Freddie Mac copies of such custodial account records as account statements, signature cards, detailed trial balances, and complete reconciliations, as well as supporting documentation of such records, as Freddie Mac, in its sole discretion, may request.

The depository acknowledges and agrees that: the deposit account, under applicable law, constitutes a special deposit over which the Servicer retains title; the deposit account shall be held as a segregated account by the depository; the Servicer holds the funds in the deposit account in a fiduciary capacity; that there are or will be multiple levels of fiduciary relationships with respect to the funds held in the deposit account from time to time; and the Letter Agreement on the front side ("Letter Agreement") and this Depository's Certification are and will be continuously maintained, from the time of their execution, as part of the official deposit account records of the depository.

The depository acknowledges its understanding that its undertakings and agreements set forth above have been made for the purpose of inducing Freddie Mac to rely on them. The depository agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the depository, without the express written consent of Freddie Mac.

Typed address of depository

_____

By

_____

(Signature)

Typed name and title

_____

Dated

_____

Reason for execution of Letter Agreement (check all that apply)

☐ Establish original primary Custodial Account

☐ Replace primary Custodial Account

Replaces _____ at _____
Typed old account number — Typed name of depository

☐ Establish additional Custodial Account

☐ Replace Letter Agreement due to
- ☐ Seller/Servicer name change
- ☐ depository name change
- ☐ other _____

[2] Type account number

Letter Agreement for Servicer's Single-Family Buydown or Escrow Custodial Account

(The front side of this form is to be completed by a Servicer that is not a depository institution whose deposits are insured by the FDIC or the NCUSIF or maintained in a Federal Reserve Bank or Federal Home Loan Bank or a federally insured depository, but does not maintain its Freddie Mac single-family buydown or escrow custodial account in-house. The reverse side is to be completed by the depository for the Servicer.)

Account contains (check applicable box)

☐ Buydown funds only
☐ Escrow funds only
☐ Buydown and Escrow funds

To:

Typed name of depository

Depository FDIC docket, Bank 9000, ABA, or S Bank number

Typed address of depository

The depositor/Servicer named below ("Servicer") hereby authorizes the depository institution named above ("depository") to establish, and requests that said depository establish, a demand deposit or interest-bearing deposit account ("deposit account") for all single-family buydown funds and/or escrow funds which it holds with respect to mortgages serviced by the undersigned for the Federal Home Loan Mortgage Corporation ("Freddie Mac").

The deposit account shall be designated as (check applicable box)

☐ "_____,[1] as trustee and/or custodian for Federal Home Loan Mortgage Corporation and various mortgagors, respectively"; or

☐ "Freddie Mac Buydown Custodial Account"; or

☐ "Freddie Mac Escrow Custodial Account"

If the second or third box is checked, the abbreviated name following the box shall be deemed to be the same as the full name following the first box, and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the deposit account and the funds deposited or held therein.

All funds in the deposit account shall be subject to draft thereon signed by the depositor and shall also be subject to draft thereon by Freddie Mac. The depository is authorized to pay to Freddie Mac at any time the entire amount on deposit in the deposit account, or any lesser amount specified, upon its presentation of a sight draft, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form.

The above authorizations and agreements have been made by the Servicer to induce Freddie Mac to rely on them, and constitute part of the basis of the bargain for Freddie Mac's agreement to permit the Servicer to service mortgages for Freddie Mac. The Servicer agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the Servicer, without the express written consent of Freddie Mac.

Please execute the certification on the reverse side and return it to the Servicer with this agreement, thereby acknowledging the existence of the deposit account, and your undertakings and agreements with respect to the deposit account, so that we may present the agreement and the certification to Freddie Mac.

Typed name of depositor (Servicer)

Seller/Servicer Number

Typed name and title

By

Dated

(Signature)

[1] Type complete legal name of depository (Servicer).

Depository's Certification

The depository certifies to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that the deposit account identified above is in existence in this institution as account no. _____[2] and agrees with the Servicer and with Freddie Mac to honor a sight draft from Freddie Mac, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, presented by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form. The depository expressly represents to Freddie Mac that it has reviewed Freddie Mac Forms 1061 and 1062 and that it understands the terms and use of such forms.

The depository hereby agrees that it will submit to Freddie Mac copies of such custodial account records as account statements, signature cards, detailed trial balances, and complete reconciliations, as well as supporting documentation of such records, as Freddie Mac, in its sole discretion, may request.

The depository acknowledges and agrees that: the deposit account, under applicable law, constitutes a special deposit over which the Servicer retains title; the deposit account shall be held as a segregated account by the depository; the Servicer holds funds in the deposit account in a fiduciary capacity; that there are and will be multiple levels of fiduciary relationships with respect to the funds held in the deposit account from time to time; and the Letter Agreement on the front side ("Letter Agreement") and this Depository's Certification are and will be continuously maintained, from the time of their execution, as part of the official deposit account records of the depository.

The depository acknowledges its understanding that its undertakings and agreements set forth above have been made for the purpose of inducing Freddie Mac to rely on them. The depository agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the depository, without the express written consent of Freddie Mac.

Typed address of depository

_____

By

_____

(Signature)

Typed name and title

_____

Dated

_____

Reason for execution of Letter Agreement (check all that apply)

☐ Establish original primary Custodial Account

☐ Replace primary Custodial Account

Replaces _____ at _____

Typed old account number — Typed name of depository

☐ Establish additional Custodial Account

☐ Replace Letter Agreement due to

☐ Seller/Servicer name change
☐ depository name change
☐ other _____

[2] Type account number.

Letter Agreement for Single-Family Principal and Interest, or P & I Disbursement Clearing Custodial Account

(To be completed by a Servicer that is a depository institution whose deposits are insured by the FDIC or the NCUSIF and which maintains its Freddie Mac principal and interest, or P& I disbursement clearing custodial account in-house.)

Type of custodial account (check applicable box)

☐ Principal and interest account
☐ P & I disbursement clearing account

The undersigned Servicer certifies to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that it has established a demand deposit or interest-bearing deposit account ("deposit account"), and agrees that it will deposit into that account all single-family principal and interest funds which it holds with respect to mortgages serviced by the undersigned for remittance to Freddie Mac.

The deposit account shall be designated as (check applicable box)

☐ "_____,[1] as custodian and/or bailee for Federal Home Loan Mortgage Corporation and/or various owners of interests in mortgages and/or mortgage-related securities and/or various mortgagors"; or

☐ "Freddie Mac P&I Custodial Account"; or

☐ "Freddie Mac P&I Custodial Clearing Account".

If the second or third box is checked, the abbreviated name following the box shall be deemed to be the same as the full name following the first box, and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the deposit account and the funds deposited or held therein.

The deposit account shall be identified as account no. _____[2]. The Servicer agrees that all funds deposited into the deposit account shall be subject to draft thereon by Freddie Mac upon its presentation of a sight draft, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form. The Servicer expressly represents to Freddie Mac that it has reviewed Freddie Mac Forms 1061 and 1062 and that it understands the terms and use of such forms.

The Servicer hereby agrees that it will submit to Freddie Mac copies of such custodial account records as account statements, signature cards, detailed trial balances, and complete reconciliations, as well as supporting documentation of such records, as Freddie Mac, in its sole discretion, may request.

The Servicer acknowledges and agrees that: the deposit account, under applicable law, constitutes a special deposit over which the owner(s) thereof retain title; the deposit account shall be held as a segregated account by the Servicer; the Servicer holds the funds in the deposit account in a fiduciary capacity; that there are and will be multiple levels of fiduciary relationships with respect to the funds held in the deposit account from time to time; and this Letter Agreement is and will be continuously maintained, from the time of its execution, as part of the official deposit account records of the Servicer.

The above authorizations and agreements have been made by the Servicer to induce Freddie Mac to rely on them, and constitute part of the basis of the bargain for Freddie Mac's agreement to permit the Servicer to service mortgages for Freddie Mac. The Servicer agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the Servicer, without the express written consent of Freddie Mac.

Typed name of Servicer	Servicer FDIC docket, Bank 9000, ABA, or S Bank number
Seller/Servicer Number	Typed name and title
By	Dated
(Signature)	

[1] Type complete legal name of depositor (Servicer).
[2] Type account number.

Reason for execution of Letter Agreement (check all that apply)

☐ Establish original primary Custodial Account

☐ Replace primary Custodial Account

Replaces _____ at _____
Typed old account number Typed name of depository

☐ Establish additional Custodial Account

☐ Replace Letter Agreement due to
☐ Seller/Servicer name change
☐ depository name change
☐ other _____

Form 1060SF

Letter Letter Agreement for Single-Family Buydown or Escrow Custodial Account

(To be completed by a Servicer that is a depository institution whose deposits are insured by the FDIC or the NCUSIF and which maintains its Freddie Mac single-family buydown or escrow custodial account in-house.)

Account contains (check applicable box)

☐ Buydown funds only
☐ Escrow funds only
☐ Buydown and Escrow funds

The undersigned Servicer certifies to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that it has established a demand deposit or interest-bearing deposit account ("deposit account"), and agrees that it will deposit into that account all single-family buydown funds and/or escrow funds which it holds with respect to mortgages serviced by the undersigned for Freddie Mac.

The deposit account shall be designated as (check applicable box)

☐ " _____ ,[1] as trustee and/or custodian for Federal Home Loan Mortgage Corporation and various mortgagors, respectively"; or

☐ "Freddie Mac Buydown Custodial Account"; or

☐ "Freddie Mac Escrow Custodial "

If the second or third box is checked, the abbreviated name following the box shall be deemed to be the same as the full name following the first box, and shall be deemed to confer upon Freddie Mac and such persons the same rights and interests with respect to the deposit account and the funds deposited or held therein.

The deposit account shall be identified as account no. _____ [2]. The Servicer agrees that all funds deposited into the deposit account shall be subject to draft thereon by Freddie Mac upon its presentation of a sight draft, in substantially the form of Freddie Mac Form 1062, including a photocopy or facsimile copy of such form, by an authorized officer, employee, representative, agent or attorney of Freddie Mac, designated as such in a Certificate of Incumbency and Authority to Draft Against Custodial Accounts, in substantially the form of Freddie Mac Form 1061, including a photocopy or facsimile copy of such form. The Servicer expressly represents to Freddie Mac that it has reviewed Freddie Mac Forms 1061 and 1062 and that it understands the terms and use of such forms.

The Servicer hereby agrees that it will submit to Freddie Mac copies of such custodial account records as account statements, signature cards, detailed trial balances, and complete reconciliations, as well as supporting documentation of such records, as Freddie Mac, in its sole discretion, may request.

The Servicer acknowledges and agrees that: the deposit account, under applicable law, constitutes a special deposit over which the owner(s) thereof retain title; the deposit account shall be held as a segregated account by the Servicer; the Servicer holds the funds in the deposit account in a fiduciary capacity; that there are and will be multiple levels of fiduciary relationships with respect to the funds held in the deposit account from time to time; and this Letter Agreement is and will be continuously maintained, from the time of its execution, as part of the official deposit account records of the Servicer.

The above authorizations and agreements have been made by the Servicer to induce Freddie Mac to rely on them, and constitute part of the basis of the bargain for Freddie Mac's agreement to permit the Servicer to service mortgages for Freddie Mac. The Servicer agrees that this Letter Agreement is not and shall not be revocable or subject to rescission by the Servicer, without the express written consent of Freddie Mac.

Typed name of Servicer	Servicer FDIC docket, Bank 9000, ABA, or S Bank no.
Seller/Servicer Number	Typed name and title
By (Signature)	Dated

[1] Type complete legal name of depositor (Servicer).
[2] Type account number.

Reason for execution of Letter Agreement (check all that apply)

☐ Establish original primary Custodial Account

☐ Replace primary Custodial Account

Replaces _____ at _____
Typed old account number Typed name of depository

☐ Establish additional Custodial Account

☐ Replace Letter Agreement due to

☐ Seller/Servicer name change
☐ depository name change
☐ other _____

Freddie Mac

Certificate of Incumbency and Authority to Draft Against Custodial Accounts

I, _____,[1] the _____[2] of the Federal Home Loan Mortgage Corporation ("Freddie Mac"), do hereby certify as follows:

(1) _____ [3] is an officer, employee, agent, representative or attorney of Freddie Mac.

(2) _____ [3] is authorized to present sight drafts on behalf of Freddie Mac to draft against any and all monies held by a Servicer or a Servicer's depository for remittance to, or for the benefit of, Freddie Mac pursuant to the *Sellers' and Servicers' Guide* and the other Purchase Documents (as that term is defined in said guide).

(3) Appearing immediately below this sentence is a true and correct specimen signature of _____ _____ .[3]

_____[4]

IN WITNESS WHEREOF, I have hereunto set my hand as of this ____ day of _____ , 199___.[5]

By

_____ (Signature)

_____ Typed name and title

[1]Type name of person executing Certificate.
[2]Type title of person executing Certificate—Secretary or Assistant Secretary.
[3]Type name of authorized person.
[4]Authorized person should write signature on this line.
[5]Type day, month, and year on which Certificate is executed by Secretary or Assistant Secretary.

Freddie Mac

Sight Draft

TO:

Name of Servicer or depository

Seller/Servicer number

Street address

City

State, Zip Code

DATE:

TIME:

Pay to the order of the Federal Home Loan Mortgage Corporation ("FHLMC") the sum of $ _____ or, if no sum certain is specified, the total balance held in account no. _____. Pay by Fed wire to credit of the account of the FHLMC at Chase Manhattan Bank, New York, New York, ABA No. 021-0000-21, account no. 910-2-447498; reference sight draft and Seller/Servicer no. _____.

Authorized officer, employee, representative, agent or attorney of FHLMC

(Signature)

See pages 2 through 4 for instructions and information.

IRS reporting method

☐ Magnetic media ☐ Corrected forms

Number of Forms 1099-A filed

Total number of Forms 1099-A for this calendar year

Number of Forms 1099-C filed

Total number of Forms 1099-C for this calendar year

Servicer name

Servicer number

Report for calendar year

Address

For questions, contact person name

City

State, Zip

Contact person telephone number

Certification

Under penalty of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct and complete. In the cases of documents without Borrower identification numbers, I have complied with the requirements of the law in attempting to secure such numbers from the Borrowers. Those documents without Borrower identification numbers are listed below.

List of Mortgages. Request the following information for each Mortgage reported on IRS 1099-A or IRS 1099-C:

- Borrower(s) name(s)
- Borrower(s) address(es)
- Tax-identification number(s)
- Freddie Mac loan number
- Servicer or lender loan number

List of Mortgages with unavailable Borrower tax-identification numbers

Signature

Title

Date

INSTRUCTIONS FOR FILING FORM 1065

Use: A Servicer must prepare this form to notify Freddie Mac that it submitted original, corrected or voided IRS Forms 1099-A and 1099-Cdirectly to the IRS. Submit the completed Form 1065 to the following address:

Freddie Mac
8100 Jones Branch Drive
ATTN: Corporate Tax/Form 1065 MS B2B
McLean, VA 22102

Sources: Servicers must reproduce Form 1065.

Magnetic media submission: Servicers that submit IRS Forms 1099-A and 1099-C information to the IRS on magnetic media must submit only one Form 1065.

List of Mortgages with unavailable Borrower tax identification numbers: If a Servicer is unable to obtain a Borrower's tax identification number, the Servicer must list the applicable loan number on Form 1065. If the Servicer must list more than 26 Mortgages, it may attach an addendum to the form or submit another Form 1065.

GENERAL INSTRUCTIONS FOR IRS FORMS 1099-A AND 1099-C

A Servicer should contact the IRS to ensure that the Servicer has a sufficient supply of IRS Form 1099-A, Acquisition or Abandonment of Secured Property, and IRS Form 1099-C, Cancellation of Debt for the applicable year.

A Servicer must follow all instructions for printing these forms. The Servicer must not send copy B or copy C to Freddie Mac.

General instructions for completing each portion of the form follow:

Lender's name, street address, city, state and Zip Code. Insert the following:
Attn: Corporate Tax Department
Freddie Mac (xxxxxx) [Seller/Servicer number]
8100 Jones Branch Drive, MS B2B
McLean, VA 22102

Lender's federal identification number. Insert 52-0904874

Borrower's identification number. Enter the Borrower's SSN. For estates or trusts, enter the Employer Identification Number (EIN). See IRS publication, *Instructions for Forms 1099, 1098, 5498, and W-2G.*

When more than one Borrower has an interest in the property, file an IRS Form 1099-A or Form 1099-C for each Co-Borrower. (However, for debts incurred before 1995, and for debts of less than $10,000 incurred after 1994, file an IRS Form 1099-C only for the primary (or first-named) Borrower.) Generally, only one IRS Form 1099-A or 1099-C should be filed for married Borrowers who are jointly liable.

Borrower's name. Enter the Borrower's name. For estates or trusts, see IRS publication, *Instructions for Forms 1099, 1098, 5498, and W-2G.*

Street address, city, state and Zip Code. Enter the Borrower's current mailing address, if it is known. Otherwise, enter the Borrower's last known address. Use the official post office abbreviation for the state if the Borrower is a US resident. Check IRS Publication 1220 to obtain the state and foreign abbreviations that the IRS will accept.

Account number. The account number should include the nine-digit Freddie Mac loan number, followed by one space and the six-digit Seller/Servicer number.

INSTRUCTIONS FOR COMPLETING IRS FORM 1099-A

Box 1. Date of lender's acquisition or knowledge of abandonment. Insert the date (in MMDDYYYY format) that one of the following actions occurred:

- **Property acquisition—foreclosure or deed in lieu of foreclosure.** Enter the date that the Servicer acquired an interest in the property on Freddie Mac's behalf. Use the *later* of the date of the foreclosure sale, the date of the deed in lieu of foreclosure or the date the Borrower's right of redemption expires. For example, if the Servicer acquires a property on 12/15/2004, but the redemption period does not expire until 6/15/2005, the Servicer must submit the IRS Form 1099-A for the 2005 reporting period, not 2004.

- **Sale to a third party.** Insert the date that a third party acquired the property at a foreclosure or similar sale. If Freddie Mac held a Second Mortgage on the property and the first Mortgage holder acquired the property for an amount that would not satisfy both Mortgage debts, insert the date the first Mortgage holder acquired the property.

- **Abandonment.** If the Servicer does not expect to begin foreclosure proceedings within three months after the property was abandoned, it should report the date that it knew (or had reason to know) that the property had been abandoned. However, if the Servicer expects to begin foreclosure proceedings within three months, it should insert the date that an interest in the property was acquired. When the foreclosure proceedings have not begun within the three-month period, the obligation to report arises upon the expiration of the three-month period, and the Servicer must provide information as of the date it first had reason to know of the abandonment.

For example: A Servicer learns of a property abandonment on 12/31/2004. If the Servicer does not intend to start foreclosure proceedings within three months, it would prepare an IRS Form 1099-A for 2004, showing 12/31/2004 as the acquisition date. The Servicer would file the IRS Form 1099-A with the IRS on or before February 28, 2005, and furnish a statement to the Borrower on or before January 31, 2005. But, if the Servicer expected to begin foreclosure proceedings within the next three months, it would prepare a return for 2005 and file such return in 2006, showing the actual property acquisition date if the foreclosure proceedings began within three months, or showing the date of the abandonment if the commencement of foreclosure proceedings was delayed beyond the three months.

Box 2. Balance of principal outstanding. Insert the total outstanding indebtedness (principal only) at the time of the property acquisition, third-party sale or property abandonment.

Box 3. Gross foreclosure proceeds. Leave this box blank.

Box 4. Fair market value of property. For a foreclosure, execution or similar sale, enter the fair market value of the property. Generally, the gross foreclosure bid price is considered to be the fair market value. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred and you checked "Yes" in box 5, enter the appraised value of the property. Otherwise, make no entry in this box.

Box 5. Was the Borrower personally liable for repayment of the debt? Enter an "x" in the applicable box to indicate whether the Borrower was personally liable for repayment of the debt.

Box 6. Description of property. Insert the address of the property. If the property address does not sufficiently identify the property, enter the section, lot and block numbers.

INSTRUCTIONS FOR COMPLETING IRS FORM 1099-C

Box 1. Date Canceled. Enter the date that the Debt was canceled, based on the "identifiable event" definition and discussion in Section 55.3.1(c).

Box 2. Amount of Debt Canceled. Enter the amount of the canceled Debt. Do not include any amount received in satisfaction of the Debt by means of a settlement agreement, foreclosure sale, etc. Freddie Mac will advise you of any amounts so received pursuant to its negotiation with Borrowers.

Box 3. Interest if Included in Box 2. Enter any interest included in the canceled Debt amount in Box 2. Again, interest need not be included in Box 2; but if it is included in Box 2, it must also be included in Box 3.

Box 5. Debt Description. Enter "Mortgage". If you are filing a combined Form 1099-A and 1099-C, include a description of the property.

Box 6. Check for Bankruptcy. Check the box if you are reporting a Debt canceled in Bankruptcy.

Box 7. Fair Market Value (FMV) of the Property. If you are filing a combined Form 1099-A and 1099-C for a foreclosure, execution, or similar sale, enter the FMV of the property. Otherwise leave Box 7 blank. Generally, the gross foreclosure bid price is considered to be the FMV. If an abandonment or voluntary conveyance in lieu of foreclosure occurred, enter the appraised value of the property.

Account Number. May show an account number assigned by the creditor to distinguish the account. Show both a Servicer's loan number and a Freddie Mac loan number if possible.

Freddie Mac
We make home possible℠

Form 1066

SCRA Accounting Data Form

SCRA ACCOUNTING DATA FORM

Attach copy of military orders evidencing Borrower's active duty status, copy of Form 65 (Uniform Residential Loan Application) and copy of the Note.

Check box ☐ if this Form 1066 serves as notice of extension of active duty status, and
- Attach extension orders
- Identify extension date: _____

1. Seller/Servicer number (6 digits): ___ ___ ___ ___ ___ ___
2. Seller/Servicer name: _____
3. Freddie Mac loan number (9 digits): ___ ___ ___ ___ ___ ___ ___ ___ ___
4. Seller/Servicer loan number: _____
5. Borrower's full name: _____
6. Active duty begin date: _____
7. Expected release date: _____
8. Is this Mortgage an ARM? _____

   If yes, monthly servicing fee (percentage): _____ %
9. Below, complete the Freddie Mac percentage of participation and list in the spaces the ending unpaid principal balance (UPB) on this Mortgage beginning with the accounting cutoff balance in the month in which active duty began (line 6 above). End with the accounting cycle cutoff balance in the month released from active duty or the current cutoff balance if still on active duty.

   Freddie Mac percentage of participation: _____ %

CUTOFF	UPB FREDDIE MAC SHARE ONLY
/ 15 /	
/ 15 /	
/ 15 /	
/ 15 /	
/ 15 /	
/ 15 /	

Check box ☐ if continued on other side.

10. If the Borrower has already been released from active duty, indicate release date: _____
11. Date of request by Borrower: _____

By: _____ _____
(Signature) (Telephone number)

_____ _____
(Printed name) (Date signed)

Form 1071

Supplemental Accounting Report of SCRA Mortgages

Seller/Servicer Name: _____ Seller/Servicer Contact name: _____

Seller/Servicer Number: _____ Telephone Number: ( ) _____

	Freddie Mac Loan #	Freddie Mac UPB as of Accounting Cycle Cutoff	Cycle Cutoff	Payoff Date (1-as it applies)	Inactivation Date (mm/yy) (2-as it applies)	Current Net Yield	Adjusted SCRA Net Yield	Servicing Fee/Part%		Borrower's Release Date (3-as it applies)	Quarterly Credit Amount
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
										TOTAL CREDIT OWED SERVICER:	

(1) If a Mortgage was paid in full during the accounting cycle, and not previously report to us, report the payoff date
(2) If the Mortgage is in inactive status, report the inactivation cycle
(3) Report the Borrower's expected release date from active duty

If you submitted a Form 1071 to us during the quarter for which you are now reporting, for a Mortgage paid-in-fulll, transferred or released from active duty, do not include it in this quarterly report.

Submission to us: Your Investor Accounting Specialist must receive this report within five Business Days after the accounting cycle cutoff for the quarters ending in March, June, September and December. Please submit this report to:

Freddie Mac
ATTN: Investor Accounting Specialist - SCRA
MS 387
8200 Jones Branch Drive
McLean, VA 22102

Signature of Seller/Servicer Contact: _____ Date: _____

Two- to Four-Unit Residential Appraisal Field Review Report

File #

The purpose of this appraisal field review report is to provide the lender/client with an opinion on the accuracy of the appraisal report under review.

Property Address | City | State | Zip Code

Borrower | Owner of Public Record | County

Legal Description

Assessor's Parcel # | Map Reference | Census Tract

Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe below) # of Units ☐ 2 ☐ 3 ☐ 4 ☐ Illegal unit (describe below)

Loan # | Effective Date of Appraisal Under Review | Project Type ☐ Condo ☐ PUD ☐ Cooperative

Lender/Client | Address

SECTION I — COMPLETE FOR ALL ASSIGNMENTS

1. Is the information in the subject section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

2. Is the information in the contract section complete and accurate? ☐ Yes ☐ No ☐ Not Applicable If Yes, provide a brief summary. If No, explain

3. Is the information in the neighborhood section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

4. Is the information in the site section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

5. Is the data in the improvements section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

6. Is the data in the comparable rental data section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

7. Is the subject rent schedule section complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

8. Is the opinion of market rent accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

9. Is the sale or transfer history reported for the subject property and each of the comparable sales complete and accurate? ☐ Yes ☐ No If Yes, provide a brief summary. If No, analyze and report the correct sale or transfer history and the data source(s).

Two- to Four-Unit Residential Appraisal Field Review Report

File #

10. Are the comparable sales selected locationally, physically, and functionally the most similar to the subject property? ☐ Yes ☐ No If Yes, provide a brief summary. If No, provide a detailed explanation as to why they are not the best comparable sales.

11. Are the data and analysis (including the individual adjustments) presented in the sales comparison approach complete and accurate?
☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

12. Are the indicators of value from the sales comparison analysis (value per unit, per room, etc.) reconciled to a supportable indication of value?
☐ Yes ☐ No If Yes, provide a brief summary. If No, explain

13. Is the opinion of market value in the appraisal report under review accurate as of the effective date of the appraisal report?
☐ Yes ☐ No If No, complete Section II.

SECTION II — COMPLETE ONLY IF REVIEW APPRAISER ANSWERS "NO" TO QUESTION 13 IN SECTION I.

1. Provide detailed reasoning for disagreement with the opinion of value in the appraisal report under review.

2. State all extraordinary assumptions used (i.e. gross building area, room count, condition, etc.).

3. I ☐ did ☐ did not research the sale or transfer history of the comparable sales reported on page 3. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the comparable sales reported on page 3 (report additional prior sales below).

ITEM	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer			
Price of Prior Sale/Transfer			
Data Source(s)			
Effective Date of Data Source(s)			

Analysis of prior sale or transfer history for the comparable sales.

Two- to Four-Unit Residential Appraisal Field Review Report

File #

4. Provide a new opinion of value as of the effective date of the appraisal report under review using the below sales comparison analysis grid. (NOTE: This may or may not include the use of the same comparable sales in the appraisal report under review.)

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Bldg. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Gross Monthly Rent	$	$		$		$	
Gross Rent Multiplier							
Price Per Unit							
Price Per Room							
Price Per Bedroom							
Rent Control	☐ Yes ☐ No	☐ Yes ☐ No		☐ Yes ☐ No		☐ Yes ☐ No	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Gross Building Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Unit Breakdown	Total / Bdrms / Baths	Total / Bdrms / Baths		Total / Bdrms / Baths		Total / Bdrms / Baths	
Unit # 1							
Unit # 2							
Unit # 3							
Unit # 4							
Basement Description							
Basement Finished Rms.							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Parking On/Off Site							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$
Adj. Price Per Unit (Adj. SP Comp / # of Comp Units)		$		$		$	
Adj. Price Per Room (Adj. SP Comp / # of Comp Rooms)		$		$		$	
Adj. Price Per Bedrm (Adj. SP Comp / # of Comp Bedrms)		$		$		$	

Value Per Unit $ _____ X _____ Units = $ _____ | Value Per GBA $ _____ X _____ GBA = $ _____

Value Per Rm. $ _____ X _____ Rooms = $ _____ | Value Per Bdrms. $ _____ X _____ Bdrms. = $ _____

Comments on sales comparison including reconciliation of the above indicators of value.

Total gross monthly rent $ X gross rent multiplier (GRM) = $ Indicated value by the Income Approach

Comments on income approach including reconciliation of the GRM

Summary of Value Conclusion (including detailed support for the opinion of value and reasons why the new comparables are better that the sales used in the appraisal report under review).

REVIEW APPRAISER'S OPINION OF MARKET VALUE (Required only if review appraiser answered "No" to Question 13 in Section 1).

Based on a ☐ visual inspection of the exterior areas of the subject property from at least the street or ☐ complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my opinion of the market value, as defined, of the real property that is the subject of this report is $, as of, , which is the effective date of the appraisal report under review.

Two- to Four-Unit Residential Appraisal Field Review Report

File #

SCOPE OF WORK

The scope of work for this appraisal field review is defined by the complexity of the appraisal report under review and the reporting requirements of this report form, including the following statement of assumptions and limiting conditions, and certifications. The review appraiser must, at a minimum: (1) read the entire appraisal report under review, (2) perform a visual inspection of the exterior areas of the subject property from at least the street, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) perform data research and analysis to determine the appropriateness and accuracy of the data in the appraisal report, (6) research, verify, and analyze data from reliable public and/or private sources, (7) determine the accuracy of the opinion of value, and (8) assume the property condition reported in the appraisal report is accurate unless there is evidence to the contrary.

If the review appraiser determines that the opinion of value in the report under review is not accurate, he or she is required to provide an opinion of market value. The review appraiser is not required to replicate the steps completed by the original appraiser that the review appraiser believes to be reliable and in compliance with the applicable real property appraisal development standards of the Uniform Standards of Professional Appraisal Practice. Those items in the appraisal report under review are extended to this report by the use of an extraordinary assumption, which is identified in Section II, Question 2. If the review appraiser determines that the opinion of value is not accurate, he or she must present additional data that has been researched, verified, and analyzed to produce an accurate opinion of value in accordance with the applicable sections of Standard 1 of the Uniform Standards of Professional Appraisal Practice.

INTENDED USE

The intended use of this appraisal field review report is for the lender/client to evaluate the accuracy and adequacy of support of the appraisal report under review.

INTENDED USER

The intended user of this appraisal field review report is the lender/client.

GUIDANCE FOR COMPLETING THE TWO- TO FOUR-UNIT RESIDENTIAL APPRAISAL FIELD REVIEW REPORT

The appraisal review function is important to maintaining the integrity of both the appraisal and loan underwriting processes. The following guidance is intended to aid the review appraiser with the development and reporting of an appraisal field review:

1. The review appraiser must be the individual who personally read the entire appraisal report, performed a visual inspection of the exterior areas of the subject property from at least the street, inspected the neighborhood, inspected each of the comparable sales from at least the street, performed the data research and analysis, and prepared and signed this report.

2. The review appraiser must focus his or her comments on the appraisal report under review and not include personal opinions about the appraiser(s) who prepared the appraisal.

3. The lender/client has withheld the identity of the appraiser(s) who prepared the appraisal report under review, unless otherwise indicated in this report.

4. The review appraiser must assume that the condition of the property reported in the appraisal report is accurate, unless there is evidence to the contrary.

5. This Two- to Four-Unit Residential Appraisal Field Review Report is divided into two sections. Section I must be completed for all assignments. Section II must be completed only if the answer to Question 13 in Section I is “No.”

6. The review appraiser must determine whether the opinion of market value is accurate and adequately supported by market evidence. When the review appraiser disagrees with the opinion of value, he or she must complete Section II. Because appraiser’s opinions can vary, the review appraiser must have conclusive evidence that the opinion of value is not accurate.

7. The review appraiser must explain why the comparable sales in the appraisal report under review should not have been used. Simply stating: “see grid” is unacceptable. The review appraiser must explain and support his or her conclusions.

8. The review appraiser must form an opinion about the overall accuracy and quality of the data in the appraisal report under review. The objective is to determine whether material errors exist and what effect they have on the opinions and conclusions in the appraisal report under review. When the review appraiser agrees that the data is essentially correct (although minor errors may exist), he or she must summarize the overall findings. When the review appraiser determines that material errors exist in the data, he or she must identify them, comment on their overall effect on the opinions and conclusions in the appraisal report under review, and include the correct information.

9. The Questions in Section I are intended to identify both the positive and negative elements of the appraisal under review and to report deficiencies. The review appraiser must make it clear to the reader what effect the deficiencies have on the opinions and conclusions in the appraisal report. Simple “Yes” and “No” answers are unacceptable.

10. The review appraiser must provide specific, supportable reasons for disagreeing with the opinion of value in the appraisal report under review in response to Question 1 in Section II.

11. The review appraiser must identify any extraordinary assumptions that were necessary in order to arrive at his or her opinion of market value. Extraordinary assumptions include the use of information from the appraisal report under review that the review appraiser concludes is reliable (such as an assumption that the reported condition of the subject property is accurate).

12. The review appraiser must include the rationale for using new comparable sales. The following question must be answered: Why are these new comparable sales better than the sales in the appraisal report under review?

13. The new comparable sales provided by the review appraiser and reported in the sales comparison analysis grid must have closed on or before the effective date of the appraisal report under review. It may be appropriate to include data that was not available to the original appraiser as of the effective date of the original appraisal; however, that information should be reported as “supplemental” to the data that would have been available to the original appraiser.

14. The review appraiser must provide a sale or transfer history of the new comparable sales for a minimum of one year prior to the date of sale of the comparable sale. The review appraiser must analyze the sale or transfer data and report the effect, if any, on the review appraiser’s conclusions.

15. A review of an appraisal on a two- to four-unit property in a condominium, cooperative, or PUD project requires the review appraiser to analyze the project information in the appraisal report under review and comment on its completeness and accuracy.

16. An appraisal review of a manufactured home requires the review appraiser to assume that the HUD data plate information is correct, unless information to the contrary is available. In such cases, the review appraiser must identify the source of the data.

17. The review appraiser’s opinion of market value must be “as of” the effective date of the appraisal report under review.

Two- to Four-Unit Residential Appraisal Field Review Report

File #

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal review. The review appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The review appraiser will not give testimony or appear in court because he or she performed a review of the appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
3. Unless otherwise stated in this appraisal field review report, the review appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The review appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the review appraiser is not an expert in the field of environmental hazards, this appraisal field review report must not be considered as an environmental assessment of the property.

REVIEW APPRAISER'S CERTIFICATION

The Review Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal field review in accordance with the scope of work requirements stated in this appraisal field review report.
2. I performed this appraisal field review in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal field review report was prepared.
3. I have the knowledge and experience to perform appraisals and review appraisals for this type of property in this market area.
4. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
5. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal field review report from reliable sources that I believe to be true and correct.
6. I have not knowingly withheld any significant information from this appraisal field review report and, to the best of my knowledge, all statements and information in this appraisal field review report are true and correct.
7. I stated in this appraisal field review report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal field review report.
8. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value (if any) in this appraisal field review report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
9. My employment and/or compensation for performing this appraisal field review or any future or anticipated appraisals or appraisal field reviews was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
10. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal field review report. I further certify that no one provided significant professional assistance to me in the development of this appraisal field review report. I have not authorized anyone to make a change to any item in this appraisal field review report; therefore, any change made to this appraisal field review report is unauthorized and I will take no responsibility for it.
11. I identified the lender/client in this appraisal field review report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal field review report.
12. The lender/client may disclose or distribute this appraisal field review report to: the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the review appraiser's consent. Such consent must be obtained before this appraisal field review report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
13. The mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal field review report as part of any mortgage finance transaction that involves any one or more of these parties.
14. If this appraisal field review report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal field review report containing a copy or representation of my signature, the appraisal field review report shall be as effective, enforceable and valid as if a paper version of this appraisal field review report were delivered containing my original hand written signature.
15. Any intentional or negligent misrepresentation(s) contained in this appraisal field review report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

REVIEW APPRAISER	LENDER/CLIENT
Signature _____	Name _____
Name _____	Company Name _____
Company Name _____	Company Address _____
Company Address _____	_____
_____	_____
Telephone Number _____	**LENDER/CLIENT OF THE APPRAISAL UNDER REVIEW**
Email Address _____	Name _____
Date of Signature and Report _____	Company Address _____
State Certification # _____	_____
Or State License # _____	_____
State _____	Reviewer's Opinion of Market Value $ Date
Expiration Date of Certification or License _____	Only if review appraiser answered "No" to Questions 13, in Section I.

Form 1074

Freddie Mac Reset Mortgage Confirmation

Freddie Mac Reset Mortgage Confirmation

Seller/Servicer Number:
Seller/Servicer Name:
Address:
Telephone:
Contact Name:

The Federal Home Loan Mortgage Corporation (FHLMC) hereby confirms notification from the Servicer, named above, of the exercise of the Reset Option or approval of the terms of the offer of modification.

Servicer hereby agrees to remit to Freddie Mac principal and interest on the Reset Mortgage at the Required Net Yield set forth below, as required by Section 83.104 of the Freddie Mac *Single-Family Seller/Servicer Guide* (Guide) beginning with the xx/xx accounting cycle.

Reset Mortgage Accepted by Freddie Mac:

FHLMC Loan Number to be Reset:

S/S Loan Number:

Date of Rate Lock-in:

Delivery Date for Form 3293 and Related Material Required Pursuant to Section 83.103:

Freddie Mac 60-Day Required Net Yield (RNY): Acct Net Yield (ANY):

Minimum servicing spread:

Maturity date of Reset Mortgage:

Loan Purpose Code:

Effective Reset Date:

Remittance Cycle:

Borrower Name:

Address of Mortgaged Premises:

Reset Mortgage Data to be Completed by Servicer:

Reset Note Rate: ___.___ (rounded to the nearest one-eighth percent)

Was the mortgage originated on Freddie Mac documents? Yes No

Reset Mortgage Principal and Interest Payment: $_____.___

Unpaid Principal Balance at Reset Date: $_____.___

Servicing Spread on Reset Mortgage: 0._ _ _

Servicer Acknowledgment:

Date of Acknowledgment:

By the Servicer's transmission of this Reset Mortgage Confirmation, properly completed, the Servicer acknowledges, certifies and agrees to the terms specified, including remittance of the Required Net Yield to Freddie Mac. The Servicer must complete this form and transmit it to Freddie Mac via MIDANET® for the PC (or by mail or fax if Servicer is not a MIDANET for the PC user) no later than one Business Day prior to sending the *Reset* documents to Freddie Mac's Document Custodial Services (DCS). Failure to deliver these materials by the date required may subject the Servicer to late fees or Mortgage repurchase.

Freddie Mac Form 1074 (12/03)

Form 1076

Notification of Foreclosure Sale and Acquisition

Attention: Fax Number: (703) 918-5147

SERVICER INFORMATION

Servicer Name		Servicer Number	Date Prepared / /
Preparer Name		Preparer Phone Number ( ) -	

MORTGAGE INFORMATION

Freddie Mac Loan Number	Seller/Servicer Loan Number
FHA/VA Case Number	Loan Type ☐ FHA ☐ VA ☐ Conventional

PROPERTY INFORMATION

Property Address		Number of Units ☐ 1 ☐ 2 ☐ 3 ☐ 4
City	State	Zip Code

Notification Type

☐ **Deed in Lieu of Foreclosure Recorded**

☐ **Foreclosure Sale Held**
If foreclosure sale held was checked, indicate the result of the sale.

	Sales Result Code
☐ Freddie Mac Acquired Property	1
☐ Successful Third-Party Bid	2
☐ HUD/VA Conveyance	4

Amounts

Opening Bid
$ _____

Actual Bid
$ _____

BPO/Appraised Value
$ _____

IRS Lien
$ _____

Other Lien
$ _____

Additional Information

Occupancy Status
☐ Vacant
☐ Owner Occupied
☐ Tenant Occupied
☐ Unknown

Sale or Recordation Date
___/___/_____

Projected Confirmation Date or Redemption Period Expiration Date
___/___/_____

QUESTIONS

If there is an IRS lien against the property, has the IRS been notified of the sale?	Is a borrower contribution required	Has a contribution been received from the borrower?	Has the property been winterized?	Has clear title been received?	Have deficiency rights been preserved?
☐ **Y** ☐ **N**	☐ **Y** ☐ **N**	☐ **Y** ☐ **N**	☐ **Y** ☐ **N**	☐ **Y** ☐ **N**	☐ **Y** ☐ **N**

CONTACT INFORMATION

Mortgage Insurer	MI% of Coverage	Certificate Number

Servicer Contact Name	Phone No ( ) -
Foreclosure Attorney or Trustee Name	Phone No ( ) -
Tax Service Name	Phone No ( ) -

FREDDIE MAC USE

Date Received / /	Date Processed / /	Processed By

Uniform Underwriting and Transmittal Summary

I. Borrower and Property Information

Borrower Name _____ SSN _____
Co-Borrower Name _____ SSN _____
Property Address _____

Property Type
- ❑ 1 unit
- ❑ 2- to 4-units
- ❑ Condominium
- ❑ PUD ❑ Co-op
- ❑ Manufactured Housing
  - ❑ Single Wide ❑ Multiwide

Project Classification

Freddie Mac
- ❑ Streamlined Review
- ❑ Established Project
- ❑ New Project
- ❑ Detached Project
- ❑ 2- to 4-unit Project
- ❑ Reciprocal Review

Fannie Mae
- ❑ P Limited Review New Detached
- ❑ Q Limited Review Established
- ❑ R Expedited Review New
- ❑ S Expedited Review Established
- ❑ T Fannie Mae Review
- ❑ U FHA-approved
- ❑ V Refi Plus™

❑ E PUD ❑ 1 Co-op
❑ F PUD ❑ 2 Co-op
❑ T PUD ❑ T Co-op

Project Name _____ CPM Project ID# (if any) _____

Occupancy Status
- ❑ Primary Residence
- ❑ Second Home
- ❑ Investment Property

Additional Property Information
Number of Units _____
Sales Price $ _____
Appraised Value $ _____

Property Rights
- ❑ Fee Simple
- ❑ Leasehold

II. Mortgage Information

Loan Type
- ❑ Conventional
- ❑ FHA
- ❑ VA
- ❑ USDA/RHS

Amortization Type
- ❑ Fixed-Rate—Monthly Payments
- ❑ Fixed-Rate—Biweekly Payments
- ❑ Balloon
- ❑ ARM (type) _____
- ❑ Other (specify) _____

Loan Purpose
- ❑ Purchase
- ❑ Cash-Out Refinance
- ❑ Limited Cash-Out Refinance (Fannie)
- ❑ No Cash-Out Refinance (Freddie)
- ❑ Home Improvement
- ❑ Construction to Permanent

Lien Position
- ❑ First Mortgage

Amount of Subordinate Financing
$ _____
(If HELOC, include balance and credit limit)
- ❑ Second Mortgage

Note Information
Original Loan Amount $ _____
Initial P&I Payment $ _____
Initial Note Rate _____ %
Loan Term (in months) _____

Mortgage Originator
- ❑ Seller
- ❑ Broker
- ❑ Correspondent

Buydown
- ❑ Yes
- ❑ No

Terms _____

Broker/Correspondent Name and Company Name: _____

If Second Mortgage
Owner of First Mortgage
❑ Fannie Mae ❑ Freddie Mac
❑ Seller/Other
Original Loan Amount of First Mortgage
$ _____

III. Underwriting Information

Underwriter's Name _____
Appraiser's Name/License # _____
Appraisal Company Name _____

Stable Monthly Income

	Borrower	Co-Borrower	Total
Base Income	$	$	$
Other Income	$	$	$
Positive Cash Flow (subject property)	$	$	$
Total Income	$	$	$

Present Housing Payment: $ _____

Proposed Monthly Payments

Borrower's Primary Residence	
First Mortgage P&I	$
Second Mortgage P&I	$
Hazard Insurance	$
Taxes	$
Mortgage Insurance	
HOA Fees	$
Lease/Ground Rent	$
Other	$
Total Primary Housing Expense	$
Other Obligations	
Negative Cash Flow (subject property)	$
All Other Monthly Payments	$
Total All Monthly Payments	$

Qualifying Ratios

Primary Housing Expense/Income	%
Total Obligations/Income	%
Debt-to-Housing Gap Ratio (Freddie)	%

Loan-to-Value Ratios

LTV	%
CLTV/TLTV	%
HCLTV/HTLTV	%

Qualifying Rate

❑ Note Rate	%
❑ _____ % Above Note Rate	%
❑ _____ % Below Note Rate	%
❑ Bought-Down Rate	%
❑ Other	%

Level of Property Review
- ❑ Exterior/Interior
- ❑ Exterior Only
- ❑ No Appraisal

Form Number: _____

Borrower Funds to Close
Required $ _____
Verified Assets $ _____

Risk Assessment
- ❑ Manual Underwriting
- ❑ AUS
  - ❑ DU ❑ LP ❑ Other _____

AUS Recommendation _____
DU Case ID/LP AUS Key# _____
LP Doc Class (Freddie) _____

Representative Credit/Indicator Score _____

Escrow (T&I)
❑ Yes ❑ No

Source of Funds _____
No. of Months Reserves _____
Interested Party Contributions _____ %

Community Lending/Affordable Housing Initiative ❑ Yes ❑ No
Home Buyers/Homeownership Education Certificate in file ❑ Yes ❑ No

Underwriter Comments

IV. Seller, Contract, and Contact Information

Seller Name _____
Seller Address _____
Seller No. _____ Investor Loan No. _____
Seller Loan No. _____

Contact Name _____
Contact Title _____
Contact Phone Number _____ ext. _____
Contact Signature _____

Form 1077A

Instructions for Commpleting Form 1077

Instructions for Completing Form 1077 (dated 3/97)

(Note: Most of the fields on the revised Form 1077 are self-explanatory; therefore, detailed instructions for every field on the form are not provided.)

Section I. Borrower and Property Information

SSN

Enter the borrower's social security number after the *SSN:* located on the same line as borrower name. Enter the co-borrower's social security number after the *SSN:* located on the same line as co-borrower name.

Property Type

Two boxes in this category may apply to the property securing the mortgage. Check all boxes applicable to the property. As an example, if the property is a townhouse located in a planned unit development, check both the *attached housing* and *PUD* boxes. If the property is a detached home with fee-simple property ownership rights, check only the *detached housing* box. If the property is a townhouse or rowhouse with fee-simple property ownership rights, check only the *attached housing* box.

Project Classification

Freddie Mac's project classification codes are I, II, and III. To determine which classification box to check for a mortgage secured by a condominium unit, please refer to Guide Chapter 44 for a definition of each condominium project class. Check the box *III PUD* if the property type is a PUD.

Special Note: The boxes *E PUD*, *F PUD*, *1 CO-OP*, and *2 CO*-OP are not applicable for mortgages sold to Freddie Mac (they are Fannie Mae classifications) and may be left blank.

Section II. Mortgage Information

Loan Type

The box *FmHA* is not applicable for mortgages sold to Freddie Mac.

Mortgage Originator

If the *third party* box is checked, complete the name of the Mortgage Broker or Correspondent in the space provided. [For definitions of Mortgage Brokers and Correspondents, as well as Freddie Mac's guidelines for mortgages originated by Mortgage Brokers and Correspondents, see Section 22.15.]

Amount of Subordinate Financing

If mortgage being delivered is a first mortgage and there is secondary financing on the property, enter the current unpaid principal balance of the second mortgage or the amount of the equity line if the junior lien is a home equity line of credit.

If Second Mortgage, Owner of First Mortgage

If the mortgage being delivered is a second mortgage (which is eligible for sale to Freddie Mac only under a negotiated purchase contract), check the appropriate box to indicate the owner of the first mortgage note and then enter the original loan amount of the first mortgage in the space provided.

Section III. Underwriting Information

Loan-to-Value Ratios

To determine the *LTV* of a first mortgage, divide the original loan amount by the lower of the appraised value or the sales price and round up to the nearest whole percent. For example, 80.3% should be rounded to 81%.

If there is subordinate financing, divide the original loan amount of the first mortgage, plus the current unpaid principal balance (UPB) of the second mortgage (or total amount of the equity line if the subordinate financing is a home equity line of credit), by the lower of the appraised value or the sales price to determine the *Total LTV.*

If the mortgage being delivered is a second mortgage, divide the current UPB of the first mortgage, plus the original loan amount of the second mortgage, by the lower of the appraised value or the sales price. Enter the result of this calculation on the *Total LTV* line.

Qualifying Rate

Check the box applicable for the interest rate that was used to calculate the monthly principal and interest (P&I) payment that was then used to qualify the borrower(s) for the mortgage.

- If the monthly P&I payment is based on the interest rate appearing on the note, check the *note rate* box and enter the actual rate indicated on the note.
- For certain adjustable-rate mortgage products, Freddie Mac requires the borrower(s) to be qualified at the maximum second-year interest rate rather than the actual note rate. If the monthly P&I payment for qualifying is based on the maximum second-year interest rate, check the *__% Above Note Rate* box and enter the percentage added to the note rate in the first blank and the resulting interest rate used for qualifying in the second blank.
- If the mortgage being delivered is subject to a temporary buydown subsidy and Freddie Mac permits the borrower(s) to be qualified at the *bought down rate*, check the bought down rate box and enter the applicable interest rate.

Underwriter Comments

This section must be completed by the Seller's underwriter and it should summarize the underwriter's reasons for approving the mortgage. Completion of this section is vital to achieve an understanding of both the positive and negative factors that the underwriter considered in making the loan decision.

Section IV. Seller, Contract, and Contact Information

Seller No.

Enter the Seller/Servicer's six-digit Freddie Mac Seller/Servicer number.

Investor Loan No.

Enter the nine-digit Freddie Mac loan number assigned to this mortgage.

Master Commitment No.

Enter the nine-digit Freddie Mac Master Commitment under which the mortgage was delivered.

Contract Number

Enter the ten-digit Freddie Mac contract number under which the mortgage was delivered.

Type of Commitment

Check either the *standard* or *negotiated* box based on the type of master commitment entered into between the Seller and Freddie Mac.

Section V. Delivery Data

Completion of any of the fields in this section is at the Seller's option.

Number of Borrowers

Enter the total number of borrowers who submitted loan applications and who also signed the mortgage note. Individuals who sign the security instrument, but who do not sign the mortgage note, are not considered borrowers.

Are any of the occupant borrowers first-time homebuyers?

The definition and instructions for determining if the mortgage may be considered a loan to a first-time homebuyer are stated ill the Glossary of the Guide and Exhibit 1. Because of the length of the definition and instructions, they will not be repeated here.

Gross Monthly Rents

Enter the gross monthly rental income from the actual signed lease(s) for one-unit investment properties and for all two- to four-unit properties. If there is no active lease for a unit, enter the gross monthly rental income as estimated on the applicable appraisal report or addenda. For an owner-occupied, two- to four-unit property at least one of the unit rent lines should have a zero.

Information for Government Monitoring Purposes Only

Enter the applicable *borrower* and *co-borrower race* and *gender codes* from Form 1077A.

Mortgage Insurer Code

If the loan-to-value ratio is greater than 80% (or if the LTV is less than or equal to 80% and the mortgage is covered by private mortgage insurance), enter the applicable mortgage insurer code from Form 1077A.

Special Feature/Characteristics Codes

Enter up to ten applicable special feature/characteristics codes from Form 1077A.

Section VI. Additional Delivery Data

Reduced Documentation

Mortgages underwritten with reduced documentation are not eligible for sale to Freddie Mac under the guide; therefore, the default value for this field is a “No.”

Loan Feature Code

If applicable, enter the *Loan Feature Code* from Form 1077A.

Maximum Interest Rate

For an adjustable-rate mortgage, enter the life-of-loan maximum interest rate allowed in the note.

Mortgage Floor

For an adjustable-rate mortgage, enter the minimum interest rate allowed in the note. This field is applicable only for negotiated purchase contracts.

For Affordable Housing Initiatives Program Mortgages

If the mortgage being delivered was originated under one of Freddie Mac’s affordable housing initiatives programs (which are allowed only under negotiated purchase contacts) enter the applicable *down payment, closing costs, secondary financing, and borrower education counseling codes* from Form 1077A. For each code entered, provide the amount associated with each code in the space provided.

Freddie Mac

BROKER'S PRICE OPINION

Freddie Mac Loan #
Servicer Loan #

Exterior /Curb Side ☐ Inspection Date
Interior ☐
Interior Access Denied ☐ Reason BPO #

BPO Firm Name	Broker	Phone

SUBJECT PROPERTY DESCRIPTION

Property Address			Unit #
City	County	State	Zip

Is property currently listed for sale with a real estate firm? ☐ Yes ☐ No	Name of Listing Broker, Salesperson or Firm	Phone

Property Type: ☐ Townhouse ☐ SFD ☐ 2 Fam ☐ 3 Fam ☐ 4 Fam ☐ Condo ☐ Mfg Home Condo Fee $

Occupant: ☐ Owner ☐ Tenant ☐ Vacant

Estimate of repairs needed for subject property

Interior:		Exterior:	
Painting	$	Painting	$
Structural	$	Structural	$
Appliances	$	Landscaping	$
Utilities	$	Roof	$
Carpet/Floors	$	Windows	$
Other	$	Other	$
Cleaning/Trash Removal	$	Do you recommend repairs?	☐ Yes ☐ No

Repairs Total: $

Overall Property Condition: ☐ Excellent ☐ Good ☐ Fair ☐ Poor
Are there any items that require IMMEDIATE attention/action? ☐ Yes ☐ No
Title/Legal Issues? ☐ Yes ☐ No
Do any environmental issues affect the value of the property? ☐ Yes ☐ No
If yes to any of the above, please explain:

NEIGHBORHOOD

Property Values: ☐ Increasing ☐ Stable ☐ Declining	Predominant Occupancy ☐ Owner ☐ Tenant
Marketing Time: ☐ Under 3 Mos. ☐ 3-6 Mos. ☐ Over 6 Mos.	Vacancy Rate ☐ 0-5% ☐ 5-10% ☐ 10-20% ☐ 20% +
No. of Active Listings in Neighborhood:	Price Range of Active Listings in Neighborhood:$ to $

COMMENTS

VALUE ESTIMATION

Probable Sale Price	90-Day Marketing Time	120-Day Marketing Time	180-Day Marketing Time
As Is			
As Repaired			

Property should be listed: As Is: ☐ As Repaired: ☐

Anticipated Seller-Paid Financing Costs: $

COMMENTS: (Describe your marketing strategy and reasons for As Is/As Repaired recommendations)

PREPARED BY:_____
Signature Date

COMPETITIVE LISTINGS

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address				
Proximity to Subject				
Current List Price	$	$	$	$
Current List Date				
Original List Price	$	$	$	$
Original List Date				

VALUE ADJUSTMENTS (Use the following codes for the adjustments: S=Superior E=Equal I=Inferior U=Unknown)

DESCRIPTION	DESCRIPTION	DESCRIPTION	ADJ	DESCRIPTION	ADJ	DESCRIPTION	ADJ
Above Grade Room Count Gross Living Area	Total # of Rooms Bdrm Baths Sq. Ft.	Total # of Rooms Bdrm Baths Sq. Ft.	Code	Total # of Rooms Bdrm Baths Sq. Ft.	Code	Total # of Rooms Bdrm Baths Sq. Ft.	Code
Location							
Site/Lot Size							
Design and Appeal							
Age (number of yrs. since house was built)							
Overall Condition							
Garage/Carport							
Porch, Patio Deck, Pool, Fence							
Overall Rating/Est.$ Value of Adjustments							
Indicate Property Most Comparable to Subject (Check One)		☐		☐		☐	

COMMENTS:

CLOSED SALES

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address				
Proximity to Subject				
Original List Price	$	$	$	$
List Price When Sold	$	$	$	$
Sales Price	$	$	$	$
Sales Date				
Days on Market				

VALUE ADJUSTMENTS (Use the following codes for the adjustments: S=Superior E=Equal I=Inferior U=Unknown)

DESCRIPTION	DESCRIPTION	DESCRIPTION	ADJ	DESCRIPTION	ADJ	DESCRIPTION	ADJ
Above Grade Room Count Gross Living Area	Total # of Rooms Bdrm Baths Sq. Ft.	Total # of Rooms Bdrm Baths Sq. Ft.	Code	Total # of Rooms Bdrm Baths Sq. Ft.	Code	Total # of Rooms Bdrm Baths Sq. Ft.	Code
Sales or Financing Concessions							
Location							
Site/Lot Size							
Landscaping							
Design and Appeal							
Age (number of yrs. since house was built)							
Overall Condition							
Garage/Carport							
Porch, Patio Deck, Pool, Fence							
Overall Rating/Est.$ Value of Adjustments							
Indicate Property Most Comparable to Subject (Check One)		☐		☐		☐	

COMMENTS:

Form 1100

Supplemental Report of Curtailments for Super ARC

Supplemental Report of Curtailments for Super ARC

For each super ARC day (that is, the remittance date specified in the contract), the Servicer must indicate the breakdown of the:

1. Scheduled principal and interest (P&I)
2. Actual curtailments
3. TOTAL of the scheduled P&I plus curtailments for all mortgages included in the super ARC day

Additional information regarding super ARC is provided on the reverse side of this report.

Seller/Servicer Number

Reporting cutoff /15/

Seller/Servicer Name

Super ARC Day	1 Scheduled P&I*	2 Actual curtailments**	3 TOTAL

* Scheduled P&I must be remitted by the current month's super ARC day.

** Curtailments received during the current month's accounting cycle must be remitted by the *following* month's super ARC day.

Freddie Mac Form 1100 (12/03)

Instructions for super ARC remittance and reports

Remittance requirements	Servicers remit scheduled P&I on the super ARC day. This remittance must occur before the accounting cutoff. The amount remitted must equal the amount of scheduled P&I that will be reported as of the accounting cutoff. All curtailments received during the current month's accounting cycle (including curtailments received before the super ARC day) must be remitted on the *following* month's super ARC day. If the super ARC day is not a Business Day, the remittance must be made on the preceding Business Day unless the remittance would be made in the prior month. In this case, the remittance must be made on the next Business Day after the super ARC day.
Reporting requirements	Servicers report scheduled P&I and ALL curtailments received during the accounting cycle in accordance with existing procedures: • With the Loan-Level Transaction via MIDANET®, due by the fifth Business Day after the accounting cutoff (REMINDER: The total of scheduled principal and curtailments must be reported as principal reduction in the Loan-Level Transaction.) • With the Form 1100, due to Freddie Mac within five Business Days after the accounting cutoff to the applicable address below: *For regular mail, overnight mail and messenger packages:* Freddie Mac ATTN (Loan portfolio specialist's name) MS 387 8200 Jones Branch Drive McLean, VA 22102
NOTE	Super ARC requires the reporting and remitting of scheduled P&I (in contrast to the reporting and remitting of net-yield interest and actual principal as required under the Gold remittance cycle).

Freddie Mac Form 1100 (12/03)

Single-Family Form 1107SF

Seller/Servicer Change Notification Instructions

A Seller/Servicer must submit this form in accordance with the requirements of Chapter 4 in the *Single-Family Seller/Servicer Guide*.

Notice: Submission of this form does not constitute Freddie Mac approval of the change. Freddie Mac reserves the right to require additional information.

WHAT TO SUBMIT

Notification of each change must be submitted to Freddie Mac in accordance with the requirements of the *Single-Family Seller/Servicer Guide* (Guide). Please attach additional sheets where necessary when completing this form.

Type of Changes	Submit Section(s)
Name, address, fiscal year-end, charter, management, auditor, affiliates, insurance claims or modifications, or a change not covered elsewhere on the Form 1107	A
Merger, acquisition, transfer of stock, transfer of assets to non-Freddie Mac approved entities, merger or acquisition of your parent, related servicing relationships	B
Regulatory actions, management actions, judgments, and new or terminated business relationships	C

WHEN TO SUBMIT

- ❒ No less than 75 Business Days prior to a proposed transfer of assets without accompanying liabilities to an entity that is not Freddie Mac-approved OR assets of a Mortgage-related function without the transfer of accompanying liabilities to an entity that is not Freddie Mac-approved.
- ❒ See Guide Section 4.8.1(c) for required timing on reporting of insurance claims or modifications
- ❒ See Guide Section 4.11 for required timing on all other changes.

WHERE TO SUBMIT

Please refer to Guide section 4.11 to determine where to submit your Form 1107SF.

When a change in a Seller/Servicer's organization also involves a Transfer of Servicing, the Seller/Servicer must comply with all requirements for a Subsequent Transfer of Servicing in the Guide, including the requirement that the request for approval of the transfer be submitted to Freddie Mac to the address referenced in Guide Section 56.3 at least 30 Business Days prior to the requested transfer date.

DEFINITIONS

Ownership:

"Minority-owned institution" means an institution in which
- More than 50 percent of the ownership or control is held by one or more minority individuals, and
- More than 50 percent of the net profit or loss accrues to one or more minority individuals

"Women-owned institution" means an institution in which
- More than 50 percent of the ownership or control is held by one or more women, and
- More than 50 percent of the net profit or loss accrues to one or more women, and
- A significant percentage of the senior management positions are held by women

"Community-oriented lending institution" is an institution that has as a primary mission promoting community development. Community-oriented lending institutions include, without limitation,
- Community development financial institutions
- Community development corporations
- State and local housing finance agencies or other state and local instrumentalities engaged in financing housing in targeted areas or for targeted populations
- Non-profit institutions (including credit unions) engaged in financing housing in targeted areas or for targeted populations
- Low-income credit unions which serve predominantly low-income members (as defined by the National Credit Union Administration Board pursuant to section 101[5] of the Federal Credit Union Act, 12 USCS § 1752 [5]).

Merger:

Institutions that have been combined with one or more companies through either:
- Pooling of interests (accounts are combined)
- Purchase (amount paid over and above the acquired company's book value is carried on the books of the purchaser as goodwill)
- Consolidation (new company is formed to acquire net assets of the combining companies)

Note: Mergers are typically combinations in which one of the companies survives as a legal entity.

Acquisition:

An institution taking over a controlling interest in another institution.

Subprime Mortgage: (To be used solely for purposes of completing the Form 1107SF)

A first or second Mortgage secured by real property that is made to Borrowers with significant past or current credit problems or to Borrowers with unconventional borrowing needs, with an original unpaid principal balance that does not exceed the maximum original loan amount for Mortgages eligible for delivery to Freddie Mac.

SECTION A
MISCELLANEOUS CHANGES

SELLER/SERVICER CURRENT INFORMATION	
Seller/Servicer Number | | | | |	Additional Seller/Servicer Numbers Assigned to This Institution (exclude subservicing arrangements)
Seller/Servicer Name	Date Fiscal Year Ends (Month/Day/Year)
Principal Office Address	Mailing Address (if different from principal address)

POST-CHANGE INFORMATION. COMPLETE ONLY IF CHANGED.

1. **Timing.** Effective date of changes identified in this section _____

2. **Charter change** from _____ to _____
(Such as a state-chartered bank changing to a federally chartered bank or a savings bank to a commercial bank.)
New identification number: _____ (**Note:** Your identification number will be one of the following based on your institution type: (1) Commercial Bank - FRSID Number; (2) Credit Union - Charter Number; (3) Savings & Loan - Docket #; (4) Savings Bank - FRSID Number (if FDIC is your regulator) or Docket # (if OTS is your regulator)

3. **Conversion** from _____ to _____
(Such as a thrift institution converting from mutual to stock form)
New identification number: _____

4. **Changes/additions to Chief Executive Officer, Chief Financial Officer, and division heads or equivalents in the following Mortgage-related functions: production, underwriting, secondary marketing, servicing, primary Freddie Mac business contact, and Loan Prospector business contact.**

Name	E-mail Address	Date of Birth
Title	Telephone # ( ) Fax # ( )	Social Security Number
Name	E-mail Address	Date of Birth
Title	Telephone # ( ) Fax # ( )	Social Security Number

5. **External auditor.** This section must be completed even if the Seller/Servicer is not required to submit audited financial statements to Freddie Mac.

Name of New Auditor	
Address	
Contact Person	Telephone Number ( )
Date and Reason for Change	

6. **Insurance**:

a) Has any single act of embezzlement, theft of funds or fraud or mortgagee's E&O loss caused a loss exceeding $100,000, whether or not Freddie Mac's interests are affected or a claim is filed with the insurer? ☐ Yes ☐ No

If yes, please provide the following information:

Date of loss _____ Amount of Loss _____

Description/explanation of loss:
_____
_____

b) Have you received notice from the insurer that the insurer has taken or intends to take action to cancel, reduce, not renew or restrictively modify the Seller/Servicer's fidelity and/or E&O insurance for any reason? ☐ Yes ☐ No

If yes, you must include a copy of the insurer's notice and detail the reasons below for the insurer's action or intended action if not stated in the insurer's notice.

_____

_____

How will you obtain replacement coverage or otherwise satisfy Freddie Mac's insurance requirements?

_____

_____

7. Other changes not included elsewhere on Form 1107SF:

_____

_____

_____

_____

SECTION B
ORGANIZATIONAL CHANGE

SELLER/SERVICER CURRENT INFORMATION				
Seller/Servicer Number	Additional Seller/Servicer Numbers Assigned to This Institution (exclude subservicing arrangements)			
Seller/Servicer Name		Date Fiscal Year Ends (Month/Day/Year)		
Principal Office Address	Mailing Address	Surviving Entity		
		Yes	No	

CURRENT INFORMATION OF OTHER INSTITUTION INVOLVED				
Seller/Servicer Number (if applicable)	Additional Seller/Servicer Numbers Assigned to This Institution (exclude subservicing arrangements)			
Institution Name		Date Fiscal Year Ends (Month/Day/Year)		
Principal Office Address	Mailing Address	Surviving Entity		
		Yes	No	

POST-CHANGE INFORMATION. COMPLETE ONLY IF CHANGED.

1. **Timing**. Effective date of changes identified in this section _____

2. **Type of organizational change(s)**:

   ☐ Merger involving the Seller/Servicer **(Merger - see instruction page for definition.)**

   ☐ Acquisition involving the Seller/Servicer. **(Acquisition - see instruction page for definition.)**

   ☐ Merger/Acquisition involving the Seller/Servicer's parent company

   ☐ Consolidation (including a regulatory agency-assisted transaction)

   ☐ Ownership Change (Transfer of stock that results in any person or entity directly or indirectly owning stock having more than 50 percent of the total voting rights of all outstanding stock.)

   ☐ Transfer of assets without any accompanying liabilities to

   ☐ A Freddie Mac-approved Seller/Servicer or
   ☐ An entity that is not a Freddie Mac-approved Seller/Servicer

   Please complete the following information on the resultant entity if different from current information stated above.

Seller/Servicer Name	Date Fiscal Year Ends (Month/Day/Year)
Principal Office Address	Mailing Address (if different from principal address)
City, State, Zip	City, State, Zip

3. **Changes and/or additions to major stockholders of the surviving entity.** Provide the names of all individuals and institutions that own 50 percent or more of the acquiring/surviving entity's stock. Under "identification number," enter its Seller/Servicer number (if applicable) or the social security or tax ID number.

Name	Identification Number
	Percentage of Ownership
Name	Identification Number
	Percentage of Ownership

4. **Changes or additions to Chief Executive Officer, Chief Financial Officer, and division heads or equivalents in the following Mortgage-related functions of the surviving or existing entity: production, underwriting, secondary marketing, servicing, primary Freddie Mac business contact, and Loan Prospector business contact.**

Name	E-mail Address	Date of Birth
Title	Telephone # ( ) Fax # ( )	Social Security Number
Name	E-mail Address	Date of Birth
Title	Telephone # ( ) Fax # ( )	Social Security Number

5. **Changes to corporate family.** Did this change affect other Freddie Mac-approved entities?

Seller/Servicer Name #1	City/State/Zip	Freddie Mac Seller/Servicer Number
Type of Change (Check one) ☐ New Affiliate	☐ Delete affiliate relationship	☐ Other (Explain)

Seller/Servicer Name #2	City/State/Zip	Freddie Mac Seller/Servicer Number
Type of Change (Check one) ☐ New Affiliate	☐ Delete affiliate relationship	☐ Other (Explain)

Seller/Servicer Name #3	City/State/Zip	Freddie Mac Seller/Servicer Number
Type of Change (Check one) ☐ New Affiliate	☐ Delete affiliate relationship	☐ Other (Explain)

Seller/Servicer Name #4	City/State/Zip	Freddie Mac Seller/Servicer Number
Type of Change (Check one) ☐ New Affiliate	☐ Delete affiliate relationship	☐ Other (Explain)

6. **Explanation of organizational change.** Please describe the impact of the organizational change on business, objectives, structure and operations, as applicable. Identify whether the change now enables or strengthens your ability to originate or service subprime Mortgages.

_____

_____

_____

_____

_____

7. Functional changes (As a result of the reported organizational or ownership change):

a) Will you discontinue any of your assigned Seller/Servicer numbers? Answer yes even if you will continue to use another number (i.e., eliminating unused numbers) ☐ Yes ☐ No

If yes, which number(s) will you discontinue?

_____

The undersigned hereby authorizes Freddie Mac to terminate the above Seller/Servicer number(s). I understand that termination of a Seller/Servicer number means my institution will no longer have the ability to sell Mortgages to Freddie Mac, service Mortgages for Freddie Mac, or use Loan Prospector, using the terminated Seller/Servicer number(s).

_____ _____

Signature **Title**

b) If you are consolidating servicing portfolios, have you already transferred servicing rights, duties and obligations? ☐ Yes ☐ No

If no, are you planning to transfer servicing rights, duties and obligations? ☐ Yes ☐ No

If yes, please complete and submit Form 981 (Transfer of Servicing).

c) Freddie Mac Mortgages will be serviced:

- By a different management team? ☐ Yes ☐ No
- By a different subservicer? ☐ Yes ☐ No
- In a different location? ☐ Yes ☐ No

If new subservicer or location, provide new address. If new subservicer, also provide Seller/Servicer name and number. _____ _____ _____

- The servicing system is: ☐ Fiserv ☐ NCR ☐ Other (Name) _____

d) Will quality control reviews for Freddie Mac Mortgages be performed

- By a different management team? ☐ Yes ☐ No
- In a different location? ☐ Yes ☐ No

If yes, provide new quality control address: _____ _____ _____

e) If the surviving entity is not Freddie Mac-approved, will the Freddie Mac policies and procedures of the previously approved entity be adopted? ☐ Yes ☐ No

f) Will your Notes be held by a different document Custodian or has there been any change to your current document Custodian? ☐ Yes ☐ No

If yes, provide name and address: _____ _____ _____

g) Has your institution type changed? ☐ Yes ☐ No
If yes, what is your institution type?

☐ Commercial Bank
☐ Savings Bank
☐ Savings and Loan
☐ Credit Union
☐ Mortgage Banker
☐ Other _____
_____

h) Seller/Servicer organization or management classification. Check all applicable boxes that apply to your institution. (See instructions for definitions.)

☐ Minority-owned institution
  ☐ African Americans
  ☐ Native Americans: including American Indians, American Eskimos, American Aleuts and Native Hawaiians
  ☐ Hispanic Americans
  ☐ Asian-Pacific Americans
  ☐ Asian-Indian Americans
☐ Women-owned institution
☐ Community-oriented lending institution
☐ None of the above

You may be required to provide additional information related to your organizational change such as:

- Resumes for each of the individuals listed as managing and key personnel in Section C, number 4
- Most recent, post-transaction audited financial statements of the surviving entity (if audited financials are required). If not available, officer-certified financials, audited financials of the parent company or regulatory reports may be substituted.
- Copy of the regulatory approval(s) when applicable
- Proof of fidelity bond and errors and omissions insurance if the surviving entity is not Freddie Mac-approved

SECTION C
REGULATORY AND THIRD-PARTY RELATIONSHIPS

SELLER/SERVICER CURRENT INFORMATION		
Seller/Servicer Number | | | | |	Additional Seller/Servicer Numbers Assigned to This Institution (exclude subservicing arrangements)	
Seller/Servicer Name		Date Fiscal Year Ends (Month/Day/Year)
Principal Office Address	Mailing Address (if different from principal address)	

COMPLETE ONLY IF CHANGED.

1. **Institution actions.** Changes in regulatory or supervisory actions, including terminations. Regulatory actions include, but are not limited to, supervisory agreements, cease and desist orders, notices of determination, memoranda of understanding, and any action taken by the U.S. Department of Housing and Urban Development (HUD) or any adverse action by a state licensing agency. Supervisory actions include, but are not limited to, the appointment of a trustee, conservator or managing agent.

❒ Failure
❒ Bankruptcy
❒ Regulatory and Supervisory Actions:
- Supervisory Agreements
- Cease and Desist Orders
- Notices of Determination
- Memorandum of Understanding
- Appointment of trustee, conservator, or managing agent
- U.S Department of Housing and Urban Development (HUD) actions
- Adverse actions by state licensing agency

❒ Management Actions
❒ Change to warehouse lender and/or warehouse line
❒ Third-party initiated business relationship terminations
❒ Seller/Servicer initiated business relationship terminations

Failure Date	Managing Agent
Explanation	

Bankruptcy Date	Type
Explanation	

Regulatory or Supervisory Action (List Type of Action)	Date of Action
Explanation	

Management Actions (List Type of Action)	Date of Action
Explanation	

Warehouse Lender/Line Changes (List Type of Change)	Date of Change
Name of Warehouse Lender	
Explanation	

Third-party initiated business relationships terminations. List any Mortgage insurers, Warehouse Lenders, secondary marketing agencies (Fannie Mae, Ginnie Mae) or investors that suspended or terminated their business relationship with this institution.

Name of Third Party	Date of Suspension/Termination/Action
Reason for Termination	
Name	Date of Suspension/Termination/Action
Reason for Termination	

Seller/Servicer initiated business relationship terminations. List any Mortgage insurers, secondary marketing agencies (Fannie Mae, Ginnie Mae) or investors with whom the Seller/Servicer has ceased doing business.

Name of Third Party	Date of Termination
Reason for Termination	
Name	Date of Termination
Reason for Termination	

CERTIFICATION, CONSENT AND AGREEMENT

The undersigned hereby certifies that the information set forth in this Seller/Servicer Change Notification Form and accompanying documentation is complete and correct.

I understand that any misrepresentation constitutes cause for suspension or disqualification to sell and/or service Mortgages for Freddie Mac and may be cause for Freddie Mac to exercise any other remedies available.

The Seller/Servicer consents to the use of "Electronic Records" and "Electronic Signatures", as defined in the federal Electronic Signatures in Global and National Commerce Act, in connection with the completion, execution, transmission and submission of this electronic Seller/Servicer Change Notification, Single-Family Form 1107SF. In addition, the Seller/Servicer agrees that this electronic Seller/Servicer Change Notification, Single-Family Form 1107SF, shall be subject to the requirements of Section 1.3 of the Guide as amended from time to time.

As the authorized representative of the Seller/Servicer, I agree that by typing my name in the “signature” box below and clicking on the button below entitled “I agree and submit”, I have: (i) adopted the actions of typing my name in the “signature” box below and clicking on the button below entitled “I agree and submit” as my Electronic Signature; (ii) electronically signed and intended to sign this electronic Seller/Servicer Change Notification Form, Single-Family Form 1107SF, as an Electronic Record, on behalf of the Seller/Servicer using an Electronic Signature; (iii) bound the Seller/Servicer to the provisions contained in this Electronic Record in the same manner that the Seller/Servicer would be bound if I had completed and signed an original paper Form 1107SF in writing and delivered it to Freddie Mac; and (iv) transmitted and submitted this Electronic Record to Freddie Mac.

Signature of Authorized Officer:	Date:
Officer’s Title:	Company Name:
Officer’s Telephone No.:	Business Address:
Officer’s Office E-mail Address:	

_____
“I agree and submit”

Form 1126
Borrower Financial Information

Freddie Mac Loan Number _____

BORROWER		CO-BORROWER	
BORROWER'S NAME		CO-BORROWER'S NAME	
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
HOME PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)	HOME PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)
WORK PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)	WORK PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)
CELL PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)	CELL PHONE NUMBER WITH AREA CODE	(BEST TIME TO CALL)
MAILING ADDRESS			
PROPERTY ADDRESS (IF SAME AS MAILING ADDRESS, JUST WRITE SAME)			EMAIL ADDRESS

Number of Dependants:

Do you occupy the property? Yes ☐ No ☐

Is it rental property? Yes ☐ No ☐ Is it leased? Yes ☐ No ☐
If you have a lease agreement, please provide a copy.

Is the property listed for sale? Yes ☐ No ☐
If yes, please provide a copy of the listing agreement.
Agent's Name:
Agent's Phone Number:
Agent's Email:

Have you contacted a credit-counseling agency for help? Yes ☐ No☐
If yes, please complete counselor contact information below.
Counselor's Name:
Counselor's Phone Number:
Counselor's Email:

Do you receive, and pay, the Real Estate Tax bill on your home or does your lender pay it for you? I do ☐ Lender does ☐
Are the taxes current? Yes ☐ No☐
If you pay it, please provide a copy of your tax statement.

Do you pay for a hazard insurance policy? Yes ☐ No ☐
Is the policy current? Yes ☐ No ☐
If you pay it, please provide a copy of the policy.

Have you filed for bankruptcy? Yes ☐ No ☐ If yes: Chapter 7 ☐ Chapter 13 ☐ Filing Date:_____
Has your bankruptcy been discharged? Yes ☐ No ☐ If yes, please provide a copy of the discharge order signed by the court.

INVOLUNTARY INABILITY TO PAY

I (We), _____, am/are requesting that the Federal Home Loan Mortgage Corporation (Freddie Mac) review my/our financial situation to determine if I/we qualify for a workout option.

I am having difficulty making my monthly payment because of financial difficulties created by *(Please check all that apply):*

☐	Abandonment of Property	☐	Excessive Obligations	☐	Military Service	☐	Other
☐	Business Failure	☐	Fraud	☐	Payment Adjustment		
☐	Casualty Loss	☐	Illness in Family	☐	Payment Dispute		
☐	Curtailment of Income	☐	Illness of Mortgagor	☐	Property Problems		
☐	Death in Family	☐	Inability to Rent Property	☐	Title Problems		
☐	Death of Mortgagor	☐	Incarceration	☐	Transferring Property		
☐	Distant Employment Transfer	☐	Marital Difficulties	☐	Unemployment		

I believe that my situation is: ☐ Short term (under 6 months) ☐ Long term (over 6 months) ☐ Permanent

I want to: ☐ Keep the Property ☐ Sell the Property

Please provide a detailed explanation of the hardship on a separate sheet of paper.

If there are additional Liens/Mortgages or Judgments on this property, please name the person(s), company or firm and their respective telephone numbers.

Lien Holder's Name	$ Balance / Interest Rate	Phone Number (WITH AREA CODE)
Lien Holder's Name	$ Balance / Interest Rate	Phone Number (WITH AREA CODE)

EMPLOYMENT

BORROWER- EMPLOYER'S ADDRESS & PHONE #	HOW LONG?	CO-BORROWER- EMPLOYER'S ADDRESS & PHONE #	HOW LONG?

Monthly Income - Borrower		Monthly Income - Co-Borrower	
Gross Wages / Frequency of Pay	$	Gross Wages / Frequency of Pay	$
Unemployment Income	$	Unemployment Income	$
Child Support / Alimony*	$	Child Support / Alimony*	$
Disability Income/ SSI	$	Disability Income/ SSI	$
Rents Received	$	Rents Received	$
Other	$	Other	$
Less: Federal and State Tax, FICA	$	Less: Federal and State Tax, FICA	$
Less: Other Deductions (401K, etc.)	$	Less: Other Deductions (401K, etc.)	$
Commissions, bonus and self-employed income	$	Commissions, bonus and self-employed income	$
*** * * * * ALL INCOME NEEDS TO BE DOCUMENTED * * * * * *** **Paystub must be most recent date with year to date information.**			
Total (Net income)	**$**	**Total (Net income)**	**$**

Monthly Expenses		Assets		
Other Mortgages / Liens	$	**Type**		**Estimated Value**
Auto Loan(s)	**$**	Checking Account(s)		$
Auto Expenses / Insurance	$	Saving / Money Market		$
Credit Cards / Installment Loan(s) (total minimum payment for both per month)	$	Stocks / Bonds / CDs		$
Health Insurance (not withheld from pay)	$	IRA / Keogh Accounts		$
Medical (Co-pays and Rx)	$	401k / ESPO Accounts		$
Child Care / Support / Alimony	$	Home		$
Food / Spending Money	$	Other Real Estate	#	$
Water / Sewer / Utilities / Phone	$	Cars	#	$
HOA/Condo Fees/Property Maintenance	$	Life Insurance (Whole Life not Term)		$
Life Insurance Payments (not withheld from pay)	$	Other		$
Total	**$**	**Total**		**$**

* Alimony, child support or separate maintenance income need not be revealed if the Borrower or Co-borrower does not choose to have it considered for repaying this loan.

I agree as follows: My lender may discuss, obtain and share information about my mortgage and personal financial situation with third parties such as purchasers, real estate brokers, insurers, financial institutions, creditors and credit bureaus. Discussions and negotiations of a possible foreclosure alternative will not constitute a waiver of or defense to my lender's right to commence or continue any foreclosure or other collection action, and an alternative to foreclosure will be provided only if an agreement has been approved in writing by my lender. The information herein is an accurate statement of my financial status. I consent to being contacted concerning my Mortgage at any cellular or mobile telephone number I may have. This includes text messages and telephone calls to my cellular or mobile telephone.

Submitted this _____ day of _____, 20_____

By _____ By _____

Signature of Borrower Signature of Co-Borrower

FOR LENDER USE ONLY

Provide the appropriate information about the borrower, mortgage and property. If there are junior or superior liens, indicate the total amount owed, the name of the lien holder(s) and the status of the lien (i.e., current, in foreclosure, delinquent and indicate the number of days delinquent).

The Debt analysis section is divided into three sections: the amount of expenses which have been paid or advanced to retain the lien status; the total amount of the mortgage debt, including the amount of escrow that remains after any advances have been made; and the pending expenses which you are aware are coming due, such as pending unpaid real estate taxes, and indicate the date that any unpaid expenses are due.

Freddie Mac Loan Number	Seller/Servicer Loan Number	DDLPI	Current Interest rate	Seller/Servicer Number
| | | | | | | |				| | | | | |

Preparer's Name	Date Prepared	Phone Number	Fax Number
		( )	( )

Seller/Servicer Name	E-mail Address

Address	City	State

MI Contact Name	Phone Number ( )
If Primary MI Coverage: MI Company_____ Certificate #_____ % of Coverage_____	If Pool MI Coverage: MI Company_____ Certificate #_____ % of Coverage_____
Recommendation: ☐ Short Payoff ☐ Deed in Lieu ☐ Makewhole	☐ Scheduled or ☐ Estimated Foreclosure Sale Date / /

Bankruptcy History: Chapter_____ Date Filed / / Date Released / /

Monthly payment: P & I $ _____Hazard Insurance $ _____Other Escrowed Amt $ _____
Taxes $ _____Mortgage Insurance Premium $ _____

If loan is an ARM:	If loan is a GPM:
Interest Rate:_____Effective Date:_____ P&I_____	Interest Rate:_____ Effective Date:_____ Interest Rate:_____ Effective Date:_____
Property Condition: ☐ Good ☐ Fair	Property Insurance Claim $
MI Contribution $	Borrower Contribution $

Junior Lien Amount $	Lien Holder	Status of Lien
Superior Lien Amount $	Lien Holder	Status of Lien

Expenses		**Mortgage Debt**		**Pending Unpaid Expenses (describe/due date)**	
Appraisal/BPO	$	Unpaid Principal Balance	$	Next RE taxes due / /	$
Real Estate Taxes	$	Accrued Interest	$		$
Foreclosure	$	Positive Escrow Balance	$		$
Bankruptcy	$	Negative Escrow	$		$
Water/Sewer Pmts	$	(Net of advances)	$		$
Other (explain)	$	(B) Total Loan Amount	$		$
(A) Total Expenses	$	Total Debt (A + B)	$	Total	$

Freddie Mac PRÉSTAMO #

PRESTATARIO		CO-PRESTATARIO	
NOMBRE DEL PRESTATARIO		NOMBRE DEL CO-PRESTATARIO	
SEGURO SOCIAL #	FECHA DE NACIMIENTO	SEGURO SOCIAL #	FECHA DE NACIMIENTO
#TELEFONO DE RESIDENCIA -AREA CODE / HORAS DE LLAMADA		#TELEFONO DE RESIDENCIA- AREA CODE/ HORAS DE LLAMADA	
#TELEFONO DEL TRABAJO -AREA CODE/ HORAS DE LLAMADA		#TÉLEFONO DEL TRABAJO -AREA CODE / HORAS DE LLAMADA	
#TELEFONO CELULAR -AREA CODE/ HORAS DE LLAMADA		#TELEFONO CELULAR -AREA CODE/ HORAS DE LLAMADA	
DIRECCION DE CORREO			
DIRECCION DE LA PROPIEDAD		DIRECCION DE CORREO ELECTRÓNICO	
Numero de Dependientes:	Usted ocupa la propiedad? Sí ☐ No ☐	Esta arrendada? Sí ☐ No ☐ Si, favor de enviar copia del contrato de renta.	
Esta la propiedad a la venta? Sí ☐ No ☐ Si, favor de enviar el contrato de venta. Nombre de la agencia: Teléfono de la agencia: Correo electrónico de la agencia:		Se ha comunicado con los servicios de consejo de crédito? Sí ☐ No ☐ Nombre del representante/agente: Teléfono del representante/agente: Correo electrónico del representante/ agente:	
Usted paga sus impuestos a la propiedad? O su compañía hipotecaria? Usted ☐ Su Compañía ☐ Estan los impuestos al día? Sí ☐ No ☐ Si usted paga sus impuestos favor de enviar una copia de la declaración de contribuciones a la propiedad.		Usted paga su póliza de seguro a la propiedad? O su compañía hipotecaria? Usted ☐ Compañía ☐ Esta la póliza al día? Sí ☐ No ☐ Si usted paga la póliza de seguro favor de enviar una copia.	

Se ha declarado en quiebra? Sí ☐ No ☐ Si, Capitulo 7 ☐ Capitulo 13 ☐
Fecha en la cual se declaro en quiebra:_____
La Bancarrota ha sido cancelada? Sí ☐ No ☐ Si, favor de enviar copia de la orden de cancelación.

Incapacidad Monetaria

Yo (Nosotros) _____ autorizo a Federal Home Loan Mortgage Corporation (Freddie Mac) analizar mi presupuesto familiar para determinar si califico para una modificación de la hipoteca o alguna alternativa para evitar el embargo de la propiedad.

Dificultades para hacer los pagos mensuales debido a *(Por favor chequear con una X sí aplica a su caso.):*

☐ Abandono de la Propiedad	☐ Excesivas Deudas	☐ Servicio Militar
☐ Perdida de Negocio	☐ Fraude	☐ Ajustes del Pago
☐ Desastres Naturales/ Incendio	☐ Enfermedad en la Familia	☐ Discrepancias con el Pago Mensual
☐ Disminución de Salario	☐ Enfermedad del Prestatario	☐ Problemas con la Propiedad
☐ Muerte en la Familia	☐ Inhabilidad de alquilar la Propiedad	☐ Problemas con el Título de la Propiedad
☐ Muerte del Prestatario	☐ Encarcelamiento	☐ Transferencia de la Propiedad
☐ Transferencia de Empleo	☐ Problemas Matrimoniales	☐ Desempleo

Otras razones (no enumeradas):

Mi situación es: ☐ Temporal (menos de 6 meses) ☐ Largo Plazo (mas de 6 meses) ☐ Permanente
Deseo: ☐ Mantener mi Propiedad ☐ Vender la Propiedad

Explicación detallada de la razón de no pader realizar los pagos (en una hoja separada).

Si tiene otras deudas, hipotecas, juicio o gravámenes sobre la propiedad favor de especificar el nombre de las personas, companias, firmas, incluyendo números de teléfono.

Nombre	Balance	Interés	Teléfono + area code
Nombre	Balance	Interés	Teléfono + area code

EMPLEADOR			
EMPRESA DONDE TRABAJA (DUEDOR) #TELEFONO	CUANTOS ANOS?	EMPRESA DONDE TRABAJA (CO-DUEDOR) #TELEFONO	CUANTOS ANOS?
Ingresos Mensuales / Prestatario		**Ingresos Mensuales / Co-Prestatario**	
Salario Bruto / Frecuencia de pago	$	Salario Bruto / Frecuencia de pago	$
Beneficios por desempleo	$	Beneficios por desempleo	$
Ayuda para niños menores/Manutención	$	Ayuda para niños menores/Manutención	$
Beneficios por incapacidad física-mental / Seguro Social	$ $	Beneficios por incapacidad física- mental/ Seguro Social	$ $
Ingreso por arriendos/alquileres	$	Ingreso por arriendos/alquileres	$
Otros ingresos	$	Otros ingresos	$
Menos: Impuestos Federal, Estatal Impuestos, FICA (Impuestos)	$	Menos: Impuestos Federal, Estatal Impuestos, FICA (Impuestos)	$
Menos: Otras deducciones (401K, etc.) Comisiones, Bonos, ganancias de duenos de negocios propios	$	Menos: Otras deducciones (401K, etc.) Comisiones, Bonos, ganancias de duenos de negocios propios	$
TODO INGRESO NECESITA SER DOCUMENTADO Enviar pruebas de pago mas recientes.			
Total (Ingresos Netos)	**$**	**Total (Ingresos Netos)**	**$**
Gastos Mensuales		**Activos y Pasivos/ Bienes de Capital**	
Otras Hipotecas/obligaciones juridicas	$	**Clase/Categoría**	**VALORIZACION (estimado)**
Préstamo(s) de automóvil(s)	**$**	Cuenta Bancaria (Chequera) Cuenta de Ahorros	$ $
Gastos de vehículo(s)/seguro(s)	$	Bienes Raíces (Propiedad)	$
Tarjetas de Crédito/ Prestamos Personales (pago mínimo mensual)	$	Acciones/ CDs/ Bonos/Fondos Mutuos	$
Seguro(s) medico(s)/Salud (no deducido de su salario) Gastos de Medicinas	$ $	Plan de Ahorro IRA / Keogh	$
Beneficio medico	$	Plan de Ahorro 401k / ESPO	$
Ayuda para niños menores/Manutención	$	Otros Bienes Raíces	$
Alimentos/Otros gastos menores	$	Seguro de vida	$
Agua/Alcantarillado/Servicios Públicos Teléfono	$	Vehículo(s) #	$
Mantenimiento de la propiedad y amenidades Seguro de vida (no deducido de su salario)	$	Otros Bienes	$
Total	**$**	**Total**	**$**

* Pensión/Manutención de menores ganancias salariales, no necesitan ser presentadas por el prestatario o co-prestatario a excepto que esta información sea necesaria para pagar la deuda.

"Yo, estoy de acuerdo con lo siguiente: El prestamista puede discutir, obtener y compartir información acerca de mi préstamo hipotecario y mi situación financiera con terceras personas en cuanto a una posible alternativa para evitar el embargo de la propiedad, no constituye una renuncia o una defensa de los derechos de mi prestamista para iniciar o continuar el proceso de embargo de la propiedad u otra acción legal para recaudar la deuda, y una alternativa para evitar el embargo sera aceptada solamente si un acuerdo ha sido aprobado por el prestamista en forma escrita. Esta información es una declaración verídica de mi situación financiera. Consiento por este medio a ser entrado en contacto con referente a este préstamo en cualquier número de teléfono celular que pueda tener. Esto incluye mensajes del texto y llamadas telefónicas a mi teléfono celular. "

Firmado el día del mes de , de 20

By By

Firma del Prestatario Firma del Co-Prestatario

FOR LENDER USE ONLY—PARA USO ABSOLUTO DE LA INSTITUCION BANCARIA

Provide the appropriate information about the borrower, mortgage and property. If there are junior or superior liens, indicate the total amount owed, the name of the lien holder(s) and the status of the lien (i.e., current, in foreclosure, delinquent and indicate the number of days delinquent).

The Debt analysis section is divided into three sections: the amount of expenses which have been paid or advanced to retain the lien status; the total amount of the mortgage debt, including the amount of escrow that remains after any advances have been made; and the pending expenses which you are aware are coming due, such as pending unpaid real estate taxes, and indicate the date that any unpaid expenses are due.

Freddie Mac Loan Number	Seller/Servicer Loan Number	DDLPI	Current Interest rate	Seller/Servicer Number
| | | | | | | |				| | | | | |

Preparer's Name	Date Prepared	Phone Number ( )	Fax Number ( )

Seller/Servicer Name	E-mail Address

Address	City	State

MI Contact Name	Phone Number ( )
If Primary MI Coverage: MI Company_____ Certificate #_____ % of Coverage_____	If Pool MI Coverage: MI Company_____ Certificate #_____ % of Coverage_____
Recommendation: ☐ Short Payoff ☐ Deed in Lieu ☐ Makewhole	☐ Scheduled or ☐ Estimated Foreclosure Sale Date / /

Bankruptcy History: Chapter _____ Date Filed / / Date Released / /

Monthly payment: P & I $ _____ Hazard Insurance $ _____ Other Escrowed Amt $ _____
Taxes $ _____ Mortgage Insurance Premium $ _____ _____

If loan is an ARM:	If loan is a GPM:
Interest Rate:_____ Effective Date:_____ P&I_____	Interest Rate:_____ Effective Date:_____ Interest Rate:_____ Effective Date:_____
Property Condition: ☐ Good ☐ Fair	Property Insurance Claim $_____
MI Contribution $	Borrower Contribution $

Junior Lien Amount $	Lien Holder	Status of Lien
Superior Lien Amount $	Lien Holder	Status of Lien

Expenses		**Mortgage Debt**		**Pending Unpaid Expenses (describe/due date)**	
Appraisal/BPO	$	Unpaid Principal Balance	$	Next RE taxes due / /	$
Real Estate Taxes	$	Accrued Interest	$		$
Foreclosure	$	Positive Escrow Balance	$		$
Bankruptcy	$	Negative Escrow	$		$
Water/Sewer Pmts	$	(Net of advances)	$		$
Other (explain)	$	(B) Total Loan Amount	$		$
(A) Total Expenses	$	Total Debt (A + B)	$	Total	$

FORM 1128
LOSS MITIGATION TRANSMITTAL WORKSHEET

SERVICER INFO

Preparer's Name	Phone Number	Fax Number	Date Prepared

Servicer Name	Servicer E-mail Address	Seller/Servicer Number

Servicer Address	City	State	Zip

LOAN DATA

Freddie Mac Loan Number	Servicer Loan Number	Existing Note Rate	DDLPI
		0.000%	

Existing Mortgage
- ☐ Arm
- ☐ Fixed Rate

Modified Mortgage
- ☐ Cap-to-Reinstate
- ☐ Term Extension
- ☐ Home Affordable Modification
- ☐ Rate Reduction
- ☐ Step Rate
- ☐ Partial Principal Forbearance

Borrower Name

Co-Borrower Name

Property Address

City	State	Zip

INTEREST RATE ADJUSTMENT SCHEDULE

Years	Interest Rate	Interest Rate Change Date
1-5	0.000%	01/00/00
6	0.000%	01/00/00
7	0.000%	01/00/00
8	0.000%	01/00/00
9	0.000%	01/00/00
10	0.000%	01/00/00
11	0.000%	01/00/00
12 - [40]	0.000%	01/00/00

MODIFICATION DATA

1) Modified Note Rate	1	0.000%
2) Accounting Net Yield	2	0.000%
3) P&I Payment	3	$0.00
4) Escrow Payment	4	$0.00
5) Monthly Payment (Sum lines 3 & 4)	5	**$0.00**
6) Effective Date of Loan Modification Interest Rate Change	6	1/1/00
7) First Payment Due Date	7	1/0/00
8) Term of Modification (months)	8	0
9) Maturity Date	9	1/0/00
Current UPB Plus Additions		
10) Current UPB (pre-modification)	10	$0.00
11) Interest From DDLPI to Effective Date of Modification Interest Rate Change	11	$0.00
12) Other Amounts Advanced or to be Advanced	12	$0.00
13) Legal Fees and Costs	13	$0.00
14) Property Preservation Expenses	14	$0.00
15) Total Additions plus Current UPB (Sum of lines 10-14)	15	**$0.00**
Subtractions to Principal Balance		
16) Amount Held in Suspense/Restricted Escrow	16	$0.00
17) Borrower Cash Contribution to Reduce Capitalization	17	$0.00
18) MI Contribution	18	$0.00
19) Deferred Non-Interest Bearing UPB (if applicable)	19	$0.00
20) Interest Bearing Modified UPB (Line 15 minus lines 16 thru 19)	20	**$0.00**

AMOUNTS DUE AT CLOSING FROM BORROWER

21) Borrower Cash Contribution (From Line 17)	21	$0.00
22) Amount to Fully Fund Escrow Account	22	
23) Closing Costs $0.00	23	
24) First Modified Monthly Payment (PITI)	24	$0.00
25) Other Expenses (Credit Report, Property Inspection, BPO, etc.)	25	
26) Total Cash Due from Borrower at Closing (Sum lines 21 thru 25)	26	**$0.00**

INTEREST DIFFERENTIAL

27) Gross Amount of Interest Differential (if applicable)	27	**$0.00**

SERVICER COMMENTS

The Servicer acknowledges that Freddie Mac is relying on the accuracy of the foregoing information through the Effective Date, and that the Servicer will be liable for any errors in the information.

Authorized Signature	Name	Date

INSTRUCTIONS FOR LOSS MITIGATION TRANSMITTAL WORKSHEET

LOAN DATA	
Freddie Mac Loan Number	The Freddie Mac assigned nine-digit loan number.
Servicer Loan Number	The loan number assigned to the Mortgage by your organization.
Existing Note Rate	The interest rate payable under the existing note. For ARMs this is the interest rate currently in effect (as of the most recent adjustment date if applicable).
DDLPI	The Due Date of Last Paid Installment (DDLPI) is the Due Date of the last fully paid monthly installment of principal, interest and Escrow (if any), (not the date on which such payment was credited or the date of the next scheduled installment).
Existing Mortgage/Modified Mortgage (checkboxes)	Complete the appropriate checkbox to indicate whether the existing Mortgage is a fixed rate or adjustable rate mortgage (ARM). Also check all boxes that apply to indicate whether the modified Mortgage includes any of the following provisions: Mortgage modified under the Home Affordable Modification Program (HAMP); modification completed with a capitalization of arrearages to reinstate, a rate reduction, a rate reduction with a step rate feature, a term extension and a partial principal forbearance.
Interest Rate Adjustment Schedule	Complete the interest rate adjustment schedule to reflect the beginning interest rate that is in effect for the first five years of the Mortgage and any subsequent annual adjustments that would be necessary to achieve the lifetime interest rate cap that has been determined at the time of qualifying the Borrower for the modification.
Borrower Name and Property Address	The Borrower's name and exact property address, including street, city, state and zip. This information should match the data that was delivered when the mortgage was sold to Freddie Mac. Include changes to the original delivery data in the comments section.

MODIFICATION DATA - Only to be completed if a loan modification has been approved	
1) Modified Note Rate	Rate specified in the Freddie Mac approval letter
2) Accounting Net Yield	The difference between the modified Note Rate and the Servicing Spread on the modified Mortgage. (Reminder: The Servicing Spread on the modified Mortgage is the lower of 25bps (.25%) or the Servicing Spread on the Mortgage prior to modification.)
3) P & I Payment	Monthly principal and interest will be determined by modified rate, term and unpaid principal balance
4) Escrow Payment	Calculate 1/12 of the annual escrow amounts for real estate taxes, hazard insurance premiums and mortgage insurance premiums.
5) Monthly Payment	Monthly Payment equals sum of Lines 3 and 4
6) Effective Date of Loan Modification Interest Rate Change	This is one month prior to the due date of the first modified installment due under the agreement.
7) First Payment Due Date	Due date of the first installment under the modified agreement as specified in the Freddie Mac approval letter.
8) Term of Modification (Months)	Term of the modified Note in months as specified in the Freddie Mac approval letter.
9) Maturity Date	The maturity date of the modified Note will be determined by the term specified in the Freddie Mac approval letter.
10) Current UPB (pre-modification)	Unpaid Principal Balance prior to the Mortgage being modified.
11) Interest From DDLPI to Effective Date of Loan Modification Interest Rate Change	Interest calculated at pre-modified (existing) Note Rate from DDLPI to effective date of the loan modification (Line 6).
12) Other Amounts Advanced or to be Advanced	The total of the Escrow payments that have been advanced, i.e. real estate taxes, hazard insurance premiums and mortgage insurance premiums that have been paid or amounts that will be due/advanced prior to the modification.
13) Legal Fees and Costs	The legal fees that will accrue through the closing date of the modification. The closing date is usually 10 days after the agreement is sent to the Borrower.
14) Property Preservation Expenses	Incurred property preservation expenses, not to exceed the reimbursable limits specified in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts
15) Total Additions plus Current UPB	The sum of lines 10-14.
16) Amount Held in Suspense/Restricted Escrow	Any amounts held in suspense/restricted escrow that will be used to reduce the amount being added to the principal balance.
17) Borrower Cash Contribution to Reduce Capitalization	The contribution the Borrower is making beyond the closing costs and the first payment due.
18) MI Contribution	The amount the mortgage insurer will advance to reduce the amount of the modified balance.
19) Deferred Non-Interest Bearing UPB (if applicable)	For Mortgages with partial principal forbearance, the UPB that is deferred until the property has been sold, paid off or has reached the modified maturity date on a Mortgage with partial principal forbearance.
20) Interest Bearing Modified UPB	Line 15 minus the sum of Lines 16 thru 19.
21) Borrower Cash Contribution	Same as Line 17.
22) Amount to Fully Fund Escrow Account	Not a required field.
23) Closing Costs	The cost of expenses such as title work necessary to close the modification.
24) First Modified Monthly Payment (PITI)	The estimated total mortgage payment (Line 5). This amount does not include any Escrow shortage amount that may be included as part of the Borrower's monthly modified Mortgage payment.
25) Other Expenses (Credit Report, Property Inspection, BPO, etc)	Other expenses to be collected at closing i.e. credit report, property inspection, Broker's Price Opinion and any other costs not capitalized.
26) Total Cash Due from Borrower at Closing	The sum of Lines 21 thru 25.
27) Interest Differential	Not a required field.

LOSS MITIGATION TRANSMITTAL WORKSHEET
INSTRUCTIONS FOR MORTGAGES MODIFIED UNDER HAMP

These instructions will help you fill out the LMTW specifically for Mortgages modified under HAMP. The LMTW must be submitted to Freddie Mac for each Mortgage modified under HAMP no later than the 4th Business Day of the month in which the First Modified Payment is due.

You must ensure that the data entered on the LMTW matches the terms of the Modification Agreement as determined by Workout Prospector.

LOAN DATA

Freddie Mac Loan Number	The Freddie Mac assigned nine-digit loan number.
Servicer Loan Number	The loan number assigned to the Mortgage by your organization.
Existing Note Rate	The interest rate payable under the existing note. For ARMs, this is the interest rate currently in effect (as of the most recent adjustment date if applicable).
DDLPI	The "DDLPI" entered in the LOAN DATA section must match the DDLPI reported to Freddie Mac as of the last accounting cycle cutoff in the month prior to the First Modified Payment due date. (Reminder: The DDLPI is the due date of the last fully posted monthly Mortgage payment. It is not the date on which such payment was posted nor the date of the next payment.)
Existing Mortgage	Complete the appropriate checkbox to indicate whether the existing Mortgage is a fixed rate or adjustable rate mortgage (ARM).
Modified Mortgage	You must check the Home Affordable Modification and Rate Reduction checkboxes. In addition, check all other modified terms that apply, except for Cap-to-Reinstate. For example, if the modified Mortgage includes a: ▪ Step Rate feature, also check the Step Rate checkbox ▪ Term extension, also check the Term Extension checkbox ▪ Partial principal forbearance, also check the Partial Principal Forbearance checkbox
Interest Rate Adjustment Schedule	For modified Mortgages that include a step rate feature, you must complete the interest rate adjustment schedule to reflect the Interest Rate and the Interest Rate Change Dates associated with each step rate adjustment on the Form 1128. The interest rate schedule must match the payment schedule in Section 3.C. of the Modification Agreement. If the modified Mortgage does not have a step rate feature, enter the modified interest rate that will be in effect for the life of the modified Mortgage in the first line (Years 1 - 5).
Borrower Name and Property Address	The Borrower's name and exact property address, including street, city, state and zip. This information should match the data that was delivered when the mortgage was sold to Freddie Mac. Include changes to the original delivery data in the comments section.

MODIFICATION DATA

1) Modified Note Rate	Enter the interest rate on the modified Mortgage. The rate you enter on Line 1 must match the Interest Rate in Section 3.C. of the Modification Agreement. If the modified Mortgage has a step rate feature, the interest rate you record on Line 1 will be the rate that is in effect for Years 1 – 5.
2) Accounting Net Yield	Enter the Accounting Net Yield (ANY) based on the Modified Mortgage terms. The ANY is the difference between the modified Note Rate and the Servicing Spread on the modified Mortgage. (Reminder: The Servicing Spread on the modified Mortgage is the lower of 25bps (.25%) or the Servicing Spread on the Mortgage prior to modification.) **Example #1**: Servicing Spread on Mortgage prior to modification is 50 bps (.50%) and the Note Rate on the modified Mortgage is 5.00%. The ANY that you enter on Line 2 would be 4.75%(5.00% - .25% = 4.75%) **Example #2**: Servicing Spread on Mortgage prior to modification is 12.5bps (.125%) and the Note Rate on the modified Mortgage is 5.00%. The ANY that you enter on Line 2 would be 4.875%.(5.00% - .125% = 4.875%)
3) P & I Payment	Enter the monthly principal and interest (P&I) Payment on the modified Mortgage. Line 3 must match the Monthly Principal and Interest Payment Amount in Section 3.C. of the Modification Agreement.
4) Escrow Payment	Enter the total of the following amounts: ▪ Monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion ▪ Monthly pro rata amount for property and flood insurance, if applicable, plus applicable monthly Escrow cushion ▪ Projected Monthly Escrow Shortage Payment, if applicable (Refer to Guide Section C65.6(d) for additional information on escrow.)
5) Monthly Payment	Enter the sum of Line 3 and Line 4
6) Effective Date of Loan Modification Interest Rate Change	Enter the date the new interest rate on the modified Mortgage will be effective. This date is one month prior to the First Modified Payment due date. Line 6 must match the date that the new interest rate will begin to accrue as specified in Section 3.C. of the Modification Agreement.
7) First Payment Due Date	Enter the due date of the First Modified Payment. This date must match the date specified in Section 3 and Section 3.C. of the Modification Agreement.
8) Term of Modification (Months)	Enter the term of the modified Mortgage in months. The term entered must be consistent with the new Maturity Date in Section 3.A. of the Modification Agreement and Line 9 of this form.
9) Maturity Date	Enter the Maturity Date of the modified Mortgage. This date must match the new Maturity Date in Section 3.A. of the Modification Agreement.
10) Current UPB (pre-modification)	The amount entered in Line 10 must match the unpaid principal balance (UPB) reported to Freddie Mac as of the last accounting cycle cutoff prior to the First Modified Payment due date

MODIFICATION DATA		
11)	Interest From DDLPI to Effective Date of Loan Modification Interest Rate Change	The amount of interest entered on Line 11 must equal the interest calculated at the pre-modification Note Rate from the DDLPI (recorded in the LOAN DATA section and as last reported to Freddie Mac) to the date the interest rate on the modified Mortgage is effective. You must calculate the interest that you enter on Line 11 as follows: (UPB (from Line 10) x Existing Note Rate on pre-modified Mortgage / 12) x Number of months from DDLPI (from LOAN DATA) to the Effective Date of Loan Modification Interest Rate Change (from Line 6) **Example:** DDLPI = 4/1/2010 UPB (pre-modification) = $100,000 Effective Date of Loan Modification Interest Rate Change = 10/1/2010 Existing Note Rate (pre-modified Mortgage Note Rate) = 6% Number of months from DDLPI to Effective Date of Loan Modification = 6 $100,000 x 6% / 12 x 6 months = $3,000 In this example, $3,000 would be entered on Line 11.
12)	Other Amounts Advanced or to be Advanced	Enter the total amount for any of the following expenses that will be capitalized to the Mortgage: ▪ Funds advanced by you, or to be advanced and paid to a third party during the Trial Period, for the payment of real estate taxes and insurance premiums (Reminder: You may only capitalize the first incurred late fee, interest or penalty associated with the late payment of real estate taxes on a non-escrowed Mortgage.) ▪ Any other expenses that were advanced and paid to a third party, as specified in Guide Sections 66.29 and 71.13, provided that they were paid to a third party during the Trial Period Refer to Guide Section C65.6 for complete requirements for capitalization of arrearages and expenses.
13)	Legal Fees and Costs	Enter the total amount for any foreclosure expenses incurred that will be capitalized to the Mortgage. This includes attorney fees and title costs incurred as part of the foreclosure process, not to exceed the reimbursable limits in Guide Exhibit 57A, Approved Attorney Fees and Title Expenses. Refer to Guide Section C65.6 for complete requirements for capitalization of arrearages and expenses.
14)	Property Preservation Expenses	Enter the total amount for any property preservation expenses or property inspection fees, not to exceed the reimbursable limits in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, that will be capitalized to the Mortgage. Refer to Guide Section C65.6 for complete requirements for capitalization of arrearages and expenses.
15)	Total Additions plus Current UPB	Enter the sum of Lines 10-14
16)	Amount Held in Suspense/Restricted Escrow	Enter the sum of the following items: ▪ Funds held in suspense, which includes funds held for payments received but unapplied during the Trial Period ▪ Restricted escrow
17)	Borrower Cash Contribution to Reduce Capitalization	Enter the amount of any cash contribution the Borrower elects to make to reduce the amounts that would otherwise be capitalized. (Reminder: The Servicer must not require the Borrower to make a cash contribution.) In most cases, this line will be zero
18)	MI Contribution	Enter any amounts that the Mortgage Insurer will pay towards expenses and delinquent amounts due
19)	Deferred Non-Interest Bearing UPB (if applicable)	If there is no principal forbearance on the modified Mortgage, Line 19 must be zero. If there is principal forbearance on the modified Mortgage, Line 19 must match the “Deferred Principal Balance” in Section 3.C. of the Modification Agreement.
20)	Interest Bearing Modified UPB	If there is no principal forbearance (i.e., you entered a zero on Line 19), Line 20 must match the “New Principal Balance” in Section 3.B. of the Modification Agreement. If there is principal forbearance (i.e. you entered an amount other than zero on Line 19), Line 20 must match the “Interest Bearing Principal Balance” in Section 3.C. of the Modification Agreement. Sum of Line 19 and Line 20 must match the “New Principal Balance” in Section 3.B. of the Modification Agreement.
21)	Borrower Cash Contribution	Not a required field. Note: This field autopopulates from Line 17
22)	Amount to Fully Fund Escrow Account	Not a required field.
23)	Closing Costs	Not a required field.
24)	First Modified Monthly Payment (PITI)	Not a required field.
25)	Other Expenses (Credit Report, Property Inspection, BPO, etc.)	Not a required field.
26)	Total Cash Due from Borrower at Closing	Not a required field.
27)	Gross Amount of Interest Differential	Not a required field.

BALLOON/RESET MORTGAGE EXCEPTION TRANSMITTAL

PART A SERVICER INFORMATION

Preparer's Name (printed or typed)			Date Prepared
Servicer Name			Seller/Servicer #
Servicer Address			Phone Number ( )
City	State	Zip	Fax Number ( )

PART B LOAN INFORMATION

Freddie Mac Loan Number		Servicer Loan Number
Borrower's Last Name	Balloon Maturity Date	Original Mortgage Term ☐ 5 Years ☐ 7 Years
Property Address		Mortgage Insurer (if applicable)
City	State	Zip	Number of Units

PART C RESET CONDITIONS THE BORROWER DOES NOT MEET

Check all boxes that apply

☐	Unauthorized Transfer of Ownership of the property. Attach any applicable documents and explain the situation in Part D.
☐	Other liens on the property--lien cannot be cleared or lienholder will not subordinate and the title insurer will not insure the Reset Mortgage as a First Lien without a subordination agreement.
☐	Reset Note Rate would be more than 5% over the existing Note rate. Attach Form 1126.
☐	Borrower's payments were delinquent at the 90th day before the Balloon Maturity Date, but Borrower has reinstated and wants to Reset. Attach a 12-month payment history.
☐	Borrower's payments are now delinquent. Attach a payment history for the last 12 months.
☐	Other (explain)

PART D EXPLANATION/RECOMMENDATION

Form 1132

Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH)

Part A: Account Holder's Identification

Full Legal Name:
_____ ("Company")

Address:
_____

Part B: Payment Drafting Instructions

Check all invoice types for which payments will be drafted from the bank account designated below and provide the applicable identification. **Note:** Multiple Seller/Servicer numbers may be included on the indicated lines below:

☐ Seller Fee Invoices — Seller/Servicer # _____

☐ Performing Loans Invoices — Seller/Servicer # _____

☐ Nonperforming Loans Invoices — Seller/Servicer # _____

☐ Loan Prospector® Fees Invoices — LP Customer # or S/S #, as applicable _____

☐ Other (please specify other invoice type; Customer or Account #, if applicable) _____

Part C: Bank Account Information – NOTE: All fields must be completed

Full Legal Name of Depository Financial Institution (Bank):

Bank Account Number: _____

(**Note:** This account must not be a P & I Custodial Account.)

Routing and transit number of bank:
(This is a nine digit number; please verify the number with your bank)

___ ___ ___ ___ ___ ___ ___ ___ ___

Drafting account type:

☐ Checking ☐ Savings ☐ General Ledger

Special Instructions: (if applicable)

Part D: Account Holder's Authorization

By signing in the signature block below, I, as an authorized officer of Company, hereby authorize the Federal Home Loan Mortgage Corporation ("Freddie Mac") to initiate debits/credits by electronic transfer against the bank account indicated above and the bank named above to honor the same drawn against such account. Such transfers will be governed by and Company agrees to be bound by the applicable rules and terms of the National Automated Clearing House Association (NACHA) and Uniform Commercial Code 4A: Funds Transfer (UCC4A).

This authorization is to remain in full force and effect until Freddie Mac receives written notification of the termination of authorization by Company no later than fifteen (15) Business Days before the date of the next transfer. If Company is a Freddie Mac approved Seller or Servicer, Company agrees that this Form 1132 is incorporated by reference into the Company's "Purchase Documents" as that term is defined in the Freddie Mac *Single-Family Seller/Servicer Guide*.

Signature Block of Company's Authorized Officer:	**Notary Public** **(NOTARY SEAL)**
By:_____ Name:_____ Title: _____	State of _____) County of _____ _) Acknowledged before me this _ _ day of _____, 20 ____, by _____ (Type or Print the Signing Officer's Name Above)
	Notary Public Signature: _____ Notary Public Printed Name: _____

Contact Telephone Number ( )	Contact E-mail Address	Notary Public Commission Expires: / / Notary Public State Registration Number: _____

The instructions contained on this Form 1132 will be accepted only if the form is signed by an authorized officer of the Seller and the signature of the officer is notarized by a notary public. The name and specimen signature of the authorized officer must be on a duly executed Certificate of Incumbency and the officer's name or title must be on a copy of a resolution authorizing the officer to provide Freddie Mac with wire transfer instructions. The Certificate of Incumbency and resolution must be delivered to and determined to be acceptable by Freddie Mac.

Mailing Instructions:
Return to: Freddie Mac
8250 Jones Branch Dr.
MS A23
McLean, VA 22102-3110

NOTICE ABOUT APPRAISAL OF YOUR PROPERTY

1. If your mortgage loan meets certain requirements, your lender may decide not to obtain an appraisal of your property as a condition for approving or granting your mortgage loan. A decision by your lender not to obtain an appraisal would be strictly for loan processing purposes and would not mean the lender has valued your property. Therefore, you should not rely on such a decision as support of the value of your property or for any other purpose.

2. You may decide that you want an appraisal to protect your own interests in the transaction. For example, you may decide to obtain an appraisal of your property in order to confirm that you are not paying too much for the property.

3. If you decide that you want an appraisal to be performed to protect your interests in the transaction, you will be required to pay for the appraisal.

By signing in the space below, you agree that your lender may approve and grant your mortgage loan **WITHOUT obtaining an appraisal** of your property.

_____ _____
Signature Date

_____ _____
Signature Date

Exterior-Only Inspection Residential Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | City | State | Zip Code

Borrower | Owner of Public Record | County

Legal Description

Assessor's Parcel # | Tax Year | R.E. Taxes $

Neighborhood Name | Map Reference | Census Tract

Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | ☐ PUD | HOA $ | ☐ per year ☐ per month

Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)

Lender/Client | Address

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No

Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐Yes ☐No | Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics	One-Unit Housing Trends	One-Unit Housing	Present Land Use %
Location ☐ Urban ☐ Suburban ☐ Rural	Property Values ☐ Increasing ☐ Stable ☐ Declining	PRICE AGE	One-Unit %
Built-Up ☐ Over 75% ☐ 25–75% ☐ Under 25%	Demand/Supply ☐ Shortage ☐ In Balance ☐ Over Supply	$ (000) (yrs)	2-4 Unit %
Growth ☐ Rapid ☐ Stable ☐ Slow	Marketing Time ☐ Under 3 mths ☐ 3–6 mths ☐ Over 6 mths	Low	Multi-Family %
Neighborhood Boundaries		High	Commercial %
		Pred.	Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

SITE

Dimensions | Area | Shape | View

Specific Zoning Classification | Zoning Description

Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements—Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No | FEMA Flood Zone | FEMA Map # | FEMA Map Date

Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

IMPROVEMENTS

Source(s) Used for Physical Characteristics of Property ☐ Appraisal Files ☐ MLS ☐ Assessment and Tax Records ☐ Prior Inspection ☐ Property Owner
☐ Other (describe) | Data Source(s) for Gross Living Area

General Description	General Description	Heating / Cooling	Amenities	Car Storage
Units ☐One ☐One with Accessory Unit	☐Concrete Slab ☐ Crawl Space	☐ FWA ☐ HWBB	☐ Fireplace(s) #	☐ None
# of Stories	☐Full Basement ☐ Finished	☐ Radiant	☐ Woodstove(s) #	☐ Driveway # of Cars
Type ☐Det. ☐Att. ☐S-Det./End Unit	☐Partial Basement ☐Finished	☐ Other	☐ Patio/Deck	Driveway Surface
☐Existing ☐ Proposed ☐ Under Const.	Exterior Walls	Fuel	☐ Porch	☐ Garage # of Cars
Design (Style)	Roof Surface	☐ Central Air Conditioning	☐ Pool	☐ Carport # of Cars
Year Built	Gutters & Downspouts	☐ Individual	☐ Fence	☐ Attached ☐ Detached
Effective Age (Yrs)	Window Type	☐ Other	☐ Other	☐Built-in

Appliances ☐Refrigerator ☐Range/Oven ☐Dishwasher ☐Disposal ☐Microwave ☐Washer/Dryer ☐Other (describe)

Finished area above grade contains: | Rooms | Bedrooms | Bath(s) | Square Feet of Gross Living Area Above Grade

Additional features (special energy efficient items, etc.)

Describe the condition of the property and data source(s) (including apparent needed repairs, deterioration, renovations, remodeling, etc.).

Are there any apparent physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No
If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

Exterior-Only Inspection Residential Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq. ft.	$ sq. ft.		$ sq. ft.		$ sq. ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sale or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq. ft.	sq. ft.		sq. ft.		sq. ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ Cost Approach (if developed) $ Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a visual inspection of the exterior areas of the subject property from at least the street, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of the inspection and the effective date of this appraisal.

Exterior-Only Inspection Residential Appraisal Report

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ADDITIONAL COMMENTS

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = $
Source of cost data	Dwelling Sq. Ft. @ $ ..... =$
Quality rating from cost service Effective date of cost data	Sq. Ft. @ $ ..... =$
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	
	Garage/Carport Sq. Ft. @ $ ..... =$
	Total Estimate of Cost-New ..... = $
	Less Physical / Functional / External
	Depreciation =$( )
	Depreciated Cost of Improvements ..... =$
	"As-is" Value of Site Improvements. ..... =$
Estimated Remaining Economic Life (HUD and VA only) Years	Indicated Value By Cost Approach ..... =$

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of an existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source(s)

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a visual inspection of the exterior areas of the subject property from at least the street, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

The appraiser must be able to obtain adequate information about the physical characteristics (including, but not limited to, condition, room count, gross living area, etc.) of the subject property from the exterior-only inspection and reliable public and/or private sources to perform this appraisal. The appraiser should use the same type of data sources that he or she uses for comparable sales such as, but not limited to, multiple listing services, tax and assessment records, prior inspections, appraisal files, information provided by the property owner, etc.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

4. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

5. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Exterior-Only Inspection Residential Appraisal Report

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a visual inspection of the exterior areas of the subject property from at least the street. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other (describe) _____ State # _____
State _____
Expiration Date of Certification or License _____
ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____
LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
_____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY
☐ Did not inspect exterior of subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

Loan Prospector® Condition and Marketability Report

File No.

This report is intended for use by the lender/client for a mortgage finance transaction only. If any apparent factor that has an adverse affect on the marketability of the subject property is observed, and/or the condition of the property appears unacceptable to the typical purchaser an appraisal must be performed. The checklist provided below is not the sole determinant of whether an appraisal is to be completed. The appraiser is expected to use prudent judgment in deciding when an appraisal is necessary.

1 - GENERAL INFORMATION

Property Address | City | State | Zip Code

Legal Description | County

Assessor's Parcel No. | Tax Year | R.E. Taxes $ | Special Assessments $

Borrower | Current Owner | Occupant: ☐ Owner ☐ Tenant ☐ Vacant

Neighborhood or Project Name | Project Type: ☐ PUD ☐ Condominium | HOA $ /mo.

Property rights: ☐ Fee Simple ☐ Leasehold | Map Reference | Census Tract

Neighborhood boundaries

Lender/Client | Address

Appraiser | Address

Note: Race and the racial composition of the neighborhood are not to be considered in this anal ysis.

2 - PROPERTY CHARACTERISTICS

Source(s) used for characteristics of property: ☐ Interior and exterior inspection ☐ Exterior inspection from street ☐ Prior inspection ☐ Third party appraisal report ☐ MLS ☐ Assessment and tax records ☐ Property owner ☐ Other (describe)

No. of stories above grade		(If condominium, provide number of stories above grade in project.)	Subject Level	
Total rooms above grade		Bedroom(s)	Bath(s)	Basement Finish %
Gross living area	sq. ft.	Parking on property (Non Condo) ☐ None ☐ Driveway		
If interior inspection, GLA must be measured		☐ Carport (# cars) ☐ Attached garage (# cars) ☐ Detached garage (# cars)		
Lot size	sq. ft.	Condo project parking No. of spaces for this unit_____		
Type (det./att.)		☐ None ☐ Surface lot ☐ Garage ☐ Assigned ☐ Owned		
Design (style)		Location ☐ Urban ☐ Suburban ☐ Rural		
Appeal		Electricity ☐ Public ☐ _____	Water ☐ Public ☐ Private	Street maintenance ☐ Public ☐ Private
Actual Age (yrs.)				
Condition		Gas ☐ Public ☐ _____	Sanitary Sewer ☐ Public ☐ Private	Alley ☐ Public ☐ Private
View				
Zoning Type		Describe Zoning		

3 - QUALIFYING REQUIREMENTS (SEE FOOTNOTES ON REVERSE.)

☐ Yes	☐ No	Subject appears to be habitable year round. (If "No", call lender, see footnote # 1 on reverse.)
☐ Yes	☐ No	Subject appears to be a single family, residential property (including condominium). (If "No", call lender, see footnote # 1.)
☐ Yes	☐ No	The appraiser was able to adequately view the subject property from the street. (If "No" see footnote # 2.)

4 - CONDITION AND MARKETABILITY FACTORS

"A"	"B"	**If any factor in column "B" is checked, provide details below, perform an appraisal with an interior and exterior inspection, and report the results on a 2055 or a URAR.**
☐ Yes	☐ No	If an exterior-only inspection, the available data sources provided sufficient and consistent information to complete this report. (If interior and exterior inspection leave this line blank.)
☐ No	☐ Yes	Neighborhood is affected by adverse market conditions (check all that apply): ☐ declining property values ☐ oversupply ☐ adverse employment conditions ☐ extended marketing time
☐ Yes	☐ No	Neighborhood streets are maintained in a manner that meets area standards .
☐ No	☐ Yes	EXTERNAL obsolescence exists.
☐ No	☐ Yes	Hazardous waste, toxic substances, or other environmental problems are suspected.
☐ No	☐ Yes	Adverse easements and/or encroachments are observed.
☐ Yes	☐ No	Subject appears to have adequate ingress/egress.
☐ Yes	☐ No	Subject appears to conform to all applicable zoning/use restrictions.
☐ Present	☐ Other	Highest and best use (as improved).
☐ No	☐ Yes	Subject appears to be manufactured housing.
☐ No	☐ Yes	Subject is new construction (never occupied as a residence).
☐ No	☐ Yes	Subject property appears to be undergoing remodeling or renovation work (other than minor cosmetic repairs).
☐ No	☐ Yes	Subject appears to require repairs that affect safety, structural integrity, mechanical systems, or habitability.
☐ No	☐ Yes	Pest infestation is observed or suspected in subject property.
☐ No	☐ Yes	Atypical PHYSICAL deterioration is apparent in subject (compare to the neighborhood).
☐ No	☐ Yes	Atypical FUNCTIONAL obsolescence is apparent in subject (compare to the neighborhood).
☐ No	☐ Yes	Property features are atypical of the neighborhood (check all that apply): ☐ materials and/or construction ☐ design ☐ appeal ☐ view ☐ age ☐ gross living area ☐ lot size ☐ lot shape and/or topography ☐ utilities

Comments:

Summary of Condition and Marketability Factors

☐ No apparent factor that has an adverse affect on the marketability of the subject property was observed and the condition appears to be acceptable to the typical purchaser.

☐ One or more boxes in column "B" was checked and an appraisal was performed. See attached appraisal report.

☐ One or more other (adverse and/or atypical) factor(s) affecting condition and/or marketability was identified and an appraisal was performed. See attached appraisal report.

Appraiser:

Signature

Name

Date Property Inspected | Report Signed

State Certification or License # | State

Did inspect: ☐ Interior and exterior ☐ Exterior of property (from street)

Supervisory Appraiser (only if required):

Signature

Name

Date Property Inspected | Report Signed

State Certification or License # | State

Did inspect: ☐ Interior and exterior ☐ Exterior of property (from street) ☐ Did not inspect property

Footnotes

1. The loan on this property may not be eligible for sale to Freddie Mac, please check with the lender for further instructions.
2. If the initial assignment was ordered as an exterior-only inspection, an interior and exterior inspection is now required.

STATEMENT OF LIMITING CONDITIONS

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in this report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the subject property or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinion about the title.
2. The appraiser will not give testimony or appear in court because of this assignment unless specific arrangements to do so have been made beforehand.
3. The appraiser has noted in the report any observed adverse conditions (such as, but not limited to, needed repairs, the presence of hazardous wastes, toxic substances, pest infestation, structural problems, mechanical problems, or habitability issues) and makes no guarantees or warranties, expressed or implied, regarding any unobserved conditions. Because the appraiser is not an expert in the field of environmental hazards, pests, structural integrity or mechanical systems, this report must not be considered as an environmental assessment, pest inspection, engineering report or any other home inspection report.
4. The appraiser obtained the information, estimates, and opinions that were expressed in this report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items furnished by other parties.
5. If the appraiser performed an exterior-only inspection of the property, certain third party data sources were relied on for information about interior and exterior physical characteristics of the property and are deemed to be accurate and complete.
6. The appraiser will not disclose the contents of this report except as provided for in the Uniform Standards of Professional Appraisal Practice.
7. The appraiser must provide his or her prior written consent before the lender/client specified in this report can distribute this report (including the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before this report can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
6. I have made a personal inspection of the property that is the subject of this report. If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the property.
7. No one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)