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Welcome to the Snapshot of the Single-Family Seller/Servicer Guide as Published 12/18/13

This is a snapshot of Freddie Mac Single-Family Seller/Servicer Guide ("Guide") requirements as of December 18, 2013, the date of the last Guide Bulletin published in 2013. This comprehensive file contains all of the Guide chapters, forms, exhibits, directories and the Glossary as they were published on December 18, 2013.

Current and Future Versions, Different Effective Dates

The Guide files below represent a "snapshot" of the Guide as of December 18, 2013. 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 18, 2013, 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/singlefamily/guide.

Chapter 1: Introduction

1.1: Overview (09/24/13)

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. Volume 1 sets forth the requirements and obligations relating to the purchase and sale of Mortgages and Volume 2 sets forth the requirements, responsibilities and obligations with respect to the Servicing of Mortgages.

1.2: Legal effect of the *Single-Family Seller/Servicer Guide* (09/24/13)

(a) Status as a contract

1. **Effect of the Guide.** The Guide governs the business relationship between a Seller/Servicer and Freddie Mac relating to the sale and Servicing of Mortgages. Each Seller/Servicer must complete and submit a Form 16SF, Annual Eligibility Certification Report, that certifies that the Seller/Servicer has access to the Electronic version of the Guide as an Electronic Record, as those terms are defined in Chapter 3, and is in compliance with all requirements of the Purchase Documents.

2. **Volume 1 of the Guide.** In connection with the sale of Mortgages to Freddie Mac, the Seller/Servicer agrees that each transaction is governed by the Guide, the applicable Purchase Contract and all other Purchase Documents.

3. **Volume 2 of the Guide.** A Seller/Servicer must service all Mortgages that the Seller/Servicer has sold to Freddie Mac and/or has agreed to service for Freddie Mac in accordance with the standards set forth in the Seller/Servicer's Purchase Documents. All of a Seller/Servicer's obligations to service Mortgages for Freddie Mac are considered to constitute, and must 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 are deemed to be merged into, and must be performed pursuant to, such unitary, indivisible master Servicing contract.

   A Seller/Servicer acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller/Servicer pursuant to any individual Purchase Contract is based upon the Seller/Servicer's agreement that the Mortgages purchased will be serviced by the Seller/Servicer pursuant to the unitary, indivisible master Servicing contract. The Seller/Servicer 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/Servicer'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 all or a portion of the Servicing. The termination of a portion of the Servicing shall not alter the unitary, indivisible nature of the Servicing 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.

4. **Amendments to the Guide.** Freddie Mac may, in its sole discretion, amend or supplement the Guide from time to time. Amendments to the Guide may be a paper Record or an Electronic Record, as those terms are defined in Chapter 3. The Guide may not be amended orally. Freddie Mac may amend the Guide by:
   - Publishing Bulletins, which apply to all Sellers/Servicers, or
   - Entering into a Purchase Contract or other written or Electronic agreement, which applies to the Seller that is a party to the Purchase Contract or agreement

   Bulletins expressly amend, supplement, revise or terminate specific provisions of the Guide. An amendment, supplement, revision or termination of a provision in Volume 1 or Volume 2 of the Guide is effective as of the date specified by Freddie Mac in the applicable Bulletin.

   A Purchase Contract or other written agreement or Electronic agreement amends or supplements specific provisions of the Guide for purposes of such Purchase Contract or other agreement, as applicable. Such amendments or supplements to the Guide are effective as of the date specified in the Purchase Contract or other agreement. See Section 12.3(d) for information about how amendments and supplements to Volume 1 of the Guide amend or otherwise apply to a Seller's Purchase Contracts and other Purchase Documents.

5. **Publication of Guide and Bulletins.** The Guide is posted on the AllRegs® web site of Mortgage Resource Center, Inc. (MRC), which posts the Guide under license from and with the express permission of Freddie Mac. MRC is the exclusive third-party electronic publisher of the Guide. Freddie Mac makes no

representation or warranty regarding availability, features or functionality of the AllRegs web site. The Guide is also available through FreddieMac.com.

By using the web site, Seller/Servicers acknowledge and agree (individually and on behalf of the entity for which they access the Guide) neither Freddie Mac nor MRC shall be liable to them (or the entity for which they access the Guide) for any losses or damages whatsoever resulting directly or indirectly from Freddie Mac's designation of the Guide as found on the AllRegs web site as the official Electronic version, as an Electronic Record, and MRC expressly disclaims any warranty as to the results to be obtained by Seller/Servicers (and the entity for which Seller/Servicers access the Guide) from use of the AllRegs web site, and MRC shall not be liable to Seller/Servicers (and the entity for which Seller/Servicers access the Guide) for any damages arising directly or indirectly out of the use of the AllRegs web site by them (and the entity for which they access the Guide).

Bulletins are published on AllRegs and FreddieMac.com. Sellers and Servicers with an AllRegs subscription may receive notice of Bulletins directly from AllRegs. If a Seller or Servicer does not receive notice of Bulletins through AllRegs, the Seller or Servicer must take the steps necessary to receive the applicable Freddie Mac Single-Family Update e-mails, which will notify Sellers and Servicers of Bulletin publications. A Seller or Servicer's failure to take the appropriate steps to receive notices of Bulletins does not relieve the Seller or Servicer of its legal obligations to comply with the terms of the Bulletins.

6. **Effective Date.** 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 and Bulletins) and Industry Letters are 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.

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 or Electronic, 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.

1.3: Acknowledgment and consent to electronic transactions (05/15/12)

The contents of this section have been moved and revised. The terms and conditions applicable to conducting Electronic Transactions have been moved to Chapter 3. Any references to Section 1.3 set forth in the Guide or other Purchase Documents, the Freddie Mac Selling System, Freddie Mac Service Loans application, Loan Prospector®, Freddie Mac forms, agreements, documents, screens, exhibits, custodial agreements, or eCustodial Agreements are deemed to be references to applicable sections of Chapter 3.

1.4: Organization of the *Single-Family Seller/Servicer Guide* (09/24/13)

(a) Outline

Volume 1 may be outlined briefly as follows:

1. An introduction
2. General Freddie Mac policies
3. Seller/Servicer requirements and warranties
4. Mortgage purchase programs and commitment procedures
5. Delivery requirements
6. General Mortgage eligibility requirements
7. Special Mortgage eligibility requirements
8. Credit underwriting requirements
9. Property eligibility requirements
10. Quality control and Mortgage file content requirements

Volume 2 may be outlined briefly as follows:

1. An introduction
2. Requirements for Servicing Mortgages using the Freddie Mac Service Loans application

3. General Freddie Mac policies relating to Servicing
4. Requirements for Servicing performing Mortgages
5. Requirements for Servicing nonperforming Mortgages
6. Requirements for Real Estate Owned (REO)
7. Reimbursement of expenses
8. Freddie Mac remedies
9. Accounting and investor reporting requirements

Other information found at the back of each volume includes exhibits and forms referenced in the respective volume of the Guide.

Also included in the Guide are:

- A Glossary of defined terms used in the Guide
- A Directory of Freddie Mac points of contact 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.

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.

Freddie Mac may substitute new chapters for existing chapters and new chapter sections for existing chapter sections.

(c) Defined terms

Initial capitalization of words generally denotes terms in the Guide text that are defined in the Glossary or defined in the chapter in which capitalized words appear or are defined in an expressly referenced chapter.

(d) Directory

The Directory has been incorporated into the Guide to help the reader find information. The Directory contains the addresses, telephone numbers, facsimile transmission (fax) numbers and e-mail addresses of the Freddie Mac points of contact

referenced in this Guide. Directory numbers are listed in bold in the Guide text. Directory numbers in the Guide text match the numbers associated with the various Freddie Mac points of contact identified in the Directory. A chart in each Directory section indicates the relevant Guide sections or chapters and corresponding attention lines, and as applicable, telephone numbers, fax numbers and/or e-mail addresses for a specific point of contact.

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 (09/24/13)

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 (01/01/13)

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 Mortgages sold under fixed-rate Cash
- Chapter 10 for ARMs sold under WAC ARM Cash
- Chapter B15 for fixed-rate Mortgages sold under the fixed-rate Guarantor program
- Chapter C15 for ARMs sold under the WAC ARM Guarantor program
- Chapter D15 for fixed-rate 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

A1.2: Eligible Sellers (07/20/12)

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, Chapter 3, 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: Termination of eligibility (08/01/11)

The Seller acknowledges and agrees that 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 (07/20/12)

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 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 (07/20/12)

Seller consents to conduct Electronic Transactions, as defined in Chapter 3, with Freddie Mac using the Selling System including, but not limited to, using Records, Electronic Records and Electronic Signatures in accordance with and as defined in Chapter 3 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, 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 (07/20/12)

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 3.4.

In addition to the notification requirements in Section 3.4, 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 (07/20/12)

Seller acknowledges and agrees that its ongoing access to copies of Records and Electronic Records related to any Electronic Transactions, as those terms are defined in Chapter 3, 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 (07/20/12)

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, as that term is defined in Chapter 3, 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 (03/19/12)

Freddie Mac purchase programs provide for the purchase of conventional Home Mortgages on a whole loan 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, a Minimum Servicing Spread is required to provide adequate Servicing compensation to the Seller or the Servicer.

2.2.1: Introduction to Loan Prospector® (07/18/13)

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
- Construction Conversion Mortgage
- Renovation Mortgage
- 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. See Section 2.2.1(k) for exceptions and requirements for resubmission to Loan Prospector after the Note Date, or for Construction Conversion and Renovation Mortgages, after the Effective Date of Permanent Financing. Each new Feedback Certificate invalidates the prior Feedback Certificate.

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 no more than 120 days before and no later than the Note Date, or for Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing
- Receive an automated underwriting service (AUS) status of "complete" on the Feedback Certificate based on the last submission to Loan Prospector on or before the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing
- Comply with all of the requirements of this Section 2.2.1
- Have a Settlement Date that is not more than 12 months after the Note Date, or for Construction Conversion and Renovation Mortgages, 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, and 37.16) granted to the 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 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, or
- All requirements in Section 2.2.1 were not met

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 the Seller's Purchase Documents
  - Represents the terms of the Mortgage delivered to Freddie Mac
  - Is used by Freddie Mac to determine the Risk Class, Documentation Level and, postsettlement delivery fees (delivery fees).
  - Must be retained in the Mortgage file

  In delivering the Mortgage to Freddie Mac, the Seller represents and warrants that the applicable Feedback Certificates are retained in the

Mortgage file and meet all of the requirements of Section 2.2.1. If Freddie Mac subsequently determines that the Feedback Certificates are not in the Mortgage file, 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 have a Settlement Date no more than 12 months after the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing. 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.

Examples of Mortgages that do not comply with Section 2.2.1

Example 1:

If a Mortgage receives an Accept Risk Class, and has a Settlement Date 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 for the first time. 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 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.

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 must deliver the Key Number in the ULDD Data Point *Automated Underwriting Case Identifier*. 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, and Mortgages secured by Manufactured Homes, submitted to Loan Prospector on or before the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, that received an AUS status of invalid, ineligible or incomplete; the Seller must deliver the Key Number for Home Possible Mortgages and Mortgages secured by Manufactured Homes that received an AUS status of invalid, ineligible or incomplete
- Mortgages submitted to Loan Prospector for the first time after the Note Date
- Mortgages delivered as Seasoned Mortgages, 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.

   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. Except as stated in Section 2.2.1(k) and Chapter K33, all data that was submitted to Loan Prospector for the Last Feedback Certificate must be true, complete and accurate.

(k) Submission/resubmission requirements

The Risk Class and Documentation Level on the Last Feedback Certificate must be based on submission of accurate data to Loan Prospector. Except as indicated in this section and Chapter K33, resubmission of a Mortgage to Loan Prospector prior to the Delivery Date is required if:

- Information on the previous submission was not true, complete or accurate
- The most recent submission on or before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages (including the date of the Loan Prospector credit report(s)) exceeds the date requirements in Section 37.10(i); resubmission must occur on or before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages
- Any information submitted to 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
  - The income for any Borrower increases; however, 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 three percentage points, 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 submitted to 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 four percentage points.

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 three percentage points. 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.

Resubmission to Loan Prospector After the Note Date

- **Requirements for resubmission to Loan Prospector after the Note Date**

  The Seller should ensure that the information entered into Loan Prospector on or before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages is true, complete, and accurate and matches the terms of the Mortgage to be delivered to Freddie Mac.

However, if the Seller determines after the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, that the information entered into Loan Prospector was not true, complete, and accurate and does not match the terms of the Mortgage to be delivered to Freddie Mac, unless otherwise prohibited below, the Mortgage must be resubmitted to Loan Prospector after the Note Date or the Effective Date of Permanent Financing, as applicable, but prior to the Delivery Date.

A Mortgage cannot be resubmitted to Loan Prospector after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages if:

- The Note Date was more than 120 days prior to the resubmission; or
- Resubmission is after the Loan Prospector Assessment Expiration Date displayed on the Feedback Certificate; or
- A Borrower is being added or deleted, or a change is being made to a Borrower's last name or Social Security Number; or
- A new credit report company needs to be selected; or
- The single or joint merged credit report indicator changes; or
- The order of Borrowers changes on a joint merged credit request; or
- The merged credit report number does not match the merged credit report number from the most recent complete transaction

If the Mortgage cannot be resubmitted to Loan Prospector after the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, the Mortgage must be manually underwritten and is considered a Non-Loan Prospector Mortgage.

- **Delivery requirements**

  See Section 17.13 for delivery requirements for resubmission to Loan Prospector after the Note Date.

(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 Chapter 37).

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.

When the decision repository file used to create the Selected Borrower's credit report contains any authorized user accounts, the Loan Prospector decision is considered valid if the Seller obtains and retains in the Mortgage file documentation that evidences at least one of the following for each authorized user account:

- Another Borrower on the Mortgage owns the Tradeline in question,
- The Tradeline is owned by the Borrower's spouse, or
- The Borrower has been making the payments on the account for the last 12 months

If the Seller is unable to document one of the above three requirements for each authorized user account, the Seller may consider the Loan Prospector decision valid and underwrite the Mortgage as a Loan Prospector Mortgage if the Seller determines that the authorized user accounts have an insignificant impact on the Borrower's overall credit history and the information on the credit report is representative of the Borrower's own credit reputation. The Seller should base its determination on the number of the Borrower's own Tradelines, as well as their age, type, size and the payment history, as compared to the authorized user accounts. The Seller must document its determination on Form 1077, Uniform Underwriting and Transmittal Summary, or another document in the Mortgage file.

(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, 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 the 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 the 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 Section 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 (03/19/12)

On Home Mortgages that have been sold to Freddie Mac, in whole or in part, 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 (07/20/12)

(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 Chapter 3. 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 (10/03/12)

Freddie Mac may, from time to time, sell in whole or in part Mortgages it has purchased pursuant to the Purchase Documents.

For information regarding a termination of Servicing related to the sale of Mortgages by Freddie Mac, refer to Section 73.6.

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, Women-Owned and Disabled-Owned Business Enterprises (10/31/12)

It is Freddie Mac's policy to provide, to the maximum extent possible in balance with financially safe and sound business practices, the opportunity for Minority-Owned, Women-Owned and Disabled-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, Women-Owned and Disabled-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 (05/15/13)

(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. The names of persons or entities whose conduct presents risks to Freddie Mac, as determined by Freddie Mac in its sole discretion, may be placed on the Exclusionary List, in which case such persons or entities 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 of foreclosure or short sales), 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
- Participants in the maintenance of an REO property owned by Freddie Mac or a property securing a Freddie Mac Mortgage

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., 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 or possible fraud
- Misrepresentations, misstatements or omissions of facts
- Theft or misappropriation of funds
- Willful or reckless violation of statutory or regulatory requirements
- Business practices that Freddie Mac determines present risks to Freddie Mac
- 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.

Additionally, a party not currently listed on the Exclusionary List may be added to the Exclusionary List if designated as a Suspended Counterparty by the Federal Housing Finance Agency (FHFA) as part of FHFA's Suspended Counterparty Program. For such parties so designated, the process for placement on the Exclusionary List as outlined in Section 2.24(c) above does not apply, as such party's rights are governed by FHFA's Suspended Counterparty Program.

(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 a waiver of the warranty requirements of Sections 2.24(d) and 6.11(8) with respect to a particular Mortgage. 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 request and subsequently elects to grant the waiver, 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 of foreclosure or short sales), 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
- Participants in the maintenance of an REO property owned by Freddie Mac or a property securing a Freddie Mac Mortgage.

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 grant the waiver, 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 at least monthly by Freddie Mac and is electronically available to Seller/Servicers through various Freddie Mac systems, including the Selling System, the Service Loans application, 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.

2.25: Loan Quality Advisor℠ Agreement (06/24/13)

Each Seller that uses Loan Quality Advisor, by virtue of such use, will be deemed to have agreed to the terms and conditions set forth in the Loan Quality Advisor℠ Agreement ("Agreement"), as included in this Guide as Exhibit 37, Loan Quality Advisor℠ Agreement, to the same extent as if the Seller had executed the Agreement by a duly

authorized representative of the Seller signing the Agreement by hand, except to the extent otherwise expressly agreed to by Freddie Mac and the Seller in writing.

2.26: Quality Control Information Manager (11/15/13)

Quality Control Information Manager is a system that hosts for Freddie Mac certain quality control loan management data and remedy management information for Mortgages Freddie Mac owns or guarantees. Each Seller/Servicer that uses Quality Control Information Manager, by virtue of such use, will be deemed to have agreed to the terms and conditions set forth in the Quality Control Information Manager Agreement ("Agreement"), included in the Guide as Exhibit 38, Quality Control Information Manager Agreement, to the same extent as if the Seller/Servicer had executed the Agreement by a duly authorized representative of the Seller/Servicer signing the Agreement, by hand, except to the extent otherwise expressly agreed to by Freddie Mac and the Seller/Servicer in writing.

Chapter 3: Special Requirements for Electronic Transactions

3.1: Overview (05/15/12)

This chapter sets forth the requirements for Electronic Transactions, as defined in Section 3.2. Freddie Mac may permit or require the Seller to conduct certain Eligible Electronic Transactions, as defined in Section 3.2, that directly or indirectly affect Freddie Mac.

3.2: Defined terms (07/20/12)

The following defined terms are used throughout this chapter:

Confidential Means of Access: Confidential Means of Access includes, but is not limited to, user identification codes, passwords, personal identification numbers or other secure means of access to Systems, as defined below

Electronic: Relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities

Electronic Record: A record created, generated, sent, communicated, received, or stored by electronic means

Electronic Signature: An electronic sound, symbol or process attached to, or logically associated with, a contract or other record and executed or adopted by a person with the intent to sign the record. For purposes of the Guide and the Seller's other Purchase Documents, Electronic Signature includes, but is not limited to, a copy or representation of a written signature or an Electronic Signature affixed to, attached to or logically associated with a Record, as defined below, or a copy of a Record, which is received as:

- A facsimile ("fax") copy received as a Record printed on paper or an Electronic Record
- An e-mail or an Electronic Record attached to an e-mail
- A paper Record with an Electronic Signature

Electronic Transaction: An action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using electronic means. For purposes of the Guide and the Seller's other Purchase Documents, the term also includes, but is not limited to, an Electronic Transaction conducted using Systems to create, sign, transfer, maintain, send, receive, retrieve and/or store Records, Electronic Records or Electronic Signatures.

Eligible Electronic Transaction: An Electronic Transaction, that directly or indirectly affects Freddie Mac, which Freddie Mac has required or permitted the Seller to conduct

E-SIGN: The federal Electronic Signatures in Global and National Commerce Act (15 U.S. Code, Chapter 96)

Federally Regulated Seller: A Seller that is regulated by a federal regulator and such federal regulator is a member of the Federal Financial Institutions Examination Council (FFIEC). The members of FFIEC are: (i) Board of Governors of the Federal Reserve Board (FRB); (ii) Federal Deposit Insurance Corporation (FDIC); (iii) National Credit Union Administration (NCUA); (iv) the Office of the Comptroller of the Currency (OCC); and (v) Consumer Financial Protection Bureau (CFPB).

Record: Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form. A Record may be paper or Electronic.

Systems: Systems include, but are not limited to, one or more computers, fax machines, other Electronic devices, hardware, software, web sites, Internet, private networks, telephone lines or wireless communications, security measures, proprietary coding, interfaces and/or connectivity used to create, present, sign, transfer, maintain, send, receive, retrieve and/or store Records, Electronic Records or Electronic Signatures. For purposes of this Chapter 3, an entity's "Systems" include all systems (and all of the systems' components) owned, leased, licensed or otherwise used by the entity.

UETA: The Uniform Electronic Transactions Act of 1999, promulgated by the U.S. Uniform Law Commission for consideration and enactment by the States. Reference to the UETA herein, means the UETA as promulgated by the U.S. Uniform Law Commission or the UETA as enacted by an applicable State.

3.3: Eligible Electronic Transactions (05/15/12)

Eligible Electronic Transactions are those Electronic Transactions that Freddie Mac either permits and/or requires the Seller to conduct in accordance with express requirements in either the Guide or the Seller's other Purchase Documents. Eligible Electronic Transactions are found throughout the Guide, both Volumes 1 and 2. For example, Freddie Mac-approved Sellers are permitted or required to sell eligible Mortgages to Freddie Mac using the Selling System. The Seller's action of using the Selling System to offer Mortgages for purchase by Freddie Mac is an Eligible Electronic Transaction because it is an Electronic Transaction expressly permitted or required by Freddie Mac in Chapter A1. Other examples of Eligible Electronic Transactions include use of Loan Prospector®, see Section 2.2.1 and use of the Service Loans application, see Chapter A50.

3.4: Security standards for Eligible Electronic Transactions (05/15/12)

(a) Security standards for Eligible Electronic Transactions with Freddie Mac

Freddie Mac will provide the Seller with, or require the Seller to create, a Confidential Means of Access ("CMA") to Freddie Mac's Systems or other Systems in connection with conducting Eligible Electronic Transactions with Freddie Mac.

A breach of security by the Seller with respect to the Seller's CMA to Freddie Mac's Systems or other Systems may result in unauthorized persons gaining access to Freddie Mac's Systems or other Systems, malicious software ("Malware") or other harmful computer information, commands, codes or programs ("Harmful Software") which may result in substantial harm or damages to Freddie Mac's Systems or other Systems.

The Seller is responsible for protecting and safeguarding the Seller's CMA to Freddie Mac's Systems or other Systems from any and all unauthorized persons, Malware and Harmful Software that may:

- Cause or facilitate the destruction, corruption, malfunction or appropriation of, or damage or change to, any of Freddie Mac's Systems or the Electronic Records and data (e.g., financial information, proprietary information, confidential information or personal private information) stored in Freddie Mac's Systems
- Enable unauthorized access to Freddie Mac's Systems

The Seller must adopt, maintain and administer written minimum security standards and procedures to prevent the loss, theft or unauthorized or improper disclosure or use of the Seller's CMA to Freddie Mac's Systems.

The Seller must notify Freddie Mac immediately in the event the Seller:

- Sustains a breach of security in connection with the Seller's CMA to Freddie Mac's Systems, or
- Becomes aware of the loss, theft or unauthorized disclosure or use of the Seller's CMA to Freddie Mac's Systems or other Systems, or
- Has any reason to believe that the Seller's CMA to Freddie Mac's Systems or other Systems may be compromised and no longer safe or secure

The Seller's adoption of and compliance with such minimum security standards will not relieve the Seller from any liability set forth in this chapter. The Seller will be solely responsible for maintaining and administering its minimum security standards and assessing whether the Seller should adopt best security practices recommended by its regulator or even more rigorous security standards. Freddie Mac has the right, in its sole discretion, but not the obligation, to establish minimum security standards for Eligible Electronic Transactions at any time.

The Seller's failure to adopt, maintain and administer minimum security standards may result in termination of the Seller's access to any of Freddie Mac's Systems or other Systems. In addition, Freddie Mac may take other actions available under the Guide, the Seller's other Purchase Documents or the law.

(b) Security standards for Eligible Electronic Transactions with Correspondents and Mortgage Brokers

A Federally Regulated Seller may conduct Eligible Electronic Transactions with the Correspondents and/or Mortgage Brokers as permitted in Section 3.8; provided that the Seller:

- Requires the Correspondents and/or Mortgage Brokers to adopt the Seller's minimum security standards as set forth in Section 3.4(a) above
- Includes mandatory minimum security standards in the Seller's written agreements with such Correspondents and/or Mortgage Brokers
- Verifies that the Correspondents and/or Mortgage Brokers have implemented the Seller's mandatory minimum security standards before conducting Eligible Electronic Transactions with the Correspondents and/or Mortgage Brokers
- Annually verifies that the Correspondents and/or Mortgage Brokers maintain and administer the Seller's minimum security standards on an ongoing basis

The Correspondents and/or Mortgage Brokers must adopt, maintain and administer the Seller's minimum security standards, but may adopt minimum security standards that are best practices or more rigorous than the Seller's minimum security standards.

3.5: Due diligence requirements for Systems used to conduct Eligible Electronic Transactions (07/20/12)

(a) Seller's Systems due diligence

Subject to Section 3.5(c) below, the Seller must conduct due diligence reviews on the Seller's Systems before conducting Eligible Electronic Transactions with Freddie Mac, to verify that:

- The Seller's Systems are in compliance with the Seller's written minimum security standards (or higher standards, if required)
- The Seller's Systems produce valid, enforceable and effective Records, Electronic Records and Electronic Signatures under E-SIGN and/or the UETA, as applicable
- If applicable, the Seller's Systems electronically create and permit consumers (Borrowers) to electronically sign the Electronic Transaction "consumer consent" and provide consumers (Borrowers) with the Electronic Transaction disclosures, in compliance with E-SIGN
- If applicable, the Seller's Systems electronically create federal and/or State consumer lending disclosures that comply in all respects (e.g., conspicuousness, completeness and accuracy) with all applicable federal (e.g., Truth-in-Lending Act and Regulation Z) and State laws, regulations and rules
- The Seller's Systems comply with E-SIGN and/or the UETA, as applicable, and all other State and federal laws

Before conducting Eligible Electronic Transactions set forth in Section 3.7, the Seller must use its in-house counsel or outside counsel (who has expertise in interpreting E-SIGN and/or the UETA, federal consumer lending laws (e.g., Truth-in-Lending Act and Regulation Z) and applicable State consumer lending laws), to confirm that the Seller's Systems comply with all applicable laws. The Seller must obtain a written, reasoned, legal analysis signed by the Seller's counsel that confirms such compliance. Such signed legal analysis must be: (i) stored by the Seller in a due diligence file maintained on an ongoing basis; and (ii) made available to Freddie Mac upon request.

(b) Correspondent's or Mortgage Broker's Systems due diligence

The Seller must conduct due diligence reviews on the Correspondents' and/or Mortgage Brokers' Systems before conducting Eligible Electronic Transactions with the Correspondents and/or Mortgage Brokers, as set forth in Section 3.8. The

Correspondents' Systems and/or Mortgage Brokers' Systems must undergo the same due diligence as required for the Seller's Systems set forth in Section 3.5(a) above.

The Seller must have its in-house counsel or outside counsel, who has expertise in interpreting E-SIGN, the UETA, federal consumer protection lending laws (e.g., Truth-in-Lending Act and Regulation Z) and applicable State consumer protection lending laws, confirm that the Correspondents' and/or Mortgage Brokers' Systems comply with all applicable laws. The Seller must obtain a written, reasoned, legal analysis signed by the Seller's counsel that confirms such compliance. Such signed legal analysis must be: (i) stored by the Seller in a file maintained on an ongoing basis; and (ii) made available to Freddie Mac upon request.

(c) Systems due diligence in general

Eligible Electronic Transactions permitted or required by other chapters or sections of the Guide or the Seller's other Purchase Documents are not governed by the due diligence requirements in this Section 3.5, unless it is expressly required in such other chapters or sections of the Guide or the Seller's other Purchase Documents, that Chapter 3, or any section of Chapter 3, applies to such Electronic Transactions.

3.6: Conducting Eligible Electronic Transactions with Freddie Mac (05/15/12)

If the Seller conducts Eligible Electronic Transactions with Freddie Mac, the Seller agrees:

- That the Seller consents to conduct Eligible Electronic Transactions with Freddie Mac
- To adopt, as its Electronic Signature, the Seller's Freddie Mac Seller/Servicer number(s), a copy or representation of the Seller's representative's written signature or Electronic Signature and/or such other symbols or processes as expressly required or permitted by Freddie Mac ("Seller's Electronic Signature")

- That Freddie Mac can rely on any paper Records (with Electronic Signatures) or Electronic Records (with or without Electronic Signatures) that are delivered to Freddie Mac

- That the Seller will be bound by all Eligible Electronic Transactions conducted with Freddie Mac, whether permitted or required by Freddie Mac, including, but not limited to, telephone conversations recorded by Freddie Mac in the ordinary course of business; provided, however, under no circumstances will Freddie Mac be bound by any telephone conversations recorded by the Seller

3.7: Electronic initial loan documents – Retail Mortgages (05/15/12)

Federally Regulated Sellers may create electronic versions of certain initial loan origination documents ("Electronic Loan Documents") used in the initial loan origination process of Retail Mortgages that are eligible for purchase by Freddie Mac.

A Federally Regulated Seller may sell Retail Mortgages to Freddie Mac which are originated using Electronic Loan Documents set forth in Exhibit 7, which may be either paper Records or Electronic Records; provided that the Seller agrees:

- The Seller must at all times be a Federally Regulated Seller entitled to use the provisions of this section

- The Seller will: (i) implement minimum security standards; and (ii) implement a legal review process to initially (then annually) verify that the Systems used and the Electronic Loan Documents created comply with all applicable federal and State laws

- The Seller must require its technology provider, whose Systems the Seller uses to create Electronic Loan Documents, to have its in-house or outside technology expert (with personal knowledge of the Systems), certify to the Seller, in a signed written certification, that the technology provider's Systems create Electronic Loan Documents that comply with: (i) Seller's minimum security standards and (ii) E-SIGN and/or the UETA, as applicable

- The Seller has performed an initial due diligence review on the Seller's Systems in accordance with Section 3.5(a), before using such Systems to create Electronic Loan Documents for use in the initial loan origination process

- The Seller must create and maintain a paper or electronic file of all information related to the Seller's initial (then annual) due diligence review of its Systems so that such information may be reviewed by Freddie Mac at any time

- After the initial due diligence review, the Seller must perform the same level of due diligence on the Seller's Systems annually (on or about the anniversary of the initial review), and maintain the findings so that such information may be reviewed by Freddie Mac at any time

- Each Electronic Loan Document that the Seller creates and uses in the initial loan origination process, must comply with all applicable federal and/or State consumer protection and disclosure laws and all other applicable laws and regulations

- All Electronic Loan Documents must be properly created and electronically signed (if signing is required) and will be valid, enforceable and effective in accordance with the terms therein

- The Seller must store all such Electronic Loan Documents in accordance with the requirements of the Guide and, if Servicing is transferred, the Seller must securely transfer such Electronic Loan Documents to the new Servicer

3.8: Electronic initial loan documents – Correspondent and Mortgage Broker originated Mortgages (05/15/12)

A Federally Regulated Seller may permit the Correspondents and/or Mortgage Brokers to create and use certain Electronic Loan Documents, as set forth in Exhibit 7, in the initial loan origination process for Mortgages that the Seller intends to sell to Freddie Mac; provided that the Seller agrees that:

- The Seller must at all times be a Federally Regulated Seller to use the provisions of this Section 3.8

- The Seller must: (i) require the Correspondents and/or Mortgage Brokers to adopt, maintain and administer the Seller's minimum security standards (or higher standards) and (ii) implement a legal review process (using the Seller's in-house or outside counsel) to initially (then annually) verify that such Systems and Electronic Loan Documents comply with E-SIGN and/or the UETA, as applicable, and all other applicable laws

- The Seller may only permit Correspondents or Mortgage Brokers to use their own respective Systems that have undergone the Seller's due diligence review and met the requirements set forth in Section 3.5(b)

- The Seller must require each technology provider, who provides Systems to the Correspondents or Mortgage Brokers, to have its in-house or outside technology expert (with personal knowledge of the Systems), certify to the Seller, in a signed written certification, that such technology provider's Systems comply with: (i) the Seller's minimum security standards (or the Correspondent's or Mortgage Broker's if their standards are higher) and (ii) E-SIGN and/or the UETA, as applicable

- After the initial due diligence review, the Seller must perform the same level of due diligence on each of the Correspondent's or Mortgage Broker's Systems annually (on or about the anniversary of the initial review), and maintain the findings so that such information may be reviewed by Freddie Mac at any time

- The Seller must create and maintain a paper or electronic file of all information related to the Seller's due diligence review of each Correspondent's or Mortgage

Broker's Systems so that such information may be reviewed by Freddie Mac at any time upon request

- The Electronic Loan Documents that Correspondents and/or Mortgage Brokers create and use in the initial loan origination process, must comply with all applicable federal and/or State consumer protection and disclosure laws and all other applicable laws and regulations

- The Electronic Loan Documents that Correspondents and/or Mortgage Brokers create and use must comply with E-SIGN and/or the UETA, as applicable

- All such Electronic Loan Documents have been properly created and electronically signed (if signing is required) and must be valid, enforceable and effective in accordance with the terms therein

- The Correspondents and/or Mortgage Brokers must transfer and the Seller must receive and store all such Electronic Loan Documents in accordance with the requirements of the Guide and, if Servicing is transferred, the Seller must transfer such Electronic Loan Documents to the new Servicer

3.9: Ineligible Electronic Transactions (05/15/12)

The Seller may only conduct Electronic Transactions identified by Freddie Mac as Eligible Electronic Transactions in the Guide or the Seller's other Purchase Documents. Freddie Mac will not be bound by or subject to any Electronic Transactions conducted by the Seller which is not identified by Freddie Mac in the Guide or the Seller's other Purchase Documents as an Eligible Electronic Transaction.

Furthermore, the Seller agrees that:

- Selling Mortgages to Freddie Mac with Electronic closing documents is not permitted by this chapter
- Selling electronic Mortgages ("eMortgages") to Freddie Mac is not permitted by this chapter. Sellers may only sell eMortgages to Freddie Mac on a negotiated basis. For more information about eMortgages, see Freddie Mac's eMortgage Guide at **www.FreddieMac.com** or contact the Seller's account manager.
- Using audio or video recordings as Records, Electronic Records or Electronic Signatures is not permitted by this chapter, but may be permitted or required on a negotiated basis
- Conducting any Electronic Transactions, that directly or indirectly affect Freddie Mac, requires Freddie Mac's express written consent in the Guide or the Seller's other Purchase Documents

3.10: Electronic real estate purchase and sale agreements (05/15/12)

(a) Local customary real estate broker contracts

A local customary real estate broker purchase and sale agreement ("Contract"), used in the ordinary course of the real estate business in a State, excluding contracts for the sale of Real Estate Owned (REO) and short sales, delivered to the Seller as a paper copy of a Record or an Electronic Record, which has been signed by the buyer and/or the seller of real estate using a copy or representation of their respective written signature or Electronic Signature, which is affixed thereto, attached thereto or logically associated therewith, is acceptable in lieu of obtaining an original paper Contract or copy of an original paper Contract signed with a pen and ink signature, provided that:

- The Electronic Contract process is managed by a licensed real estate broker
- The electronic purchase and sale agreement otherwise complies with all other Freddie Mac requirements
- The Electronic Contract is true, complete, accurate and duly signed by the parties
- Any affidavits or other notarized documents associated with such Electronic Contract must be original paper documents signed with pen and ink signatures and must be notarized and stamped with a traditional notary seal

(b) REO Contracts

An Electronic REO Contract signed by Freddie Mac (or its designee) as the seller of the REO and/or the buyer of the REO using an Electronic Signature is acceptable in lieu of obtaining an original signed paper Contract or copy of an original paper Contract signed with a pen and ink signature, provided that:

- The Electronic Contract process is managed by a licensed real estate broker
- The Electronic Contract otherwise complies with all other Freddie Mac requirements
- The Electronic Contract is true, complete, accurate and duly signed by the parties
- Any required affidavits or other notarized documents associated with such Electronic Contract must be original paper documents signed with pen and ink signatures and must be notarized and stamped with a traditional notary seal

(c) Short sale Contracts

Short sale Contracts, signed by the seller and/or the buyer of the real estate using Electronic Signatures is acceptable in lieu of a paper original or copy of a paper original Contract signed with a pen and ink signature, provided that:

- The Electronic Contract process is managed by a licensed real estate broker

- The Electronic Contract otherwise complies with all other Freddie Mac requirements
- The Electronic Contract is true, complete, accurate and duly signed by the parties
- Any required Short Sale affidavits or other notarized documents associated with such Short Sale Contract, must be original paper documents signed with pen and ink signatures and must be notarized and stamped with a traditional notary seal

3.11: Representations, warranties and covenants for Eligible Electronic Transactions with Freddie Mac (05/15/12)

The Seller represents and warrants to, and covenants with, Freddie Mac, that:

- The Seller's Systems are compatible with Freddie Mac's Systems and the Seller is able to receive, view, retrieve, print, send and store Electronic Records in connection with conducting Eligible Electronic Transactions with Freddie Mac

- The Seller's Systems permit the Seller to deliver Electronic Records, with or without Electronic Signatures, to Freddie Mac

- Copies of paper Records and Electronic Records, delivered to Freddie Mac have been duly authorized by the Seller and are true, complete and correct

- Records delivered to Freddie Mac which have a copy or representation of the Seller's representative's written signature or Electronic Signature affixed thereto, attached thereto or logically associated therewith, shall be conclusive verification that the Seller: (i) duly authorized the completion, execution and delivery of such Records to Freddie Mac; and (ii) intended to be bound and is bound by the terms and conditions in such Records

- The Seller waives any and all defenses, claims, counterclaims and/or assertions that Records delivered to Freddie Mac with the Seller's representative's written signature or Electronic Signature affixed thereto, attached thereto or logically associated therewith, was not authorized by the Seller

- The Seller shall also be bound to such terms and conditions in such Records if Seller: (i) performs any of the duties or undertakes any of the obligations set forth in such Records; or (ii) uses any of the services, rights, privileges or benefits made available to the Seller in such Records

- If the Seller is required or permitted by Freddie Mac to conduct Eligible Electronic Transactions, the Seller shall not alter any language, the organization of information or the display of information in any Freddie Mac forms, documents, exhibits, uniform instruments or any other paper Records or Electronic Records used in connection with

any such Eligible Electronic Transactions without Freddie Mac's express written consent

3.12: Representations, warranties and covenants for Eligible Electronic Transactions with Correspondents and Mortgage Brokers (05/15/12)

The Seller represents and warrants to, and covenants with, Freddie Mac that:

- Each Correspondent's and/or Mortgage Broker's Systems are compatible with the Seller's Systems
- Each Correspondent's and/or Mortgage Broker's Systems are able to readily print, store, send, receive, store and retrieve Electronic Records or Electronic Signatures that may be sent to the Seller or received from the Seller in connection with conducting Eligible Electronic Transactions
- The Correspondents and/or Mortgage Brokers that deliver Records to the Seller with a copy or representation of the Correspondent's and/or Mortgage Broker's respective representative's written signature or Electronic Signature affixed thereto, attached thereto or logically associated therewith, are valid, enforceable, effective and have been duly authorized by such Correspondent and/or or Mortgage Broker
- Electronic Records delivered to the Seller by the Correspondents and/or Mortgage Brokers (with or without the Electronic Signatures) are true, correct and complete Electronic Records and the Correspondents and/or Mortgage Brokers are bound by the terms and conditions in such Electronic Records
- The Seller waives any and all defenses, claims, counterclaims and/or assertions that any Electronic Records delivered to the Seller by the Correspondents and/or Mortgage Brokers (with or without Electronic Signatures) were not authorized by the Correspondents and/or Mortgage Brokers

3.13: Electronic Transaction liability (05/15/12)

Freddie Mac shall not be liable to the Seller or any other party participating in any Electronic Transactions for any delays or other failures in performing Freddie Mac's obligations under any Eligible Electronic Transactions where such delay or failure:

- Is caused by any event beyond Freddie Mac's control
- Could not be reasonably foreseen at the time of the Electronic Transaction
- The consequences of which could not be avoided or overcome, or

- Is caused by Freddie Mac's, the Seller's, the Correspondent's and/or Mortgage Broker's or any other party's Internet service provider

In addition, Freddie Mac shall not be liable to the Seller or any other party participating in any Electronic Transactions for indirect, incidental, special or consequential damages of any type arising out of or relating in any manner to the electronic transmission of Records, Electronic Records or Electronic Signatures whether under contract, tort or any other theory of liability, even if Freddie Mac is aware of the possibility of such damages.

The Seller and any other party participating in Electronic Transactions, shall be 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 or Freddie Mac's technology provider and which are the result of the Seller's, the Seller's technology provider's, the Correspondent's and/or Mortgage Broker's or any other party's failure to comply with Freddie Mac's requirements in connection with conducting Eligible Electronic Transactions.

3.14: Indemnification (05/15/12)

In connection with any Electronic Transactions conducted by the Seller with Freddie Mac or any other party, the Seller agrees to indemnify, defend and hold Freddie Mac and Freddie Mac's technology provider(s) 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 that Freddie Mac or Freddie Mac's technology provider(s) become subject to or incur as a result of any challenge, dispute or lawsuit relating to:

- The loss, theft, unauthorized or improper disclosure or use of Confidential Means of Access to Freddie Mac's Systems caused by the Seller's errors, omissions or negligence

- The destruction, corruption, malfunction or appropriation of, or damage or change to any part of Freddie Mac's Systems, Electronic Records, Electronic Signatures or data (e.g., financial information, proprietary information, confidential information or personal private information) stored in Freddie Mac's Systems, caused by the Seller's errors, omissions or negligence

- The Seller's failure to adopt, maintain and administer minimum security standards to safeguard and protect Freddie Mac's Systems from unauthorized persons, malicious software or other harmful computer information, commands, codes or programs

- The Seller's or any other party's claim or defense that certain Electronic Transactions conducted by the Seller or Freddie Mac were not authorized by the Seller, the Correspondents or Mortgage Brokers or any other party or that certain Records or Electronic Records (with or without Electronic Signatures) delivered to Freddie Mac

were not authorized by the Seller or the Correspondents or Mortgage Brokers or any other party

- The Seller's signature, the Seller's Electronic Signature, any Record or any Electronic Record are in Electronic form
- The Seller's repudiation of:
  - The Seller's signature or Electronic Signature affixed to, attached to or logically associated with a Record or Electronic Record delivered to Freddie Mac, or
  - A copy or representation of the Seller's signature or Electronic Signature affixed to, attached to or logically associated with a paper Record or Electronic Record that has been sent to Freddie Mac by the Seller using a fax machine or computer and received by Freddie Mac using a fax machine or computer as a fax copy of the Record or Electronic Record printed on paper
- Any other party's repudiation of:
  - A copy or representation of the other party's written signature or Electronic Signature affixed to, attached to or logically associated with a paper Record or Electronic Record delivered to the Seller or Freddie Mac
  - A copy or representation of the other party's written signature or Electronic Signature affixed to, attached to or logically associated with a Record that has been sent to the Seller or Freddie Mac by any other party using a fax machine or computer and received by the Seller or Freddie Mac, using a fax machine or computer, as a fax copy of the Record printed on paper
- The validity, enforceability or effectiveness of any Record, Electronic Record or Electronic Signature delivered to Freddie Mac by the Seller or any other party

3.15: Effect of this chapter on the Guide and Seller's Purchase Documents (05/15/12)

(a) References to Section 1.3

Any references in other chapters or sections of the Guide or Seller's other Purchase Documents to Section 1.3 or any subsections thereof, are deemed to be references to this Chapter 3 or the applicable sections herein.

(b) Eligible Electronic Transactions permitted or required in the Guide or other Purchase Documents

This Chapter 3 does not apply to Eligible Electronic Transactions which the Seller is permitted or required to conduct pursuant to any other chapter or section of the Guide or the Seller's other Purchase Documents, unless such other chapter, section or other Purchase Documents expressly provides that this Chapter 3 applies to such Eligible Electronic Transactions.

3.16: Law governing Electronic Transactions (07/20/12)

The law governing Electronic Transactions shall be E-SIGN and/or the UETA, as enacted by an applicable State. Under no circumstances will any Electronic Transaction be governed by the Uniform Computer Information Transactions Act (UCITA), unless Freddie Mac expressly agrees in a written or Electronic amendment to the Seller's Purchase Documents.

Chapter 4: Seller/Servicer Institutional Eligibility

4.1: General (06/25/13)

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

Topic	Section(s)
Eligibility criteria	4.2
Acceptable Net Worth and other financial requirements	4.3
Activity thresholds and no-activity fee	4.3.1
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
- Seller/Servicer

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

4.2: Eligibility criteria (10/15/10)

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 (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 and other financial requirements (10/03/12)

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, including, but not limited to, requirements relating to liquidity and profitability, 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 requirements, any additional

requirements, and any limitations, restrictions or qualifications on the sale of Mortgages or Servicing of Mortgages.

4.3.1: Activity thresholds and no- activity fee (06/25/13)

Beginning January 1, 2014, a Seller/Servicer that does not meet certain activity thresholds will be assessed a no-activity fee in the amount of $7,500.

To avoid being assessed the no-activity fee, Seller/Servicers must meet at least one of the following activity thresholds:

- Sell to Freddie Mac during the immediately preceding 36 months, or
- Service, or be a Servicing Agent for, a Mortgage portfolio for Freddie Mac as of December 31 of the immediately preceding calendar year

New Seller/Servicers are exempt from the fee until they have been approved by Freddie Mac for three years.

The no-activity fee will also be assessed for each subsequent calendar year in which the Seller/Servicer does not meet the activity threshold but remains an approved Freddie Mac Seller/Servicer. The fee will be assessed and paid in accordance with the requirements of Section 17.2.

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.
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 (07/20/12)

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, as defined in Chapter 3, 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 (07/20/12)

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 Chapter 3, using Electronic Records and Electronic Signatures, as such terms are defined in Chapter 3, via the Internet at the following web site address:

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

The Form 16SF must be executed and delivered only by the Seller/Servicer's duly 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)**.

The Seller/Servicer will be responsible for truthfulness, completeness and accuracy of the information in the electronically executed and submitted Form 16SF (including any other required or supplemental information submitted with the Form 16SF) to the same degree the Seller/Servicer would be responsible had the Seller/Servicer's duly authorized representative executed a paper Form 16SF with a pen and ink and delivered it (together with any other required or supplemental information) to Freddie Mac.

4.11: Changes in Seller/Servicer's organization or status reporting (07/20/12)

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) and any major events related to the warehouse facilities, such as a new agreement, cancellation or termination of an agreement, any substantive modification to an agreement or default under an agreement or notice of default given by either party to an agreement

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 deliver the Form 1107SF, including any other required or supplemental documents, by one of the following methods:

1. Paper original. The Seller/Servicer may have its duly authorized representative complete a paper Form 1107SF and sign it, in writing, and deliver it to Freddie Mac.
2. Electronic Record, as defined in Chapter 3. The Seller/Servicer may have its duly authorized representative go to: **http://www.freddiemac.com/singlefamily/doingbusiness/acctmaintain.html** on the Internet and locate the Form 1107SF, complete it, sign it and submit it electronically **(see Directory 1)**.

3. Facsimile (fax) copy. The Seller/Servicer may have its duly authorized representative complete the paper Form 1107SF, sign it in writing and transmit it using a fax machine to Freddie Mac at a designated fax telephone number **(see Directory 1)**.

4. E-mail copy. The Seller/Servicer may have its duly authorized representative complete a paper Form 1107SF, sign it in writing, scan it into a standard document format (PDF, TIF, JPEG, etc.), attach it to an e-mail and send the e-mail and attached copy of the Form 1107SF to the following Freddie Mac e-mail address: **institutional_eligibility@freddiemac.com (see Directory 1)**.

Any other required or supplemental information that the Seller/Servicer must or wishes to submit with the Form 1107SF may also be delivered using any of the four methods set forth above. In addition, whether submitting the Form 1107 SF as an original signed paper Record or as an electronically signed Electronic Record, the Seller/Servicer is representing and warranting to Freddie Mac that the information in the Form 1107SF and in any required or supplemental documents is true, complete and correct.

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 (07/20/12)

(a) MERS® membership

A Seller/Servicer must comply with the requirements of the MERS Membership Agreement if it is a MERS Member and sells Mortgages to Freddie Mac registered on the MERS System. 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.

(b) Termination of MERS membership

If a Servicer's membership in MERS is terminated for any reason, the Servicer must promptly notify Freddie Mac at **mers@freddiemac.com**, Attn: Settlement Operations**.** For each Mortgage registered with MERS that is being serviced for Freddie Mac, the Servicer must, upon such termination, prepare an assignment of the Mortgage from MERS to itself, have the assignment executed, and, where required by law, record the executed assignment in the public land records.

(c) Registering a Mortgage with MERS

When a Seller/Servicer chooses to use MERS, the Seller/Servicer must, in addition to the requirements of the MERS Membership Agreement, use reasonable best efforts to register such Mortgages with MERS *prior* to loan delivery to Freddie Mac. In addition, the Seller/Servicer must supply the MIN to Freddie Mac at the time of delivery. For all Mortgages registered with MERS, the Seller/Servicer must indicate the MIN on the Security Instrument and related documents, regardless of whether the Seller/Servicer retains the documents or sends them to the Document Custodian holding the Note.

For completion of delivery requirements, refer to Section 16.8.

For additional information, refer to Exhibit 5 - *Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application.*

(d) Deactivation of Mortgages from MERS

A Servicer may, in its discretion, "deactivate" a Mortgage from MERS. Upon deactivation, the Servicer must prepare an assignment of the Mortgage from MERS to the Servicer, in recordable form, and, where required by law, record the executed assignment in the applicable public land records. MERS will notify Freddie Mac of the deactivation of any Mortgage in which Freddie Mac has an interest.

Chapter 5: Disqualification or Suspension of a Seller/Servicer

5.1: General policy (10/03/12)

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.

For information regarding outstanding purchase commitments when Freddie Mac terminates Servicing with or without cause, see Section 73.5.

5.2: Disqualification or suspension of the Seller or the Servicer (10/16/12)

(a) Disqualification or suspension with cause

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, including any adverse change in profitability or liquidity, 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, including, but not limited to, a Seller or Servicer's failure to maintain an Acceptable Net Worth and/or failure to meet any other financial requirements related to the Seller or Servicer's eligibility required by Freddie Mac (see Section 4.3)
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, misrepresentation 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 any or all Mortgages owned or guaranteed by Freddie Mac nationally or in the same geographical area (which may include Standard Metropolitan Statistical Area, county, or State) in which the Mortgaged Premises that secure the Mortgages either sold by the Seller or serviced by the Servicer are located and with similar Mortgage and Borrower characteristics, such as origination year, loan-to-value ratio, and documentation type (e.g., full documentation, reduced documentation)
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. Freddie Mac's determination that the Servicer's overall performance is unacceptable pursuant to Section 51.11. Freddie Mac considers the Servicer Success Scorecard results (see Section 51.11), together with other factors, including, but not limited to, Servicer Success File Reviews, trends in performance, adequacy of staffing, audit results, and/or compliance with all requirements of the Purchase Documents in evaluating whether the Servicer's overall performance is unacceptable.
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 all or a portion 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 all or a portion of Servicing with cause under Chapter 73 is sufficient cause for suspension or disqualification as a Seller.

(b) Disqualification or suspension without cause

Freddie Mac may disqualify or suspend a Seller or a Servicer without cause. Disqualification or suspension of a Seller or a Servicer without cause will be effective immediately upon notice of the disqualification or suspension, unless the notice specifies a later date. 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). 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 disqualification or suspension without cause.

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 (10/03/12)

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 may advise the Seller or the Servicer of its right to obtain a review of Freddie Mac's action or proposed action if permitted in accordance with the procedures in Section 5.4.

Before giving notice of disqualification or suspension, Freddie Mac may, in its discretion, notify 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 notification 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 notification 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: Request for voluntary termination of status as a Freddie Mac Seller or Servicer (10/03/12)

A Seller/Servicer may ask for a voluntary termination of its status as a Freddie Mac-approved Seller and/or Servicer by submitting a request to Freddie Mac. The request 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 request is in electronic form, it must be signed using the Seller/Servicer's Electronic Signature and will be subject to Chapter 3. The request will be deemed to have been duly given to and received by Freddie Mac on the date such request 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 request the termination of its status as a Freddie Mac approved Seller and/or Servicer 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 an authorized representative of Freddie Mac has approved the request in writing or in a Record or Electronic Record. Freddie Mac may condition its approval of a voluntary termination on requirements such as full satisfaction of the Seller or Servicer's outstanding obligations due Freddie Mac, the transfer of any portfolio, and/or compensation to Freddie Mac for a negatively-valued portfolio. In the event of a portfolio transfer, the Servicer is responsible for all transfer-related expenses, and remains responsible and liable to Freddie Mac for all representations and warranties arising prior to the transfer.

5.4: Appeal (10/03/12)

The provisions of this section and Section 5.5 do not apply to Sellers and Servicers approved by Freddie Mac on or after October 3, 2012 to sell and/or service Mortgages. Those Sellers and Servicers do not have a right to appeal Freddie Mac's notice of determination to disqualify or suspend.

A Seller or Servicer approved to sell and/or service Mortgages for Freddie Mac prior to October 3, 2012 may write to Freddie Mac **(see Directory 1)** to appeal a determination to disqualify or suspend with cause pursuant to Section 5.2(a).

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.

Any appeal must provide Freddie Mac with information and documentation that clearly supports the Seller's or Servicer's request for reconsideration of Freddie Mac's disqualification or suspension determination.

5.5: Final decision (10/03/12)

Freddie Mac's Vice President — Counterparty Credit Risk Management, or that person's designee, will review the appeal of the Seller/Servicer if eligible to file an appeal under Section 5.4 before rendering a final decision.

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

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 (11/15/13)

(a) Seller's obligations

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

1. Title VI of the Civil Rights Act of 1964
2. Title VIII of the Civil Rights Act of 1968, as amended
3. Section 527 of the National Housing Act
4. The Equal Credit Opportunity Act
5. The Fair Credit Reporting Act
6. All applicable laws, rules, regulations and guidance prescribed by Seller's regulator(s), governing data privacy and/or the safeguarding of Borrower personal information, including, without limitation, the Gramm-Leach-Bliley Act
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. Chapter V, 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. Section 5 of the Federal Trade Commission Act and similar laws that prohibit unfair or deceptive acts or practices
11. The Truth-in-Lending Act
12. The Real Estate Settlement Procedures Act
13. The Fair Debt Collections Practices Act
14. The Homeowners Protection Act of 1998
15. Judicial and professional rules of conduct governing discussions with opposing parties in litigation when represented by counsel (e.g., solicitation of delinquent Borrowers in bankruptcy or Borrowers engaged in litigation with the Servicer)
16. The U.S. Bankruptcy Code
17. The Electronic Signatures in Global and National Commerce Act ("E-SIGN")
18. The Uniform Electronic Act, if applicable

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.

A Seller/Servicer cannot assume that because it complies with all applicable Freddie Mac requirements that the Seller/Servicer therefore complies with all applicable federal, State and local laws, ordinances, regulations and orders.

(b) Lending practices

The Seller must employ business practices that promote fair lending.

(c) Incident Response Program and Notice of Breach

Servicers must comply with 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 ("OFAC SDN List") prior to delivery to Freddie Mac. If a Borrower is on the OFAC 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 (01/01/13)

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 the Guide as follows:

- Section 24.8 for Texas Equity Section 50(a)(6) Mortgages
- Section 30.9 for ARMs
- Section 32.5 for Seller-Owned Converted 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 Construction Conversion and Renovation Mortgages
- 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 (03/19/12)

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.

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") (01/01/13)

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 or adjustable-rate 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 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 (10/16/12)

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, misrepresented 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 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. The Seller has adopted Exhibit 31, Home Valuation Code of Conduct, and for each conventional Mortgage, 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).
9. Solely with respect to a Mortgage registered with MERS®, MERS is the mortgagee of record (either by being named in the Security Instrument as nominee for the Seller, or by being named as the assignee in a recorded assignment of the Security Instrument),

or, where applicable, MERS is not the mortgagee of record for purposes of MERS iRegistration

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, the 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 (08/01/13)

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 misstatement, misrepresentation or omission 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 or comply with the terms of any repurchase alternatives at any time under any of the other circumstances set forth in Sections 72.1 and 72.1.1, and/or
- To terminate Servicing pursuant to Chapter 73
- To set off any amounts owed by a Seller/Servicer to Freddie Mac against any other funds that Freddie Mac owes to a Seller/Servicer, such as workout incentives, expense reimbursements or any other amounts

6.13: Other interest (03/19/12)

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 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 that Freddie Mac has purchased, except as expressly permitted in the Purchase Documents.

6.14: Enforcement of representations and warranties related to underwriting of the Borrower, Mortgaged Premises and project (08/20/13)

(a) Representations and warranties

For Mortgages, including Mortgages sold pursuant to negotiated provisions, that comply with the eligibility requirements set forth in (b) below, Freddie Mac will not exercise its remedies, including the issuance of a repurchase request, in connection with the Seller/Servicer's breaches of selling representations and warranties in the chapters and sections of the Guide listed in the table below[1], relating to:

- The underwriting of the Borrower, which includes the Seller's assessment of the Borrower's loan terms, credit history, employment and income, assets, and other financial information used for qualifying the Borrower for the Mortgage

- The underwriting of the Mortgaged Premises, which is the analysis of the description and valuation of the Mortgaged Premises to determine its adequacy as collateral for the Mortgage

- The underwriting of the project in which the Mortgaged Premises is located, which is the analysis of the Planned Unit Development (PUD) or Condominium Project

[1] This includes the chapters and sections as amended by the Seller's Purchase Documents, if applicable.

For Guide provisions not listed in this table, the Seller/Servicer will continue to be responsible for representations and warranties for the life of the loan.

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Section 2.2.1	Introduction to Loan Prospector®
Section 2.9	Assumption of Mortgage
Section 22.2	Investment quality Mortgage With the exception of the Mortgage being adequately secured by real property
Section 22.5	Term, with the following exceptions: Effective for a Mortgage with an Application Received Date prior to **January 10, 2014**, the Mortgage must not have an original maturity that exceeds 40 years from the Origination Date or the Effective Date of Permanent Financing for a Construction Conversion or Renovation Mortgage. Effective for a Mortgage with an Application Received Date on or after **January 10, 2014**, the Mortgage must not have an original maturity that exceeds 30 years from the Origination Date or the Effective Date of Permanent Financing for a Construction Conversion or Renovation Mortgage.
Subsection 22.6(c)	Collateral documentation: Settlement Dates more than 120 days after the Note Date
Section 22.16	Occupancy
Section 22.20	No circumstances adversely affecting value of Mortgage
Section 22.22	Second home Mortgages
Section 22.22.1	Investment Property Mortgages
Section 22.23	Purchase requirements for Mortgages secured by properties with resale restrictions
Section 22.26	Impact of Contaminated Sites
Section 22.30	Blanket Mortgages
Chapter 23	Maximum Loan Amounts and LTV, TLTV and HTLTV Ratios

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter 24	Refinance Mortgages
Chapter A24	Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with LTV ratios greater than 80%
Chapter B24	Freddie Mac Relief Refinance Mortgages℠ – Open Access
Chapter C24	Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with LTV ratios less than or equal to 80%
Chapter 25	Secondary Financing and Other Financing Agreements With the exception of the requirement that for any Mortgage with a buydown plan, the initial interest rate may not be more than 3% below the Note Rate and the buydown plan may not extend for more than 3 years
Chapter 26	Borrower Funds
Subsection 27.1.1(a)	Financed premiums (mortgage insurance premiums)
Subsection 30.16(b)	Calculating Borrower ratios for ARMs
Chapter 32	Special Eligibility Requirements for Seller-Owned Converted and Seller-Owned Modified Mortgages
Chapter C33	A-minus Mortgages
Chapter E33	Affordable Merit Rate Mortgages
Chapter F33	Financed Permanent Buydown Mortgages
Chapter H33	Manufactured Homes With the exception of subsections H33.2(a) and (b) regarding the characteristics and requirements of a Manufactured Home
Chapter K33	Construction Conversion and Renovation Mortgages
Chapter L33	Super Conforming Mortgages
Chapter A34	Home Possible® Mortgages
Chapter 37	Underwriting the Borrower
Chapter 41	Special Warranties for Leasehold Estates With the exception of subsection 41.1(b) regarding warranties for leasehold Mortgages

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter 42	Special Requirements for Condominiums With the exception of: ■ Section 42.2 relating to project insurance requirements ■ Section 42.2 relating to title insurance ■ Section 42.2 relating to project ownership ■ Subsection 42.3(a), Project Required to be Registered with a Federal or State Securities Agency ■ Subsection 42.3(b), Hotel/Resort Projects ■ Subsection 42.3(d), Project with Non-Incidental Commercial Space ■ Subsection 42.3(e), Tenancy in Common Apartment Project ■ Subsection 42.3(f), Timeshare Project or Project with Segmented Ownership ■ Subsection 42.3(g), Houseboat Project ■ Subsection 42.3(l), Continuing Care Retirement Community (CCRC) ■ Subsection 42.3(n), Manufactured Homes ■ Subsection 42.3(o), New Condominium Projects in Florida ■ Subsection 42.6(f), Compliance with Laws ■ Subsection 42.6(g), Limitations on Ability to Sell/Right of First Refusal ■ Subsection 42.6(i), Mortgagee Consent ■ Subsection 42.6(j), Rights of Condominium Mortgagees and Guarantors
Chapter 43	Special Warranties for Planned Unit Developments With the exception of subsection 43.2(b) relating to insurance requirements

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter 44	Appraisals, Inspections and the Property Inspection Alternative (PIA) With the exception of: ■ Subsection 44.2(a), Residential Requirements ■ Subsection 44.3(a) relating to Exhibit 35, Appraiser Independence Requirements ■ Section 44.4 relating to the Uniform Standards of Professional Appraisal Practice (USPAP)

(b) Eligible Mortgages

Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties described in Section 6.14(a) for Mortgages that meet the following requirements:

- The Mortgage must have a Freddie Mac Settlement Date on or after January 1, 2013

- The Mortgage must have an acceptable payment history by meeting the following:

  - For Mortgages other than Freddie Mac Relief Refinance Mortgages℠:

    - The Borrower had no 30-day or greater Delinquencies during the first 36 months following the Freddie Mac Settlement Date, or

    - The Borrower (i) had no more than two 30-day Delinquencies, and no 60-day or greater Delinquencies, during the first 36 months following the Freddie Mac Settlement Date; and (ii) was current as of the 60th month following the Freddie Mac Settlement Date

  - For Relief Refinance Mortgages:

    - The Borrower had no 30-day or greater Delinquencies during the first 12 months following the Freddie Mac Settlement Date, or

- The Borrower (i) had no more than two 30-day Delinquencies, and no 60-day or greater Delinquencies, during the first 36 months following the Freddie Mac Settlement Date; and (ii) was current as of the 60th month following the Freddie Mac Settlement Date

The Mortgage must not have been subject to a forbearance agreement, repayment plan, or otherwise have been modified from its original terms during the first 12, 36 or 60 months following the Freddie Mac Settlement Date, as applicable, based on the acceptable payment history described above.

In addition, in connection with the payment history above, with the exception of temporary subsidy buydown arrangements permitted by the Purchase Documents, neither the Seller/Servicer nor any third party may escrow or advance funds to be used for payment of any monthly installment, principal, interest or other charge payable under the terms of the Mortgage.

- The Mortgage must be a conventional Mortgage delivered to Freddie Mac through a flow purchase contract (that is, not sold through the bulk path)

- The Mortgage must not be a Mortgage that Freddie Mac and the Seller/Servicer have agreed is subject to any credit enhancement other than primary mortgage insurance

- The Mortgage must not have an outstanding request for a repurchase, a repurchase alternative or a make-whole

(c) Life-of-loan representations and warranties

For Mortgages that meet the eligibility requirements set forth in (b) above, the Seller/Servicer will not be relieved from Freddie Mac's enforcement of its representations and warranties with respect to the following matters, even if such issues are referenced in the Guide sections in the table above. Instead, the Seller/Servicer will be responsible for all such representations and warranties for the life of the loan.

- **Charter matters.** Each Mortgage must be eligible for purchase under the Freddie Mac Charter Act in the following respects:

  - The Mortgage must be secured by a residential property that is located within any of the 50 States, the District of Columbia, Guam, Puerto Rico or the U.S. Virgin Islands at the time of Freddie Mac's purchase, as set forth in Section 22.18 and the definition of a State in the Glossary

  - The original unpaid principal balance of the Mortgage must not exceed the maximum original loan amounts set forth in Sections 23.3 and L33.2

- The Mortgage must not be secured by vacant land or property primarily used for agriculture, farming or commercial enterprise at the time of Freddie Mac's purchase

- The Mortgage must be secured by a residential property consisting of 1-4 dwelling units at the time of Freddie Mac's purchase

- Any Mortgage with a loan-to-value (LTV) ratio in excess of 80% at the time of Freddie Mac's purchase must (i) have mortgage insurance on the portion of the Mortgage in excess of 80% of the property's value (determined in accordance with Section 27.1, or in the case of Relief Refinance Mortgages, meet the applicable mortgage insurance requirements in the Guide), (ii) be sold with recourse, within the meaning of Section 11.10(a), or (iii) be sold on a participation basis

- **Misstatements, misrepresentations, omissions and data inaccuracies**

  The Mortgage must not have any misstatement, misrepresentation or omission, by any party (including, but not limited to, the Seller, Borrowers, property sellers, builders, real estate agents, lenders, mortgage brokers, loan officers, originators, appraisers, appraisal companies, closing agents, title companies or other third party vendors) pertaining to the requirements described in the chapters and sections of the Guide set forth in the table above, that:

  - Involved two or more Mortgages or related real estate transactions, and

  - Was made by two or more of the aforementioned parties

  The Seller's knowledge of the misstatement, misrepresentation or omission is irrelevant.

  Additionally, the Mortgage must not have any Uniform Loan Delivery Dataset (ULDD) data inaccuracies pertaining to the requirements described in the chapters and sections of the Guide set forth in the table above, if and to the extent:

  - Such ULDD data differs from the information documented in the Mortgage file which was used by the Seller to determine Mortgage eligibility

  - The information documented in the Mortgage file indicates that the Mortgage was not eligible for purchase by Freddie Mac, and

  - Multiple Mortgages are involved

- **Clear title/First Lien priority.** The Mortgage must be enforceable as a First Lien (with no pending condemnation proceedings) and have clear title through foreclosure.

- **Compliance with laws.** The Mortgage must comply with all applicable federal, State and local laws, ordinances, regulations and orders, including, without limitation, State anti-predatory lending laws and regulations.

- **Mortgage product eligibility**

  The Mortgage must be a Mortgage product eligible for sale to Freddie Mac. The Seller/Servicer will not be relieved of Freddie Mac's enforcement of its representations and warranties for ineligible Mortgage products, including, but not limited to, the following:

  - A Mortgage with an interest-only feature
  - An ineligible ARM
  - A Mortgage originated with stated or no income and/or asset documentation

6.14: Enforcement of representations and warranties related to underwriting of the Borrower, Mortgaged Premises and project (Future effective date 01/01/14)

(a) Representations and warranties

For Mortgages, including Mortgages sold pursuant to negotiated provisions, that comply with the eligibility requirements set forth in (b) below, Freddie Mac will not exercise its remedies, including the issuance of a repurchase request, in connection with the Seller/Servicer's breaches of selling representations and warranties in the chapters and sections of the Guide listed in the table below[1], relating to:

- The underwriting of the Borrower, which includes the Seller's assessment of the Borrower's loan terms, credit history, employment and income, assets, and other financial information used for qualifying the Borrower for the Mortgage

- The underwriting of the Mortgaged Premises, which is the analysis of the description and valuation of the Mortgaged Premises to determine its adequacy as collateral for the Mortgage

- The underwriting of the project in which the Mortgaged Premises is located, which is the analysis of the Planned Unit Development (PUD) or Condominium Project

[1] This includes the chapters and sections as amended by the Seller's Purchase Documents, if applicable.

For Guide provisions not listed in this table, the Seller/Servicer will continue to be responsible for representations and warranties for the life of the loan.

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Section 2.2.1	Introduction to Loan Prospector®
Section 2.9	Assumption of Mortgage
Section 22.2	Investment quality Mortgage With the exception of the Mortgage being adequately secured by real property
Section 22.5	Term, with the following exceptions: Effective for a Mortgage with an Application Received Date prior to **January 10, 2014**, the Mortgage must not have an original maturity that exceeds 40 years from the Origination Date or the Effective Date of Permanent Financing for a Construction Conversion or Renovation Mortgage. Effective for a Mortgage with an Application Received Date on or after **January 10, 2014**, the Mortgage must not have an original maturity that exceeds 30 years from the Origination Date or the Effective Date of Permanent Financing for a Construction Conversion or Renovation Mortgage.
Subsection 22.6(c)	Collateral documentation: Settlement Dates more than 120 days after the Note Date
Section 22.16	Occupancy
Section 22.20	No circumstances adversely affecting value of Mortgage
Section 22.22	Second home Mortgages
Section 22.22.1	Investment Property Mortgages
Section 22.23	Purchase requirements for Mortgages secured by properties with resale restrictions
Section 22.26	Impact of Contaminated Sites
Section 22.30	Blanket Mortgages
Chapter 23	Maximum Loan Amounts and LTV, TLTV and HTLTV Ratios
Chapter 24	Refinance Mortgages

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter A24	Freddie Mac Relief Refinance Mortgages℠ – Same Servicer
Chapter B24	Freddie Mac Relief Refinance Mortgages℠ – Open Access
Chapter 25	Secondary Financing and Other Financing Agreements With the exception of the requirement that for any Mortgage with a buydown plan, the initial interest rate may not be more than 3% below the Note Rate and the buydown plan may not extend for more than 3 years
Chapter 26	Borrower Funds
Subsection 27.1.1(a)	Financed premiums (mortgage insurance premiums)
Subsection 30.16(b)	Calculating Borrower ratios for ARMs
Chapter 32	Special Eligibility Requirements for Seller-Owned Converted and Seller-Owned Modified Mortgages
Chapter C33	A-minus Mortgages
Chapter E33	Affordable Merit Rate Mortgages
Chapter F33	Financed Permanent Buydown Mortgages
Chapter H33	Manufactured Homes With the exception of subsections H33.2(a) and (b) regarding the characteristics and requirements of a Manufactured Home
Chapter K33	Construction Conversion and Renovation Mortgages
Chapter L33	Super Conforming Mortgages
Chapter A34	Home Possible® Mortgages
Chapter 37	Underwriting the Borrower
Chapter 41	Special Warranties for Leasehold Estates With the exception of subsection 41.1(b) regarding warranties for leasehold Mortgages

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter 42	Special Requirements for Condominiums With the exception of: ■ Section 42.2 relating to project insurance requirements ■ Section 42.2 relating to title insurance ■ Section 42.2 relating to project ownership ■ Subsection 42.3(a), Project Required to be Registered with a Federal or State Securities Agency ■ Subsection 42.3(b), Hotel/Resort Projects ■ Subsection 42.3(d), Project with Non-Incidental Commercial Space ■ Subsection 42.3(e), Tenancy in Common Apartment Project ■ Subsection 42.3(f), Timeshare Project or Project with Segmented Ownership ■ Subsection 42.3(g), Houseboat Project ■ Subsection 42.3(l), Continuing Care Retirement Community (CCRC) ■ Subsection 42.3(n), Manufactured Homes ■ Subsection 42.3(o), New Condominium Projects in Florida ■ Subsection 42.6(f), Compliance with Laws ■ Subsection 42.6(g), Limitations on Ability to Sell/Right of First Refusal ■ Subsection 42.6(i), Mortgagee Consent ■ Subsection 42.6(j), Rights of Condominium Mortgagees and Guarantors
Chapter 43	Special Warranties for Planned Unit Developments With the exception of subsection 43.2(b) relating to insurance requirements

Guide chapter/section	Title of chapter or section and where noted, exclusions to provisions in the chapter/section Note: Where the following provisions of the Guide contain references to requirements located in other chapters and/or sections of the Guide, Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties related to those requirements only if the section where the requirement is located is included below.
Chapter 44	Appraisals, Inspections and the Property Inspection Alternative (PIA) With the exception of: ■ Subsection 44.2(a), Residential Requirements ■ Subsection 44.3(a) relating to Exhibit 35, Appraiser Independence Requirements ■ Section 44.4 relating to the Uniform Standards of Professional Appraisal Practice (USPAP)

(b) Eligible Mortgages

Freddie Mac will not exercise its remedies in connection with breaches of representations and warranties described in Section 6.14(a) for Mortgages that meet the following requirements:

- The Mortgage must have a Freddie Mac Settlement Date on or after January 1, 2013

- The Mortgage must have an acceptable payment history by meeting the following:

  - For Mortgages other than Freddie Mac Relief Refinance Mortgages℠:

    - The Borrower had no 30-day or greater Delinquencies during the first 36 months following the Freddie Mac Settlement Date, or

    - The Borrower (i) had no more than two 30-day Delinquencies, and no 60-day or greater Delinquencies, during the first 36 months following the Freddie Mac Settlement Date; and (ii) was current as of the 60th month following the Freddie Mac Settlement Date

  - For Relief Refinance Mortgages:

    - The Borrower had no 30-day or greater Delinquencies during the first 12 months following the Freddie Mac Settlement Date, or

- The Borrower (i) had no more than two 30-day Delinquencies, and no 60-day or greater Delinquencies, during the first 36 months following the Freddie Mac Settlement Date; and (ii) was current as of the 60th month following the Freddie Mac Settlement Date

The Mortgage must not have been subject to a forbearance agreement, repayment plan, or otherwise have been modified from its original terms during the first 12, 36 or 60 months following the Freddie Mac Settlement Date, as applicable, based on the acceptable payment history described above.

In addition, in connection with the payment history above, with the exception of temporary subsidy buydown arrangements permitted by the Purchase Documents, neither the Seller/Servicer nor any third party may escrow or advance funds to be used for payment of any monthly installment, principal, interest or other charge payable under the terms of the Mortgage.

- The Mortgage must be a conventional Mortgage delivered to Freddie Mac through a flow purchase contract (that is, not sold through the bulk path)

- The Mortgage must not be a Mortgage that Freddie Mac and the Seller/Servicer have agreed is subject to any credit enhancement other than primary mortgage insurance

- The Mortgage must not have an outstanding request for a repurchase, a repurchase alternative or a make-whole

(c) Life-of-loan representations and warranties

For Mortgages that meet the eligibility requirements set forth in (b) above, the Seller/Servicer will not be relieved from Freddie Mac's enforcement of its representations and warranties with respect to the following matters, even if such issues are referenced in the Guide sections in the table above. Instead, the Seller/Servicer will be responsible for all such representations and warranties for the life of the loan.

- **Charter matters.** Each Mortgage must be eligible for purchase under the Freddie Mac Charter Act in the following respects:

  - The Mortgage must be secured by a residential property that is located within any of the 50 States, the District of Columbia, Guam, Puerto Rico or the U.S. Virgin Islands at the time of Freddie Mac's purchase, as set forth in Section 22.18 and the definition of a State in the Glossary

  - The original unpaid principal balance of the Mortgage must not exceed the maximum original loan amounts set forth in Sections 23.3 and L33.2

- The Mortgage must not be secured by vacant land or property primarily used for agriculture, farming or commercial enterprise at the time of Freddie Mac's purchase

- The Mortgage must be secured by a residential property consisting of 1-4 dwelling units at the time of Freddie Mac's purchase

- Any Mortgage with a loan-to-value (LTV) ratio in excess of 80% at the time of Freddie Mac's purchase must (i) have mortgage insurance on the portion of the Mortgage in excess of 80% of the property's value (determined in accordance with Section 27.1, or in the case of Relief Refinance Mortgages, meet the applicable mortgage insurance requirements in the Guide), (ii) be sold with recourse, within the meaning of Section 11.10(a), or (iii) be sold on a participation basis

- **Misstatements, misrepresentations, omissions and data inaccuracies**

  The Mortgage must not have any misstatement, misrepresentation or omission, by any party (including, but not limited to, the Seller, Borrowers, property sellers, builders, real estate agents, lenders, mortgage brokers, loan officers, originators, appraisers, appraisal companies, closing agents, title companies or other third party vendors) pertaining to the requirements described in the chapters and sections of the Guide set forth in the table above, that:

  - Involved two or more Mortgages or related real estate transactions, and

  - Was made by two or more of the aforementioned parties

  The Seller's knowledge of the misstatement, misrepresentation or omission is irrelevant.

  Additionally, the Mortgage must not have any Uniform Loan Delivery Dataset (ULDD) data inaccuracies pertaining to the requirements described in the chapters and sections of the Guide set forth in the table above, if and to the extent:

  - Such ULDD data differs from the information documented in the Mortgage file which was used by the Seller to determine Mortgage eligibility

  - The information documented in the Mortgage file indicates that the Mortgage was not eligible for purchase by Freddie Mac, and

  - Multiple Mortgages are involved

- **Clear title/First Lien priority.** The Mortgage must be enforceable as a First Lien (with no pending condemnation proceedings) and have clear title through foreclosure.

- **Compliance with laws.** The Mortgage must comply with all applicable federal, State and local laws, ordinances, regulations and orders, including, without limitation, State anti-predatory lending laws and regulations.

- **Mortgage product eligibility**

  The Mortgage must be a Mortgage product eligible for sale to Freddie Mac. The Seller/Servicer will not be relieved of Freddie Mac's enforcement of its representations and warranties for ineligible Mortgage products, including, but not limited to, the following:

  - A Mortgage with an interest-only feature
  - An ineligible ARM
  - A Mortgage originated with stated or no income and/or asset documentation

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 (08/21/12)

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 of foreclosure 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 of foreclosure 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 (10/01/13)

(a) Procedures for reporting and what to report

The Seller/Servicer must have written 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 knows or suspects 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 (07/01/13)

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. The Seller/Servicer must comply with the deadlines specified by Freddie Mac for providing information, documentation, records, access to individuals or any other requested cooperation.

7.5 Additional requirements (06/13/12)

Seller/Servicers are reminded of their continuing obligation to comply with all applicable federal, State and local laws, including those relating to fraud (see Sections 6.2 and 53.8). 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 (06/13/12)

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 *Fraud Prevention Best Practices* on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/pdf/fraudprevention_practices.pdf**.

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 (09/01/13)

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
Fraud prevention, detection and reporting (Volume 2 of the Guide)	Chapter 57
Short sale transactions	Sections B65.40 and B65.41.1
Home Affordable Modification Program	Chapter C65
Litigation matters	Section 67.17
Repurchases required by Freddie Mac	Sections 72.1 and 72.1.1
Termination of Servicing	Chapter 73
Servicing-Released Sales Process	Exhibit 28A

Chapter 8: General Purchase Program Requirements and Characteristics

8.1: Overview (05/15/12)

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
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
Recapture of premiums and reimbursement of buyup proceeds	8.13

8.1.1: Delivery requirements (03/19/12)

(a) Cash program

Delivery is mandatory under the following:

- Fixed-rate Cash
- WAC ARM Cash

Delivery under a Best Efforts Contract 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	Chapter 9
WAC ARM Cash	Chapter 10

(b) Guarantor and MultiLender Swap programs

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

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

Topic	Location
Fixed-rate Guarantor	Chapters 11, 13 and B15
WAC ARM Guarantor	Chapters 11, A13 and C15
MultiLender Swap	Chapters 11, 13 and D15

(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, 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 mandatory Master Commitment by initiating a pairoff (see Section 8.7).

8.1.2: Due-on-sale provisions (01/01/13)

(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 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.

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.

(c) Summary of due-on-sale characteristics

All fixed-rate 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.

All 1-Year Weekly 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 assumable thereafter.

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: Reserved (04/25/06)

This section is reserved.

8.2.2: Servicing Spread requirements (03/19/12)

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%.

(a) Minimum Contract Servicing Spread requirements

The Minimum Contract Servicing Spread is selected by the Seller when taking out a Purchase Contract and is applicable to all the Mortgages delivered pursuant to that 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, the Minimum Contract Servicing Spread:

- Must be at least 0.250% and may not exceed 0.500% and
- Must equal 0.250% for Mortgages sold under the Servicing Released Sales Process

For WAC ARM Cash, the Seller must select:

- A weighted average Servicing Spread for the contract that is no less than 0.250% and no greater than 0.375% and
- A separate Servicing Spread for each ARM allocated to the WAC ARM Cash Contract that is either 0.250% or 0.375%

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

(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% and may not exceed 2.00%
- For WAC ARM Guarantor, the Minimum Contract Servicing Spread must be at least 0.250% and may not exceed 2.00%
- For MultiLender Swap, the Minimum Contract Servicing Spread must be at least 0.250% and may not exceed 1.25%

(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, the Seller may select the same value or a different value for any of the three discrete Minimum Contract Servicing Spreads. When the 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.

- **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% 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% 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% from the minimum coupon servicing spread and the minimum margin servicing spread.

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 (01/01/13)

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

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

(b) Pool offerings under the MultiLender Swap program

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

(c) 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 (07/23/12)

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

The Seller may pair off a Cash Purchase Contract or a mandatory Master Commitment 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 the 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.

The Seller 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.

(b) Master Commitment Pairoff procedures

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

- The Seller makes a pairoff request for a Master Commitment by contacting its Freddie Mac Account Manager
- The pairoff amount for Master Commitments shall equal the original contract commitment amount, less:
- The applicable purchase tolerance set forth in the Master Commitment, and

- The contract commitment amount of any Cash Purchase Contracts converted under the Master Commitment
- The amount of Mortgages previously purchased by Freddie Mac under Guarantor or MultiLender Swap Purchase Contracts converted under the Master Commitment
- 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 (07/23/12)

(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 the Seller in any calendar year. If Freddie Mac has established a Maximum Annual Mortgage Purchase Amount with respect to the 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 the 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 (10/03/12)

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. Unless otherwise specified in the Guide for a specific unpaid fee or remittance, 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%. 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%) 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/Servicer 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 amount of any repurchase late fee will appear on the Seller account activity statement described in Section 17.2(e) and will be drafted from the Seller's Automated Clearing House (ACH) account in accordance with Section 17.2(g).

The interest reimbursement referred to above is in addition to any remedies Freddie Mac may have under the law or the Purchase Documents for violation of the Seller/Servicer'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/Servicer 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/Servicer.

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/Servicer'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 (07/23/12)

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 refinancing 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 (03/19/12)

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 to Freddie Mac by the Seller to be true, absolute and unconditional sales.

8.13: Recapture of premiums and reimbursement of buyup proceeds (07/23/12)

For any Mortgage that is paid off (whether because of a refinance, a prepay or any other reason) within 120 days of the Freddie Mac Funding Date or Settlement Date, Freddie Mac may at its sole discretion require the Seller/Servicer to reimburse Freddie Mac for:

- With respect to a Mortgage delivery through the Cash program, any premium paid for the Mortgage calculated as the amount by which the purchase price exceeded the par

price, multiplied by the outstanding unpaid principal balance (UPB) of the particular Mortgage on the Funding Date

- With respect to a Mortgage delivery through the Guarantor or MultiLender Swap program, any premium (expressed as a percentage) that was or would have been applicable to the PC Pool comprising the particular Mortgage, based on market conditions existing on the Settlement Date of such Mortgage as determined by Freddie Mac, multiplied by the outstanding UPB of the particular Mortgage on the date of the pay off
- Any buyup proceeds paid by Freddie Mac to the Seller in connection with the delivery of a Mortgage through the Guarantor or MultiLender Swap program, and/or
- Any loss, damage or expense, including court costs and reasonable attorney fees, as incurred by Freddie Mac in connection with its purchase, ownership and/or resale to the Seller of its participation interest in the Mortgage

The amount of any such premiums and/or buyup proceeds will appear on the Seller account activity statement described in Section 17.2(e) and will be drafted from the Seller's Automated Clearing House Account (ACH) account in accordance with Section 17.2(g).

Chapter 9: Fixed-Rate Cash

9.1: Overview (01/01/13)

ARMs may be sold under WAC ARM Cash — Chapter 10.

This chapter sets forth the terms for selling fixed-rate Mortgages to Freddie Mac under fixed-rate Cash.

This chapter is organized by the following topics:

Topic	Section
Overview	9.1
Eligible Sellers	9.2
Defined terms	9.3
Eligible Mortgages	9.4
Mandatory Cash Contracts	9.5
Best Efforts Contracts	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 (03/19/12)

In order to be eligible to sell Mortgages to Freddie Mac under fixed-rate Cash, the 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 (03/19/12)

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:

- Delivery Date
- Best Efforts Contract
- Purchase Contract Expiration Date
- Seasoned Mortgage
- Servicing Released Sales Process

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

In addition, in the Freddie Mac Selling System ("Selling System"), Purchase Contract Effective Period means the period of time for which a price for eligible Mortgages provided to the Seller by the Selling System is effective.

9.4: Eligible Mortgages (08/20/13)

(a) Eligible Mortgages under fixed-rate Cash

Freddie Mac will purchase fixed-rate Mortgages, except fixed-rate Prepayment Penalty Mortgages under fixed-rate Cash.

See Exhibit 17S, Available Mortgage Products, for more information regarding eligibility requirements for fixed-rate Mortgages sold under fixed-rate Cash.

Mortgages eligible for sale under the Servicing Released Sales Process 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:

- 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. The only 40-year* fixed-rate Mortgages eligible for sale to Freddie Mac are Home Possible® Mortgages secured by 1-unit Primary Residences.

  * Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

9.5: Mandatory Cash Contracts (03/19/12)

(a) Offer amounts and procedures

Each Business Day, the Seller may take out Mandatory Cash Contracts to sell one or more Mortgages. 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.

(b) Contract periods

The Seller 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% Minimum Contract Servicing Spread and the use of the Gold remittance cycle. However, if the 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 the 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 the Seller has accepted and agreed to the contract price provided by Freddie Mac, 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.

The Seller may also choose to allocate Mortgages to "pairoff and transfer to a new contract" (or pairoff and recommit). With this functionality, the 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 (01/01/13)

(a) Offer amounts and procedures

Each Business Day, the Seller may take out a Best Effort Contract to sell a specific fixed-rate 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 the 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 the 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

The Seller 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 the 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 15-year fixed-rate 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.

In addition, if the 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. 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 (01/01/13)

(a) Servicing options

Subject to approval and conditions set by Freddie Mac, the Seller may sell fixed-rate Mortgages under Cash 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% and may not exceed 0.50%.

If the Seller has selected the Servicing Released Sales Process, the Minimum Contract Servicing Spread must equal 0.25%.

9.9: Requirements for the Servicing Released Sales Process (01/01/13)

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.

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, the Seller should see Section 9.8(b) for applicable remittance cycle information and Section 9.8(c) for the applicable Minimum Contract Servicing Spread.

A Seller without access to the Servicing Released Sales Process must apply to Freddie Mac for approval and access. If Freddie Mac determines that the 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. The Seller 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 the 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 the 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 the Servicing Released Sales Process 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 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 certain 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. In that event, if there is no alternative Servicing bid and the loan has been allocated to

a Mandatory Cash Contract, 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 temporary subsidy buydown funds. The amount of funding adjustments will be identified on the Settlement Date as follows:

- The Seller enters in the Selling System the amounts held as Escrow deposits and temporary subsidy buydown funds for each Mortgage sold servicing released and
- The Selling System calculates the interest adjustment, Servicing Spread, tax service fee and transaction fee

Refer to Section 17.33 for additional information regarding delivery requirements for Mortgages sold servicing released under Mandatory Cash Contracts or Best Efforts Contracts.

The accuracy of the Escrow deposits and temporary subsidy buydown funds, 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 temporary subsidy buydown funds. 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 temporary subsidy buydown funds 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 temporary subsidy buydown funds after the sale of the Mortgage. Freddie Mac will not adjust, calculate, refund or pay any amounts with respect to the Escrow deposits or temporary subsidy buydown funds 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 e-mail notice to **Freddie_Mac_Servicing_Released_Executions@freddiemac.com**, or by contacting 1-800-FREDDIE.

Freddie Mac will have three Business Days 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 the 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 the Seller

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

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 concerning the eligibility for sale to Freddie Mac (the "sale representations") of 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.

Freddie Mac will conduct quality control activities relating to the sale representations with the Seller. The Seller agrees that Freddie Mac may share information with the Transferee Servicer regarding the Mortgages sold to Freddie Mac servicing released, including, but not limited to, quality control findings, the Seller's response to quality control findings and defect reports.

(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 for more information about the document custody requirements related to Mortgages sold and serviced under the Servicing Released Sales Process.

Chapter 10: WAC ARM Cash

10.1: Overview (03/19/12)

This chapter sets forth the terms for selling ARMs to Freddie Mac under Weighted Average Coupon (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.

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 (03/19/12)

In order to be eligible to sell Mortgages to Freddie Mac under WAC ARM Cash, the 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 (03/19/12)

Sellers should be familiar with the definitions of the following terms as they relate to ARMs sold to Freddie Mac under WAC ARM Cash:

- **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: ARM products (07/23/12)

See Section 30.7 for information regarding Initial Caps, Periodic Caps and Life Caps for ARMs sold under WAC ARM Cash.

See Exhibit 17S, Available Mortgage Products, for more information regarding eligibility for ARMs sold under WAC ARM Cash.

10.5: Purchase requirements (05/15/12)

Under WAC ARM Cash, Freddie Mac will purchase ARMs that meet the requirements of the Purchase Documents.

The Margin for ARMs sold under a WAC ARM Cash Contract 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 (07/23/12)

(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 are mandatory. Each Business Day, a Seller may take out contracts to sell 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.

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 (07/23/12)

(a) Loan level and contract level tolerances

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 (08/04/11)

(a) Remittance cycles

Two remittance cycles are available for 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% and no greater than 0.375%. 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% or 0.375%.

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 ARM-related information (07/23/12)

Other ARM-related information is located elsewhere in the Guide:

Topic	Location
Mortgage Delivery Instructions	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
Available Mortgage Products	Exhibit 17S

Chapter 11: Guarantor and MultiLender Swap Programs

11.1: Summary of programs (01/01/13)

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 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 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.

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 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 17S, Available Mortgage Products.

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 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
- 15-, 20- and 30-year FHA/VA Mortgages

The MultiLender Swap program issues securities for pools of the following types of fixed-rate 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
- 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:

- 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 Chapter 30 and Exhibit 17S, Available Mortgage Products, 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 (04/14/11)

All Sellers are eligible to submit offers under the Guarantor and MultiLender Swap programs, provided that the Seller first enters into a Master Commitment with Freddie Mac. A Seller should contact its Freddie Mac Account Manager to discuss how to enter into a Master Commitment.

11.4.1: Purchase requirements (01/01/13)

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

Under the fixed-rate Guarantor program, Freddie Mac will purchase fixed-rate Mortgages 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 Mortgages under the fixed-rate Guarantor program.

(b) MultiLender Swap program

Under the MultiLender Swap program, Freddie Mac will purchase fixed-rate Mortgages 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 Mortgages under the MultiLender Swap program.

(c) WAC ARM Guarantor program

Under the WAC ARM Guarantor program, Freddie Mac will purchase ARMs that have a Margin that is at least the sum of the Required Spread plus the Minimum Contract Servicing Spread. For 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 (03/19/12)

Effective March 19, 2012, this section is deleted. See Chapters B15, C15 and D15 for information related to taking out contracts in the Freddie Mac Selling System.

11.6: Offer procedures and contract options for Balloon/Reset Mortgages (06/28/04)

This section has been deleted.

11.7: MultiLender Swap posting information (03/19/12)

On the first Business Day of each month, Freddie Mac will announce on **www.freddiemac.com** and through various 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

Freddie Mac provides information about the Gold Rush® fees assessed for use of a Settlement Cycle of less than five days at **www.freddiemac.com** and through various market information vendors.

11.8: Confirmation of compliance with Seller's Maximum Annual Mortgage Purchase Amount (03/19/12)

If Freddie Mac has established a Maximum Annual Mortgage Purchase Amount with respect to the 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, 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 Purchase Contract that causes the Seller to exceed its Maximum Annual Mortgage Purchase Amount.

11.9: Purchase and sale obligations (03/19/12)

The obligation of Freddie Mac to sell PCs or Giant PCs in exchange for Mortgages 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 (03/19/12)

Mortgages may be sold to Freddie Mac with or without recourse, as elected by the Seller and as set forth in the Purchase Documents.

(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 the 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 the 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 the 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 the 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 the 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

The 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.

(b) Without recourse

If the Seller elects to sell Mortgages without recourse, Freddie Mac assumes the risk of loss from Borrower defaults, subject to the terms and conditions of the Purchase Documents.

11.11: Remittance and buyup/buydown options (07/23/12)

Under the fixed-rate Guarantor and MultiLender Swap programs, subject to Freddie Mac approval, the 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, the 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, Matrix 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 Guarantor and MultiLender Swap programs**

  The Seller may request at time of Master Commitment 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 will reflect the remittance cycle chosen at that time, and the Seller will be required to use that remittance cycle for all Fixed-Rate Guarantor or MultiLender Swap Contracts taken out under the Master Commitment.

  If the Seller does not specify a remittance cycle at time of Master Commitment issuance, the Required Spread provided in the Master Commitment will reflect the Gold remittance cycle. The Seller will be able to select a remittance cycle when taking out a Fixed-Rate Guarantor or MultiLender Swap Contract, and the Required Spread for that particular contract will reflect the remittance cycle chosen.

  Regardless of when the remittance cycle is chosen:

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 or with the initial contract taken out under the Master Commitment 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 Fixed-Rate Guarantor or MultiLender Swap Contracts taken out under that Master Commitment.

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 the Master Commitment issuance that either the first Tuesday remittance cycle or ARC (as described in Section 78.23) be made applicable to such WAC ARM Guarantor Contract. The Required Spread provided in the Master Commitment will reflect the remittance cycle chosen at that time, and the Seller will be required to use that remittance cycle for all WAC ARM Guarantor Contracts taken out under the Master Commitment.

  The Seller will be able to select a remittance cycle when taking out a WAC ARM Guarantor Contract under a Master Commitment, and if the Seller selects ARC, the Required Spread for that particular WAC ARM Guarantor Contract will be adjusted accordingly.

(b) Contract-level buyup option under the WAC ARM Guarantor program

The Seller may request, when taking out a WAC ARM Guarantor Contract under a Master Commitment, 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 "Contract Details" in the Freddie Mac Selling System ("Selling System"), 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. See Section C15.10 for additional information on buyup options under WAC ARM Guarantor Contracts.

(c) Contract-level buydown option under the WAC ARM Guarantor program

The Seller may request, when taking out a WAC ARM Guarantor Contract under a Master Commitment, 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 "Contract Details" in the Selling System, 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 the lowest Note Rate and the WARM of the Mortgages to be purchased as of the Date of Seller's Offer. See Section C15.10 for additional information on buydown options under WAC ARM Guarantor Contracts.

(d) Note-level buyup and buydown option under the fixed-rate Guarantor and MultiLender Swap programs

The Seller may request, when taking out a Fixed-Rate Guarantor or MultiLender Swap Contract under a Master Commitment, 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. See Sections B15.10 and D15.10 for additional information on buyup and buydown options under Fixed-Rate Guarantor and MultiLender Swap Contracts, respectively.

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
- Minimum Contract Servicing Spread specified when taking out the contract
- Note Rate
- Required Spread

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 the contract is taken out. Such Mortgages will retain a Servicing Spread greater than the Minimum Contract Servicing Spread specified at the time the contract is taken out.

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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11.11: Remittance and buyup/buydown options (Future effective date 04/01/14)

Under the fixed-rate Guarantor and MultiLender Swap programs, subject to Freddie Mac approval, the 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, the 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)

The remittance cycles available under the Guarantor and MultiLender Swap programs are summarized in Exhibit 6, Matrix of Remittance Cycle Options. In addition, each remittance cycle is described in Section 78.23.

(f) Remittance cycles

The following remittance cycles are available:

- **For deliveries under the fixed-rate Guarantor and MultiLender Swap programs**

  The Seller may request at time of Master Commitment 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 will reflect the remittance cycle chosen at that time, and the Seller will be required to use that

remittance cycle for all Fixed-Rate Guarantor or MultiLender Swap Contracts taken out under the Master Commitment.

If the Seller does not specify a remittance cycle at time of Master Commitment issuance, the Required Spread provided in the Master Commitment will reflect the Gold remittance cycle. The Seller will be able to select a remittance cycle when taking out a Fixed-Rate Guarantor or MultiLender Swap Contract, and the Required Spread for that particular contract will reflect the remittance cycle chosen.

Regardless of when the remittance cycle is chosen:

3. 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 or with the initial contract taken out under the Master Commitment 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 Fixed-Rate Guarantor or MultiLender Swap Contracts taken out under that Master Commitment.

4. 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 the Master Commitment issuance that either the first Tuesday remittance cycle or ARC (as described in Section 78.23) be made applicable to such WAC ARM Guarantor Contract. The Required Spread provided in the Master Commitment will reflect the remittance cycle chosen at that time, and the Seller will be required to use that remittance cycle for all WAC ARM Guarantor Contracts taken out under the Master Commitment.

  The Seller will be able to select a remittance cycle when taking out a WAC ARM Guarantor Contract under a Master Commitment, and if the Seller selects ARC, the Required Spread for that particular WAC ARM Guarantor Contract will be adjusted accordingly.

(g) Contract-level buyup option under the WAC ARM Guarantor program

The contract-level buyup option is not permitted under the WAC ARM Guarantor Program.

(h) Contract-level buydown option under the WAC ARM Guarantor program

The contract-level buydown option is not permitted under the WAC ARM Guarantor Program.

(i) Note-level buyup and buydown option under the fixed-rate Guarantor and MultiLender Swap programs

The Seller may request, when taking out a Fixed-Rate Guarantor or MultiLender Swap Contract under a Master Commitment, 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. See Sections B15.10 and D15.10 for additional information on buyup and buydown options under Fixed-Rate Guarantor and MultiLender Swap Contracts, respectively.

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
- Minimum Contract Servicing Spread specified when taking out the contract
- Note Rate
- Required Spread

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 the contract is taken out. Such Mortgages will retain a Servicing Spread greater than the Minimum Contract Servicing Spread specified at the time the contract is taken out.

If the result is a negative number, then the Required Spread will be decreased by the amount of that negative number, subject to the maximum buydown limit prevailing at the time the contract is taken out, 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.

(j) 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® (03/19/12)

Effective March 19, 2012, this section is deleted.

11.13: Security wire instructions (07/20/12)

(a) Acknowledgment and consent to electronic transactions

In accordance with Chapter 3, the Seller is bound by the security wire instructions it provides to Freddie Mac.

(b) Security wire verification

For information about wire transfer instructions and delivery of PCs, see Sections B15.11, C15.11, or D15.11, as applicable.

(c) Liability

Freddie Mac is not 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 (03/19/12)

Effective March 19, 2012, this section is deleted.

11.15: Settlement (07/23/12)

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 by Freddie Mac and verified by the Seller in the Freddie Mac Selling System “View Wire Instructions” screen.

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.

11.16: Special warranties (03/19/12)

In addition to the representations and warranties made elsewhere in the Purchase Documents, the Seller represents and warrants that:

- The purchase information will be true and correct 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 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 Construction Conversion and Renovation Mortgages, 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 (03/19/12)

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.

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 (03/19/12)

The PCs are offered for sale by Freddie Mac pursuant to the PC Offering Circular. By entering into the Master Commitment, 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 MultiLender Swap Contract 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 (03/19/12)

(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. The 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 Securities Industry and Financial Markets Association's (SIFMA) Class D monthly securities settlement date. The 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.

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** by no later than the Final Delivery Date.

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 REGISTRAR

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 (03/19/12)

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 on the applicable screens in the Freddie Mac Selling System (“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.

The Seller is responsible for assigning and managing its wire instructions for Mortgages sold under the Guarantor and MultiLender Swap Program. For information regarding security wire instructions, 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 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 (01/01/13)

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 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, Master Commitments and Guide Plus Additional Provisions

12.1: Master Agreements and Master Commitments (07/20/12)

This chapter covers the terms relating to Master Agreements, Master Commitments and Guide Plus Additional Provisions. See Section 12.3.1 for information specific to Guide Plus Additional Provisions.

(a) Binding contract

Freddie Mac and Sellers may enter into Master Agreements and/or Master Commitments that provide Seller-specific, negotiated terms for the purchase and sale and Servicing of Mortgages. Based on negotiations with the Seller, Freddie Mac will prepare and forward to the Seller the Master Agreements and/or Master Commitments, executed by Freddie Mac.

A binding contract between Freddie Mac and the Seller is established when the following occur, as applicable:

Document	Actions by Seller to Indicate Acceptance of Terms of the Contract
Master Agreement	Seller executes and returns the Master Agreement
Master Commitment issued under a Master Agreement	If the Master Agreement does not require execution of the Master Commitment by the Seller: Seller delivers Mortgages under the Master Commitment; the Seller's delivery of Mortgages constitutes acceptance of all terms and conditions of the Master Commitment In all other cases, the Seller executes and returns the Master Commitment
Master Commitment not issued under a Master Agreement	Seller executes and returns the Master Commitment

(b) Amendments to Master Agreements and/or Master Commitments

From time to time, Freddie Mac will prepare and forward to the Seller amendments to Master Agreements and/or Master Commitments. Based on negotiations, Freddie Mac and the Seller may enter into amendments with Seller-specific, negotiated terms that either (i) amend existing terms of the Master Agreement or Master Commitment, as applicable, or (ii) add new provisions to the Master Agreement or Master Commitment, as applicable. Freddie Mac may also issue amendments under a Master Agreement, Master Commitment or Guide provision that allow Freddie Mac to amend, supplement, revise or terminate a provision.

Amendments become binding:

- On the date Freddie Mac and the Seller have executed the amendment and the Seller has returned the executed amendment; or

- On the date stated in the amendment, when Freddie Mac has issued the amendment under a Master Agreement, Master Commitment or Guide provision that allows Freddie Mac to amend, supplement, revise or terminate a provision; or

- If either the Master Agreement or Master Commitment, as applicable, does not require the Seller to execute the amendment, when the Seller has delivered Mortgages under the Master Agreement or Master Commitment, as applicable; the Seller's delivery of Mortgages is deemed to be acceptance of all terms and conditions of the amendment

Amendments are effective on the date specified by Freddie Mac.

(c) Transmission of Master Agreements, Master Commitments and/or Amendments

When Freddie Mac forwards to the Seller the Master Agreement and/or Master Commitment, or an amendment to the Master Agreement or Master Commitment (collectively, the Master Agreement, the Master Commitment and the amendment are referred to as the "Document") and if execution of the Document by the Seller is required, the Seller will have a time period specified in the Document to execute and return the Document either:

- By facsimile transmission to the fax number contained in the cover letter accompanying the Document, 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

The execution and delivery of a Document as stated above is an Eligible Electronic Transaction, as defined in and governed by Chapter 3.

A Seller's failure to execute and return the executed Master Agreement, and/or, if required, Master Commitment, or, if required, the amendment 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 Commitments (04/14/11)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Master Agreements and Master Commitments:

- 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 Commitments (03/19/12)

(a) Master Agreements

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. Any other relevant terms and conditions

From time to time, Freddie Mac may negotiate alternative Master Agreement structures that do not include some or all of the above provisions.

(b) Master Commitment(s), when issued under a Master Agreement

The Master Commitment, 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) or optional (that is, the Seller has the option to sell Mortgages under the Master Commitment)
6. For mandatory Master Commitments, 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. Required Spreads for all Mortgages delivered under these programs are increased by the amount stated in Exhibit 19RS, Required Spread Add-On. For Mortgages sold through the Freddie Mac Selling System ("Selling System"), the amount of the Required Spread Add-On will appear in the Selling System as a Gfee Add-On. For all other delivery paths and executions, the increase stated in Exhibit 19RS will be reflected in the pricing provided to Sellers.
8. Whether the Seller may sell Mortgages with recourse. Mortgages sold under a Master Commitment 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(s) issued without a Master Agreement

A Master Commitment 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) or optional (that is, the Seller has the option to sell Mortgages under the Master Commitment)
5. For mandatory Master Commitments, 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 Mortgages with recourse. Mortgages sold under a Master Commitment 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.
10. The Required Spreads for Mortgages eligible for sale under the Guarantor and MultiLender Swap programs. Required Spreads for all Mortgages delivered under these programs are increased by the amount stated in Exhibit 19RS. For Mortgages sold through the Selling System, the amount of the Required Spread Add-On will appear in the Selling System as a Gfee Add-On. For all other delivery paths and executions, the increase stated in Exhibit 19RS will be reflected in the pricing provided to Sellers.
11. Any other relevant terms and conditions

(d) Changes to Master Agreements and Master Commitments

Freddie Mac may amend, supplement, revise or terminate the provisions of a Seller's Master Agreement or Master Commitment, in whole or in part, upon written notice during the term of the Master Agreement or Master Commitment. For Master Agreements that do not have a Required Delivery Date, the terms and conditions of the Master Agreement remain in full force and effect unless or until Freddie Mac provides Seller with written notice of a change to all or part of the Master Agreement. Such changes are effective as of the date specified in the written notice.

An amendment to Volume 1 and Volume 2 of the Guide that affects any negotiated provision of the Seller's Master Agreement or Master Commitment is effective as of the date specified by Freddie Mac in a written notice to the Seller indicating how the negotiated provision will be affected by the Guide amendment. The notice may be provided in a Bulletin.

12.3.1: Guide Plus Additional Provisions (07/20/12)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Guide Plus Additional Provisions:

- Guide Plus Additional Provisions
- Purchase Documents

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

Certain Sellers may be eligible to deliver Mortgages in accordance with the requirements of Guide Plus Additional Provisions. Seller's delivery of Mortgages constitutes acceptance of all terms and conditions of the Guide Plus Additional Provisions, as amended from time to time.

(a) Accessing Guide Plus Additional Provisions

(i) Access to Guide Plus Additional Provisions will be provided to Seller through AllRegs®

(ii) Authorized Users

Seller must authorize a designated representative ("Guide Access Manager") to be responsible for providing and maintaining user access to Guide Plus Additional Provisions. An authorized representative of the Seller must sign and submit Freddie Mac Form 905, Guide Access Manager Identification and Certification Form, designating the Guide Access Manager to the Guide Plus mailbox at **guideplus@freddiemac.com**. Seller must submit a new Form 905 each time a new Guide Access Manager is designated. The Seller, through the designated Guide Access Manager, is responsible for authorizing and managing employee access to Guide Plus through AllRegs.

Seller must safeguard and protect the User IDs, passwords and Personal Identification Numbers (PINs) that allow the Seller to access Guide Plus terms, and adopt security measures to prevent their loss, theft or unauthorized disclosure or use.

(b) Changes to Guide Plus Additional Provisions

Freddie Mac reserves the right to amend, supplement, revise or terminate any or all of Seller's Guide Plus Additional Provisions. All updates and notifications related to Guide Plus Additional Provisions will be announced through notification e-mails from mailbox, **guideplus@freddiemac.com**, and will also be published in the Announcements section of the AllRegs web site. E-mail

communications and/or publication constitute written communication and notice from Freddie Mac. Amendments are effective on the date specified by Freddie Mac.

Seller is responsible for ensuring spam filters are set to allow e-mails from the e-mail address above and must comply with all amendments to Guide Plus Additional Provisions, regardless of Seller's spam filter settings and regardless of whether Seller has unsubscribed from the e-mail notifications.

(c) Consent to conduct Electronic Transactions

Seller's consent to conduct Electronic Transactions with Freddie Mac under Chapter 3 applies to Electronic Transactions conducted in connection with Guide Plus Additional Provisions, including, but not limited to, using Records, Electronic Records and Electronic Signatures in accordance with Chapter 3.

12.4: Contracts, delivery programs and procedures (03/19/12)

The Seller must fulfill its obligation, with respect to mandatory Master Commitment(s), or may exercise its option, with respect to optional Master Commitments, to sell Mortgages by entering into:

- Fixed-Rate Cash and WAC ARM Cash Contracts
- Fixed-Rate Guarantor Contracts or WAC ARM Guarantor Contracts under the Guarantor program or MultiLender Swap Contracts under the MultiLender Swap program, or
- Both cash contracts and Guarantor or MultiLender Swap contracts

(a) Cash contracts

The Seller may sell Mortgages under the Cash program to Freddie Mac 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.

(b) Guarantor and MultiLender Swap contracts

If Required Spreads are stated in the Master Commitment for a Mortgage Product or the Master Commitment 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

12.5: Credit toward a Master Agreement and/or Master Commitment (03/19/12)

The aggregate unpaid principal balance (UPB) of Mortgages purchased pursuant to Purchase Contracts taken out under the Guarantor or MultiLender Swap programs will be credited to the Maximum Master Agreement Amount and to the Master Commitment Amount. Such Purchase Contracts will be so credited until Freddie Mac has purchased Mortgages having an aggregate UPB equal to the Master Commitment 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 provides otherwise, cash purchases are eligible to fulfill the Master Commitment. 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 Commitments. For any Seller that concurrently has two or more Master Commitments outstanding, the allocation of cash contracts will be made to the Master Commitment number specified when entering into the cash contract.

12.6: Contract tolerances, pairoffs (01/01/13)

Purchase tolerances for Master Commitments are set forth in the Master Commitment and apply only to the Contract Commitment Amount specified in the Master Commitment.

In the event the 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 Mortgages and ARMs and
- Pairoff fees as set forth in Section 8.7

The Seller may pair off a mandatory Master Commitment in accordance with the procedures set forth in Section 8.7. Any pairoff fees assessed for failure to fulfill a mandatory Master Commitment shall be in addition to the pairoff fees assessed for failure to satisfy the mandatory delivery requirements for fixed-rate Mortgages or for ARMs delivered under Cash Purchase Contracts.

12.7: Remittance cycles (03/19/12)

If the Seller is required to use a particular remittance cycle for all contracts taken out under a Master Commitment, the Master Commitment will include a statement to that effect. If no remittance cycle has been required in the Master Commitment, the Seller may elect any permitted remittance cycle when taking out the contract.

When the Seller elects a remittance cycle when taking out a contract that is different from the remittance cycle reflected in the Master Commitment:

- 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 or the price paid under a Cash Purchase Contract, as applicable, will be adjusted accordingly
- The applicable Fixed-Rate Guarantor Contract, WAC ARM Guarantor Contract, MultiLender Swap Contract or Cash Purchase Contract will set forth such terms with respect to the feature as specified by Freddie Mac

12.8: Buyup, buydown options (01/01/13)

(a) WAC ARM Guarantor program

With respect to WAC ARM Guarantor Contracts taken out under a Master Commitment, 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 contains provisions requiring the contract-level buyup option for all WAC ARM Guarantor Contracts taken out under the Master Commitment, the Seller may not elect the contract-level buydown option when taking out the contract
- If a Master Commitment contains provisions requiring the contract-level buydown option for all WAC ARM Guarantor Contracts taken out under the Master Commitment, the Seller may not elect the contract-level buyup option when taking out the contract
- If the Seller has not elected in the Master Commitment either the contract-level buyup or buydown option for all WAC ARM Guarantor Contracts taken

out under the Master Commitment, the Seller may elect either the contract-level buyup or the buydown option when taking out the contract

(b) Fixed-rate Mortgages Guarantor and MultiLender Swap programs

With respect to Fixed-rate Guarantor Contracts or MultiLender Swap Contracts taken out under a Master Commitment, if the Note-level buyup and buydown option is permitted under Section 11.11(d), unless otherwise stated in the Master Commitment, the Seller will be permitted to elect the option when taking out the contract.

(c) Elections when taking out a contract

If the Seller elects when taking out a contract 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 Contracts, then:

- The option will be offered under the terms generally made available by Freddie Mac at the time Seller takes out the contract
- The applicable Guarantor or MultiLender Swap contract will set forth such terms with respect to the feature as specified by Freddie Mac

The 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, when it takes out each WAC ARM Guarantor Contract. 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 when it takes out each Fixed-Rate Guarantor or MultiLender Swap Contract.

12.8: Buyup, buydown options (Future effective date 04/01/14)

(a) WAC ARM Guarantor program

The contract-level buyup or buydown option is not permitted under the WAC ARM Guarantor Program.

(b) Fixed-rate Mortgages Guarantor and MultiLender Swap programs

With respect to Fixed-rate Guarantor Contracts or MultiLender Swap Contracts taken out under a Master Commitment, if the Note-level buyup and buydown option is permitted under Section 11.11(d), unless otherwise stated in the Master

Commitment, the Seller will be permitted to elect the option when taking out the contract.

(c) Elections when taking out a contract

If the Seller elects when taking out a contract to specify the Note-level buyup and buydown option with respect to Fixed-Rate Guarantor or MultiLender Swap Contracts, then:

- The option will be offered under the terms generally made available by Freddie Mac at the time Seller takes out the contract
- The applicable Guarantor or MultiLender Swap contract will set forth such terms with respect to the feature as specified by Freddie Mac

A Seller making the foregoing election 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 when it takes out each Fixed-Rate Guarantor or MultiLender Swap Contract.

12.9: Revocation of Master Agreement and/or Master Commitment (04/14/11)

The terms, provisions and any waivers of Guide requirements set forth in the Master Agreement and/or Master Commitment are expressly conditional upon:

- Compliance by the Seller with the terms and conditions set forth in the Master Agreement and/or Master Commitment, 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 in whole or in part for future deliveries.

12.10: Part and section headings of Master Agreements and Master Commitments (04/14/11)

Part and section headings set forth in Master Agreements and/or Master Commitments are for convenience of reference only and will not be construed as part of the Master Agreement and/or Master Commitment.

12.11: Defined terms (04/14/11)

Capitalized terms used in a Master Agreement and/or Master Commitment and not otherwise defined in the Master Agreement and/or Master Commitment shall have the meanings ascribed to them in this Guide. References in a Master Agreement and/or Master Commitment to Freddie Mac's Mortgage Products and delivery programs shall have the meanings ascribed to them in this Guide.

Chapter 13: Pooling and Disclosure Requirements for Fixed-Rate Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs

13.1: Overview (01/01/13)

This chapter sets forth the pooling and disclosure requirements to ensure that eligible fixed-rate Mortgages delivered to Freddie Mac under the Guarantor and MultiLender Swap programs are pooled in a manner that promotes homogeneity and disclosure transparency.

Refer to:

- Section 8.2.2 for Servicing Spread requirements
- Chapter 11 for the terms under which the 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 the 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. PCs bear interest at the applicable PC Coupon and have an original principal balance rounded down to the nearest dollar.

(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. PCs and Giant PCs bear interest at the applicable PC Coupon and have an original principal balance rounded down to the nearest dollar.

13.2: Defined terms for Gold PC®s and Giant PCs (01/01/13)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to Gold PCs and Giant PCs:

- Additional Supplement
- CUSIP Number
- Extended Buydown Mortgage
- First Amortizing Payment Date
- Giant PC
- Giant PC Offering Circular
- Giant PC Pool
- Gold PC
- 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 the Guide.

13.3: Gold PC® and Giant PC disclosure (01/01/13)

(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 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 (08/20/13)

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) 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.

  * Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

- 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.

(b) 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. The minimum dollar amount for a commitment entered into under the MultiLender Swap program is $1,000.

- 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

  The minimum dollar amount for a commitment entered into under the MultiLender Swap program is $1,000.

(c) 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.

(d) Seasoned Mortgage requirements

Seasoned Mortgages are not eligible for delivery under the MultiLender Swap program. Construction Conversion and Renovation Mortgages with an Effective Date of Permanent Financing that is more than 12 months prior to the Settlement Date are not eligible for delivery under the MultiLender Swap program.

(e) 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.

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.

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 for 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. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

4. 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.

Nonassumable Section 502 GRH Mortgages with loan-to-value (LTV) ratios less than or equal to 105% must be pooled in conventional Gold PC Pools with fixed-rate conventional Mortgages. Nonassumable Section 502 GRH Mortgages with LTV ratios greater than 105% must be pooled in High LTV Gold PC Pools.

Refer to Section 35.2 for Section 502 GRH Mortgage eligibility requirements.

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.

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 an 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, the Seller may deliver Gold PC Pools that consist entirely of fixed-rate relocation Mortgages. The 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.

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, the Seller may deliver Gold PC Pools that consist entirely of fixed-rate Extended Buydown Mortgages. The 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.

7. Super conforming Mortgages

Under the Guarantor program, either:

- For deliveries into 15-, 20-, and 30-year Gold PCs, the aggregate 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. The Seller must have a Master Commitment for such deliveries and should contact its Freddie Mac Account Manager for additional information.

For super conforming Mortgages with LTV ratios greater than 105%, the pooling and delivery requirements relating to Relief Refinance Mortgages[SM] – Same Servicer set forth in 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. The Seller must have a Master Commitment 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.

Chapter A13: Pooling and Disclosure Requirements for ARMs Under the WAC ARM Guarantor Program

A13.1: Overview (07/23/12)

This chapter sets forth the pooling and disclosure requirements to ensure that eligible ARMs delivered to Freddie Mac under the WAC ARM Guarantor program are pooled in a manner that promotes homogeneity and disclosure transparency.

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.

PCs and Giant PCs bear interest at the applicable PC Coupon and have an original principal balance rounded down to the nearest dollar.

Refer to:

- Section 8.2.2 for Servicing Spread requirements
- Chapter 11 for the terms under which the Seller may sell eligible Mortgages to Freddie Mac in exchange for PCs
- Section 17.10 for specific ARM delivery requirements
- Chapter 30 for specific eligibility requirements for ARMs
- Chapter B33 for terms under which the Seller may sell Prepayment Penalty Mortgages to Freddie Mac in exchange for WAC ARM PCs

A13.2: Defined terms for WAC ARM PCs (03/19/12)

Sellers should be familiar with Freddie Mac's definitions for the following terms as they relate to WAC ARM PCs:

- Additional Supplement
- 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
- WAC ARM PC

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

A13.3: WAC ARM PC disclosure (03/19/12)

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 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.
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 (08/20/13)

This Section A13.4 outlines the pooling and disclosure requirements related to issuing WAC ARM PCs under the WAC ARM Guarantor program. ARMs may not be sold under the MultiLender Swap program.

(a) Term requirements

The underlying 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 17.10 for delivery requirements.

- **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 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 17.23 for the delivery requirements for Extended Buydown Mortgages. Refer to Section 25.4 for Extended Buydown Mortgage eligibility requirements.

(o) 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 17.17 for the delivery requirements for Prepayment Penalty Mortgages. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

Chapter 14: Reserved

{Chapter 14 is reserved.}

Chapter 15: Reserved

Chapter 15 is reserved.

Chapter A15: Reserved

Chapter A15 is reserved.

Chapter B15: Fixed-Rate Guarantor Program

B15.1: Overview (08/20/13)

The Seller may sell certain eligible 15-, 20- and 30-year conventional fixed-rate 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 in accordance with the terms and conditions set forth in the Purchase Documents, including Chapter A1, and this chapter.

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

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 Mortgages under the fixed-rate Guarantor program apply to Mortgages sold to Freddie Mac under the fixed-rate Guarantor program.

This chapter is organized by the following topics:

Topic	Section
Defined terms	B15.2
Eligible Sellers	B15.3
Eligible fixed-rate 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 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	B15.11
Loan Purchase Statements and disclosure requirements	B15.12

Other fixed-rate Mortgage and fixed-rate Guarantor program-related information B15.13

B15.2: Defined terms (03/19/12)

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:

- Final Delivery Date
- Fixed-Rate Guarantor Contract
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Spread
- Security Coupon
- Security Product
- Settlement Cycle

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

In addition, in the Freddie Mac Selling System, Minimum Required Servicing Spread means Minimum Contract Servicing Spread as that term is defined in the Guide.

B15.3: Eligible Sellers (03/19/12)

In addition to meeting the requirements of Chapter 11, the 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 (see Section A1.1).

B15.4: Eligible fixed-rate Mortgages under the fixed-rate Guarantor program (01/01/13)

Freddie Mac will purchase fixed-rate Mortgages under the fixed-rate Guarantor program.

See Exhibit 17S, Available Mortgage Products, for more information regarding eligibility and coding requirements for fixed-rate Mortgages sold under the fixed-rate Guarantor program.

B15.5: Purchase requirements (01/01/13)

Freddie Mac will purchase eligible fixed-rate Mortgages that meet the requirements of the Purchase Documents under the fixed-rate Guarantor program. 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 (07/23/12)

The Seller may take out one or more Fixed-Rate Guarantor Contracts 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. The 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 Amounts (03/19/12)

(a) Purchase and sale obligations

The 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.

(b) Master Commitment Amounts

The 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 Amount tolerance is not exceeded.

B15.8: Providing loan data (07/23/12)

The Seller must provide the data for all loans sold under the Guarantor program by:

- Importing the required data into the Freddie Mac Selling System ("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.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the fixed-rate Guarantor program.

B15.9: Remittance cycle options and Servicing Spreads (01/01/13)

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to fixed-rate Mortgages sold under the fixed-rate Guarantor program through the Freddie Mac Selling System ("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 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 2.00%. For fixed-rate 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 (01/01/13)

Information and requirements relating to buyup/buydown options applicable to fixed-rate Mortgages sold under the fixed-rate Guarantor program are those set forth in Chapter 11 as amended or supplemented by this Chapter B15 or the Freddie Mac Selling System ("Selling System").

When the 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:

- Buyup and buydown
- Buydown (only)
- Neither buyup nor buydown (no loans will be bought up or bought down)

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.

Note:
The buyup maximum can range from the maximum buyup amount applicable to the Seller's Fixed-Rate Guarantor Contract down to zero.

B15.10: Buyup/buydown options (Future effective date 04/01/14)

Information and requirements relating to buyup/buydown options applicable to fixed-rate Mortgages sold under the fixed-rate Guarantor program are those set forth in Chapter 11 as amended or supplemented by this Chapter B15 or the Freddie Mac Selling System ("Selling System").

When the 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:

- Buyup and buydown
- Buydown (only)
- Neither buyup nor buydown (no loans will be bought up or bought down)

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

B15.11: Wire Transfer Instructions/delivery of PCs (03/19/12)

The 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, the 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. 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, the Warehouse Lender must submit a properly completed Form 996E, Warehouse Provider Release and Transfer (for use 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, the 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 Seller is responsible to Freddie Mac for the accuracy of information provided by the Seller, 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 Mortgage and fixed-rate Guarantor program-related information (01/01/13)

Other fixed-rate Mortgage and fixed-rate Guarantor program-related information is located elsewhere in the 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 Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs	Chapter 13
Mortgage Delivery Instructions	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
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	Exhibit 8
Available Mortgage Products	Exhibit 17S

Chapter C15: WAC ARM Guarantor Program

C15.1: Overview (03/19/12)

The Seller may sell certain eligible conventional ARMs to Freddie Mac in exchange for WAC ARM PCs under the Weighted Average Coupon (WAC) ARM Guarantor program 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.

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 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

C15.1: Overview (Future effective date 04/01/14)

The Seller may sell certain eligible conventional ARMs to Freddie Mac in exchange for WAC ARM PCs under the Weighted Average Coupon (WAC) ARM Guarantor program 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.

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 Amounts	C15.7
Providing loan data	C15.8
Remittance cycle options and Servicing Spreads	C15.9
Buyup/buydown options (deleted)	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 (03/19/12)

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:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- Required Spread
- Security Coupon
- Security Product
- Settlement Cycle
- WAC ARM Guarantor Contract

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

In addition, in the Freddie Mac Selling System, Minimum Required Servicing Spread means Minimum Contract Servicing Spread as that term is defined in the Guide.

C15.3: Eligible Sellers (03/19/12)

In addition to meeting the requirements of Chapter 11, the 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 (see Section A1.1).

C15.4: Eligible ARMs (07/23/12)

Under the WAC ARM Guarantor program, Freddie Mac will purchase the ARM products described in Section 30.4 and Exhibit 17S, Available Mortgage Products.

See Section 30.7 for information regarding Initial Caps, Periodic Caps and Life Caps for ARMs sold under the WAC ARM Guarantor program.

See Exhibit 17S, Available Mortgage Products, for more information regarding eligibility requirements for ARMs sold under the WAC ARM Guarantor program.

C15.5: Purchase requirements (03/19/12)

ARMs eligible for sale to Freddie Mac under the WAC ARM Guarantor program must be non-convertible 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:

- 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 (07/23/12)

The Seller may take out one or more WAC ARM Guarantor Contracts 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. The 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 Amounts (03/19/12)

(a) Purchase and sale obligations

The 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.

(b) Master Commitment Amounts

The 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 Amount tolerance is not exceeded.

C15.8: Providing loan data (07/23/12)

The Seller must provide the data for all loans sold under the WAC ARM Guarantor program by:

- Importing the required data 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.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the WAC ARM Guarantor program.

C15.9: Remittance cycle options and Servicing spreads (03/19/12)

(a) Remittance cycle options

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to ARMs sold under the WAC ARM Guarantor program 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 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 must be at least 0.250% and may not exceed 2.00%. For 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 sold under the WAC ARM Guarantor program, the 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, the Seller may select the same or a different value for any of the three discrete Minimum Contract Servicing Spreads. When the 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 (07/23/12)

When the Seller takes out a WAC ARM Guarantor Contract, the Freddie Mac Selling System ("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, 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 Selling 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 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, 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.

C15.10: Buyup/buydown options (Future effective date 04/01/14)

Effective April 1, 2014, this section is deleted.

C15.11: Wire transfer instructions/delivery of PCs (03/19/12)

The 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, the 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. 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, the Warehouse Lender must submit a properly completed Form 996E, Warehouse Provider Release and Transfer (for use 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, the 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 Seller is responsible to Freddie Mac for the accuracy of information provided, 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 (07/23/12)

Other ARM- and WAC ARM Guarantor program-related information is located elsewhere in the Guide:

Topic	Location
General Purchase Program Requirements and Characteristics	Chapter 8
Guarantor and MultiLender Swap Programs	Chapter 11
Pooling and Disclosure Requirements for ARMs Under the WAC ARM Guarantor Program	Chapter A13
Mortgage Delivery Instructions	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
Available Mortgage Products	Exhibit 17S

Chapter D15: MultiLender Swap Program

D15.1: Overview (01/01/13)

Sellers may sell eligible 15-, 20- and 30-year fixed-rate 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 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 MultiLender Swap program, and the provisions set forth in Chapter 13 regarding pooling and disclosure requirements for fixed-rate Mortgages, apply to Mortgages sold to Freddie Mac under the MultiLender Swap program.

This chapter is organized by the following topics:

Topic	Section
Defined terms	D15.2
Eligible Sellers	D15.3
Eligible fixed-rate 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 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 Mortgage and MultiLender Swap program-related information	D15.13

D15.2: Defined terms (03/19/12)

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:

- Final Delivery Date
- Interest Rate (see Note Rate, as defined in the Glossary)
- Loan Product
- MultiLender Swap Contract
- Required Spread
- Security Coupon
- Security Product
- Settlement Cycle

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

In addition, the Seller should also be familiar with the following terms as they relate to the sale of Mortgages under the MultiLender Swap program.

- **Settlement Month** — For Mortgages sold to Freddie Mac under the MultiLender Swap program, 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 (03/19/12)

In addition to meeting the requirements of Chapter 11, the 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 (see Section A1.1).

D15.4: Eligible fixed-rate Mortgages under the MultiLender Swap program (01/01/13)

Freddie Mac will purchase the following Mortgages under the MultiLender Swap program:

- Fixed-rate Mortgages except:
  - Seasoned Mortgages

- Biweekly Mortgages
- Prepayment Penalty Mortgages
- Mortgages that require an Additional Supplement

See Exhibit 17S, Available Mortgage Products, for more information regarding eligibility and coding requirements for fixed-rate Mortgages sold under the MultiLender Swap program.

D15.5: Purchase and pooling requirements (01/01/13)

Under the MultiLender Swap program, Freddie Mac will purchase conventional fixed-rate Mortgages 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 0.250% above the Security Coupon (or PC Coupon), but no greater than 1.250% above the Security Coupon.

Refer to Chapter 13 for pooling requirements for fixed-rate 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 (07/23/12)

The Seller may take out one or more MultiLender Swap Contracts 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(g) 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. The 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 Amounts (03/19/12)

The 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.

The 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 Amount tolerance is not exceeded.

D15.8: Providing loan data (07/23/12)

The Seller must provide the data for all loans sold under the MultiLender Swap program by:

- Importing the required data into the Freddie Mac Selling System ("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.

The Selling System will automatically assign Freddie Mac loan numbers to Mortgages sold under the MultiLender Swap program.

D15.9: Remittance cycle options, Required Spread and Servicing Spread (01/01/13)

(a) Remittance cycle options

Information and requirements relating to remittance cycle options and Servicing Spreads applicable to fixed-rate 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:

- 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 the Seller's Master Commitment.

(c) Servicing Spread

The Minimum Contract Servicing Spread is 0.250% but must not exceed 1.250% for Mortgages sold under the MultiLender Swap program.

D15.10: Buyup/buydown options (01/01/13)

Information and requirements relating to buyup/buydown options applicable to fixed-rate Mortgages sold under the MultiLender Swap program are those set forth in Chapter 11 as amended or supplemented by this Chapter D15 or the Selling System.

When the 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:

- Buyup and buydown
- Buydown (only)
- Neither buyup nor buydown (no loans will be bought up or bought down)

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**.

Note:
The buyup maximum can range from the maximum buyup amount applicable to the Seller's MultiLender Contract down to zero.

D15.10: Buyup/buydown options (Future effective date 04/01/14)

Information and requirements relating to buyup/buydown options applicable to fixed-rate Mortgages sold under the MultiLender Swap program are those set forth in Chapter 11 as amended or supplemented by this Chapter D15 or the Selling System.

When the 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:

- Buyup and buydown
- Buydown (only)
- Neither buyup nor buydown (no loans will be bought up or bought down)

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

D15.11: Wire transfer instructions/delivery of PCs (03/19/12)

The 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, the 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. 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, the Warehouse Lender must submit a properly completed Form 996E, Warehouse Provider Release and Transfer (for use 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, the 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 Seller is responsible to Freddie Mac for the accuracy of information provided by the Seller, 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 (03/19/12)

(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.

(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 Securities Industry and Financial Markets Association (SIFMA) 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 Mortgage and MultiLender Swap program-related information (01/01/13)

Other fixed-rate Mortgage and MultiLender Swap program-related information is located elsewhere in the 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 Mortgages Under the Fixed-Rate Guarantor or MultiLender Swap Programs	Chapter 13
Mortgage Delivery Instructions	Chapter 17
Temporary Subsidy Buydown Plans	Section 25.4
Home Possible® Mortgages	Chapter A34
Matrix of Remittance Cycle Options	Exhibit 6
Delivery Balance Examples	Exhibit 8
Available Mortgage Products	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 (03/19/12)

Effective March 19, 2012, this section is deleted.

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 behalf 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 (07/23/12)

The Seller warrants that the Mortgage data provided 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.

The essential accounting data for each Mortgage 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 provide the remaining information required by Chapter 17. 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 (01/01/13)

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, including the MIN for Mortgages registered with MERS®. The Seller/Servicer must indicate the MIN on the Security Instrument and related documents, regardless of whether the Seller/Servicer retains the documents or sends them to the Document Custodian holding the Note.

  For further information on MERS, refer to Section 4.14 and Exhibit 5 - *Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application*.

- The delivery of the Notes and all other required documentation to, and certification of the Notes by, the Document Custodian. The Seller/Servicer must provide the Document Custodian with sufficient information so that if there is a Subsequent Transfer of Servicing, the Transferor Servicer and Freddie Mac can determine whether a Mortgage that is included in such Subsequent Transfer of Servicing is registered with MERS at the time of the transfer, as required by Section 56.9.

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:

  - 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.

  - 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
  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 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 (03/19/12)

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.

16.10: Purchase and settlement procedures (07/23/12)

(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, and will include a computation of the amount to be funded to the Seller.

Depending on the type of purchase, Freddie Mac will generate one of the following forms:

1. Loan Purchase Statement for Cash sales
2. Form 15A for fixed-rate Guarantor
3. Form 15C for WAC ARM Guarantor

(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, the 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.

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 signatory 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 (03/19/12)

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 (800) FREDDIE immediately. Thereafter, any questions must be directed to the Seller's accounting representative at Freddie Mac **(see Directory 8)**.

Chapter 17: Mortgage Delivery Instructions

17.1: Overview (09/01/13)

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, Guarantor and MultiLender Swap programs, as well as special instructions applicable to certain Mortgages that have specific characteristics. The ULDD Data Points required for delivery of all Mortgages sold to Freddie Mac are described in this chapter.

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 (06/24/13)

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

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)

(i) Calculation of delivery fees and delivery fee credits
Delivery fees or credits that are based on a percentage of the unpaid principal balance (UPB) are calculated by multiplying the UPB of the Mortgage on the Funding/Settlement Date 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.

(ii) 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 Feedback Certificate to determine the fee amount:

- The Risk Classification is used to determine whether the Mortgage is subject to a CS/LTV (A-minus) delivery 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 selection method, loan purpose, property type, ownership 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.

(iii) 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 the Seller or, if the Seller does not deliver the Indicator Score, the Indicator Score found on the Last Feedback Certificate. If the 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.

(iv) 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 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

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 the Seller to Freddie Mac or may result in proceeds being paid by Freddie Mac to the Seller.

(e) Invoices and account activity statements

(i) Invoices

1. Mortgages sold under Cash Purchase Contracts

For all Mortgages sold to Freddie Mac under Cash Purchase Contracts under the Cash program, 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, Yield Maintenance Fees and any premium recapture described in Section 8.13) will be assessed on the Seller's monthly invoice.

2. Mortgages sold under Guarantor and MultiLender Swap Contracts

The net amount of initial postsettlement delivery fees (delivery fees), buyup proceeds and buydown amounts applicable to Mortgages sold to Freddie Mac under Guarantor and MultiLender Swap Contracts will appear on the Seller's monthly invoice and will be drafted from the Automated Clearing House (ACH) account that the Seller has designated for payment of fees associated with the sale of Mortgages to Freddie Mac in accordance with the provisions of the Daily ACH Process described in Section 17.2(g)(i). In the alternative, if the Seller is due a credit, Freddie Mac will deposit the credit amount to the designated ACH account within five Business Days of the Settlement Date.

The net amount of all other monthly billed fees associated with the sale of Mortgages to Freddie Mac under the Guarantor and MultiLender Swap programs (such as pairoff fees, Gold Rush Fees, any delivery fee adjustments applicable to Mortgages sold under the Guarantor and MultiLender Swap

programs, and any premium recapture and/or buyup reimbursements described in Section 8.13) will be assessed on the Seller's monthly invoice and drafted from the Seller's ACH account monthly in accordance with the provisions of the Monthly ACH process described in Section 17.2(g)(ii).

(ii) 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

(i) 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.

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 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.

(ii) 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 the 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 remit to or draft from the ACH account that the Seller has designated for payment of all fees associated with the sale of Mortgages to Freddie Mac (Seller's ACH account) in accordance with the following:

(i) Daily ACH Process

Freddie Mac will draft from the Seller's ACH account the net amount of initial postsettlement delivery fees (delivery fees), buyup proceeds and buydown amounts applicable to Mortgages sold to Freddie Mac under the Guarantor and MultiLender Swap programs on the fifth Business Day after each applicable Settlement Date. Adjustments and reversals to such fees/amounts will be made using the Monthly ACH Process described below or otherwise in accordance with instructions provided to the Seller by Freddie Mac.

Freddie Mac will provide the Seller with a courtesy e-mail notice to the address specified by the Seller approximately two Business Days before the ACH draft of the net amount of Guarantor/MultiLender Swap fees and amounts described in this Section 17.2(g)(i); however, the Seller remains responsible for ensuring that the Seller's ACH account maintains sufficient funds to cover any drafts by Freddie Mac (see below).

(ii) Monthly ACH Process

Freddie Mac will draft the net amount of all other monthly billed fees associated with the sale of Mortgages to Freddie Mac, such as pairoff fees, Gold Rush fees, Yield Maintenance Fees, any delivery fee adjustments applicable to Mortgages sold under the Cash, Guarantor and MultiLender Swap programs and associated

training fees, from the Seller's ACH account monthly in accordance with this Section 17.2(g)(ii).

If the monthly statement indicates a net amount due to Freddie Mac, Freddie Mac will draft from the Seller's ACH account on the last Business Day of the month for payment of the monthly statement. If the monthly statement indicates a net amount due to the Seller, Freddie Mac will remit that amount to the Seller's ACH account by the last Business Day of the month. The Seller's monthly statement will reflect all ACH transactions completed during the statement period.

To establish ACH payment, the 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 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 Seller's ACH account.

Except as set forth below with respect to the Daily ACH Process drafting, in the event that funds in the Seller's ACH account are insufficient to cover the statement amount, the Seller's ACH account is invalid, or if Freddie Mac is unable to draft from the Seller's ACH 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.

Freddie Mac will not assess any late payment fee if funds in the Seller's ACH account are insufficient to cover the amount due from a Daily ACH Draft, or if Freddie Mac is unable to draft from the Seller's ACH account under the Daily ACH Process for any reason, provided that if any Seller ACH account amount due to Freddie Mac remains outstanding on the due date of the Seller's monthly statement, the Seller will be assessed the late payment fees described in Section 8.8.1 on such outstanding amount from and after that due date.

17.2: Provisions for the payment of fees and proceeds and application of delivery fee credits (Future effective date 04/01/14)

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

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)

(i) Calculation of delivery fees and delivery fee credits
Delivery fees or credits that are based on a percentage of the unpaid principal balance (UPB) are calculated by multiplying the UPB of the Mortgage on the Funding/Settlement Date 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.

(ii) 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 Feedback Certificate to determine the fee amount:

- The Risk Classification is used to determine whether the Mortgage is subject to a CS/LTV (A-minus) delivery 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 selection method, loan purpose, property type, ownership 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.

(iii) 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 the Seller or, if the Seller does not deliver the Indicator Score, the Indicator Score found on the Last Feedback Certificate. If the 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.

(iv) 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(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 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

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 the Seller to Freddie Mac or may result in proceeds being paid by Freddie Mac to the Seller.

(e) Invoices and account activity statements

(i) Invoices

1. Mortgages sold under Cash Purchase Contracts

For all Mortgages sold to Freddie Mac under Cash Purchase Contracts under the Cash program, 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, Yield Maintenance Fees and any premium recapture described in Section 8.13) will be assessed on the Seller's monthly invoice.

2. Mortgages sold under Guarantor and MultiLender Swap Contracts

The net amount of initial postsettlement delivery fees (delivery fees), buyup proceeds and buydown amounts applicable to Mortgages sold to Freddie Mac under Guarantor and MultiLender Swap Contracts will appear on the Seller's monthly invoice and will be drafted from the Automated Clearing House (ACH) account that the Seller has designated for payment of fees associated with the sale of Mortgages to Freddie Mac in accordance with the provisions of the Daily ACH Process described in Section 17.2(g)(i). In the alternative, if the Seller is due a credit, Freddie Mac will deposit the credit amount to the designated ACH account within five Business Days of the Settlement Date.

The net amount of all other monthly billed fees associated with the sale of Mortgages to Freddie Mac under the Guarantor and MultiLender Swap programs (such as pairoff fees, Gold Rush Fees, any delivery fee adjustments applicable to Mortgages sold under the Guarantor and MultiLender Swap

programs, and any premium recapture and/or buyup reimbursements described in Section 8.13) will be assessed on the Seller's monthly invoice and drafted from the Seller's ACH account monthly in accordance with the provisions of the Monthly ACH process described in Section 17.2(g)(ii).

(ii) 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

(i) 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.

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 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.

(ii) 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 the 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 remit to or draft from the ACH account that the Seller has designated for payment of all fees associated with the sale of Mortgages to Freddie Mac (Seller's ACH account) in accordance with the following:

(iii) Daily ACH Process

Freddie Mac will draft from the Seller's ACH account the net amount of initial postsettlement delivery fees (delivery fees), buyup proceeds and buydown amounts applicable to Mortgages sold to Freddie Mac under the Guarantor and MultiLender Swap programs on the fifth Business Day after each applicable Settlement Date. Adjustments and reversals to such fees/amounts will be made using the Monthly ACH Process described below or otherwise in accordance with instructions provided to the Seller by Freddie Mac.

Freddie Mac will provide the Seller with a courtesy e-mail notice to the address specified by the Seller approximately two Business Days before the ACH draft of the net amount of Guarantor/MultiLender Swap fees and amounts described in this Section 17.2(g)(i); however, the Seller remains responsible for ensuring that the Seller's ACH account maintains sufficient funds to cover any drafts by Freddie Mac (see below).

(iv) Monthly ACH Process

Freddie Mac will draft the net amount of all other monthly billed fees associated with the sale of Mortgages to Freddie Mac, such as pairoff fees, Gold Rush fees, Yield Maintenance Fees, any delivery fee adjustments applicable to Mortgages sold under the Cash, Guarantor and MultiLender Swap programs and associated

training fees, from the Seller's ACH account monthly in accordance with this Section 17.2(g)(ii).

If the monthly statement indicates a net amount due to Freddie Mac, Freddie Mac will draft from the Seller's ACH account on the last Business Day of the month for payment of the monthly statement. If the monthly statement indicates a net amount due to the Seller, Freddie Mac will remit that amount to the Seller's ACH account by the last Business Day of the month. The Seller's monthly statement will reflect all ACH transactions completed during the statement period.

To establish ACH payment, the 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 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 Seller's ACH account.

Except as set forth below with respect to the Daily ACH Process drafting, in the event that funds in the Seller's ACH account are insufficient to cover the statement amount, the Seller's ACH account is invalid, or if Freddie Mac is unable to draft from the Seller's ACH 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.

Freddie Mac will not assess any late payment fee if funds in the Seller's ACH account are insufficient to cover the amount due from a Daily ACH Draft, or if Freddie Mac is unable to draft from the Seller's ACH account under the Daily ACH Process for any reason, provided that if any Seller ACH account amount due to Freddie Mac remains outstanding on the due date of the Seller's monthly statement, the Seller will be assessed the late payment fees described in Section 8.8.1 on such outstanding amount from and after that due date.

17.3: Organization of delivery instructions for ULDD Data Points (09/01/13)

The following sections of this chapter describe the data that must be provided by the Seller in connection with Mortgages sold to Freddie Mac. The data delivery instructions set forth in this chapter are consistent with the data requirements for the Uniform Loan Delivery Dataset (ULDD). The technical document for implementing Freddie Mac's loan data delivery requirements for the ULDD is the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD"), which includes, among other resources:

- Appendix A, XML Data Requirements, Version 3.0, updated December 13, 2012 ("Appendix A"), which details the subset of loan delivery data points specified in the MISMO® Version 3.0 Reference Model ("MISMO v3.0") that is used for the ULDD
- Appendix A Addendum to Version 2.0.0 ("Phase 1 Addendum"), which sets forth corrections to the data contained in Appendix A and amends Appendix A, as published

For purposes of this chapter, references to Appendix A include the changes specified in the Appendix A Addendum.

The Freddie Mac IG-LD, Appendix A and the other technical documentation relating to implementing the ULDD are found under the Technical Resources tab on the ULDD page at: **http://www.freddiemac.com/sell/secmktg/uniform_delivery.html**.

(a) General data and documentation delivery requirements

(i) Effective dates of Mortgage data delivery requirements

For Mortgages delivered to Freddie Mac, the Seller must comply with the requirements for Mortgage data as applicable to the Application Received Dates and Delivery Dates specified in the table below:

Mortgage Data Requirements According to Mortgage Application Received Date		
Application Received Date	**Delivery Date**	**Mortgage Data Requirements**
Before December 1, 2011	On or after July 23, 2012	The Seller must provide either: a. The equivalent of the data previously captured on Form 11, Mortgage Submission Schedule, or Form 13SF, Mortgage Submission Voucher, as applicable, identified in Appendix A, Tab 14-F11/13SF Equivalent; **or** b. The data required for Phase 1 implementation identified in Appendix A, Tab 13-Phase 1
On or after December 1, 2011 and before August 1,	On or after July 23, 2012	The Seller must provide the applicable Mortgage data required for Phase 1 implementation identified in Appendix A, Tab 13-Phase 1.

Mortgage Data Requirements According to Mortgage Application Received Date		
Application Received Date	**Delivery Date**	**Mortgage Data Requirements**
2012		
On or after August 1, 2012 and before March 1, 2014	On or after November 26, 2012	The Seller must provide both: a. The applicable Mortgage data specified in the Appendix A Addendum to Version 2.0.0 identified in Appendix A, Tab 12-Phase 1 Addendum; **and** b. The data required for Phase 1 implementation identified in Appendix A, Tab 13-Phase 1
On or after March 1, 2014	On or after August 25, 2014	The Seller must provide the applicable Mortgage data required for Phase 2 implementation specified in Appendix A on the "Phase 2 Complete – Mandate 8-25-14" tab.

(ii) Data delivered in MISMO v3.0 format

The Mortgage data must be delivered in the MISMO v3.0 format pursuant to the guidance in the Freddie Mac IG-LD.

(iii) Documentation delivery requirements

The documentation that the Seller must deliver for all Mortgages 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.

(iv) Timing of delivering data and documentation

For each Mortgage sold to Freddie Mac, the Seller must deliver all Mortgage data and documentation required by this chapter and other applicable sections of the Purchase Documents prior to:

- 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

(b) Organization of data delivery requirements

The data delivery instructions set forth in this chapter are grouped by the following general topics:

- Mortgages sold under the Cash, Guarantor and MultiLender Swap programs (Sections 17.4 through 17.6)
- All Mortgage Products sold to Freddie Mac (Section 17.7)

- The specific attributes of fixed-rate Mortgages and ARMs (Sections 17.8 and 17.10)
- The property and Borrower information that is required for each Mortgage (Sections 17.11 through 17.12)
- The underwriting information required for each Mortgage (Sections 17.13 and 17.14)
- Mortgages with specific characteristics that require singular delivery instructions (Sections 17.15 et seq.)

The data delivery instructions are presented throughout this chapter in a tabular format, and include the following information:

- The column titled "Sort ID" refers to the ID number used in Appendix A for the particular ULDD Data Point
- The column titled "ULDD Data Point" sets forth the MISMO Data Point used in Appendix A
- The column titled "Valid Value" sets forth the Freddie Mac supported enumerations specified in Appendix A that are applicable to the Mortgages described in the table. If a value must be selected for a ULDD Data Point, all permissible values are listed in the “Valid Values” column. If there are no valid values specified for a particular ULDD Data Point, the Seller should refer to the “Notes” for specific instructions on completing the “ULDD Data Point” field.
- The column titled "Notes" provides specific delivery instructions for the ULDD Data Point that are consistent with the Implementation Notes set forth in Appendix A. If there are no notes for a particular ULDD Data Point, the Seller should enter the appropriate data based on the data point name and definition.
- The column headers are followed by rows that map the listed data points to the Freddie Mac Selling System (“Selling System”) graphical user interface (GUI) screen headings and tabs

The data delivery instructions are organized so that those with more general applicability (for example, eligible delivery programs and Mortgage loan product types) appear earlier in this chapter, and the instructions relating to Mortgages with special characteristics follow. The delivery instructions are cumulative, so that, for example, the Seller must provide data regarding the specific delivery program, the particular Mortgage product, the property, loan and Borrower, as well as any special characteristics that the loan may have.

(c) Relationship between this chapter and Appendix A

The data delivery instructions in this chapter are consistent with the data requirements set forth in Appendix A, and provide much of the same information as Appendix A. For example, the delivery instructions in this chapter provide the valid values for each of the ULDD Data Points required, together with any notes necessary to clarify the appropriate valid value; this information is similar to the columns of Appendix A titled "FRE-Supported Enumerations" and "Freddie Mac Implementation Notes."

The delivery instructions in this chapter differ from Appendix A in that they do not include, for example, cross-references to the phase-in information, and some information such as conditionality, loan role or party role type is presented in a narrative form rather than in a chart format. Additionally, the delivery information in this chapter is organized by Mortgage characteristics rather than in the ULDD Sort ID order format used in Appendix A.

For a complete description of the delivery data required for Mortgages sold to Freddie Mac, the Seller must refer to Appendix A, Version 2.0.0, and any published addenda.

(d) Other delivery instructions in this chapter

This chapter also provides delivery instructions relating to eligible programs and pooling information. Additionally, this chapter describes the special delivery requirements applicable to modified Mortgages.

(i) Eligible delivery programs

The sections of this chapter relating to the specific attributes of fixed-rate Mortgages and ARMs (Sections 17.8 and 17.10) and to Mortgages with special characteristics (Sections 17.15 et seq.) specify any limitations in the delivery programs. For purposes of these sections:

- "Cash" means the Mortgage Product or offering is eligible under fixed-rate Cash and WAC ARM Cash
- "Guarantor" means the Mortgage Product or offering is eligible under the fixed-rate Guarantor and WAC ARM Guarantor programs
- "MultiLender Swap" means the Mortgage Product or offering is eligible under the MultiLender Swap program

If the delivery programs are not specifically limited, the Mortgage Product or offering is eligible for all delivery programs.

(ii) Pooling information

The sections of this chapter relating to Mortgages with special characteristics (Sections 17.15 et seq.) also specify any special pooling requirements applicable to the Mortgages. If no pooling requirements are specified, refer to Chapter 13 for general pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs, and refer to Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor program.

(iii) Special instructions for modified Mortgages

The sections of this chapter relating to modified Mortgages (Section 17.34 with respect to Seller-Owned Modified Mortgages and Section 17.35(b)(v) with respect to Construction Conversion or Renovation Mortgages with modification agreements) describe the special delivery instructions that are required to capture information about the Mortgage, both as modified and prior to modification. For modified Mortgages, all the applicable delivery data must be delivered under the "Modification" tab of the Selling System GUI rather than under the "Closing" tab of the GUI; data relating to the Mortgage prior to modification must be delivered under the "Closing" tab of the GUI. Additional loan data requirements specific to modified Mortgages are set forth in Sections 17.34 and 17.35(b)(v).

(e) Seller's warranties regarding accuracy of data

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 Purchase Documents and applicable law.

17.4: Cash program delivery instructions (01/01/13)

(a) General requirements

The Seller may deliver eligible fixed-rate Mortgages after taking out a Cash Contract, as described in Sections 9.5 and 9.6, or eligible ARMs after taking out a WAC ARM Cash contract, as described in Section 10.6.

For Mortgages sold under the Cash program, a contract number (ULDD Data Point "Investor Contract Identifier") will be available to a Seller immediately upon taking out a Cash Contract.

Delivery is mandatory unless the contract is a Best Efforts Contract. 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 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) Data delivery instructions

(i) Mortgages delivered under the Cash program

For Mortgages purchased by Freddie Mac under the Cash program, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Delivered under the Cash Program			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
385	Loan Acquisition Scheduled UPB Amount		For fixed-rate Mortgages, enter the scheduled unpaid principal balance (UPB) of the Mortgage as of the Funding Date. For ARMs, enter either the scheduled or the actual UPB of the Mortgage as of the Funding Date. 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
440	Last Paid Installment Due Date		For newly originated Mortgages, enter the date through which interest is scheduled to be paid.

Data Required for Mortgages Delivered under the Cash Program			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			For Mortgages for which there has been an advanced (prepaid) installment of interest, enter the date through which advanced (prepaid) installments of interest have been made.

(ii) Mortgages with lender crediting the Borrower interest at closing

For Mortgages with respect to which the 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 represents and warrants that the lender credited the Borrower with interest at closing, and the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages Sold under Cash when Lender Credits Borrower Interest at Closing			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
440	Last Paid Installment Due Date		For fixed-rate Mortgages, enter the Note Date or the first day of the month of closing. For ARMs, enter the first day of the month of closing. The related Glossary term is Due Date of Last Paid Installment (DDLPI).

See Exhibit 8, Delivery Balance Examples.

17.5: Guarantor program delivery instructions (07/01/13)

(a) Guarantor program requirements and instructions

For Mortgages sold under the Guarantor program, a contract number (ULDD Data Point "Investor Contract Identifier") will be made available to the Seller immediately upon taking out a Guarantor contract.

In connection with each WAC ARM Guarantor Contract, the Seller must select the appropriate WAC ARM Security Product based on the characteristics of the ARMs.

(b) Purchase tolerance

For Guarantor contracts, any part of the Contract Commitment Amount specified in the Guarantor contract may be delivered, provided the minimum pool size is met.

The Seller can increase a Guarantor contract amount up to the maximum amount of the Seller's Master Commitment plus the applicable tolerance.

(c) Data delivery instructions

(i) Mortgages sold under the Guarantor program

For Mortgages purchased by Freddie Mac under the Guarantor program, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Sold under the Guarantor Program			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
385	Loan Acquisition Scheduled UPB Amount		For fixed-rate Mortgages, enter the scheduled UPB of the Mortgage as of the Funding Date. For ARMs, enter either the scheduled or actual UPB of the Mortgage as of the Funding Date. The scheduled UPB must include reductions for: ■ The principal due in the month of settlement (even if not collected) and all prior months

Data Required for Mortgages Sold under the Guarantor Program			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			■ 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
440	Last Paid Installment Due Date		For newly originated Mortgages, enter the date through which interest is scheduled to be paid. For Mortgages for which there has been an advanced (prepaid) installment of interest, enter the date through which advanced (prepaid) installments of interest have been made. The related Glossary term is Due Date of Last Paid Installment (DDLPI).

(ii) Mortgages with lender crediting Borrower interest at closing

If a lender credits the 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 represents and warrants that the lender credited the Borrower with interest at closing, and the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages Sold under Guarantor when Lender Credits Borrower Interest at Closing			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
440	Last Paid Installment Due Date		For fixed-rate Mortgages, enter the Note Date or first day of the month of closing. For ARMs, enter the first day of the month of closing. The related Glossary term is Due Date of Last Paid Installment (DDLPI).

See Exhibit 8, Delivery Balance Examples.

(iii) ARMs with next Interest Change Dates in the month of settlement

For ARMs, if the next Interest Change Date is during the month of settlement, the Seller must deliver the following ULDD Data Points as if the 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 is March 1, the Seller must enter the following values:

ULDD Data Point	Calculation Instructions
Next Rate Adjustment Effective Date	March 1 of the following year
Per Change Rate Adjustment Effective Date For Adjustment Rule Type = "First"	March 1 of the current year
Current Interest Rate Percent	The Note Rate in effect as of March 1 of the current year
Principal And Interest Payment Amount	The amount of the principal and interest (P&I) payment due as of March 1 of the current year

(iv) ARMs past the first Interest Change Date

ARMs that are past the first Interest Change Date may be delivered with ARMs that are not past the first Interest Change Date.

(d) Pooling requirements

Refer to Chapter 13 for pooling requirements for fixed-rate Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

Refer to Chapter A13 for pooling requirements for ARMs under the WAC ARM Guarantor program.

(e) 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 Sections B15.11 and C15.11 for information about security wire instructions. See also Section A1.12 for information regarding authorized Freddie Mac Selling System ("Selling System") users and their designated user roles and completion and submission of Form 900, Selling System Authorized User Identification and Certification Form.

(f) Use of a Settlement Cycle of less than five days for Guarantor deliveries

For Mortgages delivered to Freddie Mac with a Settlement Cycle of less than five days, the Document Custodian must certify the Mortgages in the Selling System by no later than 8:00 p.m. Eastern time on the Final Delivery Date to satisfy the

requirements for completion of delivery set forth in Section 16.8. Refer to Section 16.8(a) for additional requirements.

17.6: MultiLender Swap program delivery instructions (01/01/13)

(a) General requirements

For Mortgages sold under the MultiLender Swap program, a contract number (ULDD Data Point "Investor Contract Identifier") will be made available to the Seller immediately upon taking out a MultiLender Swap Contract. For more information, see Chapter D15.

The Seller must complete delivery of all Mortgages on or before the Final Delivery Date as provided in the MultiLender Swap Contract.

The Contract Commitment Amount specified in the MultiLender Swap Contract must be in an amount at least equal to the minimum commitment amount specified in Section 17.6(d).

(b) Purchase tolerance

For MultiLender Swap Contracts, any part of the Contract Commitment Amount specified in the MultiLender Swap Contract 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 MultiLender Swap Contract, plus the greater of $100,000 or 5% of the Contract Commitment Amount.

The Seller can increase a MultiLender Swap Contract amount up to the maximum amount of the Seller's Master Commitment plus the applicable tolerance.

(c) Data delivery instructions

(i) Mortgages sold under MultiLender Swap

For Mortgages purchased by Freddie Mac under the MultiLender Swap program, the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages Sold under MultiLender Swap			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
385	Loan Acquisition Scheduled UPB Amount		For fixed-rate Mortgages, enter the scheduled UPB of the

Data Required for Mortgages Sold under MultiLender Swap			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			Mortgage as of the Funding Date. For ARMs, enter either the scheduled or actual UPB of the Mortgage as of the Funding Date. 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
440	Last Paid Installment Due Date		For newly originated Mortgages, enter the date through which interest is scheduled to be paid. For Mortgages for which there has been an advanced (prepaid) installment of interest, enter the date through which advanced (prepaid) installments of interest have been made. The related Glossary term is Due Date of Last Paid Installment (DDLPI).

(ii) Mortgages with lender crediting Borrower interest at closing

If a lender credits the 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 represents and warrants that the lender credited the Borrower with interest at closing, and the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages Sold under MultiLender Swap program when Lender Credits Borrower Interest at Closing			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
440	Last Paid Installment Due Date		For fixed-rate Mortgages, enter the Note Date or first day of the month of closing. The related Glossary term is Due Date of Last Paid Installment (DDLPI).

See Exhibit 8, Delivery Balance Examples.

(d) Minimum commitment amount

The minimum dollar amount for a commitment entered into under the MultiLender Swap program is $1,000.

(e) 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 D15.11 for information about security wire instructions. 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.

(f) Use of a Settlement Cycle of less than five days for MultiLender Swap deliveries

For Mortgages delivered to Freddie Mac with a Settlement Cycle of less than five days, the Document Custodian must certify the Mortgages in the Selling System by no later than 8:00 p.m. Eastern time on the Final Delivery Date to satisfy the requirements for completion of delivery set forth in Section 16.8. Refer to Section 16.8(a) for additional requirements.

17.7: Loan data required for all Mortgages (05/15/13)

(a) General requirements

This section sets forth the ULDD Data Points that have general applicability for all Mortgages sold to Freddie Mac. The delivery instructions in subsequent sections of this chapter relate to the specific attributes of the Mortgage Product, the property and

Borrower information, and the special features or characteristics of the Mortgage. The delivery instructions in subsequent sections are cumulative and may supplement or modify the instructions in this section. See Section 17.3 for further information.

See Sections 17.4 through 17.6 for instructions for specific programs under which the Mortgage is delivered.

(b) Data delivery instructions

(i) All Mortgages

For every Mortgage sold to Freddie Mac, the Seller must deliver the following ULDD Data Points:

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
93	Loan Role Type[1, 3]	Subject Loan	
252	Loan State Date[1]		Enter the Note Date of the Mortgage.
253	Loan State Type[1, 3]	At Closing	
→Product Information → Product Details			
313	Lien Priority Type	First Lien	
317/318	Mortgage Type/Mortgage Type Other Description (In the Selling System, this appears as "Mortgage Type.")	▪ Conventional ▪ FHA ▪ Other – Public And Indian Housing ▪ USDA Rural Housing ▪ VA	Enter "Conventional" unless the Mortgage is a government loan. The related Glossary term for "Conventional" is Home Mortgage. The related Glossary term for "USDA Rural Housing" is Section 502 GRH Mortgage.
215	Interest Calculation Type	Compound	
214	Interest Calculation Period Type	Month	
270	Payment Frequency Type	Monthly	
226	Balloon Indicator	▪ false	
238	Loan Affordable Indicator	▪ false ▪ true	Enter "false" unless the Mortgage is a Home Possible Mortgage.
138	Loan Amortization Type[3]	▪ Adjustable Rate ▪ Fixed ▪ Rate	Enter "Rate Improvement Mortgage" for Affordable Merit Rate Mortgages.

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
		Improvement Mortgage	
137	Loan Amortization Period Type	Month	
136	Loan Amortization Period Count		
→Note Information			
→→Note Details			
320	Note Date		Enter the original Note Date.
319	Note Amount[3]		
321	Note Rate Percent		Enter the original interest rate as indicated on the Note.
272	Scheduled First Payment Date		
268	Initial Principal And Interest Payment Amount		
258	Loan Maturity Period Type	Month	
256	Loan Maturity Date		
257	Loan Maturity Period Count		
→→Temporary Buydown Details			
228	Buydown Temporary Subsidy Indicator	▪ false ▪ true	Enter “false” unless the Mortgage has a temporary subsidy buydown.
→→Conversion Option Details			
232	Convertible Indicator	▪ false ▪ true	Enter "false" unless the Mortgage has, or ever had, a conversion option.
→→Assumability Details			
225	Assumability Indicator	▪ false ▪ true	Enter “false” unless the Mortgage is assumable as of the Note Date.
→→Prepayment Penalty Details			
240	Prepayment Penalty Indicator	▪ false ▪ true	Enter “false” unless the Mortgage has, or ever had, a prepayment penalty provision.
→→Interest Only Details			
237	Interest Only Indicator	false	
→Origination Information →Origination Details			
224	Application Received Date		Enter the date on which receipt of the Borrower's financial information first triggers the federal Truth-in-Lending disclosure

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			requirements to the Borrower in connection with the Mortgage.
311	Price Lock Date Time		Enter the date on which the Interest Rate reflected on the Note was locked. Only the date is required; the time will be ignored.
227	Borrower Count		Enter the total number of Borrowers on the Note (can be more than five).
229	Capitalized Loan Indicator	▪ false ▪ true	Enter "false" unless the capitalized balance was added to the unpaid principal balance (UPB) of the Note prior to delivery.
234	Escrow Indicator	▪ false ▪ true	Enter "false" unless there is an Escrow associated with this Mortgage.
207	HMDA HOEPA Loan Status Indicator	false	Required even if the Seller is not covered by HMDA.
208	HMDA Rate Spread Percent		Enter the difference between the annual percentage rate (APR) on the Mortgage and the Average Prime Offer Rate (APOR). Freddie Mac will not accept any value that is less than 1.5%. The rate spread should be calculated consistent with the methodology provided in HMDA (Regulation C) and the requirements for determining Higher Priced Mortgage Loans (Regulation Z). For Mortgages with a rate spread reported under HMDA, a Seller should deliver to Freddie Mac the same rate spread reported under HMDA.
→Underwriting / Credit Information			
→→Loan Details			
315	Loan Purpose Type	▪ Purchase ▪ Refinance	Enter "Purchase" for purchase transaction Mortgages.
195	Purchase Price Amount		For purchase transaction Mortgages, enter the purchase price of the property, net of any adjustments made for

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			sales concessions. Not required for refinance transaction Mortgages.
241	Relocation Loan Indicator	▪ false ▪ true	Enter “false” unless the Mortgage is a fixed-rate Mortgage that complies with Section 13.4.
243	Shared Equity Indicator	▪ false ▪ true	Enter "false" unless the Mortgage is a shared equity Mortgage that meets the requirements of Section 25.5.
→→Construction Details			
231	Construction Loan Indicator	▪ false ▪ true	Enter "false" unless the Mortgage is a Construction Conversion or Renovation Mortgage.
→→Underwriting Details			
328	Loan Manual Underwriting Indicator	▪ false ▪ true	Enter "false" unless the loan underwriting decision is based on manual underwriting and not the recommendation from an automated underwriting system.
→→Additional Underwriting Details			
291	Total Monthly Income Amount		Enter the aggregate of the stable monthly income as defined in Section 37.13 for all Borrowers.
292	Total Monthly Proposed Housing Expense Amount		Enter the sum of the monthly charges on the Borrowers' Primary Residences as described in Section 37.15 for all Borrowers.
290	Total Liabilities Monthly Payment Amount		Enter the monthly debt payment as defined in Section 37.16.
→→Delivered LTV Values			
254	Base LTV Ratio Percent		If there is no financed mortgage insurance, “Base LTV Ratio Percent” equals “LTV Ratio Percent.” See Section 27.1.1(a).
255	LTV Ratio Percent		Calculate “LTV Ratio Percent” by using the original UPB amount (including “MI Premium Financed Amount,” if applicable) and the value, as

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			determined in Section 23.1.
LOAN – Current			
352	Loan Role Type[1, 3]	Subject Loan	
405	Loan State Date[1]		Enter the date the data is retrieved from the lender's delivery system.
406	Loan State Type[1, 3]	Current	
→Product Information			
→→Modification Details			
397	Mortgage Modification Indicator	▪ false ▪ true	Enter "false" unless the Mortgage is a Seller-Owned Modified Mortgage or a Construction Conversion or Renovation Mortgage with Modification Documentation.
→→Product Details			
401	MERS MIN Identifier		Enter if the Mortgage is registered with MERS®.
402	Seller Loan Identifier[3]		Enter the seller loan identifier, and not the Freddie Mac loan number.
378	Investor Ownership Percent	100	Value must always be "100."
→Payment Information →Payment Details			
385	Loan Acquisition Scheduled UPB Amount		Enter value as required in Sections 17.4, 17.5 and 17.6.
440	Last Paid Installment Due Date		Enter value as required in Sections 17.4, 17.5 and 17.6. The related Glossary term is Due Date of Last Paid Installment (DDLPI).
452	Delinquent Payments Over Past Twelve Months Count		The related Glossary term is Delinquency.
TOTAL LOANS			
→ Additional LTV Details → Delivered LTV Values			
91	Combined LTV Ratio Percent		Enter the total loan-to-value (TLTV) ratio calculated in accordance with Section 23.2.
PARTY			
→ Party Information → Loan Originator Details			
628	Party Role Type[1]	Loan Origination Company	
627	Party Role Identifier		Either:

Loan Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
	(In the Selling System, this appears as "Loan Originator Identifier.")		■ Enter the loan origination company's unique identifier as assigned by the Nationwide Mortgage Licensing System (NMLS) and Registry; or ■ If a state-regulated loan origination company does not have an NMLS ID because they operate solely in: ❑ Delaware, enter "1001" ❑ Maine, enter "1002" ❑ Missouri, enter "1003"
637	Party Role Type[1]	Loan Originator	
634	Party Role Identifier (In the Selling System, this appears as "Loan Originator Identifier.")		Either: ■ Enter the loan officer's unique identifier as assigned by the Nationwide Mortgage Licensing System and Registry; or ■ If a loan officer is exempt from obtaining or is not required to obtain a loan originator identifier through the NMLS, enter "1000"
635	Loan Originator Type	▪ Broker ▪ Correspondent ▪ Lender	See Glossary terms for Mortgage Broker and Correspondent and select applicable value. For Retail Mortgages, select "Lender."
PARTY			
→ Party Information → Note Pay To Details			
641.2	Party Role Type[1, 2]	Note Pay To	Enter "Note Pay To" to indicate that the associated information applies to the funder of the applicable Mortgage; this is the "Lender" as designated on the Note.
641.1	Full Name[2]		Enter the name of the funder of the applicable Mortgage; this is the "Lender" as designated on the Note.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

2 As set forth in the Appendix A Addendum of the Freddie Mac Implementation Guide for Loan Delivery Data, for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, the Seller must provide this information.

3 This data point must be populated to save the file in the Selling System.

See Section 17.13 for Loan Prospector® Mortgages and Section 17.14 for Non-Loan Prospector Mortgages.

17.8: Delivery requirements for fixed-rate Mortgages (08/20/13)

(a) General requirements

Refer to Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for fixed-rate Mortgages sold under fixed-rate Cash, the fixed-rate Guarantor program or the MultiLender Swap program.

(b) Data delivery instructions

For conventional fixed-rate Mortgages, the Seller must deliver the following ULDD Data Point:

Loan Data Required for All Fixed-Rate Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information →Product Details			
138	*Loan Amortization Type*[3]	*Fixed*	*Enter "Fixed" for a fixed-rate Mortgage.*

3 This data point must be populated to save the file in the Selling System.

See Section 17.33(b) for instructions for delivering data for Mortgages sold through the Servicing Released Sales Process under fixed-rate Cash.

(c) Delivery programs

15-, 20- and 30-year fixed-rate Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

40-year* fixed-rate Mortgages may only be Home Possible® Mortgages and may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

(d) 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.

17.9: Delivery requirements for Balloon/Reset Mortgages (01/01/13)

Effective January 1, 2013, this section has been deleted.

17.10: Delivery requirements for ARMs (07/23/12)

(a) General requirements

Refer to Chapter 30 for special eligibility requirements for ARMs.

Refer to Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for ARM products sold under WAC ARM Cash and the WAC ARM Guarantor program.

(b) Data delivery instructions

For ARMs, the Seller must deliver the following ULDD Data Points:

Loan Data Required for ARMs			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN - Closing			
→Product Information → Product Details			
138	*Loan Amortization Type*[3]	*Adjustable Rate*	*Enter "Adjustable Rate" for an ARM.*

→Note Information			
→→ Note Details			
321	*Note Rate Percent*		
272	*Scheduled First Payment Due Date*		*Must occur on the first day of the month.*
→→ ARM Details			
236	Initial Fixed Period Effective Months Count		The related Glossary term is Initial Period.
115	First Rate Change Payment Effective Date		Must occur on the first day of the month following each Interest Change Date. The related Glossary term is Payment Change Date.
110	Index Source Type	▪ LIBOR One Year WSJ Daily ▪ Six Month LIBOR_WSJ Daily ▪ Weekly Five Year Treasury Securities Constant Maturity FRBH15 ▪ Weekly One Year Treasury Securities Constant Maturity FRBH15 ▪ Weekly Three Year Treasury Securities Constant Maturity FRBH15	
113	Interest And Payment Adjustment Index Lead Days Count	▪ 25 ▪ 45	Enter the number of days preceding the "Per Change Rate Adjustment Effective Date" (Interest Change Date). Enter "25" if the Lookback Period is the first Business Day of the month immediately preceding the month in which the Interest Change Date occurs. The related Glossary term is Lookback Period.
119	Margin Rate Percent		The related Glossary term is Margin.
114	Ceiling Rate Percent		Enter the sum of the Note Rate at origination plus the Life Cap. The related Glossary term is Lifetime Ceiling.

116	Floor Rate Percent		If the ARM has no Lifetime Floor, this ULDD Data Point must not be provided; do not enter the Margin value. The related Glossary term is Lifetime Floor.
118	Interest Rate Rounding Type	Nearest	Enter if interest rate rounding is specified in the Note.
117	Interest Rate Rounding Percent	0.125	The value for interest rate rounding is "0.125."
→→→ First Adjustment			
120	Adjustment Rule Type[1]	First	Use to describe the initial adjustment structure and caps.
124	Per Change Rate Adjustment Frequency Months Count		Enter the number of months between the initial rate adjustment and the second rate adjustment.
123	Per Change Rate Adjustment Effective Date (In the Selling System, this appears as "First Rate Adjustment Effective Date.")		The related Glossary term is Initial Interest Change Date.
122	Per Change Maximum Increase Rate Percent		Enter the Initial Cap.
121	Per Change Maximum Decrease Rate Percent		Enter the Initial Cap if it exists.
→ →→Subsequent Adjustment			
120	Adjustment Rule Type[1]	Subsequent	Use to identify the periodic adjustment structure and caps.
124	Per Change Rate Adjustment Frequency Months Count		Enter the number of months between the second rate adjustment and the third rate adjustment.
123	Per Change Rate Adjustment Effective Date (In the Selling System, this appears as "Subsequent Rate Adjustment Effective Date.")		Enter the second (first periodic) Interest Change Date.
122	Per Change Maximum Increase Rate Percent		Enter the Periodic Cap.

121	Per Change Maximum Decrease Rate Percent		Enter the Periodic Cap if it exists.
LOAN - Current			
→ Payment Information			
→→ ARM Details			
355	Next Rate Adjustment Effective Date		Enter the next Interest Change Date occurring after the Mortgage is delivered to Freddie Mac. The related Glossary term is Interest Change Date.
436	Principal And Interest Payment Amount		Enter the value as of the Funding Date.
395	Current Interest Rate Percent		Enter the value as of the Funding Date.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

3 This data point must be populated to save the file in the Selling System.

(c) Delivery programs

ARMs may be sold only under the following:

- WAC ARM Cash
- WAC ARM Guarantor

(d) Additional requirements for WAC ARM Guarantor contracts

Refer to Sections 11.1(b) and C15.3 for eligible ARM products that may be sold under the WAC ARM Guarantor program. Refer to Chapter 11 for specific requirements for selling ARMs under the WAC ARM Guarantor program.

(e) Pooling requirements for WAC ARM PCs

Refer to Chapter A13 for pooling requirements for ARMs under the WAC ARM Guarantor program.

17.11: Property data required for all Mortgages (05/15/13)

(a) Property data for all Mortgages

To describe the Mortgaged Premises that secure Mortgages sold to Freddie Mac, the Seller must deliver the following ULDD Data Points:

Property Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information			
→→Subject Property Address			
10	Address Line Text (In the Selling System, this appears as "Street Address.")		Enter the complete street address for the property.
14	City Name		
18	State Code[3]		Enter the "Official USPS Abbreviation" maintained by the United States Postal Service (USPS) at **http://www.usps.com/send/official-abbreviations.htm**
16	Postal Code[3]		
→→Property Details			
63/64	Property Estate Type/ Property Estate Type Other Description (In the Selling System, this appears as "Property Estate Type.")	▪ Fee Simple ▪ Leasehold ▪ Other - Life Estate	
69	Property Usage Type	▪ Investment ▪ Primary Residence ▪ Second Home	
50	Attachment Type	▪ Attached ▪ Detached ▪ Semi Detached	Used to describe an individual dwelling. Enter "Attached" if the dwelling unit has a common wall or other direct physical connection with another dwelling unit, and the appraisal or other property

Property Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			valuation method does not indicate "Semi Detached." Enter "Detached" if the dwelling unit has no common wall nor any other direct physical connection with another dwelling unit or the dwelling is a site condominium (single-family home with a condominium form of ownership). Enter "Semi Detached" if the dwelling unit is an end unit or one of a pair of houses built side-by-side sharing a common wall, such as a duplex.
67	Property Structure Built Year		Enter “9999” if Home Value Explorer® or a Home Value Model was used to value the subject property.
57	Financed Unit Count[3]	▪ 1 ▪ 2 ▪ 3 ▪ 4	
24	Special Flood Hazard Area Indicator	▪ false ▪ true	Enter “true” if the flood zone designated on Federal Emergency Management Agency (FEMA) Form 81-93 begins with the letter “A” or “V” and the property has no applicable FEMA Letter of Map Revision (LOMR), FEMA Letter of Determination Review (LODR) or FEMA Letter of Map Amendment (LOMA).
77	Bedroom Count		Enter the actual number of bedrooms for each dwelling unit for two-to four-unit properties. Enter "0" if the unit is a studio/efficiency apartment. Leave blank if HVE was used to value the subject property.
78	Property Dwelling Unit Eligible Rent Amount		For two-to four-unit properties, enter the gross monthly rental income for each non-owner occupied unit as indicated on the signed lease(s) for the Mortgaged Premises.

Property Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			If there is no 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.
65	Property Flood Insurance Indicator	▪ false ▪ true	Enter "true" if there is flood insurance coverage.
49	PUD Indicator	▪ false ▪ true	Enter "true" if the Mortgaged Premises is located in a Planned Unit Development (PUD). The related Glossary term is Planned Unit Development (PUD).
→→Appraisal/Valuation Property Details			
89/90	Property Valuation Method Type/Property Valuation Method Type Other Description (In the Selling System, this appears as "Property Valuation Method Type.")	▪ Automated Valuation Model ▪ Drive By ▪ Full Appraisal ▪ None ▪ Prior Appraisal Used The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012, and delivered on or after November 26, 2012: ▪ Automated Valuation Model ▪ Drive By ▪ Full Appraisal ▪ None ▪ Other - Field Review ▪ Prior Appraisal Used	Enter the Property Valuation Method Type for the method that yielded the value used to calculate the loan-to-value (LTV) ratio for the delivered loan. Enter "Automated Valuation Model" for Home Value Explorer® (HVE). Enter "Drive By" for exterior-only appraisals. Enter "Full Appraisal" or "Prior Appraisal Used," as applicable. Enter "None" for Loan Prospector® (LP) Home Value Models. For Mortgages with Application Received Dates on or after August 1, 2012, and delivered on or after November 26, 2012, enter one of the valid values as described above or "Other - Field Review," as applicable.
83	Property Valuation Amount		Enter the value that was used to calculate the LTV ratio for the delivered loan. This is: ▪ The appraised value if an appraisal is used

Property Data Required for All Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			▪ The value supported by HVE, if used ▪ The purchase price (for LP purchases) or the Borrower's estimate of value (for LP refinances) if a Home Value Model is used
84	Property Valuation Effective Date		For Mortgages with appraisals, enter the effective date of the most recent appraisal. For Mortgages using any other property valuation type, enter the effective date on the most recent inspection, LP Feedback Certificate or estimate.
→→Construction Details			
51	Construction Method Type	▪ Manufactured ▪ Site Built	Enter "Manufactured" for Manufactured Homes. Enter "Site Built" for homes built on site and modular homes, panelized housing, or other types of factory built housing.

3 This data point must be populated to save the file in the Selling System.

See Section 17.25 for the data requirements for Condominium Unit Mortgages, Section 17.28 for energy conservation Mortgages, Section 17.31 for Mortgages secured by Manufactured Homes, and Section 17.35 for Construction Conversion and Renovation Mortgages.

(b) Data for Investment Property Mortgages

For all Investment Property Mortgages for which an appraisal was performed, the Seller must deliver the following ULDD Data Points:

Data Required for Investment Property Mortgages			
Sort ID	**ULDD Data Point Name**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Property Details			
69	*Property Usage Type*	*Investment*	
77	Bedroom Count		*Enter the actual number of bedrooms for each dwelling unit for Investment*

Data Required for Investment Property Mortgages			
Sort ID	**ULDD Data Point Name**	**Valid Value**	**Notes**
			Properties. *Enter "0" if the unit is a studio/efficiency apartment.* *Leave blank if HVE was used to value the subject property.*
78	*Property Dwelling Unit Eligible Rent Amount*		*Enter the gross monthly rental income for each unit as indicated on the signed lease(s) for the Mortgaged Premises.* *If there is no 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.*

(c) Data required when an appraisal is obtained in connection with valuing the Mortgaged Premises

When an appraisal is used to value the Mortgaged Premises, the Seller must deliver the following ULDD Data Points:

Data Required when an Appraisal was used to Value the Subject Property			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal Details			
89	*Property Valuation Method Type*	▪ *Drive By* ▪ *Full Appraisal*	*Enter "Drive By" for exterior-only appraisals.* *Enter "Full Appraisal" as applicable.*
82	Appraisal Identifier		For conventional Mortgages only, enter the "Document File Identifier" assigned to the appraisal by the Uniform Collateral Data Portal® (UCDP®). The Document File Identifier assigned by the UCDP must be entered even if the appraisal value used to calculate the LTV ratio was determined using a subsequent appraisal review on a form not required to be submitted to the UCDP.
PARTY			
→ Party Information → Appraiser Details			
528	Party Role Type[1]	Appraiser	
525	Appraiser License Identifier		Enter the state license number of the appraiser who completed the final estimate of value.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

(d) Data if appraisal is signed by supervisor

When the appraisal is signed by the appraiser's supervisor, the Seller must deliver the following ULDD Data Points:

Data Required when the Appraisal was Signed by a Supervisor			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PARTY			
→ Party Information → Appraiser Details			
537	Party Role Type[1]	Appraiser Supervisor	
534	Appraiser License Identifier (In the Selling System, this appears as "Appraiser Supervisor Identifier.")		Enter the state license number of the supervisor who signed the appraisal.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

See Section 17.32 for the data requirements for property valuations from Home Value Models.

17.12: Data required for all Borrowers (09/01/13)

(a) Data for all Borrowers

For each Borrower (up to a total of five) on every Mortgage sold to Freddie Mac, the Seller must deliver the following ULDD Data Points:

Data Required for All Borrowers			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
BORROWER			
→Borrower Information			
→→Borrower Details			
611	Party Role Type[1,4]	Borrower	
571	Borrower Classification Type[4]	▪ Primary ▪ Secondary	Enter "Primary" if there is one Borrower. If there is more than one Borrower, enter "Primary" for one Borrower and "Secondary" for up to 4 additional Borrowers.
613	Taxpayer Identifier Type	▪ Employer Identification Number ▪ Individual Taxpayer Identification Number ▪ Social Security Number	Enter “Individual Taxpayer Identification Number” or “Social Security Number” for individual Borrowers Enter “Employer Identification Number” for non-individual Borrowers unless the Borrower is a Living Trust as defined in the Glossary. If the Borrower is a Living Trust, enter either “Individual Taxpayer Identification Number” or “Social Security Number” of the Underwritten Settlor as defined in the Glossary.
614	Taxpayer Identifier Value		

→→Borrower Data Required for Government Reporting			
608	Gender Type	▪ Female ▪ Information Not Provided Unknown ▪ Male ▪ Not Applicable	Enter "Not Applicable" for non-individual Borrowers unless the Borrower is a Living Trust. If the Borrower is a Living Trust, enter the gender of the Underwritten Settlor
609	HMDA Ethnicity Type	▪ Hispanic Or Latino ▪ Information Not Provided By Applicant In Mail Internet Or Telephone Application ▪ Not Applicable ▪ Not Hispanic Or Latino	Enter "Not Applicable" for non-individual Borrowers unless the Borrower is a Living Trust. If the Borrower is a Living Trust, enter the ethnicity of the Underwritten Settlor
610	HMDA Race Type	▪ American Indian Or Alaska Native ▪ Asian ▪ Black Or African American ▪ Information Not Provided By Applicant In Mail Internet Or Telephone Application ▪ Native Hawaiian Or Other Pacific Islander ▪ Not Applicable ▪ White	Enter "Not Applicable" for non-individual Borrowers unless the Borrower is a Living Trust. If the Borrower is a Living Trust, enter the race of the Underwritten Settlor
→→Borrower Mailing Address (Borrower *1*) (*Primary Borrower*)			
572	Borrower Mail To Address Same As Property Indicator	▪ false ▪ true	Enter "true" if the Primary Borrower's mailing address is the same as the Mortgaged Premises.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

4 This data point must be populated for the Primary Borrower in order to save the file in the Selling System.

(b) Data for individual Borrowers

In addition to the data set forth in Section 17.12(a), if the Borrower is an individual, the Seller must deliver the following ULDD Data Points for each Borrower:

Data Required for All Individual Borrowers			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
BORROWER			
→Borrower Information -- Borrower			
→→ Borrower Details			
540	First Name[4]		
542	Middle Name		Enter if exists.
541	Last Name[4]		
543	Suffix Name		Enter if exists.
598	Citizenship Residency Type	▪ Permanent Resident Alien ▪ Nonpermanent Resident Alien ▪ US Citizen	
→→→ First Time Homebuyer Details			
597	Borrower First Time Homebuyer Indicator	▪ false ▪ true	Enter "true" if any Borrower on the Mortgage is a First-Time Homebuyer as defined in the Glossary. Borrower data must be delivered for each First-Time Homebuyer.
→ →Borrower Data Required for Government Reporting			
567	Borrower Age At Application Years Count		
568	Borrower Birth Date		
→ →Borrower Underwriting Details			
573	Borrower Qualifying Income Amount		Enter the stable monthly income, as defined in Section 37.13 for each qualifying Borrower.
→→→Borrower Credit Score			
590	Credit Score Value		Enter the FICO® score that is selected as the Underwriting Score for each qualifying Borrower, if such FICO score exists. The related Glossary term is Underwriting Score.
582	Credit Repository Source Indicator	▪ false ▪ true	Enter "true" if the source for the Borrower's credit score was any credit repository (Equifax, Experian, or TransUnion) and the credit report was not a merged credit report.
583	Credit Repository Source Type	▪ Equifax ▪ Experian	

Data Required for All Individual Borrowers			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
		▪ TransUnion	

4 This data point must be populated for the Primary Borrower in order to save the file in the Selling System.

(c) Data for non-individual Borrowers

In addition to the data set forth in Section 17.12(a), if the Borrower is an eligible legal entity (non-individual Borrower), the Seller must deliver the following ULDD Data Points for each Borrower:

(i) Borrower is a Living Trust

If one or more Borrowers on a loan is a Living Trust, the Seller must deliver the following ULDD data points for each Borrower that is a Living Trust. The Seller must identify the Borrower as a "Living Trust," and complete the personal information fields based on the personal data of the Underwritten Settlor(s) of the trust. See Section 22.10(a) for requirements regarding Mortgages with respect to which the Borrower is a Living Trust.

(ii) Borrower is a Native American tribe or tribal organization

Delivery instructions for Mortgages with special characteristics may supplement or supersede instructions that have general applicability, so that, for example, the general information about a Borrower described in this Section 17.12(c) is modified if the Borrower is a Native American tribe or tribal organization as described in Section 17.16(b)(iii). If this is the case, the applicable ULDD Data Point is re-listed with the appropriate valid value shown in italics.

Data Required for All Non-Individual Borrowers			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
BORROWER			
→Borrower Information			
→→Borrower Details			
545/546	Legal Entity Type/Legal Entity Type Other Description (In the Selling System, this appears as "Non-Individual Borrower Type.")	▪ Other - Living Trust ▪ Other - Native American Tribe Or Tribal Organization	
544	Full Name[4] (In the Selling System, this appears as "Non-Individual Borrower Name.")		Enter the complete, unparsed name of the non-individual title holder of the Mortgaged Premises, unless the Borrower is a Living Trust.

Data Required for All Non-Individual Borrowers			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			If the Borrower is a Living Trust, indicate the complete unparsed name of the Underwritten Settlor. For example, "John W. Johnson"

4 This data point must be populated for the Primary Borrower in order to save the file in the Selling System.

(iii) Data if Primary Borrower's address differs from property address

If the primary Borrower's mailing address differs from the address of the Mortgaged Premises, the Seller must deliver the following ULDD Data Points each Borrower:

Data Required when Primary Borrower's Address Differs from Property Address			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
BORROWER			
→Borrower Information			
→→ Borrower Details			
571	*Borrower Classification Type*[3]	*Primary*	
→→Borrower Mailing Address			
548	Address Line Text (In the Selling System, this appears as "Street Address.")		Enter the complete mailing street address. If the Borrower's mailing address is outside of the United States or Canada, include the "state" if applicable, after the street address.
554	City Name		
560	State Code		Enter the "Official USPS Abbreviation" maintained by the United States Postal Service (USPS) at **http://www.usps.com/send/official-abbreviations.htm** If the Borrower's mailing address is outside of the United States or Canada, do not send this ULDD Data Point.
557	Postal Code		

Data Required when Primary Borrower's Address Differs from Property Address			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
555	Country Code		Enter two-character codes from the International Organization for Standardization (ISO) 3166-1-alpha-2 code list at **http://www.iso.org/iso/country_codes/iso_3166_code_lists/country_names_and_code_elements.htm**
572	*Borrower Mail To Address Same As Property Indicator*	▪ false ▪ true	Enter "true" if the Primary Borrower's mailing address is the same as the Mortgaged Premises.
549	Address Type	Mailing	

3 This data point must be populated to save the file in the Selling System.

17.13: Loan Prospector® Mortgage underwriting data requirements (06/24/13)

(a) General requirements

For each Loan Prospector (LP) Mortgage delivered to Freddie Mac, the Seller is required to include the LP Key Number. A Mortgage delivered without a Key Number will be considered a Non-Loan Prospector Mortgage.

Refer to Section 2.2.1 for additional information on LP Mortgages.

(b) Data for Loan Prospector Mortgages

If the Mortgage is an LP Mortgage, the Seller must deliver the following ULDD Data Points:

Loan Prospector Mortgage Underwriting Data Requirements			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Underwriting / Credit Information → Underwriting Details			
328	*Loan Manual Underwriting Indicator*	▪ *false* ▪ *true*	*Enter "false" if the loan underwriting decision is not based on manual underwriting and is based on the recommendation of LP.* *Enter "true" if the LP Risk Class is Caution and the loan was manually underwritten prior to*

Loan Prospector Mortgage Underwriting Data Requirements			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			delivery.
326	Automated Underwriting System Type	Loan Prospector	For LP Mortgages, enter "Loan Prospector."
325	Automated Underwriting Recommendation Description	▪ Accept ▪ Caution ▪ Caution Eligible For A Minus	Enter the applicable Risk Class/Classification for LP Mortgages.
322	Automated Underwriting Case Identifier		Enter the LP Key Number.
LOAN – Current			
→ Product Information → Product Details			
→→Modification Details			
397	*Mortgage Modification Indicator*	*false*	

(c) Data for Loan Prospector Mortgages with special characteristics

For Loan Prospector Mortgages with the indicated characteristics, the Seller must deliver the following ULDD Data Point:

Data Required for Loan Prospector Mortgages if Applicable			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	912	Enter this value when the Mortgage is resubmitted after the Note Date. For Construction Conversion and Renovation Mortgages, enter this value when the Mortgage is resubmitted after the Effective Date of Permanent Financing.

17.14: Non-Loan Prospector® Mortgage requirements (07/23/12)

(a) General requirements

The Seller must not deliver any Loan Prospector (LP) Key Number for Non-Loan Prospector Mortgages.

(b) Data for Non-LP Mortgages

For Non-LP Mortgages, the Seller must deliver the following ULDD Data Points:

Non-Loan Prospector Mortgage Underwriting Data Requirements			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Underwriting / Credit Information → Loan Level Credit Details			
328	*Loan Manual Underwriting Indicator*	*true*	*Enter "true" if the loan underwriting decision is based on manual underwriting.*
251	Loan Level Credit Score Value		Enter if the Indicator Score exists. The related Glossary term is Indicator Score.
249	Loan Level Credit Score Selection Method Type	▪ Average Then Average ▪ Middle Or Lower Then Average ▪ Middle Or Lower Then Lowest	Enter if the Indicator Score exists.
247	Credit Score Impairment Type	▪ Insufficient Credit History ▪ Significant Errors Score	Enter if the Indicator Score does not exist or is not usable.

17.15: FHA/VA Mortgages (07/23/12)

(a) General requirements

See Section 35.5 for special eligibility requirements for FHA/VA Mortgages.

See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for fixed-rate FHA/VA Mortgages.

(b) Data delivery instructions

For FHA/VA Mortgages, the Seller must not deliver mortgage insurance ULDD Data Points.

(i) FHA Mortgages

For FHA Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for FHA Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			

→ Product Information → Product Details			
317	*Mortgage Type*	*FHA*	*Enter this value for FHA Mortgages.*
198	Section Of Act Type	▪ 203B ▪ 234C	Enter "234C" for condominiums and "203B" for all other FHA Mortgages.

(ii) VA Mortgages

For VA Mortgages, the Seller must deliver the following ULDD Data Point:

Data Required for VA Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Product Details			
317	*Mortgage Type*	*VA*	*Enter this value for VA Mortgages.*

(c) Delivery programs

FHA/VA Mortgages may be sold only under the following:

- 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.

17.16: Section 184 Native American Mortgages (07/23/12)

(a) General requirements

See Section 35.4 for special eligibility requirements for Section 184 Native American Mortgages.

See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for Section 184 Native American Mortgages.

(b) Data delivery instructions

For Section 184 Native American Mortgages, the Seller must not deliver mortgage insurance ULDD Data Points.

(i) All Native American Mortgages

For Section 184 Native American Mortgages with no special characteristics, the Seller must deliver the following ULDD Data Points

Loan Data Required for Section 184 Native American Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→Product Information → Product Details			
317/318	Mortgage Type/Mortgage Type Other Description (In the Selling System, this appears as "Mortgage Type.")	Other – Public And Indian Housing	
198	Section Of Act Type	184	

(ii) Native American Mortgages with special characteristics

For Section 184 Native American Mortgages with the indicated property characteristics, the Seller must deliver the following ULDD Data Points:

Loan Data Required for Native American Mortgages If Applicable			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Property Details			
63	*Property Estate Type*	*Leasehold*	*Enter this value if the subject property is located on tribal trust land.*
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	130	Enter this value if the subject property is located on allotted land.

(iii) Borrower is a tribe or tribal organization

If the Borrower is a Native American tribe or tribal organization, the Seller must not deliver First-Time Homebuyer or Co-Borrower ULDD Data Points.

If the Borrower is a Native American tribe or tribal organization, the Seller must deliver the following ULDD Data Points:

Data Required for Native American Tribe or Tribal Organization			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Property Details			
69	*Property Usage Type*	*Investment*	
LOAN – Closing			
→Origination Information → Origination Details			
227	*Borrower Count*	*1*	*Do not provide information about secondary Borrower(s).*
BORROWER			
→Borrower Information – Borrower *1* (*Primary Borrower*)			
→ →Borrower Details (Borrower *1*)			
571	*Borrower Classification Type*[3]	*Primary*	*Enter "Primary" when there is one Borrower.*
545/546	*Legal Entity Type /Legal Entity Type Other Description* *(In the Selling System, this appears as "Non-Individual Borrower Type.")*	*Other - Native American Tribe Or Tribal Organization*	*Enter this value when a Native American tribe or tribal organization is the non-individual title holder of the Mortgaged Premises.*
544	*Full Name*[3] *(In the Selling System, this appears as "Non-Individual Borrower Name.")*		*Enter the name of the Native American tribe or tribal organization.*

3 This data point must be populated to save the file in the Selling System.

(c) Delivery programs

Section 184 Native American Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs®

Refer to Section 13.4 for special pooling requirements for Section 184 Native American Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.17: Prepayment Penalty Mortgages (08/20/13)

(a) General requirements

See Chapter B33 for special eligibility requirements for Prepayment Penalty Mortgages. See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for Prepayment Penalty Mortgages. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

(b) Data delivery instructions

For Mortgages with a prepayment penalty, the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages with Prepayment Penalties			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Prepayment Penalty Details			
240	*Prepayment Penalty Indicator*	*true*	

(c) Delivery programs

Prepayment Penalty Mortgages may be sold only under the following:

- Fixed-rate Guarantor
- WAC ARM Guarantor

(d) Additional Supplement requirements

The 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

See Section 11.20 and Exhibit 22, Form of Additional Supplement - Prepayment Penalty Mortgages, for the requirements regarding the Additional Supplement.

(e) Pooling requirements

Refer to Section 13.4 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.

17.18: Home Possible® Mortgages (10/16/12)

(a) General requirements

See Chapter A34 for special eligibility requirements for Home Possible Mortgages.

See Section A34.5 for requirements for Home Possible Mortgages with limited buydown and extended buydown features.

See Section 35.3 for special eligibility requirements for Home Possible Mortgages with Rural Housing Service (RHS) Leveraged Seconds.

See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for Home Possible Mortgages.

(b) Data delivery instructions

(i) All Home Possible Mortgages

For Home Possible Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Home Possible Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→Product Information → Product Details			
238	*Loan Affordable Indicator*	*true*	*Enter "true" for Home Possible Mortgages.*

→Origination Information			
→→ Funds Needed to Close Details			
172	Down Payment Amount		The down payment amount is the difference between the purchase price and the original unpaid principal balance (UPB) of the Mortgage (excluding any financed mortgage insurance premium amounts). This amount does not include Prepaids/Escrows. Enter down payment ULDD Data Points as follows: 1. Sort all down payment amounts by "Down Payment Source Type" (source) and "Down Payment Type" (type) combinations. 2. Sum together amounts from like source – type pairs. 3. After summing: a. If there are 4 or fewer source - type pairs, enter the values for each "Down Payment Amount" (amount), source and type combination. b. If there are more than 4 source - type pairs, use the following prioritization for the first 3 values: ▪ Enter in descending order the amount, source and type for pairs with "Down Payment Source Type" = "Borrower." ▪ Enter in descending order the amount, source and type for any remaining source – type pairs, up to a total of three.
173/174	Down Payment Source Type/ Down Payment Source Type Other Description (In the Selling System, this appears as "Down Payment Source Type.")	▪ Borrower ▪ Community Non Profit ▪ Employer ▪ Federal Agency ▪ Local Agency ▪ Relative ▪ Religious Non Profit ▪ State Agency ▪ Other - Aggregated Remaining Source Types ▪ Other - FHLB Affordable Housing Program ▪ Other - USDA Rural Housing	
175/176	Down Payment Type/ Down Payment Type Other Description (In the Selling System, this appears as "Down Payment Type.")	▪ Bridge Loan ▪ Cash On Hand ▪ Checking Savings ▪ Gift Funds ▪ Secured Borrowed ▪ Funds ▪ Sweat Equity ▪ Unsecured Borrowed Funds ▪ Other Type of Down Payment - Aggregated Remaining Types ▪ Other Type of Down Payment - Secondary Financing Closed End ▪ Other Type of Down Payment - Secondary Financing HELOC The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: ▪ Bridge Loan ▪ Cash On Hand ▪ Checking Savings ▪ Equity On Subject Property ▪ Gift Funds	

		▪ Life Insurance Cash Value ▪ Lot Equity ▪ Rent With Option To Purchase ▪ Sale of Chattel ▪ Secured Borrowed Funds ▪ Stocks And Bonds ▪ Sweat Equity ▪ Trade Equity ▪ Trust Funds ▪ Unsecured Borrowed Funds ▪ Other Type of Down Payment - Aggregated Remaining Types ▪ Other Type of Down Payment - Secondary Financing Closed End ▪ Other Type of Down Payment - Secondary Financing HELOC	c. Sum the amounts for any remaining source – type pairs and enter this as the fourth value for “Down Payment Amount.” Enter “Other - Aggregated Remaining Source Types” as the fourth “Down Payment Source Type” value. Enter “Other - Aggregated Remaining Types” as the fourth “Down Payment Type” value.

151	Closing Cost Contribution Amount		Closing Costs do not include Prepaids/Escrows. Enter closing cost ULDD Data Points as follows: 1. Sort all closing cost contributions by "Closing Cost Funds Type" (type) and "Closing Cost Source Type" (source). 2. Sum together amounts from like type – source pairs. 3. After summing: a. If there are 4 or fewer type – source pairs, enter the values for each "Closing Cost Contribution Amount" (amount), type and source combination. b. If there are more than 4 type – source pairs, use the following prioritization for the first 3 values: ▪ Enter in descending order the amount, type, and source for pairs with "Closing Cost Source Type" = "Borrower." ▪ Enter in descending order the amount, type and source for any remaining pairs, up to a total of three. c. Sum the amounts for any remaining type – source pairs and enter this as the fourth value for "Closing Cost Contribution Amount." Enter "Other-Aggregated Remaining Types" as the fourth "Closing Cost Funds
152/153	Closing Cost Funds Type/Closing Cost Funds Type Other Description (In the Selling System, this appears as "Closing Cost Funds Type.")	▪ Bridge Loan ▪ Cash On Hand ▪ Checking Savings ▪ Contribution ▪ Credit Card ▪ Gift Funds ▪ Grant ▪ Premium Funds ▪ Secured Loan ▪ Sweat Equity ▪ Unsecured Borrowed Funds ▪ Other - Aggregated Remaining Types ▪ Other - Secondary Financing Closed End ▪ Other - Secondary Financing HELOC The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: ▪ Bridge Loan ▪ Cash On Hand ▪ Checking Savings ▪ Contribution ▪ Credit Card ▪ Equity On Subject Property ▪ Gift Funds ▪ Grant ▪ Life Insurance Cash Value ▪ Lot Equity ▪ Premium Funds ▪ Rent With Option To Purchase ▪ Retirement Funds ▪ Sale Of Chattel ▪ Secured Loan ▪ Stocks And Bonds ▪ Sweat Equity ▪ Trade Equity ▪ Trust Funds ▪ Unsecured Borrowed Funds	

		▪ Other - Aggregated Remaining Types ▪ Other - Secondary Financing Closed End ▪ Other - Secondary Financing HELOC	Type" value. Enter "Other-Aggregated Remaining Source Types" as the fourth "Closing Cost Source Type" value.
154/155	Closing Cost Source Type/Closing Cost Source Type Other	▪ Borrower ▪ Community Non Profit	

	Description (In the Selling System, this appears as "Closing Cost Source Type.")	▪ Employer ▪ Federal Agency ▪ Lender ▪ Local Agency ▪ Property Seller ▪ Relative ▪ Religious Non Profit ▪ State Agency ▪ Other - Aggregated Remaining Source Types ▪ Other - FHLB Affordable Housing Program ▪ Other - USDA Rural Housing	
Underwriting / Credit Information→ Underwriting Details			
326	*Automated Underwriting System Type*	*Loan Prospector*	
322	*Automated Underwriting Case Identifier*		*Enter the Loan Prospector® (LP) Key Number for all Home Possible Mortgages, if available.*
LOAN – Current			
→ Product Information → Product Details			
404	Loan Program Identifier	▪ Home Possible 97 ▪ Home Possible Neighborhood Solution 97 The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: ▪ Home Possible Mortgage ▪ Home Possible Neighborhood Solution Mortgage	
BORROWER			
→Borrower Information			
→→ Borrower Details			
576/577	Counseling Confirmation Type/ Counseling Confirmation Type Other Description (In the Selling System,	▪ Government Agency ▪ HUD Approved Counseling Agency ▪ Lender Trained Counseling ▪ No Borrower Counseling ▪ Other – Borrower Did	

	this appears as "Counseling Confirmation Type.")	Not Participate ▪ Other – Mortgage Insurance Company ▪ Other – Non Profit Organization	
578/579	Counseling Format Type/ Counseling Format Type Other Description (In the Selling System, this appears as "Counseling Format Type.")	▪ Borrower Education Not Required ▪ Classroom ▪ Home Study ▪ Individual ▪ Other – Borrower Did Not Participate	Enter "Individual" if one-on-one counseling was performed.

(ii) Home Possible Mortgages with special characteristics

For Home Possible Mortgages with the indicated characteristics, the Seller must deliver the following ULDD Data Points:

Data Required for Home Possible Mortgages if Applicable			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	140	Enter this value for purchase transaction Mortgages when income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income.
368	Investor Feature Identifier	532	Enter this value when the Mortgage satisfies the minimum number of payment reference requirement using Noncredit Payment References.

(iii) Home Possible Mortgages with Affordable Seconds®

For Home Possible Mortgages with an Affordable Second that has the following characteristics, the Seller must deliver the following ULDD Data Points:

Data Required for Home Possible Mortgages with Affordable Seconds			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	583	Enter this value if the loan is a Home Possible Mortgage with an Affordable Second.
368	Investor Feature Identifier	G18	Enter this value for Home Possible Mortgages with an Affordable Second entered into LP in the "Total Gift Fund" field.

See Section 17.42 for additional secondary financing delivery requirements.

(iv) Home Possible Mortgage with RHS Leveraged Seconds

For Home Possible Mortgages with RHS Leveraged Seconds, the Seller must deliver the following ULDD Data Points:

Data Required for Home Possible Mortgages with RHS Leveraged Seconds			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Secondary Financing / Related Loan Details			
517	*Lien Priority Type*	*Second Lien*	
519	*Mortgage Type*	*USDA Rural Housing*	

See Section 17.42 for additional secondary financing delivery requirements.

(c) Delivery programs

40-year fixed-rate Home Possible Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor

All other Home Possible Mortgages may be sold under the following:

- Cash
- Guarantor
- MultiLender Swap

17.19: Section 502 GRH Mortgages (07/23/12)

(a) General requirements

See Section 35.2 for special eligibility requirements for Section 502 GRH Mortgages.

See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for fixed-rate Section 502 GRH Mortgages.

(b) Data delivery instructions

For Section 502 GRH Mortgages, the Seller must not deliver mortgage insurance ULDD Data Points.

For Section 502 GRH Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Non-Assumable Section 502 GRH Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Product Details			
317	*Mortgage Type*	*USDA Rural Housing*	*Enter "USDA Rural Housing" for Section 502 GRH Mortgages.*
198	Section Of Act Type	502	Enter "502" with Mortgage Type = "USDA Rural Housing."

(c) Delivery programs

Assumable and nonassumable Section 502 GRH Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

Nonassumable Section 502 GRH Mortgages sold under the fixed-rate Guarantor or MultiLender Swap programs must be sold with conventional Mortgages.

(d) Pooling requirements for Gold PCs

Refer to Section 13.4 for special pooling requirements for assumable and nonassumable Section 502 GRH Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.20: Alt 97® Mortgages (08/01/12)

Effective August 1, 2012, this section has been deleted.

17.21: Refinance Mortgages (11/19/12)

(a) General requirements

See Chapter 24 for special eligibility requirements for refinance Mortgages.

(b) Data delivery instructions

See Chapter A24 for data delivery instructions relating to Relief Refinance Mortgages℠ – Same Servicer and Chapter B24 for data delivery instructions relating to Relief Refinance Mortgages – Open Access.

(i) All refinance Mortgages

For refinance Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Refinance Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – At Closing			
→ Underwriting / Credit Information → Loan Details			
315	*Loan Purpose Type*	*Refinance*	
195	*Purchase Price Amount*		*Not required for Refinances.*
294	Refinance Cash Out Determination Type	▪ Cash Out ▪ No Cash Out	

(ii) Refinance Mortgages with special characteristics

For refinance Mortgages with the indicated characteristics, the Seller must deliver the following ULDD Data Points:

Data Required for Refinance Mortgages with Special Characteristics			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – At Closing **→ Underwriting / Credit Information → Loan Details**			Enter if the Mortgage is a special purpose cash-out refinance Mortgage when cash was used by
294	*Refinance Cash Out Determination Type*	*Cash Out*	

Data Required for Refinance Mortgages with Special Characteristics			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Details			an owner to buy out the equity of a co-owner.
368	Investor Feature Identifier	203	
LOAN – At Closing → Underwriting / Credit Information			Enter if the Mortgage is a Freddie Mac-owned "no cash-out" refinance Mortgage with expanded loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios.
→ →Loan Details			
294	*Refinance Cash Out Determination Type*	*No Cash Out*	
→→Streamlined Loan Details			
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	
LOAN – Current → Product Details			
368	Investor Feature Identifier	D99	
LOAN – Current			
→ Product Information → Product Details			
451	Refinance Program Identifier	Texas Equity	Enter if the Mortgage is a Texas Equity Section 50(a)(6) Mortgage.

17.22: Fixed-rate relocation Mortgages (07/23/12)

(a) General requirements

See Section 13.4 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.

(b) Data delivery instructions

For Relocation Mortgages that comply with Section 13.4, the Seller must deliver the following ULDD Data Point:

Data Required for Relocation Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – At Closing			
→ Underwriting / Credit Information → Loan Details			
241	*Relocation Loan Indicator*	*true*	*Enter "true" only if the Mortgage is a fixed-rate*

Data Required for Relocation Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			Mortgage that complies with Section 13.4.

(c) Delivery programs

Fixed-rate relocation Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

(d) Pooling requirements for Gold PCs® and Giant PCs

Refer to Section 13.4 for pooling requirements for fixed-rate relocation Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.23: Subsidy buydown Mortgages (09/24/13)

(a) General requirements

See Section 25.4 for special eligibility requirements for Mortgages with temporary subsidy buydowns.

See Section A34.5 for eligibility requirements for Home Possible® Mortgages with temporary subsidy buydowns.

See Section 17.33 for data requirements for loans with temporary subsidy buydowns delivered through the Servicing Released Sales Process.

(b) Data delivery instructions

(i) All temporary subsidy buydown Mortgages

For Mortgages with temporary subsidy buydowns, the Seller must deliver the following ULDD Data Points:

Data Required for Subsidy Buydown Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information			
→ Note Details			
321	*Note Rate Percent*		*Enter the interest rate shown on the Note (without*

Data Required for Subsidy Buydown Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information			
→ Note Details			
			reference to the temporary buydown subsidy).
268	*Initial Principal and Interest Payment Amount*		*Enter the monthly payment shown on the Note (without reference to the temporary buydown subsidy).*
→ Temporary Buydown Details			
228	*Buydown Temporary Subsidy Indicator*	*true*	
145/146	Buydown Contributor Type/Buydown Contributor Type Other Description	▪ Borrower ▪ Lender ▪ Other – Interested Third Party	Enter "Other-Interested Third Party" if the contributor is an Interested Party as described in the Guide. Enter "Lender" for temporary buydowns funded with Premium Financing. Enter "Borrower" for all other temporary buydown contributors.
→ Underwriting / Credit Information			
→→ Additional Underwriting Details			
292	*Total Monthly Proposed Housing Expense Amount*		*Enter the monthly housing expense calculated using the Mortgage payment the Borrower is making at the time the Seller delivers the Mortgage.*
290	*Total Liabilities Monthly Payment Amount*		*Enter 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.*

(ii) Temporary subsidy buydown Mortgages with special characteristics

For temporary subsidy buydown Mortgages with the indicated characteristics, the Seller must deliver the following ULDD Data Points:

Data Required for Temporary Subsidy Buydown Mortgages with Special Characteristics			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	009	Enter this value for Limited Buydown Mortgages with buydown plans extending 2 years or less and effective interest rates of 2% or less below the Note Rate.
368	Investor Feature Identifier	014	Enter this value for Extended Buydown Mortgages with buydown plans extending more than 2 years and less than or equal to 3 years; and effective interest rates of more than 2% and less than or equal to 3% below the Note Rate.

(c) Pooling requirements for Gold PCs®, Giant PCs and WAC ARM PCs

Refer to Section 13.4 for pooling requirements for fixed-rate Mortgages with Extended Buydowns under the fixed-rate Guarantor or MultiLender Swap programs.

Refer to Section A13.4 for pooling requirements for ARMs with Extended Buydowns under the WAC ARM Guarantor program.

17.24: Seller-Owned Converted Mortgages (07/23/12)

(a) General requirements

See Chapter 32 for special eligibility requirements for Seller-Owned Converted Mortgages.

(b) Data delivery instructions

For Seller-Owned Converted Mortgages, the Seller must deliver all required loan data for the original ARM, as well as ULDD Data Points for the converted Mortgage:

Data Required for Seller-Owned Converted Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Conversion Option Details			
232	*Convertible Indicator*	*true*	
102	Conversion Type	To Fixed Rate	
→ Underwriting / Credit Information → Streamlined Loan Details			
222	Related Loan Investor Type	Seller	Enter "Seller" for Seller-Owned Converted Mortgages.
LOAN – Current			
→ Product Information → Conversion Details			
354	Convertible Status Type	Exercised	Enter "Exercised" when the conversion option has been exercised prior to delivery.
LOAN – Conversion			
459	Loan Role Type [3]	Subject Loan	
465	Loan State Date[1]		Enter the Conversion Date.
466	Loan State Type[1], [3]	At Conversion	
→ Conversion Information			
474	Note Amount[3]		Enter the loan amount of the resulting Converted Mortgage.
476	Note Rate Percent		Enter the interest rate of the resulting converted Note in effect as of the Conversion Date.
468	Initial Principal And Interest Payment Amount		Enter the principal and interest (P&I) payment as stated on the Note after the conversion.
460	Latest Conversion Effective Date[3]		Enter the Conversion Date.
467	Loan Maturity Date		Enter the maturity date of the resulting Converted Mortgage.
471	Scheduled First Payment Date		Enter the date of the first scheduled Mortgage payment after conversion.
→ Product Information → Product Details			
463	Interest Calculation Type	Compound	Enter the interest calculation type of the Converted Mortgage.
472	Mortgage Type	Conventional	The related Glossary term for "Conventional" is Home

Data Required for Seller-Owned Converted Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			Mortgage.
464.1	Balloon Indicator	false	
469	Payment Frequency Type	Monthly	Enter the payment frequency of the Converted Mortgage.
461	Loan Amortization Type[3]	Fixed	

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

3 This data point must be populated to save the file in the Selling System.

(c) Delivery programs

Seller-Owned Converted Mortgages may be sold only under the following:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

17.25: Condominium Unit Mortgages (10/01/13)

(a) General requirements

See Chapter 42 for special eligibility requirements for Condominium Unit Mortgages.

(b) Data delivery instructions

For Condominium Unit Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Condominium Unit Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information			
→→Property Details			
57	*Financed Unit Count*[3]	*1*	
47	Project Legal Structure Type	Condominium	
→→Condominium Details			
48	Project Name		Enter the legal name of the project.
42	Project Classification Identifier	▪ Condominium Project Manager Review	Enter "Full Review" if the applicable project review

Data Required for Condominium Unit Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
		▪ Exempt From Review ▪ FHA_Approved ▪ Full Review ▪ Project Eligibility Review Service ▪ Streamlined Review	has been performed in compliance with Section 42.5, 42.6, 42.7(a) or 42.7(b), as applicable. For reciprocal reviews performed in compliance with Section 42.9, enter the applicable value: ▪ Condominium Project Manager Review ▪ FHA_Approved ▪ Project Eligibility Review Service Enter “Streamlined Review” if a limited review was performed in compliance with Section 42.4.
41	Project Attachment Type	▪ Attached ▪ Detached	If project contains a mix of attached and detached, then enter the predominant type. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, enter "Attached" if any of the units in the project has a common wall or other direct physical connection with another unit. Enter "Detached" if none of the units in the project has a common wall or other direct physical connection with another unit.
43/44	Project Design Type/Project Design Type Other Description (In the Selling System, this appears as “Project Design Type.”)	▪ Garden Project ▪ Highrise Project ▪ Midrise Project ▪ Townhouse Rowhouse The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26,	Enter “Garden Project” if the project has 1-3 stories. Enter “Midrise Project” if the project has 4-7 stories. Enter “Highrise Project” if the project has 8 or more stories. If the appraisal indicates

Data Required for Condominium Unit Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
		2012: ▪ Garden Project ▪ Highrise Project ▪ Midrise Project ▪ Other – Other Selected On Valuation Documentation ▪ Townhouse Rowhouse	"Other" or the data is not available and a limited review is allowed: ▪ For Mortgages with Application Received Dates before August 1, 2012 and delivered before November 26, 2012, enter "Garden Project" ▪ For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, enter "Other – Other Selected On Valuation Documentation"
45	Project Dwelling Unit Count		Enter the actual number of units in the project (including phases that are not yet complete).
46	Project Dwelling Units Sold Count		Enter the actual number of units sold (including phases that are not yet complete).
38	Condominium Project Status Type	▪ Established ▪ New	Enter "Established" if condominium meets Section 42.5 and Glossary definition of "Established Condominium Project." Enter "New" if condominium meets Section 42.6 and Glossary definition of "New Condominium Project."

3 This data point must be populated to save the file in the Selling System.

17.26: Mortgage insurance requirements (04/01/13)

(a) General requirements

See Section 27.1 for general mortgage insurance requirements.

(b) Data delivery instructions

(i) Mortgages with mortgage insurance

For conventional Mortgages with mortgage insurance, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Mortgage Insurance			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
413/414	MI Company Name Type/ MI Company Name Type Other Description (In the Selling System, this appears as "MI Company Name Type.")	▪ CMG ▪ Essent ▪ Genworth ▪ MGIC ▪ PMI ▪ Radian ▪ RMIC ▪ Triad ▪ UGI ▪ Other - CAHLIF ▪ Other - CMGPreSep94 ▪ Other – MIF ▪ Other – NMI ▪ Other – RMIC-NC	Enter a valid insurer from Exhibit 10.
412	MI Certificate Identifier		
416	MI Coverage Percent		See Section 27.1 for required coverage levels.
423	MI Premium Financed Indicator	▪ false ▪ true	Enter "false" unless the mortgage insurance premium is included as part of the principal amount of the Mortgage.
426	MI Premium Source Type	▪ Borrower ▪ Lender	Enter the source ("Borrower" or "Lender") of the payment of the premium(s). If the premiums are paid both monthly and upfront, enter the source of the monthly premium payment only.

(ii) Mortgages with financed mortgage insurance premiums

See Section 27.1.1(a) for special eligibility requirements for Mortgages with financed mortgage insurance premiums.

For conventional Mortgages with financed mortgage insurance, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Financed Mortgage Insurance Premiums			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
423	MI Premium Financed Indicator	true	
422	MI Premium Financed Amount		Enter the dollar amount of the single payment premium.

(iii) Mortgages with lender-paid mortgage insurance

See Section 27.1.1(b) for special eligibility requirements for Mortgages with lender-paid mortgage insurance.

For conventional Mortgages with lender-paid mortgage insurance, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Lender-Paid Mortgage Insurance			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
426	MI Premium Source Type	Lender	
411	Lender Paid MI Interest Rate Adjustment Percent		
368	Investor Feature Identifier	019	Enter this value for Mortgages with lender-paid mortgage insurance.

(iv) Mortgages without mortgage insurance

For conventional Mortgages without mortgage insurance, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages without Mortgage Insurance			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
429/430	Primary MI Absence Reason Type/ Primary MI Absence Reason Type Other Description (In the Selling System, this appears as "Primary MI Absence Reason Type.")	▪ MI Canceled Based On Current LTV ▪ No MI Based On Original LTV ▪ Other - Indemnification In Lieu Of MI ▪ Other - Recourse In Lieu Of MI	

17.27: Mortgages with capitalized balances (07/23/12)

(a) General requirements

Refer to Chapter I33 for special eligibility requirements for Mortgages having principal balances that include capitalization of interest, taxes, hazard insurance premiums and/or late charges.

(b) Data delivery instructions

For Mortgages with capitalized balances, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Capitalized Balances			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information → Note Details			
272	*Scheduled First Payment Date*		*Enter the current Due Date of Last Paid Installment (DDLPI).*
256	*Loan Maturity Date*		*Enter the actual recomputed maturity date based on the actual principal and interest payment currently applicable.*
→ Origination Information → Origination Details			
229	*Capitalized Loan Indicator*	*true*	*Enter true if the capitalized balances were added to the unpaid principal balance*

Data Required for Mortgages with Capitalized Balances			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			(UPB) of the Mortgage prior to delivery to Freddie Mac.
LOAN - Current			
→ Payment Information → Payment Details			
385	*Loan Acquisition Scheduled UPB Amount*		*Enter the 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.*

(c) Delivery programs

Mortgages with capitalized balances must be sold under the Guarantor program only.

17.28: Energy conservation Mortgages (07/23/12)

(a) General requirements

See Section 23.8 for special eligibility requirements for energy conservation Mortgages.

(b) Data delivery instructions

For energy conservation Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Energy Conservation Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information →Appraisal / Valuation Property Details			
83	*Property Valuation Amount*		*Enter the estimated market value after completion of the improvements.*
LOAN – Closing			
→ Note Information →Note Details			
320	*Note Date*		*Enter the date of Mortgage funding and not the anticipated date of final disbursement of the Escrow Funds.*

→ Underwriting / Credit Information			
→ Loan Details			
195	*Purchase Price Amount*		*If considered when setting the terms of the Mortgage, enter the price paid for the Mortgaged Premises plus the actual cost of the energy conservation improvements.*
→ Delivered LTV Values			
255	*LTV Ratio Percent*		*The value used to determine the loan-to-value (LTV) ratio is the lesser of the purchase price including the actual cost of the energy improvements, or the "as completed" appraised value.*
LOAN – Current			
→ Product Information → Product Details			
404	Loan Program Identifier	Energy Conservation	Enter this value for Mortgages that finance the purchase of a property that is to be retrofitted, refurbished or improved with energy conservation components.
TOTAL LOANS			
→ Additional LTV Details → Delivered LTV Values			
91	*Combined LTV Ratio Percent*		*The value used to determine the total LTV (TLTV) ratio is the lesser of the purchase price including the actual cost of the energy improvements, or the "as completed" appraised value.*

17.29: Affordable Merit Rate® Mortgages (07/23/12)

(a) General requirements

See Chapter E33 for special eligibility requirements for Affordable Merit Rate Mortgages. See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for Affordable Merit Rate Mortgages.

(b) Data delivery instructions

For Affordable Merit Rate Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Affordable Merit Rate Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Product Details			
138	*Loan Amortization Type*[3]	*Rate Improvement Mortgage*	*Enter this value for Affordable Merit Rate Mortgages.*

3 This data point must be populated to save the file in the Selling System.

(c) Delivery programs

Affordable Merit Rate Mortgages must be sold under fixed-rate Cash only.

17.30: Financed Permanent Buydown Mortgages (07/23/12)

(a) General requirements

See Chapter F33 for special eligibility requirements for Financed Permanent Buydown Mortgages.

(b) Data delivery instructions

(i) Mortgages with financed permanent buydowns

For all Mortgages with financed permanent buydowns, the Seller must deliver the following ULDD Data Points:

Data Required for All Mortgages with Financed Permanent Buydowns			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information → Note Details			
321	*Note Rate Percent*		*Enter the permanently bought down initial Note Rate.*
268	*Initial Principal And Interest Payment Amount*		*Enter the initial principal and interest (P&I) payment amount at the permanently bought down Note Rate.*
→ Underwriting / Credit Information			
→→ Additional Underwriting Details			
292	*Total Monthly Proposed Housing Expense Amount*		*Calculate using the initial P&I payment amount at*

Data Required for All Mortgages with Financed Permanent Buydowns			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			the permanently bought down Note Rate.
→ Delivered LTV Values			
255	*LTV Ratio Percent*		*Calculate this value using the Mortgage amount that includes the financed discount points.*
TOTAL LOANS			
→ Additional LTV Details → Delivered LTV Values			
91	*Combined LTV Ratio Percent*		*Calculate this value using the Mortgage amount that includes the financed discount points.*

(ii) ARMs with financed permanent buydowns

For ARMs with financed permanent buydowns, the Seller must deliver the following ULDD Data Points:

Data Required for ARMs with Financed Permanent Buydowns			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information			
→→ ARM Details			
114	*Ceiling Rate Percent*		*Calculate this value using the permanently bought down initial Note Rate.*
116	*Floor Rate Percent*		*Calculate this value using the permanently bought down initial Note Rate.*

17.31: Mortgages secured by Manufactured Homes (07/18/13)

(a) General requirements

See Chapter H33 for eligibility requirements for Mortgages secured by Manufactured Homes.

(b) Data delivery instructions

For Mortgages secured by Manufactured Homes, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Secured by Manufactured Homes			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Construction Details			
51	*Construction Method Type*	*Manufactured*	
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	▪ 951 ▪ 952	Enter "951" if the Manufactured Home is single-wide. Enter "952" if the Manufactured Home is multi-wide.
LOAN – Closing			
→ Underwriting/Credit Information → Underwriting Details			
326	*Automated Underwriting System Type*	*Loan Prospector®*	
322	*Automated Underwriting Case Identifier*		*Enter the Loan Prospector (LP) Key Number for all Mortgages secured by Manufactured Homes, if available.*

17.32: Loan Prospector® Mortgages originated using Home Value Models (07/23/12)

(a) General requirements

See Chapter 44 for special eligibility requirements for Mortgages originated using the Home Value Models (Form 2070 – Loan Prospector Condition and Marketability Report, and Property Inspection Alternative (PIA)). When Loan Prospector (LP) 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) Data delivery instructions

(i) Valuations using any Home Value Model

For LP Mortgages originated using any Home Value Model, the Seller must deliver the following ULDD Data Point:

Data Required for LP Mortgages Originated using Home Value Models			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
83	*Property Valuation Amount*		*Enter the purchase price for LP purchases using any Home Value Model.* *Enter the Borrower's estimate of value for LP Refinances using any Home Value Model.*
89	*Property Valuation Method Type*	*None*	*Enter "None" for LP Home Value Model.*

(ii) Valuations using Form 2070 – Loan Prospector Condition and Marketability Report

For LP Mortgages originated using Form 2070, the Seller must deliver the following ULDD Data Points:

Data Required for LP Mortgages Originated Using Form 2070			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
84	*Property Valuation Effective Date*		*Enter the effective date of the inspection.*
LOAN – Current			
→ Product Information → Product Details			
376	Investor Collateral Program Identifier	Property Inspection Alternative The following valid value is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26,	Enter "Property Inspection Alternative" if evaluated through LP and permitted by LP. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, enter "Form 2070" if evaluated through LP and permitted by LP.

Data Required for LP Mortgages Originated Using Form 2070			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
		2012: ▪ Form 2070	
368	Investor Feature Identifier	903	Enter "903" for LP Mortgages originated using Form 2070 with an exterior-only inspection.

(iii) Valuations using PIA

For LP Mortgages originated using PIA, the Seller must deliver the following ULDD Data Points:

Data Required for LP Mortgages Originated Using PIA			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
84	*Property Valuation Effective Date*		*Enter the date of the LP Feedback Certificate.*
LOAN – Current			
→ Product Information → Product Details			
376	Investor Collateral Program Identifier	Property Inspection Alternative	Enter "Property Inspection Alternative" if evaluated through Loan Prospector and permitted by Loan Prospector.

17.33: Mortgages sold through the Servicing Released Sales Process (01/01/13)

(a) General requirements

For information on selling fixed-rate Mortgages through the Servicing Released Sales Process ("Servicing Released") under the Cash program, see Section 9.9.

For a list of fixed-rate Mortgages eligible for sale under Best Efforts Contracts under the Servicing Released Sales Process, see the Selling System Availability Matrix at **http://www.freddiemac.com/sell/secmktg/sellingloans-availmatrix.html**

(b) Data delivery instructions

(i) Mortgages with Settlement Dates no more than 10 days past the Due Date of Last Paid Installment (DDLPI), when the DDLPI and the Settlement Date are in the same month

For Mortgages sold Servicing Released when the Settlement Date is no more than 10 days past the DDLPI and when the DDLPI and the Settlement Date are in the same month, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Settlement Dates No More than 10 Days Past the DDLPI, When the DDLPI and the Settlement Date are in the Same Month			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
385	*Loan Acquisition Scheduled UPB Amount*		*Enter the scheduled unpaid principal balance (UPB) of the Mortgage as of the Funding Date.* *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*
440	*Last Paid Installment Due Date*		*For newly originated Mortgages with respect to which the first payment due date has not yet occurred, enter the date through which interest has been paid in the month of funding.* *For Mortgages for which there has been an advanced (prepaid) installment of interest, enter the date through which advanced (prepaid) installments of interest have been made.* *For all other Mortgages, enter the date of the Borrower's last paid installment.*

(ii) Mortgages with Settlement Dates more than 10 days after the DDLPI, when the DDLPI and the Funding Date are in the same month

For Mortgages sold through the Servicing Released Sales Process when the Settlement Date is more than 10 days after the DDLPI, and when the DDLPI and the Funding Date are in the same month, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Settlement Dates More than 10 Days after the DDLPI, When the DDLPI and the Funding Date are in the Same Month			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Payment Information → Payment Details			
385	*Loan Acquisition Scheduled UPB Amount*		*Enter the scheduled UPB of the Mortgage as of the month **after** the Funding Date.* *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*
440	*Last Paid Installment Due Date*		*For newly originated Mortgages with respect to which the first payment due date has not yet occurred, enter the date through which interest has been paid in the month of funding.* *For Mortgages for which there has been an advanced (prepaid) installment of interest, enter the date through which advanced (prepaid) installments of interest have been made.* *For all other Mortgages, enter the date of the Borrower's last paid installment.*

See Exhibit 8, Delivery Balance Examples.

(iii) Mortgages with Escrow accounts

For Mortgages with Escrow accounts sold through the Servicing Released Sales Process, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Escrow Accounts, Sold through the Servicing Released Sales Process			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Origination Information			
→ →Origination Details			
234	*Escrow Indicator*	*true*	
→→ Other Funds Collected at Closing Details			
158	Other Funds Collected At Closing Type	Escrow Funds	
157	Other Funds Collected At Closing Amount		Enter the total amount of all Escrow funds.
LOAN – Current			
→ Origination Information → Escrow Details			
364/365	Escrow Item Type/ Escrow Item Type Other Description (In the Freddie Mac Selling System ("Selling System"), this appears as "Escrow Item Type.")	▪ Borough Property Tax ▪ City Property Tax ▪ County Property Tax ▪ District Property Tax ▪ Earthquake Insurance ▪ Flood Insurance ▪ Hazard Insurance ▪ Mortgage Insurance ▪ Other - Leasehold ▪ Other Tax ▪ Pest Insurance ▪ School Property Tax ▪ State Property Tax ▪ Storm Insurance ▪ Township Property Tax	Enter the applicable valid value for each insurance or tax to be paid from Escrow.
366	Escrow Monthly Payment Amount		Enter the amount for the associated Escrow item type.

(iv) Mortgages with advanced principal, interest, taxes and insurance (PITI) payments

For Mortgages with advanced PITI payments sold through the Servicing Released Sales Process, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Advanced PITI Payments, Sold through the Servicing Released Sales Process			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Origination Information → Other Funds Collected at Closing Details			
158	Other Funds Collected At Closing Type	Advanced PITI Payment	
157	Other Funds Collected At Closing Amount		Enter the total principal portion of any advanced (prepaid) installment received at closing.

(v) Mortgages with principal curtailments

For Mortgages with principal curtailments sold through the Servicing Released Sales Process, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Principal Curtailments, Sold through the Servicing Released Sales Process			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Origination Information → Other Funds Collected at Closing Details			
158	Other Funds Collected At Closing Type	Principal Curtailment	
157	Other Funds Collected At Closing Amount		Enter the total amount of any prepayment (curtailment) received at closing.
LOAN – Current			
→ Payment Information → Payment Details			
438	Aggregate Loan Curtailment Amount		Enter the total of all curtailments received to date.

(vi) Mortgages with temporary subsidy buydowns

For Mortgages with temporary subsidy buydowns sold through the Servicing Released Sales Process, the Seller must deliver the following ULDD Data Points:

Data Required for Temporary Subsidy Buydown Mortgages Sold through the Servicing Released Sales Process			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Origination Information → Other Funds Collected at Closing Details			
158/159	Other Funds Collected At Closing Type/ Other Funds Collected At Closing Type Other Description (In the Selling System, this appears as "Other Funds Collected At Closing Type.")	Other - Buydown	
157	Other Funds Collected At Closing Amount		Enter the amount provided to subsidize the Borrower's interest rate on the Mortgage for the remaining time during which the lower interest rate applies.

(vii) Underwriting information

With respect to the credit underwriting of Mortgages that are delivered through the Servicing Released Sales Process, the Seller must deliver the following ULDD Data Points regardless of whether the Mortgage is a Loan Prospector® Mortgage or a Manually Underwritten Mortgage:

Servicing Released Sales Process Underwriting Data Requirements			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Underwriting / Credit Information → Loan Level Credit Details			
251	Loan Level Credit Score Value		The related Glossary term is Indicator Score. Enter if the Indicator Score exists.
249	Loan Level Credit Score Selection Method Type	▪ Average Then Average ▪ Middle Or Lower Then Average ▪ Middle Or Lower Then Lowest	Enter if the Indicator Score exists.
247	*Credit Score Impairment Type*	▪ *Insufficient Credit History* ▪ *Significant Errors Score*	*Enter if the Indicator Score does not exist or is not usable.*

17.34: Seller-Owned Modified Mortgages (07/23/12)

(a) General requirements

See Chapter 32 for special eligibility requirements for Seller-Owned Modified Mortgages.

(b) Data delivery instructions

For Seller-Owned Modified Mortgages, the Seller must deliver all required loan data for the original loan that was modified, as well as the ULDD Data Points for the modified Mortgage.

(i) Seller-Owned Modified Mortgages

For Seller-Owned Modified Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Seller-Owned Modified Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Modification			
252	*Loan State Date*[1]		*Enter the effective date of the modification agreement.*
253	*Loan State Type*[1, 3]	*At Modification*	
→ Modification Information → Modification Details			
259	Loan Modification Effective Date[3]		Enter the effective date of the modification agreement.
→ Product Information → Product Details			
313	*Lien Priority Type*		*Not required for Seller-Owned Modified Mortgages.*
→ Note Information → Note Details			
320	*Note Date*		*Not required for Seller-Owned Modified Mortgages.*
→ Underwriting / Credit Information →Streamlined Loan Details			
222	Related Loan Investor Type	Seller	Enter "Seller" for Seller-Owned Modified Mortgages.
LOAN – Current			
→ Product Information → Product Details			
→→Modification Details			
397	*Mortgage Modification Indicator*	*true*	

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

3 This data point must be populated to save the file in the Selling System.

(ii) Original loan that was modified

For Seller-Owned Modified Mortgages, with respect to the original loan that was modified, the Seller must deliver the following ULDD Data Points:

Original Loan Data Required for Seller-Owned Modified Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing (*Origination information for the loan prior to modification*)			
332	Loan Role Type[1,]	Subject Loan	Enter "Subject Loan" to indicate that the loan data applies to the Mortgage being delivered to Freddie Mac.
338	Loan State Date[1]		Enter the original Note Date of the modified Mortgage.
339	Loan State Type[1]	At Closing	Enter "At Closing" to indicate that the associated loan data is accurate as of the Note Date.
→Product Information			
→→ Product Details			
345	Lien Priority Type	First Lien	Enter the original lien priority of the Mortgage prior to modification.
347	Mortgage Type	Conventional	Enter the original mortgage type of the Mortgage prior to modification.
335	Interest Calculation Type	Compound	Enter the interest calculation type specified on the original Note prior to modification.
342	Payment Frequency Type	Monthly	Enter the payment frequency on the original Note prior to the modification.
337	Balloon Indicator	false	Enter "false" unless the original Mortgage had a balloon feature prior to modification.
333	Loan Amortization Type	▪ Adjustable Rate ▪ Fixed	Enter the amortization type of the original Mortgage prior to modification.
→ →Interest Only Details			
337.2	Interest Only Indicator	false	

→Note Information → Note Details			
350	Note Date		Enter the original Note Date.
349	Note Amount		Enter the original Note amount of the loan prior to modification.
351	Note Rate Percent		Enter the interest rate as indicated on the original Note.
344	Scheduled First Payment Date		Enter the first payment date as stated on the Note prior to the modification.
340	Loan Maturity Date		Enter the maturity date on the original Note prior to modification.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

(iii) Original ARM that was modified

For Seller-Owned Modified Mortgages, with respect to the original ARM that was modified, the Seller must deliver the following ULDD Data Points:

Original ARM Data Required for Seller-Owned Modified Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing (*Origination information for the loan prior to modification*)			
→Note Information → ARM Details			
337.1	Initial Fixed Period Effective Months Count		Enter the number of months for which the interest rate is fixed before the initial interest rate adjustment for the original Mortgage prior to modification.
→→→First Adjustment			
332.1	Adjustment Rule Type[1]	First	Enter "First" to indicate that the associated data relates to the initial adjustment structure and caps of the original Mortgage prior to modification.
332.2	Per Change Rate Adjustment Frequency Months Count		Enter the number of months between the initial rate adjustment and the second rate adjustment for the original Mortgage prior to modification.
→→→Subsequent Adjustment			
332.1	Adjustment Rule Type[1]	Subsequent	Enter "Subsequent" to indicate that the associated

Original ARM Data Required for Seller-Owned Modified Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
			data relates to the periodic adjustment structure and caps of the original Mortgage prior to modification.
332.2	Per Change Rate Adjustment Frequency Months Count		Enter the number of months between the second rate adjustment and the third rate adjustment for the original Mortgage prior to modification.

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

17.35: Construction Conversion and Renovation Mortgages (09/14/12)

(a) General requirements

See Chapter K33 for Construction Conversion and Renovation Mortgages.

There are four types of documentation structures for Construction Conversion and Renovation Mortgages: (1) documentation for Permanent Financing; (2) Integrated Construction Conversion Documentation (Integrated Documentation); (3) Separate Construction Conversion Documentation (Separate Documentation); and (4) Modification Construction Conversion Documentation (Modification Documentation).

(b) Data delivery instructions

The ULDD Data Points and valid values that must be delivered are determined by both (1) the type of Mortgage (i.e., Construction Conversion Mortgage or Renovation Mortgage), and (2) the type of loan documentation used for the Mortgage.

(i) Construction Conversion and Renovation Mortgages

For all Construction Conversion and Renovation Mortgages, regardless of the type of loan documentation used, the Seller must deliver the following ULDD Data Points:

Data Required for Construction Conversion and Renovation Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Underwriting / Credit Information → Construction Details			
231	*Construction Loan Indicator*	*true*	*Enter "true" for Construction Conversion Mortgages and Renovation Mortgages.*
162	Construction Loan Type	Construction To Permanent	
→ Note Information → Note Details			
321	*Note Rate Percent*		*Enter the rate in effect for the Permanent Financing.*
LOAN – Current			
→ Product Information → Product Details			
404	Loan Program Identifier	▪ Construction Conversion ▪ Renovation	Enter "Construction Conversion" for Construction Conversion Mortgages. Enter "Renovation" for Renovation Mortgages.

(ii) Mortgages with Integrated Documentation for site-built homes

For Construction Conversion or Renovation Mortgages with Integrated Documentation for site-built homes, the Seller must deliver the following ULDD Data Points:

Data Required for Construction Conversion or Renovation Mortgages with Integrated Documentation for Site-Built Homes			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information →Construction Details			
51	*Construction Method Type*	*Site Built*	
LOAN – Closing			
→ Underwriting / Credit Information → Construction Details			
167	Construction To Permanent First Payment Due Date		Enter the Due Date of the first principal and interest (P&I) payment of the Permanent Financing as described in Section K33.4(b). This is the Effective Date of Permanent Financing as described in the Glossary.
165	Construction To Permanent Closing Type	One Closing	Enter "One Closing" as described in Section K33.4(b).
163	Construction To	Automatic Conversion	Enter "Automatic Conversion" as

Data Required for Construction Conversion or Renovation Mortgages with Integrated Documentation for Site-Built Homes			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information →Construction Details			
	Permanent Closing Feature Type		described in Section K33.4(b).
→ Note Information → Note Details			
320	*Note Date*		*Enter the original Note Date of the integrated Interim Construction Financing and Permanent Financing documentation.*

(iii) Mortgages with Separate Documentation for site-built homes or Manufactured Homes

For Construction Conversion or Renovation Mortgages with Separate Documentation for site-built homes or Manufactured Homes, the Seller must deliver the following ULDD Data Points:

Data Required for Construction Conversion or Renovation Mortgages with Separate Documentation for Site-Built Homes or Manufactured Homes			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information →Construction Details			
51	*Construction Method Type*	▪ *Site Built* ▪ *Manufactured*	
LOAN – Closing			
→ Underwriting / Credit Information → Construction Details			
167	Construction To Permanent First Payment Due Date		Enter the Due Date of the first P&I payment of the Note for the Permanent Financing as described in Section K33.4(b).
165	Construction To Permanent Closing Type	Two Closing	Enter "Two Closing" as described in Section K33.4(b).
163	Construction To Permanent Closing Feature Type	New Note	Enter "New Note" as described in Section K33.4(b).
→ Note Information → Note Details			
320	*Note Date*		*Enter the Note Date of the Permanent Financing documentation. This is the Effective Date of Permanent Financing as described in the Glossary.*

(iv) Mortgages with Modification Documentation for site-built homes

(a) Mortgages for permanent financing

For Construction Conversion or Renovation Mortgages with Modification Documentation, the Seller must use the "Modification" tab to enter the delivered Mortgage data, including the following ULDD Data Points:

Data Required for Construction Conversion or Renovation Mortgages with Modification Documentation for Site-Built Homes			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information →Construction Details			
51	*Construction Method Type*	*Site Built*	
LOAN – Modification			
252	*Loan State Date*[1]		*Enter the effective date of the modification agreement.* *Enter the Note Date of the new Note if a new Note is used instead of a modification agreement.*
253	*Loan State Type*[1, 3]	*At Modification*	
→ Modification Information → Modification Details			
259	*Loan Modification Effective Date*[3]		*Enter the date on which the Construction Conversion Modification Agreement was effective. This is the Effective Date of Permanent Financing as described in the Glossary.* *Enter the Note Date of the new Note if a new Note is used instead of a modification agreement.*
→ Note Information → Note Details			
344	*Scheduled First Payment Date*		
→ Underwriting / Credit Information → Construction Details			
167	Construction To Permanent First Payment Due Date		Enter the Due Date of the first P&I payment after the Date of the Modification Agreement.
165	Construction To Permanent Closing Type	Two Closing	Enter "Two Closing" as described in Section K33.4(b).
163	Construction To Permanent Closing Feature Type	Modification Agreement	Enter "Modification Agreement" as described in Section K33.4(b).

LOAN – Current			
→ Product Information → Product Details			
→→Modification Details			
397	*Mortgage Modification Indicator*	*True*	*Enter "true" for Construction Conversion and Renovation Mortgages with Modification Documentation.*

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.
3 This data point must be populated to save the file in the Selling System.

(b) Information for all construction loans

For Construction Conversion or Renovation Mortgages with Modification Documentation, with respect to the original construction loan that was modified, the Seller must deliver the following ULDD Data Points in the "Closing" tab:

Construction (Interim) Loan Data Required for Construction Conversion or Renovation Mortgages with Modification Documentation			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
332	*Loan Role Type*[1]	*Subject Loan*	*Enter "Subject Loan" to indicate that the loan data applies to the Mortgage being delivered to Freddie Mac.*
338	*Loan State Date*[1]		*Enter the original Note Date of the modified Mortgage.*
339	*Loan State Type*[1]	*At Closing*	*Enter "At Closing" to indicate that the associated loan data is accurate as of the Note Date.*
→Product Information			
→ → Product Details			
345	*Lien Priority Type*	*First Lien*	*Enter the lien priority of the Interim Construction Financing documentation.*
347	*Mortgage Type*[5]	*Conventional*	*Enter the Mortgage type of the Interim Construction Financing documentation.*
335	*Interest Calculation Type*[5]	*Compound*	*Enter the interest calculation type of the Interim Construction Financing documentation.*
342	*Payment Frequency Type*[5]	*Monthly*	*Enter the payment frequency of the Interim Construction Financing documentation.*

Construction (Interim) Loan Data Required for Construction Conversion or Renovation Mortgages with Modification Documentation			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
337	*Balloon Indicator*[5]	*false*	*Enter "false" unless the Interim Construction Financing documentation had a balloon feature.*
333	*Loan Amortization Type*[5]	▪ *Adjustable Rate* ▪ *Fixed*	*Enter the amortization type of the Interim Construction Financing documentation.*
→→ Interest Only Details			
337.2	*Interest Only Indicator*[5]	*false*	*Enter "false" unless the Interim Construction Financing documentation had an initial interest feature.*
→Note Information → Note Details			
350	*Note Date*		*Enter the original Note Date.*
349	*Note Amount*		*Enter the Note amount of the Interim Construction Financing documentation.*
351	*Note Rate Percent*[5]		*Enter the interest rate of the Interim Construction Financing documentation.*
344	*Scheduled First Payment Date*[5]		*Enter the first payment date as stated on the Interim Construction Financing documentation.*
340	*Loan Maturity Date*[5]		*Enter the maturity date of the Interim Construction Financing documentation.*

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

5 This data point is not required for Construction Conversion or Renovation Mortgages with Modification Documentation with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012.

(c) Information for ARM construction loans

For Construction Conversion or Renovation ARMs with Modification Documentation, with respect to the original construction loan that was modified, the Seller must deliver the following ULDD Data Points:

Construction (Interim) Loan Data Required for Construction Conversion or Renovation Mortgages with Modification Documentation			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing (*Information for the construction loan prior to conversion to permanent financing*)			
→Note Information → ARM Details			
337.1	*Initial Fixed Period Effective Months Count*[5]		*Enter the number of months for which the interest rate is fixed before the initial interest rate adjustment for the Interim Construction Financing documentation.*
→→→First Adjustment			
332.1	*Adjustment Rule Type*[1,5]	*First*	*Enter "First" to indicate that the associated data relates to the initial adjustment structure and caps.*
332.2	*Per Change Rate Adjustment Frequency Months Count*[5]		*Enter the number of months between the initial rate adjustment and the second rate adjustment for the Interim Construction Financing documentation.*
→→→Subsequent Adjustment			
332.1	*Adjustment Rule Type*[1,5]	*Subsequent*	*Enter "Subsequent" to indicate that the associated data relates to the periodic adjustment structure and caps.*
332.2	*Per Change Rate Adjustment Frequency Months Count*[5]		*Enter the number of months between the second rate adjustment and the third rate adjustment for the Interim Construction Financing documentation.*

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

5 This data point is not required for Construction Conversion or Renovation Mortgages with Modification Documentation with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012.

17.36: Freddie Mac-Owned Converted Mortgages subject to repurchase and resale (07/23/12)

(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).

(b) Data delivery instructions

For Freddie Mac-Owned Converted Mortgages, the Seller must deliver all required loan data for the original ARM, as well as the ULDD Data Points for the converted Mortgage.

Data Required for Freddie Mac-Owned Converted Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Product Information → Conversion Option Details			
232	*Convertible Indicator*	*true*	
102	Conversion Type	To Fixed Rate	
→ Underwriting / Credit Information → Streamlined Loan Details			
221	Related Investor Loan Identifier		Enter the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
222	Related Loan Investor Type	FRE	Enter "FRE" for Freddie Mac-Owned Converted Mortgages.
LOAN – Current			
→ Product Information → Conversion Details			
354	Convertible Status Type	Exercised	Enter “Exercised” when the conversion option has been exercised prior to delivery.
LOAN – Conversion			
459	Loan Role Type[1, 3]	Subject Loan	
465	Loan State Date[1, 3]		Enter the Conversion Date.
466	Loan State Type[1, 3]	At Conversion	
→ Conversion Information			
474	Note Amount[3]		Enter the loan amount of the resulting Converted Mortgage.

Data Required for Freddie Mac-Owned Converted Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
476	Note Rate Percent		Enter the interest rate of the resulting converted Note in effect as of the Conversion Date.
468	Initial Principal And Interest Payment Amount		Enter the principal and interest (P&I) payment as stated on the Note after the conversion.
460	Latest Conversion Effective Date[3]		Enter the Conversion Date.
467	Loan Maturity Date		Enter the maturity date of the resulting Converted Mortgage.
471	Scheduled First Payment Date		Enter the date of the first scheduled Mortgage payment after conversion.
→ Product Information → Product Details			
463	Interest Calculation Type	Compound	Enter the interest calculation type of the Converted Mortgage.
472	Mortgage Type	Conventional	The related Guide Glossary term for "Conventional" is "Home Mortgage."
464.1	Balloon Indicator	false	
469	Payment Frequency Type	Monthly	Enter the payment frequency of the Converted Mortgage.
461	Loan Amortization Type[3]	Fixed	

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.
3 This data point must be populated to save the file in the Selling System.

(c) Delivery programs

Freddie Mac-Owned Converted Mortgages must be sold under fixed-rate Cash only.

Freddie Mac-Owned Converted Mortgages must be resold to Freddie Mac at the then-current price offered by Freddie Mac.

17.37: Mortgages with Employer Assisted Homeownership (EAH) Benefits (07/23/12)

(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) Data delivery instructions

For Mortgages with EAH Benefits, the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages with Employer-Assisted Homeownership Benefits			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	D25	Enter this value if the Mortgage has EAH Benefits.

17.38: Mortgages where Borrower uses credit card, cash advance or unsecured line of credit to pay fees (08/01/12)

(a) General requirements

See Section 26.2(a)(8) 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) Data delivery instructions

If the Borrower used a credit card, cash advance or unsecured line of credit to pay fees in connection with the origination of the Mortgage, the Seller must deliver the following ULDD Data Point:

Data Required when Borrower Used Credit Card, Cash Advance or Unsecured Line of Credit to Pay Fees			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
Underwriting / Credit Information			
290	*Total Liabilities Monthly Payment Amount*		*Enter the monthly debt payment as defined in Section 37.16, including the amount charged or advanced.*

LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	921	Enter this value if the Borrower used a credit card, cash advance, or unsecured line of credit to pay fees.

17.39: Super conforming Mortgages (06/01/13)

(a) General requirements

See Chapter L33 for special eligibility requirements for super conforming Mortgages.

See Exhibit 17S, Available Mortgage Products, for more information about eligibility requirements for super conforming Mortgages.

(b) Data delivery instructions

For super conforming Mortgages, the Seller must deliver the following ULDD Data Points:

Data Required for Super Conforming Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89/90	*Property Valuation Method Type/Property Valuation Method Type Other Description* *(In the Selling System, this appears as "Property Valuation Method Type.")*	*Full Appraisal* *The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012:* ▪ *Full Appraisal* ▪ *Other – Field Review*	*Enter "Full Appraisal" for Mortgages with both an appraisal and a field review.* *For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, enter the property valuation method type used to complete the property valuation amount.*
82	*Appraisal Identifier*		*Enter the document file identifier of the appraisal (field reviews are not submitted to the Uniform Collateral Data Portal® (UCDP®).*

Data Required for Super Conforming Mortgages			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
83	*Property Valuation Amount*		*Enter the lower of the appraised value or the value from the One-Unit Residential Appraisal Field Review Report (Form 1032).* *Enter the appraised value for all other super conforming Mortgages.*
LOAN – Closing			
→Underwriting / Credit Information → Delivered LTV Values			
255	*LTV Ratio Percent*		*When Form 1032 results in a value different from the appraised value, the lower of the appraised value, field review value or sales price must be used to calculate the loan-to-value (LTV) ratio.*
TOTAL LOANS			
→ Additional LTV Details → Delivered LTV Values			
91	*Combined LTV Ratio Percent*		*When Form 1032 results in a value different from the appraised value, the lower of the appraised value, field review value or sales price must be used to calculate the total LTV (TLTV) ratio.*

(c) Delivery programs

Super conforming Mortgages are not eligible for sale under Best Efforts Contracts.

Sellers that have a negotiated Master Commitment permitting deliveries under the Guarantor Program of fixed-rate super conforming Mortgages may not deliver super conforming Mortgages under fixed-rate Cash Contracts.

(d) Delivery requirements for fixed-rate Cash Contracts

The unpaid principal balance (UPB) of all 15-, 20- and/or 30-year super conforming Mortgages delivered by the Seller under fixed-rate Cash Contracts during any month must not exceed the greater of (i) $2 million in aggregate, or (ii) 10% of the UPB of each particular Mortgage product (15-, 20- and/or 30-year fixed rate) not including any refinance Mortgages originated under the Home Affordable Refinance Program (HARP) with LTV ratios greater than 105% 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 for pooling requirements for fixed-rate super conforming Mortgages under the fixed-rate Guarantor or MultiLender Swap programs.

17.40: Mortgages with principal curtailments (07/23/12)

(a) General requirements

If the principal of a Mortgage is curtailed without recalculation of the monthly payment prior to the date the Mortgage is sold to Freddie Mac, the Seller must provide the data described in this section.

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 17.34.

(b) Data delivery instructions

For Mortgages with principal curtailments that do not result in modifications to recalculate the monthly payments, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with Principal Curtailments not Resulting in Recast Payment			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Closing			
→ Note Information → Note Details			
256	*Loan Maturity Date*		*Enter the date of the final monthly principal and interest (P&I) payment as indicated on the Note disregarding the effect of any curtailment.*
LOAN – Current			
→ Payment Information → Payment Details			
438	Aggregate Loan Curtailment Amount		Enter the total of all curtailments received as of the Funding Date.

17.41: Assets as a basis for Mortgage qualification (07/23/12)

(a) General requirements

See Sections 37.13, 37.22 and 37.23 for requirements regarding assets as a basis for Mortgage qualification.

(b) Data delivery instructions

For Mortgages with respect to which assets are used as a basis for qualification, the Seller must deliver the following ULDD Data Point:

Data Required for Mortgages when Assets are Used as a Basis for Qualification			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H31	Enter this value if the Borrower uses assets as a basis for Mortgage qualification.

17.42: Mortgages with secondary financing (07/23/12)

(a) General requirements

See Sections 25.1 and 25.2 for requirements regarding Mortgages with secondary financing, including Affordable Seconds®.

(b) Data delivery instructions

(i) Each subordinate lien

With respect to each subordinate lien, the Seller must deliver the following ULDD Data Points:

Data Required for All Subordinate Liens			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Secondary Financing / Related Loan Details *(Deliver for each Related Loan.)*			
510	Loan Role Type[1, 3, 6]	Related Loan	
514	Loan State Date[1, 6]		Enter the date the data is retrieved from the Seller's delivery system.
515	Loan State Type[1, 6]	Current	
517	Lien Priority Type[6]	▪ Second Lien ▪ Third Lien ▪ Fourth Lien	
519	Mortgage Type[6]	Conventional	

1 This data point name does not appear as a Selling System input field, but instead is reflected in a screen heading or tab.

3 This data point must be populated to save the file in the Selling System.

6 As set forth in the Appendix A Addendum, for Mortgage deliveries before August 1, 2012, the Seller must provide this information either for concurrently originated secondary financing only or for all secondary financing associated with the Mortgage; for Mortgage deliveries on and after August 1, 2012, the Seller must provide this information for all secondary financing associated with the Mortgage.

(ii) Each closed-end subordinate lien

For each subordinate lien that is a closed-end loan, the Seller must deliver the following ULDD Data Points:

Data Required for All Closed-End Subordinate Liens			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current			
→ Secondary Financing / Related Loan Details – *(Deliver for each Related Loan.)*			
→→ Closed-end Second			
516	UPB Amount[6]		Enter the balance of the closed-end subordinate Mortgage.
→→ HELOC Details			
513	HELOC Indicator[6]	false	

6 As set forth in the Appendix A Addendum, for Mortgage deliveries before August 1, 2012, the Seller must provide this information either for concurrently originated secondary financing only or for all secondary financing associated with the Mortgage; for Mortgage deliveries on and after August 1, 2012, the Seller must provide this information for all secondary financing associated with the Mortgage.

(iii) Each Home Equity Line of Credit (HELOC)

For each subordinate lien that is a HELOC, the Seller must deliver the following ULDD Data Points:

Data Required for All HELOCs			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
TOTAL LOANS			
→ Additional LTV Details → Delivered LTV Values			
92	Home Equity Combined LTV Ratio Percent		Enter the Home Equity Line of Credit total loan-to-value (HTLTV) ratio calculated in accordance with Section 23.2. For Financed Permanent Buydown Mortgages, the Mortgage amount used to determine the HTLTV ratio includes the financed discount points.

			For energy conservation Mortgages, the value used to determine the HTLTV ratio is the lesser of the purchase price including the actual cost of the energy improvements, or the "as completed" appraised value. For super conforming Mortgages, when the field review value results in a different value from the appraised value, the value used to determine the HTLTV ratio is the least of the appraised value, field review value or sales price.
LOAN – Current			
→ Secondary Financing / Related Loan Details *(Deliver for each Related Loan.)*			
→→HELOC Details			
513	HELOC Indicator[6]	true	
511	Current HELOC Maximum Balance Amount[6]		Enter the maximum balance amount of the HELOC.
512	HELOC Balance Amount[6]		Enter the disbursed amount of the HELOC, not the maximum credit line.

6 As set forth in the Appendix A Addendum, for Mortgage deliveries before August 1, 2012, the Seller must provide this information either for concurrently originated secondary financing only or for all secondary financing associated with the Mortgage; for Mortgage deliveries on and after August 1, 2012, the Seller must provide this information for all secondary financing associated with the Mortgage.

See Section 17.18 for instructions on delivering Home Possible® Mortgages with Affordable Seconds.

17.43: Mortgages with living trusts or Illinois land trusts as the Borrower (09/01/13)

Effective September 1, 2013, this section is deleted.

Chapter 18: Document Custody

18.1: Custody of Notes and assignments (03/19/12)

The Seller/Servicer selling Mortgages 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 (03/15/12)

(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, or the Office of the Comptroller of the Currency (OCC), 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. 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 with existing custodial relationships or entering into new custodial relationships with Freddie Mac Seller/Servicers
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. For eligible Document Custodians and for entities applying to be a Document Custodian, the vault must provide a minimum of two hours fire protection. 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 the Seller/Servicer acting as its own Document Custodian

Subject to Freddie Mac's approval and in Freddie Mac's sole discretion, the 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 the 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 (09/14/12)

As outlined in Section 18.1, the Seller/Servicer selling Mortgages 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 Servicing Released Sales Process and Servicers approved by Freddie Mac to participate in that process, must use the Designated Custodian for Mortgages purchased under that process. See below for specific requirements.

In order to establish a custodial relationship with the Designated Custodian, the Seller or 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.

Special requirements – Mortgages sold through the Freddie Mac Selling System ("Selling System") Servicing Released Sales Process

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.

Servicers approved by Freddie Mac to participate in the Selling System Servicing Released Sales Process must use the Designated Custodian for Mortgages purchased by Freddie Mac under this process, and must establish a relationship with the Designated Custodian. Such Servicers will be responsible for associated Designated Custodian-assessed custodial fees, including but not limited to fees for Note certification, safekeeping, and release.

When Servicing of Mortgages sold under the Selling System Servicing Released Sales Process is subsequently transferred, the subsequent Transferee Servicer must also establish a relationship with the Designated Custodian, and is responsible for associated Designated Custodian-assessed custodial fees.

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 (03/19/12)

In accordance with Section 16.8, the Seller/Servicer must deliver the following items to the Document Custodian:

- **Form 1034E**

  The Seller/Servicer must deliver the Form 1034E, Custodial Certification Schedule, or the Note Delivery Cover Sheet, to the Document Custodian.

- **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 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 the Guide, the original modifying instrument must be delivered to the Document Custodian holding the original Note.

18.6: Document Custodian's functions and duties (06/01/13)

(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"). 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.

The Document Custodian consents to conduct Electronic Transactions, as defined in Chapter 3, with the Seller/Servicer and Freddie Mac in connection with its functions, duties and obligations under this Section 18.6 and Form 1035. In accordance with Form 1035, the Document Custodian adopts as its signature its Freddie Mac Document Custodian number. The Document Custodian must comply with the requirements of Chapter 3 as if each reference to the word "Seller/Servicer" were a reference to the "Document Custodian."

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.

(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 the Seller/Servicer

The 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) Imaging and retention requirements

The Document Custodian must retain either the original or an imaged copy of each Form 1036 (or its equivalent, each such form, a "Request for Release") for at least three months after the date 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.

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 (10/01/11)

The Document Custodian must certify that the following information on the Balloon Loan Modification (see Exhibit 80, Balloon Loan Modification, Form 3293) received from the Servicer in accordance with Section A83.60 is accurate, complete, and matches the information on Form 1034B:

- Seller/Servicer Number
- Freddie Mac loan number
- Borrower's name
- Property address
- Loan amount
- Reset Note Rate
- Monthly Principal and Interest Payment
- New maturity date
- 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 Balloon Loan Modification is dated.

Resolving Discrepancies:
If there are any discrepancies between the Balloon Loan Modification and Form 1034B, the Document Custodian must contact the Servicer to resolve them. The Document Custodian may not execute Form 1034B if there are outstanding discrepancies. After the Servicer has resolved the discrepancies, the Servicer must provide either an updated Form 1034B or a corrected Balloon Loan Modification, to the Document Custodian. The Document Custodian will certify the updated Form 1034B, and must attach the unrecorded Balloon Loan Modification to the Balloon Note.

Once certification is complete, the Document Custodian must:

(i) Either:
- Deliver the certified original Form 1034B to the Servicer, or
- Deliver the certified original Form 1034B to Freddie Mac **(see Directory 9)** and send a copy to the Servicer; and

(ii) 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)

Refer to Section A83.60 for more information regarding the Servicer's responsibilities related to document delivery.

Chapter 19: Warehouse Financing Arrangements

19.1: Overview (03/19/12)

This chapter addresses arrangements in which the Seller has entered into a financing arrangement with a Warehouse Lender and, pending payment in full by the Seller to the Warehouse Lender of the Indebtedness, has granted that Warehouse Lender a security interest in, or conveyed to that Warehouse Lender an ownership interest in, certain Mortgages that are subsequently offered for sale to Freddie Mac. In these situations, the Warehouse Lender also holds the Note and, at times, ancillary documents for those Mortgages, and delivers the Note (and, at times, ancillary documents) to Freddie Mac pursuant to the Seller's Purchase Contract with Freddie Mac. Subject to certain conditions, the Document Custodian will hold the Note and any ancillary documents relating to the Pledged Mortgages pending their purchase by Freddie Mac. This chapter sets forth and explains the relationships among the Seller, the Warehouse Lender and Freddie Mac.

19.2: Defined terms for warehouse financing arrangements (03/19/12)

The Seller should be familiar with Freddie Mac's definitions for the following terms as they relate to warehouse financing arrangements:

- Funding Date
- Indebtedness
- Mortgage Warehousing Agreement
- Pledged Mortgages
- Purchase Proceeds
- Settlement Date
- Warehouse Lender

Definitions for these terms may be found in the Glossary of this *Single-Family Seller/Servicer Guide* (Guide).

19.3: Delivery and acceptance of Pledged Mortgages (06/01/11)

For cash transactions, all Pledged Mortgages in a delivery must be financed by the same Warehouse Lender and no Mortgage that is not a Pledged Mortgage may be included in a delivery that includes Pledged Mortgages.

If the requirements of this chapter have been met, and until Freddie Mac purchases a Pledged Mortgage (or part thereof), the Document Custodian will hold the Note and any ancillary documents for that Pledged Mortgage subject to the interest of the Warehouse Lender created under the Mortgage Warehousing Agreement unless Freddie Mac specifically agrees otherwise in writing. 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 for cash (03/19/12)

With each delivery of Pledged Mortgages to be sold to Freddie Mac for cash through the Freddie Mac Selling System ("Selling System"), the Seller must:

- Submit a completed, executed and duly authorized Form 987E, Wire Transfer Authorization for Warehouse Delivery, which is a general wire transfer authorization for all contracts under which Pledged Mortgages are offered for sale to Freddie Mac 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 that the Seller uses
  - Provide Freddie Mac with a new Form 987E for any change 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 Provider Release and Transfer. 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 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, Freddie Mac must receive the Form 996E by no later than 12:30 p.m. Eastern time on the Business Day immediately preceding the Funding Date.

  The person who executes the Form 987E for the Seller must be 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 Funding 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 Funding Date until it receives and has processed Forms 987E and 996E.

The person who executes the Form 996E must be authorized by the Warehouse Lender on Form 990SF, Warehouse Provider Certificate of Incumbency: Corporation or Limited Liability Company Certificate, to provide Freddie Mac with instructions (or to modify instructions) to transfer funds on behalf of the Warehouse Lender in connection with Freddie Mac's purchase of Mortgages from Seller (see Section 19.13 for additional information regarding Form 990SF requirements). The Form 990SF includes instructions on its completion, submission and use. If the person executing Form 996E is not designated as one of the "Authorized Persons," if Freddie Mac does not receive the Form 990SF in sufficient time to process it or believes that the Certificate of Incumbency cannot be relied upon, or that the information on the Certificate of Incumbency is unreliable, Freddie Mac may, in its sole discretion, postpone the Funding/Settlement Date until it receives and processes a satisfactory Form 990SF and/or Form 996E.

19.5: PC delivery instructions (03/19/12)

For Pledged Mortgages allocated to a Guarantor or MultiLender Swap Contract, the Seller must:

- Insert all requested wire transfer information and instructions in the applicable screens in the Freddie Mac Selling System ("Selling System").

- Print, complete and deliver to the Warehouse Lender a Form 996E, Warehouse Provider Release and Transfer. 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 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 the 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 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 may 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 Form 996E for fixed-rate Guarantor, WAC ARM Guarantor and MultiLender Swap Contracts, respectively.

The person who executes the Form 996E must be authorized by the Warehouse Lender on Guide Form 990SF, Warehouse Provider Certificate of Incumbency: Corporation or Limited Liability Company Certificate, to provide Freddie Mac with instructions (or to modify instructions) to transfer funds on behalf of the Warehouse Lender in connection with Freddie Mac's purchase of Mortgages from Seller (see Section 19.13 for additional information regarding Form 990SF requirements). If the person executing Form 996E is not designated as one of the "Authorized Persons," if Freddie Mac does not receive the Form 990SF in sufficient time to process it or believes that the Certificate of Incumbency cannot be relied upon or that the information on the Certificate of Incumbency is unreliable, Freddie Mac may, in its sole discretion, postpone the Funding/Settlement Date until it receives and processes a satisfactory Form 990SF and/or Form 996E.

19.6: Delivery procedures (07/23/12)

In order for the Form 996, Warehouse Provider Release and Transfer, required for delivery under a Purchase Contract to be complete, it must include an Appendix I showing, for each Mortgage delivered, the Freddie Mac contract number, Freddie Mac loan number, the Borrower's name and the address of the Mortgaged Premises. Freddie Mac may, in its sole discretion, require the Seller, the Warehouse Lender and, in certain circumstances, the Document Custodian to enter into an Addendum to the Form 996.

19.7: Acceptance for purchase or rejection of Pledged Mortgages (06/01/11)

Upon receiving a delivery of Pledged Mortgages, Freddie Mac, pursuant to its normal purchase activities, will review the Pledged Mortgages and return certain Mortgage documents to the Seller in order for the Seller to correct any deficiency in those documents.

If Freddie Mac decides not to purchase a Pledged Mortgage, the Note for the Pledged Mortgage will be delivered to the Warehouse Lender specified on Form 996 or to that Warehouse Lender's document custodian, and the Seller will be notified of such decision and delivery.

19.8: Warehouse Lender's interest (06/01/11)

No Pledged Mortgage will be accepted for purchase by Freddie Mac if the Seller has assigned the Mortgage to a 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 or Settlement 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 or Settlement 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 expressly released automatically upon the purchase of the Pledged Mortgage by Freddie Mac

The termination statement must be filed promptly in the public records of the appropriate jurisdiction by the Seller after the Funding Date or Settlement Date.

19.9: Representations and warranties (03/19/12)

The Seller represents and warrants to Freddie Mac with respect to any Pledged Mortgage purchased by Freddie Mac that, as of the Funding Date or Settlement Date, such Pledged Mortgage is free and clear of any and all security interests, claims and encumbrances of any third party, including, without limitation, the Warehouse Lender and any party claiming through the Warehouse Lender. The Seller will take or will cause the Warehouse Lender to take all such further action, including, without limitation, the preparation, execution and filing of additional documents and instruments 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 and/or ownership interests and that unqualified title to the Pledged Mortgages is conveyed to Freddie Mac as of the Funding Date or

Settlement Date. The Seller also represents and warrants to Freddie Mac 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 providing the wire transfer or PC delivery instructions on the 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 (03/19/12)

If the Funding Date or Settlement Date for a Mortgage is postponed due to 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 or security wire instructions inserted into the applicable Selling System screens or Form 996 or Form 996E, Warehouse Provider Release and Transfer, as required, or because the person executing Form 987/987E, 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 either such party may incur as a result of such postponement.

19.11: Indemnification (03/19/12)

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:

- The deposit of the Note and any ancillary documents with, and their maintenance by, the Document Custodian pending Freddie Mac's purchase of the Mortgages or the determination not to purchase certain Mortgages (and the subsequent return of rejected Notes and any ancillary documents)

- The delivery or transfer of any Purchase Proceeds by Freddie Mac or its agent to any person if:

  - Such Purchase Proceeds in the form of a PC are delivered or transferred in accordance with the terms of the Purchase Documents and security wire instructions inserted in Selling System screens, 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

- The 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

- The Seller's failure to provide complete, accurate and authorized wire transfer instructions

- The Seller's failure to notify Freddie Mac of any necessary or desired changes to the authorized wire transfer instructions

- Security interests, claims, encumbrances of any third party, including any Warehouse Lender, or the failure of any third party, including any Warehouse Lender, to convey to Freddie Mac all of the right, title and interest of whatever nature the third party may have to the Note

- The failure of the Warehouse Lender to deliver to Freddie Mac a valid and enforceable Form 996 or Form 996E, Warehouse Provider Release and Transfer, duly executed by an authorized representative of Warehouse Lender

19.12: Reimbursement by the Seller (06/01/11)

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 acknowledgments and agreements (07/20/12)

The Warehouse Lender acknowledges and agrees that, in connection with its interim financing arrangement with a Seller, the Warehouse Lender will deliver or transmit a Form 996 or a Form 996E, Warehouse Provider Release and Transfer, 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 as indicated on the form for receipt of the fax copy of the Form 996 or Form 996E or otherwise as 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 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 bind the Warehouse Lender legally to the terms and conditions contained therein
- Agreed that, except for Section 3.6(a)(ii) of the Guide, it shall comply with and be legally bound by Chapter 3 as if all references to the words "Seller" and "Seller's" had been replaced with the words "Warehouse Lender" and "Warehouse Lender's," respectively

Warehouse Lenders must provide Freddie Mac with a certificate of incumbency (Form 990SF, Warehouse Provider Certificate of Incumbency: Corporation or Limited Liability Company Certificate) and a copy of a resolution (the "Resolution") by the board of directors or other governing body, as applicable. The Resolution must be in the form provided by Freddie Mac, unless applicable law requires another form of resolution, and must authorize the persons on the Certificate of Incumbency to instruct Freddie Mac, on behalf of the Warehouse Lender, to transfer funds or securities by wire transfer, Automated Clearing House (ACH) or other payment system approved by Freddie Mac in connection with the purchase of Mortgages by Freddie Mac.

When the Secretary (not the Assistant Secretary or any other officer) executes Form 990SF, the Resolution is not required to be attached as Exhibit A of the Certificate of Incumbency. Freddie Mac reserves the right in all cases to require the Warehouse Lender to provide the Resolution, upon request, if it is not attached to the form.

The Warehouse Lender must submit an original executed Certificate of Incumbency, but the Resolution attached as an exhibit to the Certificate of Incumbency may be a copy. Warehouse Lenders that need additional space to identify "Authorized Persons" on the Certificate of Incumbency should use Form 990ASF, Warehouse Provider Addendum to Certificate of Incumbency: Corporation or Limited Liability Company Certificate. Form 990ASF must be submitted with Form 990SF and the Resolution, where applicable, and may not be submitted separately.

Freddie Mac may, at its sole discretion, require the Warehouse Lender to resubmit the Form 990SF, 990ASF, and/or the related resolutions. This resubmission will occur on a periodic basis to be determined by Freddie Mac.

Chapter 20: Reserved

{Chapter 20 is reserved.}

Chapter 21: Reserved

{Chapter 21 is reserved.}

Chapter 22: General Mortgage Eligibility

22.1: Overview (08/20/13)

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
Mortgages with private transfer fee covenants	22.36
Points and fees limitation	22.37

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 (08/20/13)

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.

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue

to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

For Construction Conversion Mortgages or Renovation Mortgages, the term must start on the Effective Date of Permanent Financing.

22.6: Origination (07/23/12)

(a) General requirements

The Mortgage must be closed before delivery to Freddie Mac. Final disbursement of the Mortgage proceeds constitutes closing of the Mortgage. Construction Conversion and Renovation Mortgages 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 Settlement Date must occur no more than 12 months after the Note Date or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, unless the Mortgage is a Seller-Owned Modified Mortgage or Seller-Owned Converted Mortgage with a Settlement Date that is not more than 12 months after the modification or conversion date. 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 Construction Conversion and Renovation Mortgages, 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 land trusts (09/01/13)

(a) Living Trusts

A Living Trust is an inter vivos revocable trust that meets all of the following requirements:

- The trust is created by one or more Settlors during his or her lifetime;

- The trust becomes effective during the lifetime of the Settlor(s); and
- Each Settlor retains the right during his or her lifetime to revoke or amend the trust

Living Trusts also may be referred to as “inter vivos trusts” or “inter vivos revocable trusts.”

In addition to the definition of a Living Trust, the Seller should be familiar with Freddie Mac’s definitions in the Glossary for:

- Settlor
- Underwritten Settlor

The Seller warrants and represents that the Living Trust meets Freddie Mac’s revocability and all other eligibility requirements as of the Delivery Date and the Funding Date.

A Living Trust is an eligible Borrower for a Home Mortgage if it meets all of the following conditions:

1. Special underwriting requirement
   - The Mortgage applicants must include an Underwritten Settlor (or at least one Underwritten Settlor if there is more than one Settlor)
2. Trust requirements
   - The Settlor (or each Settlor, if there is more than one) is the primary beneficiary of the trust
   - The trustee(s) must be the Settlor (or at least one Settlor if there is more than one), or a Settlor and one or more co-trustees. A financial institution customarily engaged in trust functions in the applicable jurisdiction may serve as a co-trustee.
   - The trustee(s) must be specifically authorized to:
     - Borrow money for the benefit of an Underwritten Settlor
     - Purchase, construct or encumber realty to secure a loan to an Underwritten Settlor
3. Occupancy requirements
   - If the Mortgaged Premises is a Primary Residence, an Underwritten Settlor must occupy the property
   - If the Mortgaged Premises is a second home, an Underwritten Settlor must occupy the second home for some portion of the year
4. Title and title insurance

- Title
  - The title to the property is vested in the trustee(s) on behalf of the trust (or in such other manner as is customary in the jurisdiction for Living Trusts)
  - The Seller must verify that title vested in the trustee(s) on behalf of the trust (or in such other manner as is customary in the jurisdiction for Living Trusts) does not lessen in any way Freddie Mac's interest in the Mortgage, such as Freddie Mac's ability to obtain clear and marketable title to the Mortgaged Premises in the event of a foreclosure of the Mortgage
- The title insurance policy:
  - States that title to the Mortgaged Premises is vested in the trustee(s) on behalf of the Living Trust (or in such other manner as is customary in the jurisdiction for Living Trusts)
  - Does not list any exceptions arising from the trust ownership of the property
  - The Seller must verify that the title insurance policy provides full title insurance protection to Freddie Mac

5. Signatures required
   - The loan documents are executed as follows:
     - The Note is executed by:
       (i) Each Underwritten Settlor individually; and
       (ii) One or more trustees on behalf of the trust, indicating the complete legal name of the trust, using the form prescribed in Exhibit 9. An Underwritten Settlor executing the Note both individually and as a trustee must use one of the methods prescribed in Exhibit 9.

       If there is not enough space on the Note for the signatures of the trustee(s), a signature addendum to the Note (the "Signature Addendum") may be used, provided that all of the following requirements are met:

       (i) Each Underwritten Settlor (regardless of whether the Underwritten Settlor also is signing as a trustee) signs individually in the Borrower's signature lines on the Note itself; only the signature(s) of the trustee(s) may be included on the Signature Addendum
       (ii) The Note clearly references the existence of the Signature Addendum
       (iii) The Signature Addendum:
         - Is permanently affixed to the Note
         - Clearly identifies the Note by referencing the following:
           - Name(s) of the Borrower(s)
           - Note Date

- Property address
- Original Principal Balance of the Note

(iv) The form of Signature Addendum, and its use, complies with all applicable laws

(v) The use of the Signature Addendum results in a properly signed and legally enforceable Note

(vi) The Signature Addendum does not impair Freddie Mac's status as a "holder in due course" or any of Freddie Mac's rights under the Purchase Documents

(vii) The Seller indemnifies Freddie Mac from any loss or damage Freddie Mac may incur as a result of the use of the Signature Addendum

- The Security Instrument is:

  (i) Executed by the trustee(s) on behalf of the trust, indicating the complete legal name of the trust, using the form prescribed in Exhibit 9; and

  (ii) Is acknowledged by each Underwritten Settlor using either the form prescribed in Exhibit 9 or a rider to the Security Instrument that meets all of the requirements stated in Exhibit 9

The Seller may exclude any institutional trustee and any individual trustee who is not an Underwritten Settlor from personal liability under the Note and the Security Instrument, provided that:

- The Seller verifies that such exclusion applies specifically to that trustee, and the Seller excludes only that trustee from liability; and
- Such exclusion does not impair the exercise of any rights and remedies under the Note and/or the Security Instrument

6. Seller Review

The Seller must review:

- Either (a) the trust agreement for the Living Trust or, (b) an abstract, certification or other summary of the trust agreement if and to the extent the laws of the applicable jurisdiction require or permit a third-party dealing with a trustee to rely on such abstract, certification or other summary. Based on such review, the Seller must determine that:
  - The Settlor (or each Settlor, if there is more than one) has retained the power to revoke or amend the trust
  - There is specific authorization for the trustee(s) to borrow money and to purchase, construct, or encumber realty as more fully described in Section 22.10(a)2 above

- 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

- The deed conveying the Mortgaged Premises to the trustee or trust to verify that title is vested in the trustee(s) on behalf of the Living Trust (or is vested in such other manner as is customary in the jurisdiction for Living Trusts)

7. The Mortgage file
   - The Mortgage file must contain either:
     - A complete copy of the trust agreement
     - An abstract, certification or other summary of the trust agreement if and to the extent the laws of the applicable jurisdiction require or permit a third-party dealing with a trustee to rely on such abstract, certification or other summary

8. Seller instructions
   - The Seller must comply with the delivery instructions in the Purchase Documents

(b) Land trusts

Mortgages secured by properties in which the legal and equitable title is held by a land trust are eligible for purchase if permitted by the Seller's Purchase Documents. A Seller should contact its Freddie Mac Account Manager to discuss how to obtain the applicable term of business.

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 (05/25/11)

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 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.

Refer to Section 6.11 for specific representations and warranties with respect to MERS registration for Mortgages purchased by Freddie Mac.

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 (07/23/12)

Freddie Mac will purchase Wholesale Home Mortgages under the terms of the Purchase Documents and this section.

(a) Representations and Warranties

The 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's *Quality Control and Fraud Prevention Resources* includes best business practices for wholesale lending. Sellers may find the *Wholesale Originations Best Practices* publication to be a useful, on-line resource in fulfilling Freddie Mac's requirements for Wholesale Home Mortgages stated in this section. Sellers can access any of the three components of the *Quality Control and Fraud Prevention Resources*: *Quality Control Best Practices*, *Wholesale Originations Best Practices* and *Fraud Prevention Best Practices* on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/quality_control.html**. See Chapters 7 or 57 for more information about Seller/Servicer's requirements relating to fraud prevention, detection and reporting.

(c) Delivery Instructions

The Seller is required to deliver one of the following ULDD Data Points, as applicable, for each Wholesale Home Mortgage:

- *Loan Originator Type* of "Correspondent," or
- *Loan Originator Type* of "Broker"

22.16: Occupancy (12/01/11)

A Mortgage will not qualify to be an owner-occupied property Mortgage unless 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 provided 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 (09/14/12)

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 8-A (the Maine Consumer Credit Code – Truth-in-Lending), 9-A MRSA § 8-501 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.

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 (02/10/12)

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. For newly constructed homes that are purchase transactions, the Borrower may not be affiliated with or related to 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. 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.

4. 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.

5. The monthly housing expense on the second home must be considered in calculating the Borrower's monthly debt payment-to-income ratio.

6. 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 (01/01/13)

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:

- For newly constructed homes that are purchase transactions, the Borrower may not be affiliated with or related to 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

(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.

(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: Purchase requirements for Mortgages secured by properties with resale restrictions (07/18/13)

Freddie Mac will purchase Mortgages secured by properties subject to resale restrictions including, but not limited to, income-based restrictions (also referred to as inclusionary zoning) and age-based restrictions, if the requirements of this section are met and the restrictions are in compliance with all federal, State and local laws, rules and regulations.

(a) General purchase requirements

Freddie Mac purchase requirements, including, but not limited to, all applicable Condominium Project and Planned Unit Development (PUD) requirements must be met.

(b) Right of first refusal

For properties subject to resale restrictions, any right of first refusal must run to the enabling authority or jurisdiction that imposed the resale restrictions, with a time period not exceeding 90 days from the date of written notice to the authority or jurisdiction that the restricted property is being offered for sale.

(c) Resale controls

Properties subject to resale restrictions, except for age restrictions, must have 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.

(d) Notice of default or foreclosure

The mortgagee is not required to send notice of default or foreclosure to any third party.

(e) 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.

(f) Effect of foreclosure or deed-in-lieu of foreclosure

Any resale restrictions, except for age-restrictions, must not survive foreclosure or deed-in-lieu of foreclosure.

(g) 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.

(h) Appraisal requirements for restricted properties

The appraisal must include at least three comparable sales with similar resale restrictions.

22.24: Purchase requirements for Mortgages secured by properties without resale restrictions (nonrestricted properties) (07/18/13)

Effective July 18, 2013, this section is deleted.

22.25: Purchase requirements for Mortgages secured by properties with resale restrictions (restricted properties) (07/18/13)

Effective July 18, 2013, this section is deleted. Refer to Section 22.23 for purchase requirements for Mortgages secured by properties with resale restrictions.

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 (07/20/12)

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 3.2,
- 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 (08/20/13)

The requirements in Section 22.32(a) are effective for Mortgages with Application Received Dates **prior to January 10, 2014**.

Refer to Section 22.32(b) for requirements for Mortgages with Application Received Dates on or after January 10, 2014.

(a) Requirements effective for Mortgages with Application Received Dates prior to January 10, 2014

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:

- 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, 22.31, 22.33, 22.34, 22.35 and 24.2.

- 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) Mortgages	Section 22.33
Mandatory Arbitration	Section 22.34
Higher-Priced Mortgages	Section 22.35
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

(b) Requirements effective for Mortgages with Application Received Dates on or after January 10, 2014

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:

- Compliance with the requirements of Sections 6.2, 22.18.1, 22.28, 22.31, 22.33, 22.34, 22.35 and 24.2; and

- 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) Mortgages	Section 22.33
Mandatory Arbitration	Section 22.34
Higher-Priced Mortgages	Section 22.35
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 Mortgages (08/20/13)

For Primary Residences, purchase transaction Mortgages and refinance Mortgages 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.

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 (08/20/13)

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

Higher-priced Mortgage Loans sold to Freddie Mac must not be:

- A Prepayment Penalty Mortgage
- An ARM with an Initial Period less than seven years

For additional information regarding Freddie Mac Higher-Priced Mortgage Loan requirements, see the following locations:

Topic	Location
Compliance with applicable law	Sections 6.2 and 22.28
Freddie Mac Relief Refinance Mortgages℠	Chapters A24 and B24
Eligible adjustable-rate Mortgages (ARMs); Underwriting Requirements	Sections 30.3 and 30.16
General Requirements for Prepayment Penalty Mortgages	Section B33.2
Origination and Servicing Requirements for Prepayment Penalty Mortgages	Section B33.5

22.36: Mortgages with private transfer fee covenants (07/16/12)

Mortgages on properties encumbered by private transfer fee covenants prohibited by 12 C.F.R. Part 1228 are ineligible for purchase by Freddie Mac if those covenants were created on or after February 8, 2011.

In addition, the Seller/Servicer represents and warrants that:

- It has controls in place to ensure that it does not inadvertently deliver an ineligible Mortgage to Freddie Mac as described above, and

- If applicable, it has received representations and warranties from any person or entity from which the Seller purchased the Mortgage that the property securing the Mortgage is not encumbered by private transfer fee covenants created on or after February 8, 2011

22.37: Points and fees limitation (08/20/13)

Effective for Mortgages with Application Received Dates on or after **January 10, 2014**, Mortgages with points and fees exceeding 3% of the total loan amount (or such other applicable limits for lower balance Mortgages) as specified under the Truth-in-Lending Act and its implementing regulations, 12 C.F.R. 1026.43(e)(3), will not be eligible for sale to Freddie Mac. Sellers must use the points and fees calculation that is required for qualified mortgages under the Truth-in-Lending Act and its implementing regulations, 12 C.F.R. 1026.32(b) to determine compliance with applicable requirements.

However, Mortgages that exceed the points and fees thresholds stated above will be eligible for sale to Freddie Mac if the following conditions are met:

- Such Mortgages are exempt from Regulation Z, 12 C.F.R. 1026.43(a) or are not subject to the Truth-in-Lending Act; and

- The points and fees do not exceed 5% of the total loan amount. Sellers must use the points and fees calculation that is required for high-cost Mortgages under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations, 12 C.F.R. 1026.32(b).

Mortgages with Application Received Dates prior to **January 10, 2014** are not subject to the requirements in this section.

Chapter 23: Maximum Loan Amounts and LTV, TLTV and HTLTV Ratios

23.1: Value (02/10/12)

(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) Construction Conversion and Renovation Mortgages

The value used to determine the loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios for Construction Conversion and Renovation Mortgages, 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 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 (09/24/13)

The following maximum original loan amounts* apply to Home Mortgages with Funding or Settlement Dates on or after January 1, 2013. 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:

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 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 17.34)	The loan amount of the Mortgage as stated in the original Note
Seller-Owned Converted Mortgages (as described in Chapter 32 and Section 17.24)	The loan amount of the Mortgage as stated in the ARM Note
Freddie Mac-Owned Converted Mortgages (as described in Section 30.11 and Section 17.36)	The loan amount of the Mortgage as stated in the ARM Note
Construction Conversion Mortgages and Renovation Mortgages originated using Integrated Documentation (as described in Chapter K33 and Section 17.35)	The loan amount of the Interim Construction Financing as stated in the integrated Note for the Interim Construction Financing and Permanent Financing

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 Modification Documentation (as described in Chapter K33 and Section 17.35)	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 17.35)	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 17.40)	The loan amount of the Mortgage as stated in the Note
Mortgages with financed mortgage insurance premiums (as described in Section 27.1.1)	The loan amount of the Mortgage as stated in the Note (which includes the financed mortgage insurance premium)

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 amount delivered in the ULDD Data Point *Note Amount* and from the amount used to calculate the LTV ratio. See Chapter 17 for delivery instructions.

23.3: Maximum original loan amounts for Home Mortgage purchases (Future effective date 01/01/14)

The following maximum original loan amounts* apply to Home Mortgages with Funding or Settlement Dates on or after January 1, 2014. 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:

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 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 17.34)	The loan amount of the Mortgage as stated in the original Note
Seller-Owned Converted Mortgages (as described in Chapter 32 and Section 17.24)	The loan amount of the Mortgage as stated in the ARM Note
Freddie Mac-Owned Converted Mortgages (as described in Section 30.11 and Section 17.36)	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 17.35)	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 17.35)	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 17.35)	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 17.40)	The loan amount of the Mortgage as stated in the Note
Mortgages with financed mortgage insurance premiums (as described in Section 27.1.1)	The loan amount of the Mortgage as stated in the Note (which includes the financed mortgage insurance premium)

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 amount delivered in the ULDD Data Point *Note Amount* and from the amount used to calculate the LTV ratio. See Chapter 17 for delivery instructions.

23.4: Maximum LTV, TLTV and HTLTV ratios (01/01/13)

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:

- 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 and ARMs)** ** 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 and 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-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%

"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* (Fixed-Rate and ARMs) * The LTV/TLTV/HTLTV ratios in this chart are only allowed with Mortgages originated in accordance with Section 24.5(c).				
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 (Future effective date 04/01/14)

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:

- 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.

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES (Fixed-Rate and ARMs)**
** 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%

PURCHASE AND "NO CASH-OUT" REFINANCE MORTGAGES (Fixed-Rate and ARMs)** ** 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.**
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 and 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-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%

"NO CASH-OUT" REFINANCES OF MORTGAGES CURRENTLY OWNED OR SECURITIZED BY FREDDIE MAC* (Fixed-Rate and ARMs) * The LTV/TLTV/HTLTV ratios in this chart are only allowed with Mortgages originated in accordance with Section 24.5(c).				
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 (07/23/12)

For information about construction financing that is replaced by permanent financing, see Chapter K33, Construction Conversion and Renovation Mortgages.

See Section 17.35 for delivery and pooling requirements for special requirements for Construction Conversion and Renovation Mortgages.

23.7: Land contract; contract for deed (07/23/12)

When the proceeds of a Mortgage are used to pay the outstanding balance under a land contract or contract for deed, the Mortgage may be considered either a purchase or a "no cash-out" refinance Mortgage if the requirements in this section are met.

A copy of the executed land contract or contract for deed must be included in the Mortgage file.

If the proceeds of a Mortgage secured by a Manufactured Home are used to pay the outstanding balance under a land contract or contract for deed, the Mortgage is ineligible for sale to Freddie Mac.

(a) Purchase

For the transaction to be considered a purchase transaction:

- The land contract or contract for deed must have been executed less than 12 months prior to the Application Received Date
- All of the loan proceeds must be used to pay the outstanding balance under the land contract or contract for deed and no loan proceeds may be disbursed to the Borrower
- The loan-to-value (LTV) ratio must be calculated using the lesser of the following:
  - The current appraised value of the Mortgaged Premises, or

- The total acquisition cost (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 Mortgage file must contain sufficient documentation on which to calculate the total acquisition cost.

(b) "No cash-out" refinance

For the transaction to be considered a "no cash-out" refinance transaction:

- The land contract or contract for deed must have been executed at least 12 months prior to the Application Received Date
- The LTV ratio must be calculated using the current appraised value of the Mortgaged Premises
- The Mortgage file must include third-party documentation evidencing payments in accordance with the land contract or contract for deed for the most recent 12-month period
- The Mortgage must meet the requirements for "no cash-out" refinance Mortgages in Section 24.5

23.8: Energy conservation improvements (07/23/12)

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 value used to determine the loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios is the lesser of this purchase price or the "as completed" appraised value. The appraisal must state the estimated market value after completion of the improvements and be supported by a satisfactory completion certificate reported on Form 442, Appraisal Update and/or Completion Report.

Unless a completion escrow account is established in accordance with the requirements of Section 44.2(b), all improvements must be completed before delivery of the Mortgage to Freddie Mac. If the Mortgage is to be delivered to Freddie Mac prior to the completion of the energy conservation improvements, the requirements for incomplete improvements in Section 44.2(b) must be met.

See Section 17.28 for delivery instructions.

Chapter 24: Refinance Mortgages

24.1: Introduction to refinance Mortgages (08/01/11)

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 three types of refinance Mortgages:

- 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
General requirements for all streamlined refinance Mortgages (deleted)	24.3
Requirements for Freddie Mac-owned streamlined refinance Mortgages (deleted)	24.4

Requirements for "no cash-out" refinance Mortgages	24.5
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
Requirements for refinance of Mortgages secured by properties subject to an energy retrofit loan	24.9

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
- 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 (09/01/13)

For all refinance Mortgages:

- The refinance Mortgage must comply with Section 23.4

- 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 the most recent 12-month period 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 Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

A Restructured Mortgage may only be sold to Freddie Mac through a negotiated sales transaction through our bulk sales unit.

In addition, a refinance Mortgage that exceeds the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations is ineligible for purchase by Freddie Mac.

See Section 17.21 for 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 (05/01/11)

This section has been deleted.

24.5: Requirements for "no cash-out" refinance Mortgages (12/14/12)

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
- Pay off the outstanding balance of a land contract or contract for deed if the requirements in Section 23.7 are met

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.

When the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned for at least 120 days (that is, the Note Date of the mortgage being refinanced must be at least 120 days prior to the Note Date of the "no cash-out" refinance Mortgage).

(a) Secondary 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;
- Evidence of the subordination is retained in the Mortgage file; and

- The junior liens meet the requirements of Section 25.2 pertaining to secondary financing

(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 17.21 for delivery and pooling requirements for "no cash-out" refinance Mortgages.

See Section 17.40 for 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 (07/23/12)

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.

A Mortgage placed on a property previously owned free and clear by the Borrower is always considered a cash-out refinance Mortgage.

At least one Borrower must have been on the title to the subject property for at least six months prior to the Note Date, except as specified below.

If none of the Borrowers have been on the title to the subject property for at least six months prior to the Note Date of the cash-out refinance Mortgage, the following requirements must be met:

- The executed HUD-1 Settlement Statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property
- The preliminary title report for the refinance transaction must reflect the Borrower as the owner of the subject property and must reflect that there are no liens on the property
- The source of funds used to purchase the subject property must be fully documented
- If funds were borrowed to purchase the subject property, those funds must be repaid and reflected on the HUD-1 Settlement Statement for the refinance transaction
- The amount of the cash-out refinance Mortgage must not exceed the sum of the original purchase price and related Closing Costs, Financing Costs and Prepaids/Escrows as documented by the HUD-1 Settlement Statement for the purchase transaction
- There must have been no affiliation or relationship between the buyer and seller of the purchase transaction
- The cash-out refinance Mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Freddie Mac requirements

(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 17.21 for delivery and pooling requirements for cash-out refinance Mortgages.

24.7: Requirements for special purpose cash-out refinance Mortgages (12/14/12)

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) Secondary 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;
- Evidence of the subordination is retained in the Mortgage file; and
- The junior lien meets the requirements of Section 25.2 pertaining to secondary financing

(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 17.21 for delivery and pooling requirements for special purpose cash-out refinance Mortgages.

24.8: Requirements for Texas Equity Section 50(a)(6) Mortgages (09/01/13)

(a) Overview; limitations

This section details requirements for Texas Equity Section 50(a)(6) Mortgages.

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 Section 51.3(d) and related Servicing provisions.

(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 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

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.

A Living Trust that meets the eligibility requirements of Section 22.10(a) may be a Borrower for a Texas Equity Section 50(a)(6) Mortgage if the Living Trust meets the requirements for a "qualifying trust" under Texas law for purposes of owning residential property that qualifies for the homestead exemption.

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.

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 17.21 for 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 17.21
Refinance Mortgages	Chapter 24
Title Insurance	Section 39.1, 39.3 and 39.5
Special Servicing	Sections 51.3(d), 59.1, 66.15 and 67.15

24.9: Requirements for refinance of Mortgages secured by properties subject to an energy retrofit loan (07/23/12)

For the refinance of Mortgages with Freddie Mac Settlement Dates before July 6, 2010 that are secured by properties subject to a Property Assessed Clean Energy (PACE) or PACE-like obligation (either referred to as a "PACE obligation"), originated before July 6, 2010 that provides for First Lien priority, the following requirements apply:

- The new refinance Mortgage must be originated as a "no cash-out" refinance Mortgage meeting the requirements of Section 24.5 or as a cash-out refinance Mortgage meeting the requirements of Section 24.6, with the PACE obligation being paid in full as part of the refinance. For a "no cash-out" refinance Mortgage, although the requirements of Section 24.5 provide otherwise, the Mortgage proceeds may be used to pay off the PACE obligation.

- If the new refinance Mortgage does not meet the requirements of a "no cash-out" refinance Mortgage in Section 24.5 or of a cash-out refinance Mortgage in Section 24.6, as modified above, then the Mortgage may be originated as a Freddie Mac Relief Refinance Mortgage℠ – Open Access meeting the requirements of Chapter B24, with the PACE obligation remaining in place. The PACE obligation is not required to be included in the calculation of the total loan-to-value ratio; however, the PACE obligation must be included in the monthly debt payment-to-income ratio.

In addition, the Seller must insert “H28” (Relief Refinance MTG w/ Prop Assessed Clean Energy (PACE) obligations) in the ULDD Data Point *Investor Feature Identifier* for Freddie Mac Relief Refinance Mortgages – Open Access when the PACE obligation remains in place.

Chapter A24: Freddie Mac Relief Refinance Mortgages℠ – Same Servicer

A24.1: Overview (05/15/13)

I. The requirements below are effective for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with loan-to-value (LTV) ratios greater than 80% and Application Received Dates **prior to** November 19, 2012. See Section C24.1 for requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80% and Application Received Dates prior to November 19, 2012.

See **Section A24.1II** below for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

(a) General requirements

Relief Refinance Mortgages – Same Servicer must:

- Have Application Received Dates on or after December 1, 2011
- Have Settlement Dates no more than 12 months after the Note Date and on or before September 30, 2016

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 Relief Refinance Mortgages – Open Access

(b) Allowable refinance practices

(i) Solicitation and advertising. Although the provisions of Section 8.10 may imply otherwise, in advertising or soliciting Relief Refinance Mortgages – Same Servicer, the Seller may target Mortgages owned or securitized by Freddie Mac, provided that the Seller simultaneously applies the same advertising and solicitation activities with respect to Borrowers of Mortgages owned or securitized by Fannie Mae that are eligible to be refinanced under the Home Affordable Refinance Program (HARP). All other provisions of Section 8.10 regarding refinance practices remain in effect with respect to Relief Refinance Mortgages – Same Servicer. In particular, consistent with the provisions of Section 8.10, the Seller must apply the same advertising and

solicitation activities to all Relief Refinance Mortgages – Same Servicer serviced for Freddie Mac, regardless of whether the Seller or a third-party owns the associated PC Pools.

(ii) Advertising and other communications with Borrowers. Sellers may contact Borrowers that may qualify for Relief Refinance Mortgages – Same Servicer to inform Borrowers of the enhancements to HARP. The communication may include any information about Relief Refinance Mortgages – Same Servicer and Borrower eligibility that the Seller deems pertinent. However, if the Seller's communication includes a reference to Freddie Mac, then the communication must also include the following (or substantively similar) verbiage:

- Freddie Mac and Fannie Mae have adopted changes to the Home Affordable Refinance Program (HARP) and you may be eligible to take advantage of these changes
- If your mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your Mortgage under the enhanced and expanded provisions of HARP
- You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following web sites:
  - For Freddie Mac: **www.freddiemac.com/mymortgage**
  - For Fannie Mae: **www.fanniemae.com/loanlookup/**

II. The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012.

(a) General requirements

Relief Refinance Mortgages – Same Servicer must:

- Have Application Received Dates on or before December 31, 2015
- Have Settlement Dates no more than 12 months after the Note Date and on or before September 30, 2016

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 Relief Refinance Mortgages – Open Access

(b) Allowable refinance practices

(i) For Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios greater than 80%, the following refinance solicitation and advertising provisions apply:

1. **Solicitation and advertising**. Although the provisions of Section 8.10 may imply otherwise, in advertising or soliciting Relief Refinance Mortgages – Same Servicer, the Seller may target Mortgages owned or securitized by Freddie Mac, provided that the Seller simultaneously applies the same advertising and solicitation activities with respect to Borrowers of Mortgages owned or securitized by Fannie Mae that are eligible to be refinanced under the Home Affordable Refinance Program (HARP). All other provisions of Section 8.10 regarding refinance practices remain in effect with respect to Relief Refinance Mortgages – Same Servicer. In particular, consistent with the provisions of Section 8.10, the Seller must apply the same advertising and solicitation activities to all Relief Refinance Mortgages – Same Servicer serviced for Freddie Mac, regardless of whether the Seller or a third-party owns the associated PC Pools.

2. **Advertising and other communications with Borrowers.** Sellers may contact Borrowers that may qualify for Relief Refinance Mortgages – Same Servicer to inform Borrowers of the enhancements to HARP. The communication may include any information about Relief Refinance Mortgages – Same Servicer and Borrower eligibility that the Seller deems pertinent. However, if the Seller's communication includes a reference to Freddie Mac, then the communication must also include the following (or substantively similar) verbiage:

   - Freddie Mac and Fannie Mae have adopted changes to the Home Affordable Refinance Program (HARP) and you may be eligible to take advantage of these changes

   - If your mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your Mortgage under the enhanced and expanded provisions of HARP

   - You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following web sites:

     - For Freddie Mac: **www.freddiemac.com/mymortgage**

     - For Fannie Mae: **www.fanniemae.com/loanlookup/**

(ii) For Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80%, see Section 8.10 for allowable and unacceptable refinance practices.

A24.1: Overview (Future effective date 01/01/14)

The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012.

(a) General requirements

Relief Refinance Mortgages – Same Servicer must:

- Have Application Received Dates on or before December 31, 2015
- Have Settlement Dates no more than 12 months after the Note Date and on or before September 30, 2016

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 Relief Refinance Mortgages – Open Access

(b) Allowable refinance practices

(i) For Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios greater than 80%, the following refinance solicitation and advertising provisions apply:

1. **Solicitation and advertising**. Although the provisions of Section 8.10 may imply otherwise, in advertising or soliciting Relief Refinance Mortgages – Same Servicer, the Seller may target Mortgages owned or securitized by Freddie Mac, provided that the Seller simultaneously applies the same advertising and solicitation activities with respect to Borrowers of Mortgages owned or securitized by Fannie Mae that are eligible to be refinanced under the Home Affordable Refinance Program (HARP). All other provisions of Section 8.10 regarding refinance practices remain in effect with respect to Relief Refinance Mortgages – Same Servicer. In particular, consistent with the provisions of Section 8.10, the Seller must apply the same advertising and solicitation activities to all Relief Refinance Mortgages – Same Servicer serviced for Freddie Mac, regardless of whether the Seller or a third-party owns the associated PC Pools.

2. **Advertising and other communications with Borrowers.** Sellers may contact Borrowers that may qualify for Relief Refinance Mortgages – Same Servicer to inform Borrowers of the enhancements to HARP. The communication may include any information about Relief Refinance Mortgages – Same Servicer and Borrower eligibility that the Seller deems pertinent. However, if the Seller's communication includes a reference to Freddie Mac, then the communication must also include the following (or substantively similar) verbiage:

   - Freddie Mac and Fannie Mae have adopted changes to the Home Affordable Refinance Program (HARP) and you may be eligible to take advantage of these changes

   - If your mortgage is owned or guaranteed by either Freddie Mac or Fannie Mae, you may be eligible to refinance your Mortgage under the enhanced and expanded provisions of HARP

   - You can determine whether your mortgage is owned by either Freddie Mac or Fannie Mae by checking the following web sites:

     - For Freddie Mac: **www.freddiemac.com/mymortgage**

     - For Fannie Mae: **www.fanniemae.com/loanlookup/**

(ii) For Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80%, see Section 8.10 for allowable and unacceptable refinance practices.

A24.2: Defined terms (08/20/13)

(a) Terms defined in the Glossary

The Seller 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
- Higher-Priced Mortgage Loan (HPML)
- Prepaids/Escrows
- Restructured Mortgage

(b) Terms not defined in the Glossary

The following additional term is used in this chapter:

- **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 MortgagesSM – Same Servicer (11/15/13)

I. The requirements below are effective for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with loan-to-value (LTV) ratios greater than 80% and Application Received Dates **prior to** November 19, 2012. See Section C24.3 for requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80% and Application Received Dates prior to November 19, 2012.

See **Section A24.3II** below for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

(a) Eligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Note Date on or before May 31, 2009
- Be serviced by the Seller, or an Affiliate of the Seller. The Mortgage originator of 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 following:
  - The Mortgage has not been 30 or more days delinquent in the most recent six months; and
  - The Mortgage has not been 30 or more days delinquent more than once 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 has:

- 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 the 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.

Notwithstanding the requirements of Section 22.6(b)**,** Restructured Mortgages are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer. Such Relief Refinance Mortgages – Same Servicer are eligible to be delivered to Freddie Mac through a flow Purchase Contract.

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Same Servicer, provided the requirements of this chapter are met, including the Mortgage payment history requirements above. The current contractually-obligated payment terms under the Note, including the most recent modification of the Note, if any, must be used for the purpose of determining whether the Relief Refinance Mortgage – Same Servicer meets the Borrower benefit requirements below.

The Seller is not required to represent and warrant that the Mortgage being refinanced met the Freddie Mac eligibility requirements in its Purchase Documents related to the following:

- Borrower creditworthiness (credit reputation and capacity) and any other underwriting requirements
- Value, condition and marketability of the Mortgaged Premises

Additionally, in lieu of representing and warranting that the Mortgage being refinanced met Freddie Mac eligibility requirements related to fraud, the Seller represents and warrants that the Mortgage being refinanced by a Relief Refinance Mortgage – Same Servicer was not originated or sold pursuant to any scheme or pattern of fraud that involved two or more Mortgages and two or more perpetrators acting in common effort with respect to such Mortgages. For purposes of the foregoing, "fraud" is defined as a misstatement, misrepresentation or omission that cannot be corrected and that was relied upon by Freddie Mac to purchase the Mortgage being refinanced. For purposes of the foregoing, a "perpetrator" is an individual or entity involved in the origination or sale of the Mortgage or the related real estate transaction, including, but not limited to, a mortgage broker, loan officer, appraiser, appraisal company, title or closing agent, or property seller, or the Borrower(s) acting in conjunction with one of the former.

The Seller is required to represent and warrant that the Mortgage being refinanced met all other Freddie Mac eligibility requirements in its Purchase Documents, including, but not limited to, requirements related to anti-predatory lending and Project eligibility for Mortgages secured by Condominium Units, or, if permitted by the Seller's Purchase Documents, Cooperative Share Mortgages.

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, except as specifically stated otherwise above.

Relief Refinance Mortgage – Same Servicer

The Relief Refinance Mortgage – Same Servicer must be originated by the Seller or an Affiliate of the Seller.

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 5/1, 7/1 or 10/1 fully amortizing ARM

The maximum LTV ratio of Relief Refinance Mortgages – Same Servicer must comply with the requirements in subparagraph (f) below.

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 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.

Borrower benefit

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
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

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 settlement 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 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
  - A reduction in the monthly payment 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.

Change in Borrowers

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; or
- The remaining Borrower(s) qualifies for the Mortgage based on the requirements for Mortgages with a principal and interest payment increase in Section A24.3(h); or
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death

In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained.

Living Trusts

A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

Land trusts

Notwithstanding the requirements of Section 22.10(b), Mortgages secured by property in which the legal and equitable title is held by a land trust are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer.

(b) Mortgages ineligible for purchase as Relief Refinance Mortgages – Same Servicer

Relief Refinance Mortgages – Same Servicer must not be:

- ARMs having LTV ratios exceeding 105%
- 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 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 the Seller's proprietary affordable program
- Affordable Merit Rate® Mortgages
- Prepayment Penalty Mortgages
- Freddie Mac Relief Refinance Mortgages – Open Access
- Texas Equity Section 50(a)(6) Mortgages
- Mortgages using an Automated Valuation Model (AVM) other than Home Value Explorer® to determine property value
- Seasoned Mortgages
- Mortgages that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations

(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
- Second homes
- 1- to 4-unit Investment Properties

The Mortgage being refinanced and the Relief Refinance Mortgage – Same Servicer do not have to represent the same occupancy.

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, except that the Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the Mortgage being refinanced

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 two 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: 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.**

  The 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 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- or 2-unit dwelling
- ❑ The property must be an 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 the 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))
- ❑ The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Same Servicer and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- ❑ As of the Note Date of the Relief Refinance Mortgage – Same Servicer, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below
- ❑ 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

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 Two described below.

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.

- **Option Two: New appraisal**

  The Seller must obtain a new appraisal that meets the requirements of the Seller's Purchase Documents.

  The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

  The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

  Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

  When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply to super conforming Relief Refinance Mortgages – Same Servicer.

- **Properties affected by disasters**

  Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

  - A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or

appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(e) Delivery Date requirement

This subsection has been deleted.

(f) Loan-to-value, total loan-to-value, and Home Equity Line of Credit total loan-to-value ratios

Regardless of any maximum LTV, total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios identified for specific offerings in the Guide or the 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, there is no maximum LTV ratio
- There are no maximum TLTV and HTLTV ratios

In addition, the LTV ratio for all Relief Refinance Mortgages – Same Servicer delivered in accordance with this chapter must be greater than 80%. For requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80%, see Chapter C24.

(g) Borrower creditworthiness/minimum Indicator Score/source of income and Borrower Funds

(i) 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 the following:

- The Mortgage has not been delinquent in the most recent six months; and
- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months or if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

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 17.14 for Indicator Score delivery requirements).

(ii) Source of income and Borrower Funds

Except as stated below, at least one Borrower must have a source of income and verification of the income source is required.

- For employed income, a verbal verification of employment is required and must meet the requirements of Sections 37.20(b) and 37.22(a)
- For self-employed income, verification of existence of the business is required and must meet the requirements of Section 37.22(a)
- For income other than employed or self-employed income, verification of the source of income is required. The income source must be an eligible source of income under Chapter 37.

The Seller may verify reserves equal to 12 monthly payments of principal, interest, taxes and insurance (PITI) for the new refinance Mortgage in lieu of verifying an income source as stated above. Borrower Funds that can be used for reserves in this instance are limited to funds in the Borrower's depository and non-depository accounts, including, but not limited to, checking, savings, money market, stock, bond and retirement accounts. The Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) and 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). Non-depository accounts must meet the requirements of Section 26.5.

Except as set forth above and in Section A24.3(h), verification of funds is not required.

(h) Principal and interest payment increase

There is no limitation on the amount of the increase in the Borrower's principal and interest payment.

The following requirements must be met when the principal and interest payment increases by more than 20% of the current contractually obligated payment under the Note. In the event that the Note provides for more than one payment option, the Seller must use the lowest payment option to determine whether the increase exceeds 20%.

- A new credit report must be obtained
- The Mortgage must have a minimum Indicator Score of 620. If no Borrower has a usable Credit Score, the Mortgage does not have an Indicator Score and the Mortgage is not eligible for purchase as a Relief Refinance Mortgage – Same Servicer.
- The Seller must verify Borrower Funds needed for closing. When using funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). All other asset types (other than depository or non-depository accounts) must meet Streamlined Accept documentation requirements in Section 37.22(b).
- The debt payment-to-income ("DTI") ratio must be calculated using the new credit report and verified income. The maximum DTI is 45%.
- When Hardest Hit Fund program funds are used in accordance with Section A24.3(l) and repayment of funds is required, the verified payment must be included in the monthly DTI ratio, unless repayment of funds is due only upon sale or default
- The Seller must verify the income source and amount and, at a minimum, meet the following documentation requirements:

Income sources	Minimum documentation requirements
Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.

Seasonal employment and unemployment compensation	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date for seasonal employment; Or ■ Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income

Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement
Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or ■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(i) Mortgage insurance

The following provisions apply for a Relief Refinance Mortgage – Same Servicer:

- 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

The Seller/Servicer 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.

(l) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Same Servicer, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

II. The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012.

(a) Eligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Note Date on or before May 31, 2009
- Be serviced by the Seller, or an Affiliate of the Seller. The Mortgage originator of 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 following:
  - The Mortgage has not been 30 or more days delinquent in the most recent six months; and
  - The Mortgage has not been 30 or more days delinquent more than once 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 has:

- 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, it is eligible for refinancing provided the loan-to-value (LTV) ratio of the Relief Refinance Mortgage – Same Servicer is less than or equal to 80%. For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80%, the Seller must contact its Freddie Mac representative for additional instructions for eligibility and delivery of these Mortgages

Mortgages sold to Freddie Mac through the 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.

Notwithstanding the requirements of Section 22.6(b)**,** Restructured Mortgages are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer. Such Relief Refinance Mortgages – Same Servicer are eligible to be delivered to Freddie Mac through a flow Purchase Contract.

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Same Servicer, provided the requirements of this chapter are met, including the Mortgage payment history requirements above. The current contractually-obligated payment

terms under the Note, including the most recent modification of the Note, if any, must be used for the purpose of determining whether the Relief Refinance Mortgage – Same Servicer meets the Borrower benefit requirements below.

The Seller is not required to represent and warrant that the Mortgage being refinanced met the Freddie Mac eligibility requirements in its Purchase Documents related to the following:

- Borrower creditworthiness (credit reputation and capacity) and any other underwriting requirements
- Value, condition and marketability of the Mortgaged Premises

Additionally, in lieu of representing and warranting that the Mortgage being refinanced met Freddie Mac eligibility requirements related to fraud, the Seller represents and warrants that the Mortgage being refinanced by a Relief Refinance Mortgage – Same Servicer was not originated or sold pursuant to any scheme or pattern of fraud that involved two or more Mortgages and two or more perpetrators acting in common effort with respect to such Mortgages. For purposes of the foregoing, "fraud" is defined as a misstatement, misrepresentation or omission that cannot be corrected and that was relied upon by Freddie Mac to purchase the Mortgage being refinanced. For purposes of the foregoing, a "perpetrator" is an individual or entity involved in the origination or sale of the Mortgage or the related real estate transaction, including, but not limited to, a mortgage broker, loan officer, appraiser, appraisal company, title or closing agent, or property seller, or the Borrower(s) acting in conjunction with one of the former.

The Seller is required to represent and warrant that the Mortgage being refinanced met all other Freddie Mac eligibility requirements in its Purchase Documents, including, but not limited to, requirements related to anti-predatory lending and Project eligibility for Mortgages secured by Condominium Units, or, if permitted by the Seller's Purchase Documents, Cooperative Share Mortgages.

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, except as specifically stated otherwise above.

Relief Refinance Mortgage – Same Servicer

The Relief Refinance Mortgage – Same Servicer must be originated by the Seller or an Affiliate of the Seller.

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 5/1, 7/1 or 10/1 fully amortizing ARM

The maximum LTV ratio of Relief Refinance Mortgages – Same Servicer must comply with the requirements in subparagraph (f) below.

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 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 Section 50(a)(6) Mortgages.

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.

Borrower benefit

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
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

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 settlement 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 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
  - A reduction in the monthly payment 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.

Change in Borrowers

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; or
- The remaining Borrower(s) qualifies for the Mortgage based on the requirements for Mortgages with a principal and interest payment increase in Section A24.3(h); or
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death

In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained.

Living Trusts

A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

Land trusts

Notwithstanding the requirements of Section 22.10(b), Mortgages secured by property in which the legal and equitable title is held by a land trust are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer.

(b) Mortgages ineligible for purchase as Relief Refinance Mortgages – Same Servicer

Relief Refinance Mortgages – Same Servicer must not be:

- ARMs having LTV ratios exceeding 105%
- 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 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 the Seller's proprietary affordable program
- Affordable Merit Rate® Mortgages
- Prepayment Penalty Mortgages
- Freddie Mac Relief Refinance Mortgages – Open Access
- Mortgages using an Automated Valuation Model (AVM) other than Home Value Explorer® to determine property value
- Seasoned Mortgages
- Mortgages that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations

(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
- Second homes
- 1- to 4-unit Investment Properties

The Mortgage being refinanced and the Relief Refinance Mortgage – Same Servicer do not have to represent the same occupancy.

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, except that the Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the Mortgage being refinanced

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 two 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: 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**.

The 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 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- or 2-unit dwelling
- The property must be an 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 the 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))
- The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Same Servicer and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- As of the Note Date of the Relief Refinance Mortgage – Same Servicer, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below
- 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

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 Two described below.

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.

- **Option Two: New appraisal**

The Seller must obtain a new appraisal that meets the requirements of the Seller's Purchase Documents.

The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply to super conforming Relief Refinance Mortgages – Same Servicer.

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.

- **Properties affected by disasters**

Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

- A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(e) Delivery Date requirement

This subsection has been deleted.

(f) Loan-to-value, total loan-to-value, and Home Equity Line of Credit total loan-to-value ratios

Regardless of any maximum LTV, total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios identified for specific offerings in the Guide or the 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, there is no maximum LTV ratio

- 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/source of income and Borrower Funds

(i) 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 the following:

- The Mortgage has not been delinquent in the most recent six months; and
- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months or if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

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 17.14 for Indicator Score delivery requirements).

(ii) Source of income and Borrower Funds

Except as stated below, at least one Borrower must have a source of income and verification of the income source is required.

- For employed income, a verbal verification of employment is required and must meet the requirements of Sections 37.20(b) and 37.22(a)
- For self-employed income, verification of existence of the business is required and must meet the requirements of Section 37.22(a)
- For income other than employed or self-employed income, verification of the source of income is required. The income source must be an eligible source of income under Chapter 37.

The Seller may verify reserves equal to 12 monthly payments of principal, interest, taxes and insurance (PITI) for the new refinance Mortgage in lieu of verifying an income source as stated above. Borrower Funds that can be used for reserves in this instance are limited to funds in the Borrower's depository and non-depository accounts, including but not limited to funds in the Borrower's depository and non-depository accounts, including, but not limited to, checking, savings, money market, stock, bond and retirement accounts. The Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) and 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). Non-depository accounts must meet the requirements of Section 26.5.

Except as set forth above and in Section A24.3(h), verification of funds is not required.

(h) Principal and interest payment increase/Higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs)

The requirements below must be met when:

(i) The principal and interest payment increases by more than 20% of the current contractually obligated payment under the Note. In the event that the Note provides for more than one payment option, the Seller must use the lowest payment option to determine whether the increase exceeds 20%. There is no limitation on the amount of the increase in the Borrower's principal and interest payment, or

(ii) A Relief Refinance Mortgage – Same Servicer is an HPCT with an Application Received Date on or after **January 10, 2014**

- A new credit report must be obtained
- The Mortgage must have a minimum Indicator Score of 620. If no Borrower has a usable Credit Score, the Mortgage does not have an Indicator Score and the Mortgage is not eligible for purchase as a Relief Refinance Mortgage – Same Servicer
- The Seller must verify Borrower Funds needed for closing. When using funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). All other asset types (other than depository or non-depository accounts) must meet Streamlined Accept documentation requirements in Section 37.22(b).
- The debt payment-to-income ("DTI") ratio must be calculated using the new credit report and verified income. The maximum DTI is 45%.
- When Hardest Hit Fund program funds are used in accordance with Section A24.3(l) and repayment of funds is required, the verified payment must be included in the monthly DTI ratio, unless repayment of funds is due only upon sale or default
- The Seller must verify the income source and amount and, at a minimum, meet the following documentation requirements:

Income sources	Minimum documentation requirements

Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.
Seasonal employment and unemployment compensation	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but Prior to the Delivery Date for seasonal employment; Or

	■ Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement
Retirement income **Survivor and dependent benefit income**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or

Long-term disability income **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(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

The Seller/Servicer 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.

(l) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Same Servicer, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

(m)Lender contributions

The following requirements are effective for Mortgages with Application Received Dates on or after **April 30, 2013**:

(i) The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the HUD-1 form or an equivalent settlement statement provided that:

- The amount of the contribution does not exceed $500.00; and
- No repayment is required

The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage – Same Servicer as described in Section A24.3(a).

(ii) The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that:

- The amount of the contribution does not exceed $2,000.00;
- No repayment is required; and
- The contribution is reflected on the HUD-1 form or an equivalent settlement statement

The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding $250.00, as required in Section A24.3(a).

As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions in Section A24.3(m)(i) and (ii) above.

A24.3: Requirements for Freddie Mac Relief Refinance Mortgages[SM] – Same Servicer (Future effective date 01/01/14)

The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates on or after November 19, 2012.

(a) Eligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Note Date on or before May 31, 2009
- Be serviced by the Seller, or an Affiliate of the Seller. The Mortgage originator of the Relief Refinance Mortgage[SM] – 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 following:
  - The Mortgage has not been 30 or more days delinquent in the most recent six months; and
  - The Mortgage has not been 30 or more days delinquent more than once 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 has:

- 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, it is eligible for refinancing provided the loan-to-value (LTV) ratio of the Relief Refinance Mortgage – Same Servicer is less than or equal to 80%. For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80%, the Seller must contact its Freddie Mac representative for additional instructions for eligibility and delivery of these Mortgages

  Mortgages sold to Freddie Mac through the 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.

Notwithstanding the requirements of Section 22.6(b)**,** Restructured Mortgages are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer**.** Such Relief Refinance Mortgages – Same Servicer are eligible to be delivered to Freddie Mac through a flow Purchase Contract.

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Same Servicer, provided the requirements of this chapter are met, including the Mortgage payment history requirements above. The current contractually-obligated payment terms under the Note, including the most recent modification of the Note, if any, must be used for the purpose of determining whether the Relief Refinance Mortgage – Same Servicer meets the Borrower benefit requirements below.

The Seller is not required to represent and warrant that the Mortgage being refinanced met the Freddie Mac eligibility requirements in its Purchase Documents related to the following:

- Borrower creditworthiness (credit reputation and capacity) and any other underwriting requirements
- Value, condition and marketability of the Mortgaged Premises

Additionally, in lieu of representing and warranting that the Mortgage being refinanced met Freddie Mac eligibility requirements related to fraud, the Seller represents and warrants that the Mortgage being refinanced by a Relief Refinance Mortgage – Same Servicer was not originated or sold pursuant to any scheme or pattern of fraud that involved two or more Mortgages and two or more perpetrators acting in common effort with respect to such Mortgages. For purposes of the foregoing, “fraud” is defined as a misstatement, misrepresentation or omission that cannot be corrected and that was relied upon by Freddie Mac to purchase the Mortgage being refinanced. For purposes of the foregoing, a “perpetrator” is an individual or entity involved in the origination or sale of the Mortgage or the related real estate transaction, including, but not limited to, a

mortgage broker, loan officer, appraiser, appraisal company, title or closing agent, or property seller, or the Borrower(s) acting in conjunction with one of the former.

The Seller is required to represent and warrant that the Mortgage being refinanced met all other Freddie Mac eligibility requirements in its Purchase Documents, including, but not limited to, requirements related to anti-predatory lending and Project eligibility for Mortgages secured by Condominium Units, or, if permitted by the Seller's Purchase Documents, Cooperative Share Mortgages.

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, except as specifically stated otherwise above.

Relief Refinance Mortgage – Same Servicer

The Relief Refinance Mortgage – Same Servicer must be originated by the Seller or an Affiliate of the Seller.

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 5/1, 7/1 or 10/1 fully amortizing ARM

The maximum LTV ratio of Relief Refinance Mortgages – Same Servicer must comply with the requirements in subparagraph (f) below.

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 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 Section 50(a)(6) Mortgages.

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.

Borrower benefit

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[SM] 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
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

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 settlement 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 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
  - A reduction in the monthly payment 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.

Change in Borrowers

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; or
- The remaining Borrower(s) qualifies for the Mortgage based on the requirements for Mortgages with a principal and interest payment increase in Section A24.3(h); or
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death

In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained.

Living Trusts

A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

Land trusts

Notwithstanding the requirements of Section 22.10(b), Mortgages secured by property in which the legal and equitable title is held by a land trust are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer.

(b) Mortgages ineligible for purchase as Relief Refinance Mortgages – Same Servicer

Relief Refinance Mortgages – Same Servicer must not be:

- ARMs having LTV ratios exceeding 105%
- 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 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 the Seller's proprietary affordable program
- Affordable Merit Rate® Mortgages
- Prepayment Penalty Mortgages
- Freddie Mac Relief Refinance Mortgages – Open Access
- Mortgages using an Automated Valuation Model (AVM) other than Home Value Explorer® to determine property value
- Seasoned Mortgages
- Mortgages that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations

(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
- Second homes
- 1- to 4-unit Investment Properties

The Mortgage being refinanced and the Relief Refinance Mortgage – Same Servicer do not have to represent the same occupancy.

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, except that the Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises for the Mortgage being refinanced

  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 two 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: 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**.

    The 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 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- or 2-unit dwelling
- The property must be an 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 the 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))
- The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Same Servicer and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- As of the Note Date of the Relief Refinance Mortgage – Same Servicer, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below
- 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

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 Two described below.

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.

- **Option Two: New appraisal**

  The Seller must obtain a new appraisal that meets the requirements of the Seller's Purchase Documents.

  The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

  The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

  Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

  When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply to super conforming Relief Refinance Mortgages – Same Servicer.

  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.

- **Properties affected by disasters**

  Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

  - A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or

appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(e) Delivery Date requirement

This subsection has been deleted.

(f) Loan-to-value, total loan-to-value, and Home Equity Line of Credit total loan-to-value ratios

Regardless of any maximum LTV, total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios identified for specific offerings in the Guide or the 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, there is no maximum LTV ratio
- 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/source of income and Borrower Funds

(i) 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 the following:

- The Mortgage has not been delinquent in the most recent six months; and

- The Mortgage has not been 30 days delinquent more than once in the most recent 12 months or if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

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 17.14 for Indicator Score delivery requirements).

(ii)Source of income and Borrower Funds

Except as stated below, at least one Borrower must have a source of income and verification of the income source is required.

- For employed income, a verbal verification of employment is required and must meet the requirements of Sections 37.20(b) and 37.22(a)

- For self-employed income, verification of existence of the business is required and must meet the requirements of Section 37.22(a)

- For income other than employed or self-employed income, verification of the source of income is required. The income source must be an eligible source of income under Chapter 37.

The Seller may verify reserves equal to 12 monthly payments of principal, interest, taxes and insurance (PITI) for the new refinance Mortgage in lieu of verifying an income source as stated above. Borrower Funds that can be used for reserves in this instance are limited to funds in the Borrower's depository and non-depository accounts, including but not limited to funds in the Borrower's depository and non-depository accounts, including, but not limited to, checking, savings, money market, stock, bond and retirement accounts. The Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) and 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). Non-depository accounts must meet the requirements of Section 26.5.

Except as set forth above and in Section A24.3(h), verification of funds is not required.

(h) Principal and interest payment increase/Higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs)

The requirements below must be met when:

(i) The principal and interest payment increases by more than 20% of the current contractually obligated payment under the Note. In the event that the Note provides for more than one payment option, the Seller must use the lowest payment option to determine whether the increase exceeds 20%. There is no limitation on the amount of the increase in the Borrower's principal and interest payment, or

(ii) A Relief Refinance Mortgage – Same Servicer is an HPCT with an Application Received Date on or after **January 10, 2014**

- A new credit report must be obtained
- The Mortgage must have a minimum Indicator Score of 620. If no Borrower has a usable Credit Score, the Mortgage does not have an Indicator Score and the Mortgage is not eligible for purchase as a Relief Refinance Mortgage – Same Servicer
- The Seller must verify Borrower Funds needed for closing. When using funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds). All other asset types (other than depository or non-depository accounts) must meet Streamlined Accept documentation requirements in Section 37.22(b).
- The debt payment-to-income ("DTI") ratio must be calculated using the new credit report and verified income. The maximum DTI is 45%.
- When Hardest Hit Fund program funds are used in accordance with Section A24.3(l) and repayment of funds is required, the verified payment must be included in the monthly DTI ratio, unless repayment of funds is due only upon sale or default
- The Seller must verify the income source and amount and, at a minimum, meet the following documentation requirements:

Income sources	Minimum documentation requirements
Employment income (primary or secondary) **Bonus** **Overtime**	Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and Verbal VOE obtained either no more than 10

Tip income **Automobile allowance**	Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or Complete individual federal tax returns covering the most recent one-year period; And Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.
Seasonal employment and unemployment compensation	YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but Prior to the Delivery Date for seasonal employment; Or Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment

Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: A paystub or a written VOE documenting pre-leave income; and A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	Complete signed individual federal tax return for the most recent year; and Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement

Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	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; or Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(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

The Seller/Servicer 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.

(l) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Same Servicer, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

(m) Lender contributions

The following requirements are effective for Mortgages with Application Received Dates on or after **April 30, 2013**:

(i) The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the HUD-1 form or an equivalent settlement statement provided that:

- The amount of the contribution does not exceed $500.00; and
- No repayment is required

The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage – Same Servicer as described in Section A24.3(a).

(ii) The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that:

- The amount of the contribution does not exceed $2,000.00;
- No repayment is required; and

- The contribution is reflected on the HUD-1 form or an equivalent settlement statement

The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding $250.00, as required in Section A24.3(a).

As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions in Section A24.3(m)(i) and (ii) above.

A24.4: Delivery and pooling requirements (11/15/13)

I. The requirements below are effective for Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios greater than 80% and Application Received Dates **prior to** November 19, 2012. See Section C24.4 for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80% and Application Received Dates prior to November 19, 2012.

See **Section A24.4II** below for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

(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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing
  - Servicing Released Sales Process

  More information regarding Mortgages eligible for sale under the Servicing Released Sales Process can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**.

- Weighted Average Coupon (WAC) 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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

  Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(c) Delivery programs for fixed-rate Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 125%

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% must be sold only under:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

  Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(d) Mortgage data delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer, the Seller must deliver the following ULDD Data Points, in addition to the applicable ULDD Data Points set forth in Chapter 17. Refer to Section 17.3 for information related to the organization of the delivery requirements set forth in the tables below.

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – At Closing → Underwriting / Credit Information			
→Loan Details			
315	Loan Purpose Type	Refinance	
294	Refinance Cash Out Determination Type	No Cash Out	
→ Streamlined Loan Details			
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	This is the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
→Additional Underwriting Details			
291	Total Monthly Income Amount		If less than or equal to a 20% principal and interest (P&I) increase, insert the monthly amount of Stated Income. If greater than a 20% P&I increase, insert documented monthly income. Enter the aggregate of the stable monthly income as defined in Section 37.13 for each qualified Borrower.
LOAN – Current			
→ Product Details			
451	Refinance Program Identifier	Relief Refinance Same Servicer	
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
413/414	MI Company Name Type/ MI Company Name Type Other Description (In the Selling System,	CMG Essent Genworth MGIC PMI Radian	Enter a valid insurer from Exhibit 10. For Relief Refinance Mortgages – Same Servicer requiring mortgage

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
	this appears as "MI Company Name Type.")	RMIC Triad UGI Other – Amerin Other – CAHLIF Other – CMGPreSep94 Other – Commonwealth Other – MIF Other – RMIC-NC Other – Verex Other –WiscMtgAssr The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: CMG Essent Genworth MGIC PMI Radian RMIC Triad UGI Other – CAHLIF Other – CMGPreSep94 Other – MIF Other – RMIC-NC	insurance in accordance with Section A24.3.
412	MI Certificate Identifier		Enter the certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Same Servicer or the replacement certificate number.

416	MI Coverage Percent		If the Mortgage being refinanced has mortgage insurance, enter the same percentage of loss coverage.
PROPERTY			
→ Property Information → Condominium Details			
42	Project Classification Identifier	Exempt From Review	Enter "Exempt From Review" for Relief Refinance Mortgages – Same Servicer.
41	Project Attachment Type	Attached Detached	If project contains a mix of attached and detached, enter the predominant type. If the data is not available and the subject loan is a Relief Refinance Mortgage, enter "Attached." For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
43/44	Project Design Type/Project Design Type Other Description *(In the Selling System, this appears as "Project Design Type.")*	Garden Project	Enter "Garden Project" regardless of the number of stories. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
45	Project Dwelling Unit Count	1	Enter "1" regardless of the number of units. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
46	Project Dwelling Units Sold Count	1	Enter "1" regardless of the number of units sold. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

When delivering Relief Refinance Mortgages – Same Servicer with the value of the Mortgaged Premises determined using a point value estimate from Home Value Explorer® (HVE), the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Originated using Home Value Explorer			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89	Property Valuation Method Type	Automated Valuation Model	
83	Property Valuation Amount		Enter the point value estimate provided by HVE.
84	Property Valuation Effective Date		Enter the effective date of the most recent point value estimate.
80	AVM Model Name Type	Home Value Explorer	
LOAN - Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H03	

When delivering Relief Refinance Mortgages – Same Servicer with an Affordable Second, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with an Affordable Second			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	583	

(e) Special mortgage insurance delivery requirements

For Relief Refinance Mortgages – Same Servicer, the Seller must complete the ULDD Data Point *MI Company Name Type* only if the Mortgage has mortgage insurance coverage. For such Mortgages, the Seller must deliver the mortgage insurance company name that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in the ULDD Data Point *MI Company Name Type*, as well as completing the other mortgage insurance-related ULDD Data Points.

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 insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "Triad."

Republic Mortgage Insurance Co. and RMIC of North Carolina (collectively, "RMIC")

If the Mortgage being refinanced has a certificate of insurance from RMIC, 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 RMIC mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name* Type "RMIC."

PMI Mortgage Insurance Co. and its Freddie Mac-approved wholly-owned subsidiaries (collectively, "PMI")

If the Mortgage being refinanced has a certificate of insurance from PMI and the existing coverage is continued through modification of the existing mortgage insurance certificate, that coverage may be maintained for the Relief Refinance Mortgage – Same Servicer and the Relief Refinance Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Same Servicer with PMI mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "PMI."

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 must deliver the following ULDD Data Points:

Loan Data Required for Relief Refinance Mortgage – Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – Current→ Origination Information			
→ Mortgage Insurance Information → Mortgage Insurance Details			
429/430	Primary MI Absence Reason Type/ Primary MI Absence Reason Type Other Description (In the Selling System, this appears as "Primary MI Absence Reason Type.")	Other - No MI Based on Mortgage Being Refinanced	Enter "No MI Based On Mortgage Being Refinanced" for Relief Refinance Mortgages – Same Servicer, if applicable.

(f) Delivery of Mortgages with recourse or indemnification

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer where the Mortgage being refinanced had recourse as described in Section A24.3(k):

- The Seller must insert "001" (indicating the Mortgage is sold with recourse) in the ULDD Data Point *Investor Feature Identifier*, 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 had indemnification as described in Section A24.3(k):

- The Seller must insert "033" (indicating the Mortgage is sold with indemnification) in the ULDD Data Point *Investor Feature Identifier*, 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 need not provide ULDD Data Point *Investor Feature Identifiers* “001” or “033” indicating 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.

(g) 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%:

- 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%.

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.

- The Seller 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%: select ">115%"

The Seller should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(h) 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.

The Seller 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%.

The Seller 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.

The Seller should refer to Exhibit 17S, Available Mortgage Products, 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.

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios greater than 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than 125%. Instead, the Mortgages must be pooled in PC Pools with a prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 125%. 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 125%.

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 for more information about eligibility and coding requirements for Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% which are sold under the fixed-rate Guarantor program through the Selling System.

(i) 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.

The Seller 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.

II. The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012.

(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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing
  - Servicing Released Sales Process

More information regarding Mortgages eligible for sale under the Servicing Released Sales Process can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**.

- Weighted Average Coupon (WAC) 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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(c) Delivery programs for fixed-rate Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 125%

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% must be sold only under:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

  Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(d) Mortgage data delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer, the Seller must deliver the following ULDD Data Points, in addition to the applicable ULDD Data Points set forth in Chapter 17. Refer to Section 17.3 for information related to the organization of the delivery requirements set forth in the tables below.

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – At Closing → Underwriting / Credit Information			
→Loan Details			
315	Loan Purpose Type	Refinance	
294	Refinance Cash Out Determination Type	No Cash Out	
→ Streamlined Loan Details			
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	This is the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
→Additional Underwriting Details			
291	Total Monthly Income Amount		If less than or equal to a 20% principal and interest (P&I) increase, insert the monthly amount of Stated Income. If greater than a 20% P&I increase, insert documented monthly income. For all higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) with Application Received Dates on or after **January 10, 2014**, insert documented monthly income. Enter the aggregate of the stable monthly income as defined in Section 37.13 for each qualified Borrower.
LOAN – Current			

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
→ Product Details			
451	Refinance Program Identifier	Relief Refinance Same Servicer	For Relief Refinance Mortgages that are also Texas Equity Section 50(a)(6) Mortgages, enter "Relief Refinance Same Servicer."
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
413/414	MI Company Name Type/ MI Company Name Type Other Description (In the Selling System, this appears as "MI Company Name Type.")	CMG Essent Genworth MGIC PMI Radian RMIC Triad UGI Other – Amerin Other – CAHLIF Other – CMGPreSep94 Other – Commonwealth Other – MIF Other – RMIC-NC Other – Verex Other –WiscMtgAssr The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: CMG Essent Genworth MGIC PMI Radian RMIC	Enter a valid insurer from Exhibit 10. For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% requiring mortgage insurance in accordance with Section A24.3.

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
		Triad UGI Other – CAHLIF Other – CMGPreSep94 Other – MIF Other – RMIC-NC	
412	MI Certificate Identifier		Enter the certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Same Servicer or the replacement certificate number.
416	MI Coverage Percent		If the Mortgage being refinanced has mortgage insurance and the LTV ratio of the Relief Refinance Mortgage – Same Servicer is greater than 80%, enter the same percentage of loss coverage.
PROPERTY			
→ Property Information → Condominium Details			
42	Project Classification Identifier	Exempt From Review	Enter "Exempt From Review" for Relief Refinance Mortgages – Same Servicer.
41	Project Attachment Type	Attached Detached	If project contains a mix of attached and detached, enter the predominant type. If the data is not available and the subject loan is a Relief Refinance Mortgage, enter “Attached.” For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

43/44	Project Design Type/Project Design Type Other Description *(In the Selling System, this appears as "Project Design Type.")*	Garden Project	Enter "Garden Project" regardless of the number of stories. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
45	Project Dwelling Unit Count	1	Enter "1" regardless of the number of units. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
46	Project Dwelling Units Sold Count	1	Enter "1" regardless of the number of units sold. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

When delivering Relief Refinance Mortgages – Same Servicer with the value of the Mortgaged Premises determined using a point value estimate from Home Value Explorer® (HVE), the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Originated using Home Value Explorer			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89	Property Valuation Method Type	Automated Valuation Model	
83	Property Valuation Amount		Enter the point value estimate provided by HVE.
84	Property Valuation Effective Date		Enter the effective date of the most recent point value estimate.
80	AVM Model Name Type	Home Value Explorer	
LOAN - Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H03	

When delivering Relief Refinance Mortgages – Same Servicer with an Affordable Second, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with an Affordable Second			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	583	

(e) Special mortgage insurance delivery requirements

For Relief Refinance Mortgages – Same Servicer, the Seller must complete the ULDD Data Point *MI Company Name Type* only if the Mortgage has mortgage insurance coverage. For such Mortgages, the Seller must deliver the mortgage insurance company name that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in the ULDD Data Point *MI Company Name Type*, as well as completing the other mortgage insurance-related ULDD Data Points.

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 insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "Triad."

Republic Mortgage Insurance Co. and RMIC of North Carolina (collectively, "RMIC")

If the Mortgage being refinanced has a certificate of insurance from RMIC, 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 RMIC mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name* Type "RMIC."

PMI Mortgage Insurance Co. and its Freddie Mac-approved wholly-owned subsidiaries (collectively, "PMI")

If the Mortgage being refinanced has a certificate of insurance from PMI and the existing coverage is continued through modification of the existing mortgage insurance certificate, that coverage may be maintained for the Relief Refinance Mortgage – Same Servicer and the Relief Refinance Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Same Servicer

with PMI mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "PMI."

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 must deliver the following ULDD Data Points:

Loan Data Required for Relief Refinance Mortgage – Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – Current→ Origination Information			
→ Mortgage Insurance Information → Mortgage Insurance Details			
429/430	Primary MI Absence Reason Type/ Primary MI Absence Reason Type Other Description (In the Selling System, this appears as "Primary MI Absence Reason Type.")	Other - No MI Based on Mortgage Being Refinanced	Enter "No MI Based On Mortgage Being Refinanced" for Relief Refinance Mortgages – Same Servicer, if applicable.

(f) Delivery of Mortgages with recourse or indemnification

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer where the Mortgage being refinanced had recourse as described in Section A24.3(k):

- The Seller must insert "001" (indicating the Mortgage is sold with recourse) in the ULDD Data Point *Investor Feature Identifier*, 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 had indemnification as described in Section A24.3(k):

- The Seller must insert "033" (indicating the Mortgage is sold with indemnification) in the ULDD Data Point *Investor Feature Identifier*, 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 need not provide ULDD Data Point *Investor Feature Identifiers* "001" or "033" indicating 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.

(g) 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%:

- 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%.

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.

- The Seller 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%: select ">115%"

The Seller should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(h) 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.

The Seller 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%.

The Seller 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.

The Seller should refer to Exhibit 17S, Available Mortgage Products, 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.

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios greater than 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than 125%. Instead, the Mortgages must be pooled in PC Pools with a prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 125%. 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 125%.

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 for more information about eligibility and coding requirements for Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% which are sold under the fixed-rate Guarantor program through the Selling System.

(i) 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.

The Seller 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.

A24.4: Delivery and pooling requirements (Future effective date 01/01/14)

The requirements below are effective for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012.

(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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing
  - Servicing Released Sales Process

More information regarding Mortgages eligible for sale under the Servicing Released Sales Process can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**.

- Weighted Average Coupon (WAC) 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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(c) Delivery programs for fixed-rate Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 125%

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% must be sold only under:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(d) Mortgage data delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer, the Seller must deliver the following ULDD Data Points, in addition to the applicable ULDD Data Points set forth in Chapter 17. Refer to Section 17.3 for information related to the organization of the delivery requirements set forth in the tables below.

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – At Closing → Underwriting / Credit Information			
→Loan Details			
315	Loan Purpose Type	Refinance	
294	Refinance Cash Out Determination Type	No Cash Out	
→ Streamlined Loan Details			

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	This is the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
→Additional Underwriting Details			
291	Total Monthly Income Amount		If less than or equal to a 20% principal and interest (P&I) increase, insert the monthly amount of Stated Income. If greater than a 20% P&I increase, insert documented monthly income. For all higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) with Application Received Dates on or after **January 10, 2014**, insert documented monthly income. Enter the aggregate of the stable monthly income as defined in Section 37.13 for each qualified Borrower.
LOAN – Current			
→ Product Details			
451	Refinance Program Identifier	Relief Refinance Same Servicer	For Relief Refinance Mortgages that are also Texas Equity Section 50(a)(6) Mortgages, enter "Relief Refinance Same Servicer."
→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
413/414	MI Company Name Type/ MI Company Name Type Other Description (In the Selling System, this appears as "MI	▪ CMG ▪ Essent ▪ Genworth ▪ MGIC ▪ PMI ▪ Radian ▪ RMIC	Enter a valid insurer from Exhibit 10. For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% requiring

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
	Company Name Type.”)	▪ Triad ▪ UGI ▪ Other – Amerin ▪ Other – CAHLIF ▪ Other – CMGPreSep94 ▪ Other – Commonwealth ▪ Other – MIF ▪ Other – RMIC-NC ▪ Other – Verex ▪ Other – WiscMtgAssr The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: ▪ CMG ▪ Essent ▪ Genworth ▪ MGIC ▪ PMI ▪ Radian ▪ RMIC ▪ Triad ▪ UGI ▪ Other – CAHLIF ▪ Other – CMGPreSep94 ▪ Other – MIF ▪ Other – RMIC-NC	mortgage insurance in accordance with Section A24.3.
412	MI Certificate Identifier		Enter the certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Same Servicer or the replacement certificate number.
416	MI Coverage Percent		If the Mortgage being refinanced has mortgage insurance and the

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
			LTV ratio of the Relief Refinance Mortgage – Same Servicer is greater than 80%, enter the same percentage of loss coverage.
PROPERTY			
→ Property Information → Condominium Details			
42	Project Classification Identifier	Exempt From Review	Enter "Exempt From Review" for Relief Refinance Mortgages – Same Servicer.
41	Project Attachment Type	▪ Attached ▪ Detached	If project contains a mix of attached and detached, enter the predominant type. If the data is not available and the subject loan is a Relief Refinance Mortgage, enter "Attached." For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
43/44	Project Design Type/Project Design Type Other Description *(In the Selling System, this appears as "Project Design Type.")*	Garden Project	Enter "Garden Project" regardless of the number of stories. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
45	Project Dwelling Unit Count	1	Enter "1" regardless of the number of units. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
46	Project Dwelling Units Sold Count	1	Enter "1" regardless of the number of units sold. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
			is not required.

When delivering Relief Refinance Mortgages – Same Servicer with the value of the Mortgaged Premises determined using a point value estimate from Home Value Explorer® (HVE), the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Originated using Home Value Explorer			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89	Property Valuation Method Type	Automated Valuation Model	
83	Property Valuation Amount		Enter the point value estimate provided by HVE.
84	Property Valuation Effective Date		Enter the effective date of the most recent point value estimate.
80	AVM Model Name Type	Home Value Explorer	
LOAN - Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H03	

When delivering Relief Refinance Mortgages – Same Servicer with an Affordable Second, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with an Affordable Second			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	583	

(e) Special mortgage insurance delivery requirements

For Relief Refinance Mortgages – Same Servicer, the Seller must complete the ULDD Data Point *MI Company Name Type* only if the Mortgage has mortgage insurance coverage. For such Mortgages, the Seller must deliver the mortgage insurance company name that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in the ULDD Data Point *MI Company Name Type*, as well as completing the other mortgage insurance-related ULDD Data Points.

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 insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "Triad."

Republic Mortgage Insurance Co. and RMIC of North Carolina (collectively, "RMIC")

If the Mortgage being refinanced has a certificate of insurance from RMIC, 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 RMIC mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name* Type "RMIC."

PMI Mortgage Insurance Co. and its Freddie Mac-approved wholly-owned subsidiaries (collectively, "PMI")

If the Mortgage being refinanced has a certificate of insurance from PMI and the existing coverage is continued through modification of the existing mortgage insurance certificate, that coverage may be maintained for the Relief Refinance Mortgage – Same Servicer and the Relief Refinance Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Same Servicer with PMI mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "PMI."

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 must deliver the following ULDD Data Points:

Loan Data Required for Relief Refinance Mortgage – Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – Current→ Origination Information			
→ Mortgage Insurance Information → Mortgage Insurance Details			
429/430	Primary MI Absence Reason Type/ Primary MI Absence Reason Type Other Description (In the Selling System, this appears as "Primary MI Absence Reason	Other - No MI Based on Mortgage Being Refinanced	Enter "No MI Based On Mortgage Being Refinanced" for Relief Refinance Mortgages – Same Servicer, if applicable.

Loan Data Required for Relief Refinance Mortgage – Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
	Type.”)		

(f) Delivery of Mortgages with recourse or indemnification

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer where the Mortgage being refinanced had recourse as described in Section A24.3(k):

- The Seller must insert "001" (indicating the Mortgage is sold with recourse) in the ULDD Data Point *Investor Feature Identifier*, 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 had indemnification as described in Section A24.3(k):

- The Seller must insert "033" (indicating the Mortgage is sold with indemnification) in the ULDD Data Point *Investor Feature Identifier*, 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 need not provide ULDD Data Point *Investor Feature Identifiers* “001” or “033” indicating 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.

(g) 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%:

- 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%.

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.

- The Seller 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%: select ">115%"

The Seller should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(h) 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.

The Seller 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%.

The Seller 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.

The Seller should refer to Exhibit 17S, Available Mortgage Products, 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.

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios greater than 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than 125%. Instead, the Mortgages must be pooled in PC Pools with a prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 125%. 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 125%.

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 for more information about eligibility and coding requirements for Relief Refinance Mortgages – Same Servicer having LTV ratios greater than 125% which are sold under the fixed-rate Guarantor program through the Selling System.

(i) 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.

The Seller 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 (07/19/13)

(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, delivery fee rates and delivery fee caps.

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 which are sold under fixed-rate Cash, Freddie Mac may apply a cash adjustor. The cash adjustor values will be provided in the Freddie Mac Selling System ("Selling System") and may change at any time at Freddie Mac's discretion. The cash adjustor values are determined as of the commitment date. Because the cash adjustor value will not be included in the contract product price at time of commitment, it must be applied by the Seller to a particular Mortgage at commitment.

Freddie Mac will net the cash adjustor amount against the contract product price displayed in the Selling System once the Seller allocates a Mortgage to the contract.

A24.6: Related provisions (08/20/13)

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 Mortgages under the Fixed-rate Guarantor or MultiLender Swap Programs	Chapter 13
Pooling and Disclosure requirements for ARMs under the Weighted Average Coupon ARM Guarantor Program	Chapter A13
Mortgage Delivery Instructions	Chapter 17

Indicator Score delivery requirements	Section 17.14
Special requirements for Mortgages with principal curtailments	Section 17.40
Higher-Priced Mortgage Loans (HPMLs)	Section 22.35
Maximum original loan amounts for Home Mortgage purchase	Section 23.3
Section 50(a)(6) Texas Equity Mortgages	Section 24.8
Special eligibility requirements for ARMs	Chapter 30
Credit Scores	Section 37.5
Documenting and delivering Underwriting and Indicator Scores	Section 37.5(f)
Streamlined Accept Documentation requirements	Sections 37.22(a) and 37.22(b)
Maximum original loan amounts for super conforming Mortgages	Section L33.2
Available Mortgage Products	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 (05/15/13)

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:

- Have Application Received Dates on or after December 1, 2011 and on or before December 31, 2015
- Have Settlement Dates no more than 12 months after the Note Date and on or before September 30, 2016

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 or Freddie Mac Relief Refinance Mortgages – Same Servicer

B24.2: Eligibility requirements, eligible Mortgages and ineligible Mortgages (10/27/13)

(a) Eligibility of the Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Note 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)

Notwithstanding the requirements of Section 22.6(b) Restructured Mortgages are eligible to be refinanced as Relief Refinance Mortgages – Open Access. Such Relief Refinance Mortgages – Open Access are eligible to be delivered to Freddie Mac through a flow Purchase Contract.

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Open Access, provided the requirements of this chapter are met. The current contractually-obligated payment terms under the Note, including the most recent modification of the Note, if any, must be used for the purpose of determining whether the Relief Refinance Mortgage – Open Access meets the Borrower benefit requirements below.

If the Mortgage being refinanced has mortgage insurance or pool 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 has recourse, indemnification or another negotiated credit enhancement, it is ineligible for refinancing as a Relief Refinance Mortgage – Open Access.

(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 5/1, 7/1 or 10/1 fully amortizing ARM

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.

For Mortgages secured by second homes and Investment Properties, the requirements related to the number of financed properties in Sections 22.22(b)(2) and 22.22.1(c) respectively, do not apply.

Cooperative Share Mortgages must meet the requirements of the Seller's Purchase Documents and this chapter.

For Mortgages secured by Condominium Units, the Seller is not required to evaluate if the Condominium Project meets the project eligibility requirements set forth in Chapter 42, provided that:

- The Seller represents and warrants that the project is not located in a Hotel/Resort Project, houseboat project, timeshare project, or a project with fragmented or segmented ownership; and

- The project has insurance that meets the applicable insurance requirements of Chapter 58

(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

- A Borrower(s) may be added to the Note of the Relief Refinance Mortgage – Open Access, except that a non-occupying Borrower may not be added to a Mortgage secured by a Primary Residence

In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained.

Living Trusts

A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a

Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

(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
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

There is no limitation on the amount of the increase in the Borrower's principal and interest payment.

(d) Ineligible Relief Refinance Mortgage – Open Access

Relief Refinance Mortgages – Open Access must not be:

- ARMs having LTV ratios exceeding 105%
- 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 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 the Seller's proprietary affordable program
- Affordable Merit Rate® Mortgages
- Mortgages submitted to any other automated underwriting system excluding Loan Prospector
- Prepayment Penalty Mortgages
- Mortgages with original loans amounts greater than $1,000,000
- Mortgages using an Automated Valuation Model (AVM) other than Home Value Explorer® to determine property value
- Seasoned Mortgages

- Mortgages that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations

B24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Open Access (11/15/13)

I. The requirements below are effective for Mortgages with Application Received Dates **prior to** November 19, 2012. See **Section B24.3II** below for requirements for Mortgages with Application Received Dates **on or after** November 19, 2012.

(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 Guide or Seller's other Purchase Documents:

- There is no maximum LTV ratio for fixed-rate Relief Refinance Mortgages – Open Access
- 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

For Mortgages with LTV ratios less than or equal to 80%, 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
- Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the Relief Refinance Mortgage – Open Access or $2,000, whichever is less

For Mortgages with LTV ratios greater than 80%, 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

For all Relief Refinance Mortgages – Open Access, in the event there are remaining proceeds from the 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 Relief Refinance Mortgage – Open Access at closing and must be clearly reflected on the HUD-1 form or other equivalent settlement statement.

Under no circumstances may cash disbursed to the Borrower (or any other payee) exceed the maximum permitted for the Relief Refinance Mortgage – Open Access.

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 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
  - A reduction in the monthly payment 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.

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.

For each Loan Prospector Mortgage delivered to Freddie Mac, the Seller is required to include the Key Number in the ULDD Data Point *Automated Underwriting Case Identifier.* A Mortgage delivered without a Key Number will be considered a non-Loan Prospector Mortgage.

(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.

(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 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.

Manually Underwritten Relief Refinance Mortgages – Open Access must, at a minimum, meet the income and asset documentation requirements of this chapter.

Refer to Section 37.5(f) for Indicator Score delivery requirements.

(e) Stable monthly income and asset qualification sources and monthly debt payment-to-income ratio

Notwithstanding the requirements in Section 37.13, the Seller is not required to establish a minimum history of receiving income or make a determination that the income can be expected to continue for at least the next three years in order to use the income for qualifying, provided the Seller documents and calculates the income using, at a minimum, documentation required in Section B24.3(f). The requirements of Section 37.13 do not apply to Relief Refinance Mortgages – Open Access, except when using assets as a basis for Mortgage qualification, the Seller must comply with the requirements of Section 37.13(e).

For Loan Prospector 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.

(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.

(i) Income documentation information

All income used for qualifying must, at a minimum, be documented as follows in lieu of meeting Streamlined Accept or Standard Documentation requirements in Sections 37.22 and 37.23, except as specifically stated below, and regardless of the Documentation Level returned by Loan Prospector:

Income sources	Minimum documentation requirements
Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.
Seasonal employment and	■ YTD paystub, salary voucher or written VOE

unemployment compensation	documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date for seasonal employment; Or ■ Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement

Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or ■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(ii) Asset documentation information

When verifying funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. For the Borrower's depository and non-depository accounts, the Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds).

All other asset types (other than depository and non-depository accounts) must meet the Streamlined Accept documentation requirements in Section 37.22(b).

(g) Property valuation requirements

With respect to the determination of property value for a Relief Refinance Mortgage – Open Access, the Seller has the two 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.

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.

- **Option One: Home Value Explorer®**

  Home Value Explorer (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.

  The Seller may determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer. For detailed information on HVE, visit **http://www.freddiemac.com/hve/hve.html**.

  The 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 – Open Access 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 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 – Open Access:

  - The property must be a 1- or 2-unit dwelling
  - The property must be an 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 the 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))
- The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Open Access and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- As of the Note Date of the Relief Refinance Mortgage – Open Access, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 – Open Access, 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below
- 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

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 Two described below.

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 B24.4.

- **Option Two: New appraisal**

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding

the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply for super conforming Relief Refinance Mortgages – Open Access.

- **Properties affected by disasters**

  Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

  - A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

  This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(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

The Seller/Servicer 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.

(i) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Open Access, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

When repayment of HHF program funds is required, the verified payment must be included in the monthly debt payment-to-income ratio, unless repayment of funds is due only upon sale or default.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

II. The requirements below are effective for Mortgages with Application Received Dates **on or after** November 19, 2012.

(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 Guide or Seller's other Purchase Documents:

- There is no maximum LTV ratio for fixed-rate Relief Refinance Mortgages – Open Access
- 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

For Relief Refinance Mortgages – Open Access, in the event there are remaining proceeds from the 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 Relief Refinance Mortgage – Open Access at closing and must be clearly reflected on the HUD-1 form or other equivalent settlement statement.

Under no circumstances may cash disbursed to the Borrower (or any other payee) 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 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
- A reduction in the monthly payment 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.

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.

For each Loan Prospector Mortgage delivered to Freddie Mac, the Seller is required to include the Key Number in the ULDD Data Point *Automated Underwriting Case Identifier.* A Mortgage delivered without a Key Number will be considered a non-Loan Prospector Mortgage.

(i) Loan Prospector Accept and A-minus Mortgages

Except for Relief Refinance Mortgages – Open Access that are higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs) with Application Received Dates on or after **January 10, 2014**, 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.

For Relief Refinance Mortgages – Open Access that are HPCTs with Application Received Dates on or after **January 10, 2014**, the Borrower's credit reputation is acceptable if:

- The Mortgage receives a Risk Class of Accept and has a minimum Indicator Score of 620, or

- The Mortgage receives a Risk Class of Caution, with an evaluation status of eligible for A-minus and has a minimum Indicator Score of 620. For all A-Minus Mortgages, the requirements in Chapter C33 must be met.

Regardless of the Risk Class, for HPCTs with Application Received Dates on or after **January 10, 2014**, the Seller must ensure that the minimum Indicator Score requirement is met.

(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 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.

Manually Underwritten Relief Refinance Mortgages – Open Access must, at a minimum, meet the income and asset documentation requirements of this chapter.

Refer to Section 37.5(f) for Indicator Score delivery requirements.

(e) Stable monthly income and asset qualification sources and monthly debt payment-to-income ratio

Notwithstanding the requirements in Section 37.13, the Seller is not required to establish a minimum history of receiving income or make a determination that the income can be expected to continue for at least the next three years in order to use the income for qualifying, provided the Seller documents and calculates the income using, at a minimum, documentation required in Section B24.3(f). The requirements of Section 37.13 do not apply to Relief Refinance Mortgages – Open Access, except when using assets as a basis for Mortgage qualification, the Seller must comply with the requirements of Section 37.13(e).

For Loan Prospector 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, provided the Mortgage is not an HPCT with an Application Received Date on or after **January 10, 2014**.

- For Accept Mortgages and A-minus Mortgages that are HPCTs with Application Received Dates on or after **January 10, 2014,** the Seller must ensure that the debt payment-to-income ratio is not greater than 45% regardless of the Risk Class.

For Caution Mortgages that are Manually Underwritten Mortgages, the debt payment-to-income ratio must be underwritten in accordance with Section 37.16.

(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.

(i) Income documentation information

All income used for qualifying must, at a minimum, be documented as follows in lieu of meeting Streamlined Accept or Standard Documentation requirements in Sections 37.22 and 37.23, except as specifically stated below, and regardless of the Documentation Level returned by Loan Prospector:

Income sources	Minimum documentation requirements

Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.
Seasonal employment and unemployment compensation	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date for seasonal employment; Or ■ Evidence of current receipt and amount of unemployment compensation and evidence

	that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement
Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or ■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income

payments **Public assistance income** **Foster care income**	
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(ii) Asset documentation information

When verifying funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. For the Borrower's depository and non-depository accounts, the Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds).

All other asset types (other than depository and non-depository accounts) must meet the Streamlined Accept documentation requirements in Section 37.22(b).

(g) Property valuation requirements

With respect to the determination of property value for a Relief Refinance Mortgage – Open Access, the Seller has the two 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.

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.

- **Option One: Home Value Explorer®**

  Home Value Explorer (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.

  The Seller may determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer. For detailed information on HVE, visit **http://www.freddiemac.com/hve/hve.html**.

  The 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 – Open Access 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 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 – Open Access:

  - The property must be a 1- or 2-unit dwelling
  - The property must be an 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 the 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))
  - The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Open Access and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.

- As of the Note Date of the Relief Refinance Mortgage – Open Access, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 – Open Access, 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below

- 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

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 Two described below.

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 B24.4.

- **Option Two: New appraisal**

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an “as-is” basis; the appraisal does not have to be completed “subject to” needed repairs being completed.

The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply for super conforming Relief Refinance Mortgages – Open Access.

- **Properties affected by disasters**

  Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

  - A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

  This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(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

The Seller/Servicer 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.

(i) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Open Access, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

When repayment of HHF program funds is required, the verified payment must be included in the monthly debt payment-to-income ratio, unless repayment of funds is due only upon sale or default.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

(j) Lender contributions

The following requirements are effective for Mortgages with Application Received Dates on or after **April 30, 2013**:

(i) The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the HUD-1 form or an equivalent settlement statement provided that:

- The amount of the contribution does not exceed $500.00; and
- No repayment is required

The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage – Open Access as described in Section B24.3(b).

(ii) The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that:

- The amount of the contribution does not exceed $2,000.00;
- No repayment is required; and
- The contribution is reflected on the HUD-1 form or an equivalent settlement statement

The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding $250.00, as required in Section B24.3(b).

As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions in Section B24.3(j)(i) and (ii) above.

B24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Open Access (Future effective date 01/01/14)

The requirements below are effective for Mortgages with Application Received Dates **on or after** November 19, 2012.

(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 Guide or Seller's other Purchase Documents:

- There is no maximum LTV ratio for fixed-rate Relief Refinance Mortgages – Open Access
- 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

For Relief Refinance Mortgages – Open Access, in the event there are remaining proceeds from the 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 Relief Refinance Mortgage – Open Access at closing and must be clearly reflected on the HUD-1 form or other equivalent settlement statement.

Under no circumstances may cash disbursed to the Borrower (or any other payee) 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 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
  - A reduction in the monthly payment 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.

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.

For each Loan Prospector Mortgage delivered to Freddie Mac, the Seller is required to include the Key Number in the ULDD Data Point *Automated Underwriting Case Identifier.* A Mortgage delivered without a Key Number will be considered a non-Loan Prospector Mortgage.

(i) Loan Prospector Accept and A-minus Mortgages

Except for Relief Refinance Mortgages – Open Access that are higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs) with Application Received Dates on or after **January 10, 2014**, 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.

For Relief Refinance Mortgages – Open Access that are HPCTs with Application Received Dates on or after **January 10, 2014**, the Borrower's credit reputation is acceptable if:

- The Mortgage receives a Risk Class of Accept and has a minimum Indicator Score of 620, or
- The Mortgage receives a Risk Class of Caution, with an evaluation status of eligible for A-minus and has a minimum Indicator Score of 620. For all A-Minus Mortgages, the requirements in Chapter C33 must be met.

Regardless of the Risk Class, for HPCTs with Application Received Dates on or after **January 10, 2014**, the Seller must ensure that the minimum Indicator Score requirement is met.

(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 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.

Manually Underwritten Relief Refinance Mortgages – Open Access must, at a minimum, meet the income and asset documentation requirements of this chapter.

Refer to Section 37.5(f) for Indicator Score delivery requirements.

(e) Stable monthly income and asset qualification sources and monthly debt payment-to-income ratio

Notwithstanding the requirements in Section 37.13, the Seller is not required to establish a minimum history of receiving income or make a determination that the income can be expected to continue for at least the next three years in order to use the income for qualifying, provided the Seller documents and calculates the income using, at a minimum, documentation required in Section B24.3(f). The requirements of Section 37.13 do not apply to Relief Refinance Mortgages – Open Access, except when using assets as a basis for Mortgage qualification, the Seller must comply with the requirements of Section 37.13(e).

For Loan Prospector 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, provided the Mortgage is not an HPCT with an Application Received Date on or after **January 10, 2014**.

- For Accept Mortgages and A-minus Mortgages that are HPCTs with Application Received Dates on or after **January 10, 2014,** the Seller must ensure that the debt payment-to-income ratio is not greater than 45% regardless of the Risk Class.

For Caution Mortgages that are Manually Underwritten Mortgages, the debt payment-to-income ratio must be underwritten in accordance with Section 37.16.

(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.

(i) Income documentation information

All income used for qualifying must, at a minimum, be documented as follows in lieu of meeting Streamlined Accept or Standard Documentation requirements in Sections 37.22 and 37.23, except as specifically stated below, and regardless of the Documentation Level returned by Loan Prospector:

Income sources	Minimum documentation requirements
Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date

Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.
Seasonal employment and unemployment compensation	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date for seasonal employment; Or ■ Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.

Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement
Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or ■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance

Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must document the assets in accordance with the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(ii) Asset documentation information

When verifying funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. For the Borrower's depository and non-depository accounts, the Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds).

All other asset types (other than depository and non-depository accounts) must meet the Streamlined Accept documentation requirements in Section 37.22(b).

(g) Property valuation requirements

With respect to the determination of property value for a Relief Refinance Mortgage – Open Access, the Seller has the two 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.

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.

■ **Option One: Home Value Explorer®**

Home Value Explorer (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.

The Seller may determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer. For detailed information on HVE, visit **http://www.freddiemac.com/hve/hve.html**.

The 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 – Open Access 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 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 – Open Access:

- The property must be a 1- or 2-unit dwelling
- The property must be an 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 the 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))
- The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Open Access and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- As of the Note Date of the Relief Refinance Mortgage – Open Access, the HVE point value estimate may not be more than 120 days old

If the above requirements are met and the 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 – Open Access, 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below

- 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

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 Two described below.

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 B24.4.

- **Option Two: New appraisal**

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an “as-is” basis; the appraisal does not have to be completed “subject to” needed repairs being completed.

The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply for super conforming Relief Refinance Mortgages – Open Access.

- **Properties affected by disasters**

Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

- A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

- A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(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

The Seller/Servicer 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.

(i) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Open Access, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

When repayment of HHF program funds is required, the verified payment must be included in the monthly debt payment-to-income ratio, unless repayment of funds is due only upon sale or default.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

(j) Lender contributions

The following requirements are effective for Mortgages with Application Received Dates on or after **April 30, 2013**:

(i) The lender may provide the Borrower with a cash or a cash-like (e.g., a gift card) contribution that is not reflected on the HUD-1 form or an equivalent settlement statement provided that:

- The amount of the contribution does not exceed $500.00; and
- No repayment is required

The contribution is not considered cash out to the Borrower and does not have to be included in the calculation of the proceeds of the Relief Refinance Mortgage – Open Access as described in Section B24.3(b).

(ii) The lender may provide a contribution towards the payoff of the Mortgage being refinanced, provided that:

- The amount of the contribution does not exceed $2,000.00;
- No repayment is required; and
- The contribution is reflected on the HUD-1 form or an equivalent settlement statement

The contribution is not considered cash out to the Borrower provided it does not result in cash disbursed to the Borrower exceeding $250.00, as required in Section B24.3(b).

As required under the Guide for all Mortgages sold to Freddie Mac, the Seller must comply with the requirements of all applicable laws in structuring and providing the contributions in Section B24.3(j)(i) and (ii) above.

B24.4: Delivery and pooling requirements (01/31/13)

(a) Eligibility and Pooling requirements

Delivery programs for fixed-rate and adjustable-rate Relief Refinance Mortgages℠ – Open Access with loan-to-value (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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing
  - Servicing Released Sales Process

  More information regarding Mortgages eligible for sale under the Servicing Released Sales Process can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**.

- Weighted Average Coupon (WAC) 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 under the following:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

  Relief Refinance Mortgages – Open Access having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(c) Delivery programs for fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 125%:

Relief Refinance Mortgages – Open Access having LTV ratios greater than 125% must be sold only under:

- Fixed-rate Cash, using one of the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing

  Relief Refinance Mortgages – Open Access having LTV ratios greater than 105% are not eligible for sale under the Servicing Released Sales Process.

- Fixed-rate Guarantor

(d) Delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Open Access, the Seller must deliver the following ULDD Data Points, in addition to the applicable ULDD Data Points set forth in Chapter 17. Refer to Section 17.3 for directions on applying the information set forth in the tables below.

Loan Data Required for Relief Refinance Mortgage – Open Access			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – At Closing → Underwriting / Credit Information			
→Loan Details			
315	Loan Purpose Type	Refinance	
294	Refinance Cash Out Determination Type	No Cash Out	
→ Streamlined Loan Details			
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	This is the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
→Additional Underwriting Details			
291	Total Monthly Income Amount		Insert documented monthly income. Enter the aggregate of the stable monthly income as defined in Section 37.13 for each qualified Borrower.
LOAN – Current			
→ Product Details			
451	Refinance Program Identifier	Relief Refinance Open Access	For Relief Refinance Mortgages that are also Texas Equity Section 50(a)(6) Mortgages, enter "Relief Refinance Open Access."

→ Origination Information → Mortgage Insurance Information → Mortgage Insurance Details			
413/414	MI Company Name Type/ MI Company Name Type Other Description (In the Selling System, this appears as "MI Company Name Type.")	▪ CMG ▪ Essent ▪ Genworth ▪ MGIC ▪ PMI ▪ Radian ▪ RMIC ▪ Triad ▪ UGI ▪ Other – Amerin ▪ Other – CAHLIF ▪ Other – CMGPreSep94 ▪ Other – Commonwealth ▪ Other – MIF ▪ Other – RMIC-NC ▪ Other – Verex ▪ Other – WiscMtgAssr The following list of valid values is effective for Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012: ▪ CMG ▪ Essent ▪ Genworth ▪ MGIC ▪ PMI ▪ Radian ▪ RMIC ▪ Triad ▪ UGI ▪ Other – CAHLIF ▪ Other – CMGPreSep94 ▪ Other – MIF ▪ Other – RMIC-NC	Enter a valid insurer from Exhibit 10.

412	MI Certificate Identifier		Enter the certificate number of the existing mortgage insurance policy transferred to the Relief Refinance Mortgage – Open Access or the replacement certificate number.
416	MI Coverage Percent		If the Mortgage being refinanced has mortgage insurance and the LTV ratio of the Relief Refinance Mortgage – Open Access is greater than 80%, enter the same percentage of loss coverage.
PROPERTY			
→ Property Information → Condominium Details			
42	Project Classification Identifier	Exempt From Review	Enter "Exempt From Review" for Relief Refinance Mortgages – Open Access.
41	Project Attachment Type	▪ Attached ▪ Detached	If project contains a mix of attached and detached, enter the predominant type. If the data is not available and the subject loan is a Relief Refinance Mortgage, enter "Attached." For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
43/44	Project Design Type/Project Design Type Other Description (In the Selling System, this appears as "Project Design Type.")	Garden Project	Enter "Garden Project" regardless of the number of stories. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
45	Project Dwelling Unit Count	1	Enter "1" regardless of the number of units. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

46	Project Dwelling Units Sold Count	1	Enter "1" regardless of the number of units sold. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

When delivering Relief Refinance Mortgages – Open Access with the value of the Mortgaged Premises determined using a point value estimate from Home Value Explorer® (HVE), the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Originated using Home Value Explorer			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89	Property Valuation Method Type	Automated Valuation Model	
83	Property Valuation Amount		Enter the point value estimate provided by HVE.
84	Property Valuation Effective Date		Enter the effective date of the most recent point value estimate.
80	AVM Model Name Type	Home Value Explorer	
LOAN - Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H03	

When delivering Relief Refinance Mortgages – Open Access with an Affordable Second, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with an Affordable Second			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	583	

When the loan is a Relief Refinance Mortgage – Open Access, the Seller must deliver the following ULDD Data Point, if applicable:

Loan Data Required for Relief Refinance Mortgage – Open Access			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	H28	Relief Refinance Mortgage with Property Assessed Clean Energy (PACE) Obligation

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.

(e) 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.

The Seller must complete the ULDD Data Point *MI Company Name Type* if the Mortgage has mortgage insurance coverage. The Seller must deliver the mortgage insurance company name that identifies the Freddie Mac-approved mortgage insurer that is insuring the Mortgage in the ULDD Data Point *MI Company Name Type*, as well as completing the other mortgage insurance-related ULDD Data Points.

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 ULDD Data Point *MI Company Name Type*.

Republic Mortgage Insurance Co. and RMIC of North Carolina (collectively, "RMIC")

If the Mortgage being refinanced has a certificate of insurance from RMIC and the existing coverage is continued through modification of the existing mortgage insurance certificate, 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 RMIC mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name* Type "RMIC."

PMI Mortgage Insurance Co. and its Freddie Mac-approved wholly-owned subsidiaries (collectively, "PMI")

If the Mortgage being refinanced has a certificate of insurance from PMI and the existing coverage is continued through modification of the existing mortgage insurance certificate, that coverage may be maintained for the Relief Refinance

Mortgage – Open Access and the Relief Refinance Mortgage is eligible for sale to Freddie Mac. For purposes of delivering Relief Refinance Mortgages – Open Access with PMI mortgage insurance, the Seller should deliver the ULDD Data Point *MI Company Name Type* "PMI."

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 must deliver the following ULDD Data Points:

Loan Data Required for Relief Refinance Mortgage – Open Access			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – Current→ Origination Information			
→ Mortgage Insurance Information → Mortgage Insurance Details			
429/430	Primary MI Absence Reason Type/ Primary MI Absence Reason Type Other Description (In the Selling System, this appears as "Primary MI Absence Reason Type.")	Other - No MI Based on Mortgage Being Refinanced	Enter "No MI Based On Mortgage Being Refinanced" for Relief Refinance Mortgages – Open Access, if applicable.

(f) 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%:

- 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%

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.

- The Seller 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%: select ">115%"

The Seller 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 – Open Access with LTV ratios less than or equal to 105%:

There are no special pooling requirements for the Mortgages.

The Seller 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%.

The Seller 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.

The Seller should refer to Exhibit 17S, Available Mortgage Products, for more information about eligibility 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.

For fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 125%:

The Mortgages must not be pooled together with Mortgages having LTV ratios less than or equal to 125%. Instead, the Mortgages must be pooled in PC Pools with a

prefix designation specifically for Relief Refinance Mortgages having LTV ratios greater than 125%. 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 125%.

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 for more information about eligibility and coding requirements for Relief Refinance Mortgages – Open Access having LTV ratios greater than 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 – 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.

The Seller 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 (07/19/13)

(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, delivery fee rates and delivery fee caps.

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 which are sold under fixed-rate Cash, Freddie Mac may apply a cash adjustor. The cash adjustor values will be provided in the Freddie Mac Selling System ("Selling System") and may change at any time at

Freddie Mac's discretion. The cash adjustor values are determined as of the commitment date. Because the cash adjustor value will not be included in the contract product price at time of commitment, it must be applied by the Seller to a particular Mortgage at commitment.

Freddie Mac will net the cash adjustor amount against the contract product price displayed in the Selling System once the Seller allocates a Mortgage to the contract.

B24.6: Related provisions (08/20/13)

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 Mortgages under the Fixed-rate Guarantor or MultiLender Swap Programs	Chapter 13
Pooling and Disclosure requirements for ARMs under the Weighted Average Coupon ARM Guarantor Program	Chapter A13
Mortgage Delivery Instructions	Chapter 17
Special requirements for Mortgages with principal curtailments	Section 17.40
Second home Mortgages	Section 22.22
Investment Property Mortgages	Section 22.22.1
Higher-Priced Mortgage Loans (HPMLs)	Section 22.35
Maximum original loan amounts for Home Mortgage purchase	Section 23.3
Section 50(a)(6) Texas Equity Mortgages	Section 24.8
Special eligibility requirements for ARMs	Chapter 30
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
Available Mortgage Products	Exhibit 17S
Postsettlement Delivery Fees	Exhibit 19
Terms Related to Use of Data Generated by Home Value Explorer®	Exhibit 32

Chapter C24: Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with LTV Ratios Less than or Equal to 80%

C24.1: Overview (05/15/13)

The requirements in this section are effective for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with loan-to-value (LTV) ratios less than or equal to 80% and Application Received Dates **prior to** November 19, 2012. See Section A24.1I for requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% and Application Received Dates prior to November 19, 2012.

See Section A24.1II for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

Relief Refinance Mortgages – Same Servicer must:

- Have Application Received Dates on or after December 1, 2011
- Have Settlement Dates no more than 12 months after the Note Date and on or after January 3, 2012 and on or before September 30, 2016

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 Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% of Chapter A24
- The provisions, products, or offerings are related to Freddie Mac Relief Refinance Mortgages – Open Access of Chapter B24

C24.1: Overview (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

C24.2: Defined terms (01/03/12)

(a) Terms defined in the Glossary

The Seller 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
- Prepaids/Escrows
- Restructured Mortgage

(b) Terms not defined in the Glossary

The following additional terms are used in this chapter:

- **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.

C24.2: Defined terms (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

C24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with LTV ratios less than or equal to 80% (11/15/13)

The requirements in this section are effective for Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios less than or equal to 80% and Application Received Dates **prior to** November 19, 2012. See Section A24.3I for requirements for

Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% and Application Received Dates prior to November 19, 2012.

See Section A24.3II for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

(a) Eligible Mortgages

Mortgage being refinanced

The Mortgage being refinanced must:

- Have a Note Date on or before May 31, 2009
- Be serviced by the Seller, or an Affiliate of the Seller. The Mortgage originator of the Relief Refinance Mortgage[SM] – 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
- Have a Mortgage payment history that indicates the following:
  - The Mortgage has not been 30 or more days delinquent in the most recent six months; and
  - The Mortgage has not been 30 or more days delinquent more than once in the most recent 12 months

If the Mortgage being refinanced has recourse or indemnification, it is eligible for refinancing under the provisions of this chapter; refer to Section C24.3(k). Mortgages sold to Freddie Mac through the 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.

Notwithstanding the requirements of Section 22.6(b), Restructured Mortgages are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer. Such Relief Refinance Mortgages – Same Servicer are eligible to be delivered to Freddie Mac through a flow Purchase Contract.

If the Mortgage being refinanced was considered for and/or received a Freddie Mac modification (Home Affordable Modification Program (HAMP) or non-HAMP), the Mortgage is eligible to be refinanced as a Relief Refinance Mortgage – Same Servicer, provided the requirements of this chapter are met, including the Mortgage payment history requirements above. The current contractually-obligated payment terms under the Note, including the most recent modification of the Note, if any, must

be used for the purpose of determining whether the Relief Refinance Mortgage – Same Servicer meets the Borrower benefit requirements below.

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

The Relief Refinance Mortgage – Same Servicer must be originated by the Seller or an Affiliate of the Seller.

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 5/1, 7/1 or 10/1 fully amortizing ARM

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 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.

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.

Borrower benefit

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[SM] 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
- A reduction in the monthly principal and interest payment of the First Lien Mortgage

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 and
- Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the Relief Refinance Mortgage – Same Servicer or $2,000, whichever is less

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 (or any other payee) exceed the maximum permitted for the Relief Refinance Mortgage – Same Servicer.

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 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 C24.4 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
  - A reduction in the monthly payment 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.

Change in Borrowers

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; or
- The remaining Borrower(s) qualifies for the Mortgage based on the requirements for Mortgages with a principal and interest payment increase in Section C24.3(i); or
- In the case of death, the Seller obtains and retains in the Mortgage file documentation of the Borrower's death

In all cases, at least one Borrower(s) from the Mortgage being refinanced must be retained.

Living Trusts

A Living Trust may be made irrevocable by a Settlor's death. To be an eligible Borrower at the time of the refinance transaction, the Borrower must continue to be a Living Trust that meets Freddie Mac's revocability and, as applicable, other eligibility requirements.

Land trusts

Notwithstanding the requirements of Section 22.10(b), Mortgages secured by property in which the legal and equitable title is held by a land trust are eligible to be refinanced as Relief Refinance Mortgages – Same Servicer.

(b) Mortgages ineligible for purchase as Relief Refinance Mortgages – Same Servicer

Relief Refinance Mortgages – Same Servicer must not be:

- Balloon/Reset Mortgages
- Cash-out refinance Mortgages
- Special purpose cash-out refinance Mortgages
- Mortgages originated under Chapter K33 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
- Prepayment Penalty Mortgages
- Mortgages using an Automated Valuation Model (AVM) other than Home Value Explorer® (HVE) for the determination of property value
- Freddie Mac Relief Refinance Mortgages – Open Access
- Seasoned Mortgages
- Mortgages that exceed the thresholds under the Home Ownership and Equity Protection Act of 1994 and its implementing regulations

(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, a 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 C24.4 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 two 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.

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.

- **Option One: Home Value Explorer®**

  The Seller may determine the value of the Mortgaged Premises using a point value estimate from 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- or 2-unit dwelling

- The property must be an attached or detached dwelling, or a unit in a Condominium Project or PUD
- The property must not be a Manufactured Home, a 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))
- The Seller must maintain the HVE point value estimate for the Relief Refinance Mortgage – Same Servicer and any information necessary to evidence compliance with the HVE requirements. Upon Freddie Mac's request, the Seller must provide Freddie Mac with a copy of this HVE documentation.
- As of the Note Date of the Relief Refinance Mortgage – Same Servicer, the HVE point value estimate may not be more than 120 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 One and the Seller must determine the value of the Mortgaged Premises in accordance with Option Two described below
- 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 Two described below.

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 C24.4.

- **Option Two: New appraisal**

  The Seller must obtain a new appraisal that meets the requirements of the Seller's Purchase Documents.

  The Seller is not responsible for the representations and warranties regarding the value, condition and marketability of the Mortgaged Premises. Notwithstanding the requirements of Section 44.15(e), Freddie Mac will accept appraisal reports with a Uniform Appraisal Dataset (UAD) condition rating of C5 or C6 and/or a UAD quality rating of Q6 completed on an "as-is" basis; the appraisal does not have to be completed "subject to" needed repairs being completed.

  The Seller is not responsible for the completeness and accuracy of the appraiser's description of the Mortgaged Premises, and the accuracy of and support for, the appraiser's opinion of the market value of the Mortgaged Premises as specified in Section 44.15.

  Notwithstanding the provisions of Sections 22.6 and 44.7(d)5, the Seller is not required to obtain a new appraisal if the Settlement Date is more than 120 days after the Note Date.

  When obtaining a new appraisal using Option Two above, the special appraisal and collateral requirements in Section L33.6 do not apply to super conforming Relief Refinance Mortgages – Same Servicer.

- **Properties affected by disasters**

  Notwithstanding the provisions of Section 44.2(c), for Relief Refinance Mortgages secured by properties in areas affected by disasters:

  - A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, provided the Mortgage meets the requirements of Chapter 58; and

  - A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition, provided that the Mortgage meets the requirements of Chapter 58

  This flexibility for Freddie Mac Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Chapter 58, and in accordance with the terms of the Security Instrument and applicable law. See Section 44.2(c) for additional information relating to property eligibility requirements for properties affected by disasters.

(e) Delivery Date requirement

This subsection has been deleted.

(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:

- The maximum LTV ratio is 80%
- 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 the following:

a. The Mortgage has not been delinquent in the most recent six months; and
b. The Mortgage has not been 30 days delinquent more than once in the most recent 12 months

Except as set forth in Section C24.3(i), 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 C24.3(i)), 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 17.14 for Indicator Score delivery requirements.

(h) Source of Income and Borrower Funds

Except as stated below, at least one Borrower must have a source of income and verification of the income source is required.

- For employed income, a verbal verification of employment is required and must meet the requirements of Sections 37.20(b) and 37.22(a).
- For self-employed income, verification of existence of the business is required and must meet the requirements of Section 37.22(a).
- For income other than employed or self-employed income, verification of the source of income is required. The income source must be an eligible source of income per Chapter 37.

The Seller may verify reserves equal to 12 monthly payments of principal, interest, taxes and insurance (PITI) for the new refinance Mortgage in lieu of verifying an income source as stated above. Borrower Funds that can be used for reserves in this instance are limited to funds in the Borrower's depository and non-depository accounts, including, but not limited to, checking, savings, money market, stock, bond and retirement accounts. Non-depository accounts must meet the requirements of Section 26.5.

Verification of Borrower Funds needed for closing, if applicable, is required.

When verifying Borrower Funds needed for closing or reserves, the following documentation requirements apply:

- When verifying funds in the Borrower's depository or non-depository account, including, but not limited to, a checking, savings, money market, stock, bond or retirement account, the Seller must obtain and maintain in the Mortgage file the most recent monthly or quarterly account statement. The Seller does not need to meet the requirements of Sections 37.22(b) or 37.23(b) (e.g., investigate large deposits or increases in a balance, or provide proof of liquidation of funds).
- All other asset types (other than depository or non-depository accounts) must meet Streamlined Accept documentation requirements in Section 37.22(b).

If the principal and interest payment increases by more than 20%, refer to Section C24.3(i).

(i) Principal and interest payment increase

The following requirements must be met when the principal and interest payment increases by more than 20% of the current contractually obligated payment under the Note. In the event that the Note provides for more than one payment option, the Seller must use the lowest payment option to determine whether the increase exceeds 20%.

- A new credit report must be obtained

- The Mortgage must have a minimum Indicator Score of 620
- The debt-to-income ("DTI") ratio must be calculated using the new credit report and verified income. The maximum DTI is 45%.
- When Hardest Hit Fund program funds are used in accordance with Section A24.3(l) and repayment of funds is required, the verified payment must be included in the monthly debt payment-to-income ratio, unless repayment of funds is due only upon sale or default
- The Seller must verify the income source and amount and, at a minimum, meet the following documentation requirements:

Income sources	Minimum documentation requirements
Employment income (primary or secondary) **Bonus** **Overtime** **Tip income** **Automobile allowance**	■ Year-to-date (YTD) paystub, salary voucher or written verification of employment (VOE) documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Commission income	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; or ■ Complete individual federal tax returns covering the most recent one-year period; And ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Mortgage differential	Provide a copy of the agreement from the employer stating the amount of the payments
Military income **Military reserve income**	YTD Leave and Earnings Statement (LES) or written VOE documenting at least 30 days of income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided.

Seasonal employment and unemployment compensation	■ YTD paystub, salary voucher or written VOE documenting at least 30 days of income; and ■ Verbal VOE obtained either no more than 10 Business Days prior to the Note Date for or after the Note Date but prior to the Delivery Date for seasonal employment; Or ■ Evidence of current receipt and amount of unemployment compensation and evidence that it is associated with seasonal employment
Income while on temporary leave from current employment	The Seller may use the Borrower's gross monthly income amount that was received prior to the temporary leave provided that the following documentation is obtained: ■ A paystub or a written VOE documenting pre-leave income; and ■ A written statement signed by the Borrower confirming the Borrower's intent to return to the current employer The Seller must receive no evidence of information from the Borrower's employer indicating that the Borrower does not have the right to return to work after the leave period.
Self-employed (all types; primary and secondary)	■ Complete signed individual federal tax return for the most recent year; and ■ Verification of existence of the business through a third-party source obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date
Notes receivable	Copy of the note and most recent one-month bank statement or other equivalent documentation evidencing receipt of the income

Dividend and interest **Capital gains** **Royalty payments**	Copy of complete individual federal income tax returns for the most recent one-year period; evidence of sufficient assets to support the qualifying income for dividend/interest income and capital gains
Trust income	Copy of the Trust Agreement
Retirement income **Survivor and dependent benefit income** **Long-term disability income** **Social Security** **Supplemental Security Income** **Section 8 assistance payments** **Public assistance income** **Foster care income**	■ A copy of the award letter, 1099 or other third-party documentation showing income type, source, amount; or ■ Most recent one-month bank statement or other equivalent documentation evidencing receipt of the income
Alimony **Separate maintenance** **Child support**	Copy of the signed court order and evidence of receipt of the total court ordered amount for the most recent one month
Housing or parsonage allowance	■ 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; or ■ Evidence of one month receipt of the housing allowance
Tax exempt income	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.
Rental income	An executed lease agreement or the most recent complete individual federal tax returns
Mortgage Credit Certificate (MCC)	A copy of the MCC

When using assets as a basis for Mortgage qualification, the Seller must meet requirements in Section 37.13(e) and document the assets according to the applicable requirements in Section 37.22(a).

All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T.

If submitting the Form 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.

Income tax information obtained by the Seller directly from the IRS is acceptable in lieu of tax returns, provided that the Seller obtains and maintains in the Mortgage file all of the information that would be included on the tax returns.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area

- Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Additionally, in lieu of the verbal VOE obtained in accordance with the above requirements, 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

(j) Mortgage file 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 has recourse or indemnification for the life of the Mortgage, 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 has recourse or indemnification for a term that is less than the life of the Mortgage, the Relief Refinance Mortgage – Same Servicer must be sold to Freddie Mac with recourse or indemnification, as applicable, which extends for three years after the Settlement Date of the Relief Refinance Mortgage – Same Servicer.

(iii) If any Relief Refinance Mortgage – Same Servicer has 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

(l) Hardest Hit Fund (HHF)

HHF program funds provided by a state Housing Finance Agency ("HFA") may be used to pay down the outstanding balance on a Mortgage being refinanced at the time of closing, and to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage – Same Servicer, as long as the funds do not result in a lien on the property.

The Mortgage file must contain documentation verifying the terms and conditions under which the HHF program funds are provided to the Borrower.

The HHF program funds must be reflected on the HUD-1 Settlement Statement.

C24.3: Requirements for Freddie Mac Relief Refinance Mortgages℠ – Same Servicer with LTV ratios less than or equal to 80% (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

C24.4: Delivery and pooling requirements (01/31/13)

The requirements in this section are effective for Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios less than or equal to 80% and Application Received Dates **prior to** November 19, 2012. See Section A24.4I for requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% and Application Received Dates prior to November 19, 2012.

See Section A24.4II for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

(a) Delivery programs for fixed-rate and adjustable-rate Relief Refinance Mortgages℠ – Same Servicer with LTV ratios less than or equal to 80%

Relief Refinance Mortgages – Same Servicer having LTV ratios less than or equal to 80% may be sold under the following:

- Fixed-rate Cash, using the following Servicing options:
  - Servicing retained
  - Concurrent Transfer of Servicing
  - Servicing Released Sales Process

  More information regarding Mortgages eligible for sale under the Servicing Released Sales Process can be found on Freddie Mac's web site at **http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf**.

- Weighted Average Coupon (WAC) ARM Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

(b) Mortgage data delivery requirements

In connection with the delivery of each Relief Refinance Mortgage – Same Servicer, the Seller must deliver the following ULDD Data Points, in addition to the applicable ULDD Data Points set forth in Chapter 17. Refer to Section 17.3 for information related to the organization of the delivery requirements set forth in the tables below.

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
LOAN – At Closing → Underwriting / Credit Information			
→Loan Details			
315	Loan Purpose Type	Refinance	
294	Refinance Cash Out Determination Type	No Cash Out	
→ Streamlined Loan Details			
222	Related Loan Investor Type	FRE	
221	Related Investor Loan Identifier	<Associated FRE Loan #>	Enter the 9-digit Freddie Mac-supplied number assigned to the original Mortgage by the Seller when the Mortgage was initially sold to Freddie Mac.
→Additional Underwriting Details			
291	Total Monthly Income Amount		If less than or equal to a 20% principal and interest (P&I) increase, enter the monthly amount of Stated Income. If greater than a 20% P&I increase, enter documented monthly income. Enter the aggregate of the stable monthly income as defined in Section 37.13 for each qualified Borrower.
LOAN – Current			
→ Product Details			
451	Refinance Program Identifier	Relief Refinance Same Servicer	For Relief Refinance Mortgages that are also Texas Equity Section 50(a)(6) Mortgages, enter "Relief Refinance Same Servicer."

Loan Data Required for Relief Refinance Mortgage - Same Servicer			
Sort ID	**Data Point Name**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Condominium Details			
42	Project Classification Identifier	Exempt From Review	Enter "Exempt From Review" for Relief Refinance Mortgages – Same Servicer.
41	Project Attachment Type	▪ Attached ▪ Detached	If project contains a mix of attached and detached, enter the predominant type. If the data is not available and the subject loan is a Relief Refinance Mortgage, enter "Attached." For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
43/44	Project Design Type/Project Design Type Other Description *(In the Selling System, this appears as "Project Design Type.")*	▪ Garden Project	Enter "Garden Project" regardless of the number of stories. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
45	Project Dwelling Unit Count	1	Enter "1" regardless of the number of units. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.
46	Project Dwelling Units Sold Count	1	Enter "1" regardless of the number of units sold. For Mortgages with Application Received Dates on or after August 1, 2012 and delivered on or after November 26, 2012, this data point is not required.

When delivering Relief Refinance Mortgages – Same Servicer with the value of the Mortgaged Premises determined using a point value estimate from Home Value Explorer® (HVE), the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages Originated using Home Value Explorer			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
PROPERTY			
→ Property Information → Appraisal / Valuation Property Details			
89	Property Valuation Method Type	Automated Valuation Model	
83	Property Valuation Amount		Enter the point value estimate provided by HVE.
84	Property Valuation Effective Date		Enter the effective date of the most recent point value estimate.
80	AVM Model Name Type	Home Value Explorer	
LOAN - Current			
→ Product Information → Product Details			
368	Investor Feature Identifier	H03	

When delivering Relief Refinance Mortgages – Same Servicer with an Affordable Second, the Seller must deliver the following ULDD Data Points:

Data Required for Mortgages with an Affordable Second			
Sort ID	**ULDD Data Point**	**Valid Value**	**Notes**
LOAN – Current → Product Information → Product Details			
368	Investor Feature Identifier	583	

(c) 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 C24.3(k):

- The Seller must insert "001" (indicating the Mortgage is sold with recourse) in the ULDD Data Point *Investor Feature Identifier*, 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 C24.3(k):

- The Seller must insert "033" (indicating the Mortgage is sold with indemnification) in the ULDD Data Point *Investor Feature Identifier*, 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 need not provide ULDD Data Point *Investor Feature Identifiers* "001" or "033" indicating 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.

(d) Special delivery requirements for Cash Contracts

There are no special delivery requirements for the Mortgages. Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80% are eligible for sale under fixed-rate Cash using the following Servicing options:

- Servicing retained
- Concurrent Transfer of Servicing
- Servicing Released Sales Process

The Seller should refer to Chapter 17 and their other Purchase Documents for delivery requirements related to specific Mortgages (e.g., super conforming Mortgages).

(e) Pooling requirements for Gold PCs® and Giant PCs

For fixed-rate Relief Refinance Mortgages - Same Servicer with LTV ratios less than or equal to 80%:

There are no special pooling requirements for the Mortgages.

The Seller 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.

(f) Pooling requirements for WAC ARM PCs

There are no special pooling requirements for the Mortgages.

The Seller 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.

C24.4: Delivery and pooling requirements (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

C24.5: Postsettlement delivery fees and other assessments and credits (07/23/12)

The requirements in this section are effective for Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios less than or equal to 80% and Application Received Dates **prior to** November 19, 2012. See Section A24.5 for requirements for Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80% and Application Received Dates prior to November 19, 2012. See also Section A24.5 for requirements for Relief Refinance Mortgages – Same Servicer, regardless of the LTV ratio, with Application Received Dates **on or after** November 19, 2012.

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, delivery fee rates and delivery fee caps.

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.

C24.5: Postsettlement delivery fees and other assessments and credits (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

C24.6: Related provisions (07/23/12)

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 ARMs under the Weighted Average Coupon ARM Guarantor Program	Chapter A13
Mortgage Delivery Instructions	Chapter 17
Indicator Score delivery requirements	Section 17.14
Special requirements for Mortgages with principal curtailments	Section 17.40
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	Sections 37.22(a) and 37.22(b)
Maximum original loan amounts for super conforming Mortgages	Section L33.2
Available Mortgage Products	Exhibit 17S
Postsettlement Delivery Fees	Exhibit 19
Terms Related to Use of Data generated by Home Value Explorer®	Exhibit 32

C24.6: Related provisions (Future effective date 01/01/14)

Effective January 1, 2014, Chapter C24 is deleted.

Chapter 25: Secondary Financing and Other Financing Agreements

25.1: Purchase Mortgages with secondary financing (07/18/13)

Freddie Mac will purchase First Lien Mortgages with secondary financing under the terms of the Purchase Documents and this chapter. The requirements of this chapter apply to all financing that is subordinate in lien priority to the First Lien Mortgage.

(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 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 ratios.

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 HELOC and the disbursed amount of the HELOC to Loan Prospector.

(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 Section 17.42 for delivery instructions for Mortgages with secondary financing.

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).

(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 LTV ratio.

Payments on the secondary financing must be included in the Borrower's monthly housing expense.

The Seller must also include a copy of the following documentation for the secondary financing in the Mortgage file:

- Note or other evidence of subordinate lien terms
- HUD-1 Settlement Statement or other equivalent closing statement
- For HELOCs, the HELOC agreement indicating all fees and costs paid by the Borrower at closing, and the maximum permitted credit advance

(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 percentage, 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 22.23.

- **Financing Structure**

  The Affordable Second financing cannot be a HELOC.

25.2: Refinance Mortgages with secondary financing (12/14/12)

Freddie Mac will purchase First Lien refinance Mortgages with existing junior liens (including Home Equity Lines of Credit (HELOCs)) that are not paid off from the proceeds of the refinance Mortgage provided that:

- The existing junior lien is subordinated to the refinance Mortgage
- Evidence of subordination of outstanding secondary financing is retained in the Mortgage file
- The junior lien has scheduled payments sufficient to meet the interest due
- A junior lien subordinated to a Home Possible® refinance Mortgage meets the requirements for Affordable Seconds in Section 25.1(g)
- The requirements of Section 23.4 are met

Refer to Sections 25.1(e) and 25.1(f) for delivery and general requirements. Refer to Chapter 24 for additional specific requirements pertaining to refinance Mortgages.

If a junior lien is created concurrently with the refinance Mortgage (i.e., the refinance Mortgage and the junior lien are originated on the same day), the refinance Mortgage must comply with the requirements of Section 25.1.

25.3: Interested party contributions (02/10/12)

(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 below.

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 loan-to-value (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)
- Any contributions such as vacations, furniture, automobiles, securities or other give-aways granted by any interested party to the transaction
- Interested party contributions used to reimburse the Borrower for payment of fees charged to process or negotiate a short sale (commonly referred to as short sale processing fees, short sale negotiation fees, buyer discount fees, or short sale buyer fees)

For purposes of determining the value of the Mortgaged Premises pursuant to Section 23.1, the dollar amount of any excess financing concessions, the value of any contributions and/or the dollar amount of any short sale fee reimbursements 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 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 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 Settlement Statement, as appropriate.

Mortgages with interested party contributions paid outside of closing and not disclosed on the HUD-1 Settlement Statement are not eligible for sale to Freddie Mac.

When the HUD-1 Settlement 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).

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.

25.4: Temporary subsidy buydown plans (07/01/13)

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 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
- Mortgages secured by Manufactured Homes

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

Property Type	Fixed-Rate, 7/1 and 10/1 ARMs, and 7/6-Month and 10/6-Month ARMs	5/1, 3-Year and 5-Year ARMs
1-unit Primary Residence and second home	Yes	Yes
2-unit Primary Residence	Yes	Yes
3-4 unit Primary Residence	Yes	No

Borrower qualification:

- For fixed-rate 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 in accordance with Section 30.16
- 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

Property Type	Fixed-Rate, 7/1 and 10/1 ARMs, and 7/6-Month and 10/6-Month ARMs	5/1 and 5-Year ARMs
1-unit Primary Residence and second home	Yes	Yes
2-unit Primary Residence	Yes	Yes
3-4 unit Primary Residence	Yes	No

Borrower qualification:

- For fixed-rate 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 in accordance with Section 30.16
- 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 17.23 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 executed buydown agreement 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 agreement 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 agreement.

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 event may the temporary subsidy buydown agreement 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 agreement.

25.5: Shared equity plans (08/01/12)

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 by the Owner-Occupant from Borrower Personal Funds as described in Section 26.2(a)
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: Borrower Funds

26.1: Required Borrower Funds (08/01/12)

Borrower Funds are all funds paid by the Borrower in connection with the property purchase or Mortgage financing. Borrower Funds must be from Borrower Personal Funds or Other Borrower Funds as outlined in this chapter.

The Seller must verify sufficient Borrower Funds, including:

- Down payment (including an earnest money deposit)
- Prepaids/Escrow items, if paid by the Borrower
- Closing Costs, if paid by the Borrower
- Financing Costs, if paid by the Borrower

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 or funds from Premium Financing are being used, the requirements of Section 25.3 must be met.

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.

When verifying an earnest money deposit for a purchase transaction Mortgage, the Seller must determine that the source of the cash deposit is an eligible source of Borrower Funds based on the requirements of Section 26.2.

26.2: Eligible sources of Borrower Funds (08/01/12)

Eligible sources of Borrower Funds include Borrower Personal Funds and Other Borrower Funds as described in this chapter. For a purchase transaction Mortgage, the Borrower must make the initial down payment from Borrower Personal Funds when specifically required in this *Single-Family Seller/Servicer Guide* (Guide).

(a) Borrower Personal Funds

Borrower Personal Funds are any of the following (see Sections 37.20 through 37.23 for documentation requirements):

1. **Depository accounts**

   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. **Proceeds from a loan secured by an asset**

   Proceeds of a loan fully secured by the Borrower's owned assets

3. **Proceeds from the sale of an asset**

   Proceeds from the sale of the Borrower's assets, including, but not limited to, 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

4. **Trust accounts**

   Funds disbursed to the Borrower from a trust

5. **Individual Development Account (IDA) – Borrower contribution and Agency matching funds not subject to Recapture**

   Funds on deposit in an IDA consisting of the payments made by the Borrower and Agency matching funds that are not subject to Recapture. IDAs must meet the requirements of Section 26.6

6. **Community Saving System – Borrower contribution**

   Funds on deposit in a Community Savings System that are deposited by the Borrower

7. **Pooled funds**

   Pooled funds on deposit from Related Persons who reside with the Borrower meeting the requirements of Section 26.4

8. **Credit card charges, cash advances or unsecured line of credit**

   The amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application process, 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

9. **Rent credits**

   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. The Mortgage file must contain a copy of the rental/purchase agreement and evidence of rent paid (See Section 37.11.).

10. **Trade equity**

    The net proceeds of the trade-in of the Borrower's previously owned residence, 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 residence 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.

See Section A34.2(b) for additional sources of Borrower Personal Funds for Home Possible® Mortgages.

(b) Other Borrower Funds

Other Borrower Funds are any of the following (see Sections 37.20 through 37.23 for documentation requirements):

1. **Gift or gift of equity from a Related Person**

   A gift or gift of equity from a Related Person that does not have to be repaid is an eligible source of Borrower Funds, 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 Borrower Personal Funds unless otherwise provided for in this *Single-Family Seller/Servicer Guide* (Guide). However, gifts or gifts of equity are not eligible sources of Borrower Funds for Investment Property Mortgages.

2. **Gift or grant from an Agency**

   A gift or grant from an Agency that does not have to be repaid, is an eligible source of Borrower Funds, provided that:

   - The gift or grant is given pursuant to an established program;
   - 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

   Gifts and grants from Agencies are not eligible sources of Borrower Funds for Investment Property Mortgages.

3. **Employer Assisted Homeownership (EAH) Benefit – unsecured loan**

   For purchase transactions, proceeds from an unsecured loan that is an EAH Benefit are eligible sources of Borrower Funds provided they meet the requirements of Sections 26.6.1 and 26.6.2. For a Mortgage with an LTV ratio greater than 80%, an unsecured loan is permitted only if the Borrower has made a down payment of at least 5% from Borrower Personal Funds unless otherwise provided for in the Guide.

4. **Individual Development Account (IDA) – Agency matching funds subject to Recapture**

   Funds representing the matching funds contributed to an IDA by an Agency are eligible sources of Borrower Funds provided the requirements for gifts or grants from an Agency in this subsection 26.2(b)(2) and the requirements for IDA accounts in Section 26.6 are met

See Section A34.2 for additional sources of Other Borrower Funds for Home Possible Mortgages.

26.3: Other equity (08/01/12)

Effective August 1, 2012, this section has been deleted.

26.4: Pooled funds (08/01/12)

Pooled funds are considered eligible sources of Borrower Personal 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(b)(1).

In addition, the Borrower must attest, by a written statement 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 written statement need not be notarized or acknowledged but must be kept in the Mortgage file.

26.5: Reserves (08/01/12)

"Reserves" are those assets remaining after Borrower Funds have been paid. The Seller must verify all reserves used in the evaluation of the Mortgage. For Loan Prospector® Mortgages, the Seller must verify the amount entered as reserves into Loan Prospector®.

Reserves may include assets eligible as Borrower Personal Funds and Other Borrower Funds (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
- In connection with cash-out refinance Mortgages, the cash proceeds from the refinance transaction

26.5: Reserves (Future effective date 03/01/14)

"Reserves" are those assets remaining after Borrower Funds have been paid. The Seller must verify all reserves used in the evaluation of the Mortgage. For Loan Prospector® Mortgages, the Seller must verify the amount entered as reserves into Loan Prospector®.

Reserves may include assets eligible as Borrower Personal Funds and Other Borrower Funds (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")

In order to use the vested amount of an IRS-qualified employer retirement account as reserves, the terms of the retirement plan must permit the Borrower to make withdrawals regardless of current employment status.

- 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
- In connection with cash-out refinance Mortgages, the cash proceeds from the refinance transaction

26.6: Individual Development Account (IDA) (08/01/12)

If Individual Development Accounts (IDA) meet the definition in the Glossary and the requirements of either Option A or Option B, they may be considered an acceptable source of Borrower Funds:

- **Option A** (no Recapture):
  - Any matching funds may be considered Borrower Personal Funds and may be used for the partial or total of the down payment, Closing Costs, Financing Costs and Prepaids/Escrows
  - The Seller must 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
  - A maximum of a 4-to-1 match by an Agency's funds is permitted; and
  - The Borrower must satisfy any vesting requirements of the matching IDA program

- **Option B** (used when there is a Recapture provision):
  - The matching funds must be considered a gift or grant from an Agency as described in Section 26.2(b)(2).
  - The Seller must 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
  - A maximum of a 3-to-1 match by an Agency's funds is permitted; and
  - The Borrower must satisfy any vesting requirements of the matching IDA program

26.6.1: Unsecured loans (08/01/12)

(a) Requirements

The Seller must determine whether an unsecured loan is an eligible source of Other Borrower Funds based on the requirements of Sections 26.2(b)(3) and A34.2(b).

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 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

(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 (08/01/12)

(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(b)(2)
2. Matching funds from an Individual Development Account (IDA) meeting the requirements in Section 26.2 and Section 26.6
3. A fully repayable, deferred payment or forgivable unsecured loan meeting the requirements of Section 26.2(b)(3) 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 17.37
Home Possible® Mortgages	Sections A34.2(b) and A34.10

26.6.3: Cash on hand (08/01/12)

Effective August 1, 2012, this section has been deleted.

26.6.4: Credit card charges, cash advances or unsecured line of credit (08/01/12)

The amount charged by a Borrower on a credit card to pay fees associated with the Mortgage application process (e.g., origination fees, commitment fees, lock-in fees, appraisal, credit report and flood certifications), 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 Personal Funds as described in Section 26.2(a) if the following conditions are met:

- The maximum amount charged or advanced may not exceed the greater of 2% of the Mortgage amount or $1,500
- 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 verified funds to pay these fees (in addition to the funds needed for the down payment, Prepaids/Escrows, other Closing Costs, Financing Costs and reserves as required); however, the Borrower is not required to pay off these charges at closing

Refer to Section 17.38 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: Occupant Borrower contribution (08/01/12)

When a Mortgage includes a non-occupying Borrower, and the loan-to-value (LTV) ratio is greater than 80%, the occupant Borrower must make the first 5% down payment from the occupant Borrower funds. Funds that are owned jointly by the occupant Borrower and the non-occupying Borrower are considered the funds of the occupant Borrower.

Chapter 27: Mortgage Insurance and Late Charges

27.1: Mortgage insurance (08/20/13)

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.

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

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 Last Feedback Certificate indicates the Mortgage is eligible for Custom MI and 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 Last Feedback Certificate indicates the Mortgage is eligible for Reduced MI and the Mortgage is:

- Level-payment, fully amortizing fixed-rate
- Amortizing over a period greater than 20 years
- Secured by a 1- to 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 (09/24/13)

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 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 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 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.

Maximum original loan amount
The maximum original loan amounts provided in Section 23.3 apply to Mortgages with financed mortgage insurance premiums. The original loan amount of the Mortgage inclusive of the amount of any financed mortgage insurance premium may not exceed the maximum original loan limits provided in Section 23.3.

Delivery requirements for Mortgages with financed mortgage insurance premium
See Section 17.26 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 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 17.26 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 any 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.

Chapter 28: Reserved

{Chapter 28 is reserved.}

Chapter 29: Reserved

Chapter 29 is reserved.

Chapter 30: Special Eligibility Requirements for ARMs

30.1: Overview (07/23/12)

Freddie Mac will purchase rate-capped 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 (deleted)	30.9
Conversion process for Convertible ARMs	30.10
Special requirements for Freddie Mac-Owned Converted Mortgages resold under the repurchase/resale process (deleted)	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 17S, Available Mortgage Products, provides a consolidated summary of certain information contained in the charts of this chapter regarding eligible ARM products.

30.2: Defined ARM terms (03/19/12)

The Seller should be familiar with Freddie Mac's definitions for the following terms as they relate to ARMs:

- Constant Maturity Treasury (CMT) Index
- Converted Mortgage
- 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 the 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 (07/01/13)

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
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 ARM Index and Lookback Period (07/01/13)

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
	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
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 (08/20/13)

(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 ARM.

(d) Margin

For 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
- 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 may be a Prepayment Penalty Mortgage, provided that it is not a Higher-Priced Mortgage Loan. Refer to Chapter B33 for special eligibility requirements for Prepayment Penalty Mortgages. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

30.7: Note Rate change requirements (07/01/13)

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
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, the 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 WAC ARM Cash:

Eligible ARM Product	Index	Initial Cap	Periodic Cap	Life Cap
3/1 ARM	1-Yr Weekly CMT	2%	2%	6%
	1-Yr LIBOR	2%	2%	5 or 6%
5/1 ARM	1-Yr Weekly CMT	2%	2%	5%
	1-Yr LIBOR	2%	2%	5 or 6%
7/1 ARM	1-Yr Weekly CMT	5%	2%	5%
	1-Yr LIBOR	5%	2%	5%
10/1 ARM	1-Yr Weekly CMT	5%	2%	5%
	1-Yr LIBOR	5%	2%	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:

Eligible ARM Product	**Index**	**Initial Cap**	**Periodic Cap**	**Life Cap**
6-month ARM	6-Month LIBOR	1%	1%	Less than or equal to 6%
7/6-month ARM	6-Month LIBOR	5%	1%	Less than or equal to 6%
10/6-month ARM	6-Month LIBOR	5%	1%	Less than or equal to 6%
1-year ARM	1-Yr Weekly CMT**	1%	1%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%
3-year ARM	3-Yr Weekly CMT	2%	2%	Less than or equal to 6%
5-year ARM	5-Yr Weekly CMT	2%	2%	Less than or equal to 6%
3/1 ARM	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%

5/1 ARM	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%
7/1 ARM	1-Yr Weekly CMT	Same as Life Cap	2%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%
	1-Yr Weekly CMT	3%	2%	Less than or equal to 6%
	1-Yr Weekly CMT	5%	2%	Less than or equal to 6%
	1-Yr LIBOR	2%	2%	Less than or equal to 6%
	1-Yr LIBOR	5%	2%	Less than or equal to 6%
10/1 ARM	1-Yr Weekly CMT	Same as Life Cap	2%	Less than or equal to 6%
	1-Yr Weekly CMT	2%	2%	Less than or equal to 6%
	1-Yr Weekly CMT	3%	2%	Less than or equal to 6%
	1-Yr Weekly CMT	5%	2%	Less than or equal to 6%

	1-Yr LIBOR	2%	2%	Less than or equal to 6%
	1-Yr LIBOR	5%	2%	Less than or equal to 6%

* LIBOR = London Interbank Offered Rate

** CMT = Constant Maturity Treasury

30.8: Due-on-sale provisions (03/19/12)

The Uniform Instruments used in connection with the origination of 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.

There are two different types of assumability provisions:

1. Assumable during the life of the loan
2. Nonassumable during the Initial Period, then assumable after the Initial Period

All 3- and 5-Year Constant Maturity Treasury (CMT)-Indexed ARMs must be originated on Uniform Instruments that provide for the Mortgage to be assumable during the life of the Mortgage

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.

ARMs must be assumable during the entire period during which the interest rate is adjustable.

30.9: Convertible ARMs (03/19/12)

Effective March 19, 2012, this section is deleted.

30.10: Conversion process for Convertible ARMs (07/23/12)

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 and the repurchase/resale process described in Section 80.4.3

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.

See Section 17.36 for delivery requirements for Freddie Mac-Owned Converted Mortgages.

30.11: Special requirements for Freddie Mac-Owned Converted Mortgages resold under the repurchase/resale process (10/01/11)

Effective October 1, 2011, this section is deleted.

Refer to Section 80.4.3 for information on processing a conversion through the repurchase/resale process.

30.12: Mortgage instruments (03/19/12)

(a) Required ARM Uniform Instruments

ARMs must be closed on the Uniform Instruments for the applicable ARM product described in the charts below.

The Uniform Instruments for an ARM consist of an ARM Note, the Fannie Mae/Freddie Mac Security Instrument and any applicable property type riders, and an 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 Note and 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 Note and ARM rider must be completed in accordance with the terms of the applicable 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

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 the Seller 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:

	ARMs									
	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
Lookback = 45 Days Preceding the Interest Change Date										
Assumable for life of loan	3501* 3502**	3108* 3111**	3504	3114	3514	3131	5522	5122	5530	5130
Assumable after Initial Period	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	5520	5120	5541	5141
Assumable after Initial Period	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

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

The Seller may use Fannie Mae's ARM instruments only in accordance with the provisions of this subparagraph. The Seller must consult its own legal counsel when using a Fannie Mae instrument for a particular Freddie Mac ARM product.

The 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 (11/15/13)

(a) Special ARM qualifications

For 6-month ARMs, 1-year ARMs, 3-year ARMs, 5-year ARMs, 3/1 ARMs, 5/1 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

For all ARMs, the Borrower must be qualified as follows:

ARM Type	Borrower Qualified at
6-month ARM 1-year ARM 3/1 ARM 3-year ARM 5/1 ARM 5-year ARM	No less than the greater of the Note Rate plus two percentage points or the fully-indexed rate
7/6-month ARM 7/1 ARM 10/6-month ARM 10/1 ARM	For Mortgages with Application Received Dates prior to **January 10, 2014**, no less than the Note Rate. For Mortgages with Application Received Dates on or after **January 10, 2014**, no less than the: ■ Note Rate for Mortgages that are not higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs) ■ Greater of the Note Rate or the fully-indexed rate for Mortgages that are HPCTs

(c) Buydowns

For ARMs that are Financed Permanent Buydown Mortgages and ARMs with temporary subsidy buydown plans, the Borrower must be qualified in accordance with the requirements of this section.

For additional 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) (07/23/12)

A special delivery fee will be assessed and billed to the Seller in conjunction with the sale of certain ARMs. The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on the ARM 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 ARMs (08/20/13)

Topic	Location
Due-on-Sale Provisions	Section 8.1.2
Servicing Spread Requirements	Section 8.2.2
WAC ARM Cash	Chapter 10
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	Chapter C15
Delivery Requirements for ARMs	Section 17.10
Specific Delivery Instructions for Freddie Mac-Owned Converted Mortgages	Section 17.36
Higher-Priced Mortgage Loans (HPMLs)	Section 22.35
Prepayment Penalty Mortgages	Chapter B33
Special Servicing and Reporting Requirements for ARMs	Chapter 80
Available Mortgage Products	Exhibit 17S

Chapter 31: Reserved

Chapter 31 is reserved.

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 (02/10/12)

(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 Construction Conversion or Renovation Mortgage
  - 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 Construction Conversion or Renovation Mortgage
  - 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 Construction Conversion or Renovation Mortgage
  - 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 Construction Conversion or Renovation Mortgage, 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 Construction Conversion or Renovation Mortgage
- 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 Construction Conversion or Renovation Mortgage
- The Seller-Owned Converted or Seller-Owned Modified Mortgage is not a Restructured Mortgage

A Mortgage originated as a Construction Conversion or Renovation Mortgage 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 for 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 Construction Conversion or Renovation Mortgage
- 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 for 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 (02/10/12)

(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 Construction Conversion or Renovation Mortgage. 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 Construction Conversion or Renovation Mortgage, 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 Construction Conversion or Renovation Mortgage

- 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 Construction Conversion or Renovation Mortgage, 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 Construction Conversion or Renovation Mortgage.

(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 (07/23/12)

(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 17.24 for delivery and pooling requirements for Seller-Owned Converted Mortgages.

32.5: Uniform Instruments and nonstandard documents for Seller-Owned Converted Mortgages (02/10/12)

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 Construction Conversion or Renovation Mortgage

For a Seller-Owned Converted Mortgage that was originated as a Construction Conversion or Renovation Mortgage, 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 (02/10/12)

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 Construction Conversion or Renovation Mortgage

For a Seller-Owned Modified Mortgage that was originated as a Construction Conversion or Renovation Mortgage, 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 (08/01/12)

(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:

- 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 17.34 of the Guide for delivery and pooling requirements for Seller-Owned Modified Mortgages.

Chapter 33: Special Eligibility Requirements for Balloon/Reset Mortgages

Effective January 1, 2013, this chapter has been deleted.

Chapter A33: Reserved

Chapter A33 is reserved.

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 (08/20/13)

Most fixed-rate Mortgages and certain 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:

- Mortgages with Application Received Dates on or after January 10, 2014
- Mortgages with Freddie Mac Settlement Dates after July 31, 2014
- 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
- 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 the 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 (07/23/12)

See Section 17.17 for 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 (08/01/11)

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.

C33.2: Eligibility requirements (01/01/13)

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 Prepayment Penalty Mortgage
  - A 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 (07/23/12)

(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.

(c) Delivery requirements

There are no special requirements for delivery of A-minus Mortgages.

(d) 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.

Chapter D33: Alt 97® Mortgages

Effective August 1, 2012, this chapter has been deleted.

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 (02/10/12)

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

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 (07/23/12)

(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 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).

(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 Section 78.33. Refer to Bulletin 2000-3 for more details.

(d) Delivery requirements

See Section 17.29 for 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 (07/01/13)

Financed Permanent Buydown Mortgages must have the following characteristics:

- The Mortgage must be an eligible fixed-rate, level payment Mortgage, a 5/1 ARM; a 7/1 ARM or a 10/1 ARM; or a 7/6-month ARM or a 10/6-month ARM
- 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 (11/15/13)

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
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. For fixed-rate Mortgages, Borrower qualification is based on the monthly housing expense-to-income ratio calculated using the monthly payment at the permanent bought down Note Rate. For ARMs, Borrower qualification is based on monthly payments calculated in accordance with Section 30.16.
5. For 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.

F33.4: Other requirements (07/23/12)

(a) Delivery requirements

See Section 17.30 for 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: Reserved

Chapter G33 is reserved.

Chapter H33: Manufactured Homes

H33.1: Overview (08/01/11)

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.

Unless otherwise notified in writing, Sellers are eligible to deliver Mortgages secured by Manufactured Homes.

H33.2: Property eligibility (05/25/11)

(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:

- If any structural modifications or add-ons have been made to a 1-unit dwelling and any portion of the dwelling is a Manufactured Home, the Mortgage securing such property must be delivered as a Manufactured Home in compliance with the requirements of this chapter

- 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 (01/01/13)

(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

And

- A fully amortizing 15-, 20- or 30-year fixed-rate Mortgage, or
- A 7/1 ARM, or
- A 10/1 ARM

(b) Ineligible Mortgages

A Mortgage secured by a Manufactured Home must not be:

- 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 Seller-Owned Converted Mortgage
- A Seller-Owned Modified Mortgage
- An Investment Property Mortgage
- A Seasoned Mortgage
- A leasehold Mortgage
- A Mortgage securing a Manufactured Home that was moved from its original site and was previously occupied or installed on a permanent foundation
- A Mortgage with proceeds that are used to pay the outstanding balance under a land contract or contract for deed

(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 (02/10/12)

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 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 (08/01/12)

(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

For purchase transactions, a minimum down payment of 5% must come from Borrower Personal Funds.

(c) Land

If the Borrower owns the land on which 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 months 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 months 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 (02/10/12)

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 and the transaction is a purchase transaction; or

  - The Mortgage is a Construction Conversion Mortgage and the transaction 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 (05/25/11)

(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

Note:
Mortgages secured by Manufactured Homes in certificate of title States are not eligible for registration with the MERS.

(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

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.

(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.

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.

H33.9: Other requirements (07/23/12)

(a) Delivery requirements

See Section 17.31 for additional special delivery requirements for Mortgages secured by Manufactured Homes.

(b) Postsettlement delivery fee (delivery fee)

A special delivery fee will be assessed and billed to the 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 (08/20/13)

(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

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

(c) Delivery requirements

Refer to Section 17.27 for delivery requirements for Mortgages with capitalized balances.

Chapter J33: Initial Interest℠ Mortgages

Effective September 1, 2010, Chapter J33 has been deleted.

Chapter K33: Construction Conversion and Renovation Mortgages

K33.1: Overview (02/10/12)

This chapter details the requirements for Construction Conversion Mortgages and 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 (02/10/12)

Sellers should be familiar with the following Freddie Mac definitions provided in the Glossary:

- 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 (02/10/12)

Construction Conversion and Renovation Mortgages 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.

The following Mortgages are ineligible for delivery as Construction Conversion or Renovation Mortgages:

- FHA and VA Mortgages
- Section 502 GRH Mortgages
- Section 184 Native American Mortgages
- Home Possible Mortgages

Certain types of refinance Mortgages and certain property types may also be ineligible for delivery as Construction Conversion or Renovation Mortgages. 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 (02/10/12)

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 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 Construction Conversion and Renovation Mortgages must be documented as follows:

Type Mortgage	Documentation Structure	Closings	Required Documentation
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
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

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 (02/10/12)

For Construction Conversion Mortgages and Renovation Mortgages, the term of the Permanent Financing begins on the Effective Date of Permanent Financing.

Construction Conversion Mortgages secured by Manufactured Homes must have a maximum original maturity not greater than that specified in Section H33.3(d).

K33.6: Mortgage purpose (02/10/12)

(a) Purchase or Refinance

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
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 (02/10/12)

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 (02/10/12)

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.

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 (01/01/11)

This section has been deleted. See Chapter 2, *General Freddie Mac Policies*, and Chapter 37, *Underwriting the Borrower*.

K33.10: Underwriting (11/15/13)

(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

Loan Prospector Mortgages must meet the requirements in Section 2.2.1 including the resubmission requirements in Section 2.2.1(k) except that resubmission of a Mortgage to Loan Prospector is not required if there is:

- 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:
  - When there is an increase in the down payment, all funds used to reduce the loan amount must meet the requirements of Chapter 26
  - 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)
  - 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 ARM to a fixed-rate Mortgage, provided the Permanent Financing complies with the following conditions:
  - The Permanent Financing is not subject to a temporary subsidy buydown plan
  - 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
  - The Mortgage term of the fixed-rate Mortgage is the same as the Mortgage term for the ARM

- 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 (02/10/12)

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. Construction Conversion and Renovation Mortgages 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 (02/10/12)

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		
Property Type	**Value**	
	Construction Conversion Mortgages	**Renovation Mortgages**
1- to 4-unit site-built home	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.	Not eligible

No 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.
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: 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 (02/10/12)

The Mortgage file for each Construction Conversion or Renovation Mortgage must contain:

- Documentation that supports classification of the Mortgage as a Construction Conversion or a Renovation Mortgage, and
- Sufficient documentation (for example: purchase contracts, plans and specifications, receipts, invoices, lien waivers etc.) on which to validate the actual cost to construct or renovate the home, 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, and
- All HUD-1 forms or other Mortgage closing statements 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 (02/10/12)

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 Construction Conversion Mortgage or Renovation Mortgage.

K33.16: Delivery requirements (07/23/12)

See Section 17.35 for delivery and pooling requirements for Construction Conversion and Renovation Mortgages.

K33.17: Postsettlement delivery fees (07/23/12)

The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, for information on Construction Conversion and Renovation Mortgages 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 (07/23/12)

In addition to the requirements in this chapter, other requirements related to Construction Conversion and Renovation Mortgages are described in the following locations:

Topic	Location
MultiLender Swap	Chapter 11
Delivery Requirements	Section 17.35
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

Chapter L33: Super Conforming Mortgages

L33.1: Overview (08/01/11)

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.

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 (01/01/13)

The following minimum and maximum original loan amounts apply to super conforming Mortgages that have Freddie Mac Funding or Settlement Dates on or after January 1, 2013 and Freddie Mac Funding or Settlement Dates on or before December 31, 2013:

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
		Permanent (HERA)*		Permanent (HERA)*
1	>$417,000	$625,500	>$625,500	$938,250
2	>$533,850	$800,775	>$800,775	$1,201,150
3	>$645,300	$967,950	>$967,950	$1,451,925
4	>$801,950	$1,202,925	>$1,202,925	$1,804,375

* 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/Default.aspx?Page=185**.

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.

L33.2: Maximum original loan amounts for super conforming Mortgages (01/01/14)

The following minimum and maximum original loan amounts apply to super conforming Mortgages that have Freddie Mac Funding or Settlement Dates on or after January 1, 2014 and Freddie Mac Funding or Settlement Dates on or before December 31, 2014:

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
		Permanent (HERA)*		Permanent (HERA)*
1	>$417,000	$625,500	>$625,500	$938,250
2	>$533,850	$800,775	>$800,775	$1,201,150
3	>$645,300	$967,950	>$967,950	$1,451,925
4	>$801,950	$1,202,925	>$1,202,925	$1,804,375

* 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/Default.aspx?Page=185**.

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 (01/01/13)

(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 ARM

Freddie Mac Relief Refinance Mortgages℠ – Same Servicer and Freddie Mac Relief Refinance Mortgages℠ – Open Access may be super conforming Mortgages provided the Mortgage meets the applicable requirements for that offering in Chapter A24 or B24, respectively.

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

(b) Ineligible Mortgages

Super conforming Mortgages must not be:

- ARMs with Initial Periods of less than five years
- Mortgages secured by a Manufactured Home
- Home Possible® Mortgages, and any affordable Mortgage, including Mortgages originated under the 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
- Mortgages with flexible mortgage insurance options
- Mortgages with financed mortgage insurance premiums
- Mortgages with annual or monthly lender-paid mortgage insurance premiums

(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%

"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	

"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.

L33.4: Special requirements for Cash-out refinance transactions (12/04/09)

This section has been deleted.

L33.5: Underwriting requirements (07/23/12)

(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) in the ULDD Data Point *Automated Underwriting Case Identifier* for all super conforming Mortgage transactions with original loan amounts of $1,000,000 or less.

(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 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 (06/01/13)

The Seller must obtain an appraisal with an interior and exterior inspection that meets Freddie Mac requirements.

For super conforming Mortgages, an appraisal field review reported on Form 1032, One-Unit Residential Appraisal Field Review Report, is also 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 appraisal field review report results in a different opinion of market value, the lower of the opinion of market value from the appraisal field review report or sale price must be used to calculate the LTV/TLTV/HTLTV ratio.

The appraiser performing the initial appraisal and the appraisal field review report must be qualified to perform appraisals without oversight or supervision by a "supervisory" appraiser.

In addition to meeting the requirements of Chapter 42, Special Requirements 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.

L33.7: Other requirements (07/23/12)

(a) Delivery and pooling requirements

See Section 17.39 for delivery and pooling requirements for super conforming Mortgages

(b) Postsettlement delivery fee (delivery fee)

A special delivery fee will be assessed and billed to the 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

Chapter 34 is reserved.

Chapter A34: Home Possible® Mortgages

A34.1: Overview; limits; origination (08/01/11)

This chapter details requirements for Home Possible® Mortgages and Home Possible Neighborhood Solution® Mortgages.

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.

A34.2: Defined terms (11/15/13)

(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
- Borrower Personal Funds
- Extended Buydown Mortgage
- First-Time Homebuyer
- Home Possible Mortgage
- Home Possible Neighborhood Solution® Mortgage
- Limited Buydown Mortgage
- Other Borrower Funds
- 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:

Mortgages secured by 1-unit Primary Residences (other than fixed-rate Mortgages with a term of 40 years*, 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

     * Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

     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**

  For purposes of this chapter, Borrower Personal Funds, include:

1. Borrower Personal Funds as described in Section 26.2(a)

2. Cash on hand, if the following requirements 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
     - 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 Exhibit 23 or another document containing the same information
     - Copies of six months' cash receipts (e.g., rent or utility receipts) or other alternative documentation (e.g., direct verifications or 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

See Section A34.10 for Minimum Borrower Contribution from Borrower Personal Funds for purchase transactions.

- **Other Borrower Funds**

  For purposes of this chapter, Other Borrower Funds include:

  1. Other Borrower Funds as described in Section 26.2(b) except that there is no requirement that there be a down payment of 5% from Borrower Personal Funds when a gift from a Related Person is used.

  2. In addition to gifts or grants described in Section 26.2(b), a gift or grant from the Seller as the originating lender

  3. For purchase transactions, proceeds from an unsecured loan meeting the requirements of Section 26.6.1 from the following sources:
     - An Agency, or
     - A Related Person, or
     - A Community Savings System (funds in excess of the Borrower contribution to the Community Savings System)
  4. Sweat equity, if the following conditions are met:

     Sweat equity is credit for labor performed on the Mortgaged Premises or materials furnished for the Mortgaged Premises by the Borrower. Such credit must be fully explained and documented. Any labor performed 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.

     Credit will not be given for sweat equity unless there is at least a 5% down payment from Borrower Personal Funds.

  5. 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(b)(1) except that there is no requirement that there be a down payment of 5% from Borrower Personal Funds

2. Gifts or grants from an Agency meeting the requirements of Section 26.2(b)(2)
3. Gift or grant meeting the requirements of Section 26.2(b)(2) 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 (08/20/13)

(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 ARMs.

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

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
- 7/1 and 10/1 ARMs if secured by a 1- or 2-unit Primary Residence
- 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
- 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
- Financed Permanent Buydown Mortgages
- Construction Conversion Mortgages and Renovation Mortgages
- Prepayment Penalty Mortgages
- Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages
- Mortgages with capitalized balances as described in Chapter I33
- 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 (05/01/11)

(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 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.

- **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 (07/01/13)

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 calculated in accordance with Section 30.16 for 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 calculated in accordance with Section 30.16 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)

A34.6: Eligible property and appraisal requirements (06/01/11)

(a) Property/occupancy type

Home Possible® Mortgages must be secured by 1- to 4- unit Primary Residences. Home Possible Neighborhood Solution® Mortgages must be secured by 1- to 2- unit Primary Residences.

Manufactured Homes are eligible subject to the special provisions in Section 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 (08/20/13)

(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.

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)/total 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 17.18, including providing details of the Affordable Second, 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 Section A34.8(c). If none of the Borrowers have a useable Credit Score, this determination must be made without Indicator Scores as described in Section A34.8(d).

The Seller must deliver the Key Number in the ULDD Data Point *Automated Underwriting Case Identifier* 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.

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
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

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

** 3- and 4- unit Primary Residences are not permitted with Home Possible Neighborhood Solution 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 deliver the ULDD Data Point *Credit Score Impairment Type* of either "Insufficient Credit History" or "Significant Errors Score," 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

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 (03/15/12)

(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.

A34.10: LTV/TLTV ratios, Borrower contribution, down payment, reserves (08/01/12)

(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. Minimum Borrower Contribution from Borrower's Personal Funds is expressed as a percentage of value.

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 Mortgages				
1-unit	95%	95%	None	5%
2- to 4- units	95%	95%	3%	5%
Manufactured Home	See Sections H33.3(d) and H33.3(e)	See Sections H33.3(d) and H33.3(e)	5%	5%
Home Possible Neighborhood Solution Mortgages				
1-unit	95%	95%	None	5%
2-units	95%	95%	3%	5%
Manufactured Home	See Sections H33.3(d) and H33.3(e)	See Sections H33.3(d) and H33.3(e)	5%	5%

(b) Reserves

The Borrower must have reserves as follows:

	1-unit	2-units	3- and 4-units
Home Possible Mortgages (Other than Home Possible Neighborhood Solution Mortgages)	None required	Two months	Two months
Home Possible Neighborhood Solution Mortgages	One month	One month	Not permitted

(c) Sources of funds

The following sources of funds are permitted:

Use	Permitted Sources of Funds
Minimum Borrower Contribution	Borrower Personal Funds
Down Payment for purchase transaction	Borrower Personal Funds Other Borrower Funds

Additional Equity if needed for a "no cash-out" refinance transaction	Borrower Personal Funds Other Borrower Funds
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 (06/01/11)

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 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

When all the Borrowers are First-Time Homebuyers for purchase transaction Home Possible® Mortgages, 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 (07/23/12)

See Section 17.18 for delivery and pooling requirements for Home Possible® Mortgages.

A34.14: Postsettlement delivery fees (07/23/12)

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:

- 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 (07/23/12)

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 17.18
Temporary Subsidy Buydown Plans	Section 25.4
Affordable Seconds®	Section 25.1(g)
Home Possible Mortgages® with Rural Housing Service (RHS) Leveraged Seconds	Sections 35.3 and 17.18
Special Servicing	Sections 59.1 and 64.5
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 (07/23/12)

(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:

- An assumable or nonassumable 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
- A Non-Loan Prospector® Mortgage

Section 502 GRH Mortgages must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a).

The Seller must obtain Freddie Mac's written approval, which must be expressly included in the Seller's Purchase Documents, to sell Section 502 GRH Mortgages. The Seller should request this written approval by calling its account manager or (800) FREDDIE.

(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
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

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 Section 23.2.

(e) Special RHS documentation instructions

- Loan Guarantee

  Freddie Mac will purchase 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
- The Seller has executed the Lender Agreement that is and will remain in full force and effect
- The Loan Guarantee by RHS of the Section 502 GRH Mortgage is in full force and in effect as of the Delivery Date
- The 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 17.19 for delivery and pooling requirements for Section 502 GRH Mortgages sold to Freddie Mac.

(j) Postsettlement delivery fee

Assumable and nonassumable Section 502 GRH Mortgages must be sold to Freddie Mac with recourse, within the meaning of Section 11.10(a). The Seller must refer to Exhibit 19, Postsettlement Delivery Fees, and/or its negotiated terms of business for postsettlement delivery fees (“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 (07/23/12)

(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 loan-to-value (LTV) and total loan-to-value (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 95% or the maximum allowed under the second loan regulations.

(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.

- 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 17.18 for delivery and pooling requirements for Home Possible Mortgages with RHS Leveraged Seconds sold to Freddie Mac.

(h) Postsettlement delivery fee

The Seller 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 (07/23/12)

(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 February 2003, 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
- 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).

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 the 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). The Seller 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 17.16 for delivery and pooling requirements for Section 184 Native American Mortgages sold to Freddie Mac.

35.5: FHA/VA Mortgages (07/23/12)

(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, ARMs, super conforming Mortgages, Home Improvement Loans, Multifamily Mortgages or Second Mortgages may be delivered
3. Each Mortgage meets all requirements applicable to the program under which it is insured or guaranteed
4. Each Mortgage meets the requirements set forth in the Guide, except to the extent that (i) the requirements of the Guide are inconsistent with the requirements of the program under which the Mortgage is insured or guaranteed or (ii) the requirements of the Guide are specifically modified by this chapter
5. Each Mortgage is sold to Freddie Mac with recourse, within the meaning of Section 11.10(a)
6. See Section 17.15 for delivery and pooling requirements for FHA/VA Mortgages sold to Freddie Mac

The 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 the 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 the 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 the 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). The Seller 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: Reserved

Chapter 36 is reserved.

Chapter 37: Underwriting the Borrower

37.1: Underwriting a Mortgage for sale to Freddie Mac (01/01/13)

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
- 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 ARM 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 (02/10/12)

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 Construction Conversion and Renovation Mortgages, 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 (07/18/13)

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

A Tradeline for an account for which the Borrower is not the primary account holder, but is listed as an authorized user, may be considered a Borrower's Tradeline if the Seller obtains and retains in the Mortgage file documentation that evidences at least one of the following:

- Another Borrower on the Mortgage owns the Tradeline in question,
- The Tradeline is owned by the Borrower's spouse, or
- The Borrower has been making the payments on the account for the last 12 months.

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.

37.4: Establishing Borrower credit reputation (Future effective date 04/01/14)

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

A Tradeline for an account for which the Borrower is not the primary account holder, but is listed as an authorized user, may be considered a Borrower's Tradeline if the

Seller obtains and retains in the Mortgage file documentation that evidences at least one of the following:

- Another Borrower on the Mortgage owns the Tradeline in question,
- The Tradeline is owned by the Borrower's spouse, or
- The Borrower has been making the payments on the account for the last 12 months.

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.

When the Borrower has a housing payment history, the Seller must verify both current and prior housing payment histories for no less than the most recent 12 months (or length of housing payment history if less than 12 months) in accordance with Section 37.11(c).

Documented 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 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.

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 (07/18/13)

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.

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, 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 Construction Conversion and Renovation Mortgages, the Seller must obtain FICO scores no more than 120 days prior to the Effective Date of Permanent Financing.

(c) Usable Credit/FICO scores

For Manually Underwritten Mortgages, 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). However, the Seller does not have to disregard the FICO score if the Seller obtains and retains evidence in the Mortgage file of at least one of the following for each authorized user account:
  - Another Borrower on the Mortgage owns the Tradeline in question,
  - The Tradeline is owned by the Borrower's spouse, or
  - The Borrower has been making the payments on the account for the last 12 months.

If the Seller is unable to document one of the above three requirements for each authorized user account, the FICO score does not have to be disregarded if the Seller determines that the authorized user accounts have an insignificant impact on the Borrower's overall credit history and the information on the credit report is representative of the Borrower's own credit reputation. The Seller should base its determination on the number of the Borrower's own Tradelines, as well as their age, type, size and the payment history, as compared to the authorized user accounts. The Seller must document its determination on Form 1077 or another document in the Mortgage file.

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. The requirements of this paragraph do not apply to authorized user accounts.

(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 the Seller to use any one of three methods
- Prefers the Seller use one method for all their loans
- Recommends the Seller 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 Seller must deliver the Indicator Score in the ULDD Data Point *Loan Level Credit Score Value* and must deliver the ULDD Data Point *Loan Level Credit Score Selection Method Type* as follows:

- "Middle Or Lower Then Lowest," "Middle or Lower Then Average," or "Average Then Average"
- If the Seller enters a usable Credit Score value in the ULDD Data Point *Loan Level Credit Score Value*, then the Seller must enter a Credit Score method of "Middle Or Lower Then Lowest," "Middle or Lower Then Average," or "Average Then Average" in the ULDD Data Point *Loan Level Credit Score Selection Method Type*, as applicable
- If the Seller determines there is no usable Indicator Score in the Mortgage file due to insufficient credit information, the Seller must select the valid value of "Insufficient Credit History" in the ULDD Data Point *Credit Score Impairment Type*, 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 select the valid value of "Significant Errors Score" in the ULDD Data Point *Credit Score Impairment Type*, as applicable

If the Seller does not deliver an Indicator Score for Loan Prospector Mortgages, the Seller must enter the Loan Prospector Key Number in the ULDD Data Point *Automated Underwriting Case Identifier* 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 (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 (08/21/12)

(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 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.

(i) 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	Whenever a Borrower has had a previous foreclosure, deed-in-

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Extenuating Circumstances	Additional Requirements
	on the credit report	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 (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.
Deed-in-lieu of foreclosure	24 months from the execution date	
Short sale	24 months from the completion date	
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

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Extenuating Circumstances	Additional Requirements
Other significant adverse or derogatory credit information	24 months from the most recent significant adverse or derogatory credit information	N/A

(ii) 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 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.
Deed-in-lieu of foreclosure	48 months from the execution date	
Short sale	48 months from the completion date	
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
Chapter 13 bankruptcy	24 months after the discharge date 48 months from the dismissal date	

Significant Derogatory Event	Recovery Time Periods for Reestablishment of Credit with Financial Mismanagement	Additional Requirements
		maintained an acceptable credit reputation

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 (07/20/12)

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 3.6 or Section 3.8, 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 (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 (09/24/13)

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 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 credit and legal activity that has occurred within a minimum of the last seven years.	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 Construction Conversion and Renovation Mortgages, 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.

37.11: Verification of payment history (Future effective date 04/01/14)

(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

For Manually Underwritten Mortgages, the Seller must document in the Mortgage file that the Borrower's credit reputation is acceptable. Though the documentation necessary to establish an acceptable credit reputation may vary, Freddie Mac requires that the Mortgage file documentation clearly demonstrates the Borrower met his or her obligations over an extended period of time. See Section 37.4 for requirements on sufficient information to establish an acceptable credit reputation.

Documentation of Tradelines and Noncredit Payment References

Tradelines (e.g., installment loans, revolving charge accounts and Mortgages) and Noncredit Payment References (e.g., rent, utilities and insurance) may appear on a credit report meeting the requirements of Section 37.10 or the Seller may obtain a

direct verification from the creditor or other acceptable documentation of payment history meeting the requirements of this section.

If the verification of a Noncredit Payment Reference on the credit report or direct verification is provided by a source other than a professional business, the Mortgage file must also include other documentation supporting the payment history, for example, canceled checks, depository statements or receipts issued by the creditor, subject to requirements below.

(i) Direct verification

A direct verification may be either a completed verification form or a computer-generated payment history obtained by the Seller directly from the creditor and signed by the individual providing the verification.

Direct verifications must contain sufficient information to establish the following:

- The name and address of the creditor
- The name of the payor
- The name and title of the individual providing the credit reference
- The telephone number of the creditor
- The account number, if applicable
- The nature of the obligation (rent, utilities, payment for purchases, insurance, etc.)
- The highest credit balance, if applicable
- The amount of the payment due
- The outstanding balance
- The current and historical status of the account. The completed verification form must indicate the number of times and duration of times past due. The historical account status format should be "0 x 30, 0 x 60, 0 x 90 days" late. However, alternative formats are acceptable as long as the meaning is clear. Statements such as "current," "as agreed," or "satisfactory" are not acceptable by themselves because they are too vague.
- For a housing payment history, age of the reference if the length of housing payment history is less than 12 months

General reference letters without the above information are not sufficient documentation for establishing an acceptable credit reputation.

(ii) Other acceptable documentation

In lieu of a direct verification from the creditor, the Seller may obtain canceled checks, receipts issued by the creditor in accordance with the requirements of subsection (iii) below, or depository account statements from the Borrower. The Mortgage file must also contain documentation that substantiates the terms of the debt repayment (e.g., a copy of a fully executed lease agreement for a rental verification).

For rental verification, if the Seller obtains a copy of a fully executed lease agreement and either canceled checks, depository account statements or receipts from the creditor for payments in cash in accordance with the requirements of subsection (iii) below, and the Seller confirms that the Borrower has made timely payments in accordance with the terms of the lease for the most recent 12 months, the documentation requirements of this subsection (ii) are met.

The obtained documentation must contain sufficient information to establish the following:

- The name and address of the creditor
- The name of the payor
- The nature of the obligation (rent, utilities, payment for purchases, insurance, etc.)
- The highest credit balance, if applicable
- The amount of the payment due
- The outstanding balance
- The current and historical status of the account, including number of times past due and how many days past due
- For a housing payment history, age of the reference if the length of housing payment history is less than 12 months

Documented 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 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. If a savings history is used as one of the Noncredit Payment References, the Mortgage file must contain documentation, such as depository account statements that meet the requirements of Section 37.20.

(iii) Special requirements for receipts

Receipts from the creditor are acceptable documentation under the provisions of this section only if the payments being verified were made in cash and there is no evidence in the Mortgage file that the payments were made by checks or direct bank transfers.

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 and asset qualification sources (11/15/13)

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. 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. When the Borrower has less than a two-year history of receiving income, the Seller must provide a written analysis to justify the determination that the income that is used to qualify the Borrower is stable. While the sources of income may vary, the Borrower should have a consistent level of income despite changes in the sources of income.

The Seller's determination that the income can reasonably be expected to continue must be based on the documentation required in this chapter, and any other documentation contained in the Mortgage file. The determination should focus on the Borrower's past employment/self-employment history, history of receipt of other income, and the probability of continued consistent receipt of the income used to qualify the Borrower. For all income, the Seller may consider the income for qualifying the Borrower, provided the Seller does not have knowledge, information or documentation that contradicts a reasonable expectation of continuance or probability of consistent receipt over the next three years.

In addition to the income sources described, asset qualification sources that meet the requirements of this chapter, including Section 37.13(e) below, may also be used to qualify the Borrower for the Mortgage. For each asset qualification source used to qualify the Borrower, the Seller must determine that both the source of the asset and the amount of the asset source used to qualify the Borrower are reasonable and stable. Seller must include a written analysis of the asset qualification source and amount in the Mortgage file.

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 and asset qualification sources that meet the requirements of this chapter may be used as qualifying income for the Mortgage.

Income or asset qualification sources that do not meet these requirements or are not calculated correctly may invalidate the Loan Prospector Risk Class on the Feedback Certificate.

(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 for at least the next three years.

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.

(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.

(iv) Newly employed

For a Borrower who 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.

(v) Re-entering the workforce

For a Borrower who is re-entering the workforce and has 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.

(vi) 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 evidence that the Borrower is back to the income amount that they previously earned. The Seller must focus its analysis on the most recent earnings and the income that is most likely to be received at the level used for qualifying. If a Borrower is currently on temporary leave, follow the guidance in Section 37.13(a)(vii).

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).

(vii) Income while on temporary leave

The following section provides guidance to Sellers for underwriting Borrowers on temporary leave from their current employment.

Temporary leave

Temporary leave from an employer may encompass various circumstances (e.g., family and medical, short-term disability, maternity, other temporary leaves with or without pay)**.** Temporary leave is generally short in duration. The period of

time that a Borrower is on temporary leave may be determined by various factors such as applicable law, employer policies and short-term insurance policy and/or benefit terms. Leave ceases being considered temporary when the Borrower does not intend to return to the current employer or does not have a commitment from the current employer to return to employment. Refer to Section 37.13(c) regarding long-term disability income if the Seller has knowledge the Borrower has applied for, is receiving or will be receiving long-term disability benefits or long-term insurance benefits.

Determining qualifying income and Borrower capacity to meet obligations while on temporary leave

During a temporary leave, a Borrower's income may be reduced and/or completely interrupted. The Seller must determine that during and after the temporary leave the Borrower has capacity to repay the Mortgage and all other monthly obligations in accordance with Chapter 37. The Seller's determination must be based on required documentation, Seller knowledge and available information.

(a) For Borrowers returning to their current employer prior to or on the first Mortgage payment due date:

The Seller may use for qualifying income the Borrower's pre-leave gross monthly income.

(b) For Borrowers returning to their current employer after the first Mortgage payment due date:

- The Seller may use for qualifying income the Borrower's gross monthly income amount being received for the duration of the temporary leave

- In the event that the income has been reduced or interrupted, the Seller may use for qualifying income the monthly reduced income amount (this amount may be zero) being received for the duration of the leave combined with the Borrower's available liquid assets, as necessary. Available liquid assets may be used as a partial or complete income supplement up to the amount of the income reduction. The "Asset calculation for Mortgage qualification" described in Section 37.13(e)(2) does not apply to the calculation of assets as an income supplement when determining qualifying income and Borrower capacity to meet obligations while on temporary leave. Assets that are required for the transaction (e.g., down payment, Closing Costs, Financing Costs, Prepaids/Escrows and reserves) may not be considered as available assets.

- The total qualifying income must not exceed the Borrower's pre-leave gross monthly income amount

Documentation requirements

The following documentation is required for all Borrowers on temporary leave:

- Documentation to verify the Borrower's pre-leave income and employment in accordance with Chapter 37, regardless of leave status

- Written statement from the Borrower confirming the Borrower's intent to return to the current employer and the intended date of return

- Documentation generated by current employer confirming the Borrower's eligibility to return to the current employer after temporary leave. Acceptable forms of employer documentation that the Seller may obtain from the Borrower include, but are not limited to: an employer-approved leave request, a Family Medical Leave Act document, or other documentation generated by the employer or a third-party verifier on behalf of the employer.

In addition, the following documentation is required for Borrowers returning to the current employer after the first Mortgage payment due date:

- Documentation evidencing amount, duration and consistency of all temporary leave income sources being used to qualify the Borrower (e.g., short-term disability benefits or insurance, sick leave benefits, temporarily reduced income from employer) that are being received during the temporary leave

- All available liquid assets used to supplement the reduced income for the duration of the temporary leave must meet the requirements of and be verified in accordance with Sections 37.22 and 37.23

- A written rationale explaining the analysis used to determine the qualifying income, regardless of the underwriting path

(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.

Prior to delivery, but no more than 30 days prior to the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, the Seller must verify the existence of the Borrower's business from a third party source. 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 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 (non-employment/non-self-employment)

If a Borrower chooses to disclose non-employment/non-self-employment income such as alimony, child support or separate maintenance payments, public assistance payments, Social Security or retirement benefits, trust, investment, the Seller should consider them as stable income consistent with the requirements of this chapter. As with all income, the Seller must evaluate whether the non-employment/non-self-employment income has been consistently received for at least two years and is likely to be consistently received for the next three years based on the documentation required in this chapter, and any other documentation contained in the Mortgage file. In some instances, as described below, a two- year history of receipt of the non-employment/non-self-employment income is not required. In other instances where the Borrower has less than a two-year history of receiving income, the Seller may be able to use the income to qualify the Borrower but must provide a written analysis to justify the determination that the income that is used to qualify the Borrower is stable. The Seller may consider non-employment/non-self-employment income for qualifying provided the Seller does not have knowledge, information or documentation that contradicts a reasonable expectation of continuance or probability of consistent receipt for at least the next three years.

Factors that must be considered in determining the likelihood of consistent receipt of non-employment/non-self-employment 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 of the income
4. The consistency of the amount of income
5. The availability of procedures to compel payment
6. Whether full or partial payments have been made
7. The age of each child for which child support payments are made (if applicable)
8. 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.

- **Retirement income**
  Retirement income may be considered qualifying income if the Mortgage file contains evidence of the type of retirement income (e.g., Social Security, pension, annuity), source, amount and consistent receipt for the most recent two months. Retirement income must be likely to continue for at least the next three years.

- **Survivor and dependent benefit income**
  Survivor and dependent benefit income may be considered qualifying income if the Mortgage file contains evidence of the type of survivor and/or dependent benefit income (e.g., Social Security Survivor benefits, Survivors' Department of Veterans Affairs (VA) benefits, other similar benefits), source, amount and consistent receipt for the most recent two months. Survivor and dependent benefit income must be likely to continue for at least the next three years.

- **Long-term disability income**
  Long-term disability income (e.g., Social Security disability benefits, VA disability compensation, worker's compensation, private disability insurance) may be considered qualifying income that has a reasonable expectation of continuance unless there is a pre-determined insurance and/or benefit expiration date that is less than three years (e.g., stated termination of a private disability insurance policy). Pending or current re-evaluation of medical eligibility for insurance and/or benefit payments is not considered an indication that the insurance and/or benefit payment will not continue. Evidence of the source, amount, insurance and/or benefit type, and consistent receipt for the most recent two months must be obtained.

- **Social Security Supplemental Security Income**
  Social Security Supplemental Security Income (SSI) may be considered as qualifying income that has a reasonable expectation of continuance unless there is evidence that the benefits will not continue. Pending or current re-evaluation of medical eligibility for benefit payments is not considered an indication that the insurance and/or benefit payment will not continue. Evidence of the source, amount, benefit type and consistent receipt for the most recent two months must be obtained.

- **Public assistance income**
  Income from public assistance (e.g., Temporary Assistance for Needy Families (TANF)) may be considered qualifying income if the Mortgage file contains evidence that the income has been received for the most recent two months. The Seller must obtain documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received. Public assistance income must be likely to continue 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. The payments 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 housing agency that issued the voucher. Section 8 homeownership assistance payments must be likely to continue for the next three years.

- **Foster-care income**
  Foster-care income may be considered qualifying income if the income is received from a state- or county-sponsored organization and the Borrower has a two-year history of providing foster-care services. Foster care income must be likely to continue for the next three years.

- **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 six months and is obligated to make payment to the Borrower for the next three years. Evidence that the payments have been received for the most recent six months is required. 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.

- **Mortgage Credit Certificates (MCCs)**
  The amount of the MCC tax credit may be considered as qualifying income in accordance with the following requirements:
  - The amount used as qualifying income must be calculated as follows:
    (Mortgage amount) x (Note Rate) x (Mortgage Credit Certificate rate %) divided by 12
  - The amount used as qualifying income cannot exceed the maximum Mortgage interest credit permitted by the IRS
  - The Mortgage file must contain a copy of the:
    (i) MCC
    (ii) Seller's calculation of the amount used as qualifying income

  A history of receipt of MCC tax credit is not required.

(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.

(e) Assets as a basis for Mortgage qualification

The assets described in this Section 37.13(e) may be used to qualify the Borrower for the Mortgage, provided that, regardless of the underwriting path of the Mortgage, the requirements of this section are met. The Borrower must not currently be using the eligible assets as a source of income.

1. **Asset eligibility requirements**
   The following assets may be used to qualify the Borrower for the Mortgage, provided that the assets meet the following requirements:

   Retirement assets
   - The retirement assets must be in a retirement account recognized by the Internal Revenue Service (IRS) (e.g., 401(k), IRA)
   - Borrower(s) must be the sole owner
   - The account must be immediately accessible in its entirety
   - Account funds must not be subject to a penalty
   - The Borrower's rights to the funds in the account must be fully vested

   Lump-sum distribution funds not deposited to an eligible retirement asset
   If the lump-sum distribution funds have been deposited to an eligible retirement asset, follow the requirements for retirement assets described above.

   - Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g., 401(k), IRA) and must be deposited to a non-retirement brokerage or depository account
   - A Borrower must have been the recipient of the lump-sum distribution funds
   - Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution
   - The proceeds from the lump-sum distribution must be immediately accessible in their entirety

- The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty

Assets from the sale of the Borrower's business

- The Borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the non-retirement brokerage or depository account
- Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the proceeds from the sale of the Borrower's business
- The proceeds from the sale of the business must be immediately accessible in their entirety
- The sale of the business must not have resulted in the following: retention of business assets, existing secured or unsecured debt, ownership interest or seller-held notes to buyer of business

2. **Asset calculation for Mortgage qualification**
   Seller may use 70% of the balance of the eligible asset less any funds required to complete the transaction (e.g., downpayment, Closing Costs, Financing Costs, Prepaids/Escrows), divided by 360 months, regardless of loan term or account balance, to qualify the Borrower for the Mortgage.

3. **Mortgage eligibility requirements**
   The assets described in this Section 37.13(e) may only be used to qualify the Borrower if the Mortgage meets all of the following requirements:

   - The Mortgage is secured by a 1-unit Primary Residence or second home
   - The Mortgage is either a purchase transaction Mortgage, "no cash-out" refinance Mortgage, or Relief Refinance Mortgage℠
   - The Mortgage has a maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity TLTV (HTLTV) ratio of 70%

37.14: Rental income (07/23/12)

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 ULDD Data Point *Property Dwelling Unit Eligible Rent Amount* for each non-owner occupied unit in a 2- to 4-unit Primary Residence must be delivered.

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 ULDD Data Point *Property Dwelling Unit Eligible Rent Amount* for each 1-unit Investment Property and each unit in a 2- to 4-unit Investment Property must be delivered

- 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 (02/10/12)

(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 Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, 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 Construction Conversion and Renovation Mortgages, 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 (04/01/10)

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 (12/14/12)

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 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 employment and/or income verification services

Income and/or employment verifications obtained through third-party income and/or employment verification service providers are acceptable. The verifications must be received by the originator directly from the third-party income/employment service provider via electronic link, facsimile transmission or mail and a legible copy must be retained in the Mortgage file. The Seller is responsible for ensuring the accuracy and integrity of the information provided by the third-party employment and/or income verification service. All income and employment verifications must meet the requirements of the Guide. Regardless of the information provided by the third-party verification service provider, 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 Effective Date

of Permanent Financing for Construction Conversion and Renovation Mortgages, 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 Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, 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, the Effective Date of Permanent Financing or applicable assumption agreement date do not satisfy the requirements of this section. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

In addition, no more than 10 Business Days prior to the Note Date, the Seller must confirm the Borrower's employment by obtaining a verbal verification of employment. For a self-employed Borrower, the Seller must obtain a verification of existence of the Borrower's business through a third party source no more than 30 calendar days prior to the Note Date. Alternatively, the Seller may obtain the verification of employment or the existence of business, as applicable, after the Note Date but prior to the Delivery Date. See Sections 37.22 and 37.23 for additional information.

(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.

37.20: General requirements for verifying documents (Future effective date 03/01/14)

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 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.

Documentation and verifications 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

Direct account verifications (i.e., verification of deposit form (VOD)) must:

- Identify the issuing institution or administrator, as applicable
- Identify the account owner(s)
- Identify the account number
- Identify the type of account
- Identify account open date
- Identify the current account balance
- Identify the average balance for the previous two months
- Identify any outstanding loans
- If it is a securities account, identify the stocks/securities
- Include the title, signature and phone number of the depository representative who completed the verification

Asset 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

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

See Sections 37.22(b) and 37.23(b) for accounts that were opened within 90 days of verification, reflect large deposits or have balances that are significantly greater than the previously shown balance.

(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 employment and/or income verification services

Income and/or employment verifications obtained through third-party income and/or employment verification service providers are acceptable. The verifications must be received by the originator directly from the third-party income/employment service provider via electronic link, facsimile transmission or mail and a legible copy must be retained in the Mortgage file. The Seller is responsible for ensuring the accuracy and integrity of the information provided by the third-party employment and/or income verification service. All income and employment verifications must meet the requirements of the Guide. Regardless of the information provided by the third-party verification service provider, 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 dated no more than 120 days before, as applicable the Note Date, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, 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 Effective Date

of Permanent Financing for Construction Conversion and Renovation Mortgages, 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, the Effective Date of Permanent Financing or applicable assumption agreement date do not satisfy the requirements of this section. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

In addition, no more than 10 Business Days prior to the Note Date, the Seller must confirm the Borrower's employment by obtaining a verbal verification of employment. For a self-employed Borrower, the Seller must obtain a verification of existence of the Borrower's business through a third party source no more than 30 calendar days prior to the Note Date. Alternatively, the Seller may obtain the verification of employment or the existence of business, as applicable, after the Note Date but prior to the Delivery Date. See Sections 37.22 and 37.23 for additional information.

(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.

37.20: General requirements for verifying documents (Future effective date 04/01/14)

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 Section 37.11(c) and 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 Section 37.11(c) and 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), direct verification of Tradelines and Noncredit Payment References, including Mortgage payment history and

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 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.

Documentation and verifications 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

Direct account verifications (i.e., verification of deposit form (VOD)) must:

- Identify the issuing institution or administrator, as applicable
- Identify the account owner(s)
- Identify the account number
- Identify the type of account
- Identify account open date
- Identify the current account balance
- Identify the average balance for the previous two months
- Identify any outstanding loans
- If it is a securities account, identify the stocks/securities
- Include the title, signature and phone number of the depository representative who completed the verification

Asset 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

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

See Sections 37.22(b) and 37.23(b) for accounts that were opened within 90 days of verification, reflect large deposits or have balances that are significantly greater than the previously shown balance.

(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 employment and/or income verification services

Income and/or employment verifications obtained through third-party income and/or employment verification service providers are acceptable. The verifications must be received by the originator directly from the third-party income/employment service provider via electronic link, facsimile transmission or mail and a legible copy must be retained in the Mortgage file. The Seller is responsible for ensuring the accuracy and integrity of the information provided by the third-party employment and/or income verification service. All income and employment verifications must meet the requirements of the Guide. Regardless of the information provided by the third-party verification service provider, 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 dated no more than 120 days before, as applicable the Note Date, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, 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 Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, 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, the Effective Date of Permanent Financing or applicable assumption agreement date do not satisfy the

requirements of this section. See Chapter 32 for the requirements for Seller-Owned Modified and Seller-Owned Converted Mortgages.

In addition, no more than 10 Business Days prior to the Note Date, the Seller must confirm the Borrower's employment by obtaining a verbal verification of employment. For a self-employed Borrower, the Seller must obtain a verification of existence of the Borrower's business through a third party source no more than 30 calendar days prior to the Note Date. Alternatively, the Seller may obtain the verification of employment or the existence of business, as applicable, after the Note Date but prior to the Delivery Date. See Sections 37.22 and 37.23 for additional information.

(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).

37.22: Streamlined Accept Documentation requirements (11/15/13)

The following requirements apply to Loan Prospector® Mortgages that receive a Streamlined Accept Documentation Level. All 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 qualification of the Borrower.

(a) Employment, income and asset qualification documentation

For each income and asset qualification 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 Construction Conversion and Renovation Mortgages, as applicable.

Additionally, in lieu of the verbal verification of employment (VOE) obtained as 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

Income and asset qualification sources	Streamlined Accept Documentation
All income and asset qualification sources	All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T. If submitting the Form 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. For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: ■ In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. ■ Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable.

Income and asset qualification sources	Streamlined Accept Documentation
Employment income	Written VOE covering the most recent year and verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Bonus income	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date

Income and asset qualification sources	Streamlined Accept Documentation
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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete federal tax returns for the most recent year ■ Written VOE covering the most recent one year, a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete individual federal tax return for the most recent year
Overtime	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 and asset qualification sources	Streamlined Accept Documentation
Tip income	Written VOE covering two full years of tip income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Written VOE covering the most recent one-year period and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided
Military reserve income	One of the following: ■ YTD LES documenting at least 30 days of income, most recent W-2 and verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. ■ Written VOE covering the most recent one year and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to Note Date may be provided.

Income and asset qualification sources	Streamlined Accept Documentation
Income from a second or additional job	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Seasonal employment and unemployment compensation	A written VOE covering two full years for the seasonal employment and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Proof of receipt of unemployment compensation for two years, if applicable
Income while on temporary leave	Refer to Section 37.13(a)(vii).
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 obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form

Income and asset qualification sources	Streamlined Accept Documentation
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note and proof of receipt of payments for the most recent year.
Dividend and interest	Copy of complete individual federal income tax returns for the most recent two-year period; evidence of sufficient assets to support the qualifying income.
Trust income	Copy of the Trust Agreement.
Capital gains	Copy of complete individual federal income tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income; evidence of sufficient assets to support the qualifying income.

Income and asset qualification sources	Streamlined Accept Documentation
Royalty payments	A copy of the most recent complete individual federal income tax returns.
Retirement income	■ A copy of the award letter, 1099 or other equivalent documentation showing income type, source, amount, and ■ Most recent two months bank statements or other equivalent documentation evidencing consistent receipt of the retirement income
Survivor and dependent benefit income	■ A copy of the award letter or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Long-term disability income	■ A copy of the award letter, W-2 or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt If the disability benefit is provided by an employer, private insurer and/or has a pre-determined expiration date, obtain a copy of the certificate of coverage, award letter, or other equivalent documentation evidencing a disability income benefit and/or policy expiration date that exceeds three years.
Social Security Supplemental Security Income	■ A copy of the award letter or other equivalent documentation showing income type, amount and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Public assistance income	Evidence of receipt of consistent payments for the most recent two months and documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public housing agency that issued the homeownership 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.
Alimony or separate maintenance	■ Proof of receipt of the total court ordered amount for the most recent six months, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years

Income and asset qualification sources	Streamlined Accept Documentation
Child support	■ Proof of receipt of the total court ordered amount for the most recent six month period, proof of the ages of the children for which child support is received in order to prove three-year continuance, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years
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.
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.

Income and asset qualification sources	Streamlined Accept Documentation
Assets as a basis for Mortgage qualification: Retirement assets	■ Most recent retirement asset account statement(s) ■ Satisfactorily documented evidence of the following: ❑ Borrower(s) must be the sole owner of the account ❑ Retirement asset account is a retirement account recognized by the IRS ❑ 100% of balance is fully vested and immediately accessible ❑ Account is not subject to a penalty
Assets as a basis for Mortgage qualification: Lump-sum distribution funds	■ Most recent three months personal depository or brokerage account statements ■ Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets ❑ Lump-sum distribution funds must not have been or currently be subject to a penalty
Assets as a basis for Mortgage qualification: Proceeds from sale of business	■ Most recent three months personal depository or brokerage account statements ■ Fully executed closing documents evidencing final sale of business to include sales price and net proceeds ■ Contract for sale of business ■ Most recent business tax return prior to sale of business ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the Borrower's business
Rental income	Rental income must be documented in accordance with Section 37.14.
Gaps in employment	No explanation is required for gaps in employment
Mortgage Credit Certificate (MCC)	A copy of the MCC

(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	A gift letter signed by the donor is required. Information provided in the gift letter must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address and telephone number ■ Identify the Mortgaged Premises ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid 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.

37.22: Streamlined Accept Documentation requirements (Future effective date 03/01/14)

The following requirements apply to Loan Prospector® Mortgages that receive a Streamlined Accept Documentation Level. All 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 qualification of the Borrower.

(a) Employment, income and asset qualification documentation

For each income and asset qualification 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 Construction Conversion and Renovation Mortgages, as applicable.

Additionally, in lieu of the verbal verification of employment (VOE) obtained as 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

Income and asset qualification sources	Streamlined Accept Documentation
All income and asset qualification sources	All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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 Form 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 Form 4506-T. If submitting the Form 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. For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: ■ In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled "Request For Copy of the Return, Estate or Gift Certificate of Release" (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion") for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. ■ Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable.

Income and asset qualification sources	Streamlined Accept Documentation
Employment income	Written VOE covering the most recent year and verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Bonus income	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date

Income and asset qualification sources	Streamlined Accept Documentation
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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete federal tax returns for the most recent year ■ Written VOE covering the most recent one year, a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete individual federal tax return for the most recent year
Overtime	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 and asset qualification sources	Streamlined Accept Documentation
Tip income	Written VOE covering two full years of tip income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Written VOE covering the most recent one-year period and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES dated no more than 30 days prior to Note Date may be provided
Military reserve income	One of the following: ■ YTD LES documenting at least 30 days of income, most recent W-2 and verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date. ■ Written VOE covering the most recent one year and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to Note Date may be provided.

Income and asset qualification sources	Streamlined Accept Documentation
Income from a second or additional job	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Seasonal employment and unemployment compensation	A written VOE covering two full years for the seasonal employment and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Proof of receipt of unemployment compensation for two years, if applicable
Income while on temporary leave	Refer to Section 37.13(a)(vii).
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 obtained either no more than 30 calendar days prior to Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form

Income and asset qualification sources	Streamlined Accept Documentation
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note and proof of receipt of payments for the most recent year.
Dividend and interest	Copy of complete individual federal income tax returns for the most recent two-year period; evidence of sufficient assets to support the qualifying income.
Trust income	Copy of the Trust Agreement.
Capital gains	Copy of complete individual federal income tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income; evidence of sufficient assets to support the qualifying income.

Income and asset qualification sources	Streamlined Accept Documentation
Royalty payments	A copy of the most recent complete individual federal income tax returns.
Retirement income	■ A copy of the award letter, 1099 or other equivalent documentation showing income type, source, amount, and ■ Most recent two months bank statements or other equivalent documentation evidencing consistent receipt of the retirement income
Survivor and dependent benefit income	■ A copy of the award letter or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Long-term disability income	■ A copy of the award letter, W-2 or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt If the disability benefit is provided by an employer, private insurer and/or has a pre-determined expiration date, obtain a copy of the certificate of coverage, award letter, or other equivalent documentation evidencing a disability income benefit and/or policy expiration date that exceeds three years.
Social Security Supplemental Security Income	■ A copy of the award letter or other equivalent documentation showing income type, amount and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Public assistance income	Evidence of receipt of consistent payments for the most recent two months and documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public housing agency that issued the homeownership 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.
Alimony or separate maintenance	■ Proof of receipt of the total court ordered amount for the most recent six months, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years

Income and asset qualification sources	Streamlined Accept Documentation
Child support	■ Proof of receipt of the total court ordered amount for the most recent six month period, proof of the ages of the children for which child support is received in order to prove three-year continuance, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years
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.
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.

Income and asset qualification sources	Streamlined Accept Documentation
Assets as a basis for Mortgage qualification: Retirement assets	■ Most recent retirement asset account statement(s) ■ Satisfactorily documented evidence of the following: ❑ Borrower(s) must be the sole owner of the account ❑ Retirement asset account is a retirement account recognized by the IRS ❑ 100% of balance is fully vested and immediately accessible ❑ Account is not subject to a penalty
Assets as a basis for Mortgage qualification: Lump-sum distribution funds	■ Most recent three months personal depository or brokerage account statements ■ Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets ❑ Lump-sum distribution funds must not have been or currently be subject to a penalty
Assets as a basis for Mortgage qualification: Proceeds from sale of business	■ Most recent three months personal depository or brokerage account statements ■ Fully executed closing documents evidencing final sale of business to include sales price and net proceeds ■ Contract for sale of business ■ Most recent business tax return prior to sale of business ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the Borrower's business
Rental income	Rental income must be documented in accordance with Section 37.14.
Gaps in employment	No explanation is required for gaps in employment
Mortgage Credit Certificate (MCC)	A copy of the MCC

(b) Asset documentation information

All Borrower Funds and reserves used in the evaluation of the Mortgage must be from eligible sources meeting the requirements of Chapter 26. Asset documentation must meet the requirements of Section 37.20 and the chart below. The Seller must maintain the documentation in the Mortgage file.

When using account statements, the Seller must document the source of funds for any single deposit exceeding 25% of the total monthly qualifying income for the Mortgage. The Seller must document a deposit of any amount if the Seller has any indication that the funds are borrowed. If the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file (e.g. tax refund amounts appearing on the tax returns in the file), the Seller is not required to obtain additional documentation.

When using a direct account verification (i.e., verification of deposit (VOD)), the Seller must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account is significantly greater than the average balance.

If a portion of the Borrower's funds were to be saved by the Borrower between the date of the loan application and the date of the loan closing, then the Mortgage file documents must show that funds were accumulated and on deposit prior to closing.

Asset	Streamlined Accept Documentation Requirement
Depository accounts	A depository account statement covering a one-month period or a direct account verification (i.e., VOD) is required. See below for additional requirements for documenting stocks, bonds, mutual funds, U.S. Government Securities and other securities, personal IRA and SEP-IRA accounts, 401(k), KEOGH, 403(b) and other IRS-qualified employer plans.

Asset	Streamlined Accept Documentation Requirement
Gift or gift of equity from a Related Person	A gift letter signed by the donor is required. Information provided in the gift letter must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address and telephone number ■ Identify the Mortgaged Premises ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid 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.
Gift or grant from an Agency	Documentation supporting a gift or grant from an Agency must: ■ Establish that the funds were provided by an Agency ■ Establish that the organization has an established gift or grant 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 assets	Provide the following: ■ Documentation verifying the value and ownership of the asset used to secure the loan as well as the amount and terms of the loan ■ Evidence of receipt of the loan proceeds

Asset	Streamlined Accept Documentation Requirement
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 ■ An 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 ■ Evidence of receipt of the proceeds
Earnest money deposit	The source of the earnest money deposit for a purchase transaction must be from an eligible source meeting the requirements of Chapter 26 and documented in accordance with the requirements for the applicable asset type contained in this chart. Care should be taken to make sure that the earnest money deposit is not counted twice in the evaluation of the Mortgage (i.e., deducted from the funds to close and counted in assets).
Funds disbursed from a trust	Trust verifications 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, evidence of receipt of the disbursed funds from the trust is required.

Asset	Streamlined Accept Documentation Requirement
Individual Development Accounts (IDA)	Documentation of the IDA program must verify: ■ If the matching funds are subject to Recapture ■ The ratio of matching funds by the Agency ■ Regular payments made by the Borrower and the matching organization ■ The vested balance or the percentage of vesting Documentation of matching funds subject to a Recapture provision must also meet the requirements of this chart for a gift or grant from an Agency.
Community Savings System accounts - Borrower contributions	Community Savings Systems account statements or a direct account verification must identify the nonprofit community organization as the administrator and show all Borrower contributions.
Pooled funds	Provide the following: ■ Evidence that the Borrower and the Related Person have resided together for at least one year ■ A written statement by the Borrower meeting the requirements of Section 26.4 ■ Documentation verifying the pooled funds per the requirements for the applicable asset type contained in this chart
Proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit	Provide the following for purchase transactions: ■ A copy of the established, ongoing and documented employer benefit program (must show the amount of the benefit and terms of the program) ■ Evidence of receipt of the EAH benefit
Credit card charges, cash advances or unsecured line of credit used to pay fees associated with the Mortgage application process	Provide the following: ■ A copy of the credit card statement or credit card receipt showing the amount charged, the outstanding balance and the terms of repayment ■ Verification of sufficient funds to pay the amount charged or advanced (in addition to the funds needed for the down payment, Prepaids/Escrows, other Closing Costs, Financing Costs and reserves, as required)

Asset	Streamlined Accept Documentation Requirement
Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities	A stock or brokerage account statement covering a one-month period or a direct account verification (i.e., VOD) is required. If the Borrower does not receive a stock/security account statement, the Seller must: ■ Provide a copy of the stock certificate ■ Provide the current stock prices from a published source If the assets are required for closing, evidence 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, evidence of liquidation is required
Personal IRA and SEP-IRA accounts	Provide the following: ■ An account statement covering a one-month period or a direct account verification (i.e., VOD) ■ If the assets are required for closing, evidence of liquidation is required
401(k), KEOGH, 403(b) and other IRS-qualified employer plans	Provide the following: ■ An account statement covering a one-month period or a direct account verification (i.e., VOD) reflecting the vested balance or the percentage of vesting ■ If the assets are required for closing, evidence of liquidation is required In order to use the vested amount of an IRS-qualified employer retirement account as reserves, the Mortgage file must include documentation of the terms of the retirement plan showing that the Borrower is permitted to make withdrawals regardless of current employment status.

Asset	Streamlined Accept Documentation Requirement
U.S. Savings Bonds	Provide the following: ■ A written 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 ■ Evidence of the bond values from the appropriate U.S. Treasury Table ■ If the assets are required for closing, evidence of liquidation is required

37.23: Standard Documentation requirements (11/15/13)

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 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 qualification of the Borrower.

(a) Employment, income and asset qualification documentation

For each income and asset qualification source used to qualify the Borrower, the Seller must obtain the verifications and documentation described 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 Construction Conversion and Renovation Mortgages, as applicable.

Additionally, in lieu of the verbal verification of employment (VOE) obtained as 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

Income and asset qualification sources	Standard Documentation
All income and asset qualification sources	All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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. For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: ■ In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled “Request For Copy of the Return, Estate or Gift Certificate of Release” (Modelo SC 2907 “Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion”) for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area ■ Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

Income and asset qualification sources	Standard Documentation
Employment income- (salary and hourly income)	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Bonus income	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date

Income and asset qualification sources	Standard Documentation
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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete federal tax returns for the previous two years ■ A written VOE covering the most recent two years, a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete individual federal tax return for the previous 24 months
Overtime	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 and asset qualification sources	Standard Documentation
Tip income	Written VOE covering two full years of tip income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided.
Military reserve income	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided.

Income and asset qualification sources	Standard Documentation
Income from a second or additional job	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Seasonal employment and unemployment compensation	Written VOE covering two full years for the seasonal employment and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Proof of receipt of unemployment compensation for two years (if applicable)
Income while on temporary leave	Refer to Section 37.13(a)(vii).
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form

Income and asset qualification sources	Standard Documentation
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note and proof of receipt of payments for the most recent one-year period.
Dividend and interest	Copy of the complete individual federal income tax returns for the most recent two-year period; evidence of sufficient assets to support the qualifying income.
Trust income	Copy of the Trust Agreement.
Capital gains	Copy of the complete individual federal income tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income; evidence of sufficient assets to support the qualifying income.

Income and asset qualification sources	Standard Documentation
Royalty payments	A copy of the most recent complete individual federal tax returns.
Retirement income	■ A copy of the award letter, 1099 or other equivalent documentation showing income type, source, amount, and ■ Most recent two months bank statements or other equivalent documentation evidencing consistent receipt of the retirement income
Survivor and dependent benefit income	■ A copy of the award letter or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Long-term disability income	■ A copy of the award letter, W-2 or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt If the disability benefit is provided by an employer, private insurer and/or has a pre-determined expiration date, obtain a copy of the certificate of coverage, award letter, or other equivalent documentation evidencing a disability income benefit and/or policy expiration date that exceeds three years.
Social Security Supplemental Security Income	■ A copy of the award letter or other equivalent documentation showing income type, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Public assistance income	Evidence of receipt of consistent payments for the most recent two months and documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public housing agency that issued the homeownership 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.
Alimony or separate maintenance	■ Proof of receipt of the total court ordered amount for the most recent six months, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years

Income and asset qualification sources	Standard Documentation
Child support	■ Proof of receipt of the total court ordered amount for the most recent six month period and proof of the ages of the children for which child support is received in order to prove three year continuance, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years
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.
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.
Assets as a basis for Mortgage qualification: Retirement assets	■ Most recent retirement asset account statement(s) ■ Satisfactorily documented evidence of the following: ❑ Borrower(s) must be the sole owner of the account ❑ Retirement asset account is a retirement account recognized by the IRS ❑ 100% of balance is fully vested and immediately accessible ❑ Account is not subject to a penalty
Assets as a basis for Mortgage qualification: Lump-sum distribution funds	■ Most recent three months personal depository or brokerage account statements ■ Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets ❑ Lump-sum distribution funds must not have been or currently be subject to a penalty

Income and asset qualification sources	Standard Documentation
Assets as a basis for Mortgage qualification: Proceeds from sale of business	■ Most recent three months personal depository or brokerage account statements ■ Fully executed closing documents evidencing final sale of business to include sales price and net proceeds ■ Contract for sale of business ■ Most recent business tax return prior to sale of business ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the Borrower's business
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.
Mortgage Credit Certificate (MCC)	A copy of the MCC

(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.

Asset	Standard Documentation Requirements
Gift from a Related Person that does not have to be repaid	A gift letter signed by the donor is required. Information provided in the gift letter must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address and telephone number ■ Identify the Mortgaged Premises ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid 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.
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.

Asset	Standard Documentation Requirements
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
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

Asset	Standard Documentation Requirements
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
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.

37.23: Standard Documentation requirements (Future effective date 03/01/14)

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 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 qualification of the Borrower.

(a) Employment, income and asset qualification documentation

For each income and asset qualification source used to qualify the Borrower, the Seller must obtain the verifications and documentation described 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 Construction Conversion and Renovation Mortgages, as applicable.

Additionally, in lieu of the verbal verification of employment (VOE) obtained as 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(a) for written verification requirements, Section 37.20(b) for verbal VOE requirements and Section 37.20(c) for third-party employment and/or income verification requirements.

Income and asset qualification sources	Standard Documentation
All income and asset qualification sources	All Borrowers, whose income is used to qualify, must sign Internal Revenue Service (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. For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows: ■ In lieu of a Form 4506-T, Borrowers with income that is derived from sources in Puerto Rico must sign the most recent version of Commonwealth of Puerto Rico Form 2907 titled “Request For Copy of the Return, Estate or Gift Certificate of Release” (Modelo SC 2907 “Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion”) for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area. ■ Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable.

Income and asset qualification sources	Standard Documentation
Employment income- (salary and hourly income)	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Bonus income	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date

Income and asset qualification sources	Standard Documentation
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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete federal tax returns for the previous two years ■ A written VOE covering the most recent two years, a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date and complete individual federal tax return for the previous 24 months
Overtime	Written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 and asset qualification sources	Standard Documentation
Tip income	Written VOE covering two full years of tip income and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided.
Military reserve income	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date In lieu of a verbal VOE, an LES no more than 30 days prior to closing may be provided.

Income and asset qualification sources	Standard Documentation
Income from a second or additional job	A written VOE covering two full years and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date
Seasonal employment and unemployment compensation	Written VOE covering two full years for the seasonal employment and a verbal VOE obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Proof of receipt of unemployment compensation for two years (if applicable)
Income while on temporary leave	Refer to Section 37.13(a)(vii).
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91, Income Analysis Form, or comparable form

Income and asset qualification sources	Standard Documentation
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery 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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
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 obtained either no more than 30 calendar days prior to the Note Date or after the Note Date but prior to the Delivery Date ■ Income Analysis Form 91 or comparable form
Notes receivable	Copy of the note and proof of receipt of payments for the most recent one-year period.
Dividend and interest	Copy of the complete individual federal income tax returns for the most recent two-year period; evidence of sufficient assets to support the qualifying income.
Trust income	Copy of the Trust Agreement.
Capital gains	Copy of the complete individual federal income tax returns for the most recent two-year period (including Schedule D) reflecting capital gain income; evidence of sufficient assets to support the qualifying income.

Income and asset qualification sources	Standard Documentation
Royalty payments	A copy of the most recent complete individual federal tax returns.
Retirement income	■ A copy of the award letter, 1099 or other equivalent documentation showing income type, source, amount, and ■ Most recent two months bank statements or other equivalent documentation evidencing consistent receipt of the retirement income
Survivor and dependent benefit income	■ A copy of the award letter or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Long-term disability income	■ A copy of the award letter, W-2 or other equivalent documentation showing income type, source, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt If the disability benefit is provided by an employer, private insurer and/or has a pre-determined expiration date, obtain a copy of the certificate of coverage, award letter, or other equivalent documentation evidencing a disability income benefit and/or policy expiration date that exceeds three years.
Social Security Supplemental Security Income	■ A copy of the award letter or other equivalent documentation showing income type, amount, and ■ The most recent two months bank statements or equivalent documentation evidencing current receipt
Public assistance income	Evidence of receipt of consistent payments for the most recent two months and documentation from the applicable agency that indicates the amount and frequency of the benefit payments and the length of time the benefit payments will be received.
Section 8 assistance payments	Documentation of the monthly payment amount and terms from the public housing agency that issued the homeownership 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.
Alimony or separate maintenance	■ Proof of receipt of the total court ordered amount for the most recent six months, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years

Income and asset qualification sources	Standard Documentation
Child support	■ Proof of receipt of the total court ordered amount for the most recent six month period and proof of the ages of the children for which child support is received in order to prove three year continuance, and ■ Copy of the signed court order documenting the payor's obligation for the previous six months and evidence the payor is obligated to make payments to the Borrower for the next three years
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.
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.
Assets as a basis for Mortgage qualification: Retirement assets	■ Most recent retirement asset account statement(s) ■ Satisfactorily documented evidence of the following: ❑ Borrower(s) must be the sole owner of the account ❑ Retirement asset account is a retirement account recognized by the IRS ❑ 100% of balance is fully vested and immediately accessible ❑ Account is not subject to a penalty
Assets as a basis for Mortgage qualification: Lump-sum distribution funds	■ Most recent three months personal depository or brokerage account statements ■ Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from eligible retirement assets ❑ Lump-sum distribution funds must not have been or currently be subject to a penalty

Income and asset qualification sources	Standard Documentation
Assets as a basis for Mortgage qualification: Proceeds from sale of business	■ Most recent three months personal depository or brokerage account statements ■ Fully executed closing documents evidencing final sale of business to include sales price and net proceeds ■ Contract for sale of business ■ Most recent business tax return prior to sale of business ■ Satisfactorily documented evidence of the following: ❑ Funds verified in the non-retirement account and used for Mortgage qualification must have been derived from the sale of the Borrower's business
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.
Mortgage Credit Certificate (MCC)	A copy of the MCC

(b) Asset documentation information

All Borrower Funds and reserves used in the evaluation of the Mortgage must be from eligible sources meeting the requirements of Chapter 26. Asset documentation must meet the requirements of Section 37.20 and the chart below. The Seller must maintain the documentation in the Mortgage file.

When using account statements, the Seller must document the source of funds for any single deposit exceeding 25% of the total monthly qualifying income for the Mortgage. The Seller must document a deposit of any amount if the Seller has any indication that the funds are borrowed. If the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file (e.g., tax refund amounts appearing on the tax returns in the file), the Seller is not required to obtain additional documentation.

When using a direct account verification (i.e., verification of deposit (VOD)), the Seller must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account is significantly greater than the average balance.

If a portion of the Borrower's funds were to be saved by the Borrower between the date of the loan application and the date of the loan closing, then the Mortgage file documents must show that funds were accumulated and on deposit prior to closing.

Asset	Standard Documentation Requirements
Depository accounts	Depository account statements covering a two-month period or direct account verification (i.e., VOD) is required. See below for additional requirements for documenting stocks, bonds, mutual funds, U.S. Government Securities and other securities, personal IRA and SEP-IRA accounts, 401(k), KEOGH, 403(b) and other IRS-qualified employer plans.
Gift or a gift of equity from a Related Person	A gift letter signed by the donor is required. Information provided in the gift letter must: ■ State the donor's name and that the funds are given by a Related Person ■ Include the donor's mailing address and telephone number ■ Identify the Mortgaged Premises ■ State the amount of the gift ■ Establish that the funds are a gift that does not have to be repaid 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	Documentation supporting a gift or grant from an Agency must: ■ Establish that the funds were provided by an Agency ■ Establish that the organization has an established gift or grant 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 assets	Provide the following: ■ Documentation verifying the value and ownership of the asset used to secure the loan as well as the amount and terms of the loan. ■ Evidence of receipt of the loan proceeds
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 ■ An 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 ■ Evidence of receipt of the proceeds
Earnest money deposit	The source of the earnest money deposit for a purchase transaction must be from an eligible source meeting the requirements of Chapter 26 and documented in accordance with the requirements for the applicable asset type contained in this chart. Care should be taken to make sure that the earnest money deposit is not counted twice in the evaluation of the Mortgage (i.e., deducted from the funds to close and counted in assets).

Asset	Standard Documentation Requirements
Funds disbursed from a trust	Trust verifications 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, evidence of receipt of the disbursed funds from a trust is required
Individual Development Accounts (IDA)	Documentation of the IDA program must verify: ■ If the matching funds are subject to Recapture ■ The ratio of matching funds by the Agency ■ Regular payments made by the Borrower and the matching organization ■ The vested balance or the percentage of vesting Documentation of matching funds subject to a Recapture provision must also meet the requirements of this chart for a gift or grant from an Agency.
Community Savings System accounts – Borrower contributions	Community Savings Systems account statements or a direct account verification must identify the nonprofit community organization as the administrator and show all Borrower contributions.
Pooled funds	Provide the following: ■ Evidence that the Borrower and the Related Person have resided together for at least one year ■ A written statement by the Borrower meeting the requirements of Section 26.4 ■ Documentation verifying the pooled funds per the requirements for the applicable asset type contained in this chart
Proceeds from an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit	Provide the following for purchase transactions: ■ A copy of the established, ongoing and documented employer benefit program (must show the amount of the benefit and terms of the program) ■ Evidence of receipt of the EAH benefit

Asset	Standard Documentation Requirements
Credit card charges, cash advances or unsecured line of credit used to pay fees associated with the Mortgage application process	Provide the following: ■ A copy of the credit card statement or credit card receipt showing the amount charged, the outstanding balance and the terms of repayment ■ Verification of sufficient funds to pay the amount charged or advanced (in addition to the funds needed for the down payment, Prepaids/Escrows, other Closing Costs, Financing Costs and reserves, as required)
Stocks, Bonds, Mutual Funds, U.S. Government Securities and other securities	Stock or brokerage account statements covering a two-month period or a direct account verification (i.e., VOD) is required. If the Borrower does not receive a stocks/securities account statement, the Seller must: ■ Provide a copy of the stock certificate ■ Provide the current stock prices from a published source If the assets are required for closing, evidence 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, evidence of liquidation is required
Personal IRA and SEP-IRA accounts	Provide the following: ■ Account statements covering a two-month period or a direct account verification (i.e., VOD) ■ If the assets are required for closing, evidence of liquidation is required

Asset	Standard Documentation Requirements
401(k), KEOGH, 403(b) and other IRS-qualified employer plans	Provide the following: ■ Account statements covering a two-month period or a direct account verification (i.e., VOD) reflecting the vested balance or the percentage of vesting ■ If the assets are required for closing, evidence of liquidation is required In order to use the vested amount of an IRS-qualified employer retirement account as reserves, the Mortgage file must include documentation of the terms of the retirement plan showing that the Borrower is permitted to make withdrawals regardless of current employment status.
U.S. Savings Bonds	Provide the following: ■ A written 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 ■ Evidence of the bond value from the appropriate U.S. Treasury Table ■ If the assets are required for closing, evidence of liquidation is required

37.24: Signatures required (11/15/13)

The Security Instrument must be signed by all individuals with an ownership interest in 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 (08/01/12)

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	24.6
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
Affordable Merit Rate® Mortgages	E33.3

Financed Permanent Buydown Mortgages	F33.3
Manufactured Homes	H33.3(a), H33.5(a), H33.5(e)
Construction Conversion and Renovation Mortgages	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 (12/16/11)

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.

If a preliminary binder or commitment is issued, it must be issued by the same title insurer that issues the final title insurance policy.

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) Insured

The title insurance protection 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 an insured in a title insurance 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 local public land records, the address for MERS must not be given to organizations that normally direct mail to the Seller/Servicer or Servicing Agent.

(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 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, the 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 Requirements for Condominiums

42.1: Overview (07/18/13)

This chapter is organized by the following topics:

Topic	Section(s)
Overview	42.1
General Condominium Project review and eligibility requirements	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	42.7
Condominium appraisal and underwriting requirements ■ Appraisal requirements for Condominium Units ■ Underwriting considerations for Condominium Projects with mixed uses and Condominium Projects with live-work Condominium Units	42.8
Reciprocal project reviews	42.9
Hotel/Resort Projects	42.10
Additional Seller Condominium Project warranties (deleted)	42.11
Delivery Requirements ■ Uniform underwriting and transmittal summary form ■ Postsettlement delivery fees for California Condominium Unit Mortgages ■ Other delivery requirements	42.12

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
- Project Documents

The following additional term is used in this chapter:

Homeowners Association (HOA): A Homeowners Association is an association comprised of unit owners that maintains the Common Elements for the benefit of the unit owners. In a Condominium Project, the association has no ownership interest in the Common Elements.

42.2: General Condominium Project review and eligibility requirements (07/18/13)

(a) Condominium Project review requirements

The Seller must have policies and procedures in place, and must take appropriate steps to ensure that the Condominium Unit, the Condominium Unit Mortgage and the Condominium Project comply with applicable requirements.

1. The Seller must ensure that:

   i. The project complies with the Condominium Project eligibility requirements set forth in Section 42.2(b);

   ii. The Condominium Unit Mortgage, the Condominium Unit and the Condominium Project comply with project eligibility requirements for one of the following project review types:

      - Streamlined reviews (see Section 42.4)
      - Established Condominium Projects (see Section 42.5)
      - New Condominium Projects (see Section 42.6)
      - 2- to 4-Unit Condominium Projects (see Section 42.7(a))
      - Detached Condominium Projects (see Section 42.7(b))
      - Reciprocal project reviews (see Section 42.9)

iii. The Condominium Unit Mortgage, the Condominium Unit and the Condominium Project comply with the requirements in Section 42.8, Condominium Appraisal and Underwriting Requirements

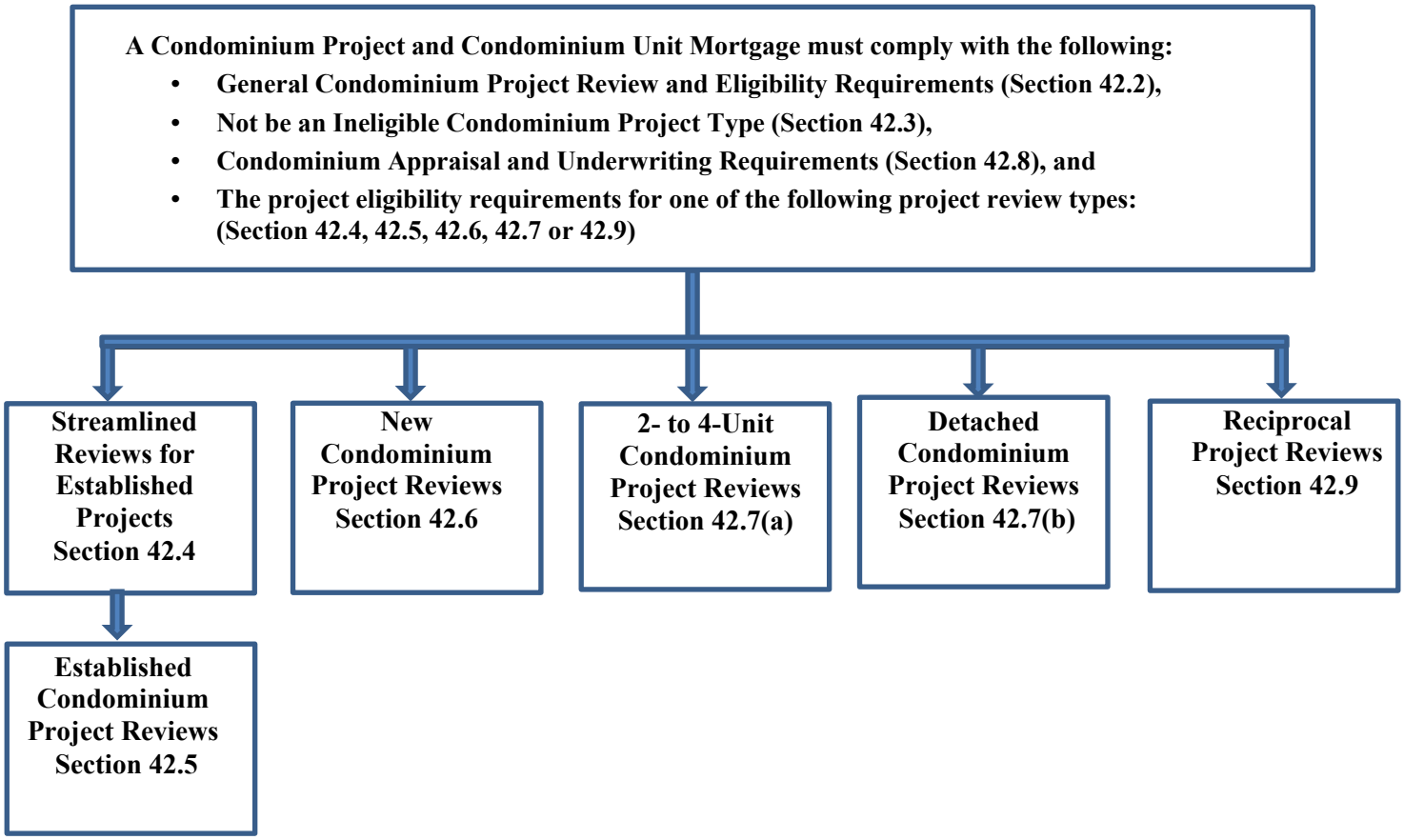
2. The Seller must review and determine that a Condominium Project complies with Freddie Mac's requirements within 180 days prior to the Note Date. The Seller must deliver a Condominium Unit Mortgage no later than 120 days after the Note Date. If the Condominium Unit Mortgage is not delivered within 120 days after the Note Date, the Seller must update the review and determination of the Condominium Project eligibility.

3. Freddie Mac reserves the right to conduct its own review of the Condominium Project for Condominium Unit Mortgages delivered to Freddie Mac.

4. The Seller must retain all documentation related to the review of the Condominium Project. Upon request, the Seller must provide the project information and documentation to Freddie Mac.

Below is a diagram illustrating an overview of our Condominium requirements and project review types:

Overview of Condominium Requirements and Project Review Types



(b) Condominium Project eligibility requirements

The Condominium Project must comply with the following eligibility requirements:

1. **Ineligible project**
   The project must not be an ineligible project. See Section 42.3.

2. **Project insurance**
   The project must have insurance that complies with the applicable requirements of Chapter 58.

3. **Title insurance**
   The Condominium Unit must be covered by a title insurance policy that complies with requirements of Chapter 39.

4. **Project ownership**
   When control of the Homeowners Association (HOA) has been or will be turned over to the unit owners, the unit owners must have either (i) an undivided ownership interest in the land on which the project is located or (ii) a leasehold interest in the land on which the project is located.

5. **Ownership and use of the Common Elements**
   The unit owners must be 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 (except as a unit owner).

   The Common Elements, including Amenities such as parking and recreational facilities, must not be subject to a lease between the unit owners or the HOA (as lessee) and the developer or any affiliate of the developer (as lessor). Parking or other Amenities provided under commercial leases or permit arrangements with parties unrelated to the developer are acceptable.

6. **Financing of Limited Common Elements**

   Limited Common Elements are portions of Common Elements reserved for use 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, balconies or patios serving a single unit, assigned parking spaces or storage bins.

   Limited Common Elements that are purchased as part of the Condominium Unit may be financed as part of the Mortgage, and the cost of such Limited Common Elements may be included when determining the sale price and loan-to-value (LTV) ratio.

Only Limited Common Elements may be financed along with the Condominium Unit. Facilities serving the Condominium Unit which are made available to the Condominium Unit by a permit, license or lease (other than in a leasehold condominium), must not be financed as part of a Mortgage, and the cost of the use of such facilities may not be included when determining the sale price and LTV ratio.

7. **Projects on Leasehold Estates**
   If a Condominium Project is on a leasehold estate, the lease must comply with the requirements of Chapter 41.

8. **Continuing project eligibility**
   The Seller must not be 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 (07/18/13)

Mortgages secured by units in any of the following types of projects are not eligible for sale to Freddie Mac:

(a) Project required to be registered with a federal or State securities agency

Any project that is required to be registered with the U.S. Securities and Exchange Commission or any State securities agency, 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 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 or commercial purposes.

(e) Tenancy-in Common apartment project

A tenancy-in-common apartment project is owned by several owners as tenants-in-common or by a Homeowners Association (HOA). Individuals have an undivided interest in the residential apartment building (including the units) and land on which the building is located, and may or may not have the right of exclusive occupancy of a specific apartment unit in the building.

(f) Timeshare project or project with segmented ownership

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 such as the 15th week of the year, or ownership that is for a limited period such as for the subsequent five years.

(g) Houseboat project

A project comprised of boats that have been designed or modified to be used primarily as dwelling units.

(h) Project that is a legal nonconforming use

A 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.

(i) Project in litigation, arbitration, mediation or other dispute

A project for which the HOA, 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 except for instances where:

- The litigation amount is known, the insurance company has committed to providing defense and the litigation amount is covered by the insurance policy
- The matters involve non-monetary neighbor disputes regarding rights of enjoyment, or
- The HOA is the plaintiff in the litigation and the Seller has determined that the matter is minor with insignificant impact to the financial status of the Condominium Project.

(j) Project sold with excessive Seller contributions

Any project that complies with the definition of a New Condominium Project where the builder, developer or property seller is offering contributions that do not comply with the requirements of the Purchase Documents, including Section 25.3. Examples include, but are not limited to, rent-backs or leasebacks, payments of principal, interest, taxes and insurance (PITI) or HOA assessments for any period of time, and undisclosed contributions.

(k) Project with excessive single investor concentration
Any project in which an individual or a single entity such as an investor group, partnership or corporation owns more than 10% of the total number of units in the project. Vacant units being actively marketed by the developer are not included in the calculation of the developer's percentage of ownership. Any units leased by the developer must be included in the calculation of the developer's percentage of ownership. If the project has fewer than 10 units, any project in which a single entity owns more than one unit.

(l) 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.

(m) Fannie Mae ineligible projects
Any Condominium Project for which Fannie Mae has issued an ineligible project determination.

(n) Manufactured Homes
Mortgages secured by Manufactured Homes, except when approved through the Fannie Mae Project Eligibility Service (PERS) process (refer to Section 42.9(a) for additional information).

(o) New Condominium Projects in Florida
Mortgages secured by attached units in New Condominium Projects in Florida, except when approved through the Fannie Mae Project Eligibility Service (PERS) process (refer to Section 42.9(a) for additional information).

42.4: Streamlined reviews (07/18/13)

In addition to the project eligibility requirements in Section 42.2(b), Condominium Unit Mortgages must comply with all of the following requirements to be eligible for the streamlined project review type.

(a) The Condominium Unit must be located in an Established Condominium Project, which is a Condominium Project in which:

- The Condominium Project (all Condominium Units, Common Elements and Amenities) and related facilities owned by any Master Association are complete and not subject to any additional phasing
- At least 90% of the total units in the project have been conveyed to the unit purchasers other than the developer

- The unit owners control the Homeowners Association

(b) There are no Manufactured Homes in the Condominium Project

(c) 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.

(d) Maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios

The Mortgage must not exceed the LTV/TLTV/HTLTV ratios for the occupancy type and underwriting path as indicated in the following chart:

Streamlined review for attached Condominium Units in Established Condominium Projects *not* located in Florida

Maximum LTV/TLTV/HTLTV		
Occupancy Type	**LP Accept Mortgages**	**All Other Mortgages**
Primary Residence	90%	80%
Second Home	75%	75%
Investment Property	Not eligible	Not eligible

Streamlined review for attached Condominium Units in Established Condominium Projects located in Florida

Maximum LTV/TLTV/HTLTV		
Occupancy Type	**LP Accept Mortgages**	**All Other Mortgages**
Primary Residence	75%	75%
Second Home	70%	70%
Investment Property	Not eligible	Not eligible

(e) If the Condominium Unit Mortgage and Condominium Project comply with the requirements for a streamlined review set forth in this Section 42.4, then the Seller is not required to comply with the project review requirements for an Established Condominium Project in Section 42.5.

42.5: Established Condominium Projects (07/18/13)

An Established Condominium Project is a Condominium Project in which:

- The Condominium Project (all Condominium Units, Common Elements and Amenities) and related facilities owned by any Master Association are complete and not subject to any additional phasing
- At least 90% of the total units in the project have been conveyed to the unit purchasers other than the developer
- The unit owners control the Homeowners Association (HOA)

In addition to the project eligibility requirements in Section 42.2(b), if the Mortgages secured by Condominium Units in Established Condominium Projects do not comply with the eligibility requirements for streamlined reviews in Section 42.4, the Mortgages must comply with all of the following eligibility requirements:

(a) Project completion requirements for Established Condominium Projects
All units, Common Elements and Amenities must be complete.

(b) There are no Manufactured Homes in the Condominium Project

(c) 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

(d) Project budget requirements for Established Condominium Projects
The project's 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 budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project's age, estimated remaining life and replacement cost of major Common Elements
- There must be adequate funding for insurance deductible amounts

(e) 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 HOA assessments.

42.6: New Condominium Projects (07/18/13)

A New Condominium Project is a Condominium Project in which:

- The Condominium Project (all Condominium Units, Common Elements and Amenities) and related facilities owned by any Master Association are not complete or are subject to additional phasing
- Fewer than 90% 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 (HOA) over to the unit owners

In addition to the project eligibility requirements in Section 42.2(b), Mortgages secured by Condominium Units in New Condominium Projects must comply with all of the following requirements:

(a) Project completion requirements

The subject legal phase (or the subject building) and any prior legal phases in which units have been offered for sale are substantially complete. "Substantially complete" indicates that the Common Elements are complete and the units are complete subject to the selection of buyer preference items.

(b) There are no Manufactured Homes in the Condominium Project

(c) Owner-occupancy requirements for New Condominium Projects

At least 70% of the total units in the project (or at least 70% of the sum of the subject legal phase and prior legal phases) must have been conveyed or must be under contract to purchasers other than the developer (or its successor) who will occupy the units as their Primary Residences or second homes.

Legal phases are defined by the Project Documents. Construction phases developed for the convenience of the developer are not necessarily legal phases. For the purpose of calculating owner-occupancy for this project review process, a project consisting

of one building cannot have more than one legal phase and any one building in a Condominium Project comprised of multiple buildings cannot be subject to more than one legal phase.

(d) Project budget requirement for New Condominium Projects

The HOA assessments must begin once the developer has ceased to pay operating expenses attributable to the Condominium Project, whether or not all units have been sold. When any unit owner other than the developer pays assessments, the developer must pay the assessments attributable to the unsold units.

The project's 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 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 budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project's age, estimated remaining life and replacement cost of major Common Elements
- 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 Common Elements
- There must be adequate funding for insurance deductible amounts

(e) 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 HOA assessments

(f) 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 governing creation of the Condominium Project.

(g) Limitations on ability to sell/Right of first refusal
Any right of first refusal in the Project Documents will not adversely impact the rights of a mortgagee or its assignee to:

- Foreclose or take title to a Condominium Unit pursuant to the remedies in the Mortgage
- Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or

- Sell or lease a unit acquired by the mortgagee or its assignee

(h) Conversions

For a Condominium Project conversion, which is a Condominium Project with a prior use, the following requirements must be met:

- The licensed engineer must state 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, and that the licensed engineer 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 Condominium Project conversion must be completed in a professional manner
- If the conversion was a partial rehabilitation, the Seller must have verified that all repairs affecting soundness and habitability are complete, replacement reserves have been allocated for all capital improvements, and the underwriter has determined that the reserves are sufficient to fund the improvements

(i) Mortgagee consent

1. The Project Documents must state, 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

2. The Project Documents must state, or applicable State law must provide, that any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild, must 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 the then current mortgagee of record fails to submit a response to any written proposal for an amendment within 60 days after the then current mortgagee of record actually receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested

   Examples of actions that require mortgagee consent include, but are not limited to, any of the following:

   - 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 Condominium Project, or from termination of the Condominium 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 Condominium 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 HOA assessments
- Reductions in reserves for maintenance, repair and replacement of Common Elements
- Redefinition of any unit boundaries
- Conversion of units into Common Elements or Common Elements into units (except for conversion of convertible space in accordance with the initial Project Documents)
- 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, annexations or withdrawals of land in accordance with the initial Project Documents
- 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

(j) 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 reduction of any insurance policy maintained by the HOA

4. Any proposed action that requires the consent of a specified percentage of mortgagees

(k) First mortgagee's rights confirmed

The Project Documents must not give 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.

(l) 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 HOA 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 constitutes unlawful discrimination, or that is likely to impair the marketability of the units in the project.

42.7: Other Condominium Projects (07/18/13)

(a) 2- to 4-Unit Condominium Projects

In addition to the project eligibility requirements in Section 42.2(b), a Mortgage secured by a Condominium Unit in a 2- to 4-Unit Condominium Project must comply with the following requirements:

1. The Condominium Project must comply with the definition of a 2- to 4-Unit Condominium Project, which 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

2. All units and Common Elements in the project and in any Master Association must be complete

3. All but one unit in the Condominium Project must have been conveyed to purchasers (other than the developer) who occupy their units as Primary Residences or second homes

4. The Condominium Project must not include Manufactured Homes

(b) Detached Condominium Projects

In addition to the project eligibility requirements in Section 42.2(b), Condominium Unit Mortgages secured by Condominium Units in Detached Condominium Projects must comply with the following requirements:

1. The Condominium Project must comply with the definition of a Detached Condominium Project, which is a Condominium Project comprised solely of detached, 1-unit dwellings

2. The Condominium Project must not include Manufactured Homes

42.8: Condominium appraisal and underwriting requirements (10/01/13)

(a) Appraisal requirements for Condominium Units

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 comply with 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**
   The appraiser must use similar detached condominium comparable sales from the same project or from similar Detached Condominium Projects in the same market area. The appraiser may use detached comparable sales that are not located in a

Condominium Project only if the appraiser supports the use of such sales in the appraisal report and reflects any effect that the condominium form of ownership has on the market value and marketability of the subject property. Each appraisal or inspection report must comply with the requirements in Sections 44.7, 44.9, 44.12 and 44.15.

(b) Underwriting considerations for Condominium Projects with mixed uses and Condominium Projects with live-work Condominium Units

1. **Condominium Projects with mixed uses**
   Freddie Mac will purchase eligible Condominium Mortgages in Condominium Projects with a combination of residential, commercial, industrial, office and/or institutional uses provided that the Condominium Mortgages comply with all applicable Freddie Mac requirements, including the requirements of Section 42.2 and Section 42.3(d).

2. **Live-work Condominium Units**
   Freddie Mac will purchase eligible Condominium Mortgages in Condominium Projects with live-work Condominium Units provided that:

   - The Condominium Mortgage complies with all applicable Freddie Mac requirements, including the requirements of Section 42.2, and

   - The primary use of the live-work Condominium Unit is residential and the non-residential use of such Condominium Unit is secondary

(c) Underwriting considerations for Common Elements and Amenities

The Common Elements, including Amenities and Limited Common Elements must be consistent with the nature of the project and be similar to Common Elements in other comparable Condominium Projects in the market.

42.9: Reciprocal project reviews (07/18/13)

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 Condominium Unit Mortgages comply with the following requirements:

(a) Fannie Mae-approved projects
With the exception of Mortgages secured by units in Condominium Projects that receive Fannie Mae Special Approval designations or Fannie Mae Project Eligibility Review Service (PERS) Conditional Approval designations, Freddie Mac will purchase Mortgages secured by 1-unit residential dwellings in Condominium Projects that Fannie Mae has approved through (i) Final Project Approval through PERS, or

(ii) project acceptance certification through Fannie Mae's Condominium Project Manager (CPM), if the Mortgage complies with the requirements below.

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 approval (e.g. a copy of the appropriate web page showing that the Condominium Project has received a Fannie Mae PERS Final Project Approval (1028/PERS) or a CPM project acceptance certification)

4. The Condominium Project complies with the project eligibility requirements in Section 42.2(b)

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)/Home Equity Line of Credit TLTV (HTLTV) ratio is 75% or less for a Primary Residence
2. The LTV/TLTV/HTLTV ratio is 70% or less for a second home
3. The property is not an Investment Property

Mortgages secured by attached Condominium Units in New Condominium Projects in Florida are only eligible for sale to Freddie Mac if the project is approved through PERS.

Mortgages secured by Condominium Units in Condominium Projects comprised of Manufactured Homes are only eligible for sale to Freddie Mac if the project has Final Project Approval through PERS.

(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 comply with 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, complies with any FHA-approval conditions noted on the FHA web site, 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 (12/01/12)

Effective December 1, 2012, this section has been deleted.

42.12: Delivery Requirements (10/01/13)

(a) Uniform underwriting and transmittal summary form

The Seller must select the appropriate project classification on Form 1077, Uniform Underwriting and Transmittal Summary, and check the appropriate boxes based upon the Uniform Loan Delivery Dataset (ULDD) valid values in the chart below. These categories correspond to the valid values to be delivered, as indicated.

Project status	Project classification as follows on Form 1077	Valid value as follows for ULDD Data Point *Project Classification Identifier*
New Condominium Project (see Section 42.6)	New project	Full Review
Established Condominium Project (see Section 42.5)	Established project	Full Review
2- to 4-Unit Condominium Project (see Section 42.7)	2- to 4-unit project	Full Review
Detached Condominium Project (see Section 42.7(b))	Detached project	Full Review
Streamlined review (see Section 42.4)	Streamlined review	Streamlined Review

Project status	Project classification as follows on Form 1077	Valid value as follows for ULDD Data Point *Project Classification Identifier*
Reciprocal review (see Section 42.9)	Reciprocal review and enter CPM Project ID# in the CPM Project ID# field	Condominium Project Manager Review
Reciprocal review – FHA Approved Project (see Section 42.9)	Reciprocal review and FHA-approved	FHA_Approved
Reciprocal review – Project Eligibility Review Service (PERS) (see Section 42.9)	Reciprocal review and enter "PERS" in the CPM Project ID# field	Project Eligibility Review Service

When completing Form 1077, the Seller must use only one category of Freddie Mac's project classifications listed on Form 1077. Although the Form 1077 terms suggest that the 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 unable to use the Streamlined Review and must do a Full Review for an Established Project.

When a "Reciprocal Review" is coded on Form 1077, the Seller must also provide additional information as shown above. For example, when there is a reciprocal review utilizing Fannie Mae's Condominium Project Manager (CPM), the CPM Project ID# must be entered in the "CPM Project ID#" field. For reciprocal reviews using Fannie Mae's PERS, "PERS" must be entered in the "CPM Project ID#" field.

(b) Other delivery requirements

See Section 17.25 for delivery and pooling requirements for Condominium Unit Mortgages.

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 (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
Electronic transmission of 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 (09/01/11)

We expect the Seller to place as much emphasis on the adequacy of the property as collateral as it does on underwriting the Borrower's creditworthiness. The conclusion that a Mortgage is acceptable to Freddie Mac must be based on the determination that the Borrower is creditworthy (acceptable credit reputation and capacity) and the Mortgaged Premises is adequate collateral for the Mortgage transaction.

(a) Residential requirements

The Mortgaged Premises must be residential based on the property characteristics, zoning and land use. Freddie Mac does not purchase Mortgages secured by vacant or undeveloped land, land development properties or properties used primarily for agriculture, farming or commercial enterprise.

See Section 44.15 for requirements on reviewing the appraisal report and underwriting the property.

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
- Represent the highest and best use of the property as improved (or as proposed per plans and specifications) and the use of the Mortgaged Premises must be a legal or legal non-conforming use in accordance with Section 44.15(d)
- 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's requirements and 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) Incomplete improvements

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 market 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. (This requirement does not apply to incomplete energy conservation improvements.)
5. The improvements will be satisfactorily completed no more than 180 days after the Note Date
6. The Mortgage is not secured by a Manufactured Home. (This requirement does not apply to incomplete energy conservation improvements.)
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 account to complete the Mortgaged Premises and disbursements from that account are controlled by the Seller or the Servicer
9. The mortgage insurance and title insurance will not be impaired or adversely affected during and after the completion period
10. Upon completion of all improvements, the Seller will have the appraiser perform the final inspection of the property and complete the certification of completion report on Form 442. The completion report must document that the property has been completed and must be retained in the Mortgage file. (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 (04/01/12)

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.

The appraiser must be a State-certified or State-licensed real estate appraiser in the State in which the subject property is located, have knowledge and experience in appraising the property type in the market area and have access to the applicable data sources. 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 (05/25/11)

(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, age, marital status, 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) (04/01/12)

To evidence that the Mortgaged Premises is acceptable for the transaction, each Mortgage file must contain at least 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

The Seller may not use tax-assessed valuations or Broker Price Opinions (BPOs) to determine value.

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

(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: The appraiser is expected to perform a complete visual inspection of the interior and exterior areas of the subject property and report the condition of the improvements in factual, specific terms. This includes consideration of the topography, water drainage, restrictions and encroachments, off-site improvements, gross living area and floor plan, condition, quality of construction and conformity to the neighborhood. The appraiser is expected to identify and report any physical deficiencies that could affect the livability, soundness or structural integrity of the property.

- Exterior-only inspection: The appraiser is expected to perform a visual inspection of the exterior areas of the subject property from at least the street and report the condition of the improvements in factual, specific terms. The appraiser is expected to identify and report any physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

  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 Construction Conversion or Renovation Mortgage.

- 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 and completion certification

When performing an appraisal update, the appraiser must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). The appraiser must research, verify and analyze current market data, and perform at least an exterior-only inspection of the subject property from the street. Freddie Mac Form 442, Appraisal Update and/or Completion Report must be used when the Seller obtains an appraisal update.

The appraiser who provided the opinion of market value that is the basis of the Seller's value warranty, whether from the initial appraisal report, a subsequent appraisal report or an appraisal field review report, should perform the appraisal update. However, the Seller may select another Seller-approved appraiser who is qualified to perform the appraisal update.

The type of inspection required for the appraisal update or completion certificate is dependent on the nature of the appraisal conditions or the changes to the subject property.

- If the initial 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 initial appraisal is subject to completion per plans and specifications, an interior and exterior inspection is required.
- If the initial 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) (07/23/12)

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. Appraisals reported on Form 70 with an effective date on or after September 1, 2011**,** must be completed using the Uniform Appraisal Dataset (UAD) in accordance with Appendix D, UAD Field-Specific Standardization Requirements, of the Uniform Appraisal Dataset Specification ("UAD Specification") when reporting an appraisal for a conventional Mortgage. (See Section 44.20.)

(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. Appraisals reported on Form 2055 with an effective date on or after September 1, 2011, must be completed using the UAD in accordance with Appendix D, UAD Field-Specific Standardization Requirements, of the UAD Specification ("Appendix D") when reporting an appraisal for a conventional Mortgage. (See Section 44.20.)

Form 2055 upgrade requirements

When the Feedback Certificate indicates the Minimum Assessment Feedback of Form 2055, the appraisal must be upgraded 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 an accurate and adequately supported appraisal
- The appraiser cannot reconcile all significant discrepancies (e.g., size, condition, etc.) among available data sources
- The appraiser's exterior-only inspection does not provide sufficient information to develop an accurate and adequately supported 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
- The condition rating is C5 or C6 based on the UAD and the data sources used to develop the appraisal or the appraiser's observations during the exterior-only property inspection (refer to Section 44.15(e))
- The quality rating is Q6 based on the UAD and the data sources used to develop the appraisal or the appraiser's observations during the exterior-only property inspection (refer to Section 44.15(e))

(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. Form 70B must be used for all Mortgages secured by a Manufactured Home. Freddie Mac does not require the UAD to be used for appraisals reported on Form 70B. However, Form 70B may be completed using the standards contained in the UAD Specification to the extent those standards are

applicable. The UAD quality ratings are not applicable to Manufactured Homes and should not be used in appraisals reported on Form 70B.

(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. Freddie Mac does not require the UAD to be used for appraisals reported on Form 72. However, Form 72 may be completed using the standards contained in the UAD Specification to the extent those standards are applicable.

(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. Appraisals reported on Form 465 with effective dates on or after September 1, 2011, must be completed using the UAD in accordance with Appendix D of the UAD Specification when reporting an appraisal for a conventional Mortgage. (See Section 44.20.)

(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. Appraisals reported on Form 466 with effective dates on or after September 1, 2011**,** must be completed using the UAD in accordance with Appendix D of the UAD Specification when reporting an appraisal for a conventional Mortgage. (See Section 44.20.)

Form 466 upgrade requirements

When the Feedback Certificate indicates a Minimum Assessment Feedback of Form 466, the appraisal must be upgraded to a Form 465 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 an accurate and adequately supported appraisal
- The appraiser cannot reconcile all significant discrepancies (e.g., size, condition, etc.) among available data sources

- The appraiser's exterior-only inspection does not provide sufficient information to develop an accurate and adequately supported 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
- The condition rating is C5 or C6 based on the UAD and the data sources used to develop the appraisal or the appraiser's observations during the exterior-only property inspection (refer to Section 44.15(e))
- The quality rating is Q6 based on the UAD and the data sources used to develop the appraisal or the appraiser's observations during the exterior-only property inspection (refer to Section 44.15(e))

(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.

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 17.32 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
  - Mortgages having the potential of negative amortization
  - A-minus Mortgages
  - Construction Conversion and Renovation Mortgages

- 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 delivery requirements set forth in Section 17.32
  - 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 field review reports

One of the following report forms must be used when the Seller obtains an appraisal field review report:

- 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 (07/18/13)

For Mortgages sold to Freddie Mac, the Seller represents and warrants 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 the 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 Requirements 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, 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
- 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

(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 Requirements 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, Purchase Requirements for Mortgages Secured by Properties with Resale Restrictions

44.12: Required exhibits and addenda (03/19/12)

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 original photographs or electronic images that are in color and illustrative of the property. The photographs must be clear, appropriately identified and must clearly show the improvements, including any physical deterioration of the property, amenities, conditions and external influences that have a material effect on the market value or marketability of the subject property.

   - 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, 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 (10/01/13)

The appraiser must provide any additional information or data that is needed to provide the lender/client with an accurate and adequately supported 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.

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 (07/18/13)

The appraiser's description of the subject property must be complete and accurate, and the opinion of the market value of the subject property must be accurate and adequately supported.

The appraisal report forms require the appraiser to certify that the appraiser did not base, either partially or completely, their analysis and/or opinion of market value in the 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.

This section is intended to provide the Seller with information for reviewing the appraisal report and underwriting the property and is organized in the general order that the issues are addressed on appraisal report forms.

(a) Subject section

The "Subject" section of the appraisal report must identify the subject property by providing a complete property address and legal description, and by identifying the owner of public record for the property. For appraisal reports that are required to be completed using the Uniform Appraisal Dataset (UAD), the format of the property address must conform to the United States Postal Service (USPS) Address Standards in Publication 28. If a legal description is lengthy, the appraiser may attach it as an addendum to the report. (Refer to Section 44.20.)

The occupancy status of the property must be identified as either owner, tenant or vacant as of the effective date of the appraisal. The property rights appraised must be reported as either fee simple or leasehold, and the report also must indicate whether the property is currently offered for sale or was offered for sale within the 12 months

prior to the effective date of the appraisal. The appraisal report must also state the data source(s) used, offering price(s), date(s) and the days on market for the subject property.

The appraisal report must include the name of the lender on the lender/client line. Any applicable appraisal management company should be reported in the appraiser's certification section of the appraisal report form.

(b) Contract section

Freddie Mac requires the contract for sale to include the sale or contract price, date of contract and loan charges to be paid by the property seller, and the financing and sales concessions to be paid by the property seller or any other interested party to the transaction.

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.

The "Contract" section of the appraisal report must include the results of the appraiser's analysis of the contract for sale, the contract price, the date of contract and to acknowledge if the property seller is the owner of public record, and the data source(s) used. The appraisal report must also include the total dollar amount and description of any financial assistance (loan charges, sales concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the Borrower.

For appraisal reports that are required to be completed using the UAD, the "Contract" section of the appraisal report must also indicate the type of sale for the transaction. Valid UAD sale types include REO sale, short sale, court ordered sale, estate sale, relocation sale, non-arms length sale and arms length sale. (Refer to Section 44.20.)

(c) Neighborhood section

The "Neighborhood" section of the appraisal report requires the appraiser to: identify the neighborhood boundaries; describe the neighborhood characteristics as either "Urban," "Suburban" or "Rural"; describe the percent built-up as either "Over 75%," "25-75%" or "Under 25%"; describe the growth rate as either "Rapid," "Stable" or "Slow"; and to report on market conditions, housing trends, price and age ranges and present land uses for the properties in the neighborhood.

Mortgages secured by residential properties in all neighborhoods or market areas are eligible for delivery to Freddie Mac as long as the Mortgaged Premises are adequate collateral for the transaction based on the value and marketability of the property. Neighborhood or market area characteristics and market conditions tend to vary based

on property location. Characteristics that are typical in certain locations may not exist in other locations; therefore, they must be viewed in context with the type of property location.

For example:
Urban locations often consist of a variety of different property types that have different uses. It is not unusual to find residential, mixed-use, retail and commercial properties in an urban neighborhood. Similarly, rural locations may be relatively undeveloped market areas that consist of a variety of different property types and land uses, such as agricultural-type properties, undeveloped land and land development-type properties.

The existence of non-residential property types or land uses within the neighborhood or market area is a characteristic that the appraiser considers when performing the neighborhood or market area analysis. Non-residential properties or land uses in the neighborhood or market area do not make the residential properties in those locations ineligible.

Properties with outbuildings, such as a barn or stable, must be considered in the underwriting process to determine whether the property is residential or non-residential in nature. A property with a small barn or stable may be acceptable if the contributory value of the outbuilding(s) is minimal and the appraiser demonstrates through the use of comparable sales with similar characteristics that it is typical for residential properties in the market area. However, if the property has a large outbuilding, such as a large barn or multiple outbuildings, it may indicate that the property is agricultural or non-residential in nature and ineligible as security for a Freddie Mac Mortgage.

Properties in rural locations often have relatively large sites as compared to other locations. In addition, there may be a lack of comparable sales due to the relatively low number of recent sales transactions in the market area. In such cases, appraisers may have to use comparable sales that are located a considerable distance from the subject property or comparable sales that are not very similar to the subject property. This is acceptable as long as the appraiser can justify the use of the comparable sales and analysis in the appraisal report.

In addition, the appraiser must not improperly take into consideration the:

- Property modifications made to accommodate handicapped persons, or
- Age or location of a dwelling, or
- Age of the neighborhood or census tract where the dwelling is located

Freddie Mac will not accept any Mortgage supported by an appraisal report that makes reference to the race, color, religion, sex, age, marital status, handicap, familial status 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

The “Site” section of the appraisal report must accurately describe the physical characteristics of the site, site improvements, site view and available utilities, and must fully analyze any locational factors affecting the site.

- **Zoning**

  The appraisal report must accurately state:

  - The zoning classification
  - A description of the zoning classification
  - Whether the use of the subject property represents a legal, legal non-conforming or illegal use, or if there is no zoning

  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 non-conforming use (commonly referred to as grandfathered use). Units in attached Condominium Projects must be legal conforming.

  Any adverse effect of non-conforming use must be reflected in the opinion of market value and must also be addressed in the comments section of the appraisal report form.

- **Highest and best use**

  The Mortgaged Premises must represent the highest and best use of the property as improved (or as proposed per plans and specifications).

- **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. For appraisal reports that are required to be completed using the UAD, the appraiser is responsible for reporting on the condition and quality of the property as described below.

Freddie Mac does not provide minimum specifications for materials and construction. However, a Mortgaged Premises with an overall quality rating of Q6 is generally not acceptable collateral to secure a Mortgage sold to Freddie Mac. A Mortgage secured by a property with a quality rating of Q6 is eligible for delivery to Freddie Mac only if all issues that caused the property to be rated Q6 are cured prior to delivery of the Mortgage to Freddie Mac. Items that may be required to be cured include modifying the property to make it habitable as a year-round residence; upgrading the electrical, plumbing, and other mechanical systems and equipment to meet community standards; correcting any substandard or non-conforming additions to the original structure; and curing any other quality related items needed to make the Mortgaged Premises acceptable to typical purchasers in the market in which the property is located.

It is acceptable for an appraisal to be completed subject to repairs or alterations required for the subject property to be rated Q5 or better. If the appraisal is completed subject to repairs or alterations, then the UAD quality rating for the subject property should reflect the overall quality of the subject property on the basis of the hypothetical condition that the repairs or alterations have been completed.

Appraisal report forms required to be completed using the UAD must incorporate the UAD condition rating (C1, C2, C3, C4, C5, or C6) that best describes the overall condition of the subject property. The condition of the property should be determined as a holistic overall rating. However, if a property has deficiencies or defects that are severe enough to affect the safety, soundness or structural integrity of the improvements, then the property's condition must be rated C6. The appraisal report must contain additional commentary, descriptions, and explanations as required in order to enable the intended users of the appraisal to understand the property condition and quality. (Refer to Section 44.20.)

A Mortgaged Premises that has a UAD condition rating of C5 or C6 is not acceptable collateral in the "as is" condition to secure a Mortgage sold to Freddie Mac. Mortgages secured by a property with a C5 or C6 rating are eligible for delivery to Freddie Mac only if all issues that caused the property to be rated C5 or C6 are cured prior to delivery of the Mortgage to Freddie Mac. It is acceptable for an appraisal to be completed subject to repairs or alterations required for the subject property to be rated C4 or better. If the appraisal is completed subject to repairs or alterations, then the UAD condition rating should reflect the overall condition of the subject property

on the basis of a hypothetical condition that the repairs or alterations have been completed.

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 dwelling 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 subject 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 report.

Appropriate adjustments:
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.

Sales and financing concessions:
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.

Location:
For appraisal report forms that are required to be completed using the UAD, the appraisal report form must include a rating of the location of the subject property and each comparable sale by providing a rating of either "Neutral," "Beneficial" or "Adverse." The location rating is for the location of the subject property within the neighborhood or market area, and is not a rating for the overall neighborhood or market area. See Appendix D – Field Specific Standardization Requirements of the Uniform Appraisal Dataset Specification ("UAD Specification") for additional requirements regarding location.

The location rating (which will be abbreviated as N, B, or A in the appraisal report form) should describe the overall effect on value and marketability of the location of the property within the neighborhood.

View:
For appraisal report forms that are required to be completed using the UAD, the overall view associated with the subject property and each comparable sale must be rated as either "Neutral," "Beneficial" or "Adverse." The UAD view rating (which will be

abbreviated as N, B, or A in the appraisal) should describe the overall effect on value and marketability of the view associated with the property. See Appendix D – Field Specific Standardization Requirements of the UAD Specification for additional requirements regarding view.

In all appraisals, appropriate adjustments must be made for differences in view between the subject property and each comparable property to reflect the value of the differences, if any, to the market.

Refer to Section 44.20.

Condition and quality:
Appraisal report forms that are required to be completed using the UAD must incorporate the UAD condition rating (C1, C2, C3, C4, C5, or C6) that best describes the overall condition of the subject property and each comparable property.

Additionally, appraisal report forms that are required to be completed using the UAD must incorporate the UAD quality rating (Q1, Q2, Q3, Q4, Q5, or Q6) that best describes the overall quality of the subject property and each comparable property.

In all appraisals, appropriate adjustments must be made for differences in condition and quality between the subject property and each comparable property to reflect the value, if any, of the differences to the market. Sometimes, it may be appropriate for an appraiser to make an adjustment for differences in quality and condition between the subject property and a comparable property even though the properties have the same UAD quality or condition rating. The appraiser is expected to provide a sufficient explanation of the basis and rationale for all adjustments (or, if necessary, lack of adjustments) within the appraisal report or addenda.

(Refer to Sections 44.15(e) and 44.20.)

Selection of comparable sales:
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(a) 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: Reviewing appraisal reports, obtaining subsequent appraisal reports and appraisal field review reports, and reconciling multiple opinions of market value (04/01/12)

(a) Reviewing appraisal reports

The Seller is required to evaluate an appraisal to determine whether or not the appraisal report meets the requirements of this chapter and the Seller's other Purchase Documents and that the opinion of market value is accurate and adequately supported.

Before rejecting an appraisal, the Seller should request the appraiser to provide additional information and/or address any deficiencies with the appraisal report. If the appraiser does not adequately address the Seller's concerns and the Seller is unable to conclude that the appraisal report meets Freddie Mac requirements, then the appraisal must be rejected and a new appraisal must be obtained.

(b) Obtaining subsequent appraisal reports and appraisal field review reports

Exhibit 35, Appraiser Independence Requirements ("Appraiser Independence Requirements") permit the Seller to obtain a second or subsequent appraisal if: (a) 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, (b) the appraisal is obtained pursuant to written, pre-established bona fide pre- or post-funding appraisal review or quality control processes or underwriting guidelines as long as the Seller adheres to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value, or (c) it is required by law.

(c) Reconciling multiple opinions of market value

If the initial appraisal report was not rejected and a second or subsequent appraisal report or an appraisal field review report is obtained in compliance with the requirements of this chapter, the Seller's other Purchase Documents and the

Appraiser Independence Requirements, the Seller must determine which of the opinions of market value is the most accurate.

The Seller must comply with the Appraiser Independence Requirements and adhere to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value. The Seller's appraisal review and reconciliation process must result in the Seller relying on the most accurate and supported opinion of market value.

When the Seller determines that the opinions of market value are equally accurate and well supported, then the lower of the opinions of market value must be used to underwrite the Mortgage.

A copy of all valuation documents used in the analysis as well as written documentation justifying the decision as to which appraisal (or appraisal field review) report was used to underwrite the Mortgage must be retained in the Mortgage file.

The value used to underwrite the Mortgage is the basis for the Seller's value warranty and is the value that must be delivered to Freddie Mac.

44.17 – 44.19

Reserved for future use.

44.20: Appraisal data and delivery (06/22/13)

(a) Overview

This section contains information and requirements relating to the Uniform Appraisal Dataset (UAD), the Uniform Appraisal Dataset Specification ("UAD Specification"), which includes the UAD Field-Specific Standardization Requirements ("Appendix D"), 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.

  Appendix D provides field-specific standardization requirements for completing Freddie Mac's residential appraisal report forms that are required to be completed using the UAD. It lists the requirements for the data that must be included in specific forms and how the data should be reported on the appraisal report form.

- 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 Appendix D 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

Sellers must validate that appraisal reports meet the requirements of Appendix D. 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 appraisals through the UCDP

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 and receive a “Successful” status 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.

Sellers may use the UCDP as a tool to aid in determining UAD compliance. However, the submission of appraisal report forms to the UCDP does not relieve the Seller from Freddie Mac appraisal requirements, including the requirement that the appraisal must comply with Appendix D of the UAD and does not affect Seller representations and warranties regarding appraisals and the Mortgaged Premises.

The Seller's ability to select an appraisal management company or other party in connection with the use of the UCDP does not constitute Freddie Mac's endorsement or approval of the appraisal management company or other party and does not relieve Seller of any obligations pursuant to the Guide or Seller's other Purchase Documents, including the requirements in Guide Section 2.24 related to the Freddie Mac Exclusionary List.

(d) UCDP messaging

When an appraisal report is submitted to the UCDP, the Seller will receive a variety of feedback messages designed to assist the Seller in evaluating the appraisal report to determine whether it meets the requirements of this chapter and the Seller's other Purchase Documents including, but not limited to, the accuracy of the appraiser's opinion of market value and UAD compliance. The Seller should be prepared to address these feedback messages as part of their appraisal report review and property underwriting process.

Refer to Exhibit 36, Home Value Explorer® (HVE®) Messaging within the Uniform Collateral Data Portal® (UCDP®), for an outline of the possible messages that can be obtained within the Freddie Mac tab of the UCDP.

44.21: Electronic transmission of appraisal and inspection reports; Information and data submitted to the Uniform Collateral Data Portal® (UCDP®) (07/20/12)

(a) Electronic transmission of 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 Chapter 3.

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.

(b) Information and data submitted to the UCDP

Freddie Mac and its agents and contractors have the right to use, reproduce, modify, disclose, sublicense, distribute and retain all information and data submitted to the UCDP and designated for delivery to Freddie Mac, including, but not limited to, any field on an appraisal report and the contents thereof, all information and data entered by Seller or on Seller's behalf, and any other information and data obtained by or transmitted through the UCDP, (collectively, the "UCDP Data") as follows: (i) for all purposes related to the UCDP, the appraisal, the loan and any securities to which the UCDP Data relates, (ii) for analytic, modeling, quality control, fraud detection, information security and similar purposes, (iii) in connection with other data and services obtained or provided by Freddie Mac, (iv) for internal purposes, including, without limitation, system monitoring, maintenance and security, (v) as required to comply with applicable laws, regulations, court orders and the order of an agency that either regulates or has jurisdiction over Freddie Mac, and (vi) in order to enforce Freddie Mac's rights and remedies.

Chapter 45: Reserved

{Chapter 45 is reserved.}

Chapter 46: Freddie Mac's Postfunding Quality Control Review

46.1: Postfunding quality control (01/01/13)

(a) General quality control policy

Freddie Mac reserves the right to conduct a postfunding quality control review of any Mortgage sold to Freddie Mac.

Freddie Mac will underwrite each Mortgage selected for postfunding quality control review to verify that the Mortgage:

- Is of investment quality (as defined in Section 22.2);
- Is based on a determination that the Borrower has acceptable credit reputation and capacity;
- Is secured by collateral that is adequate for the transaction; and
- Otherwise complies with Freddie Mac's underwriting guidelines and other requirements set forth in the Purchase Documents, including compliance with applicable anti-predatory lending laws

Freddie Mac's determination of whether a Mortgage is of investment quality and otherwise complies with all requirements of the Purchase Documents is conclusive.

(b) FICO scores

Freddie Mac obtains FICO scores (credit scores developed by Fair Isaac Corporation (FICO™)) for Mortgages purchased and uses such scores and the accompanying reason codes as one of the sampling criteria for postfunding quality control reviews. 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 LP 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 the Guide.
- The information submitted is true, complete and accurate.

(d) Mortgage file submission requirements

Freddie Mac will notify the Seller/Servicer in writing that certain Mortgages have been selected for postfunding quality control review and will provide a checklist of documents that must be submitted to Freddie Mac for each selected Mortgage. The Seller/Servicer must submit:

- All credit, income, employment, collateral and asset documentation used by the Seller to make the Mortgage underwriting decision;
- The documents listed in Sections 46.2 through 46.27, as applicable;
- The source documentation for any Indicator Score; and
- Any other documents listed on the checklist

For nonperforming Mortgages requested for postfunding quality control review, the checklist may include, but not be limited to, records of all collection efforts, including Borrower contacts, property inspections, attempts to develop a workout plan and bankruptcy and/or foreclosure tracking logs and notes.

All documentation sent to Freddie Mac may be used in the postfunding quality control review, even if the Seller/Servicer includes documentation that is not required.

The documents submitted must be legible photocopies of the applicable documents. All documents must be secured to the top right side of a legal-sized manila folder and arranged in the order specified on the checklist. However, if the Seller/Servicer receives prior approval from Freddie Mac, the Seller/Servicer may deliver a legible copy of the file requested for review in electronic media acceptable to Freddie Mac. The Seller/Servicer is responsible for the accuracy and authenticity of all documentation in the Mortgage file.

Within 30 days from the date that Freddie Mac requests the Mortgage files for postfunding quality control review, Freddie Mac must receive the requested Mortgage files containing all the specified documentation, at the address specified in the request. If Freddie Mac does not receive the requested Mortgage files within the requested time frame, Freddie Mac will issue a repurchase request. Additionally, failure to submit a Mortgage file selected for postfunding quality control review in accordance with the requirements of the Purchase Documents may result in a Seller's or Servicer's suspension or disqualification. Based upon circumstances at the time, Freddie Mac, in its sole discretion, may specify a shorter or longer period of time for receipt of the requested Mortgage files.

An offer by the Seller/Servicer to repurchase the Mortgage will not exempt the Seller/Servicer from submitting the documents for postfunding quality control review that have been requested by Freddie Mac.

(e) Notification of quality control findings

Upon completion of the postfunding quality control review, the Seller/Servicer will be notified in writing as to those Mortgages that were found deficient. At its sole discretion, Freddie Mac, in addition to its other contractual and legal remedies, will require repurchase of each Mortgage that is not of investment quality or does not otherwise comply with one or more requirement(s) of the Purchase Documents, including, without limitation, the requirements to:

- Submit requested Mortgage documentation for postfunding quality control review within the allotted time; and
- Properly underwrite and document a Mortgage at the time of origination

Any such repurchases must be done in accordance with Chapter 72.

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 (12/01/11)

A legible copy of the entire Note, complete with addenda, as applicable, and showing all endorsements must be maintained in the Mortgage 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 file submitted 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 legible copies of the following documents:

- Consolidated Note showing all endorsements
- Original Old Money Note and, if applicable, Original New Money (Gap) Note
- All other documents specified in Section 6.8.1(b) or (c), as applicable

46.3: Modifying instrument or assumption of indebtedness agreement (12/01/11)

The following documents must be included in the Mortgage file:

- The modification or conversion agreement, or the ownership transfer instrument and assumption of indebtedness agreement, if the Mortgage has been modified or converted from an adjustable-rate Mortgage (ARM) to a fixed-rate Mortgage or if the ownership of the Mortgaged Premises has been transferred in any way, provided, however, that the Seller need not submit for postfunding quality control review, a copy of any modifying instrument that by its terms ceases to be effective upon purchase of the Mortgage by Freddie Mac
- The Construction Conversion Modification Agreement for Construction Conversion Mortgages and Renovation Mortgages; and
- The Mortgage application, credit report, employment and income verifications for the current Borrowers, if the Mortgaged Premises is currently owned by anyone other

than the original Borrowers. A certification of the terms of the 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 (12/01/11)

A completed Form 1077, Uniform Underwriting and Transmittal Summary, must be included in the Mortgage file.

46.5: Title insurance (12/01/11)

Unless the final title insurance policy is issued at settlement, the Mortgage file must contain a commitment for title insurance on an American Land Title Association (ALTA) Commitment Form or equivalent until the final policy is issued. The final policy, once issued, must be maintained in the Mortgage file and must include all required endorsements.

46.6: Residential loan application (12/01/11)

A copy of the initial Form 65, Uniform Residential Loan Application, as well as the final signed application, must be included in the Mortgage file. The final signed application must match the file documentation. If there are any discrepancies between the information on the application and the information in the credit, income and assets verifications, a written explanation of such discrepancies must also be included in the Mortgage file.

46.7: Credit documentation (12/01/11)

A credit report must be included in the Mortgage file. If Credit Scores were obtained for underwriting, they must be included in the Mortgage file. For any Mortgage underwritten with Credit Scores, the Credit Score selected for each Borrower and the process used to select the Credit Score must be noted on Form 1077 or another similar document in the Mortgage file. Source documentation also must be retained in the Mortgage file.

46.8: Verification of employment and income (12/01/11)

Documentation of employment and income verification and a written analysis of the income used to qualify the Borrower must be retained in the Mortgage file.

46.9: Underwriting explanation (12/01/11)

When either the total monthly housing expense-to-income ratio guideline of 28% or the monthly debt payment-to-income ratio guideline of 36% is exceeded, a written explanation fully supporting the Seller's underwriting decision must be retained in the Mortgage file.

46.10: Appraisal, inspection and Property Inspection Alternative (PIA) (12/01/11)

The Mortgage file must include all documentation used to determine that the Mortgaged Premises is acceptable, including, but not limited to, an appraisal report and any completion report for appraisals subject to conditions, an inspection report or, for PIAs, a print-out of the last Feedback Certificate.

46.11: Form 998, Operating Income Statement (12/01/11)

A completed Form 998, Operating Income Statement, must be included in the Mortgage file.

46.12: Leasehold Mortgages (12/01/11)

If the Mortgaged Premises is on a leasehold estate, a Form 461, Ground Lease Analysis, and a copy of the lease with recordation information must be retained in the Mortgage file.

46.13: Buydown agreements (12/01/11)

For Mortgages with a temporary subsidy buydown plan, the Mortgage file must contain a copy of the executed buydown agreement.

46.14: Mortgage insurance certificate (12/01/11)

If mortgage insurance is required, a copy of the mortgage insurance certificate, as well as all documents and information relating to any change in mortgage insurance from that provided at delivery, including, but not limited to, notices of cancellation, rescission or termination of mortgage insurance, and denials of claims must be included in the Mortgage file.

46.15: Mortgage payment history (12/01/11)

The Mortgage file must include a payment history from the first payment Due Date to the Delivery Date. 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 (08/01/12)

The Mortgage file must include evidence of verification of all eligible sources of Borrower Funds used for down payment, prepaid items, closing costs, financing costs and reserves.

46.17: Verification of previous Mortgage/rental payment history (12/01/11)

Evidence of verification of Mortgage payment history and/or rental payment history for the 12-month period prior to the date of the Mortgage application must be included in the Mortgage file.

46.18: Sales contract (12/01/11)

For purchase Mortgages, a copy of the fully executed sales contract and all addenda must be included in the Mortgage file.

46.19: Closing statements (12/01/11)

The Mortgage file must include the final HUD-1 Settlement Statement or other closing statement signed by all parties to the transaction and evidencing all costs to homebuyer and property seller, if applicable.

For Mortgages secured by Mortgaged Premises in escrow states, the Mortgage file must include:

- Estimated HUD-1 Settlement Statement or other closing statement signed by the Borrower and the property seller, if applicable; and
- The final HUD-1 Settlement Statement or other closing statement signed by the escrow officer

46.20: Documentation of flood zone determination (12/01/11)

The flood zone determination must be documented in the Mortgage file.

46.21: Evidence of flood insurance (12/01/11)

If flood insurance is required, the Mortgage file must include acceptable final evidence of flood insurance.

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 Settlement Statement or other closing statement 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

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.

46.22: Other documentation (12/01/11)

The Seller/Servicer agrees to maintain in the Mortgage file and submit to Freddie Mac:

- 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

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: Mortgages secured by Manufactured Homes (12/01/11)

For a Mortgage secured by a Manufactured Home, the Mortgage file must include 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.

For a Mortgage on a new Manufactured Home, the Seller must retain a copy of the manufacturer's invoice and Manufactured Home Purchase Agreement in the Mortgage file.

If the Manufactured Home was installed on or after October 28, 2008, the Mortgage file must contain evidence that the Manufactured Home was installed in compliance with applicable HUD Codes for Manufactured Homes (HUD Codes).

46.24: Truth-in-Lending Disclosure Statement (12/01/11)

A copy of the final Truth-in-Lending Disclosure Statement must be included in the Mortgage file.

46.25: Secondary financing (12/14/12)

For each Mortgage that is concurrently originated with a subordinate lien (i.e., the Mortgage and subordinate lien are originated on the same day), the Seller must include in the Mortgage file a copy of the following documentation for the subordinate lien:

- Note or other evidence of subordinate lien terms
- HUD-1 Settlement Statement or other equivalent closing statement
- For Home Equity Lines of Credit (HELOCs), the HELOC agreement indicating all fees and costs paid by the Borrower at closing, and the maximum permitted credit advance

For refinance Mortgages, the Mortgage file must include evidence of subordination of outstanding secondary financing.

46.26: Freddie Mac Relief Refinance Mortgage℠ – Same Servicer (11/19/12)

For Freddie Mac Relief Refinance Mortgages – Same Servicer, the Mortgage file for the Mortgage being refinanced must be made available to Freddie Mac upon request.

46.27: Electronic Records and Electronic Signatures (12/01/11)

If a Mortgage is originated using any Electronic Records expressly permitted by Freddie Mac in the Guide or in a Seller/Servicer's other Purchase Documents, the Seller/Servicer's Mortgage file may contain a combination of paper documents and Electronic Records and must contain:

- The clear and conspicuous statement of certain information required by E-Sign (see Title I, Section 101(c)(1)(B)(i)-(iv) and (C)(i) of E-Sign) and satisfactory evidence that the Borrower received the information before consenting to Electronic Records

- The “Consent to Electronic Records” required by E-Sign (see Title I, Section 101(c)(1)(A) and (C)(i)-(ii) of E-Sign) and satisfactory evidence that “reasonably demonstrates” that the Borrower was able to access the information required by E-Sign (see preceding bullet) before electronically consenting or confirming consent to Electronic Records
- Federal or State disclosures that were electronically presented to and accessed by the Borrower electronically, with satisfactory evidence of when and how the electronic disclosures were received and, if required, signed by the Borrower using an Electronic Signature
- Any other paper documents and/or Electronic Records required by the Seller/Servicer’s Purchase Documents, with satisfactory evidence of when and how the paper documents and/or Electronic Records were received and, if required, signed by the Borrower either in writing or using an Electronic Signature, as applicable

In all cases, the paper documents and/or Electronic Records (including Electronic Signatures) in the Mortgage file must be sufficient to permit Freddie Mac to perform a postfunding quality control review and, among other things, obtain a reverification of the Borrower’s employment and income from employers and/or other third parties.

If the Seller/Servicer’s Mortgage files contain a combination of paper documents and Electronic Records, the Seller/Servicer must maintain a computerized tracking system that cross-references the locations of both paper documents and Electronic Records for each Mortgage. Such computerized information must be made available to Freddie Mac promptly upon request.

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 a nd 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 for 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 F reddie 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 (06/13/12)

The 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 the entire Mortgage origination process.

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 the 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 single specific quality control program can meet the needs of all Sellers, there are certain characteristics found in all effective quality control programs. The 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. Be capable of evaluating and monitoring the overall quality of Mortgage production on a regular and timely basis
4. Include preclosing and postclosing quality control reviews
5. Include procedures to ensure that sample selection, Mortgage file reviews and the reporting of findings to senior management are conducted in a timely manner

The Seller may use any combination of preclosing or postclosing quality control reviews based on its specific operations and needs. The Seller's postclosing in-house quality

control program must operate independently of the Mortgage origination and underwriting departments.

The Seller must also comply with the requirements of Sections 7.2(c) or 57.2(c) relating to fraud prevention and detection in its quality control program, as well as other applicable requirements of Chapters 7 or 57 relating to fraud prevention, detection and reporting.

Freddie Mac's *Quality Control and Fraud Prevention Resources* includes best business practices for designing, administering and documenting an effective quality control program. Sellers may find the *Quality Control Best Practices* 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 any of the three components of the *Quality Control and Fraud Prevention Resources*: *Quality Control Best Practices, Wholesale Originations Best Practices* and *Fraud Prevention Best Practices* on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/quality_control.html**.

48.2: Use of third-party quality control services (12/01/11)

The Seller may use third-party quality control services for all or part of its quality control program. The 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

The 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 (12/01/11)

The Seller's postclosing 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: Postclosing sample selection (06/13/12)

The Seller's postclosing quality control sample must, at a minimum, consist of three sample types:

- Random
- Targeted
- Discretionary

(a) Random sample

Home Mortgages in the random sample are randomly selected from the population so that every Mortgage has an equal chance of selection.

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, the 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
- Assign to quality control personnel the authority to conduct additional reviews at their discretion
- 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 within the selected population

The full scope of the Seller's product line and origination process includes all of the following:

- 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- to 4-unit properties, Manufactured Homes, cash-out refinance Mortgages, Investment Property Mortgages and Caution Mortgages)

A Seller with a total annual production volume in excess of 5,000 Home Mortgages may substitute a statistically based sampling methodology that is of sufficient size to ensure a confidence level of 95% and a margin of error not to exceed 2% on an annual basis based on the defect rates for Mortgages recently reviewed by the Seller's quality control.

(b) Targeted sample

Each month, the Seller must select all Mortgages sold to Freddie Mac that become 60 days or more past due in the first six months following the Note Date. These Mortgages must be carefully evaluated to determine the presence of any fraud or other deficiency.

(c) Discretionary sample

Mortgages in a discretionary sample are selected on a non-random basis from a specific population.

As required in Sections 7.2(c) or 57.2(c), discretionary samples must be selected to evaluate the work of a particular employee or Mortgage transaction participant when there is a reason to suspect fraud. Discretionary samples should also be selected as needed in order to:

- Review the work of a new branch office, employee or third-party originator
- Validate that a new product or offering is being originated in accordance with the Seller's policies and procedures
- Comply with a request from Freddie Mac to review loans in a specific population

48.5: Reverifications made by Seller (11/15/13)

The Seller must make certain reverifications on Loan Prospector® and Non-Loan Prospector Mortgages selected for postclosing 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 the 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.

All reverification documentation must be retained in the Mortgage file.

(a) Verifications of employment, income and sources of funds

For postclosing quality control reviews, the Seller must reverify all employment, income and sources of funds used in the original underwriting process and based on the minimum documentation required at the time of origination. Copies of the original verifications should be submitted to the issuers with a request that they confirm the accuracy of the documentation.

Any verbal reverifications of employment, income and source of funds must be documented in writing. The written documentation must:

- Identify the name of the quality control reviewer who made the contact
- Identify the name of the business (employer, bank, etc.)
- Identify the name and title of the individual who provided the verification (employer contact, gift donor, etc.)
- Show the date(s) of the contact
- Confirm that the information in the original verification was accurate or identify any inaccuracy
- Identify the phone number for the individual contacted. The phone number must be obtained from an acceptable third-party source.
- Identify the name of third-party source used to obtain the phone number (phone book, internet, 411 information services, etc.)

The 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 resubmitted to the IRS if a response was received during the origination process.

For Borrowers with income that is derived from sources in Puerto Rico, Guam or the U.S. Virgin Islands that are exempt from federal income taxation under the Internal Revenue Code, the above requirements apply, except as follows:

- For Borrowers with income that is derived from sources in Puerto Rico, the Seller must submit the Commonwealth of Puerto Rico Form 2907 titled “Request For Copy of the Return, Estate or Gift Certificate of Release” (Modelo SC 2907 “Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion”) to the Puerto Rico Department of the Treasury, Internal Revenue Area

- For Borrowers with income that is derived from sources in Guam or the U.S. Virgin Islands, the Seller must submit the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) to the Guam Department of Taxation and Revenue or Virgin Islands Bureau of Internal Revenue, as applicable

(b) Borrower's Social Security number

For Mortgages included in postclosing quality control samples, the Seller must validate the Social Security number provided by each Borrower.

The Seller is not required to validate the Social Security number during the postclosing quality control review, if:

- The Seller validated the Social Security number during the loan origination process or a preclosing quality control review; and
- The Social Security number was not initially validated by a Mortgage Broker or Correspondent; and
- The Mortgage file indicates there were no misrepresentations in connection with the Borrower's application or the underwriting of the Mortgage

(c) Credit reports

For Loan Prospector Mortgages, the Seller is not required to obtain a new credit report. The Seller must verify that the identifying information for any Borrower (name, current and previous address and Social Security number) is true, complete and accurate and that it was properly input into Loan Prospector on or before the Note Date. Any credit information obtained from sources other than Loan Prospector must be reviewed.

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 one out of every 10 Non-Loan Prospector Mortgages selected for postclosing quality control review, the 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 the Seller's postclosing quality control sample, the 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 Manually Underwritten Mortgages, the 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.

For all Mortgages selected for postclosing quality control review, the Seller must determine whether additional credit was granted and considered in qualifying when the Borrower's credit report reveals inquiries within the previous 120-day period.

(d) Verification of owner-occupancy

For all Mortgages secured by Primary Residences that are selected for postclosing quality control review, the Seller must verify that the Borrower is occupying the Mortgaged Premises as a Primary Residence.

(e) Appraisal, inspection and the Property Inspection Alternative (PIA)

For postclosing quality control reviews, the Seller must 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 (PIA), the Seller is not required to order an appraisal or an appraisal review report. 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 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

If the Mortgage was originated using Home Value Models: Form 2070, the Seller is not required to order an appraisal or an appraisal review report. 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 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

For purposes of performing field reviews, the following quality control requirements apply:

- 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 Freddie Mac Form 1032, One-Unit Residential Appraisal Field Review Report.
- If the Mortgage is secured by a 2- to 4-unit property, the Seller must obtain a field review with the results reported on Freddie Mac Form 1072, Two- to Four-Unit Residential Appraisal Field Review Report.
- The Seller does not need to obtain a field review during the quality control review if one was obtained during the origination process

The field review must:

- Be prepared by a qualified appraiser (as described in Section 44.4) 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 postclosing quality control sample, the reviewer need not be an appraiser. However, the reviewer must 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 (12/01/11)

The Seller's postclosing 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.

The 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. Form 65, Uniform Residential Loan Application(s)
2. Employment and income verifications
3. Sales contracts
4. Tax returns
5. Credit data
6. Asset documentation
7. Appraisal and inspection reports
8. Mortgage delivery data, including the Key Number when applicable

If in a course of postclosing quality control review, the 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.

48.7: Documentation review (12/01/11)

For all Mortgages included in the postclosing quality control sample, the 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 HUD-1 Settlement Statement or other closing statement and related documentation to determine that all conditions of closing have been satisfied

The 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. Asset documentation

5. Appraisal or inspection documentation
6. Sales contract
7. Form 1077, Uniform Underwriting and Transmittal Summary

The Seller must include the following applicable closing documents in its postclosing 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. HUD-1 Settlement Statements or other closing statement
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: Preclosing quality control reviews (05/15/12)

The Seller's quality control program must include a process to perform quality control reviews on a sampling of its Mortgages prior to closing. The goal of an effective preclosing review process is to monitor the Seller's origination policies, ensure the accuracy of the Mortgage data and prevent the closing of Mortgages with deficiencies such as fraud, inaccurate data and insufficient documentation.

The Seller's in-house preclosing quality control process should operate independently of the Mortgage origination and underwriting departments when operationally possible.

(a) Procedures

The Seller's preclosing review process should include procedures for:

- Sample selection and timing that permits reviews to be completed prior to closing
- Reporting deficiencies and taking appropriate corrective measures
- Documenting the resolution of defects
- Canceling or postponing settlement when the preclosing review reveals deficiencies or when the review cannot be completed prior to the scheduled settlement

(b) Sample selection

The Seller's sampling process should include Mortgages that are representative of the full scope of the Seller's product line and production process as defined in Section 48.4(a). The Seller should regularly assess its sampling methodology to ensure that its preclosing quality control process is effective. Additionally, the Seller should target samples, as needed, in order to:

- Review the work originated by a new branch office, employee or third-party originator
- Validate that a new product or offering is being originated in accordance with the Seller's policies and procedures
- Evaluate the work of a particular employee or Mortgage transaction participant when there is a reason to suspect fraud as required in Section 7.2(c)

(c) Validation and reverification

An effective preclosing quality control review process should include validation or reverification of:

- Data entered into Loan Prospector
- Social Security number provided by each Borrower, unless the Seller validated the number during the loan origination process
- Income documentation and calculation
- Employment
- Assets required to close or meet reserves requirements
- Appraisal report or property valuation data
- Adequate mortgage insurance coverage
- Whether additional credit was granted and considered in qualifying when the Borrower's credit report reveals inquiries within the previous 120-day period

48.9: Documenting reviews (12/01/11)

The Seller must:

- Maintain complete records for each Mortgage file selected for a preclosing or a postclosing 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

48.10: Reporting requirements (06/13/12)

The Seller's quality control program must provide that all preclosing and postclosing 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.

The Seller must notify Freddie Mac **(see Directory 2)** in writing within 30 days of the Seller's determination that a postclosing 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 Sections 7.3 or 57.3. Freddie Mac reserves the right to increase the sampling or to impose other requirements on a case-by-case basis.

48.11: Retention of Seller's quality control records (12/01/11)

For at least three years from the date of the preclosing or postclosing quality control review, the 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 (09/24/13)

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. Volume 1 sets forth the requirements and obligations relating to the purchase and sale of Mortgages and Volume 2 sets forth the requirements, responsibilities and obligations with respect to the Servicing of Mortgages.

50.2: Legal effect of the *Single-Family Seller/Servicer Guide* (09/24/13)

(a) Status as a contract

1. **Effect of the Guide.** The Guide governs the business relationship between a Seller/Servicer and Freddie Mac relating to the sale and Servicing of Mortgages. Each Seller/Servicer must complete and submit a Form 16SF, Annual Eligibility Certification Report, that certifies that the Seller/Servicer has access to the Electronic version of the Guide, as an Electronic Record, as those terms are defined in Chapter 3, and is in compliance with all requirements of the Purchase Documents.

2. **Volume 1 of the Guide.** In connection with the sale of Mortgages to Freddie Mac, the Seller/Servicer agrees that each transaction is governed by the Guide, the applicable Purchase Contract and all other Purchase Documents.

3. **Volume 2 of the Guide.** A Seller/Servicer must service all Mortgages that the Seller/Servicer has sold to Freddie Mac and/or has agreed to service for Freddie Mac in accordance with the standards set forth in the Seller/Servicer's Purchase Documents. All of a Seller/Servicer's obligations to service Mortgages for Freddie Mac are considered to constitute, and must 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 are deemed to be merged into, and must be performed pursuant to, such unitary, indivisible master Servicing contract.

   A Seller/Servicer acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller/Servicer pursuant to any individual Purchase Contract is based upon the Seller/Servicer's agreement that the Mortgages purchased will be serviced by the Seller/Servicer pursuant to the unitary, indivisible master Servicing contract. The Seller/Servicer 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/Servicer's obligations under any aspect of the unitary, indivisible master Servicing contract, shall be deemed to constitute a b reach of the entire contract and shall entitle Freddie Mac to terminate all or a portion of the Servicing. The termination of a portion of the Servicing shall not alter the unitary, indivisible nature of the Servicing 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.

4. **Amendments to the Guide.** Freddie Mac may, in its sole discretion, amend or supplement the Guide from time to time. Amendments to the Guide must be in the form of a written paper Record or an Electronic Record, as those terms are defined in Chapter 3. The Guide may not be amended orally. Freddie Mac may amend the Guide by:
   - Publishing Bulletins in writing or as Electronic Records, which apply to all Sellers/Servicers, or
   - Entering into a Purchase Contract or other written or Electronic agreement, which applies to the Seller that is a party to the Purchase Contract or agreement

   Bulletins expressly amend, supplement, revise or terminate specific provisions of the Guide. An amendment, supplement, revision or termination of a provision in Volume 1 or Volume 2 of the Guide is effective as of the date specified by Freddie Mac in the applicable Bulletin.

   A Purchase Contract or other written agreement or Electronic agreement, as "Electronic" is defined in Chapter 3, amends or supplements specific provisions of the Guide for purposes of such Purchase Contract or other written agreement, as applicable. Such amendments or supplements to the Guide are effective as of the date specified in the Purchase Contract or other agreement. See Section 12.3(d) for information about how amendments and supplements to Volume 1 of the Guide amend or otherwise apply to a Seller's Purchase Contracts and other Purchase Documents.

5. **Publication of Guide and Bulletins.** The Guide is posted on the AllRegs® web site of Mortgage Resource Center, Inc. (MRC), which posts the Guide under license from and with the express permission of Freddie Mac. MRC is the

exclusive third-party electronic publisher of the Guide. Freddie Mac makes no representation or warrant regarding availability, features or functionality of the AllRegs web site. The Guide is also available through FreddieMac.com.

By using the web site, Seller/Servicers acknowledge and agree (individually and on behalf of the entity for which they access the Guide) neither Freddie Mac nor MRC shall be liable to them (or the entity for which they access the Guide) for any losses or damages whatsoever resulting directly or indirectly from Freddie Mac's designation of the Guide as found on the AllRegs web site as the official Electronic version, as an Electronic Record, and MRC expressly disclaims any warranty as to the results to be obtained by Seller/Servicers (and the entity for which Seller/Servicers access the Guide) from use of the AllRegs web site, and MRC shall not be liable to Seller/Servicers (and the entity for which Seller/Servicers access the Guide) for any damages arising directly or indirectly out of the use of the AllRegs web site by them (and the entity for which they access the Guide).

Bulletins are published on AllRegs and FreddieMac.com. Sellers and Servicers with an AllRegs subscription may receive notice of Bulletins directly from AllRegs. If a Seller or Servicer does not receive notice of Bulletins through AllRegs, the Seller or Servicer must take the steps necessary to receive the applicable Freddie Mac Single-Family Update e-mails, which will notify Sellers and Servicers of Bulletin publications. A Seller or Servicer's failure to take the appropriate steps to receive notices of Bulletins does not relieve the Seller or Servicer of its legal obligations to comply with the terms of the Bulletins.

6. **Effective Date.** 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 and Bulletins) and Industry Letters are 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.

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* (09/24/13)

(a) Outline

Volume 1 may be outlined briefly as follows:

1. An introduction
2. General Freddie Mac policies
3. Seller/Servicer requirements and warranties
4. Mortgage purchase programs and commitment procedures
5. Delivery requirements
6. General Mortgage eligibility requirements
7. Special Mortgage eligibility requirements
8. Credit underwriting requirements
9. Property eligibility requirements
10. Quality control and Mortgage file content requirements

Volume 2 may be outlined briefly as follows:

1. An introduction
2. Requirements for Servicing Mortgages using the Freddie Mac Service Loans application
3. General Freddie Mac policies relating to Servicing
4. Requirements for Servicing performing Mortgages
5. Requirements for Servicing nonperforming Mortgages
6. Requirements for Real Estate Owned (REO)
7. Reimbursement of expenses
8. Freddie Mac remedies
9. Accounting and investor reporting requirements

Other information found at the back of each volume includes exhibits and forms referenced in the respective volume of the Guide.

Also included in the Guide are:

- A Glossary of defined terms used in the Guide
- A Directory of Freddie Mac points of contact 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.

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.

Freddie Mac may substitute new chapters for existing chapters and new chapter sections for existing chapter sections.

(c) Defined terms

Initial capitalization of words generally denotes terms in the Guide text that are defined in the Glossary or defined in the chapter in which capitalized words appear or are defined in an expressly referenced chapter.

(d) Directory

The Directory has been incorporated into the Guide to help the reader find information. The Directory contains the addresses, telephone numbers, facsimile transmission (fax) numbers and e-mail addresses of the Freddie Mac points of contact referenced in this Guide. Directory numbers are listed in bold in the Guide text. Directory numbers in the Guide text match the numbers associated with the various Freddie Mac points of contact identified in the Directory. A chart in each Directory section indicates the relevant Guide sections or chapters and corresponding attention lines, and as applicable, telephone numbers, fax numbers and/or e-mail addresses for a specific point of contact.

50.3.1: Electronic Transactions (09/01/13)

(a) Electronic transactions conducted with Freddie Mac

The terms and conditions applicable to Electronic Transactions conducted with Freddie Mac (including defined terms) are set forth in Chapter 3. References to "Seller" in Chapter 3 are also deemed, where applicable, to mean "Servicer."

(b) Electronic Transactions conducted between Servicer and Borrower

In lieu of having the Servicer or Borrower, as applicable, prepare, sign and send, return, or submit paper documents, such as Form 710, Uniform Borrower Assistance Form, explanation letters, modification agreements for modifications under the Home Affordable Modification Program, solicitation letters, evaluation notices and other forms and documents in connection with consideration for a reinstatement, relief or workout option as required in Chapters 64, 65, A65, B65 and C65 (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.

Except as set forth in Section C65.17, for purposes of this section, a loan modification agreement is not a loss mitigation document and may not be electronically transmitted (faxed, e-mailed or otherwise sent electronically) 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. The only exception to the foregoing is a HAMP eModification Agreement, as defined in Chapter C65.

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 Form 710 and any other required forms, provided that the information requested is the same information requested on Form 710 and the other required forms
- Must comply with all applicable requirements in the Guide and other Purchase Documents, including, but not limited to, Chapter 3

- Must consult with its legal counsel to determine that the Servicer's use of fax and/or other Electronic copies of loss mitigation documents, complies with the requirements of the federal Electronic Signatures in Global and National Commerce Act (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 transmission 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 conducting 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 Freddie Mac's express written or Electronic 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.

In addition, the Servicer acknowledges and agrees that the provisions of section 101 of E-SIGN (which permits the use of Electronic Signatures and Electronic Records) do not apply to any notice of default, acceleration, repossession, foreclosure, or eviction, or the right to cure, under a credit agreement secured by, or a rental agreement for, a primary residence of an individual. Accordingly, all such notices must be in writing and delivered in accordance with otherwise applicable State and/or federal law to Borrowers and all individuals on the title to the Mortgaged Premises.

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 (09/24/13)

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 A50: Requirements for Servicing Mortgages Using the Freddie Mac Service Loans Application

Section A50.1: Overview (09/16/13)

This chapter sets forth special requirements for using the Freddie Mac Service Loans application ("Service Loans application"), Freddie Mac's web-based application for reporting loan-level information to Freddie Mac and performing other Mortgage Servicing activities, such as processing Subsequent Transfers of Servicing requests. The Servicer may also access certain other Freddie Mac technology tools, such as Default Reporting Manager and the Servicer Performance Profile, from the Service Loans application.

The Service Loans application is accessible at **http://www.freddiemac.com/singlefamily/service/tools.html.**

The Servicer should refer to Chapter 3 for the definition of the following terms used in this chapter:

- Confidential Means of Access
- Electronic
- Electronic Record
- Electronic Signature
- Electronic Transaction
- Record

The Servicer should refer to the following sections and chapters for additional information on reporting requirements:

- Section 64.10 for default reporting requirements
- Section 65.9.1 for reporting requirements for Mortgages with respect to which a Servicer is pursuing an alternative to foreclosure
- Chapters 76 and 78 for monthly loan-level exception and non-exception activity reporting requirements

To service Mortgages using the Service Loans application, the Servicer must:

- Receive a user ID and password or other Confidential Means of Access to the Service Loans application from Freddie Mac for each of the Servicer's employees who need access to the Service Loans application
- Agree to the terms and conditions for use of the Service Loans application
- Comply with the other applicable terms and conditions in the Single-Family Seller/Servicer Guide and the Servicer's other Purchase Documents

The Servicer will be deemed to have agreed to and be bound by all of the terms and conditions for access and use of the Service Loans application whenever an employee of the Servicer: (i) accesses the Service Loans application by entering such employee's user identification code ("User ID") and password; (ii) clicks the "I Agree" button following the paragraph titled "Agreement in Connection with the Use of the Freddie Mac Service Loans application" presented on an early screen in the Service Loans application; and/or (iii) uses the Service Loans application in connection with Servicing Mortgages for Freddie Mac.

Reporting requirements and requirements for data transmissions or submissions in Volume 2 apply to those activities conducted through the Service Loans application, unless otherwise specifically provided.

Section A50.2: Prior user agreement superseded (02/16/11)

In the event a Servicer has entered into a written user agreement with Freddie Mac to use the Freddie Mac Service Loans application prior to the date this Chapter A50 is published, such prior written user agreement shall, as of such publication date, have no further force or effect and is superseded and replaced in its entirety by the provisions of this chapter.

Section A50.3: Freddie Mac Service Loans application incorporated into the Guide (02/16/11)

The Freddie Mac Service Loans application, including, without limitation, all visual content displayed on screens and pages, system processes, system rules, terms and conditions, privacy policy, user guides and instructions, is by this reference, incorporated into and made a part of the Single-Family Seller/Servicer Guide and other Purchase Documents.

Section A50.4: Amendments (02/16/11)

The Servicer acknowledges and agrees that Freddie Mac may amend, revise and/or update the Freddie Mac Service Loans application, this chapter and/or any other applicable Purchase Documents and any such amendment, revision and/or update will be effective as of the date specified by Freddie Mac.

Section A50.5: Special representations and warranties (02/16/11)

The Servicer represents and warrants to and covenants with Freddie Mac that the Servicer will comply with all of the requirements of this chapter, any other applicable Purchase Documents, system processes and rules, terms of use, privacy policy, security standards and any user guides and instructions in connection with Servicing Freddie Mac Mortgages using the Freddie Mac Service Loans application.

Section A50.6: Electronic Transactions (06/13/12)

(a) Consent to conduct Electronic Transactions

The Servicer consents to conduct Electronic Transactions with Freddie Mac using the Freddie Mac Service Loans application ("Service Loans application") including, but not limited to, using Electronic Records and Electronic Signatures in accordance with Chapter 3. The Servicer agrees that the term "Seller/Servicer" used in Chapter 3 shall also mean the word "Servicer" and agrees that the Servicer's employees may use Electronic Signatures which shall be the Servicer's adopted and authorized Electronic Signatures, as defined in Section 3.6, which also includes the process of using a computer mouse to "click-on" terms, words, items, images, numbers or buttons on screens in the Service Loans application.

(b) Service Loans application requirements

The Servicer acknowledges that Freddie Mac has provided the Servicer with the minimum hardware, software, browser and other Internet connectivity requirements the Servicer needs to conduct Electronic Transactions using the Service Loans application.

Section A50.7: Security and Servicer responsibilities (06/13/12)

The Servicer must provide information to Freddie Mac in order to identify employees who are authorized to use the Freddie Mac Service Loans application ("Authorized Users") and the employee designated user roles by completing and submitting the Form 902, Freddie Mac Service Loans Application Authorized User Roles Form – For Use by Servicers Only.

In addition to the representations, warranties and agreements set forth therein, by executing and submitting the Form 479A, Single-Family Servicing Agent Certification, a Servicer also authorizes its Servicing Agent to access the Freddie Mac Service Loans application ("Service Loans application") and designate Servicing Agent employees to appropriate user roles to service certain Freddie Mac Mortgages (see Section 51.4 for Servicing Agent approval requirements and Servicer's continuing duties and obligations). Upon receiving Freddie Mac approval, Servicing Agents must complete and submit Form 902SA, Freddie Mac Service Loans Application Authorized User Roles Form – For Use by Servicing Agents Only, to identify the Servicing Agent's duly authorized employees and their respective delegated user roles (also designated Authorized Users) to service only certain specifically and expressly identified Freddie Mac Mortgages as authorized by a written agreement between the Servicer and the Servicing Agent, which agreement has been provided to and approved by Freddie Mac.

Upon receipt of the completed Form 902 (or Form 902SA, as applicable), Freddie Mac will provide the Servicer (and/or its Servicing Agent, if applicable) with user identification codes ("User IDs") and passwords for Authorized Users to access the Service Loans application. Until further notice, the Servicer (and/or its Servicing Agent, if applicable) must submit a new Form 902 (or Form 902SA, as applicable) to add, delete, modify or confirm an individual's user roles.

The Servicer (and/or its Servicing Agent, if applicable) must adopt minimum security standards to protect such User IDs, passwords and/or Personal Identification Numbers (PINs) and any other Confidential Means of Access to the Service Loans application as required by Section 3.4. The Servicer agrees that the term "Seller/Servicer" used in Chapter 3 shall also mean the word "Servicer." The Servicer agrees that the Servicer's (and/or its Servicing Agent's, if applicable) employees may use Electronic Signatures, which shall be the Servicer's adopted and authorized Electronic Signatures, as defined in Section 3.6, which also includes the process of using a computer mouse to "click on" terms, words, items, images, numbers or buttons on screens in the Service Loans application.

The Servicer (and/or its Servicing Agent, if applicable) must notify Freddie Mac within one Business Day of an Authorized User's (i) name change, (ii) position/title change, (iii) employment termination, and/or (iv) authorization expiration or termination and submit a

new Form 902 (or Form 902SA, as applicable) to Freddie Mac to reassign an Authorized User or revoke an Authorized User's User ID and password.

In addition, the Servicer (and/or its Servicing Agent, if applicable) must notify Freddie Mac within one Business Day:

- In the event of any loss, theft or unauthorized disclosure or use of any User IDs, passwords, PINs or any other Confidential Means of Access
- If any Authorized User has knowledge or reason to believe that the Authorized User's Confidential Means of Access to the Service Loans application is no longer secure for any reason
- If the Servicer uses a Servicing Agent and the Servicer has knowledge or reason to believe that the Servicing Agent is not complying with the Servicer's minimum security standards or other Purchase Documents
- In the event that the Servicer uses a Servicing Agent and the Servicing Agent relationship expires or is terminated for any reason by either party

Section A50.8: Access to copies of Electronic Transaction Records (06/13/12)

The Servicer acknowledges and agrees that the Servicer's ongoing access to copies of Records and Electronic Records related to any Electronic Transactions conducted by the Servicer in the Freddie Mac Service Loans application will be either:

- Paper copies printed by the Servicer, or
- Electronic copies the Servicer is able to download or save to its computers or copy

The Servicer acknowledges that it is responsible for making or obtaining copies of such Records and Electronic Records. If the Servicer is unable to print, download or copy any of the Records or Electronic Records, the Servicer may contact Freddie Mac for possible assistance.

Chapter 51: General Freddie Mac Policies

51.1: Servicers' general responsibilities (06/13/12)

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 with Servicing activities, a number of tools are available through Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/service/tools.html**. These tools are accessible using a secure User ID and password that a Servicer 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, the Servicer agrees to be bound by and comply with the Guide, including without limitation, Chapter 3, 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 the 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 (10/31/12)

(a) Freddie Mac Exclusionary List

Servicers must use the Exclusionary List to protect the integrity of Freddie Mac Servicing functions. A Servicer's obligations relating to the Exclusionary List are set forth in Section 2.24.

(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 **(see Directory 5)** via Form 105, Multipurpose Loan Servicing Transmittal, 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).

51.4: Servicer and Servicing Agents (06/13/12)

(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.

A Servicing Agent must be an approved Freddie Mac Servicer, and must comply with all Freddie Mac requirements for Servicing Mortgages as set forth in the applicable Purchase Documents. The Servicer and the Servicing Agent agree and acknowledge that the Servicing Agent is only authorized to review and use Mortgage data, including, but not limited to, review and use of data through access to the Freddie Mac Service Loans application ("Service Loans application"), related to the Mortgages for which the Servicing Agent has been engaged to perform the Servicing obligations of the Servicer.

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 and compliance with all Servicing requirements and all representations and warranties set forth in the Purchase Documents.

The Servicer will notify Freddie Mac (**see Directory 3)** in the event the Servicer's contract with an approved Servicing Agent expires or is terminated by either party within one Business Day of such an expiration or termination, and shall notify Freddie Mac as to whether the Servicer will service the designated Mortgages or the Servicer intends to engage a new Servicing Agent. If the Servicer engages a new Servicing Agent, then as required by Section 51.4(b), the Servicer must submit a new Form 479A, Single-Family Servicing Agent Certification, to request Freddie Mac approval of the new Servicing Agent.

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 event, the Servicer and the Servicing Agent shall execute and transfer all Mortgage file documents and Servicing records in accordance with Freddie Mac's instructions and do any and all other acts that Freddie Mac, in its sole discretion, deems necessary 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 primary responsibility for Servicing 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 Mortgage file documents and Servicing records and do all such acts as the Servicer may deem necessary to facilitate a transfer back to the Servicer of all of the Servicing Agent's Servicing obligations with respect to the Mortgages.

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

A Servicer may not engage more than one Servicing Agent for Freddie Mac Mortgages being serviced under a particular Freddie Mac Seller/Servicer number at any one time.

Before delivery under the first Purchase Contract under which Mortgages will be serviced by a Servicing Agent, or before engaging any Servicing Agent to service Freddie Mac Mortgages, the Servicer must obtain Freddie Mac's express 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 and the applicable Purchase Documents.

See Section A50.7 regarding requirements relating to Servicing Agent access to the Service Loans application.

(c) Review of Servicing Agent

Before submitting the executed Form 479A, the Servicer must carefully review the proposed Servicing Agent's procedures, methods of operation and minimum security standards, as set forth in Section 3.4, 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 represent and warrant to Freddie Mac that the Servicer has carefully reviewed the Servicing Agent's procedures, methods of operation and minimum security standards 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) Information and transaction processing providers

Freddie Mac does not consider a Servicer's use of information and transaction processing service providers to constitute the use of a Servicing Agent. In addition, the use of such services does not require Freddie Mac's approval, unless otherwise provided in the Guide, Servicer's other Purchase Documents or Freddie Mac's eMortgage Guide. The Servicer must ensure that the provider of such information and

transaction processing services has (i) systems and software applications that function accurately and in compliance with all applicable laws, (ii) systems security that complies with industry standards and all applicable privacy laws, and (iii) a business continuity plan in place to maintain and restore the information for all Mortgages serviced for Freddie Mac in the event of a disaster or other interruption of business operations and processes.

The use of information and transaction processing providers does not relieve the Servicer of any of Servicer's responsibilities to Freddie Mac under the Purchase Documents.

The Servicer shall continue to be responsible and liable to Freddie Mac for all information and transaction processing services used by the Servicer in accordance with the terms of 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.)

51.5: Borrower inquiries (Future effective date 01/10/14)

Regardless of whether a Mortgage is securitized or held by Freddie Mac, Servicers receive Mortgage payments from Borrowers on behalf of, and remit such payments to, Freddie Mac. If a Borrower inquires about the ownership or assignee of his or her Mortgage, the Servicer may 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 may 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 requested 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 should respond promptly to a Borrower's inquiry and must 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.)

51.5.1: Servicer response to complaints – Escalated cases (09/01/13)

Servicers must have processes and procedures in place to review and respond to Borrower disputes and complaints about the Servicer and/or its third-party providers that rise to the level of an escalated case. Complaints or disputes with the Borrower, the Borrower's trusted advisor, housing counselor, a federal agency or elected official, that rise to the level of an escalated case include, but are not limited to:

- Initiation or continuance of foreclosure actions in violation of Guide requirements
- Allegations of fraudulent Servicing practices
- Complaints that the Borrower was not appropriately evaluated for or inappropriately denied a foreclosure alternative
- Complaints threatening litigation
- Allegations that the Servicer did not comply with the required time frames for Borrower outreach, evaluation, or permitted time for Borrower response as set forth in Chapter 64, Delinquencies

A general inquiry pertaining to the status of an evaluation or the content of an evaluation notice where the Servicer is in compliance with the requirements of the Guide or its other Purchase Documents is not considered an escalated case.

Servicers are not required to review a subsequent case that would be considered an escalated case, when the substance of the complaint is substantially similar to a previously resolved escalated case and pertains to the same Borrower and Mortgage. The Servicer must document in the servicing system and/or Mortgage file its decision not to review a substantially similar case.

- **Staffing and internal controls**

Staff providing resolution on an escalated case must be independent from the personnel that initially handled/processed the Borrower's request for assistance.

At a minimum, Servicers must:

- Have written procedures and sufficient adequately trained staff in place to be able to track and respond to escalated cases in accordance with the requirements of this section
- Ensure that escalated cases receive fair consideration and timely resolution
- Regularly review and assess the adequacy of internal controls and procedures in connection with Servicing activities to ensure compliance with the Guide and applicable law
- Take remedial steps, as appropriate, if any deficiencies are identified as a result of their review of internal controls or processes or issues are identified from a review of an escalated case. The Servicer should formally document the results of such reviews and make the results available to Freddie Mac upon request.

- Include a contact name or the name of the Servicer's designated escalated case response unit, and a toll-free escalation contact phone number on short sale, deed-in-lieu of foreclosure, and both "Non-approval" evaluation notices

For additional requirements related to evaluation notices, refer to Section 64.6, Evaluation Hierarchy, Borrower Solicitation and Communication.

- **Servicer response**

A Servicer must acknowledge receipt of a complaint or dispute that rises to the level of an escalated case within three Business Days following receipt and provide the Borrower, and if applicable, the third-party requestor, with a contact name, a case reference name or number, a toll-free escalation contact phone number and a date by which the Servicer will resolve the escalated case ("Resolution Date") which must be no later than 15 days from receipt.

The Servicer must review the case and provide resolution by the Resolution Date. If the Servicer fails to resolve the escalated case by the Resolution Date, the Servicer may extend the Resolution Date an additional 15 days. However, the total time to resolve an escalated case must not exceed 30 days following receipt of the case.

Within five Business Days of identifying the proposed resolution, the Servicer must communicate in writing to the Borrower and, as applicable, the third-party requestor, the proposed resolution and next steps if applicable. The Servicer must retain in the Mortgage file and/or its servicing system, the written communication of the proposed resolution and all documentation and information received during the review of the escalated case.

If the Servicer fails to resolve the escalated case by the Resolution Date, the Servicer must provide an updated status to the requestor, and as applicable, the Borrower, on the Resolution Date.

- **Foreclosure actions in connection with the review of an escalated case**

A Servicer must not postpone foreclosure referral due to the pending review of an escalated case.

If the Mortgage has been referred to foreclosure, the Servicer must make every effort to expedite review of the Borrower's case and provide a resolution within the time frames specified above or by the foreclosure certification date (i.e., seven days prior to foreclosure sale date), whichever is earlier. The Servicer may postpone a foreclosure sale to facilitate case resolution, provided that the escalated case was received prior to the foreclosure certification date. However, the Servicer will not receive relief from State foreclosure time line compensatory fees if such postponement results in the Servicer exceeding State foreclosure time

lines, and the postponement was due to the Servicer's failure to follow applicable Guide requirements or other Servicer error. Refer to Chapter 66 for additional requirements related to a Servicer's obligation to initiate foreclosure or conduct a foreclosure sale.

If an escalated case is pending at the time of a foreclosure sale, the Servicer must still resolve the escalated case, and when appropriate, the Servicer will be required to take corrective action.

- **Escalated case resolution**

An escalated case is considered resolved when the complaint or dispute has been reviewed in accordance with the requirements of this section and the Servicer:

- ❑ Determines that there is no change in its original determination, if applicable; or
- ❑ Identifies a proposed resolution that corresponds to one of the resolution categories listed below;

And

- ❑ Documents the proposed resolution in its servicing system and/or Mortgage file including a date the resolution was reached, and
- ❑ Takes the first action to implement the resolution

Resolution categories

- Action Not Allowed – Bankruptcy in Progress
- No Action Taken (Borrower current and determined able to pay)
- Deed-in-Lieu of Foreclosure (DIL)
- Forbearance Plan
- Foreclosure Initiated/Pending
- Foreclosure Completed
- Home Affordable Modification Program (HAMP)
- HAMP Trial Period Plan
- Loan Payoff
- Non-HAMP Modification
- Other Foreclosure Alternative
- Repayment Plan
- Short Sale

- **Reporting**

The Servicer must provide the following data elements to Freddie Mac via a spreadsheet by the **12th Business Day of every month** for escalated cases that were referred to the Servicer by the Borrower or requestor, and/or escalated cases resolved in the prior month:

- ❑ Freddie Mac loan number
- ❑ Servicer loan number
- ❑ Borrower name
- ❑ Date case received
- ❑ Date case resolved
- ❑ Resolution category

- Summary and description detailing events of the case

The spreadsheet must be submitted to **FM_Servicers_Borrower_Report@freddiemac.com** and the file name must be reflected as Servicer name_consumer inquiries_mmyy. The Servicer must continue to report each escalated case to Freddie Mac in the monthly report until the case is resolved. The Servicer is not required to include in the monthly report any cases initially referred to Freddie Mac by the Borrower or requestor for which the Servicer is working with Freddie Mac to provide a resolution.

51.5.1: Error resolution procedures (Future effective date 01/10/14)

Servicers must comply with the requirements set forth in this section in resolving errors asserted by a Borrower or Borrower's representative relating to the Servicing of a Mortgage.

Servicers must refer to Chapter 63 for additional requirements pertaining to a Borrower's right to appeal a denial of a Trial Period Plan based on the Servicer's review of the First Complete Borrower Response Package.

The Servicer must have written policies and procedures to ensure that it reviews and responds to any written request received from a Borrower asserting an error relating to the Servicing of the Mortgage, provided the Borrower's written request includes:

- The Borrower's name;
- Information that enables the Servicer to identify the Borrower's Mortgage file; and
- The error the Borrower believes has occurred

At a minimum, the Servicer must:

- Have a sufficient number of adequately trained staff to be able to track and respond to any written notice received from a Borrower asserting an error in accordance with the requirements of this section
- Maintain policies and procedures that are reasonably designed to ensure that the Servicer investigates, responds to and makes corrections in response to complaints asserted by Borrowers
- Conduct reasonable investigations and respond to a Borrower with either:
  - A written notification of the correction, the effective date of the correction and Servicer contact information, including a telephone number for further assistance; or
  - A statement that the Servicer has determined that no error occurred, the reasons for the Servicer's determination, a statement of the Borrower's right to request the documents

the Servicer used to reach its decision, information on how the Borrower may request those documents, and contact information, including a telephone number

- Respond to the Borrower's notice of error within the time limits set forth under applicable law
- Regularly review and assess the adequacy of its internal controls and procedures used in connection with Servicing of Freddie Mac Mortgages to ensure compliance with the Guide and other Purchase Documents and applicable law
- Take remedial steps, as appropriate, if any deficiencies are identified as a result of its review of internal controls and processes, or if issues are identified from a review of a Borrower's notification asserting an error. The Servicer must formally document the results of such reviews and make the results available to Freddie Mac upon request.

The Servicer must maintain in the Mortgage file documentation of all communication regarding any case for which the Servicer has received written notification from a Borrower asserting an error, and provide such files or aggregated information to Freddie Mac for review upon request.

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 (06/30/11)

(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, the Servicer 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.

The Servicer 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. The Servicer has 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) ratio of the Mortgage based on the value obtained at origination (as described in Section 23.1) is less than 60%, and • 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	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 balance (UPB) of the Mortgage
If • The current LTV ratio 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 • The Servicer 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 based on the estimated value after the release the LTV ratio is less than 60%, 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, the Servicer must submit the request to Freddie Mac **(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), the Servicer 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. The Servicer 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. The Servicer 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 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 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 the Servicer 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 (01/01/13)

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.

If Freddie Mac requests Mortgage records from a Servicer in connection with an audit or for any other purpose, including a Servicer Success file review, the Servicer must deliver such Mortgage records within 30 days from the date of the request. Freddie Mac, in its sole discretion, may request the documentation in a shorter or longer period of time based upon the circumstances at the time. A Servicer's failure to submit the requested Mortgage records will be considered a violation of the Purchase Documents, and Freddie Mac will pursue all rights and remedies available under the Purchase Documents and applicable law.

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.

51.9.1 Freddie Mac Servicer Success File Reviews (09/01/13)

As part of the Servicing Success Program, Freddie Mac will be conducting reviews of delinquent Mortgage files from time to time as discussed below. These file reviews ("Servicer Success File Reviews" or "File Reviews") are in addition to any audit of Mortgage files specified in Section 51.9.

(a) Types of File Reviews

Freddie Mac will notify a Servicer in writing that certain Mortgages have been selected for a Servicer Success File Review. Freddie Mac may conduct the following types of File Reviews:

- Prudent Servicing Review: An assessment of the Servicer's collection activities, loss mitigation activities, timeline management, and property preservation processes
- Short Sale Compliance Review: An assessment of the Servicer's compliance with the requirements of the Guide, and other Purchase Documents, as applicable, regarding completed short sales
- Loan Modification Compliance Review: An assessment of the Servicer's compliance with the requirements of the Guide and other Purchase Documents, as applicable, regarding completed modifications

Freddie Mac may modify or expand the types of File Reviews from time to time.

(b) File Review requests

Freddie Mac will notify a Servicer in writing that certain Mortgages have been selected for a File Review.

Servicers must comply with the instructions and any requirements set forth in a File Review request from Freddie Mac, which will:

1. Include the Freddie Mac loan numbers associated with the Mortgage files being requested
2. Specify the documentation that must be included with each type of file (e.g., short sale under Chapter B65 or modification under Chapter B65 or Chapter C65)
3. Provide detailed instructions on the manner in which the documents are to be submitted to Freddie Mac, and
4. State that Freddie Mac must receive the requested file documentation within 30 calendar days from the date of the letter requesting the documentation or such other time frame Freddie Mac specifies in the request.

All documentation sent to Freddie Mac may be used in the File Review, even if the Servicer includes documentation that is not required. Freddie Mac may request additional Mortgage files and/or additional documents during the File Review. The Servicer must submit the requested documentation in the manner specified by Freddie Mac or Freddie Mac may refuse to accept the documentation. A Servicer's failure to submit requested documentation will be considered a violation of the Purchase Documents, and Freddie Mac will pursue all rights and remedies available under the Purchase Documents and applicable law. Additionally, failure to submit the documentation is considered a file defect and may be considered in determining a Servicer's overall performance in accordance with Section 51.11.

Upon completion of the File Review, Freddie Mac will provide its conclusions in writing to the Servicer. Servicers may provide Freddie Mac with a response or appeal to the findings noted in Freddie Mac's conclusions up to 15 Business Days after the date of Freddie Mac's written conclusions. The appeal must be solely predicated upon documentation originally submitted for review. The submission of file documentation that the Servicer failed to provide at Freddie Mac's initial file request does not constitute an appeal. Freddie Mac's decision on the File Review shall be deemed conclusive and may be considered as a factor in determining a Servicer's overall performance in accordance with Section 51.11. Freddie Mac, in its sole and absolute discretion, may choose to rely on such conclusions or upon any other available information in determining whether to pursue any other right or remedy available to Freddie Mac under the Purchase Documents or applicable law.

Note: File Reviews are not a substitute for the Servicer's own internal quality control for default management activities.

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

This section has been deleted.

51.11: Servicer performance criteria (10/03/12)

(a) Servicer Success Scorecard performance

The Servicer Success Scorecard is a confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management. Each Servicer's performance results are published monthly in a Servicer Success Scorecard at **http://www.freddiemac.com/singlefamily/service/tools.html**. The performance criteria are also published at **http://www.freddiemac.com/singlefamily/service/tools.html**, and these criteria, and changes thereto by Freddie Mac, are incorporated into the Guide by reference. Certain Servicers may have individual performance targets based on the criteria in the Servicer Success Scorecard that are incorporated into negotiated terms of business and may not be included in the rankings as provided in Section 51.11(b) below.

Freddie Mac reserves the right to amend the performance criteria, modify how the rankings are determined and revise the content of the Servicer Success Scorecard at any time. Each Servicer Success Scorecard is considered to be "confidential information" for purposes of Sections 2.16 and 53.14.

(b) Servicer Success Scorecard performance results

Freddie Mac will regularly monitor each Servicer's performance against the criteria in the Servicer Success Scorecard. The Servicer Success Scorecard provides a Servicer with a ranking compared to other ranked Servicers in the following categories:

- Investor reporting and remitting
- Default management

A Servicer will be presumed to have an unacceptable Servicer Success Scorecard result if the Servicer's ranking is in the bottom 25% of ranked Servicers.

Freddie Mac considers factors such as trends in performance, adequacy of staffing, audit results, the Servicer Success Scorecard results, Servicer Success File Reviews, and/or compliance with all requirements of the Purchase Documents in evaluating whether the Servicer's overall performance is unacceptable for purposes of Section 5.2.

In the default management category, a Servicer will receive a ranking on its Servicer Success Scorecard results if the Servicer services 25 or more Mortgages for Freddie Mac that are 90 days or more delinquent. In the investor reporting and remitting category, all Servicers will receive a ranking on their Servicer Success Scorecard results.

Refer to Section 65.8 for additional information on Freddie Mac's default management performance category. Refer to Section 76.5 for additional information on Freddie Mac's investor reporting and remitting performance category.

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

This section has been deleted.

51.13: Workout Prospector® User Agreement (06/13/12)

The Servicer's logging into the Workout Prospector® software, shall be deemed to be Servicer's Electronic Signature for purposes of binding Servicer to the terms and conditions in the Workout Prospector User Agreement, set forth as Exhibit 86, for use of the Workout Prospector software, in the same manner Servicer would be bound had the Servicer signed such Agreement in writing and delivered it to Freddie Mac. In addition, a Servicer that uses Freddie Mac's Workout Prospector software will also bind the Servicer

to all of the provisions of the Workout Prospector User Agreement, set forth as Exhibit 86.

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 (06/30/11)

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. The Servicer 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 Freddie Mac's Escrow Custodial Account until a full payment is received.

Refer to Section 77.14 for 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 4.5 and 4.10 set forth the requirements for submitting a quarterly mortgage bankers' financial report and an annual eligibility certification report.

51.24: Transfer of Servicing (01/01/13)

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. A Servicer's transfer of its Servicing portfolio (in whole or in part) without Freddie Mac's prior written approval will result in the assessment of a compensatory fee, as described in Section 56.3. The imposition of this compensatory fee does not limit Freddie Mac's rights to exercise any of its other rights under the Purchase Documents, including, but not limited to, suspension or disqualification of both the Transferor Servicer and purported Transferee Servicer as Seller/Servicers.

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-rate Mortgages purchased by Freddie Mac (06/30/11)

The specific features of discounting adjustable-rate Mortgages vary depending on the unique characteristics of the applicable adjustable-rate Mortgage program. Freddie Mac has developed various programs for the purchase of adjustable-rate Mortgages.

Chapter 52: Mortgage File Retention

52.1: Contents (08/01/11)

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 and results of all collection activities with Borrowers
3. Reasons for prior and current defaults
4. Terms of any arrangements for curing the Delinquency and/or providing alternatives to foreclosure
5. Documentation of property inspections, as required in Section 65.32

52.2: Form (06/13/12)

(a) The Servicer must maintain the paper 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.

In addition to maintaining the paper original of the documents above, Servicer should maintain back-up paper or electronic copies of such original paper documents.

(b) Except for the original paper documents in Section 52.2(a) above, which must be maintained as paper originals, the Servicer may maintain copies of other paper Mortgage file documents that are reproduced from the original paper documents by any photographic, photostatic, microfilm, microfiche, electronic imaging, optical disk or laser disk storage process; provided that:

- The copies are allowed under laws or regulations to which the Servicer is subject and in the jurisdiction where the Mortgaged Premises are located
- The Servicer has a written opinion of its counsel that the copies are admissible evidence in court
- The copies were made in the regular course of business pursuant to a written policy of the Servicer applicable to all its Mortgage files
- The copies were made by a process that accurately reproduces or forms a durable medium for reproducing the originals
- If the Servicer maintains electronic copies of such paper Mortgage file documents, the Servicer must store the electronic copies of such documents in a manner that preserves (i) the view (visual computer screen image or printed paper image) of such electronic documents and any data contained in or associated with the electronic document for the life of each associated Mortgage plus seven years
- The Servicer maintains Systems, as that term is defined in Chapter 3, on the premises where the copies are kept, that permit the viewing or reading of the copies and the reproduction of such copies into legible paper copies. The Servicer must make such Systems available for use by Freddie Mac's representatives as needed
- Effective for Mortgages with Note Dates on or after July 1, 2013, Servicers may no longer make copies of original paper Mortgage file documents for any Mortgage file documents (excluding the paper original Mortgage file documents specified in Section 52.2(a), which must always be maintained and stored as paper originals) using microfilm or microfiche. Servicers may copy original paper Mortgage file documents using scanning systems commonly used in the regular course of business at this time, and maintain copies of such documents as Portable Document Format (PDF), Tagged Image File (TIF) format,

Joint Photographic Experts Group (JPEG) format or other electronic document formats commonly used in the regular course of business at this time.

(c) If any of the Servicer's Mortgage files contain: (i) some documents that were originally paper and (ii) some documents that were originally created as electronic documents, as permitted by Chapter 3 or Servicer's other Purchase Documents, and Servicer determines that it is a business necessity to convert such electronic Mortgage file documents to a different electronic document format (e.g., due to technological innovation, changes to Servicer's Systems, merger of Servicer with a Servicer that has different Systems, or a Transfer of Servicing to a Servicer that has different Systems), such electronic Mortgage file documents may be converted to another electronic document format; provided that the view (visual computer screen image) of and the content (data contained in or associated with the electronic documents) in the electronic Mortgage file documents are not altered, garbled, lost or destroyed

(d) In addition to the requirements set forth above, Servicers must comply with the document retention and Document Custodian requirements set forth in Sections B65.25, C65.7(f), C65.8(i) and C65.17

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: The Mortgage file, Mortgage data and related records (05/17/11)

(a) Ownership

All documents in the Mortgage file, all data related to Mortgages owned or guaranteed by Freddie Mac to which the Servicer obtains access in connection with any agreement with Freddie Mac, including, without limitation, data in the documents in the Mortgage file (collectively, Mortgage data) and all other documents and records related to the Mortgage of whatever kind or description (whether prepared or originated by the Servicer 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, will be, and will remain at all times, the property of Freddie Mac. All of these records and Mortgage data in the possession of the Servicer are retained by the Servicer in a custodial capacity only.

(b) Permitted use of Mortgage data

The Servicer may use these records and Mortgage data only for the following purposes:

- Servicing Mortgages (and, in compliance with the provisions of the Guide, retaining subservicers to service Mortgages) on behalf of, and in the interest of, Freddie Mac;
- As background information for the Servicer's use related to marketing or cross-selling of the Servicer's own primary market products and services in compliance with applicable laws, provided that such marketing and cross-selling does not involve disclosure of these records or Mortgage data to any third parties,

other than vendors assisting the Servicer in its marketing activities who are themselves bound by these requirements;

- As necessary to enable a vendor to provide analytic services to the Servicer with respect to the Servicer's Servicing portfolio, for the Servicer's internal use only, provided the vendor is bound by these requirements; and
- As necessary to enable the Servicer to comply with its obligations under applicable law, including, without limitation, any disclosures required in connection with audits by regulatory agencies with jurisdiction over the Servicer's operations.

Except as expressly authorized by Freddie Mac in writing, Servicers may not use or disclose, or authorize or permit third parties to use or disclose, these records or Mortgage data for any other purpose, including, without limitation, resale or licensing of Mortgage data, either alone or with other data. See Section 53.3, Confidential Information; Privacy; Conflicts of Interest, Misuse of Material Information; Security of Information, for additional requirements related to confidentiality.

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 (06/01/13)

Effective November 9, 2012, this section has been deleted. For requirements applicable to Freddie Mac Default Legal Matters refer to Chapter 69, Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters, and Chapter A69, Retention of Counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013.

53.1.2: Litigation communication between a Servicer and its foreclosure attorney and bankruptcy attorney (06/01/13)

Effective June 1, 2013, this section has been moved to Section 66.24(b).

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 (11/15/13)

(a) Servicer's obligation

The Servicer agrees to comply with all applicable federal, State and local laws, ordinances, rules, regulations and orders, including, without limitation and as amended, 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
6. All applicable laws, rules, regulations, and guidance prescribed by the Servicer's regulator(s), governing data privacy and/or the safeguarding of Borrower personal information, including, without limitation, the Gramm-Leach-Bliley Act
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. Chapter V, 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. Section 5 of the Federal Trade Commission Act and similar laws that prohibit unfair or deceptive acts or practices
11. The Truth-in-Lending Act
12. The Real Estate Settlement Procedures Act
13. The Fair Debt Collections Practices Act
14. The Homeowners Protection Act of 1998
15. Judicial and professional rules of conduct governing discussions with opposing parties in litigation when represented by counsel (e.g., solicitation of delinquent Borrowers in bankruptcy or Borrowers engaged in litigation with the Servicer)
16. The U.S. Bankruptcy Code
17. The Electronic Signatures in Global and National Commerce Act ("E-SIGN")
18. The Uniform Electronic Transactions Act, if applicable

The Servicer 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 Servicer's violation of any federal, State or local law, rule, regulation, regulatory guidance, ordinance or order.

A Seller/Servicer cannot assume that because it complies with all applicable Freddie Mac requirements that the Seller/Servicer therefore complies with all applicable federal, State and local laws, ordinances, regulations and orders.

(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

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 ("OFAC 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 OFAC SDN List must notify Freddie Mac's Compliance Division via e-mail within 24 hours of blocking or rejecting a Mortgage or Mortgage transaction based on such valid OFAC SDN List match (**see Directory 1**). Such e-mail notification must also 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 SDN List match

Upon receipt of the notice, a representative from Freddie Mac will contact the Servicer to discuss the OFAC SDN List match and any potential next steps. Freddie Mac may also require the Servicer to provide documentation or additional information regarding the OFAC SDN List match.

Notifying Freddie Mac of a confirmed match against the OFAC SDN List does not absolve the Servicer from its responsibility to file a report with OFAC, as required by OFAC Regulations.

(d) Minority, women and disabled inclusion

In accordance with regulations adopted by the Federal Housing Finance Agency, 12 C.F.R. Pt. 1207, pursuant to the Housing and Economic Recovery Act of 2008, 12 U.S.C. § 4520 ("HERA"), each Servicer will:

1. Practice the principles of equal employment opportunity and non-discrimination in all its business activities;

2. Contractually require each subcontractor that the Servicer engages to provide services or goods to Freddie Mac to practice the principles of equal employment opportunity and non-discrimination in all its business activities; and

3. Upon request, provide Freddie Mac with information and appropriate certifications regarding:

    - The diversity status of the Servicer;
    - The diversity status of subcontractors the Servicer engages to provide services or goods to Freddie Mac with respect to Servicing under the Purchase Documents;
    - The amounts Freddie Mac pays to the Servicer for Servicing under the Purchase Documents;
    - The amounts the Servicer pays to subcontractors to provide services or goods to Freddie Mac with respect to Servicing under the Purchase Documents; and
    - Any other information Freddie Mac requests to comply with HERA and applicable diversity and inclusion regulations

53.9: Notice (06/13/12)

(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 an Electronic Record, as defined in Chapter 3. 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 the form of an e-mail or attachment to an e-mail by the Seller/Servicer's Systems, as defined in Chapter 3, at its Internet e-mail address provided to Freddie Mac by the Seller/Servicer, or
- Received as a Record or Electronic Record as a facsimile (fax) copy by the Seller/Servicer's facsimile (fax) machine or other Systems at a facsimile (fax) 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: MERS® (11/09/12)

(a) MERS membership

A Seller/Servicer must comply with the requirements of the MERS Membership Agreement if it is a MERS Member and sells Mortgages to Freddie Mac registered on the MERS System. For more information about requirements related to Seller/Servicer membership in MERS, see Section 4.14.

(b) Post-purchase MERS registration

When registering a Mortgage on the MERS System 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.

(c) MERS System Rules of Membership – Rule 14 ("MERS Rule 14")

Servicers that are managing "Legal Filings" as described in MERS Rule 14 on behalf of Freddie Mac must provide, when applicable, the various notifications and information required by MERS Rule 14 to MERS on Freddie Mac's behalf about such "Legal Filings."

(d) MERS' notices regarding liens or legal actions

As the mortgagee of record, MERS, rather than a Servicer, may receive notices about liens or legal actions related to Mortgages being serviced for Freddie Mac. When these notices provide information that enables MERS to identify the applicable Servicer, MERS will forward the notice directly to such Servicer. However, MERS may receive some notices that will not include enough information to enable MERS to identify either the Mortgage in question or the applicable Servicer. In such cases, MERS will electronically notify all MERS members about any unidentified notice(s) it has received. Each Servicer that services MERS-registered mortgages for Freddie Mac must establish procedures to ensure that it checks (on a daily basis) all electronic messages it receives from MERS to determine if the unidentified notice relates to a Mortgage serviced for Freddie Mac. If the Servicer is unable to determine if the notice relates to a Mortgage serviced for Freddie Mac, the Servicer must request additional information from MERS to make such determination.

The Servicer must take appropriate and timely action based on the notice, and advise MERS that the Servicer is Servicing the Mortgage so that MERS can promptly update its records.

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 (10/03/12)

If Freddie Mac transfers Servicing with or without 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 any Mortgages purchased 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 (06/01/13)

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 and delivering foreclosure and bankruptcy referrals to attorneys
- Providing all documents and information necessary for the attorneys to prosecute foreclosure or bankruptcy cases (including, but not limited to, missing documents such as Notes, title insurance policies, and Intervening Assignments)
- When necessary, paying for the preparation and recordation of missing documents, such as Intervening Assignments, necessary for the prosecution of foreclosure or bankruptcy cases
- Resolving any title issues that are the result of the Seller's or Servicer's action or inaction
- Managing attorneys, including but not limited to:
  - Collecting, receiving, processing, reviewing and paying attorneys' invoices

- Supervising and providing necessary assistance to attorneys in the foreclosure and bankruptcy proceedings
- Making available any monitoring, management, reporting, information and document delivery processes or systems, and paying the fees and costs for such processes or systems

- Continuing to work with the Borrower to resolve the delinquency through loss mitigation activities
- Handling the bankruptcy management activities specified in Chapter 67

Refer to Section 66.25 for information on connectivity and invoice processing systems and reimbursement of fees for use of such systems.

Nothing in the Guide is intended to prohibit a foreclosure or bankruptcy attorney from assisting a Servicer by working with a Borrower to facilitate a reinstatement of the Mortgage or loss mitigation activity.

54.5: Prohibitions relating to Foreclosure and Bankruptcy Referrals; Freddie Mac remedies for non-compliance (06/01/13)

Effective November 9, 2012, this section has been deleted. For requirements applicable to Freddie Mac Default Legal Matters refer to Chapter 69, Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters, and Chapter A69, Retention of Counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013.

Chapter 55: Servicing Reports

55.1: General requirements for Servicing reports (06/01/12)

A Servicer must report regularly to Freddie Mac on Servicing activities for Freddie Mac-owned Mortgages. The following Guide sections provide these Servicing reporting requirements as well as Freddie Mac's requirements for reports to certain third parties:

Servicing Reporting Requirements for Home Mortgages and Second Mortgage/HILs	Location
Adverse matters	Chapter 67
Charge-offs	Sections B65.51 and B65.53
Reports to credit repositories	Section 55.4
Foreclosures	Chapter 66
Reports to the Internal Revenue Service (IRS)	Sections 55.2, 55.3 and 55.3.1
Monthly Delinquency	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

Investor Accounting reporting requirements are set forth in Chapter 78.

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 compensatory fees.

Investor Accounting reporting and Servicing reporting noncompliance compensatory 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 (05/17/11)

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 Servicer) to another (Transferee Servicer)
- 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 about Servicing compensation to a new Servicer pursuant to a transfer.

56.2: Defined terms for Transfers of Servicing (05/17/11)

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 Servicer
- Transferor Servicer

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

56.3: Submitting requests for Transfers of Servicing (01/01/13)

The Transferor Servicer and Transferee Servicer must obtain Freddie Mac's written approval of each Transfer of Servicing request before the transfer takes place.

Freddie Mac's 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 Servicer must obtain Freddie Mac's approval of the Transfer of Servicing before entering into a Master Commitment 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 Servicer and Transferee Servicer must complete Form 960, Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages. The Transferor Servicer must complete the blanks on Form 960 for the Master Commitment, 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 Servicer and Transferee Servicer. 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 is fulfilled. At the expiration of the delivery period, the Transferor Servicer 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 Servicer a funding detail report to aid the Transferee Servicer in preparing Servicing and accounting reports.

A Seller may select only one Servicer for a given Purchase Contract.

The requirements for transferring the Servicing of Mortgages sold to Freddie Mac under the Servicing Released Sales Process are contained in Exhibit 28A, Loan Servicing Purchase and Sale Agreement for the Servicing Released Sales Process.

(b) Subsequent Transfers of Servicing

For a Subsequent Transfer of Servicing, the Transferor Servicer must complete and submit the following information to Freddie Mac **(see Directory 3)** at least 30 days before the requested Effective Date of Transfer:

- A fully executed Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, signed by both the Transferor Servicer and the Transferee Servicer, with hard copy lists of the specified Mortgage types and Mortgages with specified features included in the transfer as required by instructions on page 2 of Form 981, and
- A list of Mortgages to be Transferred

Freddie Mac will indicate approval, if appropriate, by providing an approval letter to the Transferor Servicer and the Transferee Servicer.

(c) Fee

For each Subsequent Transfer of Servicing request submitted to Freddie Mac with Form 981, the Transferor Servicer 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 78.46.1 for information on remitting fees billed on the Performing Loans monthly Servicer Billing Statement.

No transfer processing 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 the Transferor Servicer written notice of the denial, but is not obligated to provide a written notice explaining the reason for denial.

(e) Freddie Mac's rights

Any unauthorized transfer and assumption of Servicing constitutes grounds for suspension or disqualification of both the Transferor Servicer and purported Transferee Servicer as Seller/Servicers. In addition, Freddie Mac may exercise any of its other rights under the Purchase Documents.

A Servicer's transfer of its Servicing portfolio (in whole or in part) without Freddie Mac's prior written approval will result in the assessment of a compensatory fee determined by Freddie Mac not to exceed 1% of Freddie Mac's share of the unpaid principal balance (UPB) of the Mortgages that are being transferred.

56.4: Review of Transferor Servicer and Transferee Servicer (08/01/11)

(a) By Freddie Mac

1. Freddie Mac will work with the Transferor Servicer and Transferee Servicer 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 Servicer or Transferee Servicer will not be able to adequately service the Mortgages and/or Real Estate Owned (REO) remaining in the post-transfer portfolios.

2. The Transferor Servicer and Transferee Servicer 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 Servicer and the Transferee Servicer. Transferor Servicers and Transferee Servicers must not be subject to any situations prohibited under Section 5.2 unless approved by Freddie Mac. 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, delinquency reporting and the Transferee Servicer's and Transferor Servicer's performance results on the Servicer Success Scorecard.

   Freddie Mac's review of the Transfer of Servicing request may take additional time if either the Transferor Servicer or Transferee Servicer 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 Servicer 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 Servicer under the Purchase Documents. The Transferee Servicer's due diligence efforts should include, but are not limited to, a review of the following information that the Transferor Servicer may provide:

1. Reports and data that confirm and support information provided by the Transferor Servicer
2. Pertinent reports prepared by internal or external auditors, including any recently completed Freddie Mac audit

The Transferor Servicer may not provide a copy of its Servicer Success Scorecard to the Transferee Servicer without Freddie Mac's prior written approval.

56.5: Additional requirements for Transfers of Servicing (06/13/12)

As a condition of Freddie Mac's approval of a Transfer of Servicing request, the Transferor Servicer and Transferee Servicer 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 Servicer must obtain a commitment from each MI to continue to provide coverage required by Freddie Mac for the benefit of the Transferee Servicer. If any MI will not continue to provide coverage for the benefit of the Transferee Servicer, the Transferor Servicer 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 Servicer if the data are submitted at the time the Mortgages are delivered to Freddie Mac, or
- The Transferee Servicer if the data are submitted after Mortgage delivery

The Transferor Servicer must obtain Freddie Mac's approval before Mortgage delivery for the Transferee Servicer to submit the data after Mortgage delivery.

If Freddie Mac approves postdelivery submission of the data, the Transferor Servicer must provide to the Transferee Servicer 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 Servicer or sold to the Transferee Servicer in an approved Transfer of Servicing.

(e) Mortgages in a Trial Period

When a Transfer of Servicing includes Mortgages 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 in a T rial 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, the Transferor Servicer must indicate on Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, whether those Mortgages are subject to a HAMP Trial Period Plan or in a Standard Modification Trial Period Plan.

(f) Modified Mortgages that have a step-rate provision

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.

(g) Mortgages modified electronically

HAMP Mortgages are the only Mortgages that may be modified using Electronic, as defined in Chapter 3, modification agreements. 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 Electronic modification agreement. See Section C65.17(c) for requirements governing the HAMP eModification Agreement.

56.6: Reporting to Freddie Mac (10/01/11)

(a) Servicing reporting

Beginning with reports due for the reporting cycle immediately following the Effective Date of Transfer, the Transferee Servicer must submit all Servicing reports, whether required to be submitted electronically or by paper copy, in the name and Seller/Servicer number of the Transferee Servicer.

(b) Accounting reporting and remitting

All accounting reports due to Freddie Mac must be submitted in accordance with Section 78.6. All funds due to Freddie Mac must be remitted in accordance with Sections 78.6 through 78.10.

All of the following must be reported and remitted by the Transferor Servicer:

- 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 Servicer:

- 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 Mortgage secured by a Manufactured Home located in a certificate of title State (05/17/11)

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 Servicer must note any intervening assignments from the original mortgagee to the Transferor Servicer on the certificate of title and, if required, record the complete chain of assignments from the original mortgagee to the Transferor Servicer with the State motor vehicles administration or other authorized agency
- The Transferor Servicer must note the assignment of its interest in the Manufactured Home to the Transferee Servicer 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 Servicer 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 Servicer 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 Servicer 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 (06/13/12)

(a) Transfer of Mortgage and REO files

No later than 30 days after the Effective Date of Transfer, the Transferor Servicer must deliver to the Transferee Servicer 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

    - If the Transferee Servicer does not have the same form of document and records maintenance (photographic, photostatic, microfilm, microfiche, electronic imaging, optical disk or laser disk storage) as the Transferor Servicer, then the Transferor Servicer must either convert the documents and records to the form of storage utilized by the Transferee Servicer or generate paper copies of all documents and records for the Transferee Servicer.

- Effective for Mortgages with Note Dates on or after July 1, 2013, Servicers may no longer make copies of original paper Mortgage file documents for any Mortgage file documents (excluding the paper original Mortgage file documents specified in Section 52.2(a), which must always be maintained and stored as paper originals) using microfilm or microfiche. Servicers may copy original paper Mortgage file documents using scanning systems commonly used in the regular course of business at this time, and maintain copies of such documents as Portable Document Format (PDF), Tagged Image File (TIF) format, Joint Photographic Experts Group (JPEG) format or other electronic document formats commonly used in the regular course of business at this time.

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 Servicer must deliver to the Transferee Servicer 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 Servicer

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 Servicer

(c) Additional requirements for Subsequent Transfers of Servicing

For a Subsequent Transfer of Servicing, the Transferor Servicer must deliver to the Transferee Servicer, 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 Chapter 79

- **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 (03/19/12)

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 the Form 1034E, Custodian Certification Schedule, or the Note Delivery Cover Sheet
  - 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
  - Complete the certification of the Mortgages in the Selling System
  - 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 Servicer'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 Servicer 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 Servicer 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 Servicers are set forth in Sections 18.6 and 18.7.

56.10: Transfer of funds (05/17/11)

(a) General

All account balances (including, but not limited to, Escrows, prepayments and buydown funds) must be transferred to the Transferee Servicer's depository. A final reconciliation of all monies relating to the transfer must be made by the Transferor Servicer on the Effective Date of Transfer.

(b) Escrow accounts

The Transferor Servicer 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 Servicer's depository on the Effective Date of Transfer.

(c) Interest

Delinquent interest advanced to Freddie Mac by the Transferor Servicer as of the Effective Date of Transfer net of prepaid interest must be reimbursed to the Transferor Servicer by the Transferee Servicer no later than the date the funds are due to Freddie Mac.

(d) Principal

Delinquent principal advanced to Freddie Mac by the Transferor Servicer as of the Effective Date of Transfer net of prepaid principal must be reimbursed to the Transferor Servicer by the Transferee Servicer no later than the Effective Date of Transfer.

56.11: Notice to Borrowers (05/17/11)

(a) Transferor Servicer's notice to the Borrower

The Transferor Servicer 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 Servicer must provide written notice to each Borrower at least 15 days before the first payment is due to be received by the Transferee Servicer.

(b) Transferee Servicer's notice to the Borrower

The Transferee Servicer must provide to each Borrower written confirmation of the information in the Transferor Servicer's notice to the Borrowers within 15 days before the date the first payment is due to be received by the Transferee Servicer.

(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 Servicer
3. The names and telephone numbers of the contact persons or departments of the Transferor Servicer and of the Transferee Servicer 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 Servicer will no longer collect the Borrowers' payments and when the Transferee Servicer will begin to collect them
5. Any previously Escrowed optional Mortgage life or accident and health insurance for which the Transferee Servicer 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 (05/17/11)

The Transferor and Transferee Servicers 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 Servicer 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 Servicer, the Transferee Servicer, and not the Borrower, should initiate the contact with the Transferor Servicer.

During the transfer transition period, the Transferor and Transferee Servicers 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 Servicer but received by the Transferor Servicer.

56.13: Funds and correspondence received after Transfers of Servicing (05/17/11)

Within one day of receipt, the Transferor Servicer must deliver to the Transferee Servicer 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 (05/17/11)

The Transferor Servicer 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 Servicer 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 Servicer and Transferee Servicer (10/03/12)

(a) Warranties

Except as stated in the following paragraph, for Transfer of Servicing requests received by Freddie Mac, the Transferee Servicer is liable to Freddie Mac for all sale and Servicing responsibilities, 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 Servicer had such liability. The Transferee Servicer's assumption of responsibilities, representations, covenants and warranties upon transfer does not release the Transferor Servicer, any prior Servicer, or the original Seller of their responsibilities, representations, covenants and warranties with respect to the transferred Mortgages, their liability being joint and several with the Transferee Servicer. However, a Transferor Servicer does not assume such liability for Servicing violations occurring in all respects after the effective date of its transfer and based in all respects upon the actions or omissions of later Transferee Servicers.

For Mortgages sold through Gold Cash Xtra® and the Servicing Released Sales Process, the Seller remains solely liable to Freddie Mac for all sale representations, covenants and warranties in the Purchase Documents (sale representations and warranties) with respect to the Mortgages for which Servicing is transferred. The Transferee Servicer is liable to Freddie Mac for all servicing responsibilities, representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred. For subsequent Transfers of Servicing of such Mortgages:

- The Seller Transferor remains solely liable to Freddie Mac for all sale representations and warranties with respect to the Mortgages for which Servicing is transferred; and

- The subsequent Transferee Servicer is liable to Freddie Mac for all Servicing responsibilities, representations, covenants and warranties in the Purchase Documents with respect to the Mortgages and Real Estate Owned (REO) for which Servicing is transferred, but the Transferee Servicer's assumption of responsibilities, representations, covenants and warranties upon transfer does not release the subsequent Transferor Servicer or any prior Servicer of their responsibilities, representations, covenants and warranties with respect to Servicing of the transferred Mortgages, their liability being joint and several with the Transferee Servicer. However, a Transferor Servicer does not assume such liability for Servicing violations occurring in all respects after the effective date of

its transfer and based in all respects upon the actions or omissions of later Transferee Servicers.

(b) Hold harmless

The Transferor Servicer and the Transferee Servicer, 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 Servicer's or the Transferee Servicer'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 Servicer hereby agrees to service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprising the Guide, applicable bulletins, applicable *users' guides* and any other applicable Purchase Documents, all of which are fully incorporated herein by reference.

Chapter 57: Fraud Prevention, Detection and Reporting

57.1: Overview (06/13/12)

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	57.2
Reporting requirements	57.3
Cooperation requirements	57.4
Additional requirements	57.5
Additional resources	57.6
Related provisions	57.7

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

57.2: Prevention and detection (08/21/12)

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 of foreclosure 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 of foreclosure 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.

57.3 Reporting requirements (10/01/13)

(a) Procedures for reporting and what to report

The Seller/Servicer must have written 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 knows or suspects 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 57.3(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 57.3(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 57.3(b) above.

57.4 Cooperation requirements (07/01/13)

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. The Seller/Servicer must comply with the deadlines specified by Freddie Mac for providing information, documentation, records, access to individuals or any other requested cooperation.

57.5 Additional requirements (06/13/12)

Seller/Servicers are reminded of their continuing obligation to comply with all applicable federal, State and local laws, including those relating to fraud (see Sections 6.2 and 53.8). 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.

57.6 Additional resources (06/13/12)

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 *Fraud Prevention Best Practices* on Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/pdf/fraudprevention_practices.pdf**.

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

57.7 Related provisions (09/01/13)

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
Fraud prevention, detection and reporting (Volume 1 of the Guide)	Chapter 7
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 sale transactions	Sections B65.40 and B65.41.1
Home Affordable Modification Program	Chapter C65
Litigation matters	Section 67.17
Repurchases required by Freddie Mac	Sections 72.1 and 72.1.1
Termination of Servicing	Chapter 73
Servicing-Released Sales Process	Exhibit 28A

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 (12/01/12)

A flood zone determination (FZD) must be made for each property securing a Mortgage sold to Freddie Mac.

A FZD 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 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, and 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 the 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 the 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

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 the 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

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 sold to or 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, the following flood insurance coverage, as applicable, 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**

   To the extent the condominium owners association's building coverage does not meet the requirements above, the Borrower must maintain supplemental coverage on the unit in an amount at least equal to the difference between the condominium associations' building coverage allocated to that unit and the amount 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.

If the condominium owners associations' building coverage is not at least equal to the lower of 80% of the building's replacement cost or $250,000 multiplied by the number of units in the building, the Mortgage is not eligible for sale to Freddie Mac, with the exception of Freddie Mac Relief Refinance Mortgages℠ – Same Servicer or Freddie Mac Relief Refinance Mortgages – Open Access, which remain eligible for sale to Freddie Mac with supplemental coverage if applicable.

58.3.1: Earthquake insurance (10/01/13)

Effective October 1, 2013, this section is deleted.

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 (10/01/13)

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 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 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.

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 (05/17/11)

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 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

58.9: Special insurance requirements and changes in insurance requirements (Future effective date 06/01/14)

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 is located is an SFHA but the community has become a nonparticipating community and flood insurance provided by the NFIP will not be renewed.

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.

58.12: Lender-Placed Insurance (Future effective date 06/01/14)

The Seller/Servicer must require the Borrower to obtain appropriate insurance coverage in accordance with the terms of the Security Instrument, the Guide and applicable law.

The Servicer must continuously monitor the Borrower and Mortgage to ensure that adequate coverage has been obtained and remains in force. If the Borrower's coverage is cancelled or in jeopardy of cancellation due to non-payment of premium, the Servicer must attempt to continue coverage by paying the premium on behalf of the Borrower in accordance with applicable law. If the Borrower and the Servicer do not or cannot continue such coverage or if the coverage obtained is cancelled or lapses, the Servicer must obtain Lender-Placed Insurance (LPI). 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 fails 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)**.

If the Servicer obtains LPI coverage for the Borrower from an LPI carrier in accordance with this section, the following apply:

- The Servicer or agents, brokers or other entities affiliated with the Servicer may not receive any compensation in the form of commissions or similar incentive-based compensation regardless of its designation as commission, bonus, fees or other type of payment from LPI carriers; and

- The Servicer may not use its own affiliated entities to insure or reinsure LPI

For purposes of this section an "entity" is "affiliated" with the Servicer when it is owned or controlled, in whole or in part, by the Servicer, including, but not limited to, a subsidiary of or in a joint venture or partnership with the Servicer. An affiliated entity shall also include any entity that owns or controls, in whole or in part, the Servicer (e.g., the parent company of the Servicer) and any entity that is under common ownership or control with the Servicer (e.g., two subsidiaries of the same parent company). An affiliated entity shall not include a publicly-traded company of whose stock the Servicer owns less than 5%.

The Servicer must comply with all applicable law pertaining to administration of LPI, including providing notices to the Borrower and refund of premium for duplicate coverage.

The Servicer must, upon request from Freddie Mac, provide a copy of the insurance policy and any and all agreements with any LPI carrier used by the Servicer on Mortgages demonstrating compliance with the above requirements.

A Servicer's failure to comply with the above requirements may result in any of the remedies available to Freddie Mac in Section 6.12.

Chapter 59: Escrow and Prepayments

59.1: Escrow for taxes, ground rents, assessments and other charges (10/31/12)

The Fannie Mae/Freddie Mac Uniform Instruments provide for the collection of Escrow, subject to applicable law, unless waived in writing by the lender. If Escrow has been collected since the time Freddie Mac purchased the Mortgage, the Servicer must continue to collect one-twelfth of the yearly charge for Escrow, plus any "cushion" permitted by applicable law, 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, plus any "cushion" permitted by applicable law, 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, when required by applicable law, 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, adverse impact to Freddie Mac's interest in the Mortgage, 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

Servicers must contact Freddie Mac (see **Directory 5**) and obtain Freddie Mac's written approval before paying the taxing authority when federal, State or local income tax liens would take priority over Freddie Mac's First Lien position.

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 Freddie Mac's 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, Servicers 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
- 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 and
- Applicable law allows the Servicer to discontinue collecting Escrow

Servicers must discontinue collecting Escrow if required by applicable law. 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: Execution of documents (06/14/13)

All requests for Freddie Mac execution of documents must be submitted to Freddie Mac **(see Directory 9)**. The documents that require Freddie Mac execution must be submitted with a Request for Assistance Form, which is available at: **http://www.freddiemac.com/cim/docex.html**.

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 (01/02/97)

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 (01/02/97)

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 Section 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 (02/15/12)

If the application for a Mortgage assumption is declined, the Servicer must provide an adverse action notice to all applicable parties, or any other notice or disclosure required under the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable federal, State or local law. Freddie Mac must not be identified as a creditor in any notice or disclosure that may be required, as Freddie Mac is not participating in the decision on the application.

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) (03/19/12)

(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.

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.
==========

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 (09/24/13)

(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 (now known as American Bankers Association (ABA)) 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, as follows:

Mortgage Bankers Association of America
919 M Street NW, Suite 500
Washington, DC 20036
(202) 557-2861

(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>

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.

(b) 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.	

(c) 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.

(d) 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.

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 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
•	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 receive 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.

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.	

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 (ARM).

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 (10/01/11)

(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 76.12 for our requirements regarding our reporting media.

61.9: Requirement to direct MI disclosure of Mortgage information to Freddie Mac (07/31/13)

The Seller/Servicer must instruct, in writing, any MI providing current or prospective coverage for Freddie Mac Mortgages in accordance with Section 27.1, to disclose to Freddie Mac (upon Freddie Mac's request) any and all information, data, and materials pertaining to any Freddie Mac Mortgage sold to and/or serviced for Freddie Mac by the Seller/Servicer.

To comply with this requirement the Seller/Servicer must, for each MI currently providing coverage on Freddie Mac Mortgages sold and/or serviced by the Seller/Servicer, use Form 1207, Mortgage Insurance Information Disclosure Agreement, and return a copy, fully executed by both the MI and the Seller/Servicer, to Freddie Mac at **MI_Questions@FreddieMac.com**:

For MIs that do not currently meet the above criteria, Seller/Servicers must return a fully executed Form 1207 at the outset of the Seller/Servicer and MI business relationship or when the Seller/Servicer begins selling and/or Servicing Mortgages insured by an MI not included in the above, whichever comes later.

The Seller/Servicer must continue to meet its obligations under the Purchase Documents to provide Freddie Mac information regarding Freddie Mac Mortgages regardless of whether the MI has provided, or may provide, required information and/or materials to Freddie Mac.

Chapter 62: Reserved

{Chapter 62 is reserved.}

Chapter 63: Delinquency Management for Mortgages Secured by Primary Residences

63.1: Overview (Future effective date 01/10/14)

This chapter sets forth Servicing requirements relating to collection efforts, Borrower communications, foreclosure postponement and management of an appeals process in connection with a denial of a Trial Period Plan for Mortgages secured by Primary Residences. Except as otherwise noted in this chapter, Servicers must refer to Chapters 64 through 68 for all other Delinquency management requirements.

63.2: Collection efforts (Future effective date 01/10/14)

(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/Home Improvement Loan (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 Clearing House (ACH))

Servicers should encourage Borrowers to set up ACH payment arrangements. If a Borrower agreed to have his or her monthly payments automatically withdrawn from a bank account, the Servicer 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, the Servicer must begin efforts to contact the Borrower within 48 hours to determine the reason for the missed payment.

(b) Minimum collection efforts

The Servicer must, at a minimum:

- Be readily available to the Borrower to offer financial counseling and advice on curing the Delinquency and explaining alternatives to foreclosure

- Make personal contact with the Borrower as early and often as necessary to promptly cure the Delinquency. (Mortgages in Bankruptcy or litigation may be excluded if necessary under applicable law, rules of professional responsibility or court rules.) Unmanned automated calls do not constitute an attempt to make personal contact with the Borrower.

- Continue to contact the Borrower if satisfactory arrangements have not been made to cure the Delinquency or until the Servicer determines foreclosure is appropriate

- Issue the breach letter (may also be referred to as the "notice of acceleration" or "demand letter") for all Mortgages no later than the 60th day of Delinquency. If State law requires the breach letter (or any other pre-breach letter or notice) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure as required in Section 66.9.1, the Servicer must send the breach letter on such earlier date.

  If the Servicer determines the property is vacant or abandoned pursuant to Section 65.35, then the Servicer must:

  - Issue a breach letter within 10 days of the determination, provided the Mortgage is greater than 30 days delinquent and, in any case, no later than the 60th day of Delinquency; and

  - Refer all Mortgages secured by Primary Residences to foreclosure after expiration of the breach letter, but no earlier than 151 days from the Due Date of Last Paid Installment (DDLPI) (121st day of Delinquency) and no later than five Business Days after the 121st day of Delinquency unless applicable law or one of the

exceptions in Section 66.9.1 permits earlier referral. Refer to Section 66.9.1 for additional requirements related to foreclosure referral.

- Contact the lessor for leasehold Mortgages 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

- Continue skip trace efforts until all reasonable sources have been attempted or contact numbers and addresses have been verified

Servicers that maintain a call center must meet minimum call center performance standards as set forth in Section 65.8.

The following chart lists the minimum collection efforts that must be made in an attempt to bring a delinquent Mortgage secured by a Primary Residence current.

Note: If the day a Servicer is required to call a Borrower is not a Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

Days after Due Date	**Action required**
3-36	Initiate telephone contact with each delinquent Borrower unless ACH payment arrangements or other arrangements to cure the Delinquency have been established. The Servicer must tailor its calling campaigns appropriately based on the risk characteristics of the Mortgage, each Borrower's level of Delinquency and previous payment habits and the minimum contact requirements set forth in this section. Telephone contact must continue at least every third day at varying times throughout the day until quality right party contact is achieved and: ■ The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure; ■ The Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specified date (not to exceed 30 days); ■ A complete Borrower Response Package is received in accordance with Section 64.6; or ■ The Borrower enters into a repayment or forbearance agreement with the Servicer
17	Mail late notices/reminder letters to delinquent Borrowers by the 17th day of

	Delinquency or the next Business Day if the 17th day of Delinquency is not a Business Day
31-35	Send the Borrower Solicitation Package in accordance with Section 64.6. For specific information on what must be included in the Borrower Solicitation Package, see Section 64.6(c). If a Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, the Servicer is not required to send the Borrower Solicitation Package. However, in such instance, the Servicer must comply with early intervention notice requirements under applicable law. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package.
32-36	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved and one of the following occurs: ■ The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure; ■ The Delinquency is cured; ■ The Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days); ■ A complete Borrower Response Package is received; or ■ The Borrower enters into a forbearance or repayment agreement with the Servicer If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day, or if the day a Servicer is required to call the Borrower is not a Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call on the next Business Day, until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a

	Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
45-60	Order the initial property inspection no later than day 45 and obtain a complete property inspection report by day 60 unless: (i) the Servicer has established quality right party contact or (ii) a full monthly Mortgage payment has been received within the last 30 days. If the property is found to be vacant or tenant-occupied, property inspections must continue as long as the Mortgage remains 45 or more days delinquent, regardless of whether the Servicer achieves quality right party contact. Contact each known superior lienholder, if applicable.
60	Mail the breach letter for all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs no later than the 60th day of Delinquency (i.e., 90 days after the DDLPI). If State law requires the breach letter (or any other pre-breach letter or notice) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure as required in Section 66.9.1, the Servicer must send the breach letter on such earlier date.
61-65	Send the Borrower Solicitation Package if unable to achieve quality right party contact with the Borrower or the Borrower has not responded to the first Borrower Solicitation Package. See Section 64.6(c) for specific information on what must be included in the Borrower Solicitation Package.
62-66	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved, and one of the following occurs: ■ The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure; ■ The Delinquency is cured;

	■ The Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days); ■ A Borrower Response Package is received; or ■ The Borrower enters into a forbearance or repayment agreement with the Servicer If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information. If the Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
90-105	Send initial Freddie Mac Streamlined Modification ("Streamlined Modification") Solicitation Letter and Streamlined Modification Trial Period Plan Notice as set forth in Section 64.6 to Borrowers eligible for a Streamlined Modification in accordance with Section B65.12.1. Servicers must continue to make efforts to complete an incomplete Borrower Response Package to the extent required by applicable law and regulations.
106 and	Within 15 days prior to foreclosure referral, the Servicer must review the

greater	Mortgage file to ensure that: it made every attempt to achieve quality right party contact in accordance with Section 64.4, the breach letter has been issued and expired, the second Borrower Solicitation Package has been sent and the response period has expired without an affirmative Borrower response and there is neither an approved payment arrangement nor an alternative to foreclosure offer pending for which the Borrower response period has not expired.
121 and greater	Refer all Mortgages secured by Primary Residences to foreclosure after expiration of the breach letter, but no earlier than 151 days from the DDLPI (121st day of Delinquency) and no later than five Business Days after the 121st day of Delinquency, unless applicable law or one of the exceptions in Section 66.9.1 permits earlier referral. Refer to Section 66.9.1 for additional requirements related to foreclosure referral. Within five Business Days following the foreclosure referral, the foreclosure attorney must send a post-referral to foreclosure solicitation letter. The solicitation may include certain contents of the Borrower Solicitation Package as set forth in Section 64.6(c). (Note: If necessary in order to comply with applicable law, the foreclosure attorney, at its discretion, may modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date and/or opt not to send the letter.) See Sections 64.6 and 66.9.2 for all requirements related to the post-referral to foreclosure solicitation letter. Attempts to contact the Borrower must continue throughout the foreclosure process and, for a judicial foreclosure sale, up to 60 days prior to the sale date, and for a non-judicial foreclosure sale, up to 30 days prior to the foreclosure sale date, unless: ■ The Servicer established direct contact with the Borrower and determined the Borrower does not want to pursue an alternative to foreclosure, or ■ The Servicer evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), including any required subsequent evaluation of a Borrower who became 60 days delinquent, as applicable, and determined foreclosure is the appropriate course of action. (See Section 64.6(b) for requirements on continued solicitation and collection efforts for Borrowers who did not qualify for any alternative to foreclosure prior to becoming 60 days delinquent.)

Use of a Collection and Loss Mitigation Tool

Servicers may use a tool that uses statistical models to predict worsening Delinquency and use the results of the tool to tailor its collection efforts ("Collection and Loss Mitigation Tool"), to determine when calling campaigns should begin. Servicers must comply with the minimum collection time frames in this section even if a Collection and Loss Mitigation Tool is used. Servicers using a Collection and Loss Mitigation Tool when managing calling campaigns must make model specifications and code available to Freddie Mac upon request.

Servicers must conduct periodic reviews to ensure the effectiveness of the Collection and Loss Mitigation Tool, including compliance with applicable laws, such as anti-discriminatory laws. Freddie Mac reserves the right to require a Servicer to discontinue the use of a Collection and Loss Mitigation Tool for Freddie Mac Mortgages.

(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 nonprofit 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 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.

- 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

- In addition to minimum collection efforts set forth in this section, the Servicer must offer Early Delinquency Counseling no later than the 30th day after the Due

Date and schedule or conduct the initial counseling session with the Borrower no later than the 45th day after the Due Date.

- Mortgage file. Regardless of whether the Servicer or a counseling agency provides the counseling, the Servicer must include in the Mortgage file:

  - A copy of the "Welcome Letter" as described in Section 63.2(c)(2)
  - The "Consent to Counseling" described in Section 63.2(c)(1)
  - 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 one-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.

Section 63.3: Evaluation requirements and appeals process in response to the First Complete Borrower Response Package (Future effective date 01/10/14)

This section describes the requirements a Servicer must undertake to facilitate an appeals process when the Borrower is denied a Trial Period Plan based on the Servicer's evaluation of the First Complete Borrower Response Package. The appeals process described in this section does not apply to evaluation decisions that are offered based on a review of an incomplete or no Borrower Response Package.

(a) Evaluation timing and communication to Borrower

1. Within five days of an evaluation decision, but no later than 30 days following receipt of the First Complete Borrower Response Package, the Servicer must provide the appropriate Borrower Evaluation Notice as set forth in Section 63.3(a)(3).

2. If the Servicer receives a complete Borrower Response Package 90 or more days before a scheduled foreclosure sale date or prior to the sale date being set, the Servicer must provide the appropriate Borrower Evaluation Notice, which informs the Borrower of:

   - The option to either accept or reject an offer of an alternative to foreclosure, and the additional option to appeal within 14 days of the date of the evaluation notice;

- The right to accept an offer of an alternative to foreclosure and simultaneously appeal a denial of any Trial Period Plan;
- The right to accept any offer of an alternative to foreclosure for which the Borrower is approved as a result of the appeal or to accept or indicate an intent to accept any original offer of an alternative to foreclosure, which will still be available as an option up to 14 days after the appeal decision has been sent to the Borrower;
- All Trial Period Plans for which review of a complete Borrower Response Package is required and for which the Borrower is not eligible (even if there is an offer for another Trial Period Plan); and
- The right to appeal a denial of a Trial Period Plan and the process and time line including:
  - The address to which the Borrower must submit the appeal, which must be in writing and must include the Borrower's name, property address and mortgage loan number
  - A statement that the Servicer's appeal determination is not subject to further appeal
  - A statement that the foreclosure process will be suspended during the appeals process

3. The Servicer must send the Borrower the appropriate Borrower Evaluation Notice communicating the decision with one of the following outcomes:

   - Non-Approval, Capacity to Pay Your Mortgage – Borrower has the capacity to repay the Mortgage
   - Offer reinstatement
   - Offer a repayment plan (with or without a partial reinstatement offer)*
   - Offer a forbearance plan
   - Offer a Home Affordable Modification (HAMP) Trial Period Plan
   - Offer a Trial Period Plan as set forth in Chapter B65 (e.g., Freddie Mac Standard Modification)
   - Offer a short sale as set forth in Chapter B65 (i.e., Freddie Mac Standard Short Sale)
   - Offer a deed-in-lieu of foreclosure as set forth in Chapter B65 (i.e., Freddie Mac Standard Deed-in-Lieu of Foreclosure)
   - Non-Approval, Not Eligible for Alternative to Foreclosure – Borrower does not qualify for any alternative to foreclosure
   - Non-Approval, Proceed to Foreclosure

   Model letters describing each of these responses are included in Exhibit 93. Use of the model letters is optional; however, they illustrate the level of specificity that is

deemed to be in compliance with the requirements of this section. The model letters may be altered at the Servicer's discretion to meet the requirements of this chapter and Chapters A65, B65, C65 and 68 and must be altered by the Servicer as necessary to comply with applicable federal, State and local law.

Servicers must ensure that the model letters are revised as necessary to include denial reasons and information about the Borrower's right to appeal the Servicer's decision when the Borrower is denied a Trial Period Plan based on an evaluation of the First Complete Borrower Response Package. Exhibit 93 includes a list of denial reasons for use with the model letters. As a reminder, impermissible denial reasons include, but are not limited to, the following:

- Full lender recourse or indemnification – In situations where the Servicer chose not to repurchase the Mortgage from Freddie Mac, the Servicer must disclose the reason it will not modify the Mortgage, which must be based on its own requirements. Servicers are reminded that they may repurchase any Mortgage subject to full lender recourse or indemnification in accordance with the requirements set forth in Bulletin 2012-10.

- FHA, Rural Housing Service (RHS) or VA Mortgage – The Servicer must determine eligibility for a loan modification under applicable agency requirements

*Note: A Servicer may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when offering the Borrower a partial reinstatement of the Mortgage coupled with a repayment plan in accordance with the requirements of Chapter A65. Further, if the offer for a foreclosure alternative is made less than 37 days prior to a scheduled foreclosure sale as set forth in Section 66.41, a Borrower's intent to accept the offer may not be communicated verbally, but must be in writing, at this late stage in the foreclosure process. Therefore, the Servicer must delete the reference "at [SERVICER PHONE NUMBER] or" and otherwise amend the Evaluation Model Clause as appropriate.

Servicers must comply with applicable law when obtaining a complete Borrower Response Package. Refer to Chapters A65, B65 and 68 for requirements related to forbearance, modifications, short sales and deeds-in-lieu of foreclosure.

(b) Managing the Borrower's response to an evaluation decision

The Servicer may only accept and review a valid appeal of the denial of any Trial Period Plan based on the evaluation of the First Complete Borrower Response Package within 14 days from the date of the Servicer's offer or denial notice. A valid appeal requires the Borrower to provide the following:

- An appeal of the denial for a Trial Period Plan in writing with his or her name;
- Property address; and
- Mortgage loan number

Any Borrower appeal must be reviewed by different Servicer personnel than those responsible for the initial evaluation decision. The Borrower may, but is not required to, submit any supporting documentation at the time he or she notifies the Servicer of an appeal.

If the Borrower submits supporting documentation within 14 days of the date the Servicer sent the Borrower Evaluation Notice, the Servicer must evaluate the supporting documentation during the appeal review. If documentation presented causes the Borrower to no longer be eligible for an original alternative to foreclosure, then the Servicer must inform the Borrower that the Borrower is no longer eligible for that original alternative to foreclosure. The model clauses in Exhibit 93 include language that conditions the offers on continuing eligibility based on information known to the Servicer.

If the Borrower submits new information or documentation after the 14-day Borrower response period, the new information or documentation is not subject to the right of appeal process in this section and must be evaluated in accordance with Section 64.6. However, the Servicer may consider such new information as part of the appeal process within the time frames described in this section if it is feasible to do so.

The Servicer must have a policy applied consistently to all Mortgages to determine whether any new information received after the appeal decision is a material change in circumstance that warrants another review. Servicers must treat any new information and documentation received after the 14-day Borrower response period as a new Borrower Response Package.

If the Servicer concludes that a review of the updated complete Borrower Response Package is warranted, the Servicer must provide a decision to the Borrower within 30 days of receipt of the new information as provided under Section 64.6(d).

The Servicer must provide the Borrower with an appeal decision notice within 30 days of receipt of the Borrower's appeal. The appeal decision must include the original offer, if any, provided the Borrower remains eligible for the original offer. If the Borrower is eligible for a Trial Period Plan that was not part of the original offer, the Servicer must provide the new Trial Period Plan to that Borrower. The Servicer must provide the Borrower with 14 days (from the date the Servicer sends the appeal decision notice) to accept either the original offer, if the Borrower remains eligible, or indicate an intent to accept the new Trial Period Plan offer. If a payment is required under an offer, then the Servicer must follow the relevant requirements under Chapters A65, B65 and C65 concerning acceptance and suspension of foreclosure. That is, the Borrower must be provided with 14 days to indicate an intent to accept that offer and, if the Borrower does so, the Servicer must continue to suspend foreclosure to allow the Borrower the

opportunity to legally accept the offer by submitting the first payment by the appropriate due date.

Borrower acceptance of an original offer after an appeal decision

If the Borrower accepts the original offer after receiving the appeal decision and remains eligible for the original offer, the Servicer must:

- Reissue the original offer extended in the initial Borrower Evaluation Notice;
- Reissue the original offer with a new first Trial Period Plan due date, if applicable; and
  - Inform the Borrower that unpaid interest and other amounts that continue to accrue during the appeal, such as Escrows for taxes and insurance, will result in the Mortgage becoming more delinquent; and
  - Inform the Borrower that if the Trial Period Plan is successfully completed, then, at the time of modification, any additional arrearages will be capitalized into the modified Unpaid Principal Balance (UPB), if permitted by applicable law

When the original offer is reissued to the Borrower, the Servicer may, but is not required to, revise the Trial Period payment amount. However, the Servicer must ensure the final terms of the modification reflect all arrearages, including any additional delinquent amounts accrued during the appeal review process.

Trial Period payment due date

If a new Trial Period Plan offer is made with the appeal decision, the Trial Period payment due date must be set in accordance with Sections B65.19 or C65.7, as applicable, assuming that there is a new Trial Period Plan offer being made. The period for the Borrower to indicate an intent to accept the new Trial Period Plan offer is extended until 14 days following the new Trial Period Plan offer, and legal acceptance via payment, as required under the Trial Period Plan, remains unchanged.

The Trial Period payment due date of a new Trial Period Plan offer, or revised payment due date for an original Trial Period Plan offer, is based on when the appeals decision is sent by the Servicer to the Borrower. 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 appeal decision on or before the 15th of the month, then the Trial Period Plan Effective Date and the due date of the first Trial Period payment is the first day of the next month

- If the Servicer sends the appeal decision after the 15th of the month, then the Trial Period Plan Effective Date and the due date of the first Trial Period payment is the first day of the month after the next month

For example, if the Servicer sends the appeal decision notice to the Borrower between June 1 and June 15, the Trial Period Plan Effective Date and first Trial Period payment due date are both July 1. If the Servicer sends the appeal decision notice to the Borrower between June 17 and June 30, the Trial Period Plan Effective Date and the first Trial Period payment due date are both August 1.

In response to the Servicer's decision, the Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Verbal notification, as permitted in Sections 63.4 and 66.41;
- Written notification; or
- Remittance of payment due under the offer of an alternative to foreclosure that requires payment (e.g., a Trial Period Plan)

(See also foreclosure postponement requirements in Section 63.4 in response to an evaluation decision.)

(c) Document retention

The Servicer must maintain in the Mortgage file documentation of all communications relating to appeals. The Servicer must provide appeal case files or aggregated information to Freddie Mac for review upon request

63.4: Foreclosure suspension obligations and additional short sale and deed-in-lieu of foreclosure requirements once the First Complete Borrower Response Package is received (Future effective date 01/10/14)

(a) General foreclosure suspension obligations

Servicers must comply with the following foreclosure suspension requirements for the First Complete Borrower Response Package received more than 37 days prior to a scheduled foreclosure sale. However, existing foreclosure suspension requirements set forth in Section 66.41 still apply when:

- The First Complete Borrower Response Package is received 37 days or fewer prior to a scheduled foreclosure sale date; or
- The Mortgage is not secured by a Primary Residence; or
- The Mortgage is secured by a Primary Residence and the Servicer is reviewing a complete Borrower Response Package received after the First Complete Borrower Response Package

The Servicer must delay or ensure that foreclosure counsel delays filing the first legal action (as defined in Section 66.18), the motion for judgment or order of sale, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under State or local law, unless:

- The First Complete Borrower Response Package was received 90 or more days prior to a scheduled foreclosure sale, or received at any time prior to a foreclosure sale date being set, (i) the Servicer has reviewed the First Complete Borrower Response Package, (ii) the Servicer notified the Borrower of its decision, and (iii) the Borrower has not requested an appeal within 14 days of the Servicer's evaluation decision or the Borrower's appeal has been denied;
- The Servicer has reviewed the First Complete Borrower Response Package received less than 90 days prior to the foreclosure sale date and notified the Borrower of a denial decision. In this instance, the Servicer's decision is not subject to an appeal;
- The Borrower rejects an alternative to foreclosure offered by the Servicer; or
- The Borrower fails to perform under the terms of an alternative to foreclosure, such as missing a Trial Period Plan payment

If the Servicer offers the Borrower an alternative to foreclosure, the Servicer must continue to delay filing the motion for judgment, or request the court to delay the hearing or ruling, if applicable, for up to 14 days from the date the offer is sent to provide time for the Borrower to respond.

Solely for the purpose of suspending foreclosure actions (including filing a motion for judgment or requesting the court to delay a hearing or ruling), a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., reinstatement, partial reinstatement, forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept an alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice as described above, the Servicer must postpone filing the motion for judgment, or if a motion has already been filed, request the court to delay a hearing or ruling where legally permitted under State or local law.

When a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept the offer, the Servicer must postpone foreclosure actions where legally permitted until after the last day of the month in which the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

(b) Freddie Mac Standard Short Sale ("short sale") evaluations and foreclosure suspension obligations

The following requirements describe the actions a Servicer must take when the First Complete Borrower Response Package is received more than 37 days prior to a scheduled foreclosure sale and results in an offer to proceed with a short sale.

- The Servicer must provide a decision to the Borrower within five days of an evaluation decision but no later than 30 days from the Servicer's receipt of the complete Borrower Response Package
- The Servicer must include in the evaluation notice a date by which the Borrower must respond to the short sale offer, which must be 14 days from the date of the Borrower Evaluation Notice
- If a purchase offer was not submitted with the First Complete Borrower Response Package:
  - The Servicer must require the Borrower to provide a purchase offer no later than 45 days from the date of the Borrower Evaluation Notice, or the date of an appeal decision if applicable, for purposes of delaying the next legal action in the foreclosure process
  - The Servicer must communicate to the Borrower that if a purchase contract is not received by the due date, which is 45 days from the date of the Borrower Evaluation Notice, the Borrower can continue to market the property after the expiration of the due date; however foreclosure legal actions will commence or recommence
  - Once a purchase offer is received within 45 days from the date of a Borrower Evaluation Notice, the Servicer must complete its review and provide a decision to the Borrower within 15 days of receipt of the purchase offer

The Servicer must delay, or ensure that foreclosure counsel delays, filing the first legal action, the motion for judgment or order of sale, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under State or local law during the following:

- The evaluation of the First Complete Borrower Response Package
- The Borrower response period to the Servicer's evaluation decision (i.e., 14 days from the date of the Borrower Evaluation Notice)
- The 45-day response period in which the Borrower must provide a purchase offer to the Servicer
- The Servicer review period (up to 15 days) to provide a decision on a purchase offer received within 45 days from the date of a Borrower Evaluation Notice
- The appeal period, if applicable, if the Borrower exercises his or her right to appeal a denial of a loan modification. The Servicer must delay the next legal action during its review of the Borrower's appeal and up to an additional 14 days for the Borrower to respond to the appeal decision. In cases where a purchase offer was not submitted with the First Complete Borrower Response Package, the Servicer must adjust the time frame in which the purchase offer must be submitted, which is 45 days from the date of the appeal decision.

If the Servicer approves a purchase offer received within 45 days of the date of the Borrower Evaluation Notice, it must continue to delay filing the first legal action, the motion for judgment or order of sale, or foreclosure sale to permit settlement of the short sale.

If the purchase offer is rejected and the Borrower does not assert his or her right to appeal for a loan modification, or the purchase offer is not received within 45 days from the date of the Borrower Evaluation Notice, the Servicer must proceed with the next legal action in the foreclosure process. However, the Borrower may continue to market the property while foreclosure legal actions commence or recommence. If a purchase offer is eventually received, the Servicer must provide a decision within 30 days of receipt.

Refer to Sections B65.36 through B65.41.1 for additional requirements for completing a short sale and requirements specific to situations where the Servicer is not evaluating the First Complete Borrower Response Package received more than 37 days prior to a scheduled foreclosure sale date.

(c) Freddie Mac Standard Deed-in-lieu of foreclosure ("DIL") evaluations and foreclosure suspension obligations

The following requirements describe the actions a Servicer must take when the First Complete Borrower Response Package is received more than 37 days prior to a scheduled foreclosure sale and results in an offer to proceed with a DIL.

- The Servicer must provide a decision to the Borrower within five days of an evaluation decision but no later than 30 days from the Servicer's receipt of the complete Borrower Response Package
- The Servicer must include in the evaluation notice a date by which the Borrower must respond to the DIL offer, which must be 14 days from the date of the Borrower Evaluation Notice
- If the Borrower is approved to proceed with the DIL and accepts the offer, the Servicer must receive all necessary approvals (e.g., title, secondary lien(s), MI) and execute the DIL within 60 days of the date the Borrower's communication to accept the offer was received by the Servicer

The Servicer must ensure that foreclosure counsel delays filing the first legal action, the motion for judgment or order of sale, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under State or local law, during:

- The evaluation of the complete Borrower Response Package in which the Servicer must provide a decision within five days of an evaluation decision but no later than 30 days from receipt of the Borrower Response Package

- The Borrower response period to the Servicer's evaluation decision (14 days from the date of the Borrower Evaluation Notice)

- The appeal period, if applicable, if the Borrower exercises his or her right to appeal for a loan modification. The Servicer must delay the next legal action during its review of the Borrower's appeal (up to 30 days) and up to an additional 14 days for the Borrower to respond to the appeal decision. The Servicer must adjust the time frame in which to delay foreclosure actions for up to 60 days to complete the DIL, to be based on the date of the Borrower acceptance of an offer after an appeal decision has been communicated.

- Completion of the DIL transaction within 60 days of the date the Borrower communicated acceptance of the DIL offer. The Servicer must continue to delay the next legal action in the foreclosure process to complete the DIL provided that the Borrower did not previously accept a short sale offer that was not viable and then subsequently accepts the DIL offer.

If the Servicer is unable to complete the DIL transaction within 60 days of the date of Borrower acceptance, the Servicer must proceed with the next legal action in the foreclosure process. The Servicer will be allocated an additional 30 days to complete the

DIL transaction and must only delay the next legal action in the foreclosure process upon receipt of the executed deed and all required DIL documents.

In addition, if the Borrower was previously approved for a short sale and transitioned to a DIL because the short sale transaction was not successful, the Servicer must not delay the next legal action in the foreclosure process until the Servicer has received the executed deed and all required DIL documents.

Refer to Sections B65.43 through B65.48 for additional requirements related to the completion of a DIL, and requirements specific to situations where the Servicer is not evaluating the First Complete Borrower Response Package received more than 37 days prior to a scheduled foreclosure sale date.

Chapter 64: Delinquencies

64.1: Overview (10/01/11)

This chapter sets forth Freddie Mac's requirements for Servicing delinquent Mortgages.

The Servicing Alignment Initiative requirements and related Guide changes announced in Guide Bulletin 2011-11 do not apply to Mortgages reported through the Freddie Mac Alternative Collateral Deal (ACD) system or that are subject to a Long-Term Standby Commitment (collectively, "Alternative Collateral Mortgages"). Until otherwise notified by Freddie Mac in writing, Servicers of Alternative Collateral Mortgages must continue Servicing such Mortgages in accordance with their governing documents, existing delegations of authority and the Guide as it existed on June 29, 2011.

Servicers of Alternative Collateral Mortgages must comply with the requirements in the section of Bulletin 2011-11 titled "Hawaii Legislative Changes Affecting Non-Judicial Foreclosures."

The following topics are covered in this chapter:

Topic	**Section**
General requirements	64.2
Late charges	64.3
Establishing Borrower contact	64.4
Collection efforts	64.5
Evaluation hierarchy, Borrower solicitation and communication	64.6
Property inspections	64.7
Rental property	64.8
Second Mortgage/HIL requirements	64.9
Delinquency reporting	64.10

64.1: Overview (Future effective date 01/10/14)

This chapter sets forth Freddie Mac's requirements for Servicing delinquent Mortgages. See also Chapter 63 for Delinquency management requirements that are specific to Mortgages secured by Primary Residences.

The Servicing Alignment Initiative requirements and related Guide changes announced in Guide Bulletin 2011-11 do not apply to Mortgages reported through the Freddie Mac Alternative Collateral Deal (ACD) system or that are subject to a Long-Term Standby Commitment (collectively, "Alternative Collateral Mortgages"). Until otherwise notified by Freddie Mac in writing, Servicers of Alternative Collateral Mortgages must continue Servicing such Mortgages in accordance with their governing documents, existing delegations of authority and the Guide as it existed on June 29, 2011.

Servicers of Alternative Collateral Mortgages must comply with the requirements in the section of Bulletin 2011-11 titled "Hawaii Legislative Changes Affecting Non-Judicial Foreclosures."

The following topics are covered in this chapter:

Topic	**Section**
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Property inspections	64.7
Rental property	64.8
Second Mortgage/HIL requirements	64.9
Delinquency reporting	64.10

64.2: General requirements (10/31/12)

(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.

Freddie Mac encourages Servicers to develop a Borrower Delinquency management model that allows a Borrower to contact one individual or a dedicated team of individuals in the Servicer's organization to obtain accurate information on the various alternatives to foreclosure available to the Borrower.

If the Servicer develops a Borrower Delinquency management model, the individual or dedicated team of individuals should also be able to handle and resolve Borrower issues throughout the Delinquency management process and provide updates on the status of any request for an alternative to foreclosure and the status of pending foreclosure proceedings.

(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 is more than 50% higher than the average 30-, 60- or 90+-day Delinquency rate or REO rate for all Mortgages owned or guaranteed by Freddie Mac nationally or in the same geographical area (which may include Standard Metropolitan Statistical Area, county or State) in which the Mortgaged Premises that secure the Mortgages serviced by the Servicer are located and with similar Mortgage and Borrower characteristics such as origination year, loan-to-value ratio and documentation type (e.g., full documentation, reduced documentation).

(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 via telephone, e-mail, face-to-face or other responsible collection techniques
3. Reasons for prior and current defaults
4. Terms of any repayment arrangements
5. Documentation of property inspections, as required in Section 65.32

(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 in its discretion to:

- Impose additional Servicing requirements as Freddie Mac deems appropriate
- Direct the Servicer to transfer Servicing of any delinquent Mortgage serviced for Freddie Mac that has two or more payments outstanding as of a date in the month specified by Freddie Mac (the "Determination Date") to a Servicer designated by Freddie Mac. The Transfer of Servicing of delinquent Mortgages will occur monthly, effective as of a date in the month specified by Freddie Mac (the "Transfer Date"). Any Mortgage identified as two or more payments in arrears on the Determination Date will transfer on the Transfer Date, regardless of whether the loan becomes current before the Transfer Date. Freddie Mac will provide the Servicer (the Transferor Servicer) with written notice at least 90 days in advance of the first Transfer of Servicing date for such Mortgages. With respect to such a Transfer of Servicing:
    - The Servicing compensation for the Mortgages being transferred shall be determined by Freddie Mac and shall be payable to the new Servicer

- No compensation will be paid to the Transferor Servicer
- The Transferor Servicer will be responsible for any transfer-related expenses (see Section 73.1(a)(i) for a description of such expenses)
- Such Mortgages will remain with the Transferee Servicer, whether or not they become current after the Determination Date

The Transfer of Servicing does not relieve the Transferor Servicer of any of its obligations under the Purchase Documents with respect to the Mortgages for which Servicing is transferred.

Freddie Mac may discontinue the monthly transfer of delinquent Mortgages at any time upon written notice to the Transferor Servicer, and may provide up to 180 days notice prior to the discontinuation of the monthly transfer of delinquent Mortgages if requested by the Servicer.

The Transferor Servicer must cooperate with Freddie Mac and is responsible for:

- Facilitating, 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

- Providing the Borrower with any notice of the change with respect to the servicing activities as may be required by Freddie Mac

- Informing any necessary third parties, such as tax and insurance services, attorneys, and vendors of the change with respect to the servicing activities

(g) Remitting compensatory and other fees

Servicers may be assessed compensatory and other fees 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 compensatory fees or State foreclosure time line compensatory fees. Such fees 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.

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 compensatory and other fees 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 78.10 concerning Performing Loans remittances.

(h) Receiving reimbursement of expenses/payment of incentives via ACH credit entries

Servicers may elect to receive reimbursement of expenses and payment of incentives via ACH by following the steps outlined in Exhibit 98, Expense Reimbursement/Incentive Payment Authorization Agreement for ACH Credits.

Servicers should refer to Chapter 71 for detailed information related to the reimbursement of expenses and the use of the Reimbursement System.

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: Establishing Borrower contact (06/13/12)

(a) Collection techniques

Servicing of a delinquent Mortgage must be based upon personal contact, either by telephone, e-mail 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 such as e-mail or a Servicer's web portal.

If the Servicer discovers that the Borrower's contact information (phone number or mailing address) is invalid, then it should initiate skip trace activities to obtain alternate phone numbers or mailing addresses.

(b) Quality right party contact

A Servicer's objective in contacting a delinquent Borrower is to establish quality right party contact.

Quality right party contact occurs when a Servicer establishes a rapport with the Borrower expressing empathy and a desire to help identify and discuss with the Borrower, co-Borrower or trusted advisor, such as a housing counselor, the most appropriate options for Delinquency resolution. A Servicer must make every attempt to achieve quality right party contact by:

- Determining the reason for the Delinquency and whether the reason is temporary or permanent in nature
- Determining whether or not the Borrower has vacated or plans to vacate the property
- Determining the Borrower's current perception of their financial circumstances and ability to repay the debt
- Setting payment expectations and educating the Borrower on the availability of alternatives to foreclosure as appropriate
- Obtaining a commitment from the Borrower to either resolve the Delinquency through traditional methods (paying the total delinquent amount) or engaging in an alternative to foreclosure solution

The Servicer must notify Freddie Mac that it achieved quality right party contact with the Borrower via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month as follows:

- Report default action code AW and the date of the first quality right party contact established with the Borrower. Report the date one time in the month following the month that quality right party contact was established with the Borrower.

- Report default action code AX if any subsequent quality right party contact was made with the Borrower after the initial contact was established. Report the date of the last quality right party contact one time in the month following the month that the action occurred. Default action code AX may be reported in the same month as default action code AW if a Servicer establishes a subsequent quality right party contact with the Borrower in the same month that initial contact was achieved. If the Servicer is working with the Borrower over a period of several months to resolve the Delinquency, it must continue to report default action code AX with the date of the last quality right party contact for each month in which the action applies.

For additional information about EDR, refer to Section 64.10 and Exhibit 82, Electronic Default Reporting Transmission Code List.

A Servicer will be measured on its effectiveness in achieving quality right party contact. Borrowers in bankruptcy are excluded from the quality right party contact performance standard.

Refer to Section 65.8 for additional information on the quality right party contact performance standard.

The Borrower outreach and solicitation requirements specified in this chapter represent the minimum required effort a Servicer must make to reach Borrowers early in the Delinquency process and throughout the Delinquency cycle to more efficiently mitigate default. Freddie Mac encourages and fully supports Servicers that have or will implement additional processes, such as a single point of contact model, not

currently required under the Guide or Servicers' other Purchase Documents for purposes of achieving contact continuity throughout the Delinquency process. However, the Servicer may not use any additional processes that are not compliant with applicable law or otherwise adverse to Freddie Mac.

64.4: Establishing Borrower contact (Future effective date 01/10/14)

(a) Collection techniques

Servicing of a delinquent Mortgage must be based upon personal contact, either by telephone, e-mail 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 such as e-mail or a Servicer's web portal.

If the Servicer discovers that the Borrower's contact information (phone number or mailing address) is invalid, then it should initiate skip trace activities to obtain alternate phone numbers or mailing addresses.

(b) Quality right party contact

A Servicer's objective in contacting a delinquent Borrower is to establish quality right party contact.

Quality right party contact occurs when a Servicer establishes a rapport with the Borrower expressing empathy and a desire to help identify and discuss with the Borrower, co-Borrower or trusted advisor, such as a housing counselor, the most appropriate options for Delinquency resolution. A Servicer must make every attempt to achieve quality right party contact by:

- Determining the reason for the Delinquency and whether the reason is temporary or permanent in nature
- Determining whether or not the Borrower has vacated or plans to vacate the property
- Determining the Borrower's current perception of their financial circumstances and ability to repay the debt

- Setting payment expectations and educating the Borrower on the availability of alternatives to foreclosure as appropriate
- Obtaining a commitment from the Borrower to either resolve the Delinquency through traditional methods (paying the total delinquent amount) or engaging in an alternative to foreclosure solution

The Servicer must notify Freddie Mac that it achieved quality right party contact with the Borrower via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month as follows:

- Report default action code AW and the date of the first quality right party contact established with the Borrower. Report the date one time in the month following the month that quality right party contact was established with the Borrower.

- Report default action code AX if any subsequent quality right party contact was made with the Borrower after the initial contact was established. Report the date of the last quality right party contact one time in the month following the month that the action occurred. Default action code AX may be reported in the same month as default action code AW if a Servicer establishes a subsequent quality right party contact with the Borrower in the same month that initial contact was achieved. If the Servicer is working with the Borrower over a period of several months to resolve the Delinquency, it must continue to report default action code AX with the date of the last quality right party contact for each month in which the action applies.

For additional information about EDR, refer to Section 64.10 and Exhibit 82, Electronic Default Reporting Transmission Code List.

A Servicer will be measured on its effectiveness in achieving quality right party contact. Borrowers in bankruptcy are excluded from the quality right party contact performance standard.

Refer to Section 65.8 for additional information on the quality right party contact performance standard.

The Borrower outreach and solicitation requirements specified in this chapter represent the minimum required effort a Servicer must make to reach Borrowers early in the Delinquency process and throughout the Delinquency cycle to more efficiently mitigate default. Freddie Mac encourages and fully supports Servicers that have or will implement additional processes, such as a single point of contact model, not currently required under the Guide or Servicers' other Purchase Documents for purposes of achieving contact continuity throughout the Delinquency process. If the Servicer elects to have a process supporting a single point of contact model and is using a team approach, the Servicer should provide the Borrower the ability to request and speak to a specific person from the assigned personnel team and leave a message.

However, the Servicer may not use any additional processes that are not compliant with applicable law or otherwise adverse to Freddie Mac.

64.5: Collection efforts (07/01/13)

(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/Home Improvement Loan (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 Clearing House (ACH))

Servicers should encourage Borrowers to set up ACH payment arrangements. If a Borrower agreed to have his or her monthly payments automatically withdrawn from a bank account, the Servicer 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, the Servicer must begin efforts to contact the Borrower within 48 hours to determine the reason for the missed payment.

(b) Minimum collection efforts

The Servicer must, at a minimum:

- Be readily available to the Borrower to offer financial counseling and advice on curing the Delinquency and explaining alternatives to foreclosure

- Make personal contact with the Borrower as early and often as necessary to promptly cure the Delinquency. (Mortgages in Bankruptcy or litigation may be excluded if necessary under applicable law, rules of professional responsibility or court rules.) Unmanned automated calls do not constitute an attempt to make personal contact with the Borrower.

- Continue to contact the Borrower if satisfactory arrangements have not been made to cure the Delinquency or until the Servicer determines foreclosure is appropriate

- Issue the breach letter (may also be referred to as the "notice of acceleration" or "demand letter") for all Mortgages no later than the 60th day of Delinquency. If State law requires the breach letter (or any other pre-breach letter) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure by the 120th day of Delinquency, the Servicer must send the breach letter on such earlier date.

  If the Servicer determines the property is vacant or abandoned pursuant to Section 65.35, then the Servicer must:

  - Issue a breach letter within 10 days of the determination, provided the Mortgage is greater than 30 days delinquent and, in any case, no later than the 60th day of Delinquency; and
  - Refer the Mortgage to foreclosure upon expiration of the breach letter, unless the Servicer establishes quality right party contact with the Borrower to resolve the Delinquency. Regardless of whether quality right party contact is achieved, the Mortgage must be referred to foreclosure no later than the 120th day of Delinquency unless one of the exceptions to postpone foreclosure referral described in Section 66.9.1 applies.

- Contact the lessor for leasehold Mortgages 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

- Continue skip trace efforts until all reasonable sources have been attempted or contact numbers and addresses have been verified

Servicers that maintain a call center must meet minimum call center performance standards as set forth in Section 65.8.

The following chart lists the minimum collection efforts that must be made in an attempt to bring a delinquent Mortgage current.

Note: To the extent that the day a Servicer is required to call a Borrower is a non-Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

Days after Due Date	**Action required**
3-36	Initiate telephone contact with each delinquent Borrower unless ACH payment arrangements or other arrangements to cure the Delinquency have been established. The Servicer must tailor its calling campaigns appropriately based on the risk characteristics of the Mortgage, each Borrower's level of Delinquency and previous payment habits and the minimum contact requirements set forth in this Section 64.5. Telephone contact must continue at least every third day at varying times throughout the day until quality right party contact is achieved and the Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specified date (not to exceed 30 days), a complete Borrower Response Package is received in accordance with Section 64.6, or the Borrower enters into a repayment or forbearance agreement with the Servicer.
17	Mail late notices/reminder letters to delinquent Borrowers by the 17th day of Delinquency or the next Business Day if the 17th day of Delinquency is a non-Business Day
31-35	Send the Borrower Solicitation Package in accordance with Section 64.6, unless the Servicer determines through the use of a tool that uses statistical models to predict worsening Delinquency ("Collection and Loss Mitigation Tool") that the Mortgage is at low risk for worsening Delinquency (see "Use of a Collection and Loss Mitigation Tool" below). See Section 64.6(c) for specific information on what must be included in the Borrower Solicitation Package. If a Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package.

32-36	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved and the Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), a Borrower Response Package is received, or the Borrower enters into a forbearance or repayment agreement with the Servicer. If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day, or to the extent that the day a Servicer is required to call the Borrower is a non-Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call on the next Business Day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
45-60	Order the initial property inspection no later than day 45 and obtain a complete property inspection report by day 60 unless (i) the Servicer has established quality right party contact or (ii) a full monthly Mortgage payment has been received within the last 30 days. If the property is found to be vacant or tenant-occupied, property inspections must continue as long as the Mortgage remains 45 or more days delinquent, regardless of whether the Servicer achieves quality right party contact. Contact each known superior lienholder.

60	Mail the breach letter for all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs no later than the 60th day of Delinquency (i.e., 90 days after the Due Date of the Last Paid Installment (DDLPI)). If State law requires the breach letter (or any other pre-breach letter or notice) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure by the 120th day of Delinquency, the Servicer must send the breach letter on such earlier date.
61-65	Send the Borrower Solicitation Package if unable to achieve quality right party contact with the Borrower, or the Borrower has not responded to the first Borrower Solicitation Package. See Section 64.6(c) for specific information on what must be included in the Borrower Solicitation Package.
62-66	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved and the Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, a Borrower Response Package is received, or the Borrower enters into a forbearance or repayment agreement with the Servicer. If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information. If the Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with

	follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
90-105	Send initial Freddie Mac Streamlined Modification ("Streamlined Modification") Solicitation Letter and Streamlined Modification Trial Period Plan Notice as set forth in Section 64.6 to Borrowers eligible for a Streamlined Modification in accordance with Section B65.12.1.
113	No later than seven days prior to foreclosure referral, the Servicer must review the Mortgage account to ensure that: it made every attempt to achieve quality right party contact in accordance with Section 64.4, the breach letter has been issued and expired, the second Borrower Solicitation Package has been sent and the response period has expired without an affirmative Borrower response, and there is neither an approved payment arrangement nor an alternative to foreclosure offer pending for which the Borrower response period has not expired.
120	Refer all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs with expired breach letters to foreclosure no later than the 120th day of Delinquency **(150 days after the DDLPI)** unless one of the exceptions in Section 66.9.1 applies
120 and greater (or earlier if referral to foreclosure occurs prior to day 120)	Within five Business Days following the foreclosure referral, the foreclosure attorney must send a post-referral to foreclosure solicitation letter. The solicitation may include certain contents of the Borrower Solicitation Package as set forth in Section 64.6(c). (Note: If necessary in order to comply with applicable law, the foreclosure attorney, in its discretion, may modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date, and/or opt not to send the letter.) See Sections 64.6 and 66.9.2 for all requirements related to the post-referral to foreclosure solicitation letter. Attempts to contact the Borrower must continue throughout the foreclosure process and, for a judicial foreclosure sale, up to 60 days prior to the sale date, and for a non-judicial foreclosure sale, up to 30 days prior to the foreclosure sale date, unless: ■ The Servicer established direct contact with the Borrower and determined the Borrower does not want to pursue an alternative to foreclosure, or

	■ The Servicer evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), including any required subsequent evaluation of a Borrower who became 60 days delinquent, as applicable, and determined foreclosure is the appropriate course of action. (See Section 64.6(b) for requirements on continued solicitation and collection efforts for Borrowers who did not qualify for any alternative to foreclosure prior to becoming 60 days delinquent.)

Use of a Collection and Loss Mitigation Tool

Servicers may use a tool that uses statistical models to predict worsening Delinquency and use the results of the tool to tailor its collection and solicitation efforts ("Collection and Loss Mitigation Tool"), including determining when calling campaigns should begin and when the initial Borrower Solicitation Package must be sent.

If the results of a Collection and Loss Mitigation Tool indicate that a non-performing Mortgage is at low risk for worsening Delinquency, Servicers may choose not to send the Borrower Solicitation Package between days 31 and 35 of the Delinquency. However, Servicers using a Collection and Loss Mitigation Tool are still required to send a Borrower Solicitation Package between days 61 and 65 and must require attorneys to send the post-referral to foreclosure solicitation letter in accordance with Section 64.6(b) once the Mortgage has been referred to foreclosure.

Servicers using a Collection and Loss Mitigation Tool to determine when to begin calling campaigns and when to mail the initial Borrower Solicitation Package must make model specifications and code as well as any analysis demonstrating its predictions of the likelihood of worsening Delinquency available to Freddie Mac upon request.

Servicers must conduct periodic reviews to ensure the effectiveness of the Collection and Loss Mitigation Tool, including compliance with applicable laws, including anti-discriminatory laws. Freddie Mac reserves the right to require a Servicer to discontinue the use of a Collection and Loss Mitigation Tool for Freddie Mac Mortgages.

If a Servicer does not use a Collection and Loss Mitigation Tool, the Servicer's collection and solicitation efforts must meet or exceed the minimum standards set forth in this chapter.

(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 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.

- 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
- In addition to minimum collection efforts set forth in this section, the Servicer must offer Early Delinquency Counseling no later than the 30th day after the Due Date and schedule or conduct the initial counseling session with the Borrower no later than the 45th day after the Due Date.
- Mortgage file. Regardless of whether the Servicer or a counseling agency provides the counseling, the Servicer must include in the Mortgage file:
  - A copy of the "Welcome Letter" as described in Section 64.5(c)(2)
  - The "Consent to Counseling" described in Section 64.5(c)(1)
  - 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.

64.5: Collection efforts (Future effective date 01/10/14)

(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/Home Improvement Loan (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 Clearing House (ACH))

Servicers should encourage Borrowers to set up ACH payment arrangements. If a Borrower agreed to have his or her monthly payments automatically withdrawn from a bank account, the Servicer 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, the Servicer must begin efforts to contact the Borrower within 48 hours to determine the reason for the missed payment.

(b) Minimum collection efforts

The Servicer must, at a minimum:

- Be readily available to the Borrower to offer financial counseling and advice on curing the Delinquency and explaining alternatives to foreclosure

- Make personal contact with the Borrower as early and often as necessary to promptly cure the Delinquency. (Mortgages in Bankruptcy or litigation may be excluded if necessary under applicable law, rules of professional responsibility or court rules.) Unmanned automated calls do not constitute an attempt to make personal contact with the Borrower.

- Continue to contact the Borrower if satisfactory arrangements have not been made to cure the Delinquency or until the Servicer determines foreclosure is appropriate

- Issue the breach letter (may also be referred to as the "notice of acceleration" or "demand letter") for all Mortgages no later than the 60th day of Delinquency. If State law requires the breach letter (or any other pre-breach letter) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure by the 120th day of Delinquency, the Servicer must send the breach letter on such earlier date.

  If the Servicer determines the property is vacant or abandoned pursuant to Section 65.35, then the Servicer must:

  - Issue a breach letter within 10 days of the determination, provided the Mortgage is greater than 30 days delinquent and, in any case, no later than the 60th day of Delinquency; and
  - Refer the Mortgage to foreclosure after expiration of the breach letter, unless the Servicer establishes quality right party contact with the Borrower to resolve the Delinquency. Regardless of whether quality right party contact is achieved, the Mortgage must be referred to foreclosure no later than the 120th day of Delinquency unless one of the exceptions to postpone foreclosure referral described in Section 66.9.1 applies.

- Contact the lessor for leasehold Mortgages 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

- Continue skip trace efforts until all reasonable sources have been attempted or contact numbers and addresses have been verified

Servicers that maintain a call center must meet minimum call center performance standards as set forth in Section 65.8.

The following chart lists the minimum collection efforts that must be made in an attempt to bring a delinquent Mortgage current.

Note: If the day a Servicer is required to call a Borrower is not a Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

Days after Due Date	**Action required**
3-36	Initiate telephone contact with each delinquent Borrower unless ACH payment arrangements or other arrangements to cure the Delinquency have been established. The Servicer must tailor its calling campaigns appropriately based on the risk characteristics of the Mortgage, each Borrower's level of Delinquency and previous payment habits and the minimum contact requirements set forth in this Section 64.5. Telephone contact must continue at least every third day at varying times throughout the day until quality right party contact is achieved and: The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured; The Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specified date (not to exceed 30 days) ; A complete Borrower Response Package is received in accordance with Section 64.6; or The Borrower enters into a repayment or forbearance agreement with the Servicer.
17	Mail late notices/reminder letters to delinquent Borrowers by the 17th day of Delinquency or the next Business Day if the 17th day of Delinquency is not a Business Day
31-35	Send the Borrower Solicitation Package in accordance with Section 64.6. For specific information on what must be included in the Borrower Solicitation Package, see Section 64.6(c). If a Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, the Servicer is not required to send the Borrower Solicitation Package. However, in such instance, the Servicer must comply with early intervention notice requirements under applicable

	law. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package.
32-36	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved and one of the following occurs: ■ The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure; ■ The Delinquency is cured; ■ The Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days) ; ■ A Borrower Response Package is received; or ■ The Borrower enters into a forbearance or repayment agreement with the Servicer If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day, or if the day a Servicer is required to call the Borrower is not a Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call on the next Business Day, until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
45-60	Order the initial property inspection no later than day 45 and obtain a complete property inspection report by day 60 unless: (i) the Servicer

	has established quality right party contact or (ii) a full monthly Mortgage payment has been received within the last 30 days. If the property is found to be vacant or tenant-occupied, property inspections must continue as long as the Mortgage remains 45 or more days delinquent, regardless of whether the Servicer achieves quality right party contact. Contact each known superior lienholder, if applicable.
60	Mail the breach letter for all Mortgages, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs no later than the 60th day of Delinquency (i.e., 90 days after the DDLPI). If State law requires the breach letter (or any other pre-breach letter or notice) to be sent prior to the 60th day of Delinquency in order to be able to refer the Mortgage to foreclosure as required in Section 66.9.1, the Servicer must send the breach letter on such earlier date.
61-65	Send the Borrower Solicitation Package if unable to achieve quality right party contact with the Borrower, or the Borrower has not responded to the first Borrower Solicitation Package. See Section 64.6(c) for specific information on what must be included in the Borrower Solicitation Package.
62-66	Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package in accordance with Section 64.6. Follow-up calls must continue at least every third day until quality right party contact is achieved, and one of the following occurs: ■ The Servicer determines that the Borrower does not want to pursue an alternative to foreclosure; ■ The Delinquency is cured; ■ The Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days); ■ A Borrower Response Package is received; or ■ The Borrower enters into a forbearance or repayment agreement with the Servicer If quality right party contact is achieved, and the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every three days to follow up on missing or incomplete information.

	If the Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the Borrower Solicitation Package. Note: Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower: ■ Acknowledges an intent to accept the offer; or ■ Enters into a repayment plan, forbearance agreement or Trial Period Plan; or ■ Indicates that he or she is no longer interested in pursuing an alternative to foreclosure
90-105	Send initial Freddie Mac Streamlined Modification ("Streamlined Modification") Solicitation Letter and Streamlined Modification Trial Period Plan Notice as set forth in Section 64.6 to Borrowers eligible for a Streamlined Modification in accordance with Section B65.12.1.
105 and greater	Within 15 days prior to foreclosure referral, the Servicer must review the Mortgage file to ensure that: the Servicer made every attempt to achieve quality right party contact in accordance with Section 64.4, the breach letter has been issued and expired, the second Borrower Solicitation Package has been sent and the response period has expired without an affirmative Borrower response, and there is neither an approved payment arrangement nor an alternative to foreclosure offer pending for which the Borrower response period has not expired.
120	Refer all Mortgages secured by properties other than Primary Residences and Mortgages secured by Primary Residences when permitted by applicable law, including First Lien Mortgages, modified Mortgages, and Second Mortgages/HILs, with expired breach letters to foreclosure no later than the 120th day of Delinquency **(150 days after the DDLPI)** unless one of the exceptions in Section 66.9.1 applies

121 and greater (or earlier if referral to foreclosure occurs prior to day 120)	Refer all Mortgages secured by Primary Residences to foreclosure after expiration of the breach letter, but no earlier than 151 days from the DDLPI (121st day of Delinquency) and no later than five Business Days after the 121st day of Delinquency, unless applicable law or one of the exceptions in Section 66.9.1 permits earlier referral. Refer to Section 66.9.1 for additional requirements related to foreclosure referral. Within five Business Days following the foreclosure referral, the foreclosure attorney must send a post-referral to foreclosure solicitation letter. The solicitation may include certain contents of the Borrower Solicitation Package as set forth in Section 64.6(c). (Note: If necessary in order to comply with applicable law, the foreclosure attorney, at its discretion, may modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date and/or opt not to send the letter.) See Sections 64.6 and 66.9.2 for all requirements related to the post-referral to foreclosure solicitation letter. Attempts to contact the Borrower must continue throughout the foreclosure process and, for a judicial foreclosure sale, up to 60 days prior to the sale date, and for a non-judicial foreclosure sale, up to 30 days prior to the foreclosure sale date, unless: ■ The Servicer established direct contact with the Borrower and determined the Borrower does not want to pursue an alternative to foreclosure, or ■ The Servicer evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), including any required subsequent evaluation of a Borrower who became 60 days delinquent, as applicable, and determined foreclosure is the appropriate course of action. (See Section 64.6(b) for requirements on continued solicitation and collection efforts for Borrowers who did not qualify for any alternative to foreclosure prior to becoming 60 days delinquent.)

Use of a Collection and Loss Mitigation Tool

Servicers may use a tool that uses statistical models to predict worsening Delinquency and use the results of the tool to tailor its collection efforts ("Collection and Loss Mitigation Tool"), to determine when calling campaigns should begin. Servicers must comply with the minimum collection time frames in this section even if a Collection and Loss Mitigation Tool is used. Servicers using a Collection and Loss Mitigation Tool when managing calling campaigns must make model specifications and code available to Freddie Mac upon request.

Servicers must conduct periodic reviews to ensure the effectiveness of the Collection and Loss Mitigation Tool, including compliance with applicable laws, such as anti-discriminatory laws. Freddie Mac reserves the right to require a Servicer to discontinue the use of a Collection and Loss Mitigation Tool for Freddie Mac Mortgages.

(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 nonprofit 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 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.

- 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

- In addition to minimum collection efforts set forth in this section, the Servicer must offer Early Delinquency Counseling no later than the 30th day after the Due Date and schedule or conduct the initial counseling session with the Borrower no later than the 45th day after the Due Date.

- Mortgage file. Regardless of whether the Servicer or a counseling agency provides the counseling, the Servicer must include in the Mortgage file:

  - A copy of the "Welcome Letter" as described in Section 64.5(c)(2)

- The "Consent to Counseling" described in Section 64.5(c)(1)
- 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 one-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.

64.6: Evaluation hierarchy, Borrower solicitation and communication (11/01/13)

This Section 64.6 sets forth the evaluation hierarchy, Servicer communication, solicitation, and notification requirements during a Borrower's Delinquency or upon receipt of a Borrower's request for an alternative to foreclosure.

Servicers should be familiar with Freddie Mac's definitions for the following terms as they relate to Borrower solicitation and communication:

- Borrower Evaluation Notice
- Borrower Response Package
- Borrower Solicitation Package

(a) Evaluation hierarchy

If a Borrower who is current or less than 31 days delinquent contacts the Servicer for loss mitigation assistance, the Servicer must first evaluate the Borrower for eligibility for a Freddie Mac Relief Refinance Mortgage℠ – Same Servicer or advise the Borrower of the availability of the Freddie Mac Relief Refinance Mortgage℠ – Open Access offering (refer to Chapters A24 and B24). If the Borrower is not eligible for a Freddie Mac Relief Refinance Mortgage, then the Servicer must first evaluate the Borrower for a reinstatement, relief or workout option as set forth in Chapter A65.

If a reinstatement or relief option as provided in Chapter A65 is not appropriate based on Borrower circumstances, the Borrower may qualify for a workout option under the Guide. The Servicer must consider a Borrower 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, the Servicer must next consider the Borrower for a Freddie Mac Standard Modification ("Standard Modification") in accordance with the requirements of Chapter B65
- If a Borrower is ineligible for, does not accept, or fails to complete a modification, the Servicer must next consider the Borrower for a Freddie Mac Standard Short Sale ("short sale") pursuant to Chapter B65
- If a Borrower is ineligible for a short sale or a short sale is not a viable option, the Servicer must next consider the Borrower for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") in accordance with the requirements of Chapter B65

When a Borrower becomes 90 days delinquent, the Servicer must determine if the Borrower is eligible for a Freddie Mac Streamlined Modification ("Streamlined Modification") in accordance with Section B65.12.1 and if eligible, solicit the Borrower for such modification in accordance with Section 64.6(b).

If the Borrower's hardship is the result of an Eligible Disaster but the Borrower indicates he or she is able to resume making the existing contractual monthly payments on the Mortgage, the Servicer must evaluate the Borrower for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification") as provided in Section B65.12.2, if reinstatement or a repayment plan is not a viable option.

If the Borrower's hardship is one of the four listed below and the Borrower has indicated a desire to sell or vacate the property, the Servicer may consider the Borrower for a short sale without first evaluating the Borrower for a home retention option; however, the Servicer must ensure that the Borrower is aware that a home retention option may be possible:

- Death of a Borrower or death of the primary or secondary wage earner in the household
- Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member
- Divorce or legal separation; separation of Borrower unrelated by marriage, civil union or similar domestic partnership under applicable law

- Distant employment transfer, including Permanent Change of Station orders or relocation due to new employment, where the transfer or new employment location is greater than 50 miles one-way from the Borrower's current Primary Residence

If the Borrower is not eligible for a relief or workout option, but the Servicer believes that a relief or workout option is still the best solution to the Delinquency, then the Servicer may submit a recommendation to Freddie Mac for review along with the reason for the recommendation, in accordance with the submission procedures in the relevant chapters for relief or workout options.

Additionally, Freddie Mac has a charge-off option available to cease collection and loss mitigation activities on a Mortgage, under certain conditions. (See Sections B65.49 through B65.53 for requirements related to the charge-off option.)

(b) Borrower solicitation – pre-foreclosure

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 an alternative to foreclosure described in Section 64.6(a).

In addition to the minimum collection efforts set forth in Section 64.5, Servicers must solicit Borrowers who are 31 or more days delinquent in accordance with the processes and time lines set forth below in order to determine the reason for Delinquency and solicit them for possible alternatives to foreclosure.

If a Servicer previously determined that a Borrower who was less than 60 days delinquent did not qualify for any alternative to foreclosure and the Borrower subsequently becomes 60 days delinquent, then the Servicer must continue its solicitation and collection efforts with the Borrower in accordance with the requirements of this chapter. Continued solicitation includes sending another Borrower Solicitation Package, as applicable, if documentation needs to be refreshed in order to perform the subsequent evaluation of the Borrower for alternatives to foreclosure.

i) As early as the 31st day and no later than the 35th day after the Due Date

Servicers must send the first Borrower Solicitation Package to the Borrower unless the Servicer determines through the use of a tool that uses statistical models to predict worsening Delinquency ("Collection and Loss Mitigation Tool") that the Mortgage is at low risk for worsening Delinquency (see Section 64.5(b) for requirements related to "Use of a Collection and Loss Mitigation Tool"). See also Section 64.6(d) below for specific information on what must be included in the Borrower Solicitation Package.

ii) As early as the 61st day and no later than the 65th day after the Due Date

The Servicer must send a Borrower Solicitation Package to the Borrower if:

- Quality right party contact has not been achieved or the Borrower has not responded to the first Borrower Solicitation Package, or

- The day 31 – 35 Borrower Solicitation Package was not previously sent based on results from a Collection and Loss Mitigation Tool (in which case, the Servicer must send an initial Borrower Solicitation Package and revise the solicitation letter accordingly)

See Section 64.6(d) below for specific information on what must be included in the day 61 – 65 Borrower Solicitation Package.

If the Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the appropriate Borrower Solicitation Package based upon the Delinquency status at that time.

Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package(s). Follow-up calls must continue at least every third day until quality right party contact is achieved and the Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, a Borrower Response Package is received, or the Borrower enters into a forbearance or repayment agreement with the Servicer.

If quality right party contact is established, but the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every third day to follow up on missing or incomplete information.

Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower:

- Acknowledges intent to accept the offer; or
- Enters into a repayment plan, forbearance agreement or Trial Period Plan; or
- Indicates that he or she is no longer interested in pursuing an alternative to foreclosure

Note: If the day on which a Servicer is required to call a Borrower is a non-Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

iii) As early as the 90th day and no later than the 105th day after the Due Date

The Servicer must send an initial, Exhibit 1191, Streamlined Modification Solicitation Letter, and a Streamlined Modification Trial Period Plan Notice, included in Exhibit 93, Evaluation Model Clauses, prior to the 105th day of Delinquency to Borrowers who become 90 days delinquent and are otherwise eligible pursuant to the requirements of Section B65.12.1 if:

- The Servicer has not received a complete Borrower Response Package prior to the 90th day of Delinquency, or
- The Servicer previously conducted an evaluation of a complete Borrower Response Package and determined that the Borrower was not eligible for any alternative to foreclosure, or
- The Borrower has rejected all other alternatives to foreclosure offered by the Servicer, or
- The Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package prior to the date a Streamlined Modification Solicitation Letter will be sent to the Borrower. Refer to Section B65.12.1 for requirements on evaluating a complete Borrower Response Package after a Streamlined Modification solicitation has been sent to the Borrower.

If the Borrower has been approved for a Streamlined Modification in accordance with the special requirements for Borrowers impacted by an Eligible Disaster described in Section B65.12.1(g), the Servicer must send Exhibit 1191A, Streamlined Modification Post-Disaster Solicitation Letter, in place of Exhibit 1191, Streamlined Modification Solicitation Letter.

The Streamlined Modification Solicitation Letter and the Streamlined Modification Trial Period Plan Notice may be altered at the Servicer's discretion as it deems necessary to meet the requirements of this section and Chapter B65, and to comply with disclosure and other requirements under applicable law.

However, the Streamlined Modification Solicitation Letter must include the date the Borrower must return a complete Borrower Response Package in order to be evaluated for a HAMP modification. The response date in the solicitation letter must be after the scheduled due date for the second Trial Period Plan payment and prior to the date the Servicer anticipates sending the modification agreement to the Borrower for signature.

If the Servicer fails to send the Streamlined Modification solicitation by the 105th day of Delinquency, the Servicer must solicit eligible Borrowers as soon as possible to minimize the impacts of the delay. If the Borrower does not respond to the initial Streamlined Modification solicitation and otherwise remains eligible, then the Servicer may continue to solicit the Borrower for a Streamlined Modification at its discretion, in accordance with the "continuation of solicitation efforts" requirements in this section, provided the Servicer ensures that any Streamlined Modification Trial Period Plans entered into are effective on or before **December 1, 2015**.

Solicitation during the foreclosure process

Attorney post-referral to foreclosure solicitation letter

Within five Business Days following the foreclosure referral, the Servicer must instruct the foreclosure attorney to send the Borrower a post-referral to foreclosure solicitation letter. The foreclosure attorney, in its discretion, may modify the content of the letter as described below, choose to send the letter at a later date, and/or opt not to send the letter in order to comply with applicable law. For example, the property is located in a jurisdiction subject to a mediation or settlement conference process where the Borrower must receive a written request to participate in such process and the requirement to provide the post-referral to foreclosure solicitation letter conflicts with such local or State law.

This attorney post-referral to foreclosure solicitation letter, subject to applicable law, must communicate the following:

- The Servicer may have sent the Borrower one or more Borrower Solicitation Packages
- The Borrower can still be evaluated for an alternative to foreclosure even if the Borrower previously indicated that he or she does not want to pursue an alternative to foreclosure
- If the Borrower has not received or no longer has the Borrower Solicitation Package, then the Borrower should contact the Servicer to obtain a Borrower Solicitation Package
- The Borrower must submit a complete Borrower Response Package to the Servicer in order to be considered for alternatives to foreclosure
- The Servicer's contact information for submitting a complete Borrower Response Package

The attorney may:

- Amend the post-referral to foreclosure solicitation letter to address situations where a court could fail or refuse to halt sale

- Include the contents of the Borrower Solicitation Package as set forth in Section 64.6(c) with the post-referral to foreclosure solicitation letter provided to the Borrower
- Combine other notices and disclosures, when appropriate, with the post-referral to foreclosure solicitation letter
- Modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date, or opt not to send the letter as necessary to comply with applicable federal, State and local law

Continuation of solicitation efforts

The Servicer must continue to try to contact and solicit the Borrower for alternatives to foreclosure throughout the foreclosure process and up to 60 days prior to a foreclosure sale date for a judicial foreclosure or 30 days prior to a foreclosure sale date for a non-judicial foreclosure, unless:

- The Servicer has established direct contact with the Borrower and determined the Borrower does not want to pursue an alternative to foreclosure, or
- The Servicer has evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), including any required subsequent evaluation of a Borrower who became 60 days delinquent, as applicable, and determined foreclosure is the appropriate course of action

Attempts to solicit for alternatives to foreclosure while the Mortgage is in foreclosure must be communicated to and coordinated with the foreclosure attorney, as appropriate. A Servicer must keep the attorney informed of the status of relevant alternative to foreclosure negotiations and must notify the attorney within two Business Days after arrangements for an alternative to foreclosure have been agreed to or within two Business Days after the Mortgage is fully reinstated.

Solicitation during bankruptcy

A Servicer is not required to solicit a Borrower in an active Chapter 7 or Chapter 13 bankruptcy. However, a Borrower in an active Chapter 7 or Chapter 13 bankruptcy case must be considered for an alternative to foreclosure if the Borrower, the Borrower's counsel or bankruptcy trustee (with the Borrower's written consent) submits a request to the Servicer.

(c) Documents and forms

The following documents and forms have been developed to fulfill the solicitation requirements of this Section 64.6.

1. Solicitation documents

In accordance with Section 64.6(b) above, the Servicer must send, via regular or electronic mail, a Borrower Solicitation Package between the 31st - 35th days after

the Due Date and a Borrower Solicitation Package between the 61st - 65th days after the Due Date. The Borrower Solicitation Package consists of the following documents:

- Exhibit 1131, Borrower Solicitation Letter – 31 Days Delinquent (sent to Borrowers between the 31st and 35th day of Delinquency; or
- Exhibit 1161, Borrower Solicitation Letter – 61 Days Delinquent (sent to Borrowers between the 61st and 65th day of Delinquency) if quality right party contact has not been achieved or the Borrower has not responded to the first Borrower Solicitation Package;

And

- Uniform Borrower Assistance Form (Form 710) and if applicable, HAMP Government Data Monitoring Form (Form 710A (applicable for HAMP eligible Borrowers only)); and
- Internal Revenue Service (IRS) Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript

Exhibits 1131 and 1161 are solicitation templates that reflect the required content a Servicer must include in its Borrower Solicitation Package. The content of Exhibits 1131 and 1161 includes:

- A cover letter that describes the content of the Borrower Solicitation Package
- A homeowner's checklist that explains the steps to follow to obtain an alternative to foreclosure and guidance on completing the documents that must be returned to the Servicer
- Information on available alternatives to foreclosure to help Borrowers understand the options they may have to stay in their home or leave their home, and avoid foreclosure
- Frequently asked questions (FAQs) to help answer Borrowers' questions regarding the Borrower Response Package and evaluation process
- Important notices, such as tips for avoiding foreclosure scams

In addition, in accordance with Section 64.6(b) above, the Servicer must send via regular or electronic mail, Exhibit 1191, Streamlined Modification Solicitation Letter, or Exhibit 1191A, Streamlined Modification Post Disaster Solicitation Letter, and include the Streamlined Modification Trial Period Plan Notice to a Borrower in accordance with the requirements in Section B65.12.1. Solicitation for the Streamlined Modification is in addition to, and not in place of, all other solicitation requirements described in this section.

A post-referral to foreclosure solicitation letter that complies with the requirements in Section 64.6(b) above must be sent to Borrowers by the foreclosure attorney within five Business Days of a foreclosure referral. With the post-referral to foreclosure solicitation letter, the attorney may include Form 710,

IRS Form 4506T-EZ and the following contents of Exhibit 1131, provided it is amended, as necessary, to ensure accuracy:

- The homeowner's checklist
- Information on avoiding foreclosure
- Frequently asked questions
- Foreclosure scam notice that includes tips to avoid and how to report scams

The solicitation templates included in Exhibits 1131, 1161 and 1191 may be altered in the Servicer's or attorney's discretion as it deems necessary to meet the requirements of this section and to comply with disclosure and other requirements under applicable law.

2. Use of the Uniform Borrower Assistance Form

Form 710, Uniform Borrower Assistance Form, is a required document that a Servicer must use to obtain Borrower and co-Borrower financial information, including the cause/reasons for the Borrower or co-Borrower's financial hardship. The financial information and hardship sections of Form 710 must be completed and the form must be executed by all Borrowers on the Mortgage.

The Servicer must require the submission of Form 710 by all Borrowers requesting consideration for an alternative to foreclosure. The Servicer may use a customized equivalent of Form 710, provided that it requests the same financial information, hardship affidavit and attestations from the Borrower. However, if the Servicer receives Form 710 rather than its customized equivalent, the Servicer must accept Form 710. References of Form 710 in the Guide include any customized equivalent to Form 710.

Refer to Section C65.2 for additional requirements related to the collection of government monitoring data with respect to HAMP eligible Borrowers.

3. Model letters

Model letters describing the following evaluation notices are included in Exhibit 93. Use of the model letters provided in Exhibit 93 is optional; however, each model letter illustrates the level of specificity that is deemed to be in compliance with the requirements of Section 64.6(d)(5) and the reinstatement, relief and workout requirements prescribed in the Guide.

- Non-Approval, Capacity to Pay Your Mortgage Letter
- Reinstatement Offer*
- Repayment Plan Offer*
- Forbearance Plan Offer-Reduced Payment, less than/= 6 months
- Forbearance Plan Offer-Reduced Payment, greater than 6 months
- Forbearance Plan Offer-Suspended Payment
- HAMP Trial Period Plan Notice

- Standard Modification Trial Period Plan Notice
- Streamlined Modification Trial Period Plan Notice
- Capitalization and Extension Modification for Disaster Relief Trial Period Plan Notice
- Standard Short Sale
- Standard Deed-in-Lieu
- Non-Approval, Proceed to, or Continue with, Foreclosure

*Note: A Servicer may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when offering the Borrower a partial reinstatement of the Mortgage coupled with a repayment plan in accordance with the requirements of Chapter A65. Further, if the offer for a foreclosure alternative is made less than 37 days prior to a scheduled foreclosure sale as set forth in Section 66.41, a Borrower's intent to accept the offer may not be communicated verbally at this late stage in the foreclosure process. Therefore, the Servicer must delete the reference "at [SERVICER PHONE NUMBER] or" and otherwise amend the Evaluation Model Clause as appropriate.

(d) Communications with the Borrower

1. Borrower Solicitation Package

The Servicer must provide in the cover letter included in the Borrower Solicitation Package a specific date by which the package must be returned, which must be 30 days from the date of the communication. In the event the 30th day falls on a non-Business Day, the Servicer must specify the following Business Day as the date by which the Borrower Response Package must be returned. Refer to Section 64.6(c) and Exhibits 1131 and 1161 for the documentation and content that must be included in a Borrower Solicitation Package.

2. Borrower Response Package

A complete Borrower Response Package must include the following:

- Completed and signed Form 710, Uniform Borrower Assistance Form
- Income Documentation in accordance with Section 65.18
- Hardship Documentation in accordance with Section 65.17
- Completed and signed IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript. Note: Servicers must obtain IRS Form 4506-T, Request for Transcript of Tax Return, in lieu of Form 4506T-EZ if the Borrower (i) is self-employed, and/or (ii) files federal income tax returns based on a fiscal calendar year (i.e., a tax year beginning in one calendar year and ending in the following year).

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, 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.

A Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission by reporting default action code H5 within the first three Business Days of the month following the month that it received a complete Borrower Response Package.

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 Form 710 and IRS Forms 4506T-EZ or 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 the Servicer first determines the Borrower submitted a complete Borrower Response Package, the Borrower must provide updated evidence of income.

To the extent that a Servicer receives sufficient information to evaluate the Borrower for a reinstatement or relief option in accordance with Chapter A65 without the complete Borrower Response Package, the Servicer should do so.

3. Acknowledgement of receipt of Borrower Response Package

The Servicer must acknowledge to the Borrower receipt of the Borrower Response Package within three Business Days of receipt from the Borrower, regardless of whether the package is complete or incomplete. The acknowledgement of receipt, which may be in writing or provided verbally, must include the following:

- The Servicer's evaluation process and time line
- An explanation of the foreclosure process, including that:
  - Referral to foreclosure will not occur if the Servicer is reviewing a complete Borrower Response Package
  - Referral to foreclosure will not occur if the Servicer extends an offer for a home retention alternative to foreclosure and the Borrower's deadline to respond has not expired
  - Following referral to foreclosure, the foreclosure process may continue during the evaluation

- For a Borrower who submits a complete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale, an explanation of the Servicer's plans for evaluating the Borrower for an alternative to foreclosure and suspending the foreclosure, if appropriate
- A description of those 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 a scheduled foreclosure sale, if applicable

The Servicer must maintain evidence of the date of receipt of the Borrower's Response Package in its records.

4. Incomplete information notice

Upon receipt of an incomplete Borrower Response Package, the Servicer is required to send an incomplete information notice to the Borrower no later than five Business Days from receipt of the incomplete package. The Servicer may send the incomplete information notice to the Borrower at the same time as the acknowledgement of receipt of the Borrower Response Package, if feasible. The incomplete information notice must include the following:

- A list of documents or information needed to evaluate the Borrower for an alternative to foreclosure
- A reference to the HUD web site for HUD-approved counselors at **http://www.hud.gov/offices/hsg/sfh/hcc/fc/** as a resource available to help the Borrower complete the package
- A reminder that if the Borrower does not submit all required documentation or information, the Servicer may determine the Borrower to be ineligible for an alternative to foreclosure and foreclosure proceedings will continue, including referral to foreclosure if the Mortgage was not previously referred
- Statement indicating that, depending on when the necessary information or documentation is received, there is no guarantee that the Servicer may be able to evaluate the Borrower for alternatives to foreclosure and halt foreclosure proceedings
- A toll-free telephone number the Borrower may contact for questions on the necessary documentation.

A Servicer may, but is not required to, send an incomplete information notice to a Borrower who submits an incomplete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale. The Servicer is strongly encouraged to work with a Borrower who submits an incomplete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale to complete the Borrower Response Package and expedite a decision.

Notwithstanding receipt of an incomplete Borrower Response Package and the Servicer's transmittal of an incomplete information notice, the Servicer must still refer a Mortgage to foreclosure while attempting to obtain a complete Borrower Response Package

5. **Evaluation requirements in response to a complete Borrower Response Package**

Within five days of an evaluation decision but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must provide the appropriate Borrower Evaluation Notice communicating the decision to the Borrower, with one of the following possible outcomes:

- Non-Approval, Capacity to Pay Your Mortgage Letter – Borrower has the capacity to repay the Mortgage
- Offer Reinstatement
- Offer a Repayment Plan (with or without a Partial Reinstatement Offer)*
- Offer a Forbearance Plan
- Offer a HAMP Trial Period Plan
- Offer a Modification as set forth in Chapter B65 (i.e., Standard Modification, Streamlined Modification or Disaster Relief Modification)
- Offer a short sale as set forth in Chapter B65 (i.e., Standard Short Sale)
- Offer a deed-in-lieu of foreclosure as set forth in Chapter B65 (i.e., Standard Deed-in-Lieu of Foreclosure)
- Non-Approval, Proceed to, or Continue with, Foreclosure- Borrower does not qualify for any alternative to foreclosure

Refer to Section B65.39 for specific evaluation time lines for a short sale and Section B65.12.1 for requirements on evaluating a complete Borrower Response Package after a Streamlined Modification solicitation has been sent to the Borrower.

*Note: A Servicer may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when offering the Borrower a partial reinstatement of the Mortgage coupled with a repayment plan in accordance with the requirements of Chapter A65. Further, if the offer for a foreclosure alternative is made less than 37 days prior to a scheduled foreclosure sale as set forth in Section 66.41, a Borrower's intent to accept the offer may not be communicated verbally at this late stage in the foreclosure process. Therefore, the Servicer must delete the reference "at [SERVICER PHONE NUMBER] or" and otherwise amend the Evaluation Model Clause as appropriate.

The Servicer must always include a toll-free telephone number and a contact name, or the name of the Servicer's designated escalated case response unit in the following Borrower Evaluation Notices:

- Non-Approval, Capacity to Pay Your Mortgage Letter
- Non-Approval, Proceed to, or Continue with, Foreclosure
- All offers for a short sale or deed-in-lieu of foreclosure

Further, with respect to the evaluation notices that are offers for alternatives to foreclosure, Servicers must include a date by which the Borrowers must accept such offers, which must be 14 days from the date of the evaluation notice for most alternatives to foreclosure except a short sale or deed-in-lieu of foreclosure. The Servicer must suspend foreclosure referral, the foreclosure process generally, or the foreclosure sale, upon receiving a Borrower's verbal (where permitted) or written notification that he or she intends to accept an offer for an alternative to foreclosure other than a short sale or deed-in-lieu of foreclosure. Absent such written or verbal notification, the Servicer must suspend foreclosure referral, the foreclosure process, or the foreclosure sale upon receipt of a Borrower's first payment under a Trial Period Plan or other plan requiring payments (e.g., repayment or forbearance plan). However, the repayment, forbearance or Trial Period Plan will not be legally binding unless the first payment is made by no later than the last day of the month that the first payment is due under the terms of the plan. See Sections 66.9.1 and 66.41 for all foreclosure suspension requirements.

Model letters describing each of these responses are included in Exhibit 93. Use of the model letters is optional; however, they illustrate the level of specificity that is deemed to be in compliance with the requirements of this section. The model letters may be altered at the Servicer's discretion to meet the requirements of Chapters A65, B65 and C65, and to comply with disclosure and other requirements under applicable federal, State or local law.

Servicer evaluation obligations once foreclosure has been initiated (See also Section 66.41)

a. Borrower Response Package received after referral to foreclosure and greater than or equal to 37 days prior to the foreclosure sale date

If the Mortgage is subject to judicial proceedings and the Servicer receives a complete Borrower Response Package no later than 30 days after the post-referral to foreclosure solicitation letter is sent (or, within 30 days of referral to foreclosure in the event the attorney opts out of sending such a letter when necessary to comply with applicable law), then the Servicer must delay filing the motion for judgment, or if the motion has been filed, request the court delay a hearing or ruling as permitted under State or local law, for up to an additional 30 days to review the complete Borrower Response Package and notify the Borrower and the court of the decision.

Short sale evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the short sale process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. However, the Servicer must not complete a foreclosure sale if the short sale has been approved based on a review of a purchase offer

and a complete Borrower Response Package (or other streamlined documentation permitted in Section B65.37). The Servicer must suspend the foreclosure sale where permitted under State or local law.

Deed-in-lieu of foreclosure evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the deed-in-lieu of foreclosure process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. The Servicer may only suspend foreclosure sale once the executed deed and all required deed-in-lieu of foreclosure documents have been received by the Servicer. Additionally, the Servicer must receive an executed deed from the Borrower no later than 30 days prior to the scheduled foreclosure sale date.

When considering a Borrower for a deed-in-lieu of foreclosure, the Servicer must ensure that there is sufficient time to complete processing of the deed-in-lieu of foreclosure (inclusive of sending the deed-in-lieu of foreclosure offer to the Borrower) so that the Servicer receives the executed deed no later than 30 days prior to the foreclosure sale date.

- **Borrower Response Package with short sale purchase offer received 75-15 days prior to the foreclosure sale date**

  For situations where a completed Borrower Response Package (or other streamlined documentation as permitted) with a short sale purchase offer has been received between 75 and 15 days prior to the foreclosure sale date, the Servicer must conduct an expedited review of the Borrower Response Package and the short sale purchase offer prior to the foreclosure certification date.

  If the Servicer has approved the short sale based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation as permitted), the Servicer must suspend the foreclosure sale where permitted under State or local law.

- **Borrower Response Package received without a short sale purchase offer**

  If the foreclosure sale has been scheduled and the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a short sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed, there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date*

- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full satisfaction of your obligation*

The "Standard Short Sale – Foreclosure Sale Date Scheduled" Evaluation Model Clause included in Exhibit 93 is representative of this Borrower Evaluation Notice.

b. Borrower Response Packages received 15-37 days prior to the foreclosure sale date

If a complete Borrower Response Package is submitted between 15 and 37 days before a scheduled foreclosure sale date, the Servicer must expedite its review and make a determination regarding the Borrower's request for assistance at least seven days before the scheduled foreclosure sale date. This will ensure that the Servicer will be able to complete a foreclosure certification to the attorney seven days prior to a scheduled foreclosure sale date, if appropriate, or offer the Borrower an alternative to foreclosure.

See Section 66.41(a) for requirements around expediting review of a short sale purchase offer received 75-15 days prior to the scheduled foreclosure sale.

c. Borrower Response Packages received less than 15 days prior to the foreclosure sale date

In cases where a complete Borrower Response Package is received less than 15 days prior to a scheduled foreclosure sale date, the Servicer must first determine whether it can conduct an expedited review of the Borrower Response Package and render a decision by the foreclosure certification date (i.e., seven days prior to the scheduled foreclosure sale date) and if so, complete the review.

(e) Electronic submission of documents

Servicers should refer to Chapter 3 for the definition of the following terms used in this subsection:

- Electronic
- Electronic Record
- Electronic Transaction

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, Chapter 3 and this section. With the exception of IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, and IRS Form 4506-T, Request for Transcript of Tax Return, all documentation required to be prepared, signed or sent by either the Servicer or the Borrower are considered "loss mitigation documents" for purposes of Section 50.3.1. (IRS Form 4506T-EZ or IRS Form 4506-T 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.)

All Electronic loss mitigation documents and any other Electronic Mortgage file documents are Electronic Records and 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.

64.6: Evaluation hierarchy, Borrower solicitation and communication (Future effective date 01/10/14)

This Section 64.6 sets forth the evaluation hierarchy, Servicer communication, solicitation, and notification requirements during a Borrower's Delinquency or upon receipt of a Borrower's request for an alternative to foreclosure.

Servicers should be familiar with Freddie Mac's definitions for the following terms as they relate to Borrower solicitation and communication:

- Borrower Evaluation Notice
- Borrower Response Package
- Borrower Solicitation Package

(a) Evaluation hierarchy

If a Borrower who is current or less than 31 days delinquent contacts the Servicer for loss mitigation assistance, the Servicer must first evaluate the Borrower for eligibility for a Freddie Mac Relief Refinance Mortgage℠ – Same Servicer or advise the Borrower of the availability of the Freddie Mac Relief Refinance Mortgage℠ – Open Access offering (refer to Chapters A24 and B24). If the Borrower is not eligible for a Freddie Mac Relief Refinance Mortgage, then the Servicer must first evaluate the Borrower for a reinstatement, relief or workout option as set forth in Chapter A65.

If a reinstatement or relief option as provided in Chapter A65 is not appropriate based on Borrower circumstances, the Borrower may qualify for a workout option under the Guide. The Servicer must consider a Borrower 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, the Servicer must next consider the Borrower for a Freddie Mac Standard Modification ("Standard Modification") in accordance with the requirements of Chapter B65
- If a Borrower is ineligible for, does not accept, or fails to complete a modification, the Servicer must next consider the Borrower for a Freddie Mac Standard Short Sale ("short sale") pursuant to Chapter B65
- If a Borrower is ineligible for a short sale or a short sale is not a viable option, the Servicer must next consider the Borrower for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") in accordance with the requirements of Chapter B65

When a Borrower becomes 90 days delinquent, the Servicer must determine if the Borrower is eligible for a Freddie Mac Streamlined Modification ("Streamlined Modification") in accordance with Section B65.12.1 and if eligible, solicit the Borrower for such modification in accordance with Section 64.6(b).

If the Borrower's hardship is the result of an Eligible Disaster but the Borrower indicates he or she is able to resume making the existing contractual monthly payments on the Mortgage, the Servicer must evaluate the Borrower for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification") as provided in Section B65.12.2, if reinstatement or a repayment plan is not a viable option.

If the Borrower's hardship is one of the four listed below and the Borrower has indicated a desire to sell or vacate the property, the Servicer may consider the Borrower for a short sale without first evaluating the Borrower for a home retention option; however, the Servicer must ensure that the Borrower is aware that a home retention option may be possible:

- Death of a Borrower or death of the primary or secondary wage earner in the household
- Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member

- Divorce or legal separation; separation of Borrower unrelated by marriage, civil union or similar domestic partnership under applicable law

- Distant employment transfer, including Permanent Change of Station orders or relocation due to new employment, where the transfer or new employment location is greater than 50 miles one-way from the Borrower's current Primary Residence

If the Borrower is not eligible for a relief or workout option, but the Servicer believes that a relief or workout option is still the best solution to the Delinquency, then the Servicer may submit a recommendation to Freddie Mac for review along with the reason for the recommendation, in accordance with the submission procedures in the relevant chapters for relief or workout options.

Additionally, Freddie Mac has a charge-off option available to cease collection and loss mitigation activities on a Mortgage, under certain conditions. (See Sections B65.49 through B65.53 for requirements related to the charge-off option.)

(b) Borrower solicitation – pre-foreclosure

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 an alternative to foreclosure described in Section 64.6(a).

In addition to the minimum collection efforts set forth in Section 64.5, Servicers must solicit Borrowers who are 31 or more days delinquent in accordance with the processes and time lines set forth below in order to determine the reason for Delinquency and solicit them for possible alternatives to foreclosure.

If a Servicer previously determined that a Borrower who was less than 60 days delinquent did not qualify for any alternative to foreclosure and the Borrower subsequently becomes 60 days delinquent, then the Servicer must continue its solicitation and collection efforts with the Borrower in accordance with the requirements of this chapter. Continued solicitation includes sending another Borrower Solicitation Package, as applicable, if documentation needs to be refreshed in order to perform the subsequent evaluation of the Borrower for alternatives to foreclosure.

i) As early as the 31st day and no later than the 35th day after the Due Date

Servicers must send the first Borrower Solicitation Package to the Borrower with information, including but not limited to, the availability of alternatives to foreclosure as set forth in 64.6(c) below. See Section 64.6(d) below for specific information that must be included in the Borrower Solicitation Package.

ii) As early as the 61st day and no later than the 65th day after the Due Date

The Servicer must send a Borrower Solicitation Package to the Borrower if:

- Quality right party contact has not been achieved; or
- The Borrower has not responded to the first Borrower Solicitation Package

See Section 64.6(d) below for specific information on what must be included in the day 61 – 65 Borrower Solicitation Package.

If the Servicer has achieved quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date (not to exceed 30 days), the Servicer is not required to send the Borrower Solicitation Package. If the Borrower fails to honor the promise to pay, the Servicer must resume collection efforts, including sending the appropriate Borrower Solicitation Package based upon the Delinquency status at that time.

Follow-up calls to the Borrower must begin no later than the next day after the Servicer sends the Borrower Solicitation Package(s). Follow-up calls must continue at least every third day until quality right party contact is achieved and the Servicer determines that the Borrower does not want to pursue an alternative to foreclosure, the Delinquency is cured, the Servicer achieves quality right party contact and has obtained from the Borrower a promise to pay the delinquent amount by a specific date, a Borrower Response Package is received, or the Borrower enters into a forbearance or repayment agreement with the Servicer.

If quality right party contact is established, but the Servicer has not received information promised by the Borrower or has received incomplete information, then the Servicer must call the Borrower at least every third day to follow up on missing or incomplete information.

Once an offer for an alternative to foreclosure is sent to the Borrower, the Servicer must make a follow-up call to the Borrower at least every third day until contact is made during the 14-day Borrower response period. If the 14-day response period to an offer has expired without a Borrower response, the Servicer must continue with follow-up calls every three days until the Borrower:

- Acknowledges intent to accept the offer; or
- Enters into a repayment plan, forbearance agreement or Trial Period Plan; or
- Indicates that he or she is no longer interested in pursuing an alternative to foreclosure

Note: If the day on which a Servicer is required to call a Borrower is a non-Business Day and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

iii) As early as the 90th day and no later than the 105th day after the Due Date

The Servicer must send an initial, Exhibit 1191, Streamlined Modification Solicitation Letter, and a Streamlined Modification Trial Period Plan Notice, included in Exhibit 93, Evaluation Model Clauses, prior to the 105th day of Delinquency to Borrowers who become 90 days delinquent and are otherwise eligible pursuant to the requirements of Section B65.12.1 if:

- The Servicer has not received a complete Borrower Response Package prior to the 90th day of Delinquency, or
- The Servicer previously conducted an evaluation of a complete Borrower Response Package and determined that the Borrower was not eligible for any alternative to foreclosure, or
- The Borrower has rejected all other alternatives to foreclosure offered by the Servicer, or
- The Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package prior to the date a Streamlined Modification Solicitation Letter will be sent to the Borrower. Refer to Section B65.12.1 for requirements on evaluating a complete Borrower Response Package after a Streamlined Modification solicitation has been sent to the Borrower.

If the Borrower has been approved for a Streamlined Modification in accordance with the special requirements for Borrowers impacted by an Eligible Disaster described in Section B65.12.1(g), the Servicer must send Exhibit 1191A, Streamlined Modification Post-Disaster Solicitation Letter, in place of Exhibit 1191, Streamlined Modification Solicitation Letter.

The Streamlined Modification Solicitation Letter and the Streamlined Modification Trial Period Plan Notice may be altered at the Servicer's discretion as it deems necessary to meet the requirements of this section and Chapter B65, and to comply with disclosure and other requirements under applicable law.

However, the Streamlined Modification Solicitation Letter must include the date the Borrower must return a complete Borrower Response Package in order to be evaluated for a HAMP modification. The response date in the solicitation letter must be after the scheduled due date for the second Trial Period Plan payment and prior to the date the Servicer anticipates sending the modification agreement to the Borrower for signature.

If the Servicer fails to send the Streamlined Modification solicitation by the 105th day of Delinquency, the Servicer must solicit eligible Borrowers as soon as possible to minimize the impacts of the delay. If the Borrower does not respond to the initial Streamlined Modification solicitation and otherwise remains eligible,

then the Servicer may continue to solicit the Borrower for a Streamlined Modification at its discretion, in accordance with the "continuation of solicitation efforts" requirements in this section, provided the Servicer ensures that any Streamlined Modification Trial Period Plans entered into are effective on or before **December 1, 2015**.

Solicitation during the foreclosure process

Attorney post-referral to foreclosure solicitation letter

Within five Business Days following the foreclosure referral, the Servicer must instruct the foreclosure attorney to send the Borrower a post-referral to foreclosure solicitation letter. The foreclosure attorney, in its discretion, may modify the content of the letter as described below, choose to send the letter at a later date, and/or opt not to send the letter in order to comply with applicable law. For example, the property is located in a jurisdiction subject to a mediation or settlement conference process where the Borrower must receive a written request to participate in such process and the requirement to provide the post-referral to foreclosure solicitation letter conflicts with such local or State law.

This attorney post-referral to foreclosure solicitation letter, subject to applicable law, must communicate the following:

- The Servicer may have sent the Borrower one or more Borrower Solicitation Packages
- The Borrower can still be evaluated for an alternative to foreclosure even if the Borrower previously indicated that he or she does not want to pursue an alternative to foreclosure
- If the Borrower has not received or no longer has the Borrower Solicitation Package, then the Borrower should contact the Servicer to obtain a Borrower Solicitation Package
- The Borrower must submit a complete Borrower Response Package to the Servicer in order to be considered for alternatives to foreclosure
- The Servicer's contact information for submitting a complete Borrower Response Package

The attorney may:

- Amend the post-referral to foreclosure solicitation letter to address situations where a court could fail or refuse to halt sale
- Include the contents of the Borrower Solicitation Package as set forth in Section 64.6(c) with the post-referral to foreclosure solicitation letter provided to the Borrower
- Combine other notices and disclosures, when appropriate, with the post-referral to foreclosure solicitation letter

- Modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date, or opt not to send the letter as necessary to comply with applicable federal, State and local law

Continuation of solicitation efforts

The Servicer must continue to try to contact and solicit the Borrower for alternatives to foreclosure throughout the foreclosure process and up to 60 days prior to a foreclosure sale date for a judicial foreclosure or 30 days prior to a foreclosure sale date for a non-judicial foreclosure, unless:

- The Servicer has established direct contact with the Borrower and determined the Borrower does not want to pursue an alternative to foreclosure, or
- The Servicer has evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), including any required subsequent evaluation of a Borrower who became 60 days delinquent, as applicable, and determined foreclosure is the appropriate course of action

Attempts to solicit for alternatives to foreclosure while the Mortgage is in foreclosure must be communicated to and coordinated with the foreclosure attorney, as appropriate. A Servicer must keep the attorney informed of the status of relevant alternative to foreclosure negotiations and must notify the attorney within two Business Days after arrangements for an alternative to foreclosure have been agreed to or within two Business Days after the Mortgage is fully reinstated.

Solicitation during bankruptcy

A Servicer is not required to solicit a Borrower in an active Chapter 7 or Chapter 13 bankruptcy. However, a Borrower in an active Chapter 7 or Chapter 13 bankruptcy case must be considered for an alternative to foreclosure if the Borrower, the Borrower's counsel or bankruptcy trustee (with the Borrower's written consent) submits a request to the Servicer.

(c) Documents and forms

The following documents and forms have been developed to fulfill the solicitation requirements of this Section 64.6.

1. Solicitation documents

In accordance with Section 64.6(b) above, the Servicer must send, via regular or electronic mail, a Borrower Solicitation Package between the 31st - 35th days after the Due Date and a Borrower Solicitation Package between the 61st - 65th days after the Due Date. The Borrower Solicitation Package consists of the following documents:

- Exhibit 1131, Borrower Solicitation Letter – 31 Days Delinquent (sent to Borrowers between the 31st and 35th day of Delinquency; or
- Exhibit 1161, Borrower Solicitation Letter – 61 Days Delinquent (sent to Borrowers between the 61st and 65th day of Delinquency) if quality right party contact has not been achieved or the Borrower has not responded to the first Borrower Solicitation Package;

And

- Uniform Borrower Assistance Form (Form 710) and if applicable, HAMP Government Data Monitoring Form (Form 710A (applicable for HAMP eligible Borrowers only)); and
- Internal Revenue Service (IRS) Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript

Exhibits 1131 and 1161 are solicitation templates that reflect content a Servicer must include in its Borrower Solicitation Package. In addition, Servicers must amend Exhibits 1131 and 1161 as necessary to comply with applicable law. The content of Exhibits 1131 and 1161 includes:

- A cover letter that describes the content of the Borrower Solicitation Package
- A homeowner's checklist that explains the steps to follow to obtain an alternative to foreclosure and guidance on completing the documents that must be returned to the Servicer
- Information on available alternatives to foreclosure to help Borrowers understand the options they may have to stay in their home or leave their home, and avoid foreclosure
- Frequently asked questions (FAQs) to help answer Borrowers' questions regarding the Borrower Response Package and evaluation process
- Important notices, such as tips for avoiding foreclosure scams

In addition, in accordance with Section 64.6(b) above, the Servicer must send via regular or electronic mail, Exhibit 1191, Streamlined Modification Solicitation Letter, or Exhibit 1191A, Streamlined Modification Post Disaster Solicitation Letter, and include the Streamlined Modification Trial Period Plan Notice to a Borrower in accordance with the requirements in Section B65.12.1. Solicitation for the Streamlined Modification is in addition to, and not in place of, all other solicitation requirements described in this section.

A post-referral to foreclosure solicitation letter that complies with the requirements in Section 64.6(b) above must be sent to Borrowers by the foreclosure attorney within five Business Days of a foreclosure referral. With the post-referral to foreclosure solicitation letter, the attorney may include Form 710, IRS Form 4506T-EZ and the following contents of Exhibit 1131, provided it is amended, as necessary, to ensure accuracy:

- The homeowner's checklist

- Information on avoiding foreclosure
- Frequently asked questions
- Foreclosure scam notice that includes tips to avoid and how to report scams

The solicitation templates included in Exhibits 1131, 1161 and 1191 may be altered in the Servicer's or attorney's discretion as it deems necessary to meet the requirements of this section and to comply with disclosure and other requirements under applicable law.

2. Use of the Uniform Borrower Assistance Form

Form 710, Uniform Borrower Assistance Form, is a required document that a Servicer must use to obtain Borrower and co-Borrower financial information, including the cause/reasons for the Borrower or co-Borrower's financial hardship. The financial information and hardship sections of Form 710 must be completed and the form must be executed by all Borrowers on the Mortgage.

The Servicer must require the submission of Form 710 by all Borrowers requesting consideration for an alternative to foreclosure. The Servicer may use a customized equivalent of Form 710, provided that it requests the same financial information, hardship affidavit and attestations from the Borrower. However, if the Servicer receives Form 710 rather than its customized equivalent, the Servicer must accept Form 710. References of Form 710 in the Guide include any customized equivalent to Form 710.

Refer to Section C65.2 for additional requirements related to the collection of government monitoring data with respect to HAMP eligible Borrowers.

3. Model letters

The Servicer must send the Borrower the appropriate Borrower Evaluation Notice communicating the evaluation decision with one of the following outcomes:

- Non-Approval, Capacity to Pay Your Mortgage
- Reinstatement Offer*
- Repayment Plan Offer*
- Forbearance Plan Offer-Reduced Payment, less than/= 6 months
- Forbearance Plan Offer-Reduced Payment, greater than 6 months
- Forbearance Plan Offer-Suspended Payment
- HAMP Trial Period Plan Notice
- Standard Modification Trial Period Plan Notice
- Streamlined Modification Trial Period Plan Notice
- Capitalization and Extension Modification for Disaster Relief Trial Period Plan Notice
- Standard Short Sale
- Standard Deed-in-Lieu
- Non-Approval, Not Eligible for Alternative to Foreclosure

- Non-Approval, Proceed to Foreclosure

Model letters describing each of these responses are included in Exhibit 93. Use of the model letters provided in Exhibit 93 is optional; however, each model letter illustrates the level of specificity that is deemed to be in compliance with the requirements of Section 64.6(d)(5) and the reinstatement, relief and workout requirements prescribed in the Guide. The model letters must be altered by the Servicer as necessary to comply with applicable federal, State or local law.

Servicers must ensure the model letters are revised as necessary to include Trial Period Plan denial reasons and information about the Borrower's right to appeal the Servicer's decision when the Borrower is denied a Trial Period Plan based on an evaluation of the First Complete Borrower Response Package. Exhibit 93 includes a list of denial reasons for use with the model letters. As a reminder, impermissible denial reasons include, but are not limited to, the following:

- Full lender recourse or indemnification – In situations where the Servicer chose not to repurchase the Mortgage from Freddie Mac, the Servicer must disclose the reason it will not modify the Mortgage, which must be based on its own requirements. Servicers are reminded that they may repurchase any Mortgage subject to full lender recourse or indemnification in accordance with the requirements set forth in Bulletin 2012-10.

- FHA, Rural Housing Service (RHS) or VA Mortgage – The Servicer must determine eligibility for a loan modification under applicable agency requirements

*Note: A Servicer may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when offering the Borrower a partial reinstatement of the Mortgage coupled with a repayment plan in accordance with the requirements of Chapter A65. Further, if the offer for a foreclosure alternative is made less than 37 days prior to a scheduled foreclosure sale as set forth in Section 66.41, a Borrower's intent to accept the offer may not be communicated verbally, but must be in writing, at this late stage in the foreclosure process. Therefore, the Servicer must delete the reference "at [SERVICER PHONE NUMBER] or" and otherwise amend the Evaluation Model Clause as appropriate.

(d) Communications with the Borrower

1. Borrower Solicitation Package

The Servicer must provide in the cover letter included in the Borrower Solicitation Package a specific date by which the package must be returned, which must be 30 days from the date of the communication. In the event the 30th day falls on a non-Business Day, the Servicer must specify the following Business Day as the date by which the Borrower Response Package must be returned.

Refer to Section 64.6(c) and Exhibits 1131 and 1161 for the documentation and content that must be included in a Borrower Solicitation Package.

2. Borrower Response Package

A complete Borrower Response Package must include the following:

- Completed and signed Form 710, Uniform Borrower Assistance Form
- Income Documentation in accordance with Section 65.18
- Hardship Documentation in accordance with Section 65.17
- Completed and signed IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript. Note: Servicers must obtain IRS Form 4506-T, Request for Transcript of Tax Return, in lieu of Form 4506T-EZ if the Borrower (i) is self-employed, and/or (ii) files federal income tax returns based on a fiscal calendar year (i.e., a tax year beginning in one calendar year and ending in the following year).

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, 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.

A Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission by reporting default action code H5 within the first three Business Days of the month following the month that it received a complete Borrower Response Package.

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 Form 710 and IRS Forms 4506T-EZ or 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 the Servicer first determines the Borrower submitted a complete Borrower Response Package, the Borrower must provide updated evidence of income.

To the extent that a Servicer receives sufficient information to evaluate the Borrower for a reinstatement or relief option in accordance with Chapter A65 without the complete Borrower Response Package, the Servicer should do so.

3. Acknowledgement of receipt of Borrower Response Package

The Servicer must acknowledge to the Borrower receipt of the Borrower Response Package within five Business Days of receipt from the Borrower, and must indicate whether the package is complete or incomplete. The acknowledgement of receipt, which must be in writing, must include the following:

- The Servicer's evaluation process and time line
- An explanation of the foreclosure process, including that:
  - Referral to foreclosure will not occur if the Servicer is reviewing a complete Borrower Response Package
  - Referral to foreclosure will not occur if the Servicer extends an offer for an alternative to foreclosure and the Borrower's deadline to respond has not expired
  - Following referral to foreclosure, the foreclosure process may continue during the evaluation
- For a Borrower who submits a complete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale, an explanation of the Servicer's plans for evaluating the Borrower for an alternative to foreclosure and suspending the foreclosure, if appropriate
- A description of those 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 a scheduled foreclosure sale, if applicable
- Any other disclosure as required under applicable law

The Servicer must maintain evidence of the date of receipt of the Borrower's Response Package in its records.

4. Incomplete information notice

Upon receipt of an incomplete Borrower Response Package, the Servicer is required to send an incomplete information notice to the Borrower at the same time as the acknowledgement of receipt of the Borrower Response Package, which is no later than five Business Days from receipt of the Borrower Response Package. The incomplete information notice must include the following:

- A list of documents or information needed to evaluate the Borrower for an alternative to foreclosure
- A reference to the HUD web site for HUD-approved counselors at **http://www.hud.gov/offices/hsg/sfh/hcc/fc/** as a resource available to help the Borrower complete the package
- A reminder that if the Borrower does not submit all required documentation or information, the Servicer may determine the Borrower to be ineligible for an alternative to foreclosure and foreclosure proceedings will continue, including referral to foreclosure if the Mortgage was not previously referred
- Statement indicating that, depending on when the necessary information or documentation is received, there is no guarantee that the Servicer may be able to evaluate the Borrower for alternatives to foreclosure and halt foreclosure proceedings
- A toll-free telephone number the Borrower may contact for questions on the necessary documentation.

A Servicer may, but is not required to, send an incomplete information notice to a Borrower who submits an incomplete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale. The Servicer is strongly encouraged to work with a Borrower who submits an incomplete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale to complete the Borrower Response Package and expedite a decision.

Notwithstanding receipt of an incomplete Borrower Response Package and the Servicer's transmittal of an incomplete information notice, the Servicer must still refer a Mortgage to foreclosure while attempting to obtain a complete Borrower Response Package

5. Evaluation requirements in response to a complete Borrower Response Package

Within five days of an evaluation decision but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must provide the appropriate Borrower Evaluation Notice communicating the decision to the Borrower, with one of the following possible outcomes:

- Non-Approval, Capacity to Pay Your Mortgage – Borrower has the capacity to repay the Mortgage
- Offer reinstatement
- Offer a repayment plan (with or without a partial reinstatement offer)*
- Offer a forbearance plan
- Offer a HAMP Trial Period Plan
- Offer a modification as set forth in Chapter B65 (i.e., Standard Modification, Streamlined Modification or Disaster Relief Modification)
- Offer a short sale as set forth in Chapter B65 (i.e., Standard Short Sale)
- Offer a deed-in-lieu of foreclosure as set forth in Chapter B65 (i.e., Standard Deed-in-Lieu of Foreclosure)

- Non-Approval, Not Eligible for Alternative to Foreclosure – Borrower does not qualify for any alternative to foreclosure
- Non-Approval, Proceed to Foreclosure

Refer to Chapter 63 for additional requirements related to Borrower communication with respect to the receipt of the First Complete Borrower Response Package on a Mortgage secured by a Primary Residence.

In addition, refer to Section B65.39 for specific evaluation time lines for a short sale and Section B65.12.1 for requirements on evaluating a complete Borrower Response Package after a Streamlined Modification solicitation has been sent to the Borrower.

*Note: A Servicer may combine the relevant contents of the Borrower Evaluation Notice for a reinstatement offer with the contents of the notice for a repayment plan offer when offering the Borrower a partial reinstatement of the Mortgage coupled with a repayment plan in accordance with the requirements of Chapter A65. Further, if the offer for a foreclosure alternative is made less than 37 days prior to a scheduled foreclosure sale as set forth in Section 66.41, a Borrower's intent to accept the offer may not be communicated verbally at this late stage in the foreclosure process. Therefore, the Servicer must delete the reference "at [SERVICER PHONE NUMBER] or" and otherwise amend the Evaluation Model Clause to specify that a Borrower's intent to accept the offer must be in writing.

Further, with respect to the evaluation notices that are offers for alternatives to foreclosure, Servicers must include in the evaluation notice a date by which the Borrowers must accept such offers, which must be 14 days from the date of the evaluation notice for most alternatives to foreclosure except a short sale or deed-in-lieu of foreclosure. The Servicer must suspend foreclosure referral, the foreclosure process generally, or the foreclosure sale, upon receiving a Borrower's verbal (where permitted) or written notification that he or she intends to accept an offer for an alternative to foreclosure other than a short sale or deed-in-lieu of foreclosure. Absent such written or verbal notification, the Servicer must suspend foreclosure referral, the foreclosure process, or the foreclosure sale upon receipt of a Borrower's first payment under a Trial Period Plan or other plan requiring payments (e.g., repayment or forbearance plan). However, the repayment, forbearance or Trial Period Plan will not be legally binding unless the first payment is made by no later than the last day of the month that the first payment is due under the terms of the plan. See Sections 66.9.1 and 66.41 for all foreclosure suspension requirements.

Model letters describing each of these responses are included in Exhibit 93. Use of the model letters is optional; however, they illustrate the level of specificity that is deemed to be in compliance with the requirements of this section. The model letters may be altered at the Servicer's discretion to meet the requirements

of Chapters A65, B65 and C65, and to comply with disclosure and other requirements under applicable federal, State or local law.

Servicer evaluation obligations once foreclosure has been initiated (See also Section 66.41)

a. Borrower Response Package received after referral to foreclosure and greater than or equal to 37 days prior to the foreclosure sale date

If the Mortgage is subject to judicial proceedings and the Servicer receives a complete Borrower Response Package no later than 30 days after the post-referral to foreclosure solicitation letter is sent (or, within 30 days of referral to foreclosure in the event the attorney opts out of sending such a letter when necessary to comply with applicable law), then the Servicer must delay filing the motion for judgment, or if the motion has been filed, request the court delay a hearing or ruling as permitted under State or local law, for up to an additional 30 days to review the complete Borrower Response Package and notify the Borrower and the court of the decision.

Borrower Response Package received without a short sale purchase offer and foreclosure sale is scheduled

If the foreclosure sale has been scheduled and the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a short sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed, there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date*

- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full satisfaction of your obligation*

The "Standard Short Sale – All Other Scenarios" Evaluation Model Clause included in Exhibit 93 is representative of this Borrower Evaluation Notice.

Short sale evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the short sale process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. However, the Servicer must not complete a foreclosure sale if the short sale has been approved based on a review of a purchase offer

and a complete Borrower Response Package (or other streamlined documentation permitted in Section B65.37). The Servicer must suspend the foreclosure sale where permitted under State or local law.

Deed-in-lieu of foreclosure evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the deed-in-lieu of foreclosure process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. The Servicer may only suspend foreclosure sale once the executed deed and all required deed-in-lieu of foreclosure documents have been received by the Servicer. Additionally, the Servicer must receive an executed deed from the Borrower no later than 30 days prior to the scheduled foreclosure sale date.

When considering a Borrower for a deed-in-lieu of foreclosure, the Servicer must ensure that there is sufficient time to complete processing of the deed-in-lieu of foreclosure (inclusive of sending the deed-in-lieu of foreclosure offer to the Borrower) so that the Servicer receives the executed deed no later than 30 days prior to the foreclosure sale date.

b. Borrower Response Packages received 37-15 days prior to the scheduled foreclosure sale date

If a complete Borrower Response Package is submitted between 37 and 15 days before a scheduled foreclosure sale date, the Servicer must expedite its review and make a determination regarding the Borrower's request for assistance at least seven days before the scheduled foreclosure sale date. This will ensure that the Servicer will be able to complete a foreclosure certification to the attorney seven days prior to a scheduled foreclosure sale date, if appropriate, or offer the Borrower an alternative to foreclosure.

c. Borrower Response Packages received less than 15 days prior to the scheduled foreclosure sale date

In cases where a complete Borrower Response Package is received less than 15 days prior to a scheduled foreclosure sale date, the Servicer must first determine whether it can conduct an expedited review of the Borrower Response Package and render a decision by the foreclosure certification date (i.e., seven days prior to the scheduled foreclosure sale date) and if so, complete the review.

(e) Electronic submission of documents

Servicers should refer to Chapter 3 for the definition of the following terms used in this subsection:

- Electronic
- Electronic Record
- Electronic Transaction

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, Chapter 3 and this section. With the exception of IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, and IRS Form 4506-T, Request for Transcript of Tax Return, all documentation required to be prepared, signed or sent by either the Servicer or the Borrower are considered "loss mitigation documents" for purposes of Section 50.3.1. (IRS Form 4506T-EZ or IRS Form 4506-T 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.)

All Electronic loss mitigation documents and any other Electronic Mortgage file documents are Electronic Records and 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.

64.7: Property inspections (03/23/11)

To protect the value of a property securing a Mortgage, the Servicer must obtain a property inspection to determine its physical condition and occupancy status. Refer to Chapter 65 for requirements on obtaining, documenting and reviewing property inspections.

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) (10/01/11)

(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 and settled in Freddie Mac's system
- 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

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 through 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 must retrieve 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 by the sixth Business Day after accessing the report. For additional information, Servicers may refer to the EDR Quick Reference Guide available at **www.freddiemac.com/learn/pdfs/service/edr_quickref.pdf**
- **Delinquencies/Foreclosures not Reported** — A Servicer must retrieve 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, the Servicer 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 must retrieve this report each day from the fourth through the 13th Business Day of each month. This report identifies the number of loans reported to Freddie Mac that are 30, 60 and 90 or more days delinquent for the current reporting cycle. The Servicer must review the transmission for accuracy. If the Servicer believes there are errors in the report, the Servicer must follow up with Freddie Mac by submitting corrections via the Freddie Mac Service Loans application (Default Loan Activity screen) no later than 5 p.m. Eastern time on the 13th Business Day of the month. The Servicer may also contact the EDR team **(see Directory 5)**.

64.10.1: Compensatory fees for failure to report via EDR (09/01/12)

A Servicer that fails to comply with the Electronic Default Reporting (EDR) requirements in Section 64.10 will be subject to being assessed the noncompliance fees set forth in Sections 78.47 and 78.47.2.

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 Freddie Mac 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 (03/23/11)

This section has been deleted.

64.12: Hardest Hit Fund (09/01/13)

Overview

This section provides requirements relating to mortgage assistance programs developed and administered by State Housing Finance Agencies ("HFAs") and funded by the Innovation Fund for the Hardest Hit Housing Markets or Hardest Hit Fund (HHF) Initiative for which Freddie Mac requires Servicer participation.

Detailed requirements are provided for the following programs:

- Unemployment mortgage assistance
- Mortgage reinstatement assistance
- Modification assistance
- Transition assistance

(a) General requirements

The following are general Servicing requirements for participating in any of the HFA mortgage assistance programs. In addition to these general requirements, Servicers

must comply with the additional Servicing requirements unique to each HFA program, as specified in Section 64.12(b).

Servicers must have procedures and specific points of contact in place to respond to HFA (or its designated third-party provider) requests and notifications with respect to Borrowers receiving assistance under any HFA program funded by the HHF. Subsequent references to an HFA in this section include its designated third-party provider.

The HFA determines Borrower eligibility criteria and underwrites the Borrower for all HFA mortgage assistance programs. Unless permitted by the HFA, Servicers may not determine Borrower eligibility or communicate a determination of eligibility or qualification for an HFA program to a Borrower.

1. Borrower referral and authorization

Servicers may refer potentially eligible Borrowers to the HFA in accordance with the relevant HFA's requirements. Servicers may directly solicit Borrowers for participation in HFA mortgage assistance programs if the Servicer receives written consent to perform such solicitation from the HFA.

In connection with a Borrower's request for mortgage assistance under an HFA program, Servicers must receive written authorization from each Borrower to release his or her nonpublic personal financial information to the HFA and if authorized, must provide the HFA with relevant Borrower and Mortgage-specific information so that the HFA may complete its evaluation of the Borrower for assistance. The Borrower's written authorization to release his or her nonpublic personal financial information to the HFA and all communications that include a Borrower's nonpublic personal information must comply with Section 53.8 and all applicable federal, State and local laws relating to data security, privacy and the safeguarding of Borrower personal information.

2. Mortgages with credit enhancements

Servicers must comply with the requirements of, and obtain approvals as necessary from, the FHA, VA, RHS and/or MI. Credit enhancement on a Mortgage must stay in place regardless of the Borrower's participation in an HFA mortgage assistance program.

3. Another relief or workout arrangement

Servicers must not deny or delay consideration of a Borrower for a relief or workout option pending approval for HFA mortgage assistance. Servicers also must not require a Borrower to first request financial assistance from an HFA as a condition of consideration for a relief or workout option.

If a Borrower is currently performing under a relief or workout arrangement that has not been completed and the Borrower requests financial assistance from an HFA, the Servicer must permit the Borrower to continue with the relief or workout arrangement until he or she enters into either an unemployment mortgage assistance, mortgage reinstatement or modification assistance agreement with the HFA that renders the existing relief or workout arrangement no longer appropriate.

4. Reporting to Freddie Mac

Servicers must provide Freddie Mac with a list of all Mortgages for which assistance was provided using the *Spreadsheet for Hardest Hit Fund Mortgages* located at **www.FreddieMac.com/singlefamily/service/hfa_relief.html**. This spreadsheet must be submitted to **Hardest_Hit@freddiemac.com** by the **fifth Business Day** of every month for all Mortgages that received assistance in the prior month.

5. Credit reporting

Servicers must continue to report a "full-file" status report to the four major credit repositories in accordance with the Fair Credit Reporting Act (FCRA) and credit bureau standards as provided by the Consumer Data Industry Association (CDIA).

6. Acceptance and application of funds

If funds from an HFA are used to assist with payments a Borrower is required to make, such as payments required under a Home Affordable Foreclosure Alternatives (HAFA) Short Sale Agreement or Freddie Mac Standard Short Sale, Servicers must accept and treat funds submitted by the HFA in the same manner as if the Borrower submitted a payment to be applied towards the Mortgage.

For non-Escrowed Mortgages, the Borrower will continue to be responsible for payment of all Escrow-related expenses. The Servicer must process the Mortgage in accordance with the requirements of the Guide if the Servicer discovers non-payment of any charge otherwise payable by Escrow such as real estate taxes and property insurance.

7. Servicer notifications to HFA

For Borrowers evaluated for, or receiving assistance, the Servicer must notify the HFA of any:

- Changes or adjustments to the Borrower's monthly payment amount in accordance with a time frame that is agreed upon in writing between the HFA

and the Servicer, as applicable, if the Borrower is receiving assistance under an unemployment mortgage assistance or other mortgage assistance program

- Scheduled foreclosure sale that cannot be halted

8. Document retention

Servicers must retain all documents, communications and information pertaining to the Borrower's mortgage assistance under an HFA program in the Mortgage file. In addition, Servicers must comply with the documentation retention requirements set forth in Chapter 52.

9. Collection and Solicitation Activities

If a Servicer receives notification from an HFA that a Borrower is conditionally approved for a mortgage assistance program, a Servicer is *not* required to continue collection calls and solicitation activity as outlined in Chapter 64, unless the Servicer receives notice that the Borrower did not qualify for assistance from the HFA.

10. Foreclosure actions

Upon notification that a Borrower is conditionally approved under a mortgage assistance program, a Servicer must not refer the Borrower's Mortgage to foreclosure or conduct a scheduled foreclosure sale for 45 days or longer as required by applicable law, unless the HFA notifies the Servicer that the Borrower has been determined to be ineligible for mortgage assistance. In addition, a Servicer must not refer the Mortgage to foreclosure or conduct a scheduled foreclosure sale during the period of mortgage assistance unless the full Mortgage payment, or other payment as required by the applicable program, is not received from the HFA in a timely manner.

Servicers are reminded that to the extent that they suspend foreclosure proceedings, they must ensure that they take all appropriate action necessary to preserve the right to re-commence foreclosure proceedings from the point of suspension should the Borrower fail to qualify for HFA mortgage assistance or should the applicable payment(s) not be received from an HFA when it is due (e.g., for unemployment mortgage assistance programs, the payment should be received in the month in which it is due during the term of HFA mortgage assistance). Servicers are further reminded that when communicating a postponement request for a pending foreclosure sale to foreclosure counsel, the Servicer must identify the reason for the postponement (i.e., HFA mortgage assistance).

Servicers are permitted to suspend foreclosure actions (referral and sale) for a period exceeding 45 days, as necessary, to facilitate the processing of mortgage

assistance and receipt of funds, provided that the Servicer follows up with the HFA on a regular basis to determine (i) whether the Borrower is still eligible for mortgage assistance and (ii) when such funds will be received. Further, if the initial 45 day postponement must be extended, Servicers must continue to communicate with foreclosure counsel on a regular basis regarding the status of HFA assistance.

Servicers are reminded that in the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines without consideration given to the Servicer's postponement of the foreclosure sale (refer to Exhibit 83).

Servicers are not required to accept mortgage assistance payments if a notice of trustee/sheriff sale has been recorded, and the trustee/sheriff sale is scheduled less than seven days from the date the Servicer is notified of Borrower approval by the HFA.

Servicers must notify the HFA if a scheduled foreclosure sale cannot be halted because a court with jurisdiction over the foreclosure proceeding (if any) or public official fails or refuses to halt the sale.

(b) Specific program requirements

1. Unemployment Mortgage Assistance Program

HFA unemployment mortgage assistance programs extend Mortgage payment relief to eligible Borrowers by funding all or part of a Borrower's Mortgage payment. The HFA will determine Borrower eligibility criteria for financial assistance, monitor the Borrower for continued eligibility during the period of mortgage assistance, and:

- Establish the amount of Borrower contribution to the Mortgage payment (if any) and the period of assistance
- Document the terms of the agreement for mortgage assistance
- Collect Borrower payments, if required, for subsequent submission to the Servicer
- Remit a full contractual payment to the Servicer on behalf of the Borrower each month during the period of assistance

(i) Borrowers receiving HFA assistance

With the exception of a short sale or Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") under Chapter B65 or

Chapter D65, a Borrower receiving unemployment mortgage assistance from the HFA may not simultaneously receive a relief or workout option. If the Borrower is in a Trial Period Plan under any modification program, including the Home Affordable Modification Program (HAMP®), when approved for unemployment mortgage assistance, the Servicer must notify the Borrower in writing that participation in the HFA's unemployment mortgage assistance program will cancel participation in his or her existing Trial Period Plan upon receipt of the first payment from the HFA. Once a Servicer receives funds from the HFA on behalf of the Borrower, the Servicer must cancel any existing relief or workout arrangement with the Borrower, unless the relief or workout arrangement is a short sale or deed-in-lieu of foreclosure or the Borrower has a permanent modification under Chapter B65 or Chapter C65.

For example, if the Servicer receives funds from the HFA for a Borrower who has not executed a Home Affordable Modification Agreement and is in a HAMP Trial Period, then the Servicer must cancel the HAMP Trial Period Plan with the HAMP Program Administrator.

(ii) Transition from HFA assistance to other alternatives to foreclosure

Within 30 days following notification that the Borrower has been re-employed or upon notification of expiration of the period of assistance, whichever is earlier, Servicers must re-evaluate the Borrower for a reinstatement or relief option as provided in Chapter A65 or a workout option in accordance with the evaluation hierarchy provided in Section 64.6(a).

In addition to the one exception provided in Section C65.4 with respect to a Borrower's eligibility for only one Trial Period Plan, Servicers may consider a Borrower to be eligible for another HAMP Trial Period Plan, if the Borrower was performing in accordance with the terms of the previous Trial Period Plan (i.e., making timely Trial Period payments) prior to entering into a mortgage assistance agreement with the HFA.

If the Borrower is eligible for another HAMP Trial Period Plan once HFA assistance ends, he or she must be evaluated for a new Trial Period Plan based upon the Borrower's status (including income) at the time of the new evaluation. The Borrower must not resume/restart the previously canceled HAMP Trial Period Plan. In addition, pay for performance and pay for success incentives will be based on the new HAMP Trial Period Plan Effective Date, and the Borrower shall not receive credit for payments made under the canceled HAMP Trial Period Plan.

The Borrower may not be denied the protections of Section C65.7.1 or Section B65.19(b), if cancellation of the previous Trial Period Plan was solely due to HFA assistance.

(iii) Cancellation of agreement

If the Servicer does not receive a full contractual payment from the HFA in the month that it is due, the Servicer must consider the mortgage assistance with the HFA to be canceled and resume normal Servicing activity (including resumption of collection activities as applicable) in accordance with the requirements of the Guide and other Purchase Documents. The Servicer must use good business judgment to determine whether mitigating circumstances caused the payment to be late (such as a clerical error of the HFA). Exceptions must be documented and retained in the Mortgage file.

(iv) Reporting requirements

Reporting to Freddie Mac

Servicers must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month in which they received notification that the Borrower entered into an agreement with an HFA for mortgage assistance.

Servicers must report default action code 09 ("Forbearance Plan") and default reason code 016 ("Unemployment") and provide the date of such notification. Servicers must continue to report each month that the Borrower is receiving mortgage assistance from the HFA until the period of assistance ends.

Reporting the cancellation of a HAMP or Standard Modification Trial Period Plan

For Borrowers who are in a HAMP or Standard Modification Trial Period Plan and who have been approved for unemployment mortgage assistance, the Servicer must:

- Cancel the HAMP Trial Period Plan with the HAMP Program Administrator or cancel the Standard Modification Trial Period Plan, as applicable, in the month in which the mortgage assistance agreement becomes effective; and

- Save the Mortgage in Workout Prospector® to the applicable "Borrower Declined Terms/Ineligible" status

Note: If a Servicer determines that a Borrower is eligible for another HAMP Trial Period Plan once the period of mortgage assistance ends, the Servicer must report the new Trial Period Plan in the HAMP Reporting Tool.

2. Mortgage Reinstatement Program

To assist eligible Borrowers with reinstating their Mortgage, the HFA will deliver a one-time lump sum payment through Automated Clearing House (ACH) credit or other method acceptable to the Servicer. The Servicer may not require reinstatement to occur before any relief or workout option in the Guide, but the HFA may agree to do so if it is deemed appropriate for the Borrower.

- **Borrowers receiving HFA assistance**

  Once a Mortgage is reinstated, Servicers must evaluate each Borrower's individual circumstances to determine if additional assistance in the form of a relief or workout option is appropriate. However, Servicers must not cancel a Borrower's HAMP or Standard Modification Trial Period Plan as a result of reinstatement provided under an HFA mortgage reinstatement program.

- **Reporting requirements**

  Servicers must report the reinstatement to Freddie Mac in accordance with the requirements of Section A65.10 and Section 64.10.

3. Modification Assistance Program

To assist eligible Borrowers with qualifying for a modification, certain HFAs provide funds to Servicers through their modification assistance programs. Funds may be applied to assist such Borrowers to meet housing expense-to-income ratio parameters or loan-to-value (LTV) ratio requirements, or to ensure a more positive net present value (NPV) result.

For Freddie Mac-owned or guaranteed Mortgages, Servicers must participate in modification assistance programs offered by an HFA, provided that:

- The modification assistance program does not require the Servicer or Freddie Mac to make a financial contribution or match any assistance provided by the HFA

- Program participation and parameters for receiving assistance do not conflict with Freddie Mac's modification requirements under the Guide and the Servicer's other Purchase Documents, as applicable

- Receipt of funds does not impair the First Lien priority of the Mortgage

- Funds are remitted to the Servicer from the HFA in a one-time lump sum payment

(i) Modification assistance programs limited to re-amortization of the Mortgage balance

If the HFA approves the Borrower for modification assistance funds to curtail principal and there is a re-amortization of the Mortgage balance, the Servicer must apply funds in accordance with the following requirements.

- If the Mortgage is current at the time HFA funds are received, Servicers must comply with the requirements in Section 59.2 on applying partial prepayments of principal and recalculating the monthly Mortgage payments.
- If the Mortgage is delinquent at the time HFA funds are received, the Servicer must apply HFA funds first toward outstanding arrearages and any other past due amounts advanced, including expenses, to bring the Mortgage current, and any remaining funds must be applied to curtail principal as set forth in Section 59.2. The Servicer must recalculate the Borrower's monthly Mortgage payment based on the new Mortgage balance and otherwise comply with all other requirements in Section 59.2.
- If the Mortgage has partial principal forbearance at the time of receipt of HFA funds, HFA funds must first be applied to outstanding arrearages and any other past due amounts advanced, including expenses, and any remaining funds must be applied in accordance with HFA instructions. If funds will be applied to the interest-bearing balance, Servicers must work with the HFA to ensure that such funds do not pay off the interest-bearing balance, thereby causing the deferred principal balance to become due. The Mortgage payment may be recalculated only to the extent that there are sufficient funds to apply to the interest-bearing balance.

For all partial prepayments of principal where the Mortgage balance is re-amortized, the Servicer must not adjust the interest rate nor extend the maturity date. Further, if there was a prior modification, all other terms and conditions of such prior modification also remain unchanged. In addition, the Servicer must prepare and require execution of a modification agreement reflecting the recalculated monthly Mortgage payment as required in Section 59.2.

A partial prepayment of principal where the monthly Mortgage payment is recalculated based on the new Mortgage balance will not be considered as a "previously modified Mortgage" for purposes of qualifying for a Standard Modification in the future.

(ii) Modification assistance programs - modification of terms option

If the HFA approves the Borrower for modification assistance that includes funds to be applied to curtail principal in conjunction with a modification, the

Servicer must apply such funds after the Borrower successfully completes the Trial Period and prior to the first payment due date of the modified Mortgage. The Servicer must first apply HFA funds to outstanding arrearages and any other past due amounts advanced, including expenses, and then apply any remaining funds to the principal balance. The Servicer must use the Mortgage balance that remains after application of HFA funds to calculate the final modification terms. If the Borrower does not receive HFA funds prior to the first modified payment due date, the Servicer must determine whether the modification can still be completed in accordance with the Guide.

4. Transition Assistance Program

If a Borrower can no longer afford to retain his or her home, certain HFAs provide funds through transition assistance programs to assist Borrowers with expenses related to transition to a new home and/or to facilitate completion of a short sale or deed-in-lieu of foreclosure transaction.

For Freddie Mac-owned or guaranteed Mortgages, Servicers must participate in transition assistance programs offered by HFAs in connection with the HHF provided that HFA program parameters do not conflict with Freddie Mac's short sale and deed-in-lieu of foreclosure requirements or any other requirements under the Guide and the Servicer's other Purchase Documents, as applicable.

If HFA funds would be applied to subordinate lien balances, such funds must be applied prior to application of amounts Freddie Mac would permit to be paid on subordinate lien balances pursuant to the Guide and the Servicer's other Purchase Documents, as applicable. Further, the HFA may provide payments to subordinate lien holders that equal or exceed the maximum amount Freddie Mac will permit to be paid to subordinate lien holders; however, in such cases, the Servicer must not apply any Freddie Mac funds to subordinate lien balances. If total HFA funds to be applied to subordinate lien balances are less than the maximum amount Freddie Mac would permit to be paid to a subordinate lien holder, the Servicer may apply Freddie Mac funds toward the difference up to the maximum amount permitted to be paid to a subordinate lien holder as set forth in the Guide and other Purchase Documents, as applicable.

A Borrower who receives HFA transition funds to assist with relocation expenses (e.g., moving costs, deposits, etc.) may also receive any similar payment permitted by Freddie Mac under the Guide and the Servicer's other Purchase Documents, as applicable.

Refer to Section B65.37.1 for specific instructions on applying relocation incentives and transition funds.

Chapter 65: Loss Mitigation

65.1: Introduction (10/01/11)

Through a Servicer's collection efforts, the Servicer will have learned about a Borrower's attitude and intention toward his or her delinquent Mortgage obligation. When it becomes evident to the Servicer that its collection efforts have not resulted in the Borrower curing the Delinquency, the next course of action is to begin loss mitigation activities.

A Servicer's 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 Freddie Mac's State foreclosure time lines

This chapter provides Servicers with Freddie Mac's expectations, guidelines and general requirements for Servicers when engaging in loss mitigation activities.

In pursuing loss mitigation, Servicers must consider Borrowers for the appropriate relief or workout option in accordance with the hierarchy and requirements of Section 64.6.

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 (10/01/11)

This chapter is divided into the following topics:

Topic	Section(s)
Loss mitigation philosophy	65.4
Managing loss mitigation activities	65.5-65.8
Alternatives to foreclosure	65.9-65.14
Delinquency, verifying a Borrower's hardship and income	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 (10/01/11)

Freddie Mac's interest in a Mortgage, the Borrower and the home securing the Mortgage begins when Freddie Mac purchases the Mortgage. The Borrower's ownership of the home is jeopardized when he or she stops making monthly payments. Freddie Mac is committed to helping Borrowers find a solution to the Delinquency if they are experiencing financial difficulty in making the Mortgage payment.

Freddie Mac recognizes that not every Borrower who is experiencing financial difficulty can retain home ownership. When this is the case, the Servicer can help a Borrower understand the benefits of selling the property to avoid the consequences of foreclosure, where applicable, and the risk of a deficiency judgment.

Freddie Mac wants the Servicer to pursue alternatives to foreclosure whenever possible, because they benefit not only the Borrower, but also the Servicer, Freddie Mac and other interested parties in the Mortgage by:

1. Eliminating the staff time and expense the Servicer incurs to service a delinquent Mortgage or a Mortgage in foreclosure
2. Reinstating the servicing fee income the Servicer earns if a Mortgage Delinquency is cured, or reinstating part or all of the servicing fee income if a Mortgage is modified
3. Improving the Servicer's relationship with the Borrower
4. Minimizing Freddie Mac's credit losses

5. Reducing an MI or guarantor's claim payment, when applicable

Even after the Servicer has initiated foreclosure, it should still pursue alternatives to foreclosure to mitigate potential credit losses, whenever possible.

65.5: Overview (10/01/11)

Freddie Mac's expectations and requirements for how Servicers manage loss mitigation activities are detailed in Sections 65.6 and 65.7. Performance standards for a Servicer's management of loss mitigation activities are provided in Section 65.8.

65.6: Servicer's responsibilities (09/01/13)

The Servicer's 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 Freddie Mac's potential loss if Freddie Mac were to acquire the property as a Real Estate Owned (REO)
4. Pursuing alternatives to foreclosure in accordance with the hierarchy set forth in Section 64.6 when the Servicer determines the Borrower cannot reinstate
5. Continuing to pursue alternatives to foreclosure even after the Servicer has initiated foreclosure in accordance with Section 64.5(b)
6. Managing the foreclosure process to ensure that expenses and accruing interest are minimized and obtaining clear and marketable title as soon as legally possible

In conducting loss mitigation activities the Servicer must comply with:

1. The specific requirements in this chapter and Chapters 64, Delinquencies, A65, Reinstatements and Relief Options, B65, Workout Options, C65, Home Affordable Modification Program, 66, Foreclosure, and 67, Adverse Matters
2. All FHA, RHS, VA or MI requirements, if applicable

65.7: Operations (06/30/11)

Loss mitigation activities must be an integral part of the Servicer's Servicing operations.

Loss mitigation operations

Freddie Mac expects the Servicer's collection and loss mitigation staffs to coordinate their efforts.

The Servicer must ensure that it has:

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 the Borrower explore alternatives to foreclosure
   b. Provide counseling to a Borrower early in the Delinquency to explain potential options, and the consequences of foreclosure
   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 eligible workout candidates

65.8: Performance standards (08/01/13)

Freddie Mac will measure performance in the following areas of default management based on various weighted criteria. Refer to the Servicer Success Scorecard for the specific criteria for each of these areas:

1. Borrower outreach and collection management
2. Loss mitigation
3. Default time line management
4. Data integrity

The Servicer's performance in the areas described above will comprise its overall Servicer Success Scorecard assessment in the default management category of the Servicer Success Scorecard.

In addition to the performance standards prescribed below, a Servicer must also refer to its Servicer Success Scorecard for specific criteria for each of the categories above.

Call center performance standards

The following terms are described for purposes of this section:

- **Blockage Rate:** Number of calls blocked, whether intentional or unintentional, as a percentage of inbound calls directed to a Servicer's call center. Example: A Borrower attempting to call the Servicer receives a busy signal as a result of a Servicer's inbound call center's failure to receive such call.

- **Abandon Rate:** Percentage of calls made by the Servicer to Borrowers or by a Borrower to a Servicer that are not intercepted by the Servicer (i.e., a live operator) before the Borrower disconnects.

  Servicers that maintain a call center must meet the following minimum call center and other contact performance standards as measured in monthly increments:
  - Average speed to answer a telephone call of 60 seconds or less
  - 5% or less telephone call Abandon Rate
  - 1% or less telephone call Blockage Rate
  - Average time for a live operator to respond to e-mails of 48 hours or less after receipt (automated responses not included)
  - Live operator chat response times of 5 minutes or less between chats

  Servicers that maintain a call center must maintain data related to the performance standards described above, and must make such data available to Freddie Mac upon request.

Quality right party contact performance standard

In its efforts to contact Borrowers, a Servicer must strive to achieve a quality right party contact benchmark of at least 60% on its 120-day delinquent Freddie Mac portfolio. Borrowers in bankruptcy are excluded from the quality right party contact performance standard. A Servicer's obligation for establishing contact with a delinquent Borrower and scope of a quality right party contact is set forth in Section 64.4.

Each time the Servicer achieves quality right party contact with a delinquent Borrower, the Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission in accordance with the following requirements:

- First quality right party contact: Servicers must report default action code AW and the date of the first quality right party contact established with the Borrower within the first three Business Days of the month following the month that the first quality right party contact was established with the Borrower. Default action code AW is reported one time.

- Subsequent quality right party contact: Servicers must report default action code AX if any subsequent quality right party contact was made with the Borrower after the initial contact was established within the first three Business Days of the month following the month that the subsequent contact occurred. Default action code AX may be reported in the same month as default action code AW if a Servicer establishes a subsequent quality right party contact with the Borrower in the same month that initial contact was achieved.

  A Servicer must continue to report default action code AX as often as it applies (that is, as often as the Servicer continues to establish quality right party contact with a Borrower when working with the Borrower to resolve a Delinquency) with the date of the last quality right party contact for each month in which the action applies.

For additional information about EDR, refer to Section 64.10 and Exhibit 82, Electronic Default Reporting Transmission Code List.

Alternative to foreclosure pull-through rate

Servicers will be measured on their ability to successfully transition newly 60-day delinquent Borrowers into an alternative to foreclosure in a given quarter.

At a minimum, Servicers must achieve at least a 60% alternative to foreclosure pull-through rate. The alternative to foreclosure pull-through rate is measured as follows:

Alternatives to foreclosure in the current quarter divided by the prior quarter's new 60-day delinquent Borrower inflows

Reinstatements, forbearance plans, repayment plans, trial period plans, Payoffs, modifications, short sales and deeds-in-lieu of foreclosure are included in this performance standard. Mortgages in Bankruptcy are excluded from this measurement.

65.9: Overview of alternatives to foreclosure (02/15/13)

Alternatives to foreclosure are reinstatements, and relief and workout options that, when used, result in a resolution of a Mortgage Delinquency without foreclosing on the 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 Freddie Mac 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, Chapter B65 for non-HAMP workout options, and C65 for Home Affordable Modification Program (HAMP) requirements.

Freddie Mac also has 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 (06/30/11)

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.

Freddie Mac has two types of reinstatements:

1. Full reinstatement
2. Partial reinstatement

Refer to Chapter A65, Reinstatements and Relief Options, for additional information on reinstatements.

65.11: Relief options (06/30/11)

A relief option provides temporary relief to a Borrower and allows the Borrower to cure the Delinquency over a defined period of time. Freddie Mac's relief options are:

1. Repayment plan
2. Short-term forbearance
3. Long-term forbearance

Refer to Chapter A65 for additional information on relief options.

65.12: Workout options where the Borrower retains the property (06/30/11)

A loan modification is a workout option that will enable the Borrower to retain homeownership.

Refer to Chapters B65 and C65 for additional information.

65.13: Workout options for a Borrower unable to retain the property (09/01/13)

Freddie Mac's workout options for situations where it is not economically feasible for the Borrower to retain the property are:

1. Short sale
2. Deed-in-lieu of foreclosure
3. Workout Mortgage assumption

Refer to Chapter B65, Workout Options, for additional information.

65.14: Charge-off (10/31/12)

A charge-off ceases collection efforts on a Mortgage. See Section B65.50 for situations when Freddie Mac requires Servicers to make a recommendation for a charge-off.

65.15: Overview (09/01/13)

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. The Borrower must document an eligible hardship to be eligible for certain workout and relief options.

Refer to Section 65.17 for information on verifying a Borrower's hardship. In addition, refer to:

- Chapter A65 for additional requirements related to relief options
- Chapter B65 for additional requirements related to non-Home Affordable Modification Program (HAMP) workout options
- Chapter C65 for additional requirements for HAMP

65.16: Delinquency, default and imminent danger of default (01/01/12)

Throughout this chapter and Chapters A65, B65 and 66, Freddie Mac will use the term Delinquency, which is defined in the Glossary, rather than the term default. Many of the specific requirements for workout options are tied to the severity of the Delinquency.

Except as set forth in Sections B65.15 and C65.5.2, 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: Verifying a Borrower's hardship (07/01/13)

(a) Eligible hardships

A Borrower must have one or more of the eligible hardships identified below in order to be eligible for certain workout options (including a modification under the Home Affordable Modification Program) or certain relief options.

The Borrower must document the financial hardship by:

- Signing and submitting to the Servicer a completed Form 710, Uniform Borrower Assistance Form; and
- Providing to the Servicer the applicable hardship documentation described below.

Hardship	Required Hardship Documentation
Unemployment	■ No hardship documentation required
Reduction in income: a hardship that has caused a decrease in the Borrower's income due to circumstances outside the Borrower's control (e.g., elimination of overtime, reduction in regular working hours, or a reduction in base pay)	■ No hardship documentation required
Increase in housing expenses: a hardship that has caused an increase in the Borrower's housing expense due to circumstances outside the Borrower's control	■ No hardship documentation required
Divorce or legal separation; separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law	■ Divorce decree signed by the court; OR ■ Separation agreement signed by the court; OR ■ Current credit report evidencing divorce, separation, or the non-occupying Borrower has a different address; OR ■ Recorded quit claim deed evidencing that the non-occupying Borrower or co-Borrower has relinquished all rights to the property

Death of a Borrower or death of either the primary or secondary wage earner in the household	■ Death certificate; OR ■ Obituary or newspaper article reporting the death
Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member	■ Proof of monthly insurance benefits or government assistance (if applicable); OR ■ Written statement or other documentation verifying disability or illness; OR ■ Doctor's certificate of illness or disability; OR ■ Medical bills None of the above shall require providing detailed medical information.
Disaster (natural or man-made) adversely impacting the property or Borrower's place of employment	■ Insurance claim; OR ■ Federal Emergency Management Agency grant or Small Business Administration loan; OR ■ Borrower or employer property located in a federally declared disaster area
Distant employment transfer/ Relocation (transfer or relocation must be greater than 50 miles one-way from Borrower's current Primary Residence)	**For active-duty service members:** Notice of Permanent Change of Station (PCS) or actual PCS orders **For employment transfers/relocation for new employment:** ■ Copy of signed offer letter or notice from employer showing transfer to a new location; OR ■ Paystub from new employer; OR ■ If none of these apply, a written explanation In addition to the above, the Borrower must provide documentation that reflects the amount of any relocation assistance provided. Borrowers with PCS orders are not required to provide additional documentation to support relocation assistance.
Business Failure	■ Tax return from the previous year (including all schedules); AND ■ Proof of business failure supported by one of the following: ❑ Bankruptcy filing for the business; OR ❑ Two months recent bank statements for the business account evidencing cessation of business activity; OR ❑ Most recent signed and dated quarterly or year-to-date profit and loss statement

Other: a hardship that is not specified above	■ Written explanation describing the details of the hardship and relevant documentation

(b) Situations not considered to be an eligible hardship

Any other events or circumstances other than those described above in Section 65.17(a) are not considered eligible hardships for purposes of eligibility for a workout option or certain relief options under the Guide. For example, the following are not considered eligible hardships:

1. Depreciation in the value of the Mortgaged Premises
2. Temporary income interruption, but the Borrower has assets (liquid or that can be liquidated) available to pay the Mortgage
3. Interest rate adjustment on an ARM or re-amortization of an interest only Mortgage upon expiration of the interest only period

65.18: Borrower income documentation (07/01/13)

(a) Verification of income

A Servicer must verify the income for all Borrowers on the Note when evaluating a Borrower for certain workout or relief options. The Borrower's income must be supported by documentation that is not more than 90 days old as of the date the Servicer first determines that the Borrower submitted a complete Borrower Response Package. (Refer to Section 64.6 for information on the Borrower Response Package.)

(b) Required income documentation

The Borrower must document all sources of income by providing the following income documentation as part of the Borrower Response Package:

Income Source	Required Documentation
All income	In addition to the income documentation listed below, all Borrowers must provide a completed and signed IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript. Servicers must obtain IRS Form 4506-T, Request for Transcript of Tax Return, in lieu of Form 4506T-EZ if the Borrower (i) is self-employed, and/or (ii) files federal income tax returns based on a fiscal year (i.e., a tax year beginning in one calendar year and ending in the following year) and/or (iii) receives rental income.

Income Source	Required Documentation
	The Servicer must submit Form 4506T-EZ or Form 4506-T to the IRS to obtain a copy of the Borrower's tax transcript in the following instances: ■ To reconcile inconsistencies between other information the Borrower provided (e.g., information the Borrower provided in Form 710, Uniform Borrower Assistance Form) and the income documentation ■ The Borrower has income that is required to be documented by the Borrower's most recent federal income tax return but the Borrower has not provided his or her signed federal income tax return, complete with all schedules and forms (i.e., Borrowers who are self-employed, earn rental income, or file returns on a fiscal year) ■ As otherwise required by Freddie Mac IRS Forms 4506T-EZ and 4506-T are available at **http://www.irs.gov**. Servicers are encouraged to use the IRS Income Verification Express Service (IVES), which uses secure e-mail to deliver tax return transcripts to Servicers.
Employment income (Salaried or hourly wage earner)	Pay stub(s) that reflect(s) the most recent 30 days' earnings and documentation reflecting year-to-date earnings if not reported on the paystub(s) (e.g., signed letter or printout from the employer).
Self-employment income	A complete signed individual federal income tax return, and, as applicable, the business tax return (e.g., IRS Forms 1120, 1120S and 1065); and either: ■ The most recent signed and dated quarterly or year-to-date profit and loss statement that reflects activity for the most recent three months; or ■ Copies of bank statements for the business account for the last two months to document continuation of business activity. 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

Income Source	Required Documentation
	applicable).
Other earned income (such as bonus, commission, housing allowance, tips, overtime)	Reliable third party documentation describing the amount and nature of the income (e.g., an employment contract or printouts documenting tip income). 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.
Rental income	Borrower's complete and signed individual tax return that includes 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 demonstrating receipt of rent ■ If the Borrower is using income from the rental of a portion of the Borrower's Primary Residence (i.e., rental income from a boarder) or rental income from a 2- to 4-unit property that also serves as 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 should be 75% of the monthly gross rental income, reduced by the monthly debt service on the property, if applicable. Note: 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 the Borrower's tax return or tax transcript).
Alimony, separate maintenance and child support income	■ Copy 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, separate maintenance or child support and states the amount of the award and the period of time over which the payments will be received; and

Income Source	Required Documentation
	■ Copies of the two most recent bank statements or other third-party documents showing receipt of payments Alimony, child support or separate maintenance income need not be revealed if the Borrower does not choose to have it considered for repaying the Mortgage.
Social Security, disability or death benefits, pension, public assistance, or adoption assistance	■ Documentation showing the amount and frequency of the benefits such as letters, exhibits, a disability policy or benefits statement from the provider; and ■ Documentation showing the receipt of payment, such as copies of the two most recent bank statements showing deposit amount. Note: 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.
Unemployment benefits	Not an acceptable source of income.
Non-Borrower income	Servicers should include non-Borrower household income in the monthly gross income if: ■ It is voluntarily provided by the Borrower; ■ The non-Borrower is a relative, spouse, domestic partner or fiancé/fiancée ■ The Servicer verifies that the non-Borrower occupies the subject property as a Primary Residence based on a review of a credit report or other documentation (e.g., utility bills, pay stubs, benefits statements); 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.

Passive/Non-wage income	Unless specified otherwise, the Servicer must document all income, including passive/non-wage income. In cases where the Borrower has investment income, the Servicer must obtain the two most recent investment/bank statements supporting receipt of this income.

(c) 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.

The Servicer may gross up all non-taxable income received by the Borrower only if the Borrower is able to provide documentation verifying that the income is not taxable. The Servicer must maintain such documentation in the Mortgage file. To gross up non-taxable income, the Servicer must multiply the amount of the non-taxable income by 1.25; if the actual amount of federal or State taxes that would be paid is more than 25% of the Borrower's nontaxable income, the Servicer may use the actual percentage.

(d) 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 Form 710, and IRS Form 4506T-EZ or IRS Form 4506, 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 more than 90 days old as of the date that such schedules are received by the Servicer, the Borrower must provide updated evidence of income in accordance with Section 65.18(b).

65.19: Reconciling inconsistencies, fraud and document authenticity (06/13/12)

(a) Reconciling income and/or hardship information inconsistencies

If, based on the Servicer's good business judgment, the Borrower's income and/or the hardship information disclosed by the Borrower is inconsistent with the income and/or hardship documentation provided by the Borrower, the Servicer must attempt to reconcile such inconsistencies. The Servicer must also document such material differences in its servicing system.

(b) Fraud detection

The Servicer must not offer the Borrower a relief or workout option if there is reasonable evidence indicating the Borrower submitted false or misleading information or otherwise engaged in fraud in connection with the request for payment relief. A Servicer 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. Refer to Sections 7.3 or 57.3 for reporting requirements related to the discovery of fraud or possible fraud on a Mortgage.

(c) Document authenticity

A Servicer 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 the requirements of this Guide. A Servicer 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.

65.20: Risk of Property Ownership (06/30/11)

Risk of Property Ownership exists when there is a risk of liability to Freddie Mac if Freddie Mac becomes 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.

The Servicer must review the property inspection reports that the Servicer receives 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 (06/30/11)

The Borrower must make a commitment to reduce any discretionary, unnecessary expenditures as a condition of Freddie Mac 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 (10/01/11)

When a Mortgage Delinquency cannot be cured through 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. The Servicer 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 does not have the financial ability to enter into a repayment plan or sustain monthly Mortgage payments, then the Servicer must determine if the Borrower's hardship is temporary or long-term or permanent in nature. The Servicer must evaluate the Borrower for the appropriate relief or workout option based on the Borrower's individual circumstances and the hierarchy described in Section 64.6.

65.23: Analyze the reason for Delinquency (10/01/11)

In the course of performing collection activities the Servicer should have determined why the Borrower has not remitted its Mortgage payments. Additionally, the Servicer should have determined the Borrower's willingness to resolve the Delinquency problem and have counseled the Borrower about the consequences of the Delinquency.

If the Servicer has determined that the Borrower's reason for not paying the Mortgage payment is temporary, it may consider whether a partial reinstatement, a repayment plan or short-term forbearance may be a solution to cure the Delinquency. For the Servicer to consider such alternatives, the Borrower must have the ability to make payments and bring the Mortgage current within one year.

If the Borrower's financial situation and/or circumstances will not permit him or her to bring the Mortgage current within a year, the Servicer must analyze the Borrower's financial situation and determine the Borrower's desire to retain ownership of the home to determine the appropriate solution to the Delinquency. See Section 65.6 for the sequence in which a Borrower must be evaluated for loss mitigation solutions.

65.24: Collect and analyze the Borrower's financial information and circumstances (10/01/11)

This section has been deleted.

65.25: Using a valuation to determine the condition and/or value of the property (11/01/12)

Effective November 1, 2012, this section has been deleted.

65.26: Tenant-occupied properties built before 1978 (06/30/11)

Before considering a long-term forbearance or a workout option on a tenant-occupied property built before 1978, the Servicer must conduct a search of records at the local oversight authority that administers lead-based paint law and/or health code compliance (such as a State or local Department of Health or Department of Housing) to determine whether there are any outstanding lead-based paint or health code citations or violations against the property or property owner.

For properties in New York City (Brooklyn, Bronx, Manhattan, Queens and Staten Island) built before 1960, the Servicer must conduct a search with the Health Department to determine whether there are any outstanding health code violations against the property. In addition, the Servicer 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 the Servicer discovers any outstanding citations or violations, or is aware of any lead-based paint litigation against the property or property owner, it must submit Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)**, including**:**

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

After reviewing the documentation, Freddie Mac will provide the Servicer with instructions on the course of the action to take.

65.27: Analyze the Mortgage characteristics and terms (06/30/11)

The Servicer must review the Mortgage characteristics and terms to determine what effect they might have on determining a course of action to resolve the Delinquency.

The Servicer must 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 Freddie Mac's potential loss should Freddie Mac have to acquire the property, if the Delinquency cannot be cured or resolved.

The Servicer must also review the Mortgage product type and the current interest rate compared to current market interest rates to identify 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 (06/30/11)

After evaluating the Borrower's financial information and circumstances, the value and condition of the property, and the Mortgage characteristics and terms, the Servicer must begin to determine the best course of action to resolve the Delinquency. Based on the information provided by the Borrower, the Servicer must determine which of the various relief and workout options is appropriate.

If the Borrower's property has been damaged by a natural or man-made disaster, or the Borrower has an extraordinary circumstance, the Servicer should consider recommending a long-term forbearance. If the Borrower wants to keep the property and has a source of stable monthly income, the Servicer should consider whether to consider a repayment plan, reinstatement or short-term forbearance plan, or recommend a loan modification. If the Borrower cannot or does not want to retain ownership of the property, the Servicer should 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, the Servicer 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 (06/30/11)

To protect the value of a property securing a Mortgage, the Servicer must obtain a property inspection as detailed in Section 65.33.

65.30: What is a property inspection? (03/23/11)

Except when an interior inspection is required (see Section 65.33(c)), 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

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 (06/30/11)

(a) Form to use

A Servicer 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 the Servicer's proprietary 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

The Servicer must retain the inspection reports in the Mortgage file or other form of data storage for the same period of time that it retains the Mortgage file.

65.33: When to order a property inspection (11/01/13)

The Mortgaged Premises must be inspected in accordance with the requirements below to determine the physical condition and occupancy status.

The Servicer may use a third party to conduct property inspections.

(a) Inspection dates

The Servicer must order a property inspection no later than the 45th day of Delinquency and obtain the complete inspection report by the 60th day of Delinquency if it has not received a payment in the last 30 days or has not achieved quality right party contact in accordance with Section 64.4. The Servicer must continue to obtain a complete property inspection report every 30 days if the Mortgage remains 45 days or more delinquent until:

- The Servicer achieves quality right party contact and the Borrower and Servicer agree to a prospective resolution to the Delinquency. A prospective resolution to the Delinquency can be a verbal commitment from the Borrower to resolve the Delinquency via a reinstatement, relief or workout option; or
- The Servicer receives the Property Condition Certificate (PCC) from Freddie Mac once the property reverts to Real Estate Owned (REO) after the foreclosure sale

If the property is found to be vacant or tenant-occupied, property inspections must continue as long as the Mortgage remains 45 or more days delinquent regardless of the Servicer achieving quality right party contact or a prospective resolution to the Delinquency.

If the Servicer has approved a Borrower for a Freddie Mac Standard Deed-in-lieu of Foreclosure ("deed-in-lieu of foreclosure"), the Servicer must schedule an interior property inspection of the Mortgaged Premises in accordance with the requirements described in Section B65.45(3). The inspection must take place no more than 48 hours prior to execution of the deed and related deed-in-lieu of foreclosure documents.

A property inspection is not required for Mortgages in bankruptcy performing in accordance with the terms of a bankruptcy plan.

(b) Curbside inspections

Freddie Mac does not generally consider a curbside or "drive-by" property inspection to be a sufficient exterior property inspection. However, Freddie Mac will permit a curbside inspection to be performed in the following circumstances:

- Legal constraints due to compliance with federal, State or local law, including, but not limited to, an active bankruptcy by the Borrower; or

- Personal danger to the inspector.

(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 that warrants a physical condition rating of "poor" on Form 1013, 1-4 Unit Property Inspection Report, the Servicer must take action as required in Sections 67.27 and 67.28 including, but not limited to, ordering a monthly property inspection, even if the Mortgage payments are less than 45 days delinquent.

In addition, if the Mortgaged Premises have been confirmed as abandoned, the Servicer must obtain monthly interior inspections, in accordance with the terms of the Mortgage documents and applicable law.

(d) Property seizure

Refer to Sections 67.22, 67.23 and 67.24 for property inspection requirements related to property seizure.

65.34: Results of inspection (06/30/11)

Review the completed inspection report and determine if any further action is needed.

IF the property inspection indicated that the property is...	THEN the Servicer must...
Listed for sale	1. Obtain the name and telephone number of the listing broker and retain for future use 2. Enter in its monthly Electronic Default Reporting (EDR), the date that it 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: Reimbursement of property inspections (11/01/13)

For each property inspection completed in accordance with the requirements set forth in Section 65.33, Freddie Mac will reimburse the Servicer the lesser of:

- The actual cost of the property inspection
- The applicable expense limit stated in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts

Refer to Section 71.17 for details regarding the reimbursement of property inspections.

65.37: What is a BPO? (06/22/07)

This section has been deleted.

65.38: When to obtain a property value (06/01/13)

(a) Obtaining a property value to prepare foreclosure bidding instructions

The Servicer must obtain a property value directly from Freddie Mac through BPOdirect® to prepare bidding instructions in connection with a foreclosure sale.

If the Servicer has a Broker's Price Opinion (BPO) that is not more than 120 days old as of the foreclosure sale date, it does not need to order another BPO.

If State law requires that an appraisal report be used to set the bid, then the Servicer must obtain Freddie Mac's approval to order the appraisal report by submitting Form 105 to Freddie Mac **(see Directory 6)** at least 30 days before the scheduled foreclosure sale date. If a Servicer does not obtain Freddie Mac's prior approval, Freddie Mac will not reimburse the Servicer for the appraisal expense. The Servicer is responsible for ordering the appraisal from an appraiser of its choice in accordance with applicable law, and the appraisal must comply with the requirements of Chapter 44.

In States where the sheriff orders an appraisal to determine the opening bid at a foreclosure sale, the Servicer must still determine the maximum bid the Servicer is authorized to make on Freddie Mac's behalf.

Refer to Section 66.39 for additional information on obtaining a property value for foreclosure sale bidding. Also, see Sections 66.42 through 66.45 for instructions for bidding at a foreclosure sale.

(b) Obtaining a property value in connection with an alternative to foreclosure

Servicers must obtain a property value from Freddie Mac when considering a Borrower for a workout. The requirements for obtaining a property value differ based on the type of alternative to foreclosure for which the Borrower is being considered. Refer to Chapters B65 and C65 for the requirements for obtaining a property value for each specific foreclosure alternative.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

65.38: When to obtain a property value (Future effective date 03/17/14)

(a) Obtaining a property value to prepare foreclosure bidding instructions

If State law requires that an appraisal report be used to set the bid, then the Servicer must obtain the appraisal report in sufficient time to complete the foreclosure by the scheduled foreclosure sale date. The Servicer may obtain the appraisal report either directly from Freddie Mac through BPOdirect® or from an appraiser of its choice.

If a Servicer does not obtain the appraisal report directly from Freddie Mac then the Servicer must:

- Obtain Freddie Mac's prior written approval to order the appraisal report from an appraiser of its choice at least 30 days before the scheduled foreclosure sale date. Freddie Mac's approval can be obtained by submitting a request for pre-approval (RPA) via the Reimbursement System. If a Servicer does not obtain Freddie Mac's prior approval, Freddie Mac will not reimburse the Servicer for the appraisal expense.
- Ensure the appraisal is obtained in accordance with applicable law, and the appraisal must comply with the requirements of Chapter 44 and Section 66.40.

When State law does not require an appraisal report to be used to set the bid, the Servicer must comply with the credit bid requirements in Section 66.39 for First-Lien Mortgages not covered by mortgage insurance.

In States where the sheriff orders an appraisal to determine the opening bid at a foreclosure sale, the Servicer must still determine the maximum bid the Servicer is authorized to make on Freddie Mac's behalf. See Sections 66.42 through 66.45 for instructions for bidding at a foreclosure sale.

(b) Obtaining a property value in connection with an alternative to foreclosure

Servicers must obtain a property value from Freddie Mac when considering a Borrower for a workout. The requirements for obtaining a property value differ based on the type of alternative to foreclosure for which the Borrower is being considered. Refer to Chapters B65 and C65 for the requirements for obtaining a property value for each specific foreclosure alternative.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

65.39: Obtaining a property value (05/13/13)

(a) Obtaining a property value via BPOdirect®

When Freddie Mac requires that a property value be obtained through BPOdirect®, the Servicer must obtain the property value via the Internet from Freddie Mac's web site at: **https://www.bpodirect.com.** Each employee of a Servicer authorized to obtain valuations must have a separate password and ID to access BPOdirect. 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.

When a Servicer logs into BPOdirect, the web site may display an automated value if one is available. If Freddie Mac permits the use of an automated value to evaluate the Borrower for a specific relief or workout option, then the Servicer may use the automated value provided in BPOdirect. If an automated value is not available or permitted, or the MI requires a Broker's Price Opinion (BPO)/property valuation, the Servicer must submit a property valuation request to Freddie Mac. There is no cost associated with automated values. If Freddie Mac requires a BPO for the situation the Servicer is evaluating, then the Servicer must take the additional step of ordering a BPO from BPOdirect. Once the BPO valuation is complete, the BPO value will be available to the Servicer in BPOdirect.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

(b) Property values obtained via the Freddie Mac Service Loans application ("Service Loans application")

The Servicer must obtain a property value through the Service Loans application for a Borrower being considered for a Standard Short Sale. Refer to Section B65.38 for additional requirements on obtaining a property value for a Standard Short Sale and Chapter A50 for information about access to the Service Loans application.

Contact Freddie Mac with any questions about obtaining a property valuation **(see Directory 6)**.

65.39: Obtaining a property value (Future effective date 01/18/14)

Regardless of whether the Servicer, Freddie Mac or both are evaluating the Borrower for a workout or relief option, the Servicer must provide the Borrower such notices and valuations as are required by applicable law, including the Equal Credit Opportunity Act. This includes notices and valuations developed in connection with a workout or relief option that is considered to be an application for credit. The Servicer must give the Borrower the property valuation provided to the Servicer by Freddie Mac through BPOdirect® or other sources.

If Freddie Mac participated in evaluating a Borrower for a workout or relief option that gives rise to an obligation to provide the Borrower a valuation developed in connection with an application for a workout or relief option, then the Servicer must provide the valuation to the Borrower on behalf of Freddie Mac. In these cases, the communication from the Servicer to the Borrower transmitting the valuation must identify both the Servicer and Freddie Mac as providing the valuation.

(a) Obtaining a property value via BPOdirect

When Freddie Mac requires that a property value be obtained through BPOdirect, the Servicer must obtain the property value via the Internet from Freddie Mac's web site at: **https://www.bpodirect.com.** Each employee of a Servicer authorized to obtain valuations must have a separate password and ID to access BPOdirect. 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.

When a Servicer logs into BPOdirect, the web site may display an automated value if one is available. If Freddie Mac permits the use of an automated value to evaluate the Borrower for a specific relief or workout option, then the Servicer must use the automated value provided in BPOdirect. If an automated value is not available or

permitted, or the MI requires a Broker's Price Opinion (BPO)/property valuation, the Servicer must submit a property valuation request to Freddie Mac. There is no cost associated with automated values obtained through BPOdirect. If Freddie Mac requires a BPO for the situation the Servicer is evaluating, then the Servicer must take the additional step of ordering a BPO from BPOdirect. Once the BPO valuation is complete, the BPO value will be available to the Servicer in BPOdirect.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

(b) Property values obtained via the Freddie Mac Service Loans application ("Service Loans application")

The Servicer must obtain a property value through the Service Loans application for a Borrower being considered for a Standard Short Sale. Refer to Section B65.38 for additional requirements on obtaining a property value for a Standard Short Sale and Chapter A50 for information about access to the Service Loans application.

(c) Obtaining a Home Value Explorer® (HVE®) point value estimate

The Servicer may determine the value of the Mortgaged Premises by obtaining an HVE point value estimate through one of Freddie Mac's HVE distributors where permitted under the Guide. Refer to Sections B65.16 and C65.6 for additional requirements on obtaining an automated property value for a modification. For detailed information on HVE and Freddie Mac's distributors, visit http://www.freddiemac.com/hve/hve.html.

Contact Freddie Mac with any questions about obtaining a property valuation **(see Directory 6)**.

65.39.1: Checking the status of orders for property valuations (11/01/12)

A Servicer may determine the status of its Broker's Price Opinion (BPO) order by accessing Freddie Mac's web site at **https://www.bpodirect.com** and entering the Freddie Mac loan number. Contact Freddie Mac with any questions about a BPO order **(see Directory 6)**.

A Servicer may determine the status of the property valuation ordered in the Freddie Mac Service Loans application for the purposes of a Freddie Mac Standard Short Sale. (See also Section B65.38 for details on requesting a property value via the Freddie Mac Service Loans application.)

65.40: Valuation costs (08/21/12)

Freddie Mac does not charge a fee for automated valuations. For all others valuations, the cost of the valuation depends on whether an interior or exterior inspection is conducted. Servicers should consult the chart below for further details related to the cost of the property valuations:

Purpose of valuation order:	Inspection type:	Cost:
Short sale Deed-in-lieu of foreclosure Modification on a Mortgage secured by a Manufactured Home Modification on a Mortgage secured by a 2- to 4-unit property Workout Mortgage assumption Determine value for cancellation of Borrower-paid mortgage insurance	interior inspection with interior and exterior photographs	$145
Long-term forbearance Loan modification on a 1-unit property (not a Manufactured Home) Initiate foreclosure on a Second Mortgage/HIL Prepare bidding instructions for a foreclosure sale Determine value for a bankruptcy	exterior inspection with exterior photographs	$110

65.40.1: Remitting BPO Cost reimbursements to Freddie Mac (08/21/12)

(a) Broker's Price Opinions (BPOs) ordered for loss mitigation or foreclosure sale bidding

For BPOs ordered for loss mitigation or foreclosure sale bidding, the Servicer 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 if permitted by State law, the Servicer must collect the cost of any applicable BPOs from the Borrower if the Mortgage was fully reinstated, paid-off, modified pursuant to the modification requirements in Chapter B65 or assumed under Freddie Mac's workout Mortgage assumption option. If the Servicer was unable to collect the cost of the BPO from the Borrower, it must document in the Mortgage file the reason it was unable to collect the funds. Freddie Mac will review the reasons for noncollection when it audits the Servicer's 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, the Servicer may reinstate the Mortgage without collecting the BPO cost. The Servicer is not required to remit the BPO funds to Freddie Mac, but must document the reason for nonremittance in the Mortgage file.

The Servicer 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, the Servicer will be billed for the cost of the BPO on its Performing Loans monthly Servicer Billing Statement. This cost must be paid in accordance with the requirements for remitting payment of fees billed on the Servicer's billing statement. Refer to Section

78.10 for information on remitting fees billed on the Performing Loans monthly Servicer Billing Statement.

65.41: Overview (10/01/11)

This section has been deleted.

65.42: Compensation program (11/01/13)

Servicers are eligible to receive compensation for completing certain alternatives to foreclosure. These amounts are incentives and are not considered to be base servicing compensation. Freddie Mac may change these incentive payments at any time.

(a) For eligible settled workouts and successful repayment plans, the Servicer will be compensated as follows:

Workout/ Relief Type	**Incentive Amount**	**Comments**
Freddie Mac Standard Modification), Freddie Mac Streamlined Modification and Capitalization and Extension Modification for Disaster Relief	$1,600 Mortgages that were current or less than or equal to 120 days delinquent at the time of the Trial Period Plan Effective Date	Incentive amount is based on the Borrower's Delinquency at the time of the Trial Period Plan Effective Date. Payment of incentive is contingent upon the modification settlement occurring within two months of the Trial Period end date and compliance with all eligibility, underwriting, documentation, closing and reporting requirements in Chapter B65. Servicers will not receive an incentive if the Mortgage has been modified more than twice. Note: In the event the Servicer chooses to use an interim month following the Trial Period, the Trial Period end date is the last day of the month prior to that interim month; otherwise, the Trial Period end date is the last day of the month prior to the month in which the first modified payment is due.
	$1,200 Mortgages that were 121 to 210 days delinquent at the time of the Trial Period Plan Effective Date	
	$400 Mortgages that were greater than 210 days delinquent at the time of the Trial Period Plan Effective Date	

Freddie Mac Standard Short Sale and Make-Whole Preforeclosure Sales	$2,200	
Freddie Mac Standard Deed-in-Lieu of Foreclosure	$1,500	
Repayment Plans	$500	To qualify for the repayment plan incentive, the following conditions must be met: ■ The Mortgage was 60 or more days delinquent at the time the Borrower entered into the repayment plan ■ The Borrower completely reinstated or paid off the Mortgage ■ The Servicer reported the repayment plan to Freddie Mac via Electronic Default Reporting (EDR) as specified in Section A65.17.1

Refer to Section C65.9 for Servicer compensation related to workout activities completed under the Home Affordable Modification Program.

The Servicer is not eligible to receive compensation if:

- The Mortgage was sold to Freddie Mac 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 RHS
- The Mortgage is subject to indemnification

(b) Paying compensation

Servicers may elect to receive these funds via the Automated Clearing House (ACH) by following the steps outlined in Exhibit 98, Expense Reimbursement/Incentive Payment Authorization Agreement for ACH Credits.

Freddie Mac will track all workouts a Servicer settles on a monthly basis. Depending on the Servicer's preference, Freddie Mac will either send the Servicer a check or pay the Servicer via ACH. Freddie Mac will also send the loan detail for all of the eligible

workouts the Servicer settled and successful repayment plans that occurred during the period for which the Servicer is being compensated. Freddie Mac considers a workout settled when Freddie Mac has received and successfully processed the documentation and received the remittance and transmission(s) specified below.

Documentation/Transmission	**Loan Modification**	**Short Sale Payoff**	**Deed-in-Lieu of Foreclosure**
Form 1128, Loss Mitigation Transmittal Worksheet	Required		
Mortgage paid in full-prepaid (Note: Servicers should remit only the net proceeds due to Freddie Mac for a Short Sale Payoff)		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
Foreclosure sale/DIL to report the acquisition of the property and loan-level transaction to report Mortgage as a transfer to REO			Required

Freddie Mac will determine if a Servicer is entitled to compensation for a successful repayment plan of a Mortgage that was 60 or more days delinquent based on the information the Servicer transmits to Freddie Mac via EDR and the Servicer's monthly loan-level reporting as follows. The Servicer must have:

1. Informed Freddie Mac that the Borrower has entered into a repayment plan (default action code 12)
2. Notified Freddie Mac that the Mortgage is current or is paid in full

65.43: Fees and late charges (06/30/11)

The Servicer may not charge any additional fees to the Borrower other than those provided for in Freddie Mac's relief and workout options. The Servicer 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 (06/30/11)

The most desirable resolution to a Delinquency is reinstatement. Reinstatement is the act of restoring a delinquent Mortgage to current status. When the Servicer's collection efforts do not result in reinstatement of a delinquent Mortgage, the Servicer 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 the Servicer has a Borrower whose situation does not meet Freddie Mac's relief option eligibility requirements, but the Servicer feels a relief option is still the best possible solution to cure the Delinquency, the Servicer must submit a request to Freddie Mac **(see Directory 5)** for Freddie Mac's review. The Servicer must use Form 105, Multipurpose Loan Servicing Transmittal, and explain why a relief option is the best solution to the Delinquency.

In lieu of having the Servicer or Borrower prepare, sign and send, return or submit paper documents necessary to process a reinstatement or relief option, the Servicer and Borrower may provide loss mitigation information and documents electronically. See Section 50.3.1 for eligible documents and related requirements.

A65.1: Introduction (Future effective date 01/10/14)

The most desirable resolution to a Delinquency is reinstatement. Reinstatement is the act of restoring a delinquent Mortgage to current status. When the Servicer's collection efforts do not result in reinstatement of a delinquent Mortgage, the Servicer should consider offering the Borrower a relief option.

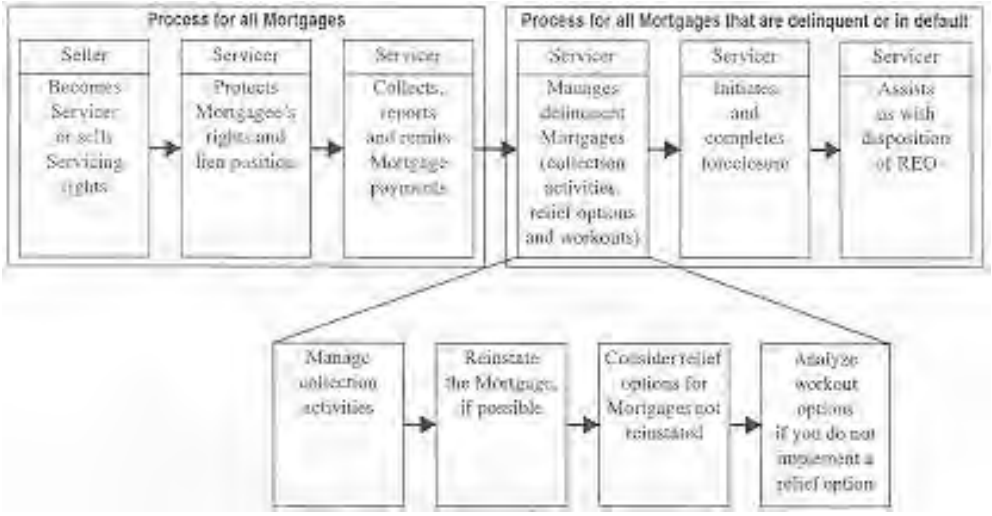
A relief option is an alternative to foreclosure that provides a Borrower with temporary relief or an opportunity to cure a Delinquency over a defined period of time.

If the Servicer has a Borrower whose situation does not meet Freddie Mac's relief option eligibility requirements, but the Servicer feels a relief option is still the best possible solution to cure the Delinquency, the Servicer must submit a request to Freddie Mac **(see Directory 5)** for Freddie Mac's review. The Servicer must use Form 105, Multipurpose Loan Servicing Transmittal, and explain why a relief option is the best solution to the Delinquency.

In lieu of having the Servicer or Borrower prepare, sign and send, return or submit paper documents necessary to process a reinstatement or relief option, the Servicer and Borrower may provide loss mitigation information and documents electronically. See Section 50.3.1 for eligible documents and related requirements.

A65.2: Reinstatement and relief options process (06/30/11)

The Servicer will find the requirements necessary for granting a reinstatement or a relief option to a Borrower in this chapter. The following process flow provides 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 (02/01/12)

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
Unemployment forbearance	A65.26-A65.28

A65.4: General requirements (06/30/11)

For all reinstatements and relief options, the Servicer must:

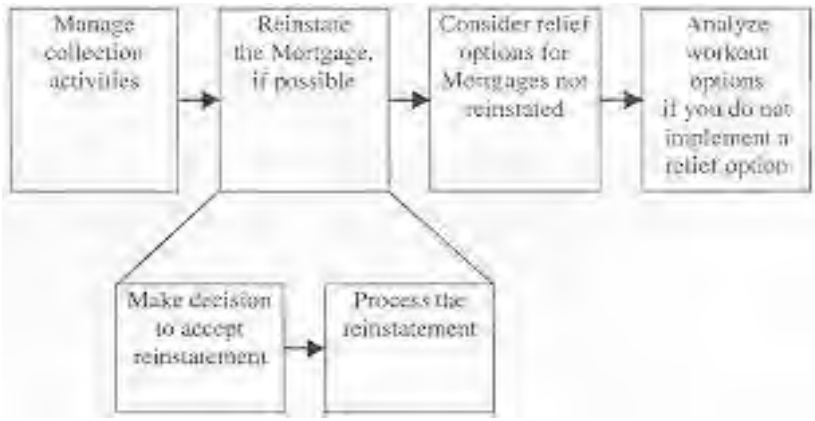
1. Comply with the requirements of the FHA, VA, Rural Housing Service (RHS) or mortgage insurer (MI) and obtain approval from the FHA, VA, RHS or MI, if applicable
2. Retain any written agreements in the Mortgage file
3. Within two Business Days of the date on which the Servicer receives a written request for payoff or reinstatement figures, the Servicer must provide complete, written figures as of the request date to the attorney, trustee, workout specialist or outsourcing vendor requesting the information.

For all reinstatements and relief options, the Servicer must not:

1. Demand payment of expenses from the Borrower in excess of the costs the Servicer actually incurred at the time the Borrower reinstates the Mortgage. These costs may not exceed Freddie Mac's approved expense amounts (see Exhibit 57A, Approved Attorney Fees and Title Expenses), unless the Servicer has obtained Freddie Mac's approval to exceed these amounts, which approval may be requested by submitting Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** prior to incurring the expense.
2. 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, the Servicer may defer collection of the fee until payoff of the Mortgage.
3. Charge the Borrower any of the costs itemized in Section 71.24

A65.5: Reinstatement process (01/14/11)

This process flow provides 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 (10/01/11)

There are two types of reinstatement: full and partial.

(a) Full reinstatement

A full reinstatement occurs when 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.

The Servicer 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 the Servicer incurred if State law prohibits collection of those costs from the Borrower.

(b) Partial reinstatement

A partial reinstatement occurs when 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; and

2. Agreeing to a repayment plan that provides for payment of the remaining arrearage, and a stipulation that suspends the foreclosure proceedings during the repayment plan and that allows the Servicer to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan. Exhibit 93, Evaluation Model Clauses, includes a model repayment plan template and a model reinstatement template that the Servicer may combine and amend as necessary to comply with the requirements of this section and applicable law.

3. Completing the repayment plan

   The Servicer 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 the Servicer incurred if State law prohibits collection of those costs from the Borrower.

A65.7: Types of reinstatement (Future effective date 01/10/14)

There are two types of reinstatement: full and partial.

(a) Full reinstatement

A full reinstatement occurs when 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.

The Servicer 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 the Servicer incurred if State law prohibits collection of those costs from the Borrower.

(b) Partial reinstatement

A partial reinstatement occurs when 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; and

2. Agreeing to a repayment plan that provides for payment of the remaining arrearage, and a stipulation that suspends the foreclosure proceedings during the repayment plan and that allows the Servicer to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan, unless otherwise prohibited by applicable law. Exhibit 93, Evaluation Model Clauses, includes a model repayment plan template and a model reinstatement template that the Servicer may combine and amend as necessary to comply with the requirements of this section and applicable law.

3. Completing the repayment plan

   The Servicer 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 the Servicer incurred if State law prohibits collection of those costs from the Borrower.

A65.8: When to accept full reinstatement (01/14/11)

The Servicer 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, the Servicer 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 the Servicer incurred if State law prohibits collection of those costs from the Borrower.

The Servicer 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. The Servicer 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, the Servicer is not required to collect the BPO cost from the Borrower or remit the cost of the BPO to Freddie Mac. The Servicer must document the reason for nonremittance of the BPO cost in the file.

The Servicer must collect the cost of the BPO before it can collect any accrued late charges.

A65.9: When to accept partial reinstatement of a Mortgage in foreclosure (10/01/11)

The Servicer 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. If there is an Escrow account on the Mortgage, the Borrower must enter into a repayment plan with the Servicer 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 the Servicer receives the partial reinstatement funds. The repayment plan must be in writing if the plan exceeds three months. If the Mortgage is in foreclosure at the time the repayment plan offer is extended, the Borrower must make the first payment under the agreement in order to accept the terms of the plan. If there is no Escrow account on the Mortgage, the Servicer must establish one if the repayment period exceeds three months and then may extend the repayment period to no more than 18 months without Freddie Mac's approval.

   The plan must state:

   (a) The amount of the partial reinstatement payment
   (b) The total amount to be repaid
   (c) Beginning and end dates of the repayment period
   (d) The exact amount of the repayment plan payment that will be added to the Borrower's regular monthly payment
   (e) That the Borrower must pay all scheduled monthly payments during the period of the repayment plan
   (f) That the Borrower must continue monthly payments according to the terms of the Note at the end of the plan
   (g) The Borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan

   Exhibit 93, Evaluation Model Clauses, includes a model repayment plan template and model reinstatement template that the Servicer may combine and amend as necessary to comply with the requirements of this section and applicable law.

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, the Servicer may make arrangements with the Borrower to collect accrued late charges, inspection fees and the cost of the Broker's Price Opinion (BPO). However, the payment must not include reimbursement for costs the Servicer incurred if State law prohibits collection of those costs from the Borrower.

If the Servicer or the Borrower propose a partial reinstatement plan that does not meet Freddie Mac's criteria, but the Servicer believes it will result in the Borrower's reinstatement of the Mortgage, the Servicer must submit the plan on Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** for consideration.

A65.9: When to accept partial reinstatement of a Mortgage in foreclosure (Future effective date 01/10/14)

The Servicer must accept partial reinstatement of a Mortgage referred to 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. If there is an Escrow account on the Mortgage, the Borrower must enter into a repayment plan with the Servicer 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 the Servicer receives the partial reinstatement funds. The repayment plan must be in writing if the plan exceeds three months. If the Mortgage was referred to foreclosure prior to extending the repayment plan, the Borrower must make the first payment under the agreement in order to accept the terms of the plan. If there is no Escrow account on the Mortgage, the Servicer must establish one if the repayment period exceeds three months (unless prohibited by applicable law) and then may extend the repayment period to no more than 18 months without Freddie Mac's approval.

The plan must state:

(a) The amount of the partial reinstatement payment
(b) The total amount to be repaid
(c) Beginning and end dates of the repayment period
(d) The exact amount of the repayment plan payment that will be added to the Borrower's regular monthly payment
(e) That the Borrower must pay all scheduled monthly payments during the period of the repayment plan
(f) That the Borrower must continue monthly payments according to the terms of the Note at the end of the plan
(g) The Borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan

Exhibit 93, Evaluation Model Clauses, includes a model repayment plan template and model reinstatement template that the Servicer may combine and amend as necessary to comply with the requirements of this section and applicable law.

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, the Servicer may make arrangements with the Borrower to collect accrued late charges, inspection fees and the cost of the Broker's Price Opinion (BPO). However, the payment must not include reimbursement for costs the Servicer incurred if State law prohibits collection of those costs from the Borrower.

If the Servicer or the Borrower propose a partial reinstatement plan that does not meet Freddie Mac's criteria, but the Servicer believes it will result in the Borrower's reinstatement of the Mortgage, the Servicer must submit the plan on Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** for consideration.

A65.10: Reporting and processing the reinstatement (10/18/13)

(a) Reporting full reinstatements

The Servicer must notify Freddie Mac when the Servicer accepts a full reinstatement of a Mortgage that has been reported to Freddie Mac as 31 or more days delinquent or in foreclosure in the prior month. The Servicer must submit an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month in which the Servicer accepted the reinstatement funds. The Servicer must report a default action code of 20 and provide the date of the full reinstatement. The Servicer must also discontinue reporting the Mortgage as delinquent in its 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 the Servicer accepts a full reinstatement of a Mortgage that was less than 90 days delinquent, it is not required to notify Freddie Mac, and the Servicer can discontinue reporting the Mortgage as delinquent in its monthly EDR transmission.

For additional information about EDR, refer to Section 64.10.

(b) Processing partial reinstatements of Mortgages in foreclosure

The Servicer must notify Freddie Mac via an EDR transmission within three Business Days of the month following the month that it accepted a partial reinstatement of a Mortgage in foreclosure. The Servicer must also notify Freddie Mac that the Borrower is on a repayment plan and provide Freddie Mac 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 the Servicer entered into a repayment plan with the Borrower
4. DDLPI as calculated after the payment is applied

The Servicer must continue to report the repayment plan action code of 12 for the Mortgage and the DDLPI in its 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, the Servicer must resume foreclosure proceedings and report a default action code of 43 on its EDR transmission.

For additional information about EDR, refer to Section 64.10.

If the Mortgage has been reported to Freddie Mac as inactive, the Servicer must report the partial reinstatement in the Loan-Level Transaction as required in Section 78.28.

(c) Processing requirements

If the Servicer accepts a full or partial reinstatement on a Mortgage that is or was in foreclosure, then it must process the transaction as follows:

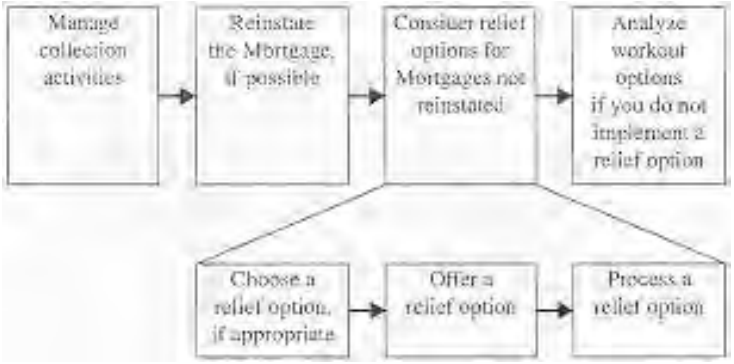
1. Take all necessary actions to prevent additional foreclosure expenses from being incurred, if applicable
2. Pay any foreclosure expenses that were actually incurred
3. Apply any remaining funds to the Mortgage
4. Return the Note, if appropriate, with a paper copy of the original or electronic or system-generated 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 (01/14/11)

If State law prohibits collection of incurred expenses from the Borrower, Freddie Mac will reimburse the Servicer for Freddie Mac's proportionate share of any allowable expenses the Servicer incurs. See Exhibit 57A, Approved Attorney Fees and Title Expenses, for details on allowable expenses.

A65.12: Relief options process (01/14/11)

This section details Freddie Mac's requirements for offering relief options. This process flow provides 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 (02/01/12)

Topic	Section(s)
Repayment plan	A65.14-A65.17
Short-term forbearance	A65.18-A65.21
Long-term forbearance	A65.22-A65.25
Unemployment forbearance	A65.26-A65.28

A65.14: What is a repayment plan? (01/14/11)

A repayment plan is an agreement between the Servicer 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 (10/01/11)

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:
   (a) The total amount to be repaid

(b) The beginning and end dates of the repayment period
(c) The exact amount of the repayment plan payment that will be added to the Borrower's regular monthly payment
(d) That the Borrower must pay all scheduled monthly payments during the period of the repayment plan
(e) That the Borrower must continue monthly payments according to the terms of the Note at the end of the plan
(f) That the Borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if applicable, if the Borrower defaults on the repayment plan

Exhibit 93, Evaluation Model Clauses, includes a model repayment plan that a Servicer may use and amend as necessary to comply with the requirements of this section and applicable law.

3. Be sent to the Borrower. The document does not have to be signed by the Borrower or returned to the Servicer as a condition of the repayment plan. However, the Borrower must make the first payment due if the Mortgage is in foreclosure at the time the repayment plan offer is extended in order to accept the terms of the plan. The repayment agreement must then contain a stipulation, if permitted by local law, that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan.

The Servicer must keep as part of the Mortgage record or file:

(a) The repayment plan (do not send Freddie Mac a copy)
(b) The specifics of the repayment plan and the date the Servicer negotiated it with the Borrower
(c) When the Servicer sent it to the Borrower
(d) The reason the Servicer agreed to the repayment plan

4. Have a term greater than one month and less than, or equal to 12 months, unless otherwise approved by Freddie Mac in writing.

The repayment plan may include any accrued late charges due from the Borrower at the time the Servicer entered into the repayment plan with the Borrower. However, if the Borrower is paying as stipulated in the agreement, the Servicer 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.

A65.16: Repayment plan requirements (Future effective date 01/10/14)

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:
   (a) The total amount to be repaid
   (b) The beginning and end dates of the repayment period
   (c) The exact amount of the repayment plan payment that will be added to the Borrower's regular monthly payment
   (d) That the Borrower must pay all scheduled monthly payments during the period of the repayment plan
   (e) That the Borrower must continue monthly payments according to the terms of the Note at the end of the plan
   (f) That the Borrower agrees that the foreclosure proceedings are suspended during the repayment plan and that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if applicable, if the Borrower defaults on the repayment plan

   Exhibit 93, Evaluation Model Clauses, includes a model repayment plan that a Servicer may use and amend as necessary to comply with the requirements of this section and applicable law.

3. Be sent to the Borrower. The document does not have to be signed by the Borrower or returned to the Servicer as a condition of the repayment plan. However, the Borrower must make the first payment due if the Mortgage is in foreclosure at the time the repayment plan offer is extended in order to accept the terms of the plan. The repayment agreement must then contain a stipulation that the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the repayment plan, unless otherwise prohibited by applicable law.

   The Servicer must keep as part of the Mortgage file:

   (a) The repayment plan (do not send Freddie Mac a copy)
   (b) The specifics of the repayment plan and the date the Servicer negotiated it with the Borrower
   (c) When the Servicer sent it to the Borrower, if the plan exceeds three months
   (d) The reason the Servicer agreed to the repayment plan

4. Have a term greater than one month and less than or equal to 12 months, unless a greater term is approved by Freddie Mac in writing or otherwise permitted in Section A65.17 for repayment of delinquent taxes.

The repayment plan may include any accrued late charges due from the Borrower at the time the Servicer entered into the repayment plan with the Borrower. However, if the Borrower is paying as stipulated in the agreement, the Servicer 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 (10/01/11)

The Servicer must obtain Freddie Mac's approval for a repayment plan that exceeds 12 months in duration unless the repayment plan includes the repayment of delinquent taxes. To obtain Freddie Mac's approval, the Servicer must submit the following to Freddie Mac **(see Directory 5)**:

1. Form 105, Multipurpose Loan Servicing Transmittal
2. The complete Borrower Response Package (see Section 64.6 for a description of the Borrower Response Package)

The Servicer may approve a repayment plan that has a term greater than one month and less than or equal to 12 months without obtaining Freddie Mac's 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 the Servicer may approve a repayment plan of up to 18 months under the following conditions:

1. The Servicer must pay the delinquent taxes, and
2. The Servicer must set up an Escrow account for future taxes if the repayment period exceeds three months. In this case only, the Servicer may extend the repayment period to no more than 18 months.

The Servicer must document its reasons for approving a repayment plan in the Mortgage file.

A65.17.1: Reporting repayment plans (06/30/11)

In accordance with Section 64.10, the Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that it entered into a repayment plan with a Borrower.

The Servicer must report a default action code of 12 and provide the date the Servicer entered into a repayment plan with the Borrower. This date is the date on which the Servicer and the Borrower verbally negotiate and agree to the repayment amount and schedule of payments.

The Servicer 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.

For additional information about EDR, refer to Section 64.10.

A65.18: What is short-term forbearance? (08/21/12)

Short-term forbearance is a written agreement sent by the Servicer to the Borrower that reflects the terms of the forbearance plan to:

1. Suspend payments for a period not to exceed 3 months, or
2. Reduce payments for a period not to exceed 6 months

Exhibit 93, Evaluation Model Clauses, includes short-term forbearance agreements that a Servicer may use and amend as necessary to comply with the requirements of this section and applicable law.

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 that enables the Borrower to retain homeownership (see Section 65.12). If the Borrower can no longer afford to retain the property, the Servicer must pursue a workout option to liquidate the Borrower's interest in the property (see Section 65.13), such as a short sale, deed-in-lieu of foreclosure or a workout Mortgage assumption.

Refer to Chapter A65 for requirements on reinstatements and relief options and to Chapters B65 and C65 for requirements on workout options.

The Servicer must consider a Borrower whose hardship is unemployment for unemployment forbearance in accordance with Sections A65.26 through A65.28.

A65.18: What is short-term forbearance? (Future effective date 01/10/14)

Short-term forbearance is a written agreement sent by the Servicer to the Borrower that reflects the terms of the forbearance plan to:

1. Suspend payments for a period not to exceed 3 months, or
2. Reduce payments for a period not to exceed 6 months

Exhibit 93, Evaluation Model Clauses, includes short-term forbearance agreements that a Servicer may use, but must amend, as necessary to comply with the requirements of this section and applicable law.

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 loan modification or pay off the Mortgage through a short sale or deed-in-lieu of foreclosure. A loan modification is a type of workout option that enables the Borrower to retain homeownership (see Section 65.12). If the Borrower can no longer afford to retain the property, the Servicer must pursue a workout option to liquidate the Borrower's interest in the property (see Section 65.13), such as a short sale, deed-in-lieu of foreclosure or a workout Mortgage assumption.

Refer to Chapter A65 for requirements on reinstatements and relief options and to Chapters B65 and C65 for requirements on workout options.

The Servicer must consider a Borrower whose hardship is unemployment for unemployment forbearance in accordance with Sections A65.26 through A65.28.

Refer to Chapter 68, Servicing Mortgages Impacted by a Disaster, for additional requirements for Borrowers and Mortgages secured by properties affected by a disaster.

A65.19: Borrower requirements (10/01/11)

The Borrower may be either current or delinquent in his or her Mortgage, must be cooperative and have an eligible hardship. Additionally, a Servicer may extend short-term forbearance based on the Borrower's individual circumstances in cases where 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 within 30 days.

A65.20: Short-term forbearance requirements (10/01/11)

The short-term forbearance agreement:

1. Must be in writing
2. Must lead to full reinstatement or payoff of the Mortgage at the conclusion of the plan. This can be done by either converting the short-term forbearance into a repayment plan or evaluating the Borrower for a workout option.
3. May include any accrued late charges due from the Borrower at the time the Servicer entered into the short-term forbearance agreement with the Borrower. The Servicer 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.

A65.21: Approval authority (02/01/12)

The Servicer may approve a short-term forbearance pursuant to Sections A65.19 through A65.21.1 without obtaining Freddie Mac's approval. The Servicer must document its reasons for approving a short-term forbearance in the Mortgage file.

A65.21.1: Reporting short-term forbearance plans (01/14/11)

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer and a Borrower entered into a short-term forbearance plan. The Servicer must report a default action code of 09 and provide the date the Servicer entered into a forbearance plan with the Borrower. The Servicer 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? (02/01/12)

Long-term forbearance is a written agreement between the Servicer and the Borrower (or estate) to reduce or suspend monthly payments for a period of four to 12 months from the date of the agreement, when one or more of the following conditions exist:

1. The property or the Borrower's place of employment has been damaged by a natural or man-made disaster
2. A lawsuit that may jeopardize Freddie Mac's lien position is pending
3. The Borrower is deceased and the estate is in probate
4. The Borrower is experiencing a hardship due to the long-term or permanent disability or serious illness of a Borrower/co-Borrower or dependent family member

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.

The Servicer must consider a Borrower whose hardship is unemployment for unemployment forbearance in accordance with Sections A65.26 through A65.28.

A65.22: What is long-term forbearance? (Future effective date 01/10/14)

Long-term forbearance is a written agreement between the Servicer and the Borrower (or estate) to reduce or suspend monthly payments for a period of six to 12 months from the date of the agreement, when one or more of the following conditions exist:

1. The property or the Borrower's place of employment has been damaged by a natural or man-made disaster
2. A lawsuit that may jeopardize Freddie Mac's lien position is pending
3. The Borrower is deceased and the estate is in probate
4. The Borrower is experiencing a hardship due to the long-term or permanent disability or serious illness of a Borrower/co-Borrower or dependent family member

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 Borrowers and Mortgages secured by properties affected by a disaster.

The Servicer must consider a Borrower whose hardship is unemployment for unemployment forbearance in accordance with Sections A65.26 through A65.28.

A65.23: Borrower requirements (10/01/11)

To be eligible for a long-term forbearance, the Borrower must:

1. Be cooperative
2. Submit a complete Borrower Response Package, that includes documentation supporting one of the hardships required in Section A65.22. If all of the Borrowers are deceased and the estate is in probate, the Servicer need only obtain a copy of the death certificate(s) or obituary or newspaper article reporting the death.
3. 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

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.

A65.23: Borrower requirements (Future effective date 01/10/14)

To be eligible for a long-term forbearance, the Borrower must:

1. Be cooperative

2. Submit a complete Borrower Response Package, that includes documentation supporting one of the hardships required in Section A65.22. If all of the Borrowers are deceased and the estate is in probate, the Servicer need only obtain a copy of the death certificate(s) or obituary or newspaper article reporting the death. See Section 64.6(d) for a description of a complete Borrower Response Package. See Chapter 63 for requirements pertaining to the submission of the First Complete Borrower Response Package (applicable to Mortgages secured by Primary Residences).

If the property has been damaged, the Borrower must be unable to reside in the property until it is repaired, and also 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 (05/13/13)

The Servicer must negotiate the terms of the long-term forbearance agreement with the Borrower. The long-term forbearance agreement:

1. Must be in writing. The document does not have to be signed by the Borrower or returned to the Servicer as a condition of the forbearance plan.

2. Must state that 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. If the Borrower can no longer afford to retain the property, a workout option to liquidate the Borrower's interest in the property such as a short sale, 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.

3. Must state that foreclosure proceedings are suspended during the forbearance period and the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the forbearance plan.

4. May include any accrued late charges due from the Borrower at the time the Servicer entered into the long-term forbearance agreement with the Borrower. The Servicer 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.

Exhibit 93, Evaluation Model Clauses, includes a long-term forbearance agreement that a Servicer may use and amend as necessary to comply with the requirements of this section and applicable law.

If, at the end of the forbearance term, the Borrower cannot start to repay the Mortgage, the Servicer may consider a workout option and/or initiate foreclosure.

A65.24: Long-term forbearance requirements (Future effective date 01/10/14)

The Servicer must negotiate the terms of the long-term forbearance agreement with the Borrower. The long-term forbearance agreement:

1. Must be in writing. The document does not have to be signed by the Borrower or returned to the Servicer as a condition of the forbearance plan.

2. Must state that 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. If the Borrower can no longer afford to retain the property, a workout option to liquidate the Borrower's interest in the property such as a short sale, 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.

3. Must state that foreclosure proceedings are suspended during the forbearance period and the Servicer is entitled to recommence foreclosure at the point the foreclosure was suspended if the Borrower defaults on the forbearance plan, unless otherwise prohibited by applicable law.

4. May include any accrued late charges due from the Borrower at the time the Servicer entered into the long-term forbearance agreement with the Borrower. The Servicer 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.

Exhibit 93, Evaluation Model Clauses, includes a long-term forbearance agreement that a Servicer may use, but must amend, as necessary to comply with the requirements of this section and applicable law.

If at the end of the forbearance term, the Borrower cannot start to repay the Mortgage, the Servicer may consider a workout option and/or initiate foreclosure.

A65.25: Approval authority (10/01/11)

The Servicer must obtain Freddie Mac's written approval to enter into a long-term forbearance agreement with a Borrower.

The Servicer must submit the following information to Freddie Mac **(see Directory 5)** to obtain approval:

1. Form 105, Multipurpose Loan Servicing Transmittal, with the long-term forbearance plan details
2. Complete Borrower Response Package that includes the documentation supporting one of the hardships required in Section A65.22 (see Section 64.6 for a description of the Borrower Response Package)

A65.25.1: Reporting long-term forbearance plans (01/14/11)

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer and a Borrower entered into a long-term forbearance plan. Use a default action code of 09 and provide the date the Servicer entered into a forbearance plan with the Borrower. The Servicer 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, the Servicer enters into a repayment plan with the Borrower as specified in Section A65.24, the Servicer must report the repayment plan via EDR according to Section A65.17.1.

For additional information about EDR, refer to Section 64.10.

A65.26: Unemployment forbearance (02/01/12)

(a) Overview

If the Borrower has a hardship due to unemployment, the Servicer must first consider the Borrower for short-term unemployment forbearance in accordance with this section and Section A65.27 prior to pursuing other alternatives to foreclosure. Short-term unemployment forbearance provides Mortgage payment relief for a period of six months or until the Servicer receives notification of re-employment, whichever occurs first. The Servicer may either suspend monthly payments or require a reduced monthly payment during the period of short-term unemployment forbearance.

If the Borrower remains unemployed at the end of the short-term unemployment forbearance period, the Servicer must determine if the Borrower is eligible for extended unemployment forbearance in accordance with this section and Section A65.28. Extended unemployment forbearance provides Mortgage payment relief for an additional six months. However, extended unemployment forbearance may not extend beyond a term that would cause the Delinquency to exceed 12 months of the Borrower's contractual monthly Mortgage payment, including taxes and insurance if the Servicer is collecting Escrows for such expenses.

If an eligible Borrower is offered and declines an unemployment forbearance plan, such Borrower is ineligible for short-term forbearance pursuant to Sections A65.19 through A65.21.1. However, such Borrower must be evaluated for other alternatives to foreclosure under the Guide.

If the Borrower regains employment or is otherwise ineligible for extended unemployment forbearance, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

(b) General requirements

1. Documenting the terms of the unemployment forbearance plan

The Servicer must document the terms of the unemployment forbearance plan with the Borrower.

The unemployment forbearance plan:

- Must be in writing; the Servicer may amend the Borrower Evaluation Notice provided in Exhibit 93, Evaluation Model Clauses, as necessary to comply with the requirements of this section
- Must indicate the duration of the unemployment forbearance, including the effective date, the due date of the first payment and the amount of such payment (if applicable) and the expiration date of the unemployment forbearance plan
- Must state that the unemployment forbearance plan will terminate earlier upon the Borrower's re-employment
- Must require the Borrower to provide updates of his or her employment status during the unemployment forbearance period, including immediate notification of re-employment
- Must contain a brief explanation regarding what will occur when the Borrower becomes re-employed or when the unemployment forbearance plan expires
- Must state that Borrowers in a permanent modification under the Home Affordable Modification Program (HAMP) will be ineligible for "Pay for Performance" incentives, including accrued but unearned incentives, if the Borrower loses good standing. (Refer to Section C65.9 for additional information.)
- Must indicate that a re-evaluation of eligibility and/or forbearance terms may be conducted if there is a material change in the Borrower's financial circumstance
- Must state that the Servicer will cancel the unemployment forbearance plan and initiate or resume foreclosure in accordance with the requirements of Chapter 66, if the Borrower defaults on the terms of the unemployment forbearance plan

The Servicer must have written policies and procedures relating to forbearance plans addressing the following terms, including:

- How a Borrower's re-employment status will be determined
- When a Trial Period Plan should be cancelled (HAMP or non-HAMP)
- When a short-term unemployment forbearance plan requires a payment or suspension and how any payment amount is determined
- The decision-making process, including application of discretion or business judgment, as provided in Sections A65.26 through A65.28

The Servicer must consistently apply all policies and procedures relating to forbearance plans.

2. Reduced payments under an unemployment forbearance plan

If a monthly payment is required under the terms of an unemployment forbearance plan:

- Such payment must be less than the Borrower's contractual Mortgage payment due under the Note or Modification Agreement, if applicable (including taxes and insurance if the Servicer is collecting Escrows for such expenses)
- The Servicer must receive such payment from the Borrower on or before the last day of the month in which it is due. If the Borrower fails to make timely unemployment forbearance payments, the unemployment forbearance plan must be cancelled unless there are mitigating circumstances that caused the payment to be late.

If the Borrower fails to make timely payments and there are no mitigating circumstances, he or she must be considered for other alternatives to foreclosure. The Servicer must use good business judgment to determine whether unemployment forbearance payments were received timely or if mitigating circumstances (such as a further reduction in income) caused the payment to be late. Exceptions must be documented and retained in the Mortgage file.

3. Termination of forbearance plan

The unemployment forbearance plan must be terminated under any of the following circumstances:

- Any of the eligibility criteria set forth in Section A65.27 for short-term unemployment forbearance, or Section A65.28 for extended unemployment forbearance, are no longer applicable,
- The Borrower vacates or abandons the Mortgaged Premises,
- The Mortgaged Premises is condemned, or
- The Borrower advises the Servicer that he or she is no longer actively seeking employment

4. Late fees

Late charges may accrue while the Servicer is determining Borrower eligibility for a forbearance plan. However, the Servicer must not accrue or collect late charges from the Borrower during the unemployment forbearance period or any subsequent repayment plan period as applicable, if the Borrower is paying as stipulated in the respective agreement. If the Borrower defaults on the terms of the unemployment forbearance agreement, late charge accrual and assessment may recommence. All accrued and unpaid late charges must be waived in the event the Mortgage is modified as described under Chapters B65 and C65.

5. Mortgages subject to recourse

For Mortgages subject to recourse, including, but not limited to indemnification, Servicers are strongly encouraged, but not required, to consider eligible Borrowers for an unemployment forbearance plan. Entering into an agreement with a Borrower for unemployment forbearance (whether approved by

Freddie Mac or the Servicer) does not waive, delete or mitigate the requirements set forth in the Servicer's Purchase Documents and any other documents containing recourse obligations, and such recourse obligations will remain in full force and effect.

6. Borrowers in a Trial Period Plan

If a Borrower in a Trial Period Plan under the Freddie Mac Standard Modification or HAMP becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must evaluate the Borrower for unemployment forbearance relief in accordance with the requirements of Sections A65.26 through A65.28.

7. Servicer and Borrower HAMP incentives

No incentives will accrue or be paid to either the Borrower or the Servicer during the unemployment forbearance period if the Borrower was in a HAMP Trial Period Plan prior to entering into an unemployment forbearance plan with the Servicer. If the Borrower is eligible for another HAMP Trial Period Plan at the end of the unemployment forbearance period, "Pay for Performance" and "Pay for Success" incentives will be based on the new HAMP Trial Period Plan effective date. A Borrower and a Servicer will continue to accrue and earn incentives on a Mortgage modified under HAMP during the unemployment forbearance period provided that the Borrower does not lose good standing. (Refer to Section C65.9 for additional information on the payment of Servicer and Borrower incentives.)

8. Reporting unemployment forbearance plans

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer and the Borrower entered into an unemployment forbearance plan (short-term or extended). The Servicer must report default action code 09 (forbearance plan) and default reason code 016 (unemployment) and provide the date the Borrower entered into an unemployment forbearance plan. The Servicer must also continue to report these codes for each month in which the unemployment forbearance plan is in effect. Once the Borrower has fully reinstated the Mortgage or the unemployment forbearance plan ends, the Servicer can discontinue reporting these codes. Even if there are multiple reasons for the Borrower's default, including unemployment, the Servicer must utilize default reason code 016 (unemployment) in lieu of any other default reason code.

If the Borrower is currently in a HAMP Trial Period and enters into an unemployment forbearance plan, the Servicer must cancel the HAMP Trial Period Plan with Fannie Mae in its capacity as program administrator for Treasury.

9. Credit reporting

Servicers must continue to report a “full-file” status to the four major credit repositories for each Mortgage in a forbearance plan in accordance with the Fair Credit Reporting Act and credit bureau standards as provided by the Consumer Data Industry Association.

A65.26: Unemployment forbearance (Future effective date 04/01/14)

(a) Overview

If the Borrower has a hardship due to unemployment, the Servicer must first consider the Borrower for short-term unemployment forbearance in accordance with this section and Section A65.27 prior to pursuing other alternatives to foreclosure. Short-term unemployment forbearance provides Mortgage payment relief for a period of six months or until the Servicer receives notification of re-employment, whichever occurs first. The Servicer may either suspend monthly payments or require a reduced monthly payment during the period of short-term unemployment forbearance.

If the Borrower remains unemployed at the end of the short-term unemployment forbearance period, the Servicer must determine if the Borrower is eligible for extended unemployment forbearance in accordance with this section and Section A65.28. Extended unemployment forbearance provides Mortgage payment relief for an additional six months. However, extended unemployment forbearance may not extend beyond a term that would cause the Delinquency to exceed 12 months of the Borrower’s contractual monthly Mortgage payment, including taxes and insurance if the Servicer is collecting Escrows for such expenses.

If an eligible Borrower is offered and declines an unemployment forbearance plan, such Borrower is ineligible for short-term forbearance pursuant to Sections A65.19 through A65.21.1. However, such Borrower must be evaluated for other alternatives to foreclosure under the Guide.

If the Borrower regains employment or is otherwise ineligible for extended unemployment forbearance, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

(b) General requirements

1. Documenting the terms of the unemployment forbearance plan

The Servicer must document the terms of the unemployment forbearance plan with the Borrower.

The unemployment forbearance plan:

- Must be in writing; the Servicer may amend the Borrower Evaluation Notice provided in Exhibit 93, Evaluation Model Clauses, as necessary to comply with the requirements of this section
- Must indicate the duration of the unemployment forbearance, including the effective date, the due date of the first payment and the amount of such payment (if applicable) and the expiration date of the unemployment forbearance plan
- Must state that the unemployment forbearance plan will terminate earlier upon the Borrower's re-employment
- Must require the Borrower to provide updates of his or her employment status during the unemployment forbearance period, including immediate notification of re-employment
- Must contain a brief explanation regarding what will occur when the Borrower becomes re-employed or when the unemployment forbearance plan expires
- Must state that Borrowers in a permanent modification under the Home Affordable Modification Program (HAMP) will be ineligible for "Pay for Performance" incentives, including accrued but unearned incentives, if the Borrower loses good standing. (Refer to Section C65.9 for additional information.)
- Must indicate that a re-evaluation of eligibility and/or forbearance terms may be conducted if there is a material change in the Borrower's financial circumstance
- Must state that the Servicer will cancel the unemployment forbearance plan and initiate or resume foreclosure in accordance with the requirements of Chapter 66, if the Borrower defaults on the terms of the unemployment forbearance plan

The Servicer must have written policies and procedures relating to forbearance plans addressing the following terms, including:

- How a Borrower's re-employment status will be determined
- When a Trial Period Plan should be cancelled (HAMP or non-HAMP)
- When a short-term unemployment forbearance plan requires a payment or suspension and how any payment amount is determined
- The decision-making process, including application of discretion or business judgment, as provided in Sections A65.26 through A65.28

The Servicer must consistently apply all policies and procedures relating to forbearance plans.

2. Reduced payments under an unemployment forbearance plan

If a monthly payment is required under the terms of an unemployment forbearance plan:

- Such payment must be less than the Borrower's contractual Mortgage payment due under the Note or Modification Agreement, if applicable (including taxes and insurance if the Servicer is collecting Escrows for such expenses)
- The Servicer must receive such payment from the Borrower on or before the last day of the month in which it is due. If the Borrower fails to make timely unemployment forbearance payments, the unemployment forbearance plan must be cancelled unless there are mitigating circumstances that caused the payment to be late.

If the Borrower fails to make timely payments and there are no mitigating circumstances, he or she must be considered for other alternatives to foreclosure. The Servicer must use good business judgment to determine whether unemployment forbearance payments were received timely or if mitigating circumstances (such as a further reduction in income) caused the payment to be late. Exceptions must be documented and retained in the Mortgage file.

3. Termination of forbearance plan

The unemployment forbearance plan must be terminated under any of the following circumstances:

- Any of the eligibility criteria set forth in Section A65.27 for short-term unemployment forbearance, or Section A65.28 for extended unemployment forbearance, are no longer applicable,
- The Borrower vacates or abandons the Mortgaged Premises,
- The Mortgaged Premises is condemned, or
- The Borrower advises the Servicer that he or she is no longer actively seeking employment

4. Late fees

Late charges may accrue while the Servicer is determining Borrower eligibility for a forbearance plan. However, the Servicer must not accrue or collect late charges from the Borrower during the unemployment forbearance period or any subsequent repayment plan period as applicable, if the Borrower is paying as stipulated in the respective agreement. If the Borrower defaults on the terms of the unemployment forbearance agreement, late charge accrual and assessment may

recommence. All accrued and unpaid late charges must be waived in the event the Mortgage is modified as described under Chapters B65 and C65.

5. Mortgages subject to recourse

For Mortgages subject to recourse, including, but not limited to indemnification, Servicers are strongly encouraged, but not required, to consider eligible Borrowers for an unemployment forbearance plan. Entering into an agreement with a Borrower for unemployment forbearance (whether approved by Freddie Mac or the Servicer) does not waive, delete or mitigate the requirements set forth in the Servicer's Purchase Documents and any other documents containing recourse obligations, and such recourse obligations will remain in full force and effect.

6. Borrowers in a Trial Period Plan

If a Borrower in a Trial Period Plan under the Freddie Mac Standard Modification or HAMP becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must evaluate the Borrower for unemployment forbearance relief in accordance with the requirements of Sections A65.26 through A65.28.

7. HAMP incentives

No incentives will accrue or be paid to the Borrower during the unemployment forbearance period if the Borrower was in a HAMP Trial Period Plan prior to entering into an unemployment forbearance plan with the Servicer. If the Borrower is eligible for another HAMP Trial Period Plan at the end of the unemployment forbearance period, "Pay for Performance" incentives will be based on the new HAMP Trial Period Plan Effective Date. A Borrower will continue to accrue and earn incentives on a Mortgage modified under HAMP during the unemployment forbearance period provided that the Borrower does not lose good standing. (Refer to Section C65.9 for additional information on the payment of HAMP incentives.)

8. Reporting unemployment forbearance plans

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer and the Borrower entered into an unemployment forbearance plan (short-term or extended). The Servicer must report default action code 09 (forbearance plan) and default reason code 016 (unemployment) and provide the date the Borrower entered into an unemployment forbearance plan. The Servicer must also continue to report these codes for each month in which the unemployment forbearance plan is in effect. Once the Borrower has fully reinstated the Mortgage or the unemployment forbearance plan ends, the Servicer

can discontinue reporting these codes. Even if there are multiple reasons for the Borrower's default, including unemployment, the Servicer must utilize default reason code 016 (unemployment) in lieu of any other default reason code.

If the Borrower is currently in a HAMP Trial Period and enters into an unemployment forbearance plan, the Servicer must cancel the HAMP Trial Period Plan with Fannie Mae in its capacity as program administrator for Treasury.

9. Credit reporting

Servicers must continue to report a "full-file" status to the four major credit repositories for each Mortgage in a forbearance plan in accordance with the Fair Credit Reporting Act and credit bureau standards as provided by the Consumer Data Industry Association.

A65.27: Short-term unemployment forbearance (06/13/12)

(a) Eligibility criteria

To be eligible for short-term unemployment forbearance, the Borrower:

- Must have a financial hardship due to unemployment
- May be either current or delinquent on the Mortgage
- Must occupy the property as his or her Primary Residence

(b) Ineligible Mortgages

The following Mortgages are ineligible for short-term unemployment forbearance:

- Mortgages secured by properties that are vacant, condemned, or abandoned
- Mortgages secured by non-owner occupied properties (i.e., second homes and Investment Properties)

(c) Servicer evaluation and Borrower documentation

The Servicer must evaluate an eligible Borrower for short-term unemployment forbearance once the Borrower notifies the Servicer that the Borrower is experiencing a financial hardship due to unemployment.

If the Borrower submitted a Borrower Response Package as a result of the Servicer solicitation, the Servicer must review the Borrower Response Package and evaluate the Borrower consistent with the Borrower evaluation requirements provided in Section 64.6(d)(5) and provide a written plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26. Additionally, regardless of

whether or not the Servicer has received a Borrower Response Package, the Servicer must comply with all evaluation and notice requirements set forth in Section 64.6(d)(5), including communicating the decision by sending an eligible Borrower a written forbearance plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26 within five days of an evaluation decision but no later than 30 days following receipt of the complete Borrower Response Package, if received.

If the Servicer obtained 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, the Servicer is encouraged to process it prior to expiration in the event a tax transcript is subsequently required to evaluate the Borrower for extended unemployment forbearance or another workout option.

(d) Term

The Borrower, if eligible, must be offered short-term unemployment forbearance for a period of six months. (For purposes of determining the length of the short-term unemployment forbearance period, the Servicer must not consider the Borrower's level of Delinquency.) However, the short-term unemployment forbearance plan must be terminated if any of the circumstances provided in Section A65.26(b)3 become applicable.

(e) Payments

The Servicer may either suspend monthly payments or require a reduced monthly payment during the period of forbearance. If a reduced payment is required, refer to Section A65.26(b)2 for further requirements regarding such reduced payment.

(f) Transition from short-term forbearance

The Servicer must contact the Borrower to determine his or her unemployment status between 120 and 135 days after the effective date of the short-term unemployment forbearance plan.

If a Borrower Response Package was not obtained at the time of the short-term unemployment forbearance review, the Servicer must send a Borrower Solicitation Package to the Borrower upon notification of re-employment or by day 125 after the effective date of the short-term unemployment forbearance plan, whichever occurs first. If the 125th day after the effective date of the unemployment forbearance plan falls on a non-Business Day, the Servicer may send the package on the next Business Day.

After sending the Borrower Solicitation Package, the Servicer must conduct follow-up calls starting the next day and continue at least every third day in accordance with the Borrower contact requirements outlined in Section 64.5. If the day on which a

Servicer is required to call a Borrower is a non-Business Day, and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

If the Borrower is still unemployed during the final month of the short-term unemployment forbearance plan, the Servicer must determine if the Borrower is eligible for an extension of unemployment forbearance, and if so, submit its recommendation to Freddie Mac for approval together with the documentation required in Section A65.28(f).

If the Borrower regains employment or is otherwise ineligible for an extended unemployment forbearance plan, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

(g) Approval authority

Freddie Mac Servicers may approve short-term unemployment forbearance without obtaining Freddie Mac's approval. The Servicer must document the Mortgage file with its reasons for approving a short-term unemployment forbearance plan.

A65.27: Short-term unemployment forbearance (Future effective date 01/10/14)

(a) Eligibility criteria

To be eligible for short-term unemployment forbearance, the Borrower:

- Must have a financial hardship due to unemployment
- May be either current or delinquent on the Mortgage
- Must occupy the property as his or her Primary Residence

(b) Ineligible Mortgages

The following Mortgages are ineligible for short-term unemployment forbearance:

- Mortgages secured by properties that are vacant, condemned, or abandoned
- Mortgages secured by second homes and non-owner occupied properties (i.e., Investment Properties)

(c) Servicer evaluation and Borrower documentation

The Servicer must evaluate an eligible Borrower for short-term unemployment forbearance once the Borrower notifies the Servicer that the Borrower is experiencing a financial hardship due to unemployment.

If the Borrower submitted a Borrower Response Package as a result of the Servicer solicitation, the Servicer must review the Borrower Response Package and evaluate the Borrower consistent with the Borrower evaluation requirements provided in Section 64.6(d)(5) and Section 63.3, and provide a written plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26. Additionally, regardless of whether or not the Servicer has received a Borrower Response Package, the Servicer must comply with all evaluation and notice requirements set forth in Section 64.6(d)(5), including communicating the decision by sending an eligible Borrower a written forbearance plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26 within five days of an evaluation decision but no later than 30 days following receipt of the complete Borrower Response Package, if received.

If the Servicer obtained 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, the Servicer is encouraged to process it prior to expiration in the event a tax transcript is subsequently required to evaluate the Borrower for extended unemployment forbearance or another workout option.

(d) Term

The Borrower, if eligible, must be offered short-term unemployment forbearance for a period of six months. (For purposes of determining the length of the short-term unemployment forbearance period, the Servicer must not consider the Borrower's level of Delinquency.) However, the short-term unemployment forbearance plan must be terminated if any of the circumstances provided in Section A65.26(b)3 become applicable.

(e) Payments

The Servicer may either suspend monthly payments or require a reduced monthly payment during the period of forbearance. If a reduced payment is required, refer to Section A65.26(b)2 for further requirements regarding such reduced payment.

(f) Transition from short-term forbearance

The Servicer must contact the Borrower to determine his or her unemployment status between 120 and 135 days after the effective date of the short-term unemployment forbearance plan.

If a Borrower Response Package was not obtained at the time of the short-term unemployment forbearance review, the Servicer must send a Borrower Solicitation Package to the Borrower upon notification of re-employment or by day 125 after the effective date of the short-term unemployment forbearance plan, whichever occurs first. If the 125th day after the effective date of the unemployment forbearance plan falls on a non-Business Day, the Servicer may send the package on the next Business Day.

After sending the Borrower Solicitation Package, the Servicer must conduct follow-up calls starting the next day and continue at least every third day in accordance with the Borrower contact requirements outlined in Section 64.5. If the day on which a Servicer is required to call a Borrower is a non-Business Day, and the Servicer is not open on such day to conduct loss mitigation and collection activities, the Servicer may call the Borrower on the next Business Day.

If the Borrower is still unemployed during the final month of the short-term unemployment forbearance plan, the Servicer must determine if the Borrower is eligible for an extension of unemployment forbearance, and if so, submit its recommendation to Freddie Mac for approval together with the documentation required in Section A65.28(f).

If the Borrower regains employment or is otherwise ineligible for an extended unemployment forbearance plan, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

(g) Approval authority

Freddie Mac Servicers may approve short-term unemployment forbearance without obtaining Freddie Mac's approval. The Servicer must document the Mortgage file with its reasons for approving a short-term unemployment forbearance plan.

A65.28: Extended unemployment forbearance (08/15/13)

If the Borrower is still unemployed in the final month of the short-term unemployment forbearance period, the Servicer must evaluate the Borrower for an extension of unemployment forbearance in accordance with the requirements of this section, and must submit any recommendation for extended unemployment forbearance to Freddie Mac.

(a) Eligibility criteria

To be eligible for extended unemployment forbearance, the Borrower must:

- Have a financial hardship due to unemployment
- Occupy the property as his or her Primary Residence
- Have complied with the terms of the current forbearance plan unless the Servicer has determined that there are mitigating circumstances (for example, mitigating circumstances that caused a payment to be late)
- Have cash reserves of less than or equal to 12 months of monthly housing expense, as defined below
- Have a current monthly housing expense-to-income ratio (excluding unemployment benefits) greater than 31%. The monthly housing expense is comprised of: principal and interest, monthly Escrows for taxes, property insurance and flood insurance (or pro rata amounts for these expenses if not escrowed), Borrower paid Mortgage insurance premium, any Escrow shortage payments on the existing Mortgage, monthly homeowners association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent, as applicable

(b) Ineligible Mortgages

The following Mortgages are ineligible for extended unemployment forbearance:

- Mortgages secured by properties that are vacant, condemned, or abandoned
- Mortgages secured by non-owner occupied properties (i.e., second homes and Investment Properties)

(c) Borrower documentation

If a Borrower Response Package was not collected at the time of the initial short-term unemployment forbearance review, the Servicer must send a Borrower Solicitation Package by day 125 after the effective date of the short-term unemployment forbearance plan. The Servicer must provide a date by which the Borrower must return the complete Borrower Response Package.

If the Borrower submitted a complete Borrower Response Package at the time of the short-term unemployment forbearance review, the Servicer is only required to update the income and asset information that the Borrower provided on the original Form 710, Uniform Borrower Assistance Form. For purposes of completing a review of the Borrower for extended unemployment forbearance, the Servicer may update the income and asset information on Form 710 based upon verbal information obtained from the Borrower and must document the Mortgage file with the updated information.

Regardless of whether the Servicer is evaluating the Borrower based on a new Borrower Response Package or updated verbal information, the Servicer must comply with all evaluation and notice requirements set forth in Section 64.6(d)(5), including sending the Borrower a written forbearance plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26.

The Servicer is encouraged to process the 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, obtained as part of the Borrower Response Package prior to expiration in the event a tax transcript is subsequently required by Freddie Mac to evaluate the Borrower for extended unemployment forbearance or another workout option.

(d) Term

The Borrower may be eligible for up to six additional months of extended unemployment forbearance; however, unemployment forbearance may not be extended beyond a date that would cause the Delinquency to exceed 12 months of the Borrower's contractual monthly Mortgage payment, including taxes and insurance if the Servicer is collecting Escrows for those expenses. In addition, the extended unemployment forbearance plan must be terminated if any of the circumstances provided in Section A65.26(b)3 become applicable.

(e) Payments

If Freddie Mac has approved a Borrower for an extended unemployment forbearance plan, the Borrower will be required to make a payment that is equal to 31% of the Borrower's gross monthly income (not including unemployment benefits) or the current payment due under the existing forbearance agreement, whichever is greater. Freddie Mac may consider exceptions to the required payment on a case-by-case basis, and the Servicer may submit the reason for such exception to Freddie Mac along with all required documentation outlined in Section A65.28(f).

(f) Borrower evaluation

Prior to the end of the short-term unemployment forbearance plan, the Servicer must determine the Borrower's employment status and evaluate the Borrower's eligibility for extended unemployment forbearance as described below.

- If the Borrower has regained employment or is otherwise ineligible for an extended unemployment forbearance plan, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

- If the Borrower is still unemployed, the Servicer must verify that the Borrower meets all other eligibility requirements of Section A65.28(a).

If an eligible Borrower is offered and declines an extended unemployment forbearance plan, such Borrower must be evaluated for other alternatives to foreclosure under the Guide.

If the Servicer determines that the Borrower is eligible for extended unemployment forbearance, the Servicer must submit a completed Form 1206, Freddie Mac Extended Unemployment Forbearance Request, and all of the following documentation to Freddie Mac **(see Directory 5)** for a decision on an extension of forbearance:

- A complete Borrower Response Package
- Credit report (or in-file credit report)
- Tax transcript if the Servicer processed either IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, or Form 4506-T, Request for Transcript of Tax Return

The Servicer must obtain Freddie Mac's prior written approval to enter into an extended unemployment forbearance plan with a Borrower.

(g) Transition from extended unemployment forbearance

The Servicer must contact the Borrower monthly during the extended unemployment forbearance period to assess the Borrower's continued eligibility for unemployment forbearance.

Prior to the expiration date of the extended unemployment forbearance plan, or upon Borrower notification of re-employment, whichever comes first, the Servicer must evaluate the Borrower for another foreclosure prevention alternative in accordance with the evaluation hierarchy in Section 64.6(a).

A65.28: Extended unemployment forbearance (Future effective date 01/10/14)

If the Borrower is still unemployed in the final month of the short-term unemployment forbearance period, the Servicer must evaluate the Borrower for an extension of unemployment forbearance in accordance with the requirements of this section, and must submit any recommendation for extended unemployment forbearance to Freddie Mac.

(a) Eligibility criteria

To be eligible for extended unemployment forbearance, the Borrower must:

- Have a financial hardship due to unemployment
- Occupy the property as his or her Primary Residence
- Have complied with the terms of the current forbearance plan unless the Servicer has determined that there are mitigating circumstances (for example, mitigating circumstances that caused a payment to be late)

- Have cash reserves of less than or equal to 12 months of monthly housing expense, as defined below
- Have a current monthly housing expense-to-income ratio (excluding unemployment benefits) greater than 31%. The monthly housing expense is comprised of: principal and interest, monthly Escrows for taxes, property insurance and flood insurance (or pro rata amounts for these expenses if not escrowed), Borrower paid Mortgage insurance premium, any Escrow shortage payments on the existing Mortgage, monthly homeowners association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent, as applicable

(b) Ineligible Mortgages

The following Mortgages are ineligible for extended unemployment forbearance:

- Mortgages secured by properties that are vacant, condemned, or abandoned
- Mortgages secured by second homes or non-owner occupied properties (i.e., Investment Properties)

(c) Borrower documentation

If a Borrower Response Package was not collected at the time of the initial short-term unemployment forbearance review, the Servicer must send a Borrower Solicitation Package by day 125 after the effective date of the short-term unemployment forbearance plan. The Servicer must provide a date by which the Borrower must return the complete Borrower Response Package.

If the Borrower submitted a complete Borrower Response Package at the time of the short-term unemployment forbearance review, the Servicer is only required to update the income and asset information that the Borrower provided on the original Form 710, Uniform Borrower Assistance Form. For purposes of completing a review of the Borrower for extended unemployment forbearance, the Servicer may update the income and asset information on Form 710 based upon verbal information obtained from the Borrower and must document the Mortgage file with the updated information.

Regardless of whether the Servicer is evaluating the Borrower based on a new Borrower Response Package or updated verbal information, the Servicer must comply with all evaluation and notice requirements set forth in Section 64.6(d)(5) and Section 63.3, including sending the Borrower a written forbearance plan (i.e., Borrower Evaluation Notice) in accordance with the requirements in Section A65.26.

The Servicer is encouraged to process the 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, obtained as part of the Borrower Response Package prior to expiration in the event a tax transcript is subsequently

required by Freddie Mac to evaluate the Borrower for extended unemployment forbearance or another workout option.

(d) Term

The Borrower may be eligible for up to six additional months of extended unemployment forbearance; however, unemployment forbearance may not be extended beyond a date that would cause the Delinquency to exceed 12 months of the Borrower's contractual monthly Mortgage payment, including taxes and insurance if the Servicer is collecting Escrows for those expenses. In addition, the extended unemployment forbearance plan must be terminated if any of the circumstances provided in Section A65.26(b)3 become applicable.

(e) Payments

If Freddie Mac has approved a Borrower for an extended unemployment forbearance plan, the Borrower will be required to make a payment that is equal to 31% of the Borrower's gross monthly income (not including unemployment benefits) or the current payment due under the existing forbearance agreement, whichever is greater. Freddie Mac may consider exceptions to the required payment on a case-by-case basis, and the Servicer may submit the reason for such exception to Freddie Mac along with all required documentation outlined in Section A65.28(f).

(f) Borrower evaluation

Prior to the end of the short-term unemployment forbearance plan, the Servicer must determine the Borrower's employment status and evaluate the Borrower's eligibility for extended unemployment forbearance as described below.

- If the Borrower has regained employment or is otherwise ineligible for an extended unemployment forbearance plan, the Borrower must cure the Delinquency through a full reinstatement, payoff or a repayment plan. If unable to do so, the Borrower must be considered for another workout option in accordance with the evaluation hierarchy outlined in Section 64.6(a).

- If the Borrower is still unemployed, the Servicer must verify that the Borrower meets all other eligibility requirements of Section A65.28(a).

If an eligible Borrower is offered and declines an extended unemployment forbearance plan, such Borrower must be evaluated for other alternatives to foreclosure under the Guide.

If the Servicer determines that the Borrower is eligible for extended unemployment forbearance, the Servicer must submit a completed Form 1206, Freddie Mac Extended Unemployment Forbearance Request, and all of the following

documentation to Freddie Mac **(see Directory 5)** for a decision on an extension of forbearance:

- A complete Borrower Response Package
- Credit report (or in-file credit report)
- Tax transcript if the Servicer processed either IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, or Form 4506-T, Request for Transcript of Tax Return

The Servicer must obtain Freddie Mac's prior written approval to enter into an extended unemployment forbearance plan with a Borrower.

(g) Transition from extended unemployment forbearance

The Servicer must contact the Borrower monthly during the extended unemployment forbearance period to assess the Borrower's continued eligibility for unemployment forbearance.

Prior to the expiration date of the extended unemployment forbearance plan, or upon Borrower notification of re-employment, whichever comes first, the Servicer must evaluate the Borrower for another foreclosure prevention alternative in accordance with the evaluation hierarchy in Section 64.6(a).

Chapter B65: Workout Options

B65.1: Introduction (11/01/13)

Servicers must evaluate Borrowers in accordance with the workout hierarchy set forth in Section 64.6(a). When a Servicer has determined that a Borrower cannot cure the Delinquency through a reinstatement or relief option as prescribed in Chapter A65, the next step is to determine if a workout would resolve the Delinquency. This chapter sets forth requirements for the following workout options:

- Freddie Mac Standard Modification ("Standard Modification")
- Workout Mortgage Assumption
- Freddie Mac Standard Short Sale ("short sale")
- Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure")
- Freddie Mac Streamlined Modification ("Streamlined Modification")
- Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification")

If a Borrower's situation does not meet all the requirements for a particular workout option, but the Servicer believes that the workout option is still the best solution to the Delinquency, then the Servicer may submit a recommendation and rationale for the recommendation to Freddie Mac for review, in accordance with the submission procedures in this chapter.

For workout options that are specific to the Making Home Affordable initiative, refer to Chapter C65, Home Affordable Modification Program.

B65.1: Introduction (Future effective date 02/01/14)

Servicers must evaluate Borrowers in accordance with the workout hierarchy set forth in Section 64.6(a). When a Servicer has determined that a Borrower cannot cure the Delinquency through a reinstatement or relief option as prescribed in Chapter A65, the next step is to determine if a workout would resolve the Delinquency. This chapter sets forth requirements for the following workout options:

- Freddie Mac Standard Modification ("Standard Modification")
- Freddie Mac Streamlined Modification ("Streamlined Modification")
- Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification")
- Workout Mortgage Assumption
- Freddie Mac Standard Short Sale ("short sale"), including the Streamlined Short Sale

- Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), including the Streamlined Deed-in-Lieu of Foreclosure

If a Borrower's situation does not meet all the requirements for a particular workout option, but the Servicer believes that the workout option is still the best solution to the Delinquency, then the Servicer may submit a recommendation and rationale for the recommendation to Freddie Mac for review, in accordance with the submission procedures in this chapter.

For the workout option that is specific to the Making Home Affordable initiative, refer to Chapter C65, Home Affordable Modification Program.

B65.2: Workout options process (01/01/12)

Effective January 1, 2012, this section is deleted.

B65.3: Chapter contents (11/01/13)

This chapter provides the requirements for recommending and processing a workout option or a charge-off.

Topic	Section(s)
Freddie Mac Standard Modification	B65.11-B65.26
Freddie Mac Streamlined Modification	B65.12.1
Capitalization and Extension Modification for Disaster Relief	B65.12.2
Workout Mortgage Assumption	B65.27-B65.34
Freddie Mac Standard Short Sale	B65.35-B65.41
Freddie Mac Standard Deed-in-Lieu of Foreclosure	B65.42-B65.48
Charge-off	B65.49-B65.54

B65.3: Chapter contents (Future effective date 02/01/14)

This chapter provides the requirements for recommending and processing a workout option or a charge-off.

Topic	Section(s)
Freddie Mac Standard Modification	B65.11-B65.26
Freddie Mac Streamlined Modification	B65.12.1
Capitalization and Extension Modification for Disaster Relief	B65.12.2
Workout Mortgage Assumption	B65.27-B65.34
Freddie Mac Standard Short Sale, including the Streamlined Short Sale	B65.35-B65.41
Freddie Mac Standard Deed-in-Lieu of Foreclosure, including the Streamlined Deed-in-Lieu of Foreclosure	B65.42-B65.48
Charge-off	B65.49-B65.54

B65.4: Approval authority (11/01/13)

Freddie Mac Servicers are delegated to approve the following:

- A Freddie Mac Standard Modification ("Standard Modification"), which is a modification that meets the requirements of Section B65.12 and Sections B65.13 through B65.26, in accordance with the requirements of the Guide or other Purchase Documents

- A Freddie Mac Streamlined Modification ("Streamlined Modification") that meets the requirements of Section B65.12.1

- A Capitalization and Extension Modification for Disaster Relief that meets the requirements of Section B65.12.2

- A Freddie Mac Standard Short Sale ("short sale") that meets the requirements of Sections B65.35 through B65.41. All other short sales must be submitted to Freddie Mac for review and approval.

- A Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") that meets the requirements of Sections B65.43 through B65.48. All other deeds-in-lieu of foreclosure must be submitted to Freddie Mac for review and approval.

For all other workouts under this Chapter B65, the Servicer must submit its recommendation for a workout to Freddie Mac **(see Directory 5)** for review. Additionally, if the Mortgage is an FHA, VA or Rural Housing Service (RHS) Mortgage, the Servicer must obtain approval from the FHA, Rural Housing Service (RHS), or VA, if applicable. The Servicer must also obtain any necessary approvals from the MI for any workout on a Mortgage with mortgage insurance.

B65.4: Approval authority (Future effective date 02/01/14)

Freddie Mac Servicers are delegated to approve the following:

- A Freddie Mac Standard Modification ("Standard Modification"), which is a modification that meets the requirements of Section B65.12 and Sections B65.13 through B65.26, in accordance with the requirements of the Guide or other Purchase Documents

- A Freddie Mac Streamlined Modification ("Streamlined Modification") that meets the requirements of Section B65.12.1

- A Capitalization and Extension Modification for Disaster Relief that meets the requirements of Section B65.12.2

- A Freddie Mac Standard Short Sale ("short sale"), including the Streamlined Short Sale, that meets the requirements of Sections B65.35 through B65.41. All other short sales must be submitted to Freddie Mac for review and approval.

- A Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), including the Streamlined Deed-in-Lieu of Foreclosure, that meets the requirements of Sections B65.43 through B65.48. All other deeds-in-lieu of foreclosure must be submitted to Freddie Mac for review and approval.

For all other workouts under this Chapter B65, the Servicer must submit its recommendation for a workout to Freddie Mac **(see Directory 5)** for review. Additionally, if the Mortgage is an FHA, VA or Rural Housing Service (RHS) Mortgage, the Servicer must obtain approval from the FHA, Rural Housing Service (RHS), or VA, if applicable. The Servicer must also obtain any necessary approvals from the MI for any workout on a Mortgage with mortgage insurance.

B65.5: Freddie Mac's rights (01/01/13)

Freddie Mac's approval or settlement of a workout does not limit its right to review the Mortgage file and invoke its remedies under the Guide. If Freddie Mac's review of the Mortgage file discloses any failure to comply with the Guide or any other Purchase Documents, Freddie Mac has the right to require the Servicer to

1. Compensate Freddie Mac and hold it harmless for any loss, damage or expense (including court costs, attorney fees and incentive payments) that Freddie Mac sustains
2. Repurchase Freddie Mac's interest in the Mortgage at any time under any of the circumstances outlined in Sections 72.1 and 72.1.1

B65.6: Steps for processing a workout recommendation (10/01/11)

The following are the required steps for completing a workout:

- The Servicer must collect and analyze the required documentation and information in accordance with this chapter and Chapter 65
- If the Servicer does not have delegated authority to approve the workout, the Servicer must submit the required documentation and its recommendation to Freddie Mac for review. Freddie Mac will review the documentation and the Servicer's recommendation and advise the Servicer of its decision. The Servicer must ensure that all approval conditions are met
- If the Servicer does have delegated authority to approve the workout, the Servicer must evaluate the Borrower and process the workout in accordance with the Guide and other Purchase Documents
- The Servicer must perform all activities required for closing a workout within Freddie Mac's required time frames

B65.7: Documentation and other requirements (10/01/11)

All Borrowers must submit a complete Borrower Response Package in order to be considered for a workout option under this chapter. Section 64.6 describes the contents of a Borrower Response Package.

B65.8: Compensation (10/01/11)

Servicers are eligible to receive compensation for completing a workout in accordance with Guide requirements. Refer to Section 65.42 for information on Servicer compensation for completing certain alternatives to foreclosure.

B65.9: Mortgage insurance claims (10/31/12)

Freddie Mac will file a claim for loss with the MI if the Mortgage is covered by mortgage insurance and Freddie Mac will manage the claims payment process with the MI. The Servicer must provide all information and documentation pertaining to the claim to the MI no later than 60 days after the foreclosure sale, short sale or acceptance of a deed-in-lieu of foreclosure, or within any shorter time frame as specified by the mortgage insurance master policy or by Freddie Mac.

If the MI reduces the claim due to the Servicer's actions or actions that it failed to take, then the Servicer must reimburse Freddie Mac for the amount that is reduced. If the MI denies the claim due to the Servicer's actions or actions the Servicer failed to take, then the Servicer is required to repurchase the Mortgage or provide Freddie Mac with a repurchase alternative determined by Freddie Mac.

B65.10: Definitions for terms used in this chapter (06/30/11)

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, timely and accurately reporting the transaction to Freddie Mac, remitting all funds collected as part of the workout to Freddie Mac, and ensuring that Freddie Mac receives the Servicer's 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 under the terms of the Mortgage, 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 Freddie Mac.

(c) Property inspection

A property inspection is 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. Refer to Sections 65.30-65.36 for related property inspection requirements.

B65.11: What is a loan modification? (01/01/12)

A modification is a written agreement that the Servicer enters into with the Borrower that permanently changes one or more of the original terms of the Note, such as:

1. An increase in the amount of the unpaid principal balance (UPB) caused by capitalization of interest or non-interest arrearages, Escrow amounts and/or other advances
2. A change in the Note Rate
3. A change in the monthly payment
4. A change in the maturity date
5. A forbearance of a portion of the principal balance (no write-off or permanent reduction of the UPB, delinquent interest or other non-interest arrearages of the Mortgage is allowed)
6. Change in the product type (e.g., an adjustable-rate Mortgage to a fixed-rate Mortgage)

B65.12: When to consider a Freddie Mac Standard Modification (11/01/13)

The Servicer must evaluate the Borrower for a Freddie Mac Standard Modification ("Standard Modification") under this chapter if the Borrower was first determined to be ineligible for a modification under Chapter C65, Home Affordable Modification Program, and the Servicer has otherwise complied with the evaluation hierarchy in Section 64.6.

(a) Delegation of authority

Unless otherwise notified by Freddie Mac, all Freddie Mac Servicers are delegated to approve a Standard Modification in accordance with the requirements of the Guide or other Purchase Documents.

(b) Simultaneous assumptions and modifications

The Servicer must also consider a modification of the Mortgage in situations where all Borrowers are deceased and a person with a legal or beneficial interest in the Mortgaged Premises, such as a surviving spouse, wishes to assume the Mortgage obligation ("non-Borrower applicant"), but the non-Borrower applicant is unable to reinstate the Mortgage and/or maintain the current monthly payments on the Mortgage or qualify for an assumption. See Chapter 60, and Sections B65.27 through B65.34, for additional information on assumption. The requirements in this Section B65.12(b) also apply in cases where the only remaining Borrower is a trust and to other transfers that require acceleration of the Note.

If the non-Borrower applicant is ineligible to assume the Mortgage under Chapter 60 or Sections B65.27 through B65.34, and a relief option as provided in Chapter A65 is not an appropriate solution, the Servicer must consider the non-Borrower applicant for a Standard Modification and a simultaneous assumption of the Mortgage. The non-Borrower applicant must provide the Servicer with a complete Borrower Response Package and the Servicer must evaluate the non-Borrower applicant for a Standard Modification as if the non-Borrower applicant were a Borrower. If the Servicer determines that the non-Borrower applicant would otherwise be eligible for a Standard Modification and determines that an assumption and modification is appropriate, the Servicer must submit its recommendation to Freddie Mac via Workout Prospector®.

Servicers must also submit recommendations to Freddie Mac via Workout Prospector in cases where the Servicer is unable to determine whether a non-Borrower applicant has a legal or beneficial interest in the property.

B65.12.1: Freddie Mac Streamlined Modification (11/01/13)

The Freddie Mac Streamlined Modification ("Streamlined Modification") is a temporarily available modification that does not require the Borrower to provide a Borrower Response Package. Servicers must offer each eligible Borrower a Streamlined Modification Trial Period Plan.

Servicers must refer to the special requirements in Section B65.12.1(g) for Borrowers who experience a hardship as a result of an Eligible Disaster and who were current or less than 31 days delinquent as of the date of the disaster.

The Streamlined Modification Trial Period Plan Effective Date must be no later than **December 1, 2015**.

(a) Eligibility requirements and exclusions for a Streamlined Modification

A Borrower is eligible to receive a Streamlined Modification Trial Period Plan Notice subject to the following requirements:

- The Borrower is at least 90 days delinquent, but no more than 720 days delinquent. Borrowers who become 90 days delinquent remain eligible even if a subsequent payment is received following the Borrower evaluation or solicitation that results in the Borrower becoming less than 90 days delinquent.

- The Mortgage is a conventional First Lien Mortgage currently owned in whole or in part or guaranteed by Freddie Mac

- The property is a Primary Residence, second home or an Investment Property and may be vacant or condemned

- The Mortgage must have been originated at least 12 months prior to the evaluation date

- The pre-modified mark-to-market loan-to-value (MTMLTV) ratio must be greater than or equal to 80%. The MTMLTV ratio is the gross unpaid principal balance (UPB) of the current loan, including any principal forbearance amount if the prior modification includes forborne principal, divided by the property value obtained in accordance with Section B65.16.

- The Streamlined Modification must result in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment. (Refer to Section B65.13 for additional information on determining the payment reduction.)

- The Borrower is not deemed ineligible based on the exclusions listed below

Refer to Section 64.6 for additional information on solicitation of delinquent Borrowers.

Before offering the Borrower a Streamlined Modification Trial Period Plan, Servicers must either obtain the applicable MI's approval of the terms of each modification on a case-by-case basis, or ensure that the applicable MI has provided a delegation of authority to the Servicer that applies to the requested modification.

Exclusions from a Streamlined Modification

The following Borrowers and/or Mortgages are ineligible for a Streamlined Modification:

- A Borrower with **all** of the following characteristics:

- The Borrower was current on his or her Mortgage for each of the five months prior to the Due Date of Last Paid Installment (DDLPI) and never made a payment after becoming delinquent; AND

- The Borrower has not provided a reason for default or, if right party contact has been made, the Borrower's reason for default is not an eligible hardship as specified under Section 65.17; AND

- The Borrower's current FICO® score is 750 or greater determined in accordance with Section B65.12.1(b) below

- The Borrower was previously offered but failed a Streamlined Modification or Streamlined Modification Trial Period Plan

- The Mortgage was previously modified with modification terms determined in accordance with Section B65.18(a) and the Mortgage became 60 or more days delinquent within 12 months of the Modification Effective Date

- The Borrower failed a previous modification Trial Period Plan within 12 months of the evaluation date and the terms of the Trial Period Plan were determined in accordance with Section B65.18(a)

- The Mortgage is subject to an approved short sale or deed-in-lieu of foreclosure transaction

- The Mortgage is currently subject to an unexpired offer to the Borrower for another modification or other alternative to foreclosure, such as a forbearance or repayment plan

- The Borrower is currently performing under another Trial Period Plan, forbearance plan or repayment plan

- The Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage

- The Mortgage has previously been modified two or more times

- The Mortgage is subject to a recourse or indemnification agreement

- The Mortgage is subject to active non-routine litigation, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act

Any Borrower who is ineligible for a Streamlined Modification must provide a complete Borrower Response Package in order to be evaluated for the most

appropriate workout solution in accordance with the evaluation hierarchy in Section 64.6.

(b) Determining the FICO score for Streamlined Modification eligibility

- 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 770, 750 and 745, the single FICO score selected by the Servicer should be 750. When there is a duplicate score, the Servicer must select that score to be the single score. If the FICO scores for a Borrower were 750, 750 and 720, the Servicer should select 750. 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 FICO score to be used to determine if the Borrower is eligible for the Streamlined Modification.

- 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 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 FICO score to be used to determine if the Borrowers are eligible for the Streamlined Modification.

The Borrower's FICO score must not be more than 90 days old on the date the Servicer evaluates the Borrower for the Streamlined Modification.

(c) Determining the terms for a Streamlined Modification Trial Period Plan and a Streamlined Modification

The terms for a Streamlined Modification Trial Period Plan and modification agreement are determined according to the same steps listed in Section B65.18(a) for a Freddie Mac Standard Modification ("Standard Modification").

(d) Complete Borrower Response Package received

- If the Servicer receives a complete Borrower Response Package from the Borrower prior to the 90th day of Delinquency, the Servicer must acknowledge

receipt of the package and review it in accordance with the evaluation hierarchy found in Section 64.6.

The Servicer must offer an eligible Borrower a Streamlined Modification in accordance with the requirements of this section once the Borrower becomes 90 days delinquent if:

- The Servicer has not received a complete Borrower Response Package, or
- The Servicer previously conducted an evaluation of a complete Borrower Response Package and determined that the Borrower was not eligible for any alternative to foreclosure, or
- The Borrower has rejected all other alternatives to foreclosure offered by the Servicer, or
- The Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package prior to the date the Streamlined Modification solicitation will be sent to the Borrower

- If the Servicer receives a complete Borrower Response Package after the date the Streamlined Modification solicitation is sent to the Borrower, and prior to sending the modification agreement, the Servicer must acknowledge receipt of the package and:

  - Review it to determine whether the Borrower is eligible for the Home Affordable Modification Program (HAMP) as set forth in Chapter C65, if the Borrower has accepted the Streamlined Modification Trial Period Plan, or
  - Review the Borrower for all alternatives to foreclosure in accordance with the Guide if the Borrower has not accepted the Streamlined Modification Trial Period Plan

  In situations where the Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package **prior to sending the Streamlined Modification solicitation** and the Borrower has not yet accepted the offer, the Servicer must complete its review of the package for all alternatives to foreclosure in accordance with the Guide. However, if the Borrower has accepted the Streamlined Modification Trial Period Plan, the Servicer must complete its review of the Borrower Response Package for a HAMP modification.

  If the Borrower qualifies for a HAMP modification and the post-modified monthly principal and interest payment under the HAMP modification is less than the principal and interest payment available under the Streamlined Modification, the Servicer must offer the Borrower the HAMP modification. The Servicer must send a HAMP Agreement Cover letter (Form 1118) to the Borrower and edit the offer letter to indicate that a restart of the Trial Period is not required and if the Borrower complies with the terms of the Streamlined Modification Trial Period

Plan and executes the Home Affordable Modification Agreement (Form 3157), he or she will receive the HAMP modification terms. The Servicer must permit the Borrower to continue making the required Streamlined Modification Trial Period Plan payments and send the Borrower a Home Affordable Modification Agreement reflecting HAMP modification terms upon successful completion of the Streamlined Modification Trial Period Plan. The Servicer must convert the existing Streamlined Modification Trial Period Plan to a HAMP Trial Period Plan in Workout Prospector®.

Mortgages that convert from a Streamlined Modification Trial Period Plan to a modification under HAMP without restart of the Trial Period must also be reported to Fannie Mae, in its capacity as program administrator for the United States Department of the Treasury ("Program Administrator"), via the HAMP Reporting Tool. Servicers should refer to the Program Administrator for specific reporting requirements on reporting HAMP loan-level data in the HAMP Reporting Tool.

If the Borrower does not qualify for a HAMP modification based on a review of a complete Borrower Response Package received during the Trial Period, the Servicer must communicate to the Borrower verbally or in writing a confirmation that the Borrower is ineligible for HAMP. However, if the Borrower complies with the terms of the Streamlined Modification Trial Period Plan and makes all required payments, the Mortgage will be modified reflecting the terms of the Streamlined Modification upon return of an executed modification agreement.

(e) Servicer incentives

Servicers are eligible to receive compensation for completing a Streamlined Modification in accordance with the Standard Modification incentive structure and requirements described in Section 65.42.

(f) Other requirements

Except as otherwise provided in this Section B65.12.1, Servicers must process a Streamlined Modification in accordance with, and subject to, the same requirements set forth in Section B65.16 and Sections B65.18 through B65.26 that are otherwise applicable to processing a Standard Modification.

(g) Special requirements for Borrowers impacted by an Eligible Disaster

The following special requirements apply for Borrowers who were current or less than 31 days delinquent as of the date of an Eligible Disaster and experienced a hardship due to their Mortgaged Premises or places of employment being located in an Eligible Disaster Area.

The Servicer must evaluate the Borrower for a Streamlined Modification if the Borrower is 90 or more days delinquent, a Borrower Response Package has not been received and one of the following conditions is met:

- The Borrower is not eligible for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification")
- The Borrower declines a Disaster Relief Modification offer
- The Servicer is unable to achieve quality right party contact with the Borrower at the end of the disaster-related forbearance period to determine financial status and eligibility for a Disaster Relief Modification

However, the following special requirements apply when the Streamlined Modification is subject to this Section B65.12.1(g) and supersede certain provisions of Sections B65.12.1(a) through B65.12.1(d):

- The Servicer is not required to have previously solicited the Borrower for a foreclosure prevention alternative
- The following Mortgages are ineligible for a Streamlined Modification. These exclusions are in lieu of the exclusions described in subsection (a) above.
  - The Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage
  - The Mortgage is subject to recourse or indemnification
  - The Mortgage is subject to active non-routine litigation as described in Section 67.17, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act
  - With the exception of a disaster-related forbearance plan, the Mortgage is currently performing under another forbearance plan, Trial Period Plan or repayment plan
  - The Mortgage is subject to an approved short sale or deed-in-lieu of foreclosure
  - The Mortgage is currently subject to an unexpired offer to the Borrower for another modification or other foreclosure prevention alternative, such as a non-disaster-related forbearance or repayment plan
- If the Servicer was not collecting Escrows on the existing Mortgage, the Borrower is not required to establish an Escrow account as a condition of the modification

unless otherwise required by applicable law, or the Servicer confirms that the taxes and insurance premiums have not been paid and are past due.

- There is no restriction on the mark-to-market loan-to-value (MTMLTV) ratio; however, when the MTMLTV ratio is less than 80%, the terms of the Streamlined Modification are determined in accordance with the requirements below:

Determining the terms of a Streamlined Modification for Mortgages with an MTMLTV ratio less than 80%

For Mortgages with a pre-modified MTMLTV ratio less than 80%, the Servicer must calculate the terms for the Streamlined Modification according to the following steps:

Step 1: Capitalize the arrearages in accordance with Section B65.23

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification:

- If the existing Mortgage is a fixed-rate Mortgage (excluding Mortgages with an interest rate scheduled to step up over time ("Step Rate Mortgage")), the Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and establish the terms of the permanent modification

- If the existing Mortgage is an ARM or a Step Rate Mortgage and the existing interest rate on the Mortgage is:

  - Less than Freddie Mac's posted interest rate for Standard Modifications, the Servicer must use the posted Standard Modification interest rate to calculate the Trial Period Plan payment and establish the terms of the permanent modification

  - Greater than or equal to Freddie Mac's posted interest rate for Standard Modifications, the Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate when establishing the terms of the permanent modification

  The Standard Modification interest rate referenced above is the Standard Modification interest rate posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the Borrower is eligible for a Trial Period Plan.

Step 3: Extend the term to 480 months from the Modification Effective Date.

The Servicer must follow the steps above when determining the Trial Period Plan payment and again when preparing the modification agreement using the modified Mortgage terms once final capitalized amounts are known.

B65.12.1: Freddie Mac Streamlined Modification (Future effective date 04/01/14)

The Freddie Mac Streamlined Modification ("Streamlined Modification") is a temporarily available modification that does not require the Borrower to provide a Borrower Response Package. Servicers must offer each eligible Borrower a Streamlined Modification Trial Period Plan.

Servicers must refer to the special requirements in Section B65.12.1(g) for Borrowers who experience a hardship as a result of an Eligible Disaster and who were current or less than 31 days delinquent as of the date of the disaster.

The Streamlined Modification Trial Period Plan Effective Date must be no later than **December 1, 2015**.

(a) Eligibility requirements and exclusions for a Streamlined Modification

A Borrower is eligible to receive a Streamlined Modification Trial Period Plan Notice subject to the following requirements:

- The Borrower is at least 90 days delinquent, but no more than 720 days delinquent. Borrowers who become 90 days delinquent remain eligible even if a subsequent payment is received following the Borrower evaluation or solicitation that results in the Borrower becoming less than 90 days delinquent.

- The Mortgage is a conventional First Lien Mortgage currently owned in whole or in part or guaranteed by Freddie Mac

- The property is a Primary Residence, second home or an Investment Property and may be vacant or condemned

- The Mortgage must have been originated at least 12 months prior to the evaluation date

- The Streamlined Modification must result in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment. (Refer to Section B65.13 and Section B65.18 for additional payment reduction requirements.)

- The Borrower is not deemed ineligible based on the exclusions listed below

Refer to Section 64.6 for additional information on solicitation of delinquent Borrowers.

Before offering the Borrower a Streamlined Modification Trial Period Plan, Servicers must either obtain the applicable MI's approval of the terms of each modification on a case-by-case basis, or ensure that the applicable MI has provided a delegation of authority to the Servicer that applies to the requested modification.

Exclusions from a Streamlined Modification

The following Borrowers and/or Mortgages are ineligible for a Streamlined Modification:

- A Borrower with **all** of the following characteristics:
  - The Borrower was current on his or her Mortgage for each of the five months prior to the Due Date of Last Paid Installment (DDLPI) and never made a payment after becoming delinquent; AND
  - The Borrower has not provided a reason for default or, if right party contact has been made, the Borrower's reason for default is not an eligible hardship as specified under Section 65.17; AND
  - The Borrower's current FICO® score is 750 or greater determined in accordance with Section B65.12.1(b) below
- The Borrower was previously offered but failed a Streamlined Modification or Streamlined Modification Trial Period Plan
- The Mortgage was previously modified with modification terms determined in accordance with Section B65.18(a) and the Mortgage became 60 or more days delinquent within 12 months of the Modification Effective Date
- The Borrower failed a previous modification Trial Period Plan within 12 months of the evaluation date and the terms of the Trial Period Plan were determined in accordance with Section B65.18(a)
- The Mortgage is subject to an approved short sale or deed-in-lieu of foreclosure transaction
- The Mortgage is currently subject to an unexpired offer to the Borrower for another modification or other alternative to foreclosure, such as a forbearance or repayment plan

- The Borrower is currently performing under another Trial Period Plan, forbearance plan or repayment plan

- The Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage

- The Mortgage has previously been modified two or more times

- The Mortgage is subject to a recourse or indemnification agreement

- The Mortgage is subject to active non-routine litigation, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act

Any Borrower who is ineligible for a Streamlined Modification must provide a complete Borrower Response Package in order to be evaluated for the most appropriate workout solution in accordance with the evaluation hierarchy in Section 64.6.

(b) Determining the FICO score for Streamlined Modification eligibility

- 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 770, 750 and 745, the single FICO score selected by the Servicer should be 750. When there is a duplicate score, the Servicer must select that score to be the single score. If the FICO scores for a Borrower were 750, 750 and 720, the Servicer should select 750. 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 FICO score to be used to determine if the Borrower is eligible for the Streamlined Modification.

- 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 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 FICO score to be used to determine if the Borrowers are eligible for the Streamlined Modification.

The Borrower's FICO score must not be more than 90 days old on the date the Servicer evaluates the Borrower for the Streamlined Modification.

(c) Determining the terms for a Streamlined Modification Trial Period Plan and a Streamlined Modification

The terms for a Streamlined Modification Trial Period Plan and modification agreement are determined according to the same steps listed in Section B65.18(a) for a Freddie Mac Standard Modification ("Standard Modification").

(d) Complete Borrower Response Package received

- If the Servicer receives a complete Borrower Response Package from the Borrower prior to the 90th day of Delinquency, the Servicer must acknowledge receipt of the package and review it in accordance with the evaluation hierarchy found in Section 64.6.

  The Servicer must offer an eligible Borrower a Streamlined Modification in accordance with the requirements of this section once the Borrower becomes 90 days delinquent if:

  - The Servicer has not received a complete Borrower Response Package, or
  - The Servicer previously conducted an evaluation of a complete Borrower Response Package and determined that the Borrower was not eligible for any alternative to foreclosure, or
  - The Borrower has rejected all other alternatives to foreclosure offered by the Servicer, or
  - The Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package prior to the date the Streamlined Modification solicitation will be sent to the Borrower

- If the Servicer receives a complete Borrower Response Package after the date the Streamlined Modification solicitation is sent to the Borrower, and prior to sending the modification agreement, the Servicer must acknowledge receipt of the package and:

  - Review it to determine whether the Borrower is eligible for the Home Affordable Modification Program (HAMP) as set forth in Chapter C65, if the Borrower has accepted the Streamlined Modification Trial Period Plan, or
  - Review the Borrower for all alternatives to foreclosure in accordance with the Guide if the Borrower has not accepted the Streamlined Modification Trial Period Plan

In situations where the Servicer has received a complete Borrower Response Package, but has not completed its evaluation of the package **prior to sending the Streamlined Modification solicitation** and the Borrower has not yet accepted the offer, the Servicer must complete its review of the package for all alternatives to foreclosure in accordance with the Guide. However, if the Borrower has accepted the Streamlined Modification Trial Period Plan, the Servicer must complete its review of the Borrower Response Package for a HAMP modification.

If the Borrower qualifies for a HAMP modification and the post-modified monthly principal and interest payment under the HAMP modification is less than the principal and interest payment available under the Streamlined Modification, the Servicer must offer the Borrower the HAMP modification. The Servicer must send a HAMP Agreement Cover letter (Form 1118) to the Borrower and edit the offer letter to indicate that a restart of the Trial Period is not required and if the Borrower complies with the terms of the Streamlined Modification Trial Period Plan and executes the Home Affordable Modification Agreement (Form 3157), he or she will receive the HAMP modification terms. The Servicer must permit the Borrower to continue making the required Streamlined Modification Trial Period Plan payments and send the Borrower a Home Affordable Modification Agreement reflecting HAMP modification terms upon successful completion of the Streamlined Modification Trial Period Plan. The Servicer must convert the existing Streamlined Modification Trial Period Plan to a HAMP Trial Period Plan in Workout Prospector®.

Mortgages that convert from a Streamlined Modification Trial Period Plan to a modification under HAMP without restart of the Trial Period must also be reported to Fannie Mae, in its capacity as program administrator for the United States Department of the Treasury ("Program Administrator"), via the HAMP Reporting Tool. Servicers should refer to the Program Administrator for specific reporting requirements on reporting HAMP loan-level data in the HAMP Reporting Tool.

If the Borrower does not qualify for a HAMP modification based on a review of a complete Borrower Response Package received during the Trial Period, the Servicer must communicate to the Borrower verbally or in writing a confirmation that the Borrower is ineligible for HAMP. However, if the Borrower complies with the terms of the Streamlined Modification Trial Period Plan and makes all required payments, the Mortgage will be modified reflecting the terms of the Streamlined Modification upon return of an executed modification agreement.

(e) Servicer incentives

Servicers are eligible to receive compensation for completing a Streamlined Modification in accordance with the Standard Modification incentive structure and requirements described in Section 65.42.

(f) Other requirements

Except as otherwise provided in this Section B65.12.1, Servicers must process a Streamlined Modification in accordance with, and subject to, the same requirements set forth in Section B65.16 and Sections B65.18 through B65.26 that are otherwise applicable to processing a Standard Modification.

(g) Special requirements for Borrowers impacted by an Eligible Disaster

The requirements of this Section B65.12.1(g) apply for Borrowers who were current or less than 31 days delinquent as of the date of an Eligible Disaster and experienced a hardship due to their Mortgaged Premises or places of employment being located in an Eligible Disaster Area.

The Servicer must evaluate the Borrower for a Streamlined Modification if the Borrower is 90 or more days delinquent, a Borrower Response Package has not been received and one of the following conditions is met:

- The Borrower is not eligible for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification")
- The Borrower declines a Disaster Relief Modification offer
- The Servicer is unable to achieve quality right party contact with the Borrower at the end of the disaster-related forbearance period to determine financial status and eligibility for a Disaster Relief Modification

The following special requirements apply when the Streamlined Modification is subject to this Section B65.12.1(g) and supersede certain provisions of Sections B65.12.1(a) through B65.12.1(d):

- The Servicer is not required to have previously solicited the Borrower for a foreclosure prevention alternative
- The following Mortgages are ineligible for a Streamlined Modification. These exclusions are in lieu of the exclusions described in subsection (a) above.
  - The Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage
  - The Mortgage is subject to recourse or indemnification
  - The Mortgage is subject to active non-routine litigation as described in Section 67.17, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act

- With the exception of a disaster-related forbearance plan, the Mortgage is currently performing under another forbearance plan, Trial Period Plan or repayment plan

- The Mortgage is subject to an approved short sale or deed-in-lieu of foreclosure

- The Mortgage is currently subject to an unexpired offer to the Borrower for another modification or other foreclosure prevention alternative, such as a non-disaster-related forbearance or repayment plan

- If the Servicer was not collecting Escrows on the existing Mortgage, the Borrower is not required to establish an Escrow account as a condition of the modification unless otherwise required by applicable law, or the Servicer confirms that the taxes and insurance premiums have not been paid and are past due.

B65.12.2: Capitalization and Extension Modification for Disaster Relief (11/01/13)

The Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification") is a modification for a Borrower who was impacted by an Eligible Disaster. Servicers must consider eligible Borrowers for this modification once the Borrower's hardship is resolved if the Borrower indicates he or she is able to resume making the contractual monthly payments on the Mortgage but reinstatement or a repayment plan is not a viable option.

Refer to Chapter 68 for additional requirements for Borrowers whose Mortgaged Premises or places of employment are in an Eligible Disaster Area.

(a) Eligibility requirements for a Disaster Relief Modification

A Borrower is eligible for a Disaster Relief Modification subject to the following requirements:

- The Borrower's hardship must have been caused by an Eligible Disaster

- The Borrower's Mortgaged Premises or place of employment must be located in an Eligible Disaster Area

- The Borrower must have been current or less than 31 days delinquent as of the date of the disaster, and must be at least 60 but less than 360 days delinquent at the time of evaluation for the modification

- The Servicer has been able to achieve quality right party contact with the Borrower and the Borrower indicates that he or she is able to resume making the existing contractual monthly payment on the Mortgage

- The Mortgage is a conventional First Lien Mortgage owned, in whole or in part, or guaranteed by Freddie Mac

- The property may be a Primary Residence, second home or Investment Property and may be vacant or condemned

The following Mortgages are ineligible for a Disaster Relief Modification:

- FHA, VA or Guaranteed Rural Housing Mortgages

- Mortgages subject to a recourse or indemnification agreement

- Mortgages subject to active non-routine litigation, as defined in Section 67.17, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act

- Mortgages subject to an approved short sale or deed-in-lieu of foreclosure

- With the exception of a disaster-related forbearance plan, Mortgages where the Borrower is currently performing under another forbearance or repayment plan

- With the exception of a Streamlined Modification, Mortgages currently subject to an unexpired offer to the Borrower for another modification or other foreclosure prevention alternative, such as a non-disaster-related forbearance or repayment plan

(b) Documentation requirements

A Borrower is not required to provide a Borrower Response Package to be considered for and offered a Disaster Relief Modification.

(c) Determination of Trial Period and permanent modification terms

The modified Mortgage must 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. However, if the Mortgage is an ARM and the Borrower would prefer to retain the adjustable rate terms rather than converting the Mortgage to a fixed-rate Mortgage, the Servicer must submit the file to Freddie Mac for processing.

The Servicer must follow the steps below when preparing the Trial Period Plan and again when preparing the modification agreement using the modified Mortgage terms once final capitalized amounts are known. If the existing Mortgage includes a non-interesting bearing unpaid principal balance (UPB) as a result of a prior modification, the non-interesting bearing UPB will remain deferred under the Disaster Relief Modification.

Step 1: Capitalize the arrearages in accordance with Section B65.23.

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification:

- If the existing Mortgage is a fixed-rate Mortgage (excluding Mortgages with an interest rate scheduled to step up over time ("Step Rate Mortgage")), the Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and establish the terms of the permanent modification

- If the existing Mortgage is an ARM or a Step Rate Mortgage and the existing interest rate on the Mortgage is:

  - Less than Freddie Mac's posted interest rate for Standard Modifications, the Servicer must use the posted Standard Modification interest rate to calculate the Trial Period Plan payment and establish the terms of the permanent modification

  - Greater than or equal to Freddie Mac's posted interest rate for Standard Modifications, the Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate when establishing the terms of the permanent modification

  The Standard Modification interest rate referenced above is the Standard Modification interest rate posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the

Borrower is eligible for a Trial Period Plan.

Step 3: Extend the term in monthly increments, not to exceed a term of 480 months from the Modification Effective Date, to the point that the modified principal and interest payment equals the existing contractual principal and interest payment on the Mortgage. The modified principal and interest payment may not be greater than the existing contractual principal and interest payment. If necessary, the Servicer must extend the term one additional month to cause the principal and interest payment to fall just below the existing contractual principal and interest payment on the Mortgage.

Example: A Borrower's pre-modified contractual principal and interest payment is $1,100. If extending the term by 20 months would provide a Borrower with a modified principal and interest payment of $1,101 and a term extension of 21 months would result in a modified interest payment less than $1,100, the Servicer must extend the term by 21 months, provided the total modified term does not exceed 480 months.

If the Servicer is not able to achieve the existing contractual principal and interest payment by extending the term to a maximum term of 480 months, the Borrower must be considered for another type of modification in accordance with the evaluation hierarchy in Section 64.6.

(d) Other requirements

If the Servicer was not collecting Escrows on the existing Mortgage, the Borrower is not required to establish an Escrow account as a condition of the modification unless otherwise required by applicable law or the Servicer confirms that the taxes and insurance premiums have not been paid and are past due.

Except as otherwise provided in this Section B65.12.2, Servicers must process a Disaster Relief Modification in accordance with, and subject to, the requirements set forth in Sections B65.18(c) and B65.19 through B65.26.

B65.12.2: Capitalization and Extension Modification for Disaster Relief (Future effective date 02/01/14)

The Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification") is a modification for a Borrower who was impacted by an Eligible Disaster. Servicers must consider eligible Borrowers for this modification once the Borrower's hardship is resolved if the Borrower indicates he or she is able to resume making the contractual monthly payments on the Mortgage but reinstatement or a repayment plan is not a viable option.

Refer to Chapter 68 for additional requirements for Borrowers whose Mortgaged Premises or places of employment are in an Eligible Disaster Area.

(a) Eligibility requirements for a Disaster Relief Modification

A Borrower is eligible for a Disaster Relief Modification subject to the following requirements:

- The Borrower's hardship must have been caused by an Eligible Disaster
- The Borrower's Mortgaged Premises or place of employment must be located in an Eligible Disaster Area
- The Borrower must have been current or less than 31 days delinquent as of the date of the disaster, and must be at least 60 but less than 360 days delinquent at the time of evaluation for the modification
- The Servicer has been able to achieve quality right party contact with the Borrower and the Borrower indicates that he or she is able to resume making the existing contractual monthly payment on the Mortgage
- The Mortgage is a conventional First Lien Mortgage owned, in whole or in part, or guaranteed by Freddie Mac
- The property may be a Primary Residence, second home or Investment Property and may be vacant or condemned

The following Mortgages are ineligible for a Disaster Relief Modification:

- FHA, VA or Guaranteed Rural Housing Mortgages
- Mortgages subject to a recourse or indemnification agreement
- Mortgages subject to active non-routine litigation, as defined in Section 67.17, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act
- Mortgages subject to an approved short sale or deed-in-lieu of foreclosure
- With the exception of a disaster-related forbearance plan, Mortgages where the Borrower is currently performing under another forbearance or repayment plan
- With the exception of a Streamlined Modification, Mortgages currently subject to an unexpired offer to the Borrower for another modification or other foreclosure prevention alternative, such as a non-disaster-related forbearance or repayment plan

(b) Documentation requirements

A Borrower is not required to provide a Borrower Response Package to be considered for and offered a Disaster Relief Modification.

(c) Determination of Trial Period and permanent modification terms

The modified Mortgage must 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.

The Servicer must follow the steps below when preparing the Trial Period Plan and again when preparing the modification agreement using the modified Mortgage terms once final capitalized amounts are known. If the existing Mortgage includes a non-interesting bearing unpaid principal balance (UPB) as a result of a prior modification, the non-interesting bearing UPB will remain deferred under the Disaster Relief Modification.

Step 1: Capitalize the arrearages in accordance with Section B65.23.

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification:

If the existing Mortgage is a:	…then
Fixed-rate Mortgage (excluding Mortgages with an interest rate scheduled to step up over time ("Step Rate Mortgage")	The Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification
ARM or Step Rate Mortgage and the existing interest rate on the Mortgage is less than Freddie Mac's posted interest rate for Standard Modifications	The Servicer must use Freddie Mac's posted interest rate for Standard Modifications to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification
ARM or a Step Rate Mortgage and the existing interest rate on the Mortgage is greater than or equal to Freddie Mac's posted interest rate for Standard Modifications	The Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification

The Standard Modification interest rate referenced above is the Standard Modification interest rate posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the Borrower is eligible for a Trial Period Plan.

Step 3: Extend the term in monthly increments, not to exceed a term of 480 months from the Modification Effective Date, to the point that the modified principal and interest payment equals the existing contractual principal and interest payment on the Mortgage. The modified principal and interest payment may not be greater than the existing contractual principal and interest payment. If necessary, the Servicer must extend the term one additional month to cause the principal and interest payment to fall just below the existing contractual principal and interest payment on the Mortgage.

Example: A Borrower's pre-modified contractual principal and interest payment is $1,100. If extending the term by 20 months would provide a Borrower with a modified principal and interest payment of

$1,101 and a term extension of 21 months would result in a modified interest payment less than $1,100, the Servicer must extend the term by 21 months, provided the total modified term does not exceed 480 months.

If the Servicer is not able to achieve the existing contractual principal and interest payment by extending the term to a maximum term of 480 months, the Borrower must be considered for another type of modification in accordance with the evaluation hierarchy in Section 64.6.

(d) Other requirements

If the Servicer was not collecting Escrows on the existing Mortgage, the Borrower is not required to establish an Escrow account as a condition of the modification unless otherwise required by applicable law or the Servicer confirms that the taxes and insurance premiums have not been paid and are past due.

Except as otherwise provided in this Section B65.12.2, Servicers must process a Disaster Relief Modification in accordance with, and subject to, the requirements set forth in Sections B65.18(c) and B65.19 through B65.26.

B65.13: Eligibility requirements for a Freddie Mac Standard Modification (07/01/13)

To be eligible for a Freddie Mac Standard Modification ("Standard Modification"), the Servicer must ensure that the following Borrower, property and Mortgage eligibility requirements are met.

If any of the eligibility requirements are not met, but the Servicer believes, based on an evaluation of a complete Borrower Response Package, that the Borrower should be considered for a Standard Modification, the Servicer must transmit the exception request via Workout Prospector® to Freddie Mac. Refer to Section B65.18 for additional information on Workout Prospector.

In addition, if there is a Risk of Property Ownership (see Section 65.20) and the Mortgage is not otherwise eligible for a Standard Modification, the Servicer may submit a recommendation to Freddie Mac to consider a Standard Modification.

(a) Borrower eligibility

The Borrower must:

- Have an eligible hardship as described in Section 65.17. The hardship must currently be causing or be expected to cause a long-term or permanent decrease in the Borrower's income or increase in the Borrower's expenses. NOTE: Unemployment is considered a temporary hardship. Servicers must consider unemployed Borrowers for unemployment forbearance under Sections A65.26 through A65.28.

- Have verified income. Unemployment benefits may not be considered as a source of income for a modification.

- Be 60 days or more delinquent. However, a Borrower who is current or less than 60 days delinquent (i.e., less than three monthly payments past due) **and** occupies the property as a Primary Residence is also eligible provided the Borrower is first determined to be in imminent default in accordance with Section B65.15.

  If, as part of an evaluation for HAMP eligibility, a Servicer determined that a Borrower was in imminent default in accordance with Section C65.5.2, but was subsequently determined to be ineligible for HAMP and not offered a HAMP Trial Period Plan, the Servicer may rely on that imminent default determination for eligibility for the Standard Modification.

- Be determined to be ineligible for the Home Affordable Modification Program (HAMP). In addition, Borrowers who received, but defaulted on a HAMP Trial Period Plan, a HAMP modification or other modification or Trial Period Plan are eligible, except as otherwise prohibited by Section B65.14.

(b) Property eligibility

- The property may be vacant, but not condemned

- The property may be a Primary Residence, second home or an Investment Property (i.e., owner-occupied or non-owner-occupied)

(c) Mortgage eligibility

- The Mortgage must have been originated at least 12 months prior to the evaluation date for the Standard Modification

- The Mortgage must be a conventional First Lien Mortgage currently owned or guaranteed in whole or in part by Freddie Mac

- The pre-modified mark-to-market loan-to-value (MTMLTV) ratio (gross unpaid principal balance of the current loan, including any principal forbearance amount if the prior modification includes forborne principal, divided by the property value

obtained in accordance with Section B65.16) must be greater than or equal to 80%.

- The Standard Modification must result in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment

  When determining whether the modification results in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment, the Servicer must consider the following:

  - If the Borrower has been granted interest rate relief under the Servicemembers Civil Relief Act (SCRA), the Servicer must consider the principal and interest payment in effect prior to the granting of the SCRA relief rather than the temporarily reduced monthly payment based on the SCRA interest rate cap

  - If the Mortgage being modified is an adjustable-rate Mortgage or an interest-only Mortgage, the Servicer must consider the principal and interest payment, or interest only payment, as applicable, in effect at the time the Servicer determines eligibility for a Standard Modification Trial Period Plan

- The Standard Modification must result in a post-modification housing expense-to-income ratio that is greater than or equal to 10% and less than or equal to 55%, calculated as follows:

  - **Primary Residence**

    If the subject property is a Primary Residence, the post-modification housing expense-to-income ratio is the post-modification monthly PITIAS Payment (excluding mortgage insurance), divided by the Borrower's monthly gross income (as defined in Section 65.18(c)). This ratio must be greater than or equal to 10% and less than or equal to 55%.

  - **Second homes**

    If the subject property is a second home, the post-modification monthly housing expense on the second home (PITIAS Payment excluding mortgage insurance) must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%.

  - **Investment Properties**

    If the subject property is an Investment Property:

- **Net rental income** on the subject property must be included in the Borrower's gross monthly income for purposes of calculating the monthly housing expense-to-income ratio. When there is net rental income on the subject property, the monthly housing expense component of the ratio would only include the expense on the Borrower's Primary Residence. The income component of the ratio is the Borrower's gross monthly income, which includes the net rental income on the subject property.

- **Net rental loss** on the subject property must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting post-modification combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%

- If the Borrower is currently not receiving rental income on the subject property, then the post-modification monthly housing expense on the subject property must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting post-modification combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%

- Net rental income (or loss) is determined by subtracting the post-modification monthly debt service (i.e., principal, interest, taxes, insurance, including mortgage insurance and association fees, if applicable) on the property from the amount that is 75% of the monthly gross rental income

B65.13: Eligibility requirements for a Freddie Mac Standard Modification (Future effective date 04/01/14)

To be eligible for a Freddie Mac Standard Modification ("Standard Modification"), the Servicer must ensure that the following Borrower, property and Mortgage eligibility requirements are met.

If any of the eligibility requirements are not met, but the Servicer believes, based on an evaluation of a complete Borrower Response Package, that the Borrower should be considered for a Standard Modification, the Servicer must transmit the exception request via Workout Prospector® to Freddie Mac. Refer to Section B65.18 for additional information on Workout Prospector.

In addition, if there is a Risk of Property Ownership (see Section 65.20) and the Mortgage is not otherwise eligible for a Standard Modification, the Servicer may submit a recommendation to Freddie Mac to consider a Standard Modification.

(a) Borrower eligibility

The Borrower must:

- Have an eligible hardship as described in Section 65.17. The hardship must currently be causing or be expected to cause a long-term or permanent decrease in the Borrower's income or increase in the Borrower's expenses. NOTE: Unemployment is considered a temporary hardship. Servicers must consider unemployed Borrowers for unemployment forbearance under Sections A65.26 through A65.28.

- Have verified income. Unemployment benefits may not be considered as a source of income for a modification.

- Be 60 days or more delinquent. However, a Borrower who is current or less than 60 days delinquent (i.e., less than three monthly payments past due) **and** occupies the property as a Primary Residence is also eligible provided the Borrower is first determined to be in imminent default in accordance with Section B65.15.

  If, as part of an evaluation for HAMP eligibility, a Servicer determined that a Borrower was in imminent default in accordance with Section C65.5.2, but was subsequently determined to be ineligible for HAMP and not offered a HAMP Trial Period Plan, the Servicer may rely on that imminent default determination for eligibility for the Standard Modification.

- Be determined to be ineligible for the Home Affordable Modification Program (HAMP). In addition, Borrowers who received, but defaulted on a HAMP Trial Period Plan, a HAMP modification or other modification or Trial Period Plan are eligible, except as otherwise prohibited by Section B65.14.

(b) Property eligibility

- The property may be vacant, but not condemned

- The property may be a Primary Residence, second home or an Investment Property (i.e., owner-occupied or non-owner-occupied)

(c) Mortgage eligibility

- The Mortgage must have been originated at least 12 months prior to the evaluation date for the Standard Modification

- The Mortgage must be a conventional First Lien Mortgage currently owned or guaranteed in whole or in part by Freddie Mac

- The Standard Modification must result in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment. (Refer to Section B65.18 for additional payment reduction requirements that may apply.)

  When determining whether the modification results in a principal and interest payment that is less than or equal to the pre-modification principal and interest payment, the Servicer must consider the following:

  - If the Borrower has been granted interest rate relief under the Servicemembers Civil Relief Act (SCRA), the Servicer must consider the principal and interest payment in effect prior to the granting of the SCRA relief rather than the temporarily reduced monthly payment based on the SCRA interest rate cap

  - If the Mortgage being modified is an adjustable-rate Mortgage or an interest-only Mortgage, the Servicer must consider the principal and interest payment, or interest only payment, as applicable, in effect at the time the Servicer determines eligibility for a Standard Modification Trial Period Plan

- The Standard Modification must result in a post-modification housing expense-to-income ratio that is greater than or equal to 10% and less than or equal to 55%, calculated as follows:

  - **Primary Residence**

    If the subject property is a Primary Residence, the post-modification housing expense-to-income ratio is the post-modification monthly PITIAS Payment (excluding mortgage insurance), divided by the Borrower's monthly gross income (as defined in Section 65.18(c)). This ratio must be greater than or equal to 10% and less than or equal to 55%.

  - **Second homes**

    If the subject property is a second home, the post-modification monthly housing expense on the second home (PITIAS Payment excluding mortgage insurance) must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%.

  - **Investment Properties**

    If the subject property is an Investment Property:

- **Net rental income** on the subject property must be included in the Borrower's gross monthly income for purposes of calculating the monthly housing expense-to-income ratio. When there is net rental income on the subject property, the monthly housing expense component of the ratio would only include the expense on the Borrower's Primary Residence. The income component of the ratio is the Borrower's gross monthly income, which includes the net rental income on the subject property.

- **Net rental loss** on the subject property must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting post-modification combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%

- If the Borrower is currently not receiving rental income on the subject property, then the post-modification monthly housing expense on the subject property must be added to the monthly housing expense on the Borrower's Primary Residence, and when the combined amount is divided by the Borrower's gross monthly income, the resulting post-modification combined housing expense-to-income ratio must be greater than or equal to 10% and less than or equal to 55%

- Net rental income (or loss) is determined by subtracting the post-modification monthly debt service (i.e., principal, interest, taxes, insurance, including mortgage insurance and association fees, if applicable) on the property from the amount that is 75% of the monthly gross rental income

B65.14: Ineligibility for Freddie Mac Standard Modification (07/01/13)

The following Mortgages and Borrowers are ineligible for a Freddie Mac Standard Modification ("Standard Modification"):

- FHA/VA and Guaranteed Rural Housing Mortgages
- Mortgages subject to recourse or indemnification agreements
- Mortgages secured by non-owner occupied properties (i.e., second homes and Investment Properties) where the Borrower is current or less than 60 days delinquent

The following Mortgages and Borrowers are also ineligible for a Freddie Mac Standard Modification ("Standard Modification"). However, if the Servicer believes, based on the Borrower's individual circumstances, that the Borrower should be considered for a

Standard Modification, the Servicer should submit the request to Freddie Mac. (Refer to Section B65.13 for information on submitting an exception request to Freddie Mac.)

- Mortgages subject to active non-routine litigation, except that this ineligibility criterion does not apply to those Borrowers who, in good faith, are exercising a right under the federal Consumer Credit Protection Act
- Mortgages that have been previously modified two or more times
- Mortgages previously modified with the modification terms determined in accordance with Section B65.18(a) and the Mortgage became 60 or more days delinquent within 12 months of the Modification Effective Date
- Borrowers who, within 12 months of the evaluation date, failed a Trial Period Plan and the terms of that Trial Period Plan were determined in accordance with Section B65.18(a)

B65.15: Determining imminent default for a Freddie Mac Standard Modification (10/31/12)

(a) Overview

In order to be eligible for a Freddie Mac Standard Modification ("Standard Modification"), Borrowers who are current or less than 60 days delinquent must be determined to be in imminent default and must be occupying the property as a Primary Residence. The Servicer must verify that the Borrower is occupying the property as a Primary Residence based on a review of a credit report. 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.

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")

(b) Income and asset documentation and verification

1. Documentation and verification

In order to be evaluated for imminent default, a Borrower must, at a minimum, provide a complete Borrower Response Package as defined in Section 64.6(d). In addition, the Servicer must obtain:

- Either a tax transcript by processing the Borrower's signed Form 4506T-EZ or Form 4506-T, or a copy of the Borrower's most recent signed federal tax income tax return (see Section 65.18 for situations where IRS Form 4506-T is required to be obtained); and
- A credit report to determine the Borrower's total monthly debt payment-to-income ratio

2. Verification of income and assets; resolution of material inconsistencies

Servicers must review all documentation submitted by the Borrower and compare information contained in that documentation to the information in the Borrower's income tax return or tax transcript to identify any material 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 material 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.

(c) Cash Reserves test

The Servicer must complete an evaluation of the Borrower's Cash Reserves. 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.

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, for every Borrower on the Mortgage, all of the Borrower's Cash Reserves have been accounted for on Form 710, Uniform Borrower Assistance Form, 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, the Servicer 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 Form 710 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, that 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 Form 710, 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

If the Servicer determines that 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 the Borrower meets the requirements of Section B65.15(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 FICO score (credit score developed by Fair Isaac Corporation (FICO™)), 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 reputation of all Borrowers currently on the Mortgage. Servicers must use a credit score based on the FICO credit-scoring model. This score, referred to as the "Imminent Default Indicator 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 is still unable to obtain a FICO score for that Borrower, it may rely on the FICO scores of all other Borrowers as determined in accordance with this section.

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®
(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 and 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 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 total monthly debt payments for all Borrowers, determined, verified and documented in accordance with this section, by the total monthly gross income for all Borrowers, determined, verified and documented in accordance with Section 65.18.

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 first determines the Borrower has submitted a completed Borrower Response 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.

For this purpose, the total monthly debt payment is the sum of the monthly charges for the following:

- The PITIAS Payment

- 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) 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

Property value

The Servicer must obtain a property value for each Mortgage under consideration for a modification in accordance with Section B65.16. This value must be input into Workout Prospector if not already available in Workout Prospector.

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 Standard Modification 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

The Borrower is considered to be in imminent default if the Borrower's Cash Reserves are less than $25,000, the Imminent Default Indicator result equals "2," and the Borrower provided the documentation required in Section 65.17 supporting one of the Imminent Default Hardships listed below:

- Death of a Borrower or death of either the primary or secondary wage earner in the household;
- Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member; or
- Divorce or legal separation; separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law

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

If the documentation provided by the Borrower confirms an Imminent Default Hardship and the Borrower's Cash Reserves are less than $25,000, the Servicer must evaluate the Borrower for a Standard Modification Trial Period Plan and no further analysis is required by the Servicer to determine imminent default.

(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 applicable underwriting requirements outlined in Chapter B65 to determine if the Borrower qualifies for a Standard Modification.

Servicers may not use Imminent Default Indicator for any purpose other than to evaluate a Borrower who is current or less than 60 days delinquent for imminent default in accordance with the Guide.

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 Freddie Mac's 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."

B65.16: Property valuation requirements (05/13/13)

The Servicer must obtain a property value for each Mortgage under consideration for a Freddie Mac Standard Modification ("Standard Modification"). The property value must be less than 90 days old on the date the Servicer evaluates the Borrower for a Standard Modification. This value must be used to calculate the mark-to-market loan-to-value (MTMLTV) ratio.

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 is provided on Freddie Mac's 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 on the report, Servicers must obtain the value through Freddie Mac's web site at **https://www.bpodirect.com** 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 Freddie Mac's web site at **https://www.bpodirect.com** in accordance with Section 65.39 or request a Home Value Explorer® (HVE) point value estimate through one of Freddie Mac's HVE distributors.

  The following requirements must be met for the Servicer to use an HVE point value estimate to determine the current value:

  - The Mortgaged Premises must be a 1-unit dwelling

- The Mortgaged Premises must be an attached or detached dwelling, or a unit in a Condominium Project or Planned Unit Development (PUD)
- The Mortgaged Premises must **not** be a Manufactured Home, a dwelling on a leasehold estate, or, if the Seller is permitted to deliver Cooperative Share Mortgages under its negotiated Purchase Documents, a Cooperative Unit

HVE provides the following data:

- HVE point value estimate
- HVE Low value
- HVE High value
- Forecast Standard Deviation
- Confidence Score

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).

Information related to HVE and Freddie Mac's 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 modification, the Servicer may use that BPO or appraisal.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

B65.16: Property valuation requirements (Future effective date 01/18/14)

The Servicer must obtain a property value for each Mortgage under consideration for a Freddie Mac Standard Modification ("Standard Modification"). The property value must be less than 90 days old on the date the Servicer evaluates the Borrower for a Standard Modification. This value must be used to calculate the mark-to-market loan-to-value (MTMLTV) ratio.

With respect to the determination of property value for a modification, the Servicer has two options identified below. However, in the event the Servicer had previously obtained a Freddie Mac compliant property valuation (e.g., Freddie Mac-provided Broker's Price Opinion (BPO), Freddie Mac-provided appraisal, or an appraisal in compliance with Chapter 44), the Servicer is not required to obtain a new property valuation and may use

the Freddie Mac compliant property valuation if it is less than 90 days old on the date the Servicer evaluates the Borrower for a modification.

Notwithstanding the requirements in this section, the Servicer must ensure that the property value it obtains is based on a property valuation type consistent with the MI's property valuation requirements when the Mortgage is covered by mortgage insurance.

The Servicer must maintain the property valuation information to evidence compliance with this Section B65.16.

Option One: Home Value Explorer®

The Servicer may determine the value of the Mortgaged Premises by obtaining a Home Value Explorer (HVE) point value estimate through one of Freddie Mac's HVE distributors. Detailed information on HVE and Freddie Mac's distributors is available at: **http://www.freddiemac.com/hve/hve.html**.

The following requirements must be met for the Servicer to use an HVE point value estimate to determine the property value:

- The Mortgaged Premises must be a 1- or 2-unit dwelling
- The Mortgaged Premises must be an attached or detached dwelling, or a unit in a Condominium Project or Planned Unit Development (PUD)
- The Mortgaged Premises must **not** be a Manufactured Home, a dwelling on a leasehold estate or 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 Level of "H" (high) or "M" (medium))
- The Servicer represents and warrants that all information provided by the Servicer for the purpose of obtaining the HVE point value estimate, including the address of the Mortgaged Premises, is true, complete and accurate

Option Two: BPOdirect®

The Servicer may determine the value of the Mortgaged Premises by obtaining a property valuation through Freddie Mac's BPOdirect web site. Detailed information on BPOdirect is available at: **https://www.bpodirect.com**.

The following requirements must be met:

- When a Servicer logs into BPOdirect, the web site may display an automated value. If an automated value is displayed, the Servicer must use the automated value provided by BPOdirect

- When an automated value is not available in BPOdirect, the Servicer must order a property valuation through the BPOdirect web site

B65.17: Borrower documentation (10/31/12)

In order to be evaluated for a Freddie Mac Standard Modification, the Borrower must submit a complete Borrower Response Package. (See Section 64.6 for a description of the Borrower Response Package.)

B65.18: Determining the terms of a Freddie Mac Standard Modification (11/01/13)

(a) Determining the terms of the modification

The terms of the modified Mortgage are determined in accordance with the steps below. The Servicer must follow these steps when evaluating the Borrower for a Trial Period Plan and again when preparing the modification agreement using the modified Mortgage terms once final capitalized amounts are known.
Step 1: Capitalize arrearages in accordance with the requirements of Section B65.23

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification. The Servicer must use the Freddie Mac Standard Modification ("Standard Modification") interest rate in effect and posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the Borrower is eligible for a Trial Period Plan. The interest rate that is used for the final modification must be the same interest rate used to evaluate the Borrower's eligibility for a Trial Period Plan and must be fixed for the term of the modified Mortgage.

Step 3: Extend amortization term to 480 months from the Modification Effective Date

Step 4: For a Mortgage with a pre-modification mark-to-market loan-to-value (MTMLTV) ratio greater than 115%, forbear principal to create a post-modification interest-bearing MTMLTV ratio of 115% or forbear 30% of post-capitalized Unpaid Principal Balance (UPB), whichever forbearance amount is less. The pre-modification MTMLTV ratio is determined by dividing the sum of the interest-bearing and non-interest bearing UPB by the property value determined in accordance

with Section B65.16. Interest will not accrue on the forborne (or deferred) principal. Deferred principal is payable upon maturity of the loan modification, sale or transfer of the property or refinance of the Mortgage.

(b) Determination of eligibility based on Trial Period payment

The determination that the Standard Modification results in: (1) a principal and interest payment that is less than or equal to the pre-modification principal and interest payment, and (2) a housing expense-to-income ratio that is greater than or equal to 10% or less than or equal to 55% is based upon the monthly payment calculated for the Trial Period. If the Borrower makes all Trial Period payments timely, the Servicer must modify the Mortgage, even if, due to variances between estimated capitalization amounts and final capitalization amounts, the Standard Modification does not meet these two eligibility requirements. When determining eligibility for a Trial Period Plan offer, the Servicer is responsible for ensuring that its estimate of the amounts to be capitalized includes all known amounts.

(c) 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. Both the input and output of Workout Prospector is Freddie Mac confidential information that the Servicer must not disclose to third parties, except as authorized by Freddie Mac. Servicers using Workout Prospector are 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."

Once the Servicer 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 Standard Modification, Freddie Mac Streamlined Modification, or Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"):

- 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 B65.15 and enter the Imminent Default Indicator® result and the Imminent Default Hardship reason, if applicable, into Workout Prospector
- For Borrowers who are eligible for a Disaster Relief Modification, the Servicer may manually underwrite the Borrower in accordance with the requirements of this chapter prior to submitting the information into Workout Prospector, but must transmit an exception request to Freddie Mac via Workout Prospector to process the terms of the Trial Period Plan

- 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

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 this chapter 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. 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 or a third-party 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. 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 Standard Modification Trial Period Plan Borrower Evaluation Notice or modification agreement to the Borrower.

B65.18: Determining the terms of a Freddie Mac Standard Modification and Freddie Mac Streamlined Modification (Future effective date 04/01/14)

(a) Determining the terms of the modification

The Servicer must first determine the mark-to-market loan-to-value (MTMLTV) ratio of the Mortgage in order to determine the terms of the modification. The MTMLTV ratio is the gross unpaid principal balance (UPB) of the Mortgage, including any principal forbearance amount, if applicable, divided by the property value obtained in accordance with Section B65.16.

The Servicer must follow the steps below when evaluating the Borrower for a Trial Period Plan and again when preparing the modification agreement using the modified Mortgage terms once final capitalized amounts are known.

i. Mortgages with a pre-modified MTMLTV ratio equal to or greater than 80%

Step 1: Capitalize the arrearages in accordance with the requirements of Section B65.23

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification. The Servicer must use the Freddie Mac Standard Modification ("Standard Modification") interest rate in effect and posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the Borrower is eligible for a Trial Period Plan. The interest rate that is used for the final modification must be the same interest rate used to evaluate the Borrower's eligibility for a Trial Period Plan and must be fixed for the term of the modified Mortgage.

Step 3: Extend the amortization term to 480 months from the Modification Effective Date

Step 4: For a Mortgage with a pre-modification mark-to-market loan-to-value (MTMLTV) ratio greater than 115%, forbear principal to create a post-modification interest-bearing MTMLTV ratio of 115% or forbear 30% of post-capitalized Unpaid Principal Balance (UPB), whichever forbearance amount is less. The pre-modification MTMLTV ratio is determined by dividing the sum of the interest-bearing and non-interest bearing UPB by the property value determined in accordance with Section B65.16. Interest will not accrue on the forborne (or deferred) principal. Deferred principal is payable upon maturity of the loan modification, sale or transfer of the property or refinance of the Mortgage.

i. Mortgages with a pre-modified MTMLTV ratio less than 80%

Step 1: Capitalize the arrearages in accordance with Section B65.23

Step 2: Determine the interest rate that will be used to calculate the Trial Period Plan payment and the terms of the permanent modification as follows:

If the existing Mortgage is a:	…then
Fixed-rate Mortgage (excluding Mortgages with an interest rate scheduled to step up over time ("Step Rate Mortgage")	The Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification

ARM or Step Rate Mortgage and the existing interest rate is less than Freddie Mac's posted interest rate for Standard Modifications	The Servicer must use Freddie Mac's posted interest rate for Standard Modifications to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification
ARM or a Step Rate Mortgage and the existing interest rate on the Mortgage is greater than or equal to Freddie Mac's posted interest rate for Standard Modifications	The Servicer must use the existing interest rate on the Mortgage to calculate the Trial Period Plan payment and use that same rate to establish the terms of the permanent modification

The Standard Modification interest rate referenced above is the Standard Modification interest rate posted on **http://www.freddiemac.com/singlefamily/service/standardmodrate.html** as of the date the Servicer evaluates and determines the Borrower is eligible for a Trial Period Plan.

Step 3: Establish the amortization term

- When determining the Trial Period Plan amortization term options:
  - Calculate the principal and interest (P&I) payment using a 480-month amortization term; and
  - Calculate the P&I payment using a 360-month amortization term

  The Servicer must offer all eligible Borrowers a Trial Period Plan with a 480-month amortization term, provided the 480-month term results in a P&I payment reduction that is less than or equal to the current contractual P&I payment. The Servicer must also include in the Trial Period Plan offer the option for the Borrower to select a Trial Period payment and permanent modification with the P&I payment based on a 360-month amortization term, but only if the 360-month amortization results in a 20% or greater reduction in the current contractual P&I payment.

  If the Borrower requests a term less than 360 months and that request is made prior to the Borrower making the first Trial Period Plan payment, the Servicer must calculate the shorter term by reducing it only to the extent necessary to achieve a 20% reduction in the current contractual P&I payment. The term must then be rounded up to the nearest 60-month increment and the P&I payment must be recalculated based on the rounded up term. For example, if an amortization term of 217 months results in a reduction of 20% in the current contractual P&I payment, the term must be rounded up to 240 months from the Modification Effective Date. If the rounded up term is less than 360

months, the Servicer must offer the shorter term to the Borrower even though it offers more than a 20% P&I payment reduction.

Refer to Section B65.19(b) for the requirements for processing a Borrower's request to change the amortization term during the Trial Period.

- When preparing the modification agreement:
  - Extend the amortization term to 480 months from the Modification Effective Date, or
  - If applicable, extend the amortization term to the term selected by the Borrower, in accordance with the above requirements. (Refer to Section B65.19 for additional Trial Period Plan requirements.)

(b) Determination of eligibility based on Trial Period payment

The determination that the Standard Modification results in: (1) a principal and interest payment that is less than or equal to the pre-modification principal and interest payment, and (2) a housing expense-to-income ratio that is greater than or equal to 10% or less than or equal to 55% is based upon the monthly payment calculated for the Trial Period. If the Borrower makes all Trial Period payments timely, the Servicer must modify the Mortgage, even if, due to variances between estimated capitalization amounts and final capitalization amounts, the Standard Modification does not meet these two eligibility requirements. When determining eligibility for a Trial Period Plan offer, the Servicer is responsible for ensuring that its estimate of the amounts to be capitalized includes all known amounts.

(c) 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. Both the input and output of Workout Prospector is Freddie Mac confidential information that the Servicer must not disclose to third parties, except as authorized by Freddie Mac. Servicers using Workout Prospector are 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."

Once the Servicer 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 Standard Modification, Freddie Mac Streamlined Modification, or Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"):

- 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 B65.15 and enter the Imminent Default Indicator® result and the Imminent Default Hardship reason, if applicable, into Workout Prospector

- For Borrowers who are eligible for a Disaster Relief Modification, the Servicer may manually underwrite the Borrower in accordance with the requirements of this chapter prior to submitting the information into Workout Prospector, but must transmit an exception request to Freddie Mac via Workout Prospector to process the terms of the Trial Period Plan
- 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

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 this chapter 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. 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 or a third-party 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. 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 Standard Modification Trial Period Plan Borrower Evaluation Notice or modification agreement to the Borrower.

B65.19: Trial Period Plan requirements (11/01/13)

A Borrower who is evaluated and determined eligible for a Freddie Mac Standard Modification (“Standard Modification”), Freddie Mac Streamlined Modification (“Streamlined Modification”) or a Capitalization and Extension Modification for Disaster Relief (“Disaster Relief Modification”) must enter into a Trial Period Plan under which the Borrower will be required to remit three monthly payments at an estimated modified payment amount. (See also Section B65.19(b) for Trial Period extension requirements for Borrowers in bankruptcy.)

The Servicer may utilize an interim month following the end of the Trial Period to facilitate processing of the modification agreement in accordance with Section B65.24(b). A payment is not required during the interim month.

(a) Processing the Trial Period Plan offer

If the Borrower qualifies for a modification, the Servicer must offer the Borrower a Trial Period Plan.

- **The Standard Modification Trial Period Plan Notice**

  Within five days of an evaluation decision, but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must send the Borrower a Borrower Evaluation Notice indicating the outcome of its decision. If the Borrower is approved for a Standard Modification, the Servicer must send the Borrower a Standard Modification Trial Period Plan Notice.

  The Standard Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93, Evaluation Model Clauses.

- **The Streamlined Modification Trial Period Plan Notice**
  If the Borrower is approved for a Streamlined Modification, the Servicer must send the Borrower a Streamlined Modification Trial Period Plan Notice with Exhibit 1191, Streamlined Modification Solicitation Letter, in accordance with the requirements described in Section 64.6(b). If the Borrower is approved for a Streamlined Modification due to an Eligible Disaster in accordance with the requirements of Section B65.12.1(g), the Servicer must send the Borrower the Streamlined Modification Trial Period Plan Notice, amended as set forth in Exhibit 93, Evaluation Model Clauses, for Eligible Disasters, and Exhibit 1191A, Streamlined Modification Post-Disaster Forbearance Solicitation Letter.

  The Streamlined Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93.

- **The Disaster Relief Modification Trial Period Plan Notice**
  If the Borrower is approved for a Disaster Relief Modification in accordance with the requirements in Section B65.12.2, the Servicer must send the Borrower a Disaster Relief Modification Trial Period Plan Notice.

  The Disaster Relief Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93.

- **Authorized Changes to the Standard Modification, Streamlined Modification and Disaster Relief Trial Period Plan Notices**

  The Servicer may amend a Trial Period Plan Notice as necessary to request any Borrower cash contribution the Borrower promises to pay for expenses and delinquent amounts not capitalized, if applicable. In addition, Servicers must amend the Trial Period Plan Notice 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 language to the Trial Period Plan Notice under the section "Additional Trial Period Plan Information and Legal Notices:"

  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:

  Page 3:
  Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

  Page 3:
  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.

- **Effective Date of the Trial Period Plan**
  When preparing the Trial Period Plan Notice, 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 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 dates 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 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 example above) the Servicer ***must*** consider the Trial Period Plan offer to be rejected by the Borrower.

- **Borrower acceptance of offer**
  A Borrower's notification to the Servicer indicating an intent to accept a Trial Period Plan offer within 14 days of the date of the offer constitutes sufficient notice solely for purposes of suspending foreclosure referral or sale in accordance with Sections 66.9.1, 66.32.1 and 66.41.

  For purposes of legal acceptance, Borrowers are not required to sign or return the Trial Period Plan Notice. Timely receipt of the first payment due under the Trial Period Plan Notice 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.

(b) 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. 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. 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, the payments may not result in acceleration of the Modification Effective Date.

During the Trial Period, 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
- Report any specific loan-level activity via Electronic Default Reporting as provided in Sections B65.21(a) and 64.10
- 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 the oldest payment due 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 provided those amounts were due at the time of the oldest delinquent payment due date), the Servicer must apply the payment in accordance with the current Note and Security Instrument, or prior modification agreement, if applicable.

Recommencement and/or initiation of collection efforts and foreclosure actions

A Borrower is considered to have failed a Trial Period Plan if the Borrower fails to:

- Make a Trial Period payment by the last day of the month in which the payment is due;
- Comply with the terms of the Trial Period Plan; or
- Execute and return the modification agreement within the applicable 14-day time frame set forth in Section B65.24

If the Borrower fails the Trial Period Plan, the Servicer must begin or recommence collection efforts in accordance with Section 64.5 or, if applicable, recommence any suspended foreclosure action or proceeding.

After determining a Borrower has failed the Trial Period according to the requirements under this Section B65.19(b), the Servicer must report any initiated or resumed collection or foreclosure activity through Electronic Default Reporting (EDR). See Section 64.10 for information on EDR.

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.

Changes to tax and insurance premium payments

If there are changes in a Borrower's tax and insurance premium payments after the Borrower has been qualified for a Trial Period Plan, the Servicer is not required to re-qualify the Borrower based on the subsequent changes in taxes and insurance. However, the Servicer should provide written notice to the Borrower that explains the impact of the new Escrow payment on the modification.

Borrowers who become unemployed during Trial Period

If a Borrower is experiencing financial hardship due to unemployment, Servicers must first consider the Borrower for an unemployment forbearance plan as set forth in Chapter A65. If a Borrower is in a Trial Period Plan and becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must determine whether the Borrower is eligible for unemployment forbearance relief in accordance with requirements in Chapter A65.

If a Borrower was in a Trial Period prior to entering into an unemployment forbearance plan as prescribed in Chapter A65, such Borrower may be re-evaluated for a new Trial Period Plan based on the Borrower's financial circumstances upon completion of the unemployment forbearance plan, provided that he or she was performing in accordance with the terms of the previous Trial Period Plan (i.e., making timely Trial Period payments) prior to entering into the unemployment forbearance plan. Servicers must not resume/restart the terms of a previous Trial Period Plan. If a Borrower meets the eligibility requirements set forth in this chapter upon completion of the unemployment forbearance plan and accepts a new Trial Period Plan offer, the Borrower will be required to start a new Trial Period.

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 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 must not 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 modification. See Section B65.21(a) for information on reporting an extended Trial Period Plan via EDR.

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 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 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 a modification.

B65.19: Trial Period Plan requirements (Future effective date 04/01/14)

A Borrower who is evaluated and determined eligible for a Freddie Mac Standard Modification ("Standard Modification"), Freddie Mac Streamlined Modification ("Streamlined Modification") or a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification") must enter into a Trial Period Plan under which the Borrower will be required to remit three monthly payments at an estimated modified payment amount. (See also Section B65.19(b) for Trial Period extension requirements for Borrowers in bankruptcy.)

The Servicer may utilize an interim month following the end of the Trial Period to facilitate processing of the modification agreement in accordance with Section B65.24(b). A payment is not required during the interim month.

(a) Processing the Trial Period Plan offer

If the Borrower qualifies for a modification, the Servicer must offer the Borrower a Trial Period Plan.

- **The Standard Modification Trial Period Plan Notice**

  Within five days of an evaluation decision, but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must send the Borrower a Borrower Evaluation Notice indicating the outcome of its decision. If the Borrower is approved for a Standard Modification, the Servicer must send the Borrower a Standard Modification Trial Period Plan Notice.

  The Standard Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93, Evaluation Model Clauses.

  Note: If the Borrower's Mortgage has a pre-modified mark-to-market loan-to-value (MTMLTV) ratio less than 80%, the Servicer must revise the Trial Period Plan Notice to include:

  - A proactive offer reflecting the required Trial Period payment based on principal and interest (P&I) payments for a 480-month term plus applicable monthly Escrow payments; and

  If a 360-month term would reduce the current contractual P&I payment by 20% or more:

  - The required Trial Period payment based on P&I payments for a 360-month term;

  - A statement advising the Borrower to contact the Servicer prior to making his or her first Trial Period Plan payment if he or she prefers a term less than 360 months; and

  - A disclosure explaining that if the Borrower chooses the shorter term but is unable to maintain the higher payment during the Trial Period, he or she can switch to making the lower payment based on the 480-month term during the Trial Period without restarting the trial, provided he or she contacts the Servicer before the Servicer sends out the modification agreement for execution

- **The Streamlined Modification Trial Period Plan Notice**
  If the Borrower is approved for a Streamlined Modification, the Servicer must send the Borrower a Streamlined Modification Trial Period Plan Notice with Exhibit 1191, Streamlined Modification Solicitation Letter, in accordance with

the requirements described in Section 64.6(b). If the Borrower is approved for a Streamlined Modification due to an Eligible Disaster in accordance with the requirements of Section B65.12.1(g), the Servicer must send the Borrower the Streamlined Modification Trial Period Plan Notice, amended as set forth in Exhibit 93, Evaluation Model Clauses, for Eligible Disasters, and Exhibit 1191A, Streamlined Modification Post-Disaster Forbearance Solicitation Letter.

The Streamlined Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93.

Note: If the Borrower's Mortgage has a pre-modified MTMLTV ratio less than 80%, the Servicer must revise the Trial Period Plan Notice to include:

- A proactive offer reflecting the required Trial Period payment based on P&I payments for a 480-month term; and

If a 360-month term would reduce the current contractual P&I payment by 20% or more:

- The required Trial Period payment based on P&I payments for a 360-month term;

- A statement advising the Borrower to contact the Servicer prior to making his or her first Trial Period Plan payment if he or she prefers a term less than 360 months; and

- A disclosure explaining that if the Borrower chooses the shorter term but is unable to maintain the higher payment during the Trial Period, he or she can switch to making the lower payment based on the 480-month term during the Trial Period without restarting the trial, provided he or she contacts the Servicer before the Servicer sends out the modification agreement for execution

- **The Disaster Relief Modification Trial Period Plan Notice**
  If the Borrower is approved for a Disaster Relief Modification in accordance with the requirements in Section B65.12.2, the Servicer must send the Borrower a Disaster Relief Modification Trial Period Plan Notice.

  The Disaster Relief Modification Trial Period Plan Notice communicates the qualification decision to the Borrower and is included in Exhibit 93.

- **Authorized Changes to the Standard Modification, Streamlined Modification and Disaster Relief Trial Period Plan Notices**

  The Servicer may amend a Trial Period Plan Notice as necessary to request any Borrower cash contribution the Borrower promises to pay for expenses and

delinquent amounts not capitalized, if applicable. In addition, Servicers must amend the Trial Period Plan Notice 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 language to the Trial Period Plan Notice under the section "Additional Trial Period Plan Information and Legal Notices:"

> ***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:

> Page 3:
> Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.
>
> Page 3:
> **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.

- **Effective Date of the Trial Period Plan**
  When preparing the Trial Period Plan Notice, 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 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 dates 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 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 example above) the Servicer ***must*** consider the Trial Period Plan offer to be rejected by the Borrower.

- **Borrower acceptance of offer**
  A Borrower's notification to the Servicer indicating an intent to accept a Trial Period Plan offer within 14 days of the date of the offer constitutes sufficient notice solely for purposes of suspending foreclosure referral or sale in accordance with Sections 66.9.1, 66.32.1 and 66.41.

  For purposes of legal acceptance, Borrowers are not required to sign or return the Trial Period Plan Notice. Timely receipt of the first payment due under the Trial Period Plan Notice 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.

(b) 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. 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. 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, the payments may not result in acceleration of the Modification Effective Date.

During the Trial Period, 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
- Report any specific loan-level activity via Electronic Default Reporting as provided in Sections B65.21(a) and 64.10
- 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 the oldest payment due 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 provided those amounts were due at the time of the oldest delinquent payment due date), the Servicer must apply the payment in accordance with the current Note and Security Instrument, or prior modification agreement, if applicable.

Recommencement and/or initiation of collection efforts and foreclosure actions

A Borrower is considered to have failed a Trial Period Plan if the Borrower fails to:

- Make a Trial Period payment by the last day of the month in which the payment is due;
- Comply with the terms of the Trial Period Plan; or
- Execute and return the modification agreement within the applicable 14-day time frame set forth in Section B65.24

If the Borrower fails the Trial Period Plan, the Servicer must begin or recommence collection efforts in accordance with Section 64.5 or, if applicable, recommence any suspended foreclosure action or proceeding.

After determining a Borrower has failed the Trial Period according to the requirements under this Section B65.19(b), the Servicer must report any initiated or resumed collection or foreclosure activity through Electronic Default Reporting (EDR). See Section 64.10 for information on EDR.

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.

Changes to tax and insurance premium payments

If there are changes in a Borrower's tax and insurance premium payments after the Borrower has been qualified for a Trial Period Plan, the Servicer is not required to re-qualify the Borrower based on the subsequent changes in taxes and insurance.

However, the Servicer should provide written notice to the Borrower that explains the impact of the new Escrow payment on the modification.

Borrowers who become unemployed during Trial Period

If a Borrower is experiencing financial hardship due to unemployment, Servicers must first consider the Borrower for an unemployment forbearance plan as set forth in Chapter A65. If a Borrower is in a Trial Period Plan and becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must determine whether the Borrower is eligible for unemployment forbearance relief in accordance with requirements in Chapter A65.

If a Borrower was in a Trial Period prior to entering into an unemployment forbearance plan as prescribed in Chapter A65, such Borrower may be re-evaluated for a new Trial Period Plan based on the Borrower's financial circumstances upon completion of the unemployment forbearance plan, provided that he or she was performing in accordance with the terms of the previous Trial Period Plan (i.e., making timely Trial Period payments) prior to entering into the unemployment forbearance plan. Servicers must not resume/restart the terms of a previous Trial Period Plan. If a Borrower meets the eligibility requirements set forth in this chapter upon completion of the unemployment forbearance plan and accepts a new Trial Period Plan offer, the Borrower will be required to start a new Trial Period.

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 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 must not 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 modification. See Section B65.21(a) for information on reporting an extended Trial Period Plan via EDR.

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 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 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 a modification.

Borrowers with an option to change the amortization term during the Trial Period Plan

A Borrower who has selected an amortization term of less than 480 months but is unable to maintain the higher payment, may request the 480-month term after the Trial Period has begun, provided the Borrower:

- Has not missed a Trial Period Plan payment; and
- Contacts the Servicer prior to the date the Servicer sends the final modification agreement to the Borrower for signature

The Borrower will not be required to start a new Trial Period Plan and the amortization term for the permanent modification must be 480 months from the Modification Effective Date.

A Borrower may not switch to a shorter term once the Trial Period Plan has begun.

B65.20: Modified Mortgage conditions (11/01/13)

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 the Servicer's practice for modifying Mortgages in its portfolio is to create modification agreements in recordable form.

Notwithstanding the foregoing, to ensure the First Lien position the Servicer must:

(a) Ensure all real estate taxes or, for Manufactured Homes taxed as personal property, personal property taxes, condominium/homeowners association (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 Freddie Mac's 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 the Servicer to do so, if (1) the amount capitalized is greater than $50,000 (aggregate capitalized amount of all modifications of the Mortgage completed under Freddie Mac's 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 amortization term on the Mortgage is less than or equal to ten years and the Servicer is extending the amortization 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 as otherwise provided in Section B65.21(e), all Borrowers and any other signatory to the Security Instrument must sign the modification agreement and all other required documents.
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. Except as set forth in Sections B65.12.1(g) and B65.12.2(d), 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 77 for an example of an assignment of rents rider)
9. Retain any existing credit enhancement. (Note: Mortgages subject to recourse or indemnification agreements are not eligible for a Freddie Mac Standard Modification, Freddie Mac Streamlined Modification or Capitalization and Extension Modification

for Disaster Relief.) If the Servicer is not the provider of the credit enhancement, it 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.
12. Have flood insurance coverage 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). The Servicer 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 the Servicer must require that the Borrower purchase flood insurance as required in Section 58.3.

B65.21: Other conditions and requirements (11/01/13)

This section describes the following requirements for processing a Freddie Mac Standard Modification ("Standard Modification"), Freddie Mac Streamlined Modification ("Streamlined Modification") and a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"):

- Electronic Default Reporting (EDR)
- MI approval
- Servicing Spread
- Escrows
- Execution of documents

(a) EDR

Servicers must report specific Standard Modification and Streamlined Modification activity to Freddie Mac as follows:

- **BF – "Standard Modification Trial Period."** Report default action code BF to notify Freddie Mac that the Borrower has entered into a Trial Period for the Standard Modification or for the Disaster Relief Modification. Servicers must report this code along with the Trial Period Plan Effective Date each month during the Trial Period. In addition, Servicers must report this code if they elect to use the interim month option under the Trial Period Plan or extend the Trial Period Plan to accommodate a Borrower's bankruptcy filing. See Section B65.24(b) for information on the interim month option and Section B65.19(b) for information on extending a Borrower's Trial Period Plan when the Borrower is in bankruptcy; or

- **TM – "Alternative Modification Trial Period."** Report default action code TM to notify Freddie Mac that the Borrower has entered into a Trial Period for the Streamlined Modification as described in Section B65.12.1. Servicers must report this code along with the Trial Period Plan Effective Date each month during the Trial Period. In addition, Servicers must report this code if they elect to use the interim month option under the Streamlined Modification Trial Period Plan or extend the Trial Period Plan to accommodate a Borrower's bankruptcy filing. See Section B65.24(b) for information on the interim month option and Section B65.19(b) for information on extending a Borrower's Trial Period Plan when the Borrower is in bankruptcy.

- **HD – "Modification in Review."** Report default action code HD to notify Freddie Mac that the Borrower is being evaluated for a modification. Servicers must report this code along with the date they began reviewing the Borrower for the modification. Report this code one time in the month following the month in which the evaluation took place.

- **HE – "Ineligible/Cancel Modification."** Report default action code HE to notify Freddie Mac that the Borrower is ineligible for a modification or the Trial Period has been canceled. Servicers must report this code along with the date they made the decision. Report this code one time in the month following the month in which the decision took place.

If the Mortgage is converting from a Streamlined Modification Trial Period Plan to a Home Affordable Modification Program (HAMP®) modification without a restart of the Trial Period pursuant to the requirements in Section B65.12.1(d), the Servicer must report at least one month of HAMP Trial Period Plan activity using default action code 09 – "Forbearance", along with reason code HMP – "Home Affordable Modification Program" to complete the reporting of the HAMP Trial Period Plan. The Servicer must report codes HMP and 09 via EDR to indicate a HAMP Trial Period Plan no later than the third Business day of the month in which the modification became effective for the prior month's activity and must indicate the original Trial Period Plan Effective Date that was reported for a Streamlined Modification Trial Period Plan.

Example:

A Borrower accepts an offer for a HAMP modification during the third month of the Streamlined Modification Trial Period and the Servicer previously reported a Streamlined Modification Trial Period Plan to Freddie Mac. The Modification Effective Date for this example is November 1, 2013. The EDR submission to Freddie Mac would reflect the following:

Default Action/ Reason Code Reported	Trial Period Plan Effective Date Reported	Month Reported via EDR
TM – Alternative Modification Trial Period Plan	8/1/2013	September 2013
TM – Alternative Modification Trial Period Plan	8/1/2013	October 2013
HMP – Home Affordable Modification And 09 – Forbearance	8/1/2013	November 2013

Refer to Exhibit 82, EDR Transmission Code List, for additional information on the reporting of these codes.

(b) MI approval

Servicers must obtain MI approval of a modification before offering the Borrower a Trial Period Plan. Additionally, if the Borrower cannot pay all amounts due plus the modification expenses, the Servicer must inquire if the MI will make an advance claim payment to pay all or part of the amounts due.

(c) Servicing Spread

Servicers must retain not more than the lesser of the current Servicing Spread on the modified Mortgage or 25 basis points as the Servicing Spread. For Mortgages with a partial principal forbearance, the Servicing Spread is based on the interest-bearing unpaid principal balance (UPB).

(d) Escrows

Except as set forth in Sections B65.12.1(g) and B65.12.2, 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.

Prior to or during the Servicer's determination of the Borrower's eligibility for a modification, 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. In addition:

- 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 UPB as long as they were or will be paid to third parties prior to the Modification Effective Date.
- 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 modified monthly Mortgage payment, will be sufficient to pay all future taxes and insurance premiums when they fall due. If the Borrower is unable to pay the Escrow shortage as a lump sum payment, then the Borrower must pay the shortage as part of the monthly payment on the modified Mortgage ("Project Monthly Escrow Shortage Payments") as set forth in Section B65.23(b). This amount may not be capitalized in the UPB of the Mortgage.
- 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) Execution of documents

The Servicer must require all Borrowers and any other signatory to the Security Instrument to sign the modification agreement and all other required documents to qualify for a modification 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; or

- 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.

For Mortgages secured by a property owned by an eligible Living Trust all Standard Modification-related documents must be executed by the Borrower as follows:
- In his or her individual capacity; and
- By the trustee on behalf of the Living Trust

B65.22: Loan modification expenses (09/12/11)

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 Section B65.20. 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. Property inspection
7. Broker's Price Opinion (BPO) cost, if a BPO is used as the property valuation. See Section 65.40 for BPO cost details.

The Servicer may not charge the Borrower any processing fee or other administrative fee in connection with the processing of a loan modification.

If the Servicer does not modify the Mortgage, the Servicer must refund to the Borrower all prepaid, but unused expense funds.

B65.23: Expenses, delinquent amounts and capitalization rules (09/12/11)

(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 the Servicer, 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 71.18
- 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

The Borrower must agree to contribute funds held in a buydown account, if any, to reduce the Delinquency or amount capitalized.

The Servicer 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 the Servicer 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, the Servicer 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. The Servicer may capitalize any expense or delinquent amount set forth in the table below provided that 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 the expense complies with 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 the Servicer, 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 71.18	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 ("Projected Monthly Escrow Shortage Payments") on the modified Mortgage. If the Borrower must pay Projected Monthly Escrow Shortage Payments, then the Servicer must:

- Spread the Escrow shortage amount equally over a 60-month period, and

- 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. The Servicer 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, the Servicer may choose to spread any additional Escrow shortage that results from a subsequent Escrow analysis over the remaining months of the 60-month period.

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:

- The Servicer may waive any expenses and amounts that may not be capitalized; however, the Servicer may not seek reimbursement of such amounts from Freddie Mac, or

- The Servicer may proceed with another alternative to foreclosure and if none are available, then it may proceed with foreclosure.

B65.24: Preparing to close the loan modification (12/18/13)

The 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. The first modified payment due date is the first day of the month following the final Trial Period month, or, if applicable, the first day of the month following an interim month.

(a) Preparing the modification agreement and providing it to the Borrower

The Servicer must:

1. Prepare two original modification agreements for the Borrower's signature (see Exhibit 76, Loan Modification for Delinquent Mortgages, for an example of a modification agreement)

   The modification agreement:

   - Must be revised as necessary to conform with federal, State and local law and the terms of the modification

   - Must not include any language that requires the Borrower to waive rights he or she may have under applicable law, including the Consumer Credit Protection Act, as a condition of the modification

   - Must have a Modification Effective Date and a due date of the first payment due after the Trial Period (the "First Modified Payment") of the first day of the month following the end of the Trial Period, or, if applicable, the first day of the month following the end of the interim month

- 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 the Servicer's practice for modifying Mortgages in its portfolio is to create modification agreements in recordable form

The new interest rate and new principal balance on the modified Mortgage are effective retroactive to the first day of the month just prior to the First Modified Payment due date (i.e., to allow for payment of interest in arrears). (See below for information on the "interim month option.")

2. Mail the Borrower two unsigned copies of the modification agreement, together with any applicable riders and disclosures, and provide a date by which the Borrower must sign and return the two executed modification agreements (and applicable riders and disclosures), which must be no more than 14 days from the date the Servicer sent the modification agreement

3. Once the Borrower has signed both copies of the modification agreement and made the last required monthly payment due during the Trial Period and the Servicer determines the Borrower 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. The Servicer may not sign the modification agreements until the Borrower has signed the modification agreement and complied with all requirements of the Trial Period Plan.

4. Prepare two assignment of rents riders, if applicable (see Section B65.20)

5. Prepare two due-on-transfer riders, if applicable (see Section B65.20)

6. Prepare two Modification Bankruptcy Disclosure Riders, if applicable (see Section B65.20)

7. Prepare any documents necessary to modify the Mortgage, including applicable disclosure statements

8. Arrange to obtain a title endorsement or similar title insurance product, if applicable. Refer to Section B65.20 for specific information.

(b) 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, then the Servicer may, at its option, prepare the modification agreement such that the Modification Effective Date and the due date of the First Modified Payment 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's 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 pre-modification rate under the current loan documents, which may impact the amount of the modified principal balance. The modified interest rate and the modified principal balance will take effect on April 1. The First Modified Payment due on May 1 will include 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.

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.

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, when sending the modification agreement for signature, must include a cover letter that informs 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.

Electronic Default Reporting (EDR)

If the Servicer elects to use the interim month option in accordance with the requirements under this Section B65.24(b), the Servicer must report the interim month to Freddie Mac through EDR. In doing so, the Servicer must report default action codes "BF" under the Freddie Mac Standard Modification Trial Period Plan or the Capitalization and Extension Modification for Disaster Relief Trial Period Plan, and "TM" under the Freddie Mac Streamlined Modification Trial Period Plan. In addition, the Servicer must also report the Trial Period Plan Effective Date as the default action date until the default action codes would no longer apply once the Mortgage is modified.

Refer to Section 64.10 for information on EDR and Exhibit 82, Electronic Default Reporting Transmission Code List, for descriptions of the default action codes and default reason codes.

B65.25: Loan modification documents (07/01/13)

After the Servicer has sent a fully executed modification agreement to the Borrower as required by Section B65.24(a), the Servicer must submit the second fully executed modification agreement to its Document Custodian as follows:

- If the modification agreement must be recorded (see Sections B65.20 and B65.24):
  - Submit the second fully executed original modification agreement for recordation within one Business Day of receiving either the Borrower executed modification agreement or the final Trial Period payment, whichever is later
  - If the original Security Instrument was registered with MERS®, execute the modification agreement on behalf of MERS
  - Within 25 days of receiving from the Borrower, send a certified copy of the fully executed modification agreement to the Document Custodian to be maintained with the Note
  - Send the modification agreement that is returned from the recorder's office to the Document Custodian within five Business Days of receiving it
- If recordation is not required, send the fully executed modification agreement to the Document Custodian within 25 days after receiving it from the Borrower
- Retain a copy of the fully executed modification agreement in the Mortgage file
- Transmit the status for all Mortgages due for settlement into Workout Prospector® and submit a completed Form 1128, Loss Mitigation Transmittal Worksheet, ("LMTW") to Freddie Mac (see **Directory 5**) (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. When submitting the LMTW for a Streamlined Modification, the Standard Modification instructions on the transmittal must be followed.

  By completing and submitting the LMTW for a modified Mortgage, the Servicer represents and warrants to Freddie Mac that it has completed the LMTW in accordance with the LMTW's 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 matches 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 data entered on the LMTW matches the terms of the modification agreement.

  Freddie Mac will not accept for settlement, or, may exercise any remedy available under the Guide or applicable purchase documents, including without limitation, withholding workout compensation for, any modifications undertaken by the Servicer where required settlement documentation or accurate settlement data 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 Freddie Mac's Servicing Technology Tools web page at **http://www.freddiemac.com/singlefamily/service/tools.html**. All Mortgages that are scheduled to be processed in Freddie Mac's 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, Freddie Mac will notify Servicers that the modification has been processed in Freddie Mac's 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 Freddie Mac's systems, the Servicer will not be able to successfully complete the transaction.

- Comply with the reporting and remitting requirements set forth in Section B65.26 to complete the loan modification. Freddie Mac will enter a credit for its 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.

  If the Servicer reported the Mortgage to Freddie Mac as 90 days or more delinquent or in foreclosure in the prior month, notify Freddie Mac of the reinstatement via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month the Servicer executed the modification agreement. The Servicer must report this reinstatement using default action code 20.

B65.26: Reporting and remittance requirements (08/15/13)

The Servicer must comply with the following reporting and remittance requirements to complete processing of the modification:

(a) Before the first modified payment is due

The Servicer must report and remit to Freddie Mac any full contractual payment submitted by the Borrower in accordance with the Note and Security Instrument, and any modification agreement, if applicable. In doing so, the Servicer must report and remit to Freddie Mac as follows:

1. If the Mortgage has been reported as inactive in previous accounting cycles then:
   - **(a)** Reinstate the Mortgage in the Servicer's monthly Loan-Level Transaction when the Borrower has made a full contractual payment (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 as of the previous accounting cycle cutoff, then:
   - Report the Mortgage as a principal and interest transaction using the terms of the existing Mortgage in the Servicer's monthly Loan-Level Transaction
   - Continue to remit the monthly interest through the automated cash remittance system on the applicable remittance due date for the Mortgage

(b) Once the modification has been executed, the Servicer must update their Mortgage records to reflect the modified terms.

In the next monthly accounting cycle after the effective date of the modification, the Servicer must report and remit to Freddie Mac as follows:

1. Report the Mortgage in its Loan-Level Transaction using the modified terms and report any payments received after the 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. Freddie Mac will enter a credit for its proportionate share of the capitalized amount, if applicable, on the Adjustment Line of the Servicer's Monthly Account Statement (MAS).

2. On the applicable remittance due date for the Mortgage, remit all modified principal and interest payments to Freddie Mac. The Servicer must update its Mortgage records to reflect the modified terms of the Mortgage as soon as the modification agreement has been executed.

(c) The Servicer must report any post-settlement discrepancies to Freddie Mac by submitting Form 1205, Post-Settlement Adjustment Request, within 30 calendar days following the close of Freddie Mac's loan modification update cycle.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission.

Refer to Section 78.6.1 for specific requirements for reporting and remitting for Mortgages with partial principal forbearance.

B65.27: What is a workout Mortgage assumption? (10/01/11)

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 eligible hardship.

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 Freddie Mac for its approval.) Refer to Chapter 60 for those requirements.

B65.28: When to consider a workout Mortgage assumption (02/15/13)

If the Borrower's eligible hardship 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 the Servicer should explore the possibility of a workout Mortgage assumption in accordance with the requirements in Sections B65.29 through B65.34 as a solution to the Delinquency.

Simultaneous assumptions and modifications

The Servicer must also consider an assumption of the Mortgage in situations where the Borrower is deceased and a person with a legal or beneficial interest in the Mortgaged Premises, such as a surviving spouse, wishes to assume the Mortgage obligation ("non-Borrower applicant") but does not meet the requirements under Chapter 60 or the

workout Mortgage assumption requirements provided in Sections B65.29 through B65.34. In such cases, the non-Borrower applicant may be able to assume the Mortgage if the assumption is accompanied by a Freddie Mac Standard Modification to capitalize arrearages and/or achieve an affordable monthly payment.

To consider a non-Borrower applicant for a simultaneous assumption and modification, the non-Borrower applicant must provide the Servicer with a complete Borrower Response Package and the Servicer must evaluate the non-Borrower applicant in accordance with Section B65.12 through B65.25. The requirements in this Section B65.28 also apply in cases where the only remaining Borrower is a trust and to other transfers that require acceleration of the Note.

Refer to Chapter 60 for additional information regarding Transfers of Ownership.

B65.29: Eligibility requirements (10/01/11)

To recommend a Borrower for a workout Mortgage assumption, the Servicer must complete Form 1077, Uniform Underwriting and Transmittal Summary, and ensure that all of the following eligibility requirements are met:

1. The Borrower must have an eligible hardship.
2. The Borrower must be delinquent in his or her payments, or in imminent danger of default
3. The Borrower must submit a complete Borrower Response Package (see Section 64.6 for information on the Borrower Response Package)
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 Broker's Price Opinion (BPO)
5. The ITV ratio (as defined in Section B65.10) must be equal to or greater than 85%
6. The applicant assuming the Mortgage must meet Freddie Mac's 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 Freddie Mac (10/01/11)

To recommend a workout Mortgage assumption, the Servicer must:

- Obtain a property valuation through BPOdirect®. If an automated value is not available in BPOdirect or the Mortgage is secured by a 2- to 4-unit property or a Manufactured Home, then the Servicer must order a Broker's Price Opinion (BPO). The Servicer does not need to submit the valuation to Freddie Mac because Freddie Mac will have access to the value via BPOdirect.

- Submit all of the following to Freddie Mac **(see Directory 5)**

  - The Borrower's complete Borrower Response Package. (See Section 64.6 for a description of the Borrower Response Package.)
  - Completed Form 1077, Uniform Underwriting and Transmittal Summary, detailing the Servicer's underwriting of the applicant
  - A copy of the fully executed sales contract and addenda
  - Estimated seller Closing Costs, if applicable
  - If the Mortgage is covered by mortgage insurance, fax a copy of the approval from the MI to Freddie Mac **(see Directory 5)** within two Business Days of the Servicer's receipt of the MI's approval.

B65.31: Freddie Mac's decision about a Servicer's recommendation (01/14/11)

Freddie Mac will review the documentation the Servicer submits and make a decision to approve or deny the workout Mortgage assumption request.

(a) Approval of request

If Freddie Mac approves the assumption request, it will send the Servicer an approval letter detailing any conditions of Freddie Mac's approval.

(b) Denial of request

If Freddie Mac denies the assumption request, it will send the Servicer an explanation of why Freddie Mac denied the request and provide the Servicer with the course of action it must take to resolve the Delinquency. 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.

B65.32: Approval conditions (01/14/11)

If Freddie Mac approves the Servicer's recommendation to allow an assumption of the Mortgage, the Servicer must ensure that all conditions listed on Freddie Mac's approval letter are met, and must:

1. Obtain approval from the FHA, Rural Housing Service (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 Freddie Mac's 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 Freddie Mac receives all sums due to it
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 the Servicer is not the provider of the credit enhancement, it 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 (01/14/11)

After the workout Mortgage assumption has been closed, submit the following to Freddie Mac **(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: Servicer fee (01/14/11)

The Servicer 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 sale? (11/01/12)

A Freddie Mac Standard Short Sale ("short sale") is the sale of the Mortgaged Premises for less than the total amount necessary to satisfy the Mortgage.

When the sale proceeds are less than the total amount due, but there is a mortgage insurance claim payment or a Borrower cash contribution that results in Freddie Mac's receiving all sums owed on the Mortgage, then Freddie Mac considers the transaction a "make-whole" preforeclosure sale rather than a short sale. The Servicer does not need to obtain Freddie Mac's prior approval for a make-whole preforeclosure sale. Refer to Section B65.41 for Freddie Mac's reporting and closing requirements for a make-whole preforeclosure sale.

B65.36: Short sale eligibility requirements and Servicer approval authority (07/01/13)

If the Borrower's eligible hardship is permanent or long-term and the Borrower is unable or unwilling to sustain homeownership, then the Servicer should determine if the Borrower meets the eligibility requirements for a Freddie Mac Standard Short Sale ("short sale"). The Servicer must evaluate the Borrower for a short sale under this chapter once the Servicer has otherwise complied with the evaluation hierarchy in Section 64.6(a).

If the Mortgage is subject to a recourse or indemnification agreement, the Servicer may approve a short sale provided the Servicer reports and remits a full payoff to Freddie Mac and absorbs any losses and expenses related to the Delinquency.

If the Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage, the Servicer must comply with the requirements of the applicable agency when approving a short sale in a manner that ensures continued coverage of the Mortgage.

The Servicer must use the Borrower's Delinquency status to determine eligibility, documentation requirements and Borrower contributions. The Servicer determines the Delinquency status at the time of evaluation for eligibility and Borrower contribution in accordance with the following:

- When determining eligibility in accordance with this section, the Servicer must use the Delinquency status of the Mortgage on the date the Servicer begins the evaluation using required documentation pursuant to Section B65.37(a)

- When the Servicer's evaluation for eligibility did not include a review of a purchase offer, the Servicer must evaluate the Borrower for a contribution, if applicable, once the purchase offer is received. The Servicer must determine the Delinquency status of the Mortgage when beginning the review of the purchase offer. If the credit report is now greater than 90 days old from the date of initial evaluation for eligibility, the Servicer must order a new credit report.

(a) Eligibility requirements for a short sale

Every Borrower, regardless of Delinquency status, is eligible to be considered for a short sale, provided the following requirements are met:

- The Borrower must be experiencing or have experienced one of the eligible hardships listed in Section 65.17(a).
- The sale must be an arm's length transaction as defined in Section B65.40
- The Borrower has listed the Mortgaged Premises for sale with a licensed real estate broker who in turn must have listed the Mortgaged Premises on the Multiple Listing Service (MLS) covering the market in which the Mortgaged Premises is located for at least five consecutive days. The listing period must include at least one weekend (i.e., Saturday and Sunday). The listing must be in an "active" status for at least the five days immediately preceding the day on which the purchase offer is accepted by the Borrower and submitted to the Servicer for approval. If the Mortgaged Premises is located in an area that is not covered by an MLS, then it must be advertised for sale by the real estate broker in a manner customary for that real estate market at least five consecutive calendar days, which must include at least one weekend. The Servicer must retain a copy of the MLS listing of the Mortgaged Premises in the Mortgage file (or documentation of the advertisement(s) if the Mortgaged Premises is located in an area not covered by an MLS).
- The Borrower must not have entered into a program or arrangement where a third party takes title to the Mortgaged Premises and arranges a short sale in exchange for a fee

A Borrower who is current or less than 31 days delinquent must meet the following additional eligibility requirements:

- At least one of the Borrowers must occupy the Mortgaged Premises as his or her Primary Residence
- The Borrower's current monthly debt payment-to-income ratio must be greater than 55%, calculated in accordance with Section B65.37(b). However, Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

In addition, the Servicer may submit a recommendation to Freddie Mac for consideration if the Borrower does not have an eligible hardship but one of the following conditions exists and, in the Servicer's judgment, the short sale is an appropriate resolution to the Delinquency:

- There is a Risk of Property Ownership to Freddie Mac
- Litigation is pending that affects the Mortgaged Premises or the Mortgage and could jeopardize a successful foreclosure sale
- Other special circumstances (e.g., the Mortgaged Premises deteriorated resulting in an unexpected decline in the value)

(b) Servicer approval authority

Unless otherwise notified by Freddie Mac, all Servicers are delegated to approve a short sale that meets the requirements of Sections B65.35-B65.40 for the following eligible Borrowers:

- Borrowers who are 31 or more days delinquent
- Borrowers who are current or less than 31 days delinquent provided the Borrower's eligible hardship is one of the following:
  - Death of a Borrower or death of either the primary or secondary wage earner in the household
  - Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member
  - Divorce or legal separation; separation of a Borrower unrelated by marriage, civil union or similar domestic partnership under applicable law
  - Distant employment transfer, including Permanent Change of Station orders or relocation due to new employment, where the transfer or new employment location is greater than 50 miles one-way from the Borrower's current Primary Residence.

Servicers are not delegated to approve a short sale for a Borrower who is current or less than 31 days delinquent if the Borrower's hardship is other than one of the four hardships listed above.

Servicers must refer to the requirements in Sections B65.37–B65.40 for additional circumstances for which Servicers are not delegated to approve a short sale transaction.

(c) Submitting a short sale recommendation to Freddie Mac

For situations where the Servicer is not delegated to approve the short sale, but the Servicer feels a short sale may be the best option for addressing the Delinquency or imminent Delinquency, the Servicer may submit a recommendation and rationale for

the recommendation to Freddie Mac for review with the following required documentation **(see Directory 5)**:

1. Complete Borrower Response Package or other documentation as permitted in Section B65.37

2. A copy of the fully executed sales contract on the Mortgaged Premises with addenda, stating that it is being purchased in "as-is" condition. If the buyer obtains FHA, the Rural Housing Service (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.

3. Preliminary HUD-1 Settlement Statement

B65.36: Short sale eligibility requirements and Servicer approval authority (Future effective date 02/01/14)

If the Borrower's eligible hardship is permanent or long-term and the Borrower is unable or unwilling to sustain homeownership, then the Servicer should determine if the Borrower meets the eligibility requirements for a Freddie Mac Standard Short Sale ("short sale"). The Servicer must evaluate the Borrower for a short sale under this chapter once the Servicer has otherwise complied with the evaluation hierarchy in Section 64.6(a).

If the Mortgage is subject to a recourse or indemnification agreement, the Servicer may approve a short sale provided the Servicer reports and remits a full payoff to Freddie Mac and absorbs any losses and expenses related to the Delinquency.

If the Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage, the Servicer must comply with the requirements of the applicable agency when approving a short sale in a manner that ensures continued coverage of the Mortgage.

The Servicer must use the Borrower's Delinquency status to determine eligibility, documentation requirements and Borrower contributions. The Servicer determines the Delinquency status at the time of evaluation for eligibility and Borrower contribution in accordance with the following:

- When determining eligibility in accordance with this section, the Servicer must use the Delinquency status of the Mortgage on the date the Servicer begins the evaluation using required documentation pursuant to Section B65.37(a)

- When the Servicer's evaluation for eligibility did not include a review of a purchase offer, the Servicer must evaluate the Borrower for a contribution, if applicable, once

the purchase offer is received. The Servicer must determine the Delinquency status of the Mortgage when beginning the review of the purchase offer. If the credit report is now greater than 90 days old from the date of initial evaluation for eligibility, the Servicer must order a new credit report.

(a) Eligibility requirements for a short sale

Every Borrower, regardless of Delinquency status, is eligible to be considered for a short sale, provided the following requirements are met:

- The Borrower must be experiencing or have experienced one of the eligible hardships listed in Section 65.17(a).
- The sale must be an arm's length transaction as defined in Section B65.40
- The Borrower has listed the Mortgaged Premises for sale with a licensed real estate broker who in turn must have listed the Mortgaged Premises on the Multiple Listing Service (MLS) covering the market in which the Mortgaged Premises is located for at least five consecutive days. The listing period must include at least one weekend (i.e., Saturday and Sunday). The listing must be in an "active" status for at least the five days immediately preceding the day on which the purchase offer is accepted by the Borrower and submitted to the Servicer for approval. If the Mortgaged Premises is located in an area that is not covered by an MLS, then it must be advertised for sale by the real estate broker in a manner customary for that real estate market at least five consecutive calendar days, which must include at least one weekend. The Servicer must retain a copy of the MLS listing of the Mortgaged Premises in the Mortgage file (or documentation of the advertisement(s) if the Mortgaged Premises is located in an area not covered by an MLS).
- The Borrower has not acquired a new Mortgage during the term of his or her hardship, unless the eligible hardship was distant employment transfer
- The Borrower must not have entered into a program or arrangement where a third party takes title to the Mortgaged Premises and arranges a short sale in exchange for a fee

A Borrower who is current or less than 31 days delinquent must meet the following additional eligibility requirements:

- Must be experiencing or have experienced one of the following eligible hardships:
  - Death of a Borrower or death of either the primary or secondary wage earner in the household
  - Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member

- Divorce or legal separation; separation of a Borrower unrelated by marriage, civil union or similar domestic partnership under applicable law

- Distant employment transfer, including Permanent Change of Station orders or relocation due to new employment, where the transfer or new employment location is greater than 50 miles one-way from the Borrower's current Primary Residence

- At least one of the Borrowers must occupy the Mortgaged Premises as his or her Primary Residence

- The Borrower's current monthly debt payment-to-income ratio must be greater than 55%, calculated in accordance with Section B65.37(b). However, Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

- The Borrower must contribute 20% of his or her Cash Reserves (as determined in Section B65.37(c)). However, if the Borrower's financial hardship is due to the death of a Borrower or death of either the primary or secondary wage earner in the household, then the Servicer is delegated to decision the short sale even if the Borrower's contribution is less than 20% of his or her Cash Reserves.

(b) Servicer approval authority

Unless otherwise notified by Freddie Mac, all Servicers are delegated to approve a short sale that meets the eligibility requirements of Section B65.36(a).

Servicers must refer to the requirements in Sections B65.37–B65.40 for additional circumstances for which Servicers are not delegated to approve a short sale transaction.

(c) Submitting a short sale recommendation to Freddie Mac

For situations where the Borrower does not meet the eligibility requirements for a short sale and the Servicer feels a short sale may be the best option for addressing the Delinquency or imminent Delinquency, the Servicer may submit a recommendation and rationale for the recommendation to Freddie Mac for review with the following required documentation **(see Directory 5)**:

1. Complete Borrower Response Package or other documentation as permitted in Section B65.37

2. A copy of the fully executed sales contract on the Mortgaged Premises with addenda, stating that it is being purchased in "as-is" condition. If the buyer

obtains FHA, the Rural Housing Service (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.

3. Preliminary HUD-1 Settlement Statement

In addition, the Servicer may submit a recommendation to Freddie Mac for consideration if the Borrower does not have an eligible hardship but one of the following conditions exists and, in the Servicer's judgment, the short sale is an appropriate resolution to the Delinquency:

- There is a Risk of Property Ownership to Freddie Mac
- Litigation is pending that affects the Mortgaged Premises or the Mortgage and could jeopardize a successful foreclosure sale
- Other special circumstances (e.g., the Mortgaged Premises deteriorated resulting in an unexpected decline in the value)

B65.37: Borrower documentation (07/01/13)

(a) Borrower documentation

The Borrower must submit a complete Borrower Response Package, as defined in Section 64.6, to the Servicer in order to be considered for a Freddie Mac Standard Short Sale ("short sale"). The Borrower must also provide the Servicer a copy of the fully executed sales contract with any addenda and the preliminary HUD-1 Settlement Statement once these documents are available.

Exceptions to Borrower documentation requirements

When the Borrower is 90 days or more delinquent and has a FICO® score less than 620 as of the evaluation date, the Servicer is not required to:

- Obtain or review the Borrower Response Package; or
- Verify an eligible hardship

The Borrower's FICO score must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a short sale. If there is more than one Borrower on the Mortgage, the Servicer must choose one FICO score that is adequately indicative of the credit reputation of all Borrowers currently on the Mortgage. 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. 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. Whichever method is used, the Servicer must choose the single FICO score using the same method and procedure for all Borrowers and for all Mortgages consistent with fair lending laws.

If the Borrower was previously determined to be eligible for the exception to Borrower documentation requirements for a short sale and had yet to receive a purchase offer, then when a subsequent purchase offer is received, the Servicer may use the same FICO score obtained for the Servicer's initial evaluation of the Borrower for a short sale even if the FICO score has become more than 90 days old. However, if the Borrower has since brought the Mortgage current, then the Borrower is no longer eligible for an exception to the Borrower documentation requirements and is required to submit a complete Borrower Response Package to the Servicer to be evaluated for the short sale.

(b) Evaluating the Borrower

- **Evaluating the credit report**

  The Servicer must obtain a credit report for each Borrower on the Mortgage (or a joint report for co-Borrowers). The credit report must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a short sale. The Servicer must review the credit report to verify that the Borrower meets the relevant requirements for a short sale and to evaluate the Borrower's ability to make a contribution.

  1. **Verifying occupancy**

     For Borrowers who are current or less than 31 days delinquent, the Servicer must review the credit report to verify that at least one of the Borrowers is occupying the Mortgaged Premises as a Primary Residence. If the credit report does not indicate that the Mortgaged Premises is the Primary Residence for at least one Borrower, then the Servicer must use good business judgment in reconciling the inconsistency.

  2. **New mortgages**

     The Servicer must review the Borrower's credit report to determine whether the Borrower obtained a new mortgage(s) during the term of the Borrower's financial hardship. If the Servicer's review of the credit report reveals a mortgage inquiry but no new mortgage, the Servicer is delegated to approve the short sale. If the Servicer's review of the credit report reveals a new mortgage, the Servicer may approve the short sale only if the hardship was due to distant employment transfer, relocation due to new employment or Permanent Change of Station (PCS) orders and the Servicer verifies that:

- The Borrower intends to occupy the property securing the new mortgage as the Borrower's Primary Residence

- The new employment location is greater than 50 miles one-way from the subject property

- The new property address is reasonably located near the Borrower's new employment location

If the Borrower has any other hardship and the Servicer determines a new mortgage has been obtained, the Servicer is not delegated to approve the short sale and must submit the request to Freddie Mac for consideration.

3. Evaluating the Borrower's monthly debt obligations

Should the credit report reflect debt obligations opened during the term of the hardship (e.g., new installment debt, revolving account or open-end account), the Servicer must discuss with the Borrower the specific circumstances that necessitated incurring the new debt. If the new debt obligations caused the Borrower's total monthly debt ratio to exceed 55%, the Servicer must use good business judgment to determine if those expenses are reasonable and should be included in or excluded from the Borrower's monthly debt payment-to-income ratio.

■ Calculating the current monthly debt payment-to-income ratio for Borrowers who are current or less than 31 days delinquent

Borrowers who are current or less than 31 days delinquent must have a monthly debt payment-to-income ratio greater than 55% to be eligible for a short sale. The Servicer must determine the current monthly debt payment-to-income ratio for such Borrowers by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18). The Servicer must calculate the Borrower's total monthly debt using the monthly expenses documented on the Borrower's credit report as well as information provided by the Borrower in writing for the expenses listed below, as applicable.

Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

The total monthly debt payment is the sum of the monthly charges for the following:

1. The Borrower's current monthly housing expense on his or her Primary Residence that consists of:

   - The monthly principal and interest payment
   - The monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
   - The monthly pro rata amount for property insurance, flood insurance, and monthly Escrow cushion
   - The monthly pro rata amount of homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent
   - The Projected Monthly Escrow Shortage Payment on the existing Mortgage
   - Payments for mortgage insurance premiums

2. Payments for subordinate liens
3. 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 no monthly payment is reported on the credit report for 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.
4. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%.
5. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
6. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
7. Car lease payments, regardless of the number of payments remaining
8. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
9. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowner's association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)).

(c) Verifying the Borrower's Cash Reserves

The Servicer must complete an evaluation of the Borrower's Cash Reserves in accordance with the requirements of this section to determine the Borrower's ability to make a cash contribution towards the deficiency.

- **Definition of 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.

- **Verifying Cash Reserves**

  The Servicer must determine that, for every Borrower on the Mortgage, all of the Borrower's Cash Reserves have been accounted for on Form 710, Uniform Borrower Assistance Form.

  In verifying and making the determination that all Cash Reserves have been accounted for, the Servicer must review the Borrower's federal income tax return, if available, 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 Form 710 is reasonably consistent with information available from the tax return or tax transcript, or other 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 Form 710, the Servicer must reconcile the inconsistency with the Borrower.

- **Reconciling inconsistencies**

  To reconcile inconsistencies, the Servicer must require the Borrower to provide:

  - A signed federal tax return and all relevant schedules if the Servicer used a tax transcript in lieu of a tax return to perform the verification; and

- Any other relevant documentation that verifies the disposition and/or current status of those assets, which produced the income or gains/losses. 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).

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.

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 Servicer is not delegated to approve the short sale.

B65.37: Borrower documentation (Future effective date 02/01/14)

(a) Borrower documentation

The Borrower must submit a complete Borrower Response Package, as defined in Section 64.6, to the Servicer in order to be considered for a Freddie Mac Standard Short Sale ("short sale"). The Borrower must also provide the Servicer a copy of the fully executed sales contract with any addenda and the preliminary HUD-1 Settlement Statement once these documents are available.

Streamlined Short Sale

Unless otherwise required by applicable law, a Borrower who is 90 days or more delinquent is eligible for a Streamlined Short Sale. A Streamlined Short Sale is a Standard Short Sale under which the Servicer is not required to obtain the Borrower Response Package or to verify an eligible hardship. To be eligible for a Streamlined Short Sale, the Mortgage must not have been originated as an Investment Property Mortgage and:

- The Borrower's FICO® score must be less than 620 or
- The debt secured by the Mortgaged Premises must have been discharged in a bankruptcy proceeding filed pursuant to Chapter 7 of the U.S. Bankruptcy Code

The Borrower's FICO score must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a short sale. If there is more than one Borrower

on the Mortgage, the Servicer must choose one FICO score that is adequately indicative of the credit reputation of all Borrowers currently on the Mortgage. 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. 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. Whichever method is used, the Servicer must choose the single FICO score using the same method and procedure for all Borrowers and for all Mortgages consistent with fair lending laws.

If the Borrower was previously determined to be eligible for a Streamlined Short Sale and had yet to receive a purchase offer, then when a subsequent purchase offer is received, the Servicer may use the same FICO score obtained for the Servicer's initial evaluation of the Borrower for a short sale even if the FICO score has become more than 90 days old. However, if the Borrower has since brought the Mortgage current, then the Borrower is no longer eligible for a Streamlined Short Sale and is required to submit a complete Borrower Response Package to the Servicer to be evaluated for the short sale.

(b) Evaluating the Borrower

- **Evaluating the credit report**

  The Servicer must obtain a credit report for each Borrower on the Mortgage (or a joint report for co-Borrowers). The credit report must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a short sale. The Servicer must review the credit report to verify that the Borrower meets the relevant requirements for a short sale and to evaluate the Borrower's ability to make a contribution.

  1. Verifying occupancy

  - For Borrowers who are current or less than 31 days delinquent, the Servicer must review the credit report to verify that at least one of the Borrowers is occupying the Mortgaged Premises as a Primary Residence. If the credit report does not indicate that the Mortgaged Premises is the Primary Residence for at least one Borrower, then the Servicer must use good business judgment in reconciling the inconsistency.

  2. New mortgages

  The Servicer must review the Borrower's credit report to determine whether the Borrower obtained a new mortgage(s) during the term of the Borrower's financial hardship. If the Servicer's review of the credit report reveals a

mortgage inquiry but no new mortgage, the Servicer is delegated to approve the short sale. If the Servicer's review of the credit report reveals a new mortgage, the Servicer may approve the short sale only if the hardship was due to distant employment transfer, relocation due to new employment or Permanent Change of Station (PCS) orders and the Servicer verifies that:

- The Borrower intends to occupy the property securing the new mortgage as the Borrower's Primary Residence
- The new employment location is greater than 50 miles one-way from the subject property
- The new property address is reasonably located near the Borrower's new employment location

If the Borrower has any other hardship and the Servicer determines a new mortgage has been obtained, the Servicer is not delegated to approve the short sale and must submit the request to Freddie Mac for consideration.

3. Evaluating the Borrower's monthly debt obligations

Should the credit report reflect debt obligations opened during the term of the hardship (e.g., new installment debt, revolving account or open-end account), the Servicer must discuss with the Borrower the specific circumstances that necessitated incurring the new debt. If the new debt obligations caused the Borrower's total monthly debt ratio to exceed 55%, the Servicer must use good business judgment to determine if those expenses are reasonable and should be included in or excluded from the Borrower's monthly debt payment-to-income ratio.

■ Calculating the current monthly debt payment-to-income ratio for Borrowers who are current or less than 31 days delinquent

Borrowers who are current or less than 31 days delinquent must have a monthly debt payment-to-income ratio greater than 55% to be eligible for a short sale. The Servicer must determine the current monthly debt payment-to-income ratio for such Borrowers by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18). The Servicer must calculate the Borrower's total monthly debt using the monthly expenses documented on the Borrower's credit report as well as information provided by the Borrower in writing for the expenses listed below, as applicable.

Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged

Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

The total monthly debt payment is the sum of the monthly charges for the following:

1. The Borrower's current monthly housing expense on his or her Primary Residence that consists of:

   - The monthly principal and interest payment
   - The monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
   - The monthly pro rata amount for property insurance, flood insurance, and monthly Escrow cushion
   - The monthly pro rata amount of homeowner's association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent
   - The Projected Monthly Escrow Shortage Payment on the existing Mortgage
   - Payments for mortgage insurance premiums
2. Payments for subordinate liens
3. 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 no monthly payment is reported on the credit report for 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.
4. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%.
5. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
6. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
7. Car lease payments, regardless of the number of payments remaining
8. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
9. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowner's association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)).

(c) Verifying the Borrower's Cash Reserves

The Servicer must complete an evaluation of the Borrower's Cash Reserves in accordance with the requirements of this section to determine the Borrower's ability to make a cash contribution towards the deficiency.

- **Definition of 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.

- **Verifying Cash Reserves**

  The Servicer must determine that, for every Borrower on the Mortgage, all of the Borrower's Cash Reserves have been accounted for on Form 710, Uniform Borrower Assistance Form.

  In verifying and making the determination that all Cash Reserves have been accounted for, the Servicer must review the Borrower's federal income tax return, if available, 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 Form 710 is reasonably consistent with information available from the tax return or tax transcript, or other 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 Form 710, the Servicer must reconcile the inconsistency with the Borrower.

- **Reconciling inconsistencies**

  To reconcile inconsistencies, the Servicer must require the Borrower to provide:

  - A signed federal tax return and all relevant schedules if the Servicer used a tax transcript in lieu of a tax return to perform the verification; and
  - Any other relevant documentation that verifies the disposition and/or current status of those assets, which produced the income or gains/losses. 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).

  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.

  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 Servicer is not delegated to approve the short sale.

B65.37.1: Borrower contributions and relocation assistance (02/15/13)

(a) Borrower contributions towards the deficiency

If the Borrower is current or less than 31 days delinquent, the Borrower must make a cash contribution in accordance with the requirements below or the Servicer is not delegated to approve the short sale. If however, the hardship is death of a Borrower or death of either the primary or secondary wage earner in the household, the Servicer is authorized to determine the acceptable level of contribution.

If the Borrower is 31 or more days delinquent and the Servicer determines that the Borrower’s Cash Reserves exceed the greater of $10,000 or six times the Borrower’s total monthly Mortgage payment, the Servicer must determine whether the Borrower has the capacity to make a contribution based on his or her individual circumstances before establishing initial cash and promissory note contribution requests in accordance with the requirements below. A Servicer may be flexible in negotiating contribution amounts less than the initial contribution requests and, when doing so, may use its judgment in determining which option to use and whether to combine options. When a Servicer negotiates a cash or promissory note contribution that is less

than the initial request, the Servicer must document the reason for its decision in the Mortgage file and note the specific circumstances that limit the Borrower's ability to contribute towards the deficiency.

Unless Freddie Mac has delegated authority with the MI or communicates otherwise, if the Mortgage is covered by mortgage insurance and the MI requires a contribution from the Borrower that is greater than the contribution limits required by this section in order to approve the short sale, the Servicer must require the Borrower to make the contribution required by MI as a condition of approval.

Borrowers are not required to make a contribution in the following instances:

- Borrowers who are service members with Permanent Change of Station orders, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012

- Borrowers who are 90 or more days delinquent with a FICO® score less than 620. (Refer to B65.37(a) for the requirements for determining the Borrower's FICO score.)

- Applicable law prohibits requesting or receiving a contribution

1. Determining a cash contribution

If the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly payment on the Mortgage (including principal, interest, and the monthly amounts for taxes and insurance premiums, regardless whether the Servicer is escrowing for these items), the Servicer must evaluate the Borrower's capacity to make a contribution. If in the Servicer's best business judgment, the Borrower does have capacity to make a contribution, the Servicer must make an initial request for 20% of the Cash Reserves, not to exceed the total amount of the deficiency.

If a Borrower who is 31 or more days delinquent cannot or will not contribute 20% of his or her Cash Reserves, the Servicer may accept a lesser amount but must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The Servicer must submit the request to Freddie Mac for review in the following instances:

- The Servicer determines that the Borrower's Cash Reserves are in excess of $50,000; or

- The Borrower is current or less than 31 days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, not to exceed the total deficiency,

unless the financial hardship is due to the death of a Borrower or death of either the primary or secondary wage earner in the household

2. Determining the amount of a promissory note contribution

The Servicer must determine whether a Borrower who is 31 or more days delinquent has the capacity to make a contribution based on his or her individual circumstances before establishing an initial promissory note contribution request as described below.

If the Borrower's monthly debt payment-to-income ratio based on future housing expenses is less than 55%, the Servicer must make an initial request for a five- or ten-year note with a monthly payment that is no more than half of the difference between the Borrower's future monthly debt payment-to-income ratio and 55% of the Borrower's gross monthly income ("Borrower's promissory note payment capacity").

The Borrower's future monthly debt payment-to-income ratio is determined according to the requirements described below.

The Borrower's promissory note payment capacity is determined using the following formula:

Borrower's Promissory Note Payment Capacity	=	(55% - Borrower's future monthly debt payment-to-income ratio)/2 X Borrower's Gross Monthly Income

When determining the amount of the initial promissory note request, the Servicer must consider the remaining deficiency from the short sale transaction after factoring in any cash contribution the Borrower will make ("net deficiency"):

- If the net deficiency can be recouped in five years while not exceeding the Borrower's monthly payment capacity, the Servicer should make an initial request for a five-year note with a monthly payment that is equal to 1/60th of the deficiency.

- If the net deficiency cannot be recouped in five years without exceeding the Borrower's monthly payment capacity, the Servicer should make an initial request for a ten-year note with a monthly payment that is the lesser of 1/120th of the net deficiency or the Borrower's monthly payment capacity.

Servicers may accept a lesser promissory note obligation but the Servicer must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The promissory note amount is the final negotiated monthly promissory note payment multiplied by the negotiated term (60 months or 120 months), not to

exceed the net deficiency. A promissory note is not required if the negotiated promissory note amount would be less than $5,000.

The promissory note must have an interest rate of 0% and the monthly payments must be rounded to the nearest dollar.

Calculating the Borrower's future monthly debt payment-to-income ratio

The Servicer must determine the future monthly debt payment-to-income ratio for Borrower's who are 31 or more days delinquent, by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18).

The Servicer must calculate the Borrower's future monthly debt, excluding any debt associated with the Mortgaged Premises securing the property being liquidated via short sale, using monthly expenses documented on the Borrower's credit report as well as information for the following expenses provided by the Borrower in writing:

1. The amount of the Borrower's future housing expense if known. If the amount is not known, the Servicer must use 75% of the Borrower's current housing expense as calculated in Section B65.37(b).
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 no monthly payment is reported on the credit report for 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.
3. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%
4. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
5. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
6. Car lease payments, regardless of the number of payments remaining
7. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
8. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowner's association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)), plus payments on subordinate lien(s), if applicable

(b) Borrower relocation assistance

If the Servicer determines that the Borrower is not required to make a financial contribution toward the deficiency, the Borrower is eligible to receive up to $3,000 in relocation assistance provided that the Borrower occupies the Mortgaged Premises as his or her primary residence. The Servicer shall disburse to the Borrower a relocation assistance payment of $3,000 provided that the Borrower is not receiving relocation assistance from other sources such as an employer. If the Borrower receives relocation assistance from a source other than Freddie Mac or the Servicer, Freddie Mac will provide the difference in the relocation assistance amount up to the $3,000 maximum. If the Borrower will receive relocation assistance from a source other than Freddie Mac or the Servicer and the amount is equal to or greater than $3,000, Freddie Mac will not provide any relocation assistance to the extent that the Servicer is aware of such payment. Borrowers subject to PCS orders are not eligible for relocation assistance as the government assists in defraying the costs associated with their relocation.

For example, if the Borrower receives $1,000 of relocation assistance from his or her employer, Freddie Mac will provide the Borrower with an additional $2,000 of relocation assistance.

The Servicer must instruct the settlement agent to pay the Freddie Mac relocation assistance from sale proceeds and itemize it and any relocation assistance received from other entities separately on the HUD-1 Settlement Statement to the extent that the Servicer is aware of other relocation or transition assistance payments being paid as part of the short sale transaction.

In addition to the relocation assistance offered by Freddie Mac, the Servicer may in its discretion offer the Borrower an additional financial incentive to complete the short sale. Any relocation assistance provided by the Servicer will be in addition to the relocation assistance amount provided by Freddie Mac and the Servicer's assistance amount does not have to be subtracted from the assistance amount Freddie Mac will pay. If the Servicer does offer its own financial assistance, it must not deduct this payment from the proceeds of the short sale and must provide the incentive from its own funds, either by payment made directly to the Borrower, or through the settlement agent closing the short sale transaction. Payments made to the Borrower by the Servicer must be reflected on the HUD-1 Settlement Statement in accordance with applicable law.

The relocation assistance payment may not be applied to other debts secured by the Mortgaged Premises.

B65.37.1: Borrower contributions and relocation assistance (Future effective date 02/01/14)

(a) Borrower contributions towards the deficiency

If the Borrower is current or less than 31 days delinquent, the Borrower must make a cash contribution in accordance with the requirements below or the Servicer is not delegated to approve the short sale. If however, the hardship is death of a Borrower or death of either the primary or secondary wage earner in the household, the Servicer is authorized to determine the acceptable level of cash contribution.

If the Borrower is 31 or more days delinquent and the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly Mortgage payment, the Servicer must determine whether the Borrower has the capacity to make a cash contribution based on his or her individual circumstances before establishing an initial cash contribution request in accordance with the requirements below. The Servicer must also determine whether the Borrower has the capacity to make a promissory note contribution as described below. A Servicer may be flexible in negotiating contribution amounts less than the initial contribution requests and, when doing so, may use its judgment in determining which option to use and whether to combine options. When a Servicer negotiates a cash or promissory note contribution that is less than the initial request, the Servicer must document the reason for its decision in the Mortgage file and note the specific circumstances that limit the Borrower's ability to contribute towards the deficiency.

Unless Freddie Mac has delegated authority with the MI or communicates otherwise, if the Mortgage is covered by mortgage insurance and the MI requires a contribution from the Borrower that is greater than the contribution limits required by this section in order to approve the short sale, the Servicer must require the Borrower to make the contribution required by MI as a condition of approval.

Borrowers are not required to make a contribution in the following instances:

- Borrowers who are service members with Permanent Change of Station orders, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012
- Borrowers who qualify for a Streamlined Short Sale (refer to Section B65.37)
- Applicable law prohibits requesting or receiving a contribution

1. Determining a cash contribution

If the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly payment on the Mortgage

(including principal, interest, and the monthly amounts for taxes and insurance premiums, regardless whether the Servicer is escrowing for these items), the Servicer must evaluate the Borrower's capacity to make a cash contribution. If in the Servicer's best business judgment, the Borrower does have capacity to make a cash contribution, the Servicer must make an initial request for 20% of the Cash Reserves, not to exceed the total amount of the deficiency.

If a Borrower who is 31 or more days delinquent cannot or will not contribute 20% of his or her Cash Reserves, the Servicer may accept a lesser cash contribution amount but must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a cash contribution.

The Servicer must submit the short sale request to Freddie Mac for review in the following instances:

- The Servicer determines that the Borrower's Cash Reserves are in excess of $50,000; or

- The Borrower is current or less than 31 days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, not to exceed the total deficiency, unless the financial hardship is due to the death of a Borrower or death of either the primary or secondary wage earner in the household

Refer to Section B65.36 regarding the details for submitting a short sale recommendation to Freddie Mac.

2. Determining the amount of a promissory note contribution

The Servicer must determine whether a Borrower who is 31 or more days delinquent has the capacity to make a promissory note contribution based on his or her individual circumstances before establishing an initial promissory note contribution request as described below.

If the Borrower's monthly debt payment-to-income ratio based on future housing expenses is less than 55%, the Servicer must make an initial request for a five- or ten-year note with a monthly payment that is no more than half of the difference between the Borrower's future monthly debt payment-to-income ratio and 55% of the Borrower's gross monthly income ("Borrower's promissory note payment capacity").

The Borrower's future monthly debt payment-to-income ratio is determined according to the requirements described below.

The Borrower's promissory note payment capacity is determined using the following formula:

Borrower's Promissory Note Payment Capacity	=	(55% - Borrower's future monthly debt payment-to-income ratio)/2 X Borrower's Gross Monthly Income

When determining the amount of the initial promissory note request, the Servicer must consider the remaining deficiency from the short sale transaction after factoring in any cash contribution the Borrower will make ("net deficiency"):

- If the net deficiency can be recouped in five years while not exceeding the Borrower's monthly payment capacity, the Servicer should make an initial request for a five-year note with a monthly payment that is equal to 1/60th of the deficiency.

- If the net deficiency cannot be recouped in five years without exceeding the Borrower's monthly payment capacity, the Servicer should make an initial request for a ten-year note with a monthly payment that is the lesser of 1/120th of the net deficiency or the Borrower's monthly payment capacity.

Servicers may accept a lesser promissory note obligation but the Servicer must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The promissory note amount is the final negotiated monthly promissory note payment multiplied by the negotiated term (60 months or 120 months), not to exceed the net deficiency. A promissory note is not required if the negotiated promissory note amount would be less than $5,000.

The promissory note must have an interest rate of 0% and the monthly payments must be rounded to the nearest dollar.

Calculating the Borrower's future monthly debt payment-to-income ratio

The Servicer must determine the future monthly debt payment-to-income ratio for Borrower's who are 31 or more days delinquent, by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18).

The Servicer must calculate the Borrower's future monthly debt, excluding any debt associated with the Mortgaged Premises securing the property being liquidated via short sale, using monthly expenses documented on the Borrower's credit report as well as information for the following expenses provided by the Borrower in writing:

1. The amount of the Borrower's future housing expense if known. If the amount is not known, the Servicer must use 75% of the Borrower's current housing expense as calculated in Section B65.37(b).
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 no monthly payment is reported on the credit report for 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.

3. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%
4. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
5. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
6. Car lease payments, regardless of the number of payments remaining
7. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
8. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowner's association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)), plus payments on subordinate lien(s), if applicable

(b) Borrower relocation assistance

If the Servicer determines that the Borrower is not required to make a financial contribution toward the deficiency, the Borrower is eligible to receive up to $3,000 in relocation assistance provided that the Borrower occupies the Mortgaged Premises as his or her primary residence. The Servicer shall disburse to the Borrower a relocation assistance payment of $3,000 provided that the Borrower is not receiving relocation assistance from other sources such as an employer. If the Borrower receives relocation assistance from a source other than Freddie Mac or the Servicer, Freddie Mac will provide the difference in the relocation assistance amount up to the $3,000 maximum. If the Borrower will receive relocation assistance from a source other than Freddie Mac or the Servicer and the amount is equal to or greater than $3,000, Freddie Mac will not provide any relocation assistance to the extent that the Servicer is aware of such payment. Borrowers subject to PCS orders are not eligible for relocation assistance as the government assists in defraying the costs associated with their relocation.

For example, if the Borrower receives $1,000 of relocation assistance from his or her employer, Freddie Mac will provide the Borrower with an additional $2,000 of relocation assistance.

The Servicer must instruct the settlement agent to pay the Freddie Mac relocation assistance from sale proceeds and itemize it and any relocation assistance received from other entities separately on the HUD-1 Settlement Statement to the extent that the Servicer is aware of other relocation or transition assistance payments being paid as part of the short sale transaction.

In addition to the relocation assistance offered by Freddie Mac, the Servicer may in its discretion offer the Borrower an additional financial incentive to complete the short sale. Any relocation assistance provided by the Servicer will be in addition to the relocation assistance amount provided by Freddie Mac and the Servicer's assistance amount does not have to be subtracted from the assistance amount Freddie Mac will pay. If the Servicer does offer its own financial assistance, it must not deduct this payment from the proceeds of the short sale and must provide the incentive from its own funds, either by payment made directly to the Borrower, or through the settlement agent closing the short sale transaction. Payments made to the Borrower by the Servicer must be reflected on the HUD-1 Settlement Statement in accordance with applicable law.

The relocation assistance payment may not be applied to other debts secured by the Mortgaged Premises.

B65.38: Property valuation and minimum net proceeds (02/15/13)

(a) When to obtain a property valuation

If the Servicer has evaluated the Borrower for all other alternatives to foreclosure in accordance with Freddie Mac's evaluation hierarchy set forth in Section 64.6(a) and believes that the Borrower meets the eligibility requirements for a Freddie Mac Standard Short Sale ("short sale"), then the Servicer must obtain an interior property valuation in accordance with the Guide, if the Borrower:

1. Has listed the Mortgaged Premises for sale; or
2. Has expressed interest in a short sale; or
3. Notifies the Servicer of a purchase offer on the Mortgaged Premises

The Servicer must obtain a short sale property value from Freddie Mac when one of the above situations occurs. An evaluation for a Borrower contribution should not delay the Servicer's request for a property valuation.

(b) How to obtain a short sale property value and minimum net proceeds

If the Servicer is considering a Borrower for a short sale, the Servicer must submit a request to Freddie Mac for the property value and the minimum net proceeds via the "Obtain Valuation" tab in Freddie Mac Service Loans application ("Service Loans application").

The Servicer must advise the Borrower that the person evaluating the Mortgaged Premises must be given interior access and that the Borrower must otherwise cooperate with the inspection.

An “estimated market value” of the Mortgaged Premises and the “minimum net proceeds” as determined by Freddie Mac will be returned by the Service Loans application with a “good through date” indicating the expiration date of the property value and minimum net proceeds amount. If the Servicer is unable to render an evaluation decision on a purchase offer prior to the good through date, a new property value and minimum net proceeds must be obtained via the Service Loans application to evaluate the purchase offer.

Refer to Section A50.1 for terms and requirements for using the Service Loans application.

(c) Listing price guidance

Servicers should provide listing price guidance to the Borrower or real estate broker based upon the property value obtained from Freddie Mac. However, the Servicer must inform the Borrower or real estate broker of the following when providing such guidance:

- The value provided is only guidance. Such guidance should not be presented as the required listing price to the Borrower or real estate broker. The Borrower and the real estate broker are responsible for determining the list price for the Mortgaged Premises.

- All transactions must meet the minimum net proceeds required by Freddie Mac regardless of the value provided. An offer at or above the value provided by the Servicer may not necessarily result in an acceptable level of net proceeds.

In addition to providing listing price guidance, Servicers must communicate a list of acceptable closing expense categories to the Borrower and the real estate broker that includes, but may not be limited to, the following:

- Real estate sales commission
- Real estate taxes and other assessments prorated to the date of closing
- Title and settlement charges typically paid by the seller
- Seller’s attorney fees for settlement services typically provided by a title or escrow company
- Local and state transfer taxes and stamps
- Wood-destroying pest inspections and treatment, when required by local law or custom

B65.39: Communication time lines (11/01/12)

The following chart sets forth the required response times when a Freddie Mac Standard Short Sale (“Standard Short Sale”) is being considered as a solution to the Delinquency.

Standard short sale: Submission of purchase offer and Servicer decision	
Days	**Action required**
3 Business Days	The Servicer must acknowledge receipt of the purchase offer within three Business Days
5 Business Days	If the purchase offer is submitted with insufficient information, the Servicer must notify the Borrower of the information needed to evaluate the offer within five Business Days of receipt of the offer
30 days (no later than 60 days)	The Servicer must respond to the Borrower with a purchase decision within 30 days of receipt of the purchase offer. If the purchase offer does not meet Freddie Mac's minimum net proceeds threshold, and/or is denied by Freddie Mac, the Servicer must notify the Borrower and include an acceptable counteroffer in its response. There may be some situations in which a Servicer will be unable to provide a decision within 30 days following receipt of a purchase offer. In such cases, the Servicer must notify the Borrower within the 30 day time limit that the purchase offer is still under review and each week thereafter provide the Borrower a status update indicating the reason(s) why a decision is pending. The weekly status updates may be communicated verbally or in writing. However, the Servicer must provide the Borrower with a decision no later than 60 days after receipt of a purchase offer. Note: In the event that a Borrower has submitted a complete Borrower Response Package and a purchase offer simultaneously, the response period for evaluating both the complete Borrower Response Package and the purchase offer is the same as outlined in this section (i.e., provide a decision within 30 days but no later than 60 days following receipt of purchase offer and Borrower Response Package).

Standard short sale: Counteroffers (if purchase offer is less than the minimum net proceeds)	
Days	**Action required**
5 Business Days	Borrower must respond to the Servicer's counteroffer within five Business Days of the date the counteroffer is received
10 Business Days	Servicer must respond to the Borrower within 10 Business Days of receipt of the Borrower's response to the counteroffer

The Servicer must maintain documentation of all communications to the Borrower, whether verbal or written, and including status updates, either in the Mortgage file or in the Servicer's servicing system.

See Sections 64.6(d) and 66.41 for foreclosure suspension requirements when the Mortgage has been referred to foreclosure and the Servicer is evaluating the Borrower for a short sale.

B65.39: Communication time lines (Future effective date 01/10/14)

The following chart sets forth the required response times when a Freddie Mac Standard Short Sale ("short sale") is being considered as a solution to the Delinquency for either: (i) a Mortgage that is not secured by a Primary Residence or (ii) a Mortgage that is secured by a Primary Residence and the Servicer is evaluating the Borrower for a short sale using a Borrower Response Package received after the First Complete Borrower Response Package.

Short sale: Submission of purchase offer and Servicer decision	
Days	**Action required**
5 Business Days	The Servicer must acknowledge receipt of the purchase offer within five Business Days. If the purchase offer is submitted with insufficient information, the Servicer must notify the Borrower of the information needed to evaluate the offer within five Business Days of receipt of the offer.

30 days	The Servicer must respond to the Borrower with a purchase decision within 30 days of receipt of the purchase offer. If the purchase offer does not meet Freddie Mac's minimum net proceeds threshold, and/or is denied by Freddie Mac, the Servicer must notify the Borrower and include an acceptable counteroffer in its response. Note: In the event that a Borrower has submitted a complete Borrower Response Package and a purchase offer simultaneously, the response period for evaluating both the complete Borrower Response Package and the purchase offer is the same as outlined in this section (i.e., provide a decision within 30 days following receipt of purchase offer and Borrower Response Package).
Standard short sale: Counteroffers (if purchase offer is less than the minimum net proceeds)	
Days	**Action required**
5 Business Days	Borrower must respond to the Servicer's counteroffer within five Business Days of the date the counteroffer is received
10 Business Days	Servicer must respond to the Borrower within 10 Business Days of receipt of the Borrower's response to the counteroffer

The Servicer must maintain documentation of all communications to the Borrower, whether verbal or written, and including status updates, either in the Mortgage file or in the Servicer's servicing system.

Refer to Section 63.4 for foreclosure suspension requirements when the First Complete Borrower Response Package is received more than 37 days prior to a scheduled foreclosure sale. Refer to Sections 64.6(d) and 66.41 for foreclosure suspension requirements for a Mortgage that has been referred to foreclosure and is either: (i) not secured by a Primary Residence or (ii) secured by a Primary Residence and the Servicer is evaluating the Borrower for a short sale based on a complete Borrower Response Package received after the First Complete Borrower Response Package.

B65.40: Short sale transaction and processing requirements (11/01/12)

In order for the Freddie Mac Standard Short Sale ("short sale") to be approved by either the Servicer or Freddie Mac, the short sale transaction must meet the following requirements:

(a) Sales proceeds

The Servicer must review the executed sales contract and preliminary HUD-1 Settlement Statement to ensure the minimum net proceeds amount provided by Freddie Mac via the Freddie Mac Service Loans application will result from the sale unless otherwise permitted by Freddie Mac in writing.

The Borrower must not receive any proceeds from the sale of the Mortgaged Premises other than relocation assistance paid to the Borrower in accordance with the requirements of Section B65.37.1 and reflected on the HUD-1 Settlement Statement.

(b) Determining if the transaction meets the minimum net proceeds

When determining whether the transaction meets or exceeds the minimum net proceeds as provided by the Service Loans application, the Servicer must deduct from the gross sales price the following allowable transaction costs up to the maximum amount provided in Sections B65.37.1 and B65.40:

- Allowable closing costs reasonable and customary for the jurisdiction where the Mortgage Premises is located
- Real estate broker commission
- Borrower incentives (if applicable)
- Payment to subordinate lien holders (if applicable)

For example, if the purchase offer submitted by the Borrower/real estate broker is $100,000 then the Servicer will determine whether the minimum net proceeds are met as follows:

$100,000 (Gross sales price)
-$9,000 (Allowable closing costs including real estate commission)
-$6,000 (Payment to subordinate lien holders)
-$3,000 (Borrower relocation assistance)

$82,000 (Determine whether this amount meets or exceeds the minimum net proceeds provided in the Service Loans application)

The Servicer must not disclose the minimum net proceeds to any party, including but not limited to, the Borrower, the real estate broker and any prospective buyer, except as authorized by Freddie Mac.

The Servicer must ensure that the transaction meets or exceeds the minimum net proceeds amount prior to approving a short sale transaction. If the minimum net proceeds are not met, the Servicer must provide a counteroffer for an amount that

would meet the minimum net proceeds in accordance with the response time frames set forth in Section B65.39. Under no circumstances is the Servicer delegated to approve a transaction if the amount to be remitted to Freddie Mac at closing is less than the minimum net proceeds amount. If the transaction does not meet the minimum net proceeds established by Freddie Mac, the Servicer may submit the Mortgage to Freddie Mac for further review. (Refer to Section B65.36 for more information regarding the requirements for submitting a recommendation to Freddie Mac).

(c) Payouts to subordinate lien holders

For each short sale completed in accordance with Sections B65.35-B65.41, the Servicer may authorize the settlement agent closing the short sale transaction to pay subordinate lien holders an aggregate amount of six thousand dollars ($6,000.00) from sale proceeds at the same time that all other payments, including the payoff to Freddie Mac, are disbursed by the settlement agent. The subordinate lien holders may not receive any other payments, in cash, promissory note or otherwise, from the Borrower in connection with approval of the short sale.

If there are multiple subordinate lien holders, the Servicer has the discretion to divide the subordinate lien payment among them so as to maximize the chances that all subordinate lien holders will approve the short sale.

Payment of any amount to subordinate lien holders is contingent upon agreement by all lien holders to release their liens and, if they are accepting a payment from Freddie Mac, extinguish the indebtedness secured by the Mortgaged Premises. In addition, subordinate lien holders accepting payment from Freddie Mac must agree in writing to waive all rights to seek a deficiency judgment against the Borrower. If a subordinate lien holder releases its lien to allow the short sale to close, but does not extinguish the indebtedness, the lien holder will not receive a payment from Freddie Mac. Regardless of whether payment is made to a subordinate lien holder, the Servicer must obtain written commitment from the subordinate lien holder(s) to release the lien(s).

All payments made to subordinate lien holders must be documented on the HUD-1 Settlement Statement in accordance with applicable law. The Servicer must have established written policies governing how subordinate lien payments are paid and the Servicer must provide evidence to Borrowers of their agreement.

(d) Closing costs

The Servicer is permitted to deduct reasonable closing costs customarily paid by a seller in the jurisdiction where the Mortgaged Premises are located.

(e) Real estate broker commissions

Unless a real estate broker's sales commission exceeds 6% of the Mortgaged Premises 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 Mortgaged Premises' sales price.

Neither the Borrower nor the purchaser may receive a commission from the sale of the Mortgaged Premises if the Borrower or purchaser is the listing or selling real estate broker.

(f) Short sale negotiation fees prohibited

Fees paid to any party to evaluate, negotiate or process a short sale with the Servicer, which are commonly referred to as "short sale negotiation fees," "short sale processing fees," "marketing fees," or "administrative fees," must not be deducted from the proceeds of sale or charged to the Borrower. Additionally, neither the Servicer nor its agents may charge Freddie Mac or the Borrower, either directly or indirectly, any fee whatsoever in connection with processing a short sale on any Mortgage. Standard and customary real estate commissions and settlement service fees agreed to by the Borrower and paid to the real estate brokerage and settlement agent are not prohibited.

(g) Waiver of Escrow funds or prepaid items

The Borrower must waive reimbursement of any Escrow, buydown funds or prepaid items and assign any insurance proceeds to Freddie Mac, if applicable.

(h) Short sale affidavit

The Servicer must obtain a short sale 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 the Servicer. 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 to the best of each signatory's knowledge and belief:

- 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;
- 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;
- Neither the Borrower(s) nor the purchaser(s) will receive any funds or commissions from the sale of the Mortgaged Premises. The Borrower may receive a relocation assistance payment if it is offered by the Servicer and reflected on the HUD-1 Settlement Statement.
- 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 the Servicer
- All amounts to be paid to any party, including holders of other liens on the Mortgaged Premises, in connection with the short sale transaction have been disclosed to and approved by the Servicer and will be reflected on the HUD-1 Settlement Statement
- Each signatory understands, agrees and intends that the Servicer 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;
- A signatory who makes a negligent or intentional misrepresentation agrees to indemnify the Servicer and Freddie Mac for any and all loss resulting from the misrepresentation including, but not limited to, repayment of the amount of the reduced payoff of the Mortgage;
- The certification will survive the closing of the transaction; and
- Each signatory understands that a misrepresentation may subject the party making the misrepresentation to civil and/or criminal liability

The affidavit must contain the name of the Servicer, the Servicer loan number for the subject Mortgage, the property address of the Mortgaged Premises and the date the sales contract that is the subject of the short sale was ratified by the parties.

The affidavit must contain the printed name and signature of each signatory and all signatures to the affidavit must be dated. The signature of a real estate agent or settlement agent signing in a representative capacity for the brokerage or settlement service provider is acceptable so long as the representative capacity is clearly identified. The Servicer may modify and integrate its own requirements into the affidavit form so long as the minimum requirements contained in this section are present. The short sale affidavit must be a separately identifiable document, distinct

from other closing or pre-closing documents, such as the sales contract. (See Exhibit 97, Short Sale Affidavit, for an example of a short sale affidavit.)

In the event the closing agent to the sale is prohibited from signing the affidavit by applicable local, State, or federal law, the Servicer may waive the closing agent's signature requirement upon request. The Servicer 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 sale 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 sale 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, or otherwise indicates bad faith, collusion or fraud on the part of the parties, the Servicer must withdraw agreement to the short sale and immediately notify Freddie Mac at **mortgage_fraud_reporting@freddiemac.com**.

(i) Re-sale deed restriction

The Servicer must instruct the settlement agent to ensure that the deed conveying the Mortgaged Premises from the Borrower to the purchaser contains a provision to restrict any re-sale of the Mortgaged Premises for 30 days following the short sale closing, and to restrict re-sales of greater than 120% of the short sale's sales price for the period beginning 31 days after the short sale closing and ending 90 days from the short sale closing.

The deed must contain the following provision:

Grantee herein is prohibited from conveying captioned property for any sales price for a period of 30 days from the date of this deed. After this 30 day period, Grantee is further prohibited from conveying the property for a sales price greater than $ (120% of short sale price) until 90 days from the date of this deed. These restrictions shall run with the land and are not personal to the Grantee.

The provided language may be amended as necessary to comply with applicable law.

Note: If the Servicer believes a re-sale restriction is not appropriate for a particular short sale transaction, then the Servicer must submit the Mortgage to Freddie Mac for review prior to instructing the settlement agent to insert the above referenced deed provision. The Servicer's submission must include a thorough explanation of the reason(s) why it is requesting additional review.

(j) Workout Prospector®

Servicers must use Workout Prospector to submit short sale transactions on Freddie Mac-owned Mortgages. Servicers must represent and warrant that they will only use Workout Prospector on Freddie Mac Mortgages and not Mortgages owned by other

investors. Both the input and output of Workout Prospector is confidential information that the Servicer must not disclose to third parties, except as authorized by Freddie Mac. Servicers using Workout Prospector are bound by all of the provisions of the Workout Prospector User Agreement, including in this Guide as Exhibit 86, to the same degree as if they had signed such Agreement as a "User". Refer to the Workout Prospector Users Guide for information on processing short sales through Workout Prospector.

(k) Mortgage insurance

The Servicer must approve and process a short sale in compliance with all requirements of applicable mortgage insurance policies so as to preserve and not to impair existing mortgage insurance coverage, if any. When approving and processing a short sale, unless Freddie Mac has delegations of authority with the MI, the Servicer must either obtain the applicable MI's approval of the terms of each short sale on a case-by-case basis, or ensure that the applicable MI has provided a delegation of authority to the Servicer that applies to the requested short sale.

If the Servicer is notified that the MI will curtail or deny a claim for any reason, including but not limited to, failure of the Servicer to comply with mortgage insurance conditions such as payment of a Borrower contribution, the Servicer may not approve the short sale; however, the Servicer must submit the proposed short sale to Freddie Mac.

If the Servicer approves a short sale for which the mortgage insurance claim is reduced or eliminated because the Servicer failed to comply with the Guide or applicable mortgage insurance requirements, the Servicer must indemnify and reimburse Freddie Mac in the amount of the reduction.

B65.41: Closing, reporting and remittance requirements for short sales and make-whole preforeclosure sales (09/16/13)

(a) Servicer review of the Freddie Mac Standard Short Sale ("short sale") closing documentation

The Servicer must:

- 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. Freddie Mac will reimburse the Servicer for these expenses in accordance with Chapter 71.
- Ensure that the Borrower pays all cash contributions in the form of cash or certified funds at settlement

- Ensure that the title is conveyed directly from the Borrower to the buyer
- Complete the short sale closing within 60 days of approving the purchase offer
- Waive its rights to any accrued late fees or property inspection costs
- Maintain the original short sale affidavit in the Mortgage file in accordance with the requirements of Section 52.3 and provide Freddie Mac with a copy of the short sale affidavit upon request
- Review the HUD-1 Settlement Statement prior to closing to ensure proper transfer of title directly from the Borrower to the buyer
- Review the HUD-1 Settlement Statement and deed within five Business Days after closing to validate compliance with this chapter and the Servicer's approval instructions, including:
  - The name of the buyer on the HUD-1 Settlement Statement is the same as shown on the sales contract
  - The HUD-1 is consistent with the closing instructions, especially regarding ineligible transfer of title to related parties; and
  - The deed will be recorded in the name of the buyer and contains resale restriction language as required in Section B65.40(i)

(b) Reporting the transaction and remitting the proceeds

To close a short sale, 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 the Servicer receives 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 the Servicer received the Settlement Proceeds
   d. Due Date of Last Paid Installment (DDLPI) reflects the due date of the last fully paid installment
2. Remit the net proceeds as listed on the HUD-1 Settlement Statement to Freddie Mac. Net proceeds may include cash contributions and the mortgage insurance claim payment, if funded at settlement. For any Mortgage in which Freddie Mac has a Percentage of Participation, the remittance must equal Freddie Mac's Percentage of Participation applied to the net proceeds as listed on the HUD-1 Settlement Statement. 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. See Section 76.8 for information on Percentage of Participation.
3. Forward the following documentation to Freddie Mac **(see Directory 5)** and include the Freddie Mac loan number on all documentation:

a. A copy of the HUD-1 Settlement Statement
b. Copies of the sales contract and any addenda to the sales contract

4. Send the original negotiated promissory note(s), if applicable, to the following address (include the Freddie Mac loan number):

   Attention: Special Assets – Recovery
   MS B3G
   Freddie Mac
   8100 Jones Branch Dr.
   McLean, VA 22102

(c) Make-whole preforeclosure sale

To notify Freddie Mac that the Servicer has approved a make-whole preforeclosure sale, the Servicer must submit the following to Freddie Mac **(see Directory 5)**:

- Completed and signed Form 710, Uniform Borrower Assistance Form (or other documentation as permitted in Section B65.37)
- Copy of the executed sales contract
- Copy of the MI's approval letter (if applicable and if not previously delegated by the MI)
- A breakdown of the transaction to show how the sale of the Mortgaged Premises plus any other proceeds will result in a total satisfaction of the debt

Upon receipt of the required documentation as described above, Freddie Mac will send the Servicer a confirmation acknowledging the Servicer's approval of the transaction. Report and close the transaction in accordance with the requirements in this Section B65.41.

(d) Charging off the deficiency

The amount that Freddie Mac has determined to be charged off will be reflected on the Detail Adjustment Report (DAR). The Servicer must review the DAR and report any discrepancies between its records and the amount on the DAR to Freddie Mac **(see Directory 5)** by submitting Form 1205, Post Settlement Adjustment Request, within 30 calendar days following Freddie Mac's posting of the amount to the DAR. The DAR may be accessed through the Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission to Freddie Mac.

(e) 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

the full amount of such proceeds to Freddie Mac or, if applicable, the amount based on Freddie Mac's Percentage of Participation in the Mortgage, by check and send it to Freddie Mac **(see Directory 5)** within five Business Days of receipt of the proceeds.

(f) Release of deficiency if participants have acted in good faith and in compliance with all applicable law

If the Borrower has acted in good faith and in compliance with the Guide and all applicable local, State and federal law, then Freddie Mac will not pursue the Borrower for the entire amount owed under the current Mortgage. Freddie Mac will accept the proceeds of sale and the cash or promissory note contribution by the Borrower and the Servicer must instruct the closing agent to release the lien on the Mortgaged Premises and mark the previous Note as canceled.

However, if the Borrower had knowledge of and/or consented to a transaction that was not in compliance with the Guide and all applicable local, State and federal law, Freddie Mac reserves its rights to pursue any and all participants, including, but not limited to, the Borrower, for the full amount owed under the Mortgage, the amount of any other loss or damage Freddie Mac may have suffered and other costs and expenses, including, but not limited to, attorneys fees. Failure to fully execute and provide the short sale affidavit required by Section B65.40 is considered bad faith and noncompliance with the Guide.

(g) Requesting reimbursement

Request reimbursement for any applicable expenses, in accordance with the requirements in Chapter 71.

B65.41.1: Fraudulent transactions (11/01/12)

Should the Servicer allow a Freddie Mac Standard Short Sale ("short sale") 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 the Servicer 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 sale transaction.

Any party to the transaction who engages in fraudulent activity with respect to a short sale transaction may be added to the Freddie Mac Exclusionary List, barring future involvement in Freddie Mac business, and reported to applicable regulatory authorities.

See Chapters 7 or 57 for more information on Freddie Mac requirements for fraud prevention, detection and reporting.

B65.42: What is a deed-in-lieu of foreclosure? (03/01/13)

A Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") is a Borrower's voluntary conveyance of clear and marketable title to the property to Freddie Mac in exchange for a discharge of debt.

B65.43: Deed-in-lieu of foreclosure eligibility requirements and Servicer approval authority (03/01/13)

If the Borrower's eligible hardship is permanent or long-term and neither a home retention alternative to foreclosure nor a Freddie Mac Standard Short Sale ("short sale") is a viable solution to the Delinquency or imminent Delinquency, then the Servicer must determine if the Borrower meets the eligibility requirements for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"). The Servicer must evaluate the Borrower for a deed-in-lieu of foreclosure under this chapter once the Servicer has otherwise complied with the evaluation hierarchy in Section 64.6(a).

If the Mortgage is subject to a recourse agreement, the Mortgage is ineligible for a deed-in-lieu of foreclosure.

Additionally, Mortgages for which the Borrower is engaged in litigation related to the Mortgage or Mortgaged Premises, with the exception of a foreclosure action, are ineligible for a deed-in-lieu of foreclosure.

If the Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage, the Servicer must comply with the requirements of the applicable agency when approving a deed-in-lieu of foreclosure in a manner that ensures continued coverage of the Mortgage.

The Servicer must determine the Borrower's Delinquency status for purposes of establishing eligibility, documentation requirements and Borrower contribution requirements in accordance with Sections B65.43 through B65.44.1. The Servicer must use the Delinquency status of the Mortgage on the date the Servicer begins the evaluation of the Borrower for a deed-in-lieu of foreclosure using the documentation required in Section B65.44.

(a) Eligibility requirements for a deed-in-lieu of foreclosure

Every Borrower, regardless of Delinquency status, is eligible to be considered for a deed-in-lieu of foreclosure, provided the following requirements are met:

- The Borrower must be experiencing or have experienced one of the eligible hardships listed in Section 65.17(a); and

- The Borrower must be able to convey clear and marketable title to the Mortgaged Premises to Freddie Mac

A Borrower who is current or less than 31 days delinquent must meet the following additional eligibility requirements:

- At least one of the Borrowers must occupy the Mortgaged Premises as his or her Primary Residence

- The Borrower's current monthly debt payment-to-income ratio must be greater than 55%, calculated in accordance with the requirements in Section B65.44. Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

(b) Servicer approval authority

Unless otherwise notified by Freddie Mac, all Servicers are delegated to approve a deed-in-lieu of foreclosure that meets the requirements of Sections B65.42 through B65.48 for the following eligible Borrowers:

- Borrowers who are 90 or more days delinquent; or

- Borrowers who are current or less than 90 days delinquent provided the Borrower's eligible hardship is one of the following:

  - Death of a Borrower or death of either the primary or secondary wage earner in the household

  - Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member

Additionally, a Servicer is authorized to approve a deed-in-lieu of foreclosure for a Borrower who is current or less than 90 days delinquent if the Borrower was previously discharged from the debt obligations in a Chapter 7 bankruptcy. Otherwise, Servicers are not delegated to approve a deed-in-lieu of foreclosure for a Borrower who is current or less than 90 days delinquent if the Borrower's hardship is other than one of the two listed above.

When evaluating a Borrower who is a service member with Permanent Change of Station orders and is current or less than 90 days delinquent, the Servicer is encouraged to submit a recommendation to Freddie Mac for review if the Servicer

believes a deed-in-lieu of foreclosure is the most appropriate option given the Borrower's circumstances.

If a property inspection reveals that the property has been poorly maintained, needs major repairs, or has structural or foundation problems, then the Servicer is not delegated to approve a deed-in-lieu of foreclosure. However, if the Servicer believes a deed-in-lieu of foreclosure is still the most appropriate remedy, then the Servicer must submit a recommendation to Freddie Mac for approval.

Servicers must refer to the requirements in Sections B65.42 through B65.48 for additional circumstances where Servicers are not delegated to approve a deed-in-lieu of foreclosure.

Note: Servicers may submit recommendations to Freddie Mac for review in instances where the Servicer is not delegated to approve the deed-in-lieu of foreclosure, but believes it is the best option for addressing the Delinquency or imminent Delinquency. When submitting recommendations to Freddie Mac for review, the Servicer must provide the rationale for its recommendation along with a complete Borrower Response Package and other documentation as permitted in Section B65.44 **(see Directory 5)**.

(c) Property requirements

If the BPO obtained according to the valuation requirements in Section B65.45 or any previous or subsequent Servicer inspection indicates that the Mortgaged Premises has been poorly maintained, needs major repairs, or has structural or foundation problems, the Servicer is not delegated to approve a deed-in-lieu of foreclosure. However, if the Servicer believes a deed-in-lieu of foreclosure is still the most appropriate remedy, then the Servicer must submit a recommendation to Freddie Mac for approval in accordance with Section B65.43(b).

In addition, if the Servicer has any indication that the Mortgaged Premises contains environmental contamination or hazardous substances, the Servicer is not delegated to approve a deed-in-lieu of foreclosure. Examples of environmental contamination and hazardous substances include:

- High sulfur building content, such as drywall
- Interior mold
- Exposed asbestos
- Exposed or chipping lead-based paint
- Evidence of illegal activity having taken place on the premises, such as growing or manufacturing illegal substances
- Mortgaged Premises is or is part of a Superfund site
- Mortgaged Premises exhibits other conditions that could negatively impact the health of occupants

B65.43: Deed-in-lieu of foreclosure eligibility requirements and Servicer approval authority (Future effective date 02/01/14)

If the Borrower's eligible hardship is permanent or long-term and neither a home retention alternative to foreclosure nor a Freddie Mac Standard Short Sale ("short sale") is a viable solution to the Delinquency or imminent Delinquency, then the Servicer must determine if the Borrower meets the eligibility requirements for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"). The Servicer must evaluate the Borrower for a deed-in-lieu of foreclosure under this chapter once the Servicer has otherwise complied with the evaluation hierarchy in Section 64.6(a).

If the Mortgage is subject to a recourse agreement, the Mortgage is ineligible for a deed-in-lieu of foreclosure.

Additionally, Mortgages for which the Borrower is engaged in litigation related to the Mortgage or Mortgaged Premises, with the exception of a foreclosure action, are ineligible for a deed-in-lieu of foreclosure.

If the Mortgage is an FHA, VA or Guaranteed Rural Housing Mortgage, the Servicer must comply with the requirements of the applicable agency when approving a deed-in-lieu of foreclosure in a manner that ensures continued coverage of the Mortgage.

The Servicer must determine the Borrower's Delinquency status for purposes of establishing eligibility, documentation requirements and Borrower contribution requirements in accordance with Sections B65.43 through B65.44.1. The Servicer must use the Delinquency status of the Mortgage on the date the Servicer begins the evaluation of the Borrower for a deed-in-lieu of foreclosure using the documentation required in Section B65.44.

(a) Eligibility requirements for a deed-in-lieu of foreclosure

Every Borrower, regardless of Delinquency status, is eligible to be considered for a deed-in-lieu of foreclosure, provided the following requirements are met:

- The Borrower must be experiencing or have experienced one of the eligible hardships listed in Section 65.17(a); and
- The Borrower must be able to convey clear and marketable title to the Mortgaged Premises to Freddie Mac
- The Borrower has not acquired a new Mortgage during the term of his or her hardship, unless the eligible hardship was distant employment transfer

A Borrower who is current or less than 90 days delinquent must meet the following additional eligibility requirements:

- Must be experiencing or have experienced one of the following eligible hardships:
  - Death of a Borrower or death of either the primary or secondary wage earner in the household
  - Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member

However, a Borrower who is current or less than 90 days delinquent is eligible for a deed-in-lieu of foreclosure, without one of the two hardships listed above, if the Borrower was previously discharged from the debt obligations in a Chapter 7 bankruptcy.

A Borrower who is current or less than 31 days delinquent must meet the following additional eligibility requirements:

- At least one of the Borrowers must occupy the Mortgaged Premises as his or her Primary Residence
- The Borrower's current monthly debt payment-to-income ratio must be greater than 55%, calculated in accordance with the requirements in Section B65.44. Borrowers who are service members with Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.
- The Borrower must contribute 20% of his or her Cash Reserves (as determined in Section B65.44(c)). However, if the Borrower's financial hardship is due to the death of a Borrower or death of either the primary or secondary wage earner in the household, then the Servicer is delegated to decision the deed-in-lieu of foreclosure even if the Borrower's contribution is less than 20% of his or her Cash Reserves.

(b) Servicer approval authority

Unless otherwise notified by Freddie Mac, all Servicers are delegated to approve a deed-in-lieu of foreclosure that meets the eligibility requirements of Section B65.43(a).

When evaluating a Borrower who is a service member with Permanent Change of Station orders and is current or less than 90 days delinquent, the Servicer is encouraged to submit a recommendation to Freddie Mac for review if the Servicer believes a deed-in-lieu of foreclosure is the most appropriate option given the Borrower's circumstances.

If a property inspection reveals that the property has been poorly maintained, needs major repairs, or has structural or foundation problems, then the Servicer is not delegated to approve a deed-in-lieu of foreclosure. However, if the Servicer believes a deed-in-lieu of foreclosure is still the most appropriate remedy, then the Servicer must submit a recommendation to Freddie Mac for approval.

Servicers must refer to the requirements in Sections B65.42 through B65.48 for additional circumstances where Servicers are not delegated to approve a deed-in-lieu of foreclosure.

(c) Property requirements

If the BPO obtained according to the valuation requirements in Section B65.45 or any previous or subsequent Servicer inspection indicates that the Mortgaged Premises has been poorly maintained, needs major repairs, or has structural or foundation problems, the Servicer is not delegated to approve a deed-in-lieu of foreclosure. However, if the Servicer believes a deed-in-lieu of foreclosure is still the most appropriate remedy, then the Servicer must submit a recommendation to Freddie Mac for approval in accordance with Section B65.43(b).

In addition, if the Servicer has any indication that the Mortgaged Premises contains environmental contamination or hazardous substances, the Servicer is not delegated to approve a deed-in-lieu of foreclosure. Examples of environmental contamination and hazardous substances include:

- High sulfur building content, such as drywall
- Interior mold
- Exposed asbestos
- Exposed or chipping lead-based paint
- Evidence of illegal activity having taken place on the premises, such as growing or manufacturing illegal substances
- Mortgaged Premises is or is part of a Superfund site
- Mortgaged Premises exhibits other conditions that could negatively impact the health of occupants

(d) Submitting a deed-in-lieu of foreclosure recommendation to Freddie Mac

For situations where a Borrower does not meet the eligibility requirements for a deed-in-lieu of foreclosure and the Servicer feels a deed-in-lieu of foreclosure may be

the best option for addressing the Delinquency or imminent Delinquency, the Servicer may submit a recommendation and rationale for the recommendation to Freddie Mac for review with a complete Borrower Response Package or other documentation as permitted in Section B65.44 **(see Directory 5)**.

B65.44: Borrower documentation (07/01/13)

(a) Borrower documentation

The Borrower must submit a complete Borrower Response Package, as defined in Section 64.6, to the Servicer in order to be considered for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure").

Exceptions to Borrower documentation requirements

When the Borrower is 90 days or more delinquent and has a FICO® score less than 620 as of the evaluation date, the Servicer is not required to:

- Obtain or review the Borrower Response Package; or
- Verify an eligible hardship

The Borrower's FICO score must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a deed-in-lieu of foreclosure. If there is more than one Borrower on the Mortgage, the Servicer must choose one FICO score that is adequately indicative of the credit reputation of all Borrowers currently on the Mortgage. 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. 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. Whichever method is used, the Servicer must choose the single FICO score using the same method and procedure for all Borrowers and for all Mortgages consistent with fair lending laws.

If during the current period of Delinquency the Borrower was determined eligible for the exception to Borrower documentation requirements for a short sale (refer to Section B65.37), then the Borrower is also eligible for the exception to Borrower documentation requirements for a deed-in-lieu of foreclosure outlined above, even if the FICO score that was used previously to determine eligibility for the exception to Borrower documentation for a short sale is now more than 90 days old at the time of the deed-in-lieu of foreclosure evaluation. However, if the Borrower has since brought the Mortgage current, then the Borrower is no longer eligible for an exception to Borrower documentation requirements and is required to submit a

complete Borrower Response Package to the Servicer to be evaluated for a deed-in-lieu of foreclosure.

(b) Evaluating the Borrower

- **Evaluating the credit report**

  The Servicer must obtain a credit report for each Borrower on the Mortgage (or a joint report for co-Borrowers). The credit report must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a deed-in-lieu of foreclosure. The Servicer must review the credit report to verify that the Borrower meets the relevant requirements for a deed-in-lieu of foreclosure and to evaluate the Borrower's ability to make a contribution.

  1. **Verifying occupancy**

     For Borrowers who are current or less than 31 days delinquent, the Servicer must review the credit report to verify that at least one of the Borrowers is occupying the Mortgaged Premises as a Primary Residence. If the credit report does not indicate that the Mortgaged Premises is the Primary Residence for at least one Borrower, then the Servicer must use good business judgment to reconcile the inconsistency.

  2. **New mortgages**

     The Servicer must review the Borrower's credit report to determine whether the Borrower obtained a new mortgage(s) during the term of the Borrower's financial hardship. If the Servicer's review of the credit report reveals a mortgage inquiry but no new mortgage, the Servicer is delegated to approve the deed-in-lieu of foreclosure. If the Servicer's review of the credit report reveals a new mortgage, the Servicer may approve the deed-in-lieu of foreclosure only if the eligible hardship for a Borrower who was 90 or more days delinquent was due to distant employment transfer, relocation due to new employment or Permanent Change of Station (PCS) orders and the Servicer verifies that:

     - The Borrower intends to occupy the property securing the new mortgage as the Borrower's Primary Residence

     - The new employment location is greater than 50 miles one-way from the Mortgaged Premises

     - The new property address is reasonably located near the Borrower's new employment location

If the Borrower has any other hardship, or if the above referenced hardship was for a Borrower who was less than 90 days delinquent, and the Servicer determines a new mortgage has been obtained, the Servicer is not delegated to approve the deed-in-lieu of foreclosure and must submit the request to Freddie Mac for consideration.

- **Calculating the current monthly debt payment-to-income ratio for Borrowers who are current or less than 31 days delinquent**

  Borrowers who are current or less than 31 days delinquent must have a monthly debt payment-to-income ratio greater than 55% to be eligible for a deed-in-lieu of foreclosure. The Servicer must determine the current monthly debt payment-to-income ratio for such Borrowers by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18). The Servicer must calculate the Borrower's total monthly debt using the monthly expenses documented on the Borrower's credit report as well as information provided by the Borrower in writing for the expenses listed below, as applicable.

  Borrowers who are service members with the Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

  The total monthly debt payment is the sum of the monthly charges for the following:

  1. The Borrower's current monthly housing expense on his or her Primary Residence that consists of:

     - The monthly principal and interest payment
     - The monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
     - The monthly pro rata amount for property insurance, flood insurance, and monthly Escrow cushion
     - The monthly pro rata amount of homeowners association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent
     - The Projected Monthly Escrow Shortage Payment on the existing Mortgage
     - Payments for mortgage insurance premiums

  2. Payments for subordinate liens
  3. 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 no monthly payment is reported on the credit report for 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.

4. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%.
5. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
6. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
7. Car lease payments, regardless of the number of payments remaining
8. Aggregate negative net rental income (i.e., net loss) from all Investment Properties owned
9. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowners association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)).

Additionally, if the credit report reflects debt obligations opened during the term of the hardship (e.g., new installment debt, revolving account or open-end account), the Servicer must discuss with the Borrower the specific circumstances that necessitated incurring the new debt. If the new debt obligations caused the Borrower's total monthly debt ratio to exceed 55% either for the purpose of evaluating the Borrower who is current or less than 31 days delinquent for eligibility for a deed-in-lieu of foreclosure or for evaluating a Borrower who is greater than 31 days delinquent for a promissory note contribution, the Servicer must use good business judgment to determine if those expenses are reasonable and should be included in or excluded from the Borrower's monthly debt payment-to-income ratio.

(c) Verifying the Borrower's Cash Reserves

The Servicer must complete an evaluation of the Borrower's Cash Reserves in accordance with the requirements of this section to determine the Borrower's ability to make a cash contribution towards the deficiency.

■ Definition of 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.

- **Verifying Cash Reserves**

The Servicer must determine that, for every Borrower on the Mortgage, all of the Borrower's Cash Reserves have been accounted for on Form 710, Uniform Borrower Assistance Form.

In verifying and making the determination that all Cash Reserves have been accounted for, the Servicer must review the Borrower's federal income tax return, if available, 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 Form 710 is reasonably consistent with information available from the tax return or tax transcript, or other 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 Form 710, the Servicer must reconcile the inconsistency with the Borrower.

- **Reconciling inconsistencies**

To reconcile inconsistencies, the Servicer must require the Borrower to provide:

- A signed federal tax return and all relevant schedules if the Servicer used a tax transcript in lieu of a tax return to perform the verification; and
- Any other relevant documentation that verifies the disposition and/or current status of those assets, which produced the income or gains/losses. 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).

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.

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 Servicer is not delegated to approve the deed-in-lieu of foreclosure.

B65.44: Borrower documentation (Future effective date 02/01/14)

(a) Borrower documentation

The Borrower must submit a complete Borrower Response Package, as defined in Section 64.6, to the Servicer in order to be considered for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure").

Streamlined Deed-in-lieu of Foreclosure ("Streamlined DIL")

Unless otherwise required by applicable law, a Borrower who is 90 days or more delinquent is eligible for a Streamlined DIL. A Streamlined DIL is a Standard Deed-in-Lieu of Foreclosure under which the Servicer is not required to obtain the Borrower Response Package or to verify an eligible hardship. To be eligible for a Streamlined DIL, the Mortgage must not have been originated as an Investment Property Mortgage and:

- The Borrower's FICO® score must be less than 620 or
- The debt secured by the Mortgaged Premises must have been discharged in a bankruptcy proceeding filed pursuant to Chapter 7 of the U.S. Bankruptcy Code

The Borrower's FICO score must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a deed-in-lieu of foreclosure. If there is more than one Borrower on the Mortgage, the Servicer must choose one FICO score that is adequately indicative of the credit reputation of all Borrowers currently on the Mortgage. 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. 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. Whichever method is used, the Servicer must choose the single FICO score

using the same method and procedure for all Borrowers and for all Mortgages consistent with fair lending laws.

If during the current period of Delinquency the Borrower was determined eligible for a Streamlined Short Sale (refer to Section B65.37), then the Borrower is also eligible for a Streamlined DIL outlined above, even if the FICO score that was used previously to determine eligibility for the Streamlined Short Sale is now more than 90 days old at the time of the deed-in-lieu of foreclosure evaluation. However, if the Borrower has since brought the Mortgage current, then the Borrower is no longer eligible for a Streamlined Short Sale or Streamlined DIL and is required to submit a complete Borrower Response Package to the Servicer to be evaluated for a deed-in-lieu of foreclosure.

(b) Evaluating the Borrower

- **Evaluating the credit report**

  The Servicer must obtain a credit report for each Borrower on the Mortgage (or a joint report for co-Borrowers). The credit report must be no more than 90 days old as of the date the Servicer evaluates the Borrower for a deed-in-lieu of foreclosure. The Servicer must review the credit report to verify that the Borrower meets the relevant requirements for a deed-in-lieu of foreclosure and to evaluate the Borrower's ability to make a contribution.

  1. **Verifying occupancy**

     For Borrowers who are current or less than 31 days delinquent, the Servicer must review the credit report to verify that at least one of the Borrowers is occupying the Mortgaged Premises as a Primary Residence. If the credit report does not indicate that the Mortgaged Premises is the Primary Residence for at least one Borrower, then the Servicer must use good business judgment to reconcile the inconsistency.

  2. **New mortgages**

     The Servicer must review the Borrower's credit report to determine whether the Borrower obtained a new mortgage(s) during the term of the Borrower's financial hardship. If the Servicer's review of the credit report reveals a mortgage inquiry but no new mortgage, the Servicer is delegated to approve the deed-in-lieu of foreclosure. If the Servicer's review of the credit report reveals a new mortgage, the Servicer may approve the deed-in-lieu of foreclosure only if the eligible hardship for a Borrower who was 90 or more days delinquent was due to distant employment transfer, relocation due to new employment or Permanent Change of Station (PCS) orders and the Servicer verifies that:

- The Borrower intends to occupy the property securing the new mortgage as the Borrower's Primary Residence

- The new employment location is greater than 50 miles one-way from the Mortgaged Premises

- The new property address is reasonably located near the Borrower's new employment location

If the Borrower has any other hardship, or if the above referenced hardship was for a Borrower who was less than 90 days delinquent, and the Servicer determines a new mortgage has been obtained, the Servicer is not delegated to approve the deed-in-lieu of foreclosure and must submit the request to Freddie Mac for consideration.

- **Calculating the current monthly debt payment-to-income ratio for Borrowers who are current or less than 31 days delinquent**

Borrowers who are current or less than 31 days delinquent must have a monthly debt payment-to-income ratio greater than 55% to be eligible for a deed-in-lieu of foreclosure. The Servicer must determine the current monthly debt payment-to-income ratio for such Borrowers by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18). The Servicer must calculate the Borrower's total monthly debt using the monthly expenses documented on the Borrower's credit report as well as information provided by the Borrower in writing for the expenses listed below, as applicable.

Borrowers who are service members with the Permanent Change of Station orders are exempt from this requirement, provided the Borrower occupies the Mortgaged Premises as his or her Primary Residence and purchased the property on or before June 30, 2012.

The total monthly debt payment is the sum of the monthly charges for the following:

1. The Borrower's current monthly housing expense on his or her Primary Residence that consists of:

- The monthly principal and interest payment
- The monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
- The monthly pro rata amount for property insurance, flood insurance, and monthly Escrow cushion
- The monthly pro rata amount of homeowners association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent

- The Projected Monthly Escrow Shortage Payment on the existing Mortgage
- Payments for mortgage insurance premiums

2. Payments for subordinate liens
3. 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 no monthly payment is reported on the credit report for 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.
4. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%.
5. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
6. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
7. Car lease payments, regardless of the number of payments remaining
8. Aggregate negative net rental income (i.e., net loss) from all Investment Properties owned
9. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowners association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)).

Additionally, if the credit report reflects debt obligations opened during the term of the hardship (e.g., new installment debt, revolving account or open-end account), the Servicer must discuss with the Borrower the specific circumstances that necessitated incurring the new debt. If the new debt obligations caused the Borrower's total monthly debt ratio to exceed 55% either for the purpose of evaluating the Borrower who is current or less than 31 days delinquent for eligibility for a deed-in-lieu of foreclosure or for evaluating a Borrower who is greater than 31 days delinquent for a promissory note contribution, the Servicer must use good business judgment to determine if those expenses are reasonable and should be included in or excluded from the Borrower's monthly debt payment-to-income ratio.

(c) Verifying the Borrower's Cash Reserves

The Servicer must complete an evaluation of the Borrower's Cash Reserves in accordance with the requirements of this section to determine the Borrower's ability to make a cash contribution towards the deficiency.

- **Definition of 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.

- **Verifying Cash Reserves**

  The Servicer must determine that, for every Borrower on the Mortgage, all of the Borrower's Cash Reserves have been accounted for on Form 710, Uniform Borrower Assistance Form.

  In verifying and making the determination that all Cash Reserves have been accounted for, the Servicer must review the Borrower's federal income tax return, if available, 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 Form 710 is reasonably consistent with information available from the tax return or tax transcript, or other 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 Form 710, the Servicer must reconcile the inconsistency with the Borrower.

- **Reconciling inconsistencies**

  To reconcile inconsistencies, the Servicer must require the Borrower to provide:

  - A signed federal tax return and all relevant schedules if the Servicer used a tax transcript in lieu of a tax return to perform the verification; and

- Any other relevant documentation that verifies the disposition and/or current status of those assets, which produced the income or gains/losses. 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).

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.

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 Servicer is not delegated to approve the deed-in-lieu of foreclosure.

B65.44.1: Borrower contribution and relocation assistance (03/01/13)

(a) Borrower contributions towards the deficiency

If the Borrower is current or less than 31 days delinquent, the Borrower must make a cash contribution in accordance with the requirements below or the Servicer is not delegated to approve the deed-in-lieu of foreclosure. If however, the hardship is death of a Borrower or death of either the primary or secondary wage earner in the household, the Servicer is authorized to determine the acceptable level of contribution.

If the Servicer determines that the Borrower’s Cash Reserves exceed the greater of $10,000 or six times the Borrower’s total monthly Mortgage payment, the Servicer must determine whether the Borrower has the capacity to make a contribution based on his or her individual circumstances before establishing initial cash and promissory note contribution requests in accordance with the requirements below. For Borrowers who are 31 or more days delinquent, the Servicer must also determine that the Borrower has a monthly debt payment-to-income ratio based on future housing expenses of less than 55% before evaluating for a contribution. A Servicer may be flexible in negotiating contribution amounts less than the initial contribution requests and, when doing so, may use its judgment in determining which option to use and whether to combine options. When a Servicer negotiates a cash or promissory note contribution that is less than the initial request, the Servicer must document the reason for its decision in the Mortgage file and note the specific circumstances that limit the Borrower’s ability to contribute towards the deficiency.

Unless Freddie Mac has delegated authority with the MI or communicates otherwise, if the Mortgage is covered by mortgage insurance and the MI requires a contribution from the Borrower that is greater than the contribution limits required by this section in order to approve the Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), the Servicer must require the Borrower to make the contribution required by the MI as a condition of approval.

Borrowers are not required to make a contribution in the following instances:

- Borrowers who are service members with Permanent Change of Station orders who are 90 or more days delinquent. The Mortgaged Premises must serve as the Borrower's Primary Residence and it must have been purchased on or before June 30, 2012

- Borrowers who are 90 or more days delinquent with a FICO® score less than 620. (Refer to B65.44(a) for the requirements for determining the Borrower's FICO score.)

- Applicable law prohibits requesting or receiving a contribution

1. Determining a cash contribution

If the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly payment on the Mortgage (including principal, interest, and the monthly amounts for taxes and insurance premiums, regardless of whether the Servicer is escrowing for these items), the Servicer must evaluate the Borrower's capacity to make a contribution. If in the Servicer's best business judgment the Borrower has the capacity to make a contribution, then the Servicer must make an initial request for 20% of the Cash Reserves.

If a Borrower is 31 or more days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, the Servicer may accept a lesser amount but must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The Servicer must submit the request to Freddie Mac for review in the following instances:

- The Servicer determines that the Borrower's Cash Reserves are in excess of $50,000; or

- The Borrower is current or less than 31 days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, unless the financial hardship is due to the death of a Borrower or death of either the primary or secondary

wage earner in the household in which case the Servicer may approve the deed-in-lieu of foreclosure

2. **Determining the amount of a promissory note contribution**

The Servicer must determine whether a Borrower who is 31 or more days delinquent has the capacity to make a contribution based on his or her individual circumstances before establishing an initial promissory note contribution request as described below.

If the Borrower's monthly debt payment-to-income ratio based on future housing expenses is less than 55%, then the Servicer must make an initial request for a five- or ten-year note with a monthly payment that is no more than half of the difference between the Borrower's future monthly debt payment-to-income ratio and 55% of the Borrower's gross monthly income ("Borrower's promissory note payment capacity").

The Borrower's future monthly debt payment-to-income ratio is determined according to the requirements described below.

The Borrower's promissory note payment capacity is determined using the following formula:

Borrower's Promissory Note Payment Capacity	=	(55% - Borrower's future monthly debt payment-to-income ratio)/2 X Borrower's Gross Monthly Income

Servicers may accept a lesser promissory note obligation but the Servicer must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The promissory note amount is the final negotiated monthly promissory note payment multiplied by the negotiated term (60 months or 120 months). A promissory note is not required if the negotiated promissory note amount would be less than $5,000.

The promissory note must have an interest rate of 0% and the monthly payments must be rounded to the nearest dollar.

Calculating the Borrower's future monthly debt payment-to-income ratio

The Servicer must determine the future monthly debt payment-to-income ratio for Borrowers who are 31 or more days delinquent, by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18).

The Servicer must calculate the Borrower's future monthly debt, excluding any debt associated with the Mortgaged Premises, using monthly expenses documented on the Borrower's credit report as well as information for the following expenses provided by the Borrower in writing:

1. The amount of the Borrower's future housing expense if known. If the amount is not known, the Servicer must use 75% of the Borrower's current housing expense as calculated in Section B65.44(b).
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 no monthly payment is reported on the credit report for 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.
3. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%
4. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
5. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
6. Car lease payments, regardless of the number of payments remaining
7. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
8. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowners association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)), plus payments on subordinate lien(s), if applicable

(b) Borrower relocation assistance

If the Servicer determines that the Borrower is not required to make a financial contribution toward the deficiency, the Borrower is eligible to receive up to $3,000 in relocation assistance provided that the Borrower occupies the Mortgaged Premises as his or her primary residence.

If the Borrower receives relocation assistance from a source other than Freddie Mac or the Servicer, such as an employer, the Servicer must reduce the amount of Freddie Mac's relocation assistance by the amount received from the other source. If the Borrower will receive relocation assistance from a source other than Freddie Mac or the Servicer and the amount is equal to or greater than $3,000, Freddie Mac will not provide any relocation assistance to the extent that the Servicer is aware of such payment.

Borrowers subject to PCS orders will not be eligible for Freddie Mac relocation assistance as the government assists in defraying the costs of the service member's relocation.

If the final property inspection reveals that the property is damaged, contains trash or debris or is otherwise not in clean, broom-swept condition, the Servicer must deduct the estimated or, if known, actual cost of repairing and cleaning the property from the relocation assistance amount.

Once the final amount of relocation assistance has been determined and the deed has been executed, the Servicer must disburse to the Borrower the relocation assistance payment. The Servicers must distribute the relocation assistance funds no more than 30 days after execution of the deed. Servicers may request reimbursement for the relocation assistance from Freddie Mac via the Reimbursement System.

In addition to the relocation assistance offered by Freddie Mac, the Servicer may in its discretion offer the Borrower an additional financial incentive to complete the deed-in-lieu of foreclosure. Any relocation assistance provided by the Servicer will be in addition to the relocation assistance amount provided by Freddie Mac, and the Servicer's assistance amount does not have to be subtracted from the assistance amount Freddie Mac will pay. If the Servicer does offer its own relocation assistance, it must provide the assistance from its own funds, as a payment made directly to the Borrower.

The relocation assistance payment may not be applied to other debts secured by the Mortgaged Premises.

B65.44.1: Borrower contributions and relocation assistance (Future effective date 02/01/14)

(a) Borrower contributions towards the deficiency

If the Borrower is current or less than 31 days delinquent, the Borrower must make a cash contribution in accordance with the requirements below or the Servicer is not delegated to approve the deed-in-lieu of foreclosure. If however, the hardship is death of a Borrower or death of either the primary or secondary wage earner in the household, the Servicer is authorized to determine the acceptable level of contribution.

If the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly Mortgage payment, the Servicer must determine whether the Borrower has the capacity to make a cash contribution based on his or her individual circumstances before establishing an initial cash

contribution request in accordance with the requirements below. For Borrowers who are 31 or more days delinquent, the Servicer must also determine whether the Borrower has the capacity to make a promissory note contribution as described below. A Servicer may be flexible in negotiating contribution amounts less than the initial contribution requests and, when doing so, may use its judgment in determining which option to use and whether to combine options. When a Servicer negotiates a cash or promissory note contribution that is less than the initial request, the Servicer must document the reason for its decision in the Mortgage file and note the specific circumstances that limit the Borrower's ability to contribute towards the deficiency.

Unless Freddie Mac has delegated authority with the MI or communicates otherwise, if the Mortgage is covered by mortgage insurance and the MI requires a contribution from the Borrower that is greater than the contribution limits required by this section in order to approve the Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), the Servicer must require the Borrower to make the contribution required by the MI as a condition of approval.

Borrowers are not required to make a contribution in the following instances:

- Borrowers who are service members with Permanent Change of Station orders who are 90 or more days delinquent. The Mortgaged Premises must serve as the Borrower's Primary Residence and it must have been purchased on or before June 30, 2012

- Borrowers who qualify for a Streamlined Deed-in-Lieu of Foreclosure (refer to Section B65.44)

- Applicable law prohibits requesting or receiving a contribution

1. Determining a cash contribution

If the Servicer determines that the Borrower's Cash Reserves exceed the greater of $10,000 or six times the Borrower's total monthly payment on the Mortgage (including principal, interest, and the monthly amounts for taxes and insurance premiums, regardless of whether the Servicer is escrowing for these items), the Servicer must evaluate the Borrower's capacity to make a cash contribution. If in the Servicer's best business judgment the Borrower has the capacity to make a contribution, then the Servicer must make an initial request for 20% of the Cash Reserves.

If a Borrower is 31 or more days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, the Servicer may accept a lesser cash contribution amount but must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a cash contribution.

The Servicer must submit the deed-in-lieu of foreclosure request to Freddie Mac for review in the following instances:

- The Servicer determines that the Borrower's Cash Reserves are in excess of $50,000; or

- The Borrower is current or less than 31 days delinquent and cannot or will not contribute 20% of his or her Cash Reserves, unless the financial hardship is due to the death of a Borrower or death of either the primary or secondary wage earner in the household in which case the Servicer may approve the deed-in-lieu of foreclosure

Refer to Section B65.44 regarding the details for submitting a deed-in-lieu of foreclosure recommendation to Freddie Mac.

2. Determining the amount of a promissory note contribution

The Servicer must determine whether a Borrower who is 31 or more days delinquent has the capacity to make a contribution based on his or her individual circumstances before establishing an initial promissory note contribution request as described below.

If the Borrower's monthly debt payment-to-income ratio based on future housing expenses is less than 55%, then the Servicer must make an initial request for a five- or ten-year note with a monthly payment that is no more than half of the difference between the Borrower's future monthly debt payment-to-income ratio and 55% of the Borrower's gross monthly income ("Borrower's promissory note payment capacity").

The Borrower's future monthly debt payment-to-income ratio is determined according to the requirements described below.

The Borrower's promissory note payment capacity is determined using the following formula:

Borrower's Promissory Note Payment Capacity	=	(55% - Borrower's future monthly debt payment-to-income ratio)/2 X Borrower's Gross Monthly Income

Servicers may accept a lesser promissory note obligation but the Servicer must document and note in the Mortgage file the specific circumstances that limit the Borrower's ability to make a contribution.

The promissory note amount is the final negotiated monthly promissory note payment multiplied by the negotiated term (60 months or 120 months). A promissory note is not required if the negotiated promissory note amount would be less than $5,000.

The promissory note must have an interest rate of 0% and the monthly payments must be rounded to the nearest dollar.

Calculating the Borrower's future monthly debt payment-to-income ratio

The Servicer must determine the future monthly debt payment-to-income ratio for Borrowers who are 31 or more days delinquent, by dividing the total of the following debt payments for all Borrowers by the gross monthly income for all Borrowers (determined, verified and documented in accordance with Section 65.18).

The Servicer must calculate the Borrower's future monthly debt, excluding any debt associated with the Mortgaged Premises, using monthly expenses documented on the Borrower's credit report as well as information for the following expenses provided by the Borrower in writing:

1. The amount of the Borrower's future housing expense if known. If the amount is not known, the Servicer must use 75% of the Borrower's current housing expense as calculated in Section B65.44(b).
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 no monthly payment is reported on the credit report for 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.
3. Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment, the payment must be calculated by multiplying the balance by 3%
4. The monthly payment on a Home Equity Line of Credit (HELOC) 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.
5. Alimony, child support and separation maintenance payments with more than 10 months of payments remaining
6. Car lease payments, regardless of the number of payments remaining
7. Aggregate negative net rental income (i.e. net loss) from all Investment Properties owned
8. Monthly mortgage payment for a second home (principal, interest, taxes and insurance and, when applicable, ground rent, homeowners association dues, Condominium Unit or cooperative unit maintenance fees (excluding unit utility charges)), plus payments on subordinate lien(s), if applicable

(b) Borrower relocation assistance

If the Servicer determines that the Borrower is not required to make a financial contribution toward the deficiency, the Borrower is eligible to receive up to $3,000 in relocation assistance provided that the Borrower occupies the Mortgaged Premises as his or her primary residence.

If the Borrower receives relocation assistance from a source other than Freddie Mac or the Servicer, such as an employer, the Servicer must reduce the amount of Freddie Mac's relocation assistance by the amount received from the other source. If the Borrower will receive relocation assistance from a source other than Freddie Mac or the Servicer and the amount is equal to or greater than $3,000, Freddie Mac will not provide any relocation assistance to the extent that the Servicer is aware of such payment.

Borrowers subject to PCS orders will not be eligible for Freddie Mac relocation assistance as the government assists in defraying the costs of the service member's relocation.

If the final property inspection reveals that the property is damaged, contains trash or debris or is otherwise not in clean, broom-swept condition, the Servicer must deduct the estimated or, if known, actual cost of repairing and cleaning the property from the relocation assistance amount.

Once the final amount of relocation assistance has been determined and the deed has been executed, the Servicer must disburse to the Borrower the relocation assistance payment. The Servicers must distribute the relocation assistance funds no more than 30 days after execution of the deed. Servicers may request reimbursement for the relocation assistance from Freddie Mac via the Reimbursement System.

In addition to the relocation assistance offered by Freddie Mac, the Servicer may in its discretion offer the Borrower an additional financial incentive to complete the deed-in-lieu of foreclosure. Any relocation assistance provided by the Servicer will be in addition to the relocation assistance amount provided by Freddie Mac, and the Servicer's assistance amount does not have to be subtracted from the assistance amount Freddie Mac will pay. If the Servicer does offer its own relocation assistance, it must provide the assistance from its own funds, as a payment made directly to the Borrower.

The relocation assistance payment may not be applied to other debts secured by the Mortgaged Premises.

B65.45: Property valuation and property inspection requirements (09/01/13)

1. When to obtain a property valuation

If the Servicer has evaluated the Borrower for all other alternatives to foreclosure in accordance with Freddie Mac's evaluation hierarchy set forth in Section 64.6(a) and believes that the Borrower meets the eligibility requirements for a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), then the Servicer must obtain an interior property valuation in accordance with Section 65.39. Servicers must ensure that the property valuation is no more than 90 days old as of the date of the deed-in-lieu of foreclosure evaluation decision.

An evaluation for a Borrower contribution should not delay the Servicer's request for a property valuation.

2. Obtaining a property valuation for a deed-in-lieu of foreclosure and verification of property condition

If the Servicer believes the Borrower is generally eligible for a deed-in-lieu of foreclosure, the Servicer must obtain a property value from BPOdirect as set forth in Section 65.39, if the Borrower:

- Intends to vacate or has vacated the Mortgaged Premises and expresses an interest in a deed-in-lieu of foreclosure; or
- Is ineligible for, failed or does not accept another alternative to foreclosure and a deed-in-lieu of foreclosure is the best solution to the Delinquency

The Servicer must advise the Borrower to grant interior access to the person evaluating the Mortgaged Premises and otherwise cooperate with the inspection.

Once the Servicer receives the BPO, it must review the property condition information carefully to verify that the Mortgaged Premises meets the condition requirements described in Section B65.43(c).

3. Post-execution Interior inspection of the Mortgaged Premises

The Servicer must conduct an interior inspection of the Mortgaged Premises to ensure that it is vacant, undamaged and in broom-swept condition. The inspection must occur no more than two Business Days following receipt of the executed deed and all related documents. The Servicer must take all necessary actions to protect the property from waste, damage and vandalism, and is responsible for the condition of the property at the time of conveyance to Freddie Mac.

If the property inspection indicates that there is damage caused to the Mortgaged Premises by the Borrower or that the Mortgaged Premises was not left in broom-swept condition, the Servicer must proceed with the deed-in-lieu of foreclosure and:

- Estimate the costs for remediating the issues
- If the Borrower qualified for Borrower relocation assistance, reduce the Borrower relocation assistance by the estimated costs of remediating the issues
- Secure the property following the requirements in Section 70.4

Freddie Mac will reimburse the Servicer for the actual cost of a final property inspection for a deed-in-lieu of foreclosure conducted by an outside service up to the limits stated in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts.

Refer to Section 71.17 for details regarding reimbursement of property inspection costs.

B65.46: Borrower communication and execution time lines (03/01/13)

In addition to the response requirements related to Borrower Response Packages addressed in Section 64.6, the following chart sets forth the required response times when a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") is being considered as a solution to the Delinquency.

Deed-in-lieu of foreclosure: Submission of Borrower Response Package or streamlined documentation	
Days	**Action required**
30 days	Within five days of an evaluation decision, but in no event later than 30 days following the receipt of a complete Borrower Response Package or streamlined documentation, the Servicer must send an Evaluation Notice to the Borrower. The Evaluation Notice must include approved model language for a deed-in-lieu of foreclosure, or similar language drafted by the Servicer.
14 days	The Servicer must allow the Borrower 14 days from the date the Evaluation Notice is sent to accept the offer to pursue a deed-in-lieu of foreclosure

60 days (no later than 90 days)	The Servicer must receive all necessary approvals (e.g., title, secondary lien(s), MI) and execute the deed-in-lieu of foreclosure within 60 days of the date the Borrower's communication to accept the offer was received. If the Servicer is unable to execute the deed-in-lieu of foreclosure within 60 days due to delays encountered as a result of issues with title, secondary lien(s), or MI approval, the Servicer must continue working with the Borrower to resolve these issues. In these instances, the Servicer will be allotted an additional 30 days to execute the deed-in-lieu of foreclosure, and during this time the Servicer must provide weekly status updates to the Borrower (90 days maximum from the date the Borrower's communication to accept the offer was received to the date the deed-in-lieu of foreclosure is executed.

The Servicer must maintain documentation of all communications to the Borrower, whether verbal or written, and including status updates, either in the Mortgage file or in the Servicer's servicing system.

See Sections 64.6(d) and 66.41 for foreclosure suspension requirements when the Mortgage has been referred to foreclosure and the Servicer is evaluating the Borrower for a deed-in-lieu of foreclosure.

B65.46: Borrower communication and execution time lines (Future effective date 01/10/14)

In addition to the response requirements related to Borrower Response Packages addressed in Section 64.6, the following chart sets forth the required response times when a Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") is being considered as a solution to the Delinquency for either: (i) a Mortgage that is not secured by a Primary Residence or (ii) a Mortgage that is secured by Primary Residence and the Servicer is evaluating the Borrower for a deed-in-lieu of foreclosure using a Borrower Response Package received after the First Complete Borrower Response Package.

Deed-in-lieu of foreclosure: Submission of Borrower Response Package or streamlined documentation	
Days	**Action required**
30 days	Within five days of an evaluation decision, but in no event later than 30 days following the receipt of a complete Borrower Response Package or streamlined documentation, the Servicer must send an Evaluation Notice to the Borrower. The Evaluation Notice must include approved model language for a deed-in-lieu of foreclosure, or similar language drafted by the Servicer.
14 days	The Servicer must allow the Borrower 14 days from the date the Evaluation Notice is sent to accept the offer to pursue a deed-in-lieu of foreclosure
60 days (no later than 90 days)	The Servicer must receive all necessary approvals (e.g., title, secondary lien(s), MI) and execute the deed-in-lieu of foreclosure within 60 days of the date the Borrower's communication to accept the offer was received. If the Servicer is unable to execute the deed-in-lieu of foreclosure within 60 days due to delays encountered as a result of issues with title, secondary lien(s), or MI approval, the Servicer must continue working with the Borrower to resolve these issues. In these instances, the Servicer will be allotted an additional 30 days to execute the deed-in-lieu of foreclosure, and during this time the Servicer must provide weekly status updates to the Borrower (90 days maximum from the date the Borrower's communication to accept the offer was received to the date the deed-in-lieu of foreclosure is executed.

The Servicer must maintain documentation of all communications to the Borrower, whether verbal or written, and including status updates, either in the Mortgage file or in the Servicer's servicing system.

Refer to Section 63.4 for foreclosure suspension requirements for deeds-in-lieu of foreclosure when the First Complete Borrower Response Package is more than 37 days prior to a scheduled foreclosure sale and results in an offer to proceed with a deed-in-lieu of foreclosure. Refer to Sections 64.6(d) and 66.41 for foreclosure suspension requirements when the Mortgage has been referred to foreclosure for either: (i) a Mortgage that is not secured by a Primary Residence or (ii) a Mortgage that is secured by a Primary Residence and the Servicer is evaluating the Borrower for a deed-in-lieu of foreclosure based on a complete Borrower Response Package received after the First Complete Borrower Response Package.

B65.47: Deed-in-lieu of foreclosure transaction and processing requirements (03/01/13)

In order for the Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") to be completed by the Servicer, the Servicer must work with and assist the Borrower to ensure that the deed-in-lieu of foreclosure transaction meets the following requirements:

(a) Prior to approval the Servicer must:

1. Ensure the Borrower meets all eligibility requirements and negotiates a Borrower contribution, if applicable

2. Obtain lien releases from all applicable subordinate lien holders as follows:

   The Servicer may authorize payment to subordinate lien holders in an aggregate amount of six thousand dollars ($6,000.00). The subordinate lien holders must not receive any other payments from the Borrower, in cash, promissory note or otherwise, in connection with approval of the deed-in-lieu of foreclosure. If there are multiple subordinate lien holders, the Servicer has the discretion to divide the payment among those lien holders so as to maximize the chances that all subordinate lien holders will approve the deed-in-lieu of foreclosure. Payment of any amount to subordinate lien holders is contingent upon agreement by all lien holders to release their liens and, if they are accepting a payment from Freddie Mac, extinguish the indebtedness secured by the Mortgaged Premises. In addition, subordinate lien holders accepting payment from Freddie Mac must agree in writing to waive all rights to seek a deficiency judgment against the Borrower. If a subordinate lien holder releases its lien to allow the deed-in-lieu of foreclosure to close, but does not extinguish the indebtedness, the lien holder will not receive a payment from Freddie Mac. Regardless of whether payment is made to a subordinate lien holder, the Servicer must obtain written commitment from the subordinate lien holder(s) to release the lien(s).

   All payments made to subordinate lien holders must be documented and the documentation must be provided to Freddie Mac upon request.

   The Servicer must have established written policies governing how subordinate lien payments are paid and evidence of their agreement is provided to the Borrower. For deeds-in-lieu of foreclosure completed in accordance with this chapter, the Servicer must advance the amount to the subordinate lien holder or holders and request reimbursement for such advancement from Freddie Mac via the Reimbursement System.

3. Approve and process a deed-in-lieu of foreclosure in compliance with all requirements of applicable mortgage insurance policies and any delegated

authority granted to the Servicer by the MI so as to preserve and not to impair existing mortgage insurance coverage, if any.

If the MI indicates that it will curtail or deny a claim for any reason, including but not limited to, failure of the Servicer to comply with mortgage insurance conditions such as payment of a Borrower contribution, the Servicer may not approve the deed-in-lieu of foreclosure; however, the Servicer must submit the proposed deed-in-lieu of foreclosure to Freddie Mac.

If the Servicer approves a deed-in-lieu of foreclosure for which the mortgage insurance claim is reduced or eliminated because the Servicer failed to comply with the Guide or applicable mortgage insurance requirements, the Servicer must indemnify and reimburse Freddie Mac in the amount of the reduction or perform any other remedial action permitted by the Guide, including but not limited to, repurchase of the Mortgage or Real Estate Owned (REO).

(b) Post-approval activities

1. The Servicer must obtain clear and marketable title to the property
2. The Borrower must:
   - **(a)** Contribute to any loss, according to the requirements in Section B65.44.1(1)
   - **(b)** Vacate the property and leave it in undamaged, broom-swept condition according to the requirements in Section B65.45(3) and provide the Servicer with the keys to the property at the time of conveyance, unless the property is a 2- to 4-unit property and Freddie Mac allows one tenant to remain in the property
   - **(c)** For leasehold Mortgages, obtain the consent of the fee simple landowner/lessor, if required under the lease, and provide evidence of consent to the Servicer
   - **(d)** Execute a personal property release for any personal property the Borrower has left at or in the Mortgaged Premises. The Servicer may use Exhibit 100, Personal Property Release, as a template and revise it as necessary to comply with applicable law or to incorporate it into the Servicer's own forms.
3. The Servicer must perform an interior inspection of the Mortgaged Premises as described in Section B65.45
4. The Servicer must obtain the executed deed-in-lieu of foreclosure and all other required deed-in-lieu of foreclosure documents (including the personal property release). For leasehold Mortgages, the Servicer must obtain either an assignment of the lease or a new lease of the same priority

B65.48: Closing, reporting and remittance requirements (06/14/13)

To close the Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure"), the Servicer must complete the following steps once it receives the executed deed or for a leasehold Mortgage, the executed lease assignment or a new lease.

(a) Reporting requirements

1. Report the transaction as a foreclosure sale/deed-in-lieu of foreclosure, within one Business Day of receiving the executed deed. The date the Servicer received the executed deed is the date that must be used for the Sale Reported Date.

2. Forward to Freddie Mac within five Business Days of receiving the executed deed or for a leasehold Mortgage, the executed lease assignment or new lease:
   a. The Borrower's contribution or promissory note, if applicable **(see Directory 5)**
   b. A copy of the executed lease assignment or the new lease for a leasehold Mortgage **(see Directory 6)**
   c. A copy of the signed personal property release

3. Report the Mortgage as a Transfer to Real Estate Owned (REO) and ensure that the:
   a. Ending gross unpaid principal balance (UPB) is the ending balance of the Mortgage
   b. Principal due field is zero
   c. REO acquisition date is the date the deed was executed
   d. Due Date of Last Paid Installment (DDLPI) reflects the due date of the last fully paid installment

   If any of these data elements are incorrect, the Servicer should contact its investor reporting specialist or (800) FREDDIE.

(b) Remittance requirements

1. Remit any funds contributed by the Borrower within five Business Days of receipt of the funds to Freddie Mac **(see Directory 5)**.
2. Send the original negotiated promissory note(s), if applicable, to the following address (include the Freddie Mac loan number):

   Attention: Special Assets – Recovery
   MS B3G
   Freddie Mac
   8100 Jones Branch Dr.
   McLean, VA 22102

(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 Freddie Mac
   b. The deed, or for a leasehold Mortgage, the lease, is submitted for recordation within five Business Days of the Servicer's receipt of the deed, or lease, as applicable
   c. The recorded deed or lease, as applicable is forwarded to Freddie Mac **(see Directory 6)** within one Business Day after the Servicer receives 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. Verify that the property is undamaged, free of exterior and interior debris and in broom-swept condition. See Section 70.4 for additional Servicer requirements for protecting Freddie Mac's interest in the resultant Real Estate Owned (REO) property.

3. Request reimbursement for any applicable expenses, in accordance with Chapter 71

4. Release the First Lien within the time frame required by the applicable State or local law after the delivery of the deed of the Mortgaged Premises, or if the local or State law does not require release within a specified time frame, the Servicer must submit the lien release for recordation within 30 Business Days of the receipt of the deed and Mortgaged Premises

5. Report the acquisition of the property to the IRS in accordance with the requirements in Section 55.3 on Form 1099-A, Acquisition or Abandonment of Secured Property

6. **Release of deficiency if participants have acted in good faith and in compliance with all applicable law**

   If the Borrower has acted in good faith and in compliance with the Guide and all applicable local, State and federal law, then Freddie Mac will not pursue the Borrower for the entire amount owed under the current Mortgage. Freddie Mac will accept the deed and the cash or promissory note contribution by the Borrower and the Servicer must release the lien on the Mortgaged Premises and mark the previous Note as canceled.

   However, if the Borrower had knowledge of and/or consented to a transaction that was not in compliance with the Guide and all applicable local, State and federal law, Freddie Mac reserves its rights to pursue any and all participants, including but not limited to the Borrower, for the full amount owed under the Mortgage, the

amount of any other loss or damage Freddie Mac may have suffered and other costs and expenses, including, but not limited to, attorneys fees.

7. If the Mortgage is covered by mortgage insurance and the MI has not provided a delegation of authority to the Servicer or Freddie Mac, fax a copy of the approval from the MI to Freddie Mac **(see Directory 5)** within two Business Days of the Servicer's receipt of the MI's approval

B65.49: What is a charge-off? (10/31/12)

A charge-off ceases collection efforts on a Mortgage when all appropriate measures have been exhausted to collect on the delinquent Mortgage and the Servicer has deemed the debt to be uncollectible or that a foreclosure should not be completed. 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 where the Mortgage is delinquent and Freddie Mac has determined to not complete a foreclosure of the Mortgage
3. A full charge-off of a Mortgage when the property has been condemned (see Section B65.50 for more details)

B65.50: When a Servicer must recommend a charge-off (10/31/12)

The Servicer must recommend a charge-off to Freddie Mac instead of foreclosure when the debt that is secured by the property is deemed uncollectible and any of the following three 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/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. There is Risk of Property Ownership to Freddie Mac

3. The Servicer has satisfied the following collection efforts and the Mortgage meets the following unpaid principal balance (UPB) guidelines.

(a) Collection effort requirements for charge-offs

The Servicer 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, Freddie Mac may request that the Servicer provide documentation to substantiate that payments have been applied correctly to the Mortgage. If Freddie Mac determines that the payments were not applied correctly, the Servicer will be required to satisfy the debt.)
- Model the Mortgage in Workout Prospector®

(b) UPB guidelines

- Conventional Mortgages – UPB is $5,000 or less, regardless of the equity in the property, where the property is owner-occupied and property inspections continue to show the property maintenance to be both up to neighborhood standards and compliant with municipal requirements.

  For owner-occupied Conventional Mortgages with UPBs of $5,000 or less that meet the occupancy and preservation requirements specified above and are at least 120 days delinquent, the Servicer 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)**. When the Borrower of the low balance Mortgage is current under a workout plan or is current under a bankruptcy protection plan, the Servicer is not required to obtain prior approval for normal expenditures or advances within Guide expense limits. However, if the Borrower should later default on the plan, the Servicer must obtain Freddie Mac's approval before making Servicing advances.

  If Freddie Mac denies the charge-off request on a Mortgage with a UPB of $5,000 or less, Freddie Mac will send the Servicer a denial letter. Freddie Mac's charge-off denial letter will instruct the Servicer to immediately resume normal default servicing activity, including all escrow advances, property preservation and legal activities.

- FHA, VA and Rural Housing Service (RHS) Mortgages – UPB is $2,000 or less, regardless of the equity in the property

When Freddie Mac charges-off a Mortgage, Freddie Mac will retain its lien on the property and negotiate an amount for the release of the lien if the Borrower requests release of lien. However, there may be circumstances when it would be in Freddie Mac's best interest to release the lien. In such cases, Freddie Mac may agree to charge-off the debt and release its lien.

In addition to the above requirements, if the Mortgage is a matured Mortgage, the Servicer must comply with the requirements of Section 78.6 with respect to the payoff of such matured Mortgage.

B65.51: Submitting a recommendation to Freddie Mac (01/14/11)

The Servicer must take the following steps when it recommends a charge-off to Freddie Mac:

1. The Servicer must submit the following to Freddie Mac **(see Directory 5)** on all recommendations to charge-off a Mortgage:

   (a) A completed Form 105, Multipurpose Loan Servicing Transmittal, detailing the reasons for the Servicer's recommendation
   (b) Documentation describing the condition of the property, including a Broker's Price Opinion (BPO) or a Hazard Distressed BPO if applicable (see Section B65.51, number 2). Freddie Mac does not require the Servicer to obtain a property valuation for the recommendation of a low balance charge-off.
   (c) Any Borrower financial information the Servicer may have collected
   (d) In the case of Delinquency, a copy of the Servicer's collection records for the present period of Delinquency
   (e) If the Mortgage is secured by a Manufactured Home, the Servicer 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 the Servicer must provide the documentation in Section 66.16.1(c).

2. The Servicer 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: Freddie Mac's decision about a Servicer's recommendation (10/01/11)

Freddie Mac will review the documentation the Servicer submits and make a decision to approve or deny the charge-off request.

(a) Approval of request

If Freddie Mac approves the charge-off request, it will send the Servicer an approval letter via e-mail detailing any conditions of Freddie Mac's approval. The Servicer may also access this letter in Workout Prospector®.

(b) Denial of request

If Freddie Mac denies the charge-off request, Freddie Mac will provide the Servicer with a written explanation via e-mail of the reason Freddie Mac denied the request together with the course of action the Servicer must take to resolve the Delinquency.

B65.53: Closing, reporting and remittance requirements (09/16/13)

(a) Closing requirements

Within three Business Days of receiving Freddie Mac's approval letter, the Servicer must

1. Notify the Borrower in writing that the Servicing of the Mortgage has been transferred to Freddie Mac. The notice must include
   a. Freddie Mac's nine-digit loan number
   b. Freddie Mac's 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 Freddie Mac **(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

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Servicing Note:
If the assignment to Freddie Mac has not previously been prepared or recorded, then the Servicer must prepare, execute and send a copy of the assignment to Freddie Mac at this time and record the original. The Servicer must forward the recorded assignment to Freddie Mac **(see Directory 5)** when the Servicer has received it from the recorder's office. The Servicer must not release the lien (unless otherwise instructed by Freddie Mac in writing) and must not inform the Borrower that the Servicer has charged off the Mortgage. When sending Freddie Mac the package, the Servicer must not send the entire

Servicing file; it must send only items in 2(a) through 2(d) listed above in this Section B65.53(a).
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Freddie Mac must receive the Servicer's request for reimbursement of any applicable expenses within 30 days of the date on its approval letter.

(b) Reporting requirements

Within two Business Days after the Servicer receives Freddie Mac's approval letter, the Servicer must:

1. Reinstate the Mortgage if it was inactivated
2. Report the Mortgage as a payoff-prepaid and ensure that the
   a. Ending gross unpaid principal balance (UPB) is zero
   b. Principal due field is completed with the gross unpaid ending balance of the Mortgage
   c. Payoff date is the date the Servicer received the approval letter from Freddie Mac
   d. Due Date of Last Paid Installment (DDLPI) reflects the due date of the last fully paid installment

If any of these data elements are incorrect, the Servicer should contact its investor reporting specialist or (800) FREDDIE.

(c) Charging-off the Delinquency

The amount that Freddie Mac has determined to be charged off will be reflected on the Detail Adjustment Report (DAR). The Servicer must review the DAR and report any discrepancies between its records and the amount on the DAR to Freddie Mac **(see Directory 5)** by submitting Form 1205, Post-Settlement Adjustment Request, within 30 calendar days following Freddie Mac's posting of the amount to the DAR. The DAR may be accessed through the Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission to Freddie Mac.

(d) Remittance requirements

There is no remittance to Freddie Mac.

(e) Requesting reimbursement

The Servicer must request reimbursement for any applicable expenses, in accordance with the requirements in Section B65.54.

B65.54: When to request reimbursement of expenses (05/17/11)

The Servicer must submit a request for reimbursement of expenses to Freddie Mac so that Freddie Mac receives the request within 30 days of the workout activity date. Freddie Mac reserves the right to refuse any request for reimbursement that it receives after this date. If Freddie Mac rejects a Servicer's workout recommendation, Freddie Mac will reimburse the Servicer for any title report expense that the Servicer incurred in accordance with Exhibit 57A, Approved Attorney Fees and Title Expenses.

Refer to Chapter 71 for details regarding expense reimbursement.

Chapter C65: Home Affordable Modification Program

C65.1: Overview (06/14/13)

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 document an eligible hardship that caused and is expected to continue to cause a long-term or permanent decrease in the Borrower's income or increase in the Borrower's expenses. In addition, the Borrower must demonstrate 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, Frequently Asked Questions and issues logs	C65.3
Eligibility	C65.4
Borrower solicitation	C65.5
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

(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)
- Borrower Evaluation Notice
- Borrower Response Package
- Borrower Solicitation Package
- Broker’s Price Opinion (BPO)
- Delinquency
- Escrow
- First Lien
- Manufactured Home
- Modification Effective Date
- PITIAS Payment
- Primary Residence
- Purchase Documents
- Servicing Spread
- Treasury
- Trial Period
- Trial Period Plan
- Trial Period Plan Effective Date
- Workout Prospector®

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

- **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). **Note**: For service members subject to temporary relief under the Servicemembers' Civil Relief Act (SCRA), Servicers must use the monthly contractual payment in effect on the Note prior to the application of SCRA interest rate cap and related payment relief.

  - 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.

- **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.

- **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%), which 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

- **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 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

C65.2: HAMP documentation (04/15/13)

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 Freddie Mac's 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:

- Uniform Borrower Assistance Form (Form 710): Must be obtained from all Borrowers seeking mortgage assistance in accordance with Section 64.6
- HAMP Government Monitoring Data Form (Form 710A): Must be obtained from all HAMP eligible Borrowers that meet the prescreening criteria set forth in Section C65.4
- HAMP Trial Period Plan Notice (provided in Exhibit 93, Evaluation Model Clauses): May be used when the Trial Period Plan Effective Date is on or after June 30, 2011
- 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))

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 Freddie Mac's 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) Uniform Borrower Assistance Form and HAMP Government Monitoring Data Form

Servicers must require the use of Form 710, Uniform Borrower Assistance Form, by all Borrowers requesting consideration for HAMP. Servicers may use a customized equivalent of Form 710 provided that it requests the same financial information, hardship affidavit and attestations from the Borrower. When provided by or on behalf of a Borrower, Servicers must accept the Form 710 in lieu of any customized Servicer form(s). Further references to Form 710 include any customized equivalent to Form 710 permitted under Section 64.6(c).

In addition, Servicers must pre-screen all First Lien Mortgages for which Borrowers are 31 days or more delinquent (i.e., two or more payments past due) to determine if they meet the First Lien Mortgage eligibility requirements for HAMP set forth in Section C65.4. When soliciting such Borrowers for an alternative to foreclosure in accordance with Section 64.6, Servicers also must include Form 710A, HAMP Government Monitoring Data Form, in the Borrower Solicitation Package for those Borrowers that the Servicer determines are HAMP eligible. The Borrower is not required to provide data requested on Form 710A. Servicers may not refuse to accept a Form 710 because the Borrower did not furnish Form 710A. Refer to Section C65.13(b) for additional requirements related to Government Monitoring Data.

(c) Authorized Changes to the HAMP Trial Period Plan Notice

Servicers must amend the HAMP Trial Period Plan Notice (as provided in Exhibit 93, Evaluation Model Clauses) 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 language to the HAMP Trial Period Plan Notice under the section "Additional Trial Period Plan Information and Legal Notices":

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 language pertaining to escrows from the HAMP Trial Period Plan Notice as set forth below:

Under the last FAQ entitled **"Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?" delete the last sentence that reads:**

> Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

Under the section "Additional Trial Period Plan Information and Legal Notices" delete the language that reads:

> **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 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.

C65.3: Delegation of Authority and HAMP waivers, Supplemental Directives, Frequently Asked Questions and issues logs (10/01/11)

(a) Delegation of authority

Unless otherwise notified by Freddie Mac, all Freddie Mac Servicers are eligible and required 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, Frequently Asked Questions and responses to issues logs

- **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, Frequently Asked Questions and responses to issues logs**

  The Program Administrator may publish permanent HAMP waivers, Supplemental Directives and Supplemental Documentation - Frequently Asked Questions on **http://www.HMPadmin.com** or separately respond to a non-Government Sponsored Enterprise (GSE) servicer's questions. Unless Freddie Mac otherwise notifies Servicers in writing, Servicers **must not** follow or implement the requirements and guidance provided by the Program Administrator when Servicing Mortgages for Freddie Mac. Freddie Mac Servicers are directed to pose all questions regarding Freddie Mac's HAMP requirements solely to Freddie Mac personnel, except for technical questions related to uploading data to the Program Administrator's HAMP Reporting Tool as set forth in Section C65.11(b).

C65.4: Eligibility (09/16/13)

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(a)(2) for more information about this verification requirement.

The property securing the Mortgage may be owned by a Living 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 Sections 65.18, 65.19 and C65.5.1(a)(3).

  The Borrower must document an eligible hardship that caused and is expected to continue to cause a long-term or permanent decrease in the Borrower's income or increase in the Borrower's expenses 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 Form 710, Uniform Borrower Assistance Form, and submitting the documentation required in Section 65.17. (See Section 65.17 for eligible hardship requirements.) If the Servicer determines, based on a review of Form 710 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, partially reinstate the Mortgage coupled with the ability to fulfill a repayment plan under Chapter A65's requirements for reinstatements and repayment plans. (NOTE: Unemployment is considered to be a temporary hardship. Therefore, Servicers must first consider unemployed Borrowers for unemployment forbearance under Sections A65.26 through A65.28.)

- 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(a)(2).

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.

Unemployed Borrowers

If a Borrower is experiencing financial hardship due to unemployment, the Servicer must first consider the Borrower for an unemployment forbearance plan as set forth in Chapter A65. If a Borrower is in a Trial Period Plan and becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must determine whether the Borrower is eligible for unemployment forbearance relief in accordance with requirements in Chapter A65.

If a Borrower was in a HAMP Trial Period prior to entering into an unemployment forbearance plan as prescribed in Chapter A65, such Borrower may be re-evaluated for a new HAMP Trial Period Plan based on the Borrower's financial circumstances upon completion of the unemployment forbearance plan, provided that he or she was performing in accordance with the terms of the previous Trial Period Plan (i.e., making timely Trial Period payments) prior to entering into the unemployment forbearance plan. Servicers must not resume/restart the terms of a previous HAMP Trial Period Plan, which must have been cancelled with the Program Administrator in accordance with Section A65.26 prior to the start of the unemployment forbearance plan. If a Borrower meets the eligibility requirements set forth in this chapter upon completion of the unemployment forbearance plan and accepts a new Trial Period Plan offer, the Borrower will be required to start a new Trial Period.

A Borrower who is in a permanent HAMP modification and enters into an unemployment forbearance plan with the Servicer is not eligible for another HAMP modification at the end of the forbearance period. Further, the Borrower will not be eligible for HAMP "Pay for Performance" incentives and the Servicer will not be eligible for HAMP "Pay for Success" incentives if the Borrower loses good standing during the unemployment forbearance period.

Program expiration

For a Mortgage to be eligible for modification under HAMP, the Trial Period Plan must have an effective date on or before **March 1, 2016.** In addition, a HAMP modification must have a Modification Effective Date on or before **September 1, 2016**.

If a Servicer determines that a Borrower is unable to begin a Trial Period Plan by March 1, 2016, the Servicer must consider the Borrower for a Standard Modification as provided in Chapter B65.

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.

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 HAMP Trial Period Plan Evaluation Notice and the Modification Agreement. (Refer to Section C65.2 for information regarding authorized changes to the HAMP Trial Period Plan Evaluation Notice 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.)

(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
- Any Mortgage subject to a full recourse or indemnification agreement

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) unless:

- The Borrower was performing on a HAMP Trial Period Plan but entered into an unemployment forbearance plan prior to permanent modification, or

- The Borrower was performing on a HAMP Trial Period Plan but entered into a disaster-related forbearance plan as a result of an Eligible Disaster prior to the permanent modification. Refer to Section 68.7(c) for additional information and requirements.

C65.4: Eligibility (Future effective date 04/01/14)

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(a)(2) for more information about this verification requirement.

  The property securing the Mortgage may be owned by a Living 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 Sections 65.18, 65.19 and C65.5.1(a)(3).

  The Borrower must document an eligible hardship that caused and is expected to continue to cause a long-term or permanent decrease in the Borrower's income or increase in the Borrower's expenses 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 Form 710, Uniform Borrower Assistance Form, and submitting the documentation required in Section 65.17. (See Section 65.17 for eligible hardship requirements.) If the Servicer determines, based on a review of Form 710 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, partially reinstate the Mortgage coupled with the ability to fulfill a repayment plan under Chapter A65's requirements for reinstatements and repayment plans. (NOTE: Unemployment is considered to be a temporary hardship. Therefore, Servicers must first consider unemployed Borrowers for unemployment forbearance under Sections A65.26 through A65.28.)

- 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(a)(2).

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 any HAMP 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.

Unemployed Borrowers

If a Borrower is experiencing financial hardship due to unemployment, the Servicer must first consider the Borrower for an unemployment forbearance plan as set forth in Chapter A65. If a Borrower is in a Trial Period Plan and becomes unemployed, the Servicer must not require the Borrower to convert from the Trial Period Plan to an unemployment forbearance plan. However, if an unemployed Borrower contacts the Servicer and requests assistance, the Servicer must determine whether the Borrower is eligible for unemployment forbearance relief in accordance with requirements in Chapter A65.

If a Borrower was in a HAMP Trial Period prior to entering into an unemployment forbearance plan as prescribed in Chapter A65, such Borrower may be re-evaluated for a new HAMP Trial Period Plan based on the Borrower's financial circumstances upon completion of the unemployment forbearance plan, provided that he or she was performing in accordance with the terms of the previous Trial Period Plan (i.e., making timely Trial Period payments) prior to entering into the unemployment forbearance plan. Servicers must not resume/restart the terms of a previous HAMP Trial Period Plan, which must have been cancelled with the Program Administrator in accordance with Section A65.26 prior to the start of the unemployment forbearance plan. If a Borrower meets the eligibility requirements set forth in this chapter upon completion of the unemployment forbearance plan and accepts a new Trial Period Plan offer, the Borrower will be required to start a new Trial Period.

A Borrower who is in a permanent HAMP modification and enters into an unemployment forbearance plan with the Servicer is not eligible for another HAMP modification at the end of the forbearance period. Further, the Borrower will not be eligible for HAMP "Pay for Performance" incentives if the Borrower loses good standing during the unemployment forbearance period.

Program expiration

For a Mortgage to be eligible for modification under HAMP, the Trial Period Plan must have an effective date on or before **March 1, 2016**. In addition, a HAMP modification must have a Modification Effective Date on or before **September 1, 2016.**

If a Servicer determines that a Borrower is unable to begin a Trial Period Plan by March 1, 2016, the Servicer must consider the Borrower for a Standard Modification as provided in Chapter B65.

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.

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 HAMP Trial Period Plan Evaluation Notice and the Modification Agreement. (Refer to Section C65.2 for information regarding authorized changes to the HAMP Trial Period Plan Evaluation Notice 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.)

(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
- Any Mortgage subject to a full recourse or indemnification agreement

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) unless:

- The Borrower was performing on a HAMP Trial Period Plan but entered into an unemployment forbearance plan prior to permanent modification, or
- The Borrower was performing on a HAMP Trial Period Plan but entered into a disaster-related forbearance plan as a result of an Eligible Disaster prior to the permanent modification. Refer to Section 68.7(c) for additional information and requirements.

C65.5: Borrower solicitation (10/01/11)

Refer to Chapter 64 for requirements related to Borrower solicitation and required communication upon quality right party contact.

C65.5.1: Verification of eligibility (06/14/13)

The following requirements are included in this section:

- Verification of eligibility
- Consideration for alternative loss mitigation options
- Continued eligibility for HAMP

(a) Verification of eligibility

Servicers must evaluate a Borrower for HAMP only after receipt of the complete Borrower Response Package as set forth in Section 64.6.

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 the Borrower has been granted interest rate relief under the Servicemember's Civil Relief Act (SCRA), the Servicer must use the principal and interest payment and the contractual rate of interest in effect on the Note prior to the granting of the SCRA relief rather than the temporarily SCRA reduced interest rate and related SCRA monthly payment when calculating the Borrower's Current Monthly Housing Expense-to-income ratio.

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 must 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. The credit report must be no more than 90 days old from the date the Servicer first determines that the Borrower has submitted a complete Borrower Response Package. 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. The Borrower must submit the income documentation required in Section 65.18.

The verified gross monthly income determined in accordance with Section 65.18 must be input into the Treasury NPV Model when determining the NPV result in Section C65.6(a).

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.

(b) 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 other alternatives to foreclosure in accordance with the evaluation hierarchy set forth in Section 64.6(a).

(c) 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 material

change in circumstances provided the Borrower or the Borrower's Mortgage is not otherwise ineligible under Section C65.4(b).

C65.5.1: Verification of eligibility (Future effective date 01/01/14)

The following requirements are included in this section:

- Verification of eligibility
- Consideration for alternative loss mitigation options
- Continued eligibility for HAMP

(a) Verification of eligibility

Servicers must evaluate a Borrower for HAMP only after receipt of the complete Borrower Response Package as set forth in Section 64.6.

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 the Borrower has been granted interest rate relief under the Servicemember's Civil Relief Act (SCRA), the Servicer must use the principal and interest payment and the contractual rate of interest in effect on the Note prior to the granting of the SCRA relief rather than the temporarily SCRA reduced interest rate and related SCRA monthly payment when calculating the Borrower's Current Monthly Housing Expense-to-income ratio.

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 must 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. The credit report must be no more than 90 days old from the date the Servicer first determines that the Borrower has submitted a complete Borrower Response Package. 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. The Borrower must submit the income documentation required in Section 65.18.

The verified gross monthly income determined in accordance with Section 65.18 must be input into the Treasury NPV Model when determining the NPV test result in Section C65.6(a).

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.

(b) 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 other alternatives to foreclosure in accordance with the evaluation hierarchy set forth in Section 64.6(a).

(c) 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 test result that is negative, excessive forbearance or other financial reason, may request reconsideration for HAMP at a future time if they experience a material change in circumstances provided the Borrower or the Borrower's Mortgage is not otherwise ineligible under Section C65.4(b).

C65.5.2: Determining imminent default (10/31/12)

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

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℠ – Same Servicer or advise the Borrower of the availability of the Freddie Mac Relief Refinance Mortgage℠ – Open Access offering (refer to Chapters A24 and B24). If the Borrower is not eligible for a Freddie Mac Relief Refinance Mortgage, then the Servicer must determine whether the Borrower is eligible for a relief option under Chapter A65. Finally, if the Borrower is not eligible for a relief option, then the Servicer must determine whether the Borrower is in imminent default in accordance with this Section C65.5.2.

Borrowers who are current **or less than 60 days delinquent** (i.e., no more than two payments past due) who claim an eligible hardship, documented in accordance with Section 65.17, 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 and asset documentation and verification

1. Documentation and verification

A Borrower must, at a minimum, provide a complete Borrower Response Package, as defined in Section 64.6(d), in order to be evaluated for imminent default. In addition, the Servicer must obtain:

- Either a tax transcript by processing the Borrower's signed Form 4506T-EZ or Form 4506-T, or a copy of the Borrower's most recent signed federal income tax return. (See Section 65.18 for situations where IRS Form 4506-T is required to be obtained.)
- A credit report to verify debt expenses pursuant to Sections C65.5.1 and C65.6(c)

2. 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. 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 Form 710, Uniform Borrower Assistance Form, 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 Form 710 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 Form 710, 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 65.18.

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

The Borrower is considered to be in imminent default if the Borrower's Cash Reserves are less than $25,000, the Imminent Default Indicator result equals "2," and the Borrower provided the documentation required in Section 65.17 supporting one of the Imminent Default Hardships listed below:

- Death of a Borrower or death of either the primary or secondary wage earner in the household;
- Long-term or permanent disability; serious illness of a Borrower/co-Borrower or dependent family member; or
- Divorce or legal separation; separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law

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.

If the documentation provided by the Borrower confirms an Imminent Default Hardship and the Borrower's Cash Reserves are less than $25,000, 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 Servicer determines that the hardship has not caused a long-term or permanent decrease in income or increase in expenses, then the Borrower is not in imminent default. The Servicer may evaluate the Borrower for other available Freddie Mac relief or 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.
- 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 Freddie Mac's 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 (05/13/13)

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 as part of the Borrower Response Package
- 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 ensure that the Treasury NPV result is obtained timely to send a Borrower Evaluation Notice no later than 30 days after receipt of a complete Borrower Response Package. 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.

Borrowers without an available credit score

If a Servicer commences the Treasury NPV Model evaluation when no Borrower has an available credit score, the Servicer must use 557 as a proxy credit score. Further, if a Borrower has a credit score, but it is below 250, the Servicer should input 250 as the credit score into the Treasury NPV Model. Documentation of an unavailable credit score, or a credit score below 250, must be retained in the Mortgage file and provided to Freddie Mac upon request. The proxy credit score and the minimum credit score of 250 rules may not be used as an input into Imminent Default Indicator®.

(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) are limited to the following provided those amounts are part of the secured indebtedness and may be capitalized under applicable law:

- Delinquent accrued interest (and amounts expected to accrue during the Trial Period) calculated in accordance with the HAMP instructions to the Form 1128, Loss Mitigation Transmittal Worksheet

- 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 Sections 66.29 and 71.18, provided that they were paid to a third party prior to or 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.

For servicer members subject to temporary relief under the SCRA, Servicers must use the monthly contractual payment in effect on the Note prior to the application of SCRA interest rate cap and related payment relief.

> **SCRA Example:** The current contractual interest rate on the Mortgage is 8.0% and the SCRA interest rate is 6.0%. In order to achieve the Target Payment, the interest rate on the Mortgage must be reduced to 7.0%. The interest rate on the modified Mortgage will be fixed at 7.0%; however, the service member will continue to enjoy the benefits of the 6.0% interest rate in accordance with the SCRA. Once the temporary SCRA relief expires, and if the Mortgage has been modified, the service member's modified interest rate will be 7.0%.

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 consider the Borrower for another alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a). The Servicer may not run the Treasury NPV Model in this instance.

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 HAMP Trial Period Plan Borrower Evaluation Notice.

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 the next available alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a) and offer the Borrower the option 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 provide the "Non-Approval, Proceed to, or Continue with, Foreclosure" Borrower Evaluation Notice set forth in Section 64.6.

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

(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 first determines the Borrower has submitted a completed Borrower Response 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. The Servicer must then establish the Escrow account at the time the Trial Period Plan becomes effective.

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 HAMP Trial Period Plan Borrower Evaluation Notice 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.com** 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.com** in

accordance with Section 65.39 or request a Home Value Explorer® (HVE) point value estimate through one of Freddie Mac's HVE distributors.

The following requirements must be met for the Servicer to use an HVE point value estimate to determine the current value:

- The Mortgaged Premises must be a 1-unit dwelling
- The Mortgaged Premises must be an attached or detached dwelling, or a unit in a Condominium Project or Planned Unit Development (PUD)
- The Mortgaged Premises must not be a Manufactured Home, a dwelling on a leasehold estate, or, if the Seller is permitted to deliver Cooperative Share Mortgages under its negotiated Purchase Documents, a Cooperative Unit

HVE provides the following data:

- HVE point value estimate
- HVE Low value
- HVE High value
- Forecast Standard Deviation
- Confidence Score

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).

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.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

(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 alternative to foreclosure 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 HAMP Trial Period Plan Borrower Evaluation Notice 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 alternatives to foreclosure (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

C65.6: Underwriting the Borrower (Future effective date 01/01/14)

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 as part of the Borrower Response Package

- 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.

If the Treasury NPV output of the modified Mortgage is greater than or equal to the Treasury NPV output of the Mortgage without modification, the Treasury NPV test result is considered to be "NPV positive." If the Treasury NPV output of the Mortgage without a modification is greater than the Treasury NPV output of the modified Mortgage, the Treasury NPV test result is considered to be "NPV negative."

For proposed modifications submitted through the NPV Model on or after January 1, 2014, the Mortgage is eligible for HAMP if the Treasury NPV test result is positive. A Mortgage with a negative NPV test result is ineligible for HAMP. Regardless of the Treasury NPV test 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 test result

A Servicer must obtain the Treasury NPV test result for the proposed modification terms when qualifying the Borrower for the Trial Period Plan. The Servicer must ensure that the Treasury NPV test result is obtained timely to send a Borrower Evaluation Notice no later than 30 days after receipt of a complete Borrower Response Package. The Servicer must retain the Treasury NPV test results (in addition to all assumptions, inputs, outputs and version) for the Mortgage in the Mortgage file.

Options for obtaining a Treasury NPV test result

Servicers may use the following options when obtaining a Treasury NPV test 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.

Borrowers without an available credit score

If a Servicer commences the Treasury NPV Model evaluation when no Borrower has an available credit score, the Servicer must use 557 as a proxy credit score. Further, if a Borrower has a credit score, but it is below 250, the Servicer should input 250 as the credit score into the Treasury NPV Model. Documentation of an unavailable credit score, or a credit score below 250, must be retained in the Mortgage file and provided to Freddie Mac upon request. The proxy credit score and the minimum credit score of 250 rules may not be used as an input into Imminent Default Indicator®.

(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) are limited to the following provided those amounts are part of the secured indebtedness and may be capitalized under applicable law:

- Delinquent accrued interest (and amounts expected to accrue during the Trial Period) calculated in accordance with the HAMP instructions to the Form 1128, Loss Mitigation Transmittal Worksheet

- 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 Sections 66.29 and 71.18, provided that they were paid to a third party prior to or 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.

For servicer members subject to temporary relief under the SCRA, Servicers must use the monthly contractual payment in effect on the Note prior to the application of SCRA interest rate cap and related payment relief.

> **SCRA Example:** The current contractual interest rate on the Mortgage is 8.0% and the SCRA interest rate is 6.0%. In order to achieve the Target Payment, the interest rate on the Mortgage must be reduced to 7.0%. The interest rate on the modified Mortgage will be fixed at 7.0%; however, the service member will continue to enjoy the benefits of the 6.0% interest rate in accordance with the SCRA. Once the temporary SCRA relief expires, and if the Mortgage has been modified, the service member's modified interest rate will be 7.0%.

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 consider the Borrower for another alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a). The Servicer may not run the Treasury NPV Model in this instance.

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 HAMP Trial Period Plan Borrower Evaluation Notice.

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 test 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 the next available alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a) and offer the Borrower the option 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 provide the "Non-Approval, Proceed to, or Continue with, Foreclosure" Borrower Evaluation Notice set forth in Section 64.6.

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

(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 first determines the Borrower has submitted a completed Borrower Response 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. The Servicer must then establish the Escrow account at the time the Trial Period Plan becomes effective.

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 HAMP Trial Period Plan Borrower Evaluation Notice 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 is provided on Freddie Mac's 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 Freddie Mac's website at **https://www.bpodirect.com** 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 Freddie Mac's web site at **https://www.bpodirect.com** in accordance with Section 65.39 or request a Home Value Explorer® (HVE) point value estimate through one of Freddie Mac's HVE distributors.

  The following requirements must be met for the Servicer to use an HVE point value estimate to determine the current value:

  - The Mortgaged Premises must be a 1-unit dwelling
  - The Mortgaged Premises must be an attached or detached dwelling, or a unit in a Condominium Project or Planned Unit Development (PUD)
  - The Mortgaged Premises must not be a Manufactured Home, a dwelling on a leasehold estate, or, if the Seller is permitted to deliver Cooperative Share Mortgages under its negotiated Purchase Documents, a Cooperative Unit

  HVE provides the following data:

  - HVE point value estimate
  - HVE Low value
  - HVE High value
  - Forecast Standard Deviation
  - Confidence Score

  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).

Information related to HVE and Freddie Mac's 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.

Note: If the Mortgage is covered by mortgage insurance, the Servicer must ensure that the property value it obtains is based on a property valuation type that is consistent with the MI's requirements.

(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 test 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 test result is negative, 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 Freddie Mac's 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 alternative to foreclosure 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 HAMP Trial Period Plan Borrower Evaluation Notice 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 Freddie Mac's 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 Freddie Mac's web site, which Servicers can access by visiting Freddie Mac's 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 alternatives to foreclosure (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

C65.6: Underwriting the Borrower (Future effective date 01/18/14)

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 as part of the Borrower Response Package
- 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
- Property 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.

If the Treasury NPV output of the modified Mortgage is greater than or equal to the Treasury NPV output of the Mortgage without modification, the Treasury NPV test result is considered to be "NPV positive." If the Treasury NPV output of the Mortgage without a modification is greater than the Treasury NPV output of the modified Mortgage, the Treasury NPV test result is considered to be "NPV negative."

For proposed modifications submitted through the NPV Model on or after January 1, 2014, the Mortgage is eligible for HAMP if the Treasury NPV test result is positive. A Mortgage with a negative NPV test result is ineligible for HAMP. Regardless of the Treasury NPV test 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 test result

A Servicer must obtain the Treasury NPV test result for the proposed modification terms when qualifying the Borrower for the Trial Period Plan. The Servicer must ensure that the Treasury NPV test result is obtained timely to send a Borrower Evaluation Notice no later than 30 days after receipt of a complete Borrower Response Package. The Servicer must retain the Treasury NPV test results (in

addition to all assumptions, inputs, outputs and version) for the Mortgage in the Mortgage file.

Options for obtaining a Treasury NPV test result

Servicers may use the following options when obtaining a Treasury NPV test 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.

Borrowers without an available credit score

If a Servicer commences the Treasury NPV Model evaluation when no Borrower has an available credit score, the Servicer must use 557 as a proxy credit score. Further, if a Borrower has a credit score, but it is below 250, the Servicer should input 250 as the credit score into the Treasury NPV Model. Documentation of an unavailable credit score, or a credit score below 250, must be retained in the Mortgage file and provided to Freddie Mac upon request. The proxy credit score and the minimum credit score of 250 rules may not be used as an input into Imminent Default Indicator®.

(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) are limited to the following provided those amounts are part of the secured indebtedness and may be capitalized under applicable law:

- Delinquent accrued interest (and amounts expected to accrue during the Trial Period) calculated in accordance with the HAMP instructions to the Form 1128, Loss Mitigation Transmittal Worksheet

- 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 Sections 66.29 and 71.18, provided that they were paid to a third party prior to or 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.

For servicer members subject to temporary relief under the SCRA, Servicers must use the monthly contractual payment in effect on the Note prior to the application of SCRA interest rate cap and related payment relief.

> **SCRA Example:** The current contractual interest rate on the Mortgage is 8.0% and the SCRA interest rate is 6.0%. In order to achieve the Target Payment, the interest rate on the Mortgage must be reduced to 7.0%. The interest rate on the modified Mortgage will be fixed at 7.0%; however, the service member will continue to enjoy the benefits of the 6.0% interest rate in accordance with the SCRA. Once the temporary SCRA relief expires, and if the Mortgage has been modified, the service member's modified interest rate will be 7.0%.

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 consider the Borrower for another alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a). The Servicer may not run the Treasury NPV Model in this instance.

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 HAMP Trial Period Plan Borrower Evaluation Notice.

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 test 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 the next available alternative to foreclosure pursuant to the evaluation hierarchy set forth in Section 64.6(a) and offer the Borrower the option 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 provide the “Non-

Approval, Proceed to, or Continue with, Foreclosure" Borrower Evaluation Notice set forth in Section 64.6.

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

(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 first determines the Borrower has submitted a completed Borrower Response 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. The Servicer must then establish the Escrow account at the time the Trial Period Plan becomes effective.

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 HAMP Trial Period Plan Borrower Evaluation Notice 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) Property valuation requirements

The Servicer must obtain a property valuation for each Mortgage under consideration for a modification under HAMP. The property value 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. This value must be used to perform the NPV test and be input into Workout Prospector.

With respect to the determination of property value for a HAMP modification, the Servicer has two options identified below. However, in the event the Servicer had previously obtained a Freddie Mac compliant property valuation (e.g., Freddie Mac-provided Broker's Price Opinion (BPO), Freddie Mac-provided appraisal, or an appraisal in compliance with Chapter 44), the Servicer is not required to obtain a new property valuation and may use the Freddie Mac compliant property valuation if it is less than 90 days old on the date the Servicer evaluates the Borrower for a Trial Period Plan using the Treasury NPV Model.

Notwithstanding the requirements in this section, the Servicer must ensure that the property value it obtains is based on a property valuation type consistent with the MI's property valuation requirements when the Mortgage is covered by mortgage insurance.

The Servicer must maintain the property valuation documentation to evidence compliance with this Section C65.6(e).

Option One: Home Value Explorer®

The Servicer may determine the value of the Mortgaged Premises by obtaining a Home Value Explorer (HVE) point value estimate through one of Freddie Mac's

HVE distributors. Detailed information on HVE and Freddie Mac's distributors is available at: **http://www.freddiemac.com/hve/hve.html**.

The following requirements must be met for the Servicer to use an HVE point value estimate to determine the property value:

- The Mortgaged Premises must be a 1- or 2-unit dwelling
- The Mortgaged Premises must be an attached or detached dwelling, or a unit in a Condominium Project or Planned Unit Development (PUD)
- The Mortgaged Premises must not be a Manufactured Home, a dwelling on a leasehold estate or 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 Level of "H" (high) or "M" (medium))
- The Servicer represents and warrants that all information provided by the Servicer for the purpose of obtaining the HVE point value estimate, including the address of the Mortgaged Premises, is true, complete and accurate

Option Two: BPOdirect®

The Servicer may determine the value of the Mortgaged Premises by obtaining a property valuation through Freddie Mac's BPOdirect web site. Detailed information on BPOdirect is available at: **https://www.bpodirect.com**.

The following requirements must be met:

- When a Servicer logs into BPOdirect, the web site may display an automated value. If an automated value is displayed, the Servicer must use the automated value provided by BPOdirect.
- When an automated value is not available in BPOdirect, the Servicer must order a property valuation through the BPOdirect web site

(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 test 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 test result is negative, 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 Freddie Mac's 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 alternative to foreclosure 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 HAMP Trial Period Plan Borrower Evaluation Notice 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 Freddie Mac's 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 Freddie Mac's web site, which Servicers can access by visiting Freddie Mac's 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 alternatives to foreclosure (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 (12/18/13)

Servicers must utilize a two-step process for modifications under HAMP. The first step is to send the Borrower a HAMP Trial Period Plan Notice 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 HAMP Trial Period Plan Notice 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.

Within five days of an evaluation decision, but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must send the Borrower a Borrower Evaluation Notice indicating the outcome of its decision. If the Borrower is approved for a HAMP Trial Period Plan the Servicer must send the Borrower a HAMP Trial Period Plan Notice.

- **The HAMP Trial Period Plan Notice.** The HAMP Trial Period Plan Notice communicates the decision to the Borrower and includes:
  - Servicer contact information including a toll-free telephone number
  - A statement that the Borrower may indicate an intent to accept the HAMP Trial Period Plan offer either verbally or in writing by no later than an acceptance deadline date, which must be 14 days from the date of the offer for purposes of suspending foreclosure proceedings or a pending foreclosure sale
  - A statement that the Borrower will be considered to legally accept the HAMP Trial Period Plan offer by timely making the first Trial Period Payment
  - The next steps to complete the permanent modification

  A model letter describing such notice is included in Exhibit 93, Evaluation Model Clauses.

- **Authorized changes to the HAMP Trial Period Plan Notice.** When preparing the HAMP Trial Period Plan Notice, the Servicer must make certain authorized changes to the HAMP Trial Period Plan Notice as required in Section C65.2. In addition, 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 HAMP Trial Period Plan Notice 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 HAMP Trial Period Plan Notice 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) and must be considered for other alternatives to foreclosure in accordance with the hierarchy in Section 64.6.

- **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 HAMP Trial Period Plan Notice in the Mortgage file and note the date that it was sent to the Borrower.

Borrower acceptance of offer
A Borrower's verbal or written notification to the Servicer indicating acceptance of a Trial Period Plan offer within 14 days of the date of the offer constitutes sufficient acceptance solely for purposes of suspending foreclosure referral or sale in accordance with Sections 66.9.1, 66.32.1 and 66.41.

For purposes of legal acceptance, Borrowers are not required to sign or return the HAMP Trial Period Plan Notice. Timely receipt of the first payment due under the HAMP Trial Period Plan Notice 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.

(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 Living Trust, the Borrower must sign all HAMP-related documents in both an individual capacity and as trustee of the Living 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. 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 the oldest delinquent payment due 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 provided those amounts were due at the time of the oldest delinquent payment due), 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
If there are changes in a Borrower's tax and insurance premium payments after the Borrower has been qualified for a Trial Period Plan, 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 that 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 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 the oldest delinquent payment due 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 modification agreement must not include any language that requires the Borrower to waive rights he or she may have under applicable law, including the Consumer Credit Protection Act, as a condition of the modification.
- 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 HAMP Trial Period Plan Notice, 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's 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 HAMP Trial Period Plan Notice.

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.

Interim month reporting
If the Servicer elects to use the interim month option in accordance with the requirements under this Section C65.7(d), the Servicer must report the interim month to Freddie Mac through Electronic Default Reporting (EDR). In doing so, the Servicer must report default action code "09" with default reason code "HMP" and report the Trial Period Plan Effective Date as the default action date until the codes would no longer apply once the Mortgage is modified.

Refer to Section 64.10 for information on EDR and Exhibit 82, Electronic Default Reporting Transmission Code List, for descriptions of the default action codes and default reason codes.

(e) Authorized changes to Modification Agreement

This section has been deleted. See Section C65.2 for information regarding authorized changes to Modification Agreement.

(f) Loan modification documents

After the Servicer has sent a fully executed Modification Agreement to the Borrower as required in Section C65.7(d), the Servicer must submit the second fully executed Modification Agreement to its Document Custodian as follows:

- If the Modification Agreement must be recorded (see Sections C65.7(d) and B65.20):
  - Submit the second fully executed original Modification Agreement for recordation within one Business Day of receiving either the Borrower executed Modification Agreement or the final Trial Period payment, whichever is later
  - If the original Security Instrument was registered with MERS®, execute the Modification Agreement on behalf of MERS
  - Within 25 days of receiving it from the Borrower, send a certified copy of the fully executed Modification Agreement to the Document Custodian to be maintained with the Note
  - Send the Modification Agreement that is returned from the recorder's office to the Document Custodian within five Business Days of receiving it

- If recordation is not required, send the fully executed Modification Agreement to the Document Custodian within 25 days after receiving it from the Borrower

- Retain a copy of the fully executed Modification Agreement in the Mortgage file

- Transmit the status for all Mortgages due for settlement into Workout Prospector and submit a 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 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.

(g) The Servicer must report any post-settlement discrepancies to Freddie Mac by submitting Form 1205, Post-Settlement Adjustment Request, within 30 days following the close of Freddie Mac's loan modification update cycle.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission.

C65.7: Modification process (Future effective date 04/01/14)

Servicers must utilize a two-step process for modifications under HAMP. The first step is to send the Borrower a HAMP Trial Period Plan Notice 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 HAMP Trial Period Plan Notice 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.

Within five days of an evaluation decision, but no later than 30 days following receipt of the complete Borrower Response Package, the Servicer must send the Borrower a Borrower Evaluation Notice indicating the outcome of its decision. If the Borrower is approved for a HAMP Trial Period Plan the Servicer must send the Borrower a HAMP Trial Period Plan Notice.

- **The HAMP Trial Period Plan Notice.** The HAMP Trial Period Plan Notice communicates the decision to the Borrower and includes:
  - Servicer contact information including a toll-free telephone number
  - A statement that the Borrower may indicate an intent to accept the HAMP Trial Period Plan offer either verbally or in writing by no later than an acceptance deadline date, which must be 14 days from the date of the offer for purposes of suspending foreclosure proceedings or a pending foreclosure sale
  - A statement that the Borrower will be considered to legally accept the HAMP Trial Period Plan offer by timely making the first Trial Period Payment
  - The next steps to complete the permanent modification

  A model letter describing such notice is included in Exhibit 93, Evaluation Model Clauses.

- **Authorized changes to the HAMP Trial Period Plan Notice.** When preparing the HAMP Trial Period Plan Notice, the Servicer must make certain authorized changes to the HAMP Trial Period Plan Notice as required in Section C65.2. In addition, 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 HAMP Trial Period Plan Notice 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 HAMP Trial Period Plan Notice 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) and must be considered for other alternatives to foreclosure in accordance with the hierarchy in Section 64.6.

- **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 HAMP Trial Period Plan Notice in the Mortgage file and note the date that it was sent to the Borrower.

Borrower acceptance of offer
A Borrower's verbal or written notification to the Servicer indicating acceptance of a Trial Period Plan offer within 14 days of the date of the offer constitutes sufficient acceptance solely for purposes of suspending foreclosure referral or sale in accordance with Sections 66.9.1, 66.32.1 and 66.41.

For purposes of legal acceptance, Borrowers are not required to sign or return the HAMP Trial Period Plan Notice. Timely receipt of the first payment due under the HAMP Trial Period Plan Notice 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.

(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 Living Trust, the Borrower must sign all HAMP-related documents in both an individual capacity and as trustee of the Living 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. 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 the oldest delinquent payment due 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 provided those amounts were due at the time of the oldest delinquent payment due), 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

If there are changes in a Borrower's tax and insurance premium payments after the Borrower has been qualified for a Trial Period Plan, 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 that 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 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 the oldest delinquent payment due 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 modification agreement must not include any language that requires the Borrower to waive rights he or she may have under applicable law, including the Consumer Credit Protection Act, as a condition of the modification.

- 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 HAMP Trial Period Plan Notice, 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's 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. The Borrower will not be entitled to accrue incentive compensation for the interim month if he or she 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 HAMP Trial Period Plan Notice.

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.

Interim month reporting

If the Servicer elects to use the interim month option in accordance with the requirements under this Section C65.7(d), the Servicer must report the interim month to Freddie Mac through Electronic Default Reporting (EDR). In doing so, the Servicer must report default action code "09" with default reason code "HMP" and report the Trial Period Plan Effective Date as the default action date until the codes would no longer apply once the Mortgage is modified.

Refer to Section 64.10 for information on EDR and Exhibit 82, Electronic Default Reporting Transmission Code List, for descriptions of the default action codes and default reason codes.

(e) Authorized changes to Modification Agreement

This section has been deleted. See Section C65.2 for information regarding authorized changes to Modification Agreement.

(f) Loan modification documents

After the Servicer has sent a fully executed Modification Agreement to the Borrower as required in Section C65.7(d), the Servicer must submit the second fully executed Modification Agreement to its Document Custodian as follows:

- If the Modification Agreement must be recorded (see Sections C65.7(d) and B65.20):

- Submit the second fully executed original Modification Agreement for recordation within one Business Day of receiving either the Borrower executed Modification Agreement or the final Trial Period payment, whichever is later
- If the original Security Instrument was registered with MERS®, execute the Modification Agreement on behalf of MERS
- Within 25 days of receiving it from the Borrower, send a certified copy of the fully executed Modification Agreement to the Document Custodian to be maintained with the Note
- Send the Modification Agreement that is returned from the recorder's office to the Document Custodian within five Business Days of receiving it

- If recordation is not required, send the fully executed Modification Agreement to the Document Custodian within 25 days after receiving it from the Borrower

- Retain a copy of the fully executed Modification Agreement in the Mortgage file

- Transmit the status for all Mortgages due for settlement into Workout Prospector and submit a 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 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 Freddie Mac's Servicing Technology Tools web page at **http://www.freddiemac.com/singlefamily/service/tools.html**. All Mortgages that are scheduled to be processed in Freddie Mac's 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, Freddie Mac will notify Servicers that the modification has been processed in Freddie Mac's 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 Freddie Mac's 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. Freddie Mac will enter a credit for its 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.

(g) The Servicer must report any post-settlement discrepancies to Freddie Mac by submitting Form 1205, Post-Settlement Adjustment Request, within 30 days following the close of Freddie Mac's loan modification update cycle.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission.

C65.7.1: Foreclosure actions and Borrowers in bankruptcy (04/15/13)

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

In addition to the requirements set forth below, Servicers must refer to and comply with the requirements of Chapter 66 with regards to:

- Foreclosure initiation and suspension
- Pre-foreclosure referral account review
- A Servicer's obligation for evaluating Borrowers who submit complete Borrower Response Packages less than 37 days prior to a scheduled foreclosure sale date
- Pre-foreclosure sale account review
- Certification prior to foreclosure sale

Halt of existing foreclosure actions during a Trial Period

With respect to a Borrower who indicates an intent to accept a Trial Period Plan within the 14 day Borrower Response Period or who accepts a Trial Period Plan by submitting the first Trial Period payment in a timely manner, the Servicer shall, immediately 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.

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.

Recommencement and/or initiation of collection efforts and foreclosure actions

A Borrower is considered to have failed a Trial Period Plan if the Borrower fails to:

- Make a Trial Period payment by the last day of the month in which the payment is due;
- Comply with the terms of the Trial Period Plan; or
- Execute and return the modification agreement within the applicable 14 day time frame set forth in Section C65.7(d)

If the Borrower fails the Trial Period Plan, the Servicer must begin or recommence collection efforts in accordance with Section 65.5 or, if applicable, recommence any suspended foreclosure action or proceeding. The Servicer must report any initiated or resumed collection and foreclosure activity through Electronic Default Reporting (EDR). See Section 64.10 for information on EDR.

(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.

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 must not 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. See Section C65.11(a) for information on reporting an extended Trial Period Plan via EDR.

- **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 HAMP Trial Period Plan Notice 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.

C65.8: Other general requirements (09/16/13)

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

Except for Mortgages subject to full recourse or indemnification agreements, 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 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

MI 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 MI'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 MI 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. 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 HAMP Trial Period Plan Evaluation Notice 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, without limitation, previously paid incentives, expense reimbursements, 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. See Section C65.11 for the Servicer's obligation to cancel any records in the HAMP Reporting Tool to ensure that the Treasury's system of record does not reflect Freddie Mac as the owner or investor for any repurchased Mortgage.

With respect to a repurchased HAMP-modified Mortgage, the Servicer takes all rights and obligations of the Mortgage, including the obligation to pay Borrower "Pay for Performance" incentives on eligible Mortgages as set forth in the HAMP Trial Period Plan.

(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 use the Reimbursement System to 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

Expense Description	Expense Code	Notes
Notary fees	**042001**	Actual cost. Reimbursement limited to expenses paid to third parties only
HVE	**400003**	Actual cost

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.

(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 the Borrower Response Package, 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 64.6(d) (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 Borrower Response 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 alternatives to foreclosure. 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.

C65.8: Other general requirements (Future effective date 01/01/14)

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

Except for Mortgages subject to full recourse or indemnification agreements, 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 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

MI 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 MI'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 MI 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. 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 HAMP Trial Period Plan Evaluation Notice 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, without limitation, previously paid incentives, expense reimbursements, 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. See Section C65.11 for the Servicer's obligation to cancel any records in the HAMP Reporting Tool to ensure that the Treasury's system of record does not reflect Freddie Mac as the owner or investor for any repurchased Mortgage.

With respect to a repurchased HAMP-modified Mortgage, the Servicer takes all rights and obligations of the Mortgage, including the obligation to pay Borrower "Pay for Performance" incentives on eligible Mortgages as set forth in the HAMP Trial Period Plan.

(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 use the Reimbursement System to 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

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.

(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 the Borrower Response Package, 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 64.6(d) (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 Borrower Response 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 because the NPV test result is negative, the Servicer must document its consideration of other alternatives to foreclosure. 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 (10/01/11)

No incentives of any kind will be paid if the Borrower is ineligible for HAMP, such as where the Borrower's Current Monthly Housing Expense-to-income ratio starts below 31 percent prior to the implementation of HAMP. The calculation and payment of all incentive compensation will be based strictly on the Borrower's verified income. No incentives of any kind will be paid, or, if paid, will be subject to recoupment from the Servicer, if the Servicer fails to comply with the requirements set forth in this Chapter C65 or other relevant Guide chapters.

(a) Servicer incentives

Freddie Mac will pay Servicers incentives for completing a HAMP modification, in lieu of any other workout compensation provided under the Guide, depending on the Borrower's Delinquency status as of the Trial Period Plan Effective Date, among other requirements, as follows:

Number of Days Delinquent at Trial Period Plan Effective Date	Incentive Amount
Less than or equal to 120 days delinquent (150 days from Due Date of Last Paid Installment (DDLPI))	$1,600
121 days or more delinquent to and including 210 days delinquent (151 to 240 days from DDLPI)	$1,200
Greater than 210 days delinquent (greater than 240 days from DDLPI)	$400

Note: Modified Mortgages insured by the FHA or guaranteed by the VA or Rural Housing Service (RHS) are not eligible for the incentives described above.

Incentives for a completed HAMP modification will be considered earned when the Borrower has made timely payments under the Trial Period Plan, both the Borrower and the Servicer have executed the Modification Agreement, and the Servicer has settled the HAMP modification on Freddie Mac's systems in accordance with the Guide.

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.)

C65.9: HAMP incentives (Future effective date 04/01/14)

No incentives of any kind will be paid if the Borrower is ineligible for HAMP, such as where the Borrower's Current Monthly Housing Expense-to-income ratio starts below 31 percent prior to the implementation of HAMP. The calculation and payment of all incentive compensation will be based strictly on the Borrower's verified income. No incentives of any kind will be paid, or, if paid, will be subject to recoupment from the Servicer, if the Servicer fails to comply with the requirements set forth in this Chapter C65 or other relevant Guide chapters.

(a) Servicer incentives

Freddie Mac will pay Servicers incentives for completing a HAMP modification, in lieu of any other workout compensation provided under the Guide, depending on the Borrower's Delinquency status as of the Trial Period Plan Effective Date, among other requirements, as follows:

Number of Days Delinquent at Trial Period Plan Effective Date	Incentive Amount
Less than or equal to 120 days delinquent (150 days from Due Date of Last Paid Installment (DDLPI))	$2,100
121 days or more delinquent to and including 210 days delinquent (151 to 240 days from DDLPI)	$1,700
Greater than 210 days delinquent (greater than 240 days from DDLPI)	$900

Note: Modified Mortgages insured by the FHA or guaranteed by the VA or Rural Housing Service (RHS) are not eligible for the incentives described above.

Incentives for a completed HAMP modification will be considered earned when the Borrower has made timely payments under the Trial Period Plan and, both the Borrower and the Servicer have executed the Modification Agreement. Payment of incentive is contingent upon the modification settlement occurring within two months of the Trial Period end 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 (09/16/13)

(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 the initial solicitation letter (Exhibit 1131, Borrower Solicitation Letter – 31 Days Delinquent), 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.
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 HAMP Trial Period Plan Notice.
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 HAMP Trial Period Plan Notice.
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. In addition, if the Servicer elects to use the interim month option or extend the Trial Period Plan to accommodate a Borrower's bankruptcy filing, the Servicer must report codes "09" and "HMP." Refer to Section C65.7(d) for information about the interim month option and Section C65.7.1(b) for information on extending a Borrower's Trial Period Plan when the Borrower is in bankruptcy. 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 both to the Program Administrator and to Freddie Mac and must do so accurately and timely in order to be eligible for payment incentives. 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.

With respect to any Mortgage that has been repurchased, when cancelling records of repurchased Mortgages in the HAMP Reporting Tool, Servicers must comply with the Program Administrator's instructions, including those set forth in **Supplemental Directive 12-09**.

With respect to a repurchased HAMP-modified Mortgage, the Servicer takes all rights and obligations of the Mortgage, including the obligation to pay Borrower "Pay for Performance" incentives on eligible Mortgages as set forth in the HAMP Trial Period Plan.

(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 (10/01/11)

(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 documents set forth in Sections C65.2 and 64.6 are templates and may be altered at the Servicer's discretion as they deem necessary to meet the requirements of this Section C65.12.

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 tips for avoiding foreclosure scams as required in Section 64.6 and included in the Borrower Solicitation Package

(b) Borrower Evaluation Notices

With respect to each Borrower who submits a complete Borrower Response Package, Servicers must send the appropriate Borrower Evaluation Notice in accordance with the requirements set forth in Section 64.6.

C65.13: Fair treatment and legal compliance (10/01/11)

(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, those laws set forth in Section 53.8.

(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 must be requested from the Borrower. Servicers must request, but not require, that each Borrower who completes Form 710, Uniform Borrower Assistance Form, in connection with HAMP furnish the Government Monitoring Data. See Section C65.2 for use of Form 710 in conjunction with Form 710A, HAMP Government Monitoring Data Form. If any Borrower chooses not to provide the Government Monitoring Data, or any part of it, the Servicer must note that fact on Form 710A. In such circumstances, and if Form 710 and Form 710A are 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 Form 710A 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 Form 710A.

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 Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/service/hmp_solicitation.html**.

C65.14: Responsiveness to Borrower inquiries (10/01/11)

Servicers should have procedures and systems in place to be able to track and respond to inquiries and complaints about Mortgage modifications. Refer to Sections 51.5 and 51.5.1 for complete requirements related to Borrower inquiries and complaints.

C65.15: Compliance (06/30/11)

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
- 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 (06/13/12)

Servicers should refer to Chapter 3 for the definition of the following terms used in this section:

- Electronic
- Electronic Record
- Electronic Signature
- Electronic Transaction

(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, Chapter 3 and this section. With the exception of IRS Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, or IRS Form 4506-T, Request for Transcript of Tax Return, 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 4506T-EZ or Form 4506-T 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 are Electronic Records, and 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 Borrower solicitation standards of Section 64.6, 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 ("eNote") (such Mortgage is referred to as 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 3.4 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).

Chapter 66: Foreclosure

66.1: Introduction (10/01/11)

The Servicer must initiate foreclosure in accordance with this chapter only when there is no viable alternative to foreclosure. Additionally, Freddie Mac requires the Servicer to manage the foreclosure process to acquire clear and marketable title to the property in a cost-effective, expeditious and efficient manner.

66.1: Introduction (Future effective date 01/10/14)

The Servicer must refer to, manage and complete foreclosure in accordance with this chapter when there is no available alternative to foreclosure. Additionally, Freddie Mac requires the Servicer to manage the foreclosure process to acquire clear and marketable title to the property in a cost-effective, expeditious and efficient manner.

66.2: Foreclosure process (10/01/11)

This section has been deleted.

66.3: Foreclosure process (10/01/11)

The requirements necessary to process foreclosures are outlined in this chapter.

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 State 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	66.39-66.40
Evaluation obligations, review and certifications prior to foreclosure sale	66.41-66.41.1
Preparing bidding instructions	66.42-66.46
Preserving deficiency rights	66.47-66.52
Delivering clear and marketable title	66.53
Vesting title and avoiding transfer taxes	66.54
File retention	66.55
Reporting foreclosure sale results	66.56
Completing third-party sales	66.59-66.62
Expense reimbursement and reporting to other entities	
Expense reimbursement	66.63
Credit Repository and Internal Revenue Service (IRS) Reporting	66.74-66.75

66.3: Foreclosure process (Future effective date 01/10/14)

The requirements necessary to process foreclosures are outlined in this chapter.

Topic	Section(s)
Beginning the foreclosure	
Overview	66.6-66.7
Timing for referral to foreclosure	66.8-66.11
Approving referral to foreclosure	66.12-66.14
Selecting foreclosure counsel or trustee	66.15

Referral to foreclosure	66.16-66.21
Managing the foreclosure	
Overview	66.22-66.23
Monitoring the foreclosure process	66.24-66.29
Monitoring the State 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	66.39-66.40
Evaluation obligations, review and certifications prior to foreclosure sale	66.41-66.41.1
Preparing bidding instructions	66.42-66.46
Preserving deficiency rights	66.47-66.52
Delivering clear and marketable title	66.53
Vesting title and avoiding transfer taxes	66.54
File retention	66.55
Reporting foreclosure sale results	66.56
Completing third-party sales	66.59-66.62
Expense reimbursement and reporting to other entities	
Expense reimbursement	66.63
Credit Repository and Internal Revenue Service (IRS) Reporting	66.74-66.75

66.4: General requirements (01/14/11)

When processing a foreclosure, the Servicer must comply with:

1. The terms and conditions of the Mortgage documents
2. Applicable federal, State and local laws and customs
3. Requirements of FHA, VA, Rural Housing Service (RHS) or the mortgage insurer (MI), if applicable

66.5: Freddie Mac's rights (10/11/13)

Among other rights available under applicable law and the Guide, Freddie Mac reserves the right to:

1. Select the foreclosure counsel
2. Direct and manage the actions taken by the foreclosure counsel, on a case-by-case or individual State basis
3. Assess compensatory fees and/or seek repayment of losses sustained due to errors, omissions or delays by the Servicer or its agent

If Freddie Mac determines that the Servicer has directly or indirectly passed or charged to Freddie Mac any non-reimbursable expenses itemized in Section 71.24 or charged Freddie Mac for Servicing obligations covered by the Servicing Spread (as set forth in Section 54.4) or in violation of Sections A69.6(a) or 69.8(a), then Freddie Mac may pursue any or all the remedies specified in the Guide and the other Purchase Documents, as applicable.

66.6: Beginning the foreclosure process (10/01/11)

This section has been deleted.

66.7: Beginning the foreclosure contents (10/01/11)

This section has been deleted.

66.8: Initiation of foreclosure (06/01/13)

Initiation of foreclosure is the submission of a Mortgage case and appropriate foreclosure documentation to foreclosure counsel after taking all appropriate actions to accelerate the Mortgage. The Servicer is considered to have initiated foreclosure on the date the case is referred to the foreclosure counsel.

66.8: Referral to foreclosure (Future effective date 01/10/14)

Referral to foreclosure is the submission of a Mortgage case and appropriate foreclosure documentation to foreclosure counsel after taking all appropriate actions to accelerate the Mortgage. Refer to Section 66.9.1 for requirements for when to refer a Mortgage to foreclosure.

66.9: Pre-referral account review (10/31/12)

Following expiration of the breach letter (refer to Section 64.5 regarding requirements for sending out the breach letter), and once the second Borrower Solicitation Package Borrower response time frame has expired without affirmative response from the Borrower, but in no event less than seven days prior to referral to foreclosure, the Servicer must review the Mortgage account to verify that: it made every attempt to achieve quality right party contact in accordance with Section 64.4, and there is no approved payment arrangement or pending alternative to foreclosure offer for which the Borrower response period has not expired.

In the event that the Servicer finds that there is an approved payment arrangement or a pending offer for an alternative to foreclosure for which the Borrower response period has not expired, then the Servicer must not refer the Mortgage to foreclosure.

The Servicer must document the results of their review in its Mortgage file or servicing system.

Servicers must not postpone foreclosure referral due to the pending review of an escalated case. (Refer to Section 51.5.1 for Servicer requirements regarding escalated cases.)

The Servicer must seek Freddie Mac's approval to refer the Mortgage to foreclosure if the property inspections or any other information provided to the Servicer indicates that proceeding with referral may not be in Freddie Mac's best interest or that the property may pose a Risk of Property Ownership to Freddie Mac (see Section 66.12 for a list of affected property conditions).

Refer to Chapter 67 for additional Servicing requirements for Servicing Mortgages that pose a Risk of Property Ownership.

66.9: Pre-referral account review (Future effective date 01/10/14)

Within 15 days prior to referral to foreclosure, the Servicer must review the Mortgage file to verify that: it made every attempt to achieve quality right party contact in accordance with Section 64.4, and there is no approved payment arrangement or pending alternative to foreclosure offer for which the Borrower response period has not expired.

In the event that the Servicer finds that there is an approved payment arrangement or a pending offer for an alternative to foreclosure for which the Borrower response period has not expired, then the Servicer must not refer the Mortgage to foreclosure.

The Servicer must document the results of its review in its Mortgage file or servicing system.

The Servicer must seek Freddie Mac's approval to refer the Mortgage to foreclosure if the property inspections or any other information provided to the Servicer indicates that proceeding with referral may not be in Freddie Mac's best interest or that the property may pose a Risk of Property Ownership to Freddie Mac (see Section 66.12 for a list of affected property conditions).

Refer to Chapter 67 for additional Servicing requirements for Servicing Mortgages that pose a Risk of Property Ownership.

Refer to Chapter 63 for additional Servicing requirements for Servicing Mortgages that secure Primary Residences.

66.9.1: When to initiate foreclosure on a First-Lien or a Second Mortgage/Home Improvement Loan (HIL) (03/01/13)

The Servicer 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) when the pre-referral account review indicates that there is not an approved payment arrangement or a pending alternative to foreclosure offer.

However, a Mortgage must not be referred to foreclosure if:

- A complete Borrower Response Package is received and the Servicer is still within the 30-day evaluation time period for evaluating the package as prescribed in Section 64.6(d); or
- The Servicer has extended an offer for an alternative to foreclosure (except for an offer for a Freddie Mac Standard Short Sale ("short sale") or Freddie Mac Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure")), and the period for the Borrower's response has not expired; or
- The Borrower is approved for mortgage assistance under the Hardest Hit Funds initiative as set forth in Section 64.12; or
- The Borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms

Note: The Mortgage must be referred to foreclosure and foreclosure proceedings must continue if the Servicer sends the Borrower an offer to pursue a short sale or deed-in-lieu of foreclosure.

A Servicer may postpone referral to foreclosure up to 10 days to provide additional time for the Borrower to submit a complete package if it has received a Borrower Response Package that is only missing the hardship documentation ("substantially complete Borrower Response Package"). If the Borrower submits the hardship documentation within this 10-day period, the Servicer must postpone referral to foreclosure to complete its evaluation of the Borrower Response Package, such postponement not to exceed 30 days.

Solely for the purpose of postponing referral to foreclosure, a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

Except for an offer to pursue a short sale or deed-in-lieu of foreclosure, if the Borrower communicates intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above, the Servicer must postpone referral to foreclosure. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept an alternative to foreclosure offer, the Servicer must postpone referral to foreclosure until the last day of the month that the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

On a Second Mortgage/HIL the Servicer must submit a recommendation to Freddie Mac to initiate foreclosure no later than 150 days from the Due Date of Last Paid Installment (DDLPI) (120th day of Delinquency). See Section 66.13 for details on submitting the recommendation to Freddie Mac.

Additionally, unless Freddie Mac requires the Servicer to obtain Freddie Mac's approval prior to initiating foreclosure (refer to Section 66.12 for instances where Freddie Mac must approve the referral of the Mortgage to foreclosure), if the Borrower has abandoned the property, then the Servicer may initiate foreclosure as soon as it is legally possible to do so.

The Servicer must comply with the foreclosure referral requirements of the FHA, VA, Rural Housing Service (RHS) or MI, if applicable.

66.9.1: When to refer a Mortgage to foreclosure (Future effective date 01/10/14)

(a) Primary Residences

The Servicer must refer a Mortgage to foreclosure after expiration of the breach letter, but no earlier than 151 days from the Due Date of Last Paid Installment (DDLPI) (121st day of Delinquency) and no later than five Business Days after the 121st day of Delinquency, unless applicable law permits earlier referral or one of the following exceptions applies:

- There is an approved payment arrangement or an alternative to foreclosure; or
- A complete Borrower Response Package is received and the Servicer is still within the 30-day evaluation time period for evaluating the package as prescribed in Section 64.6(d); or
- The Servicer has extended an offer for an alternative to foreclosure and the period for the Borrower's response has not expired; or
- The Borrower is conditionally approved for mortgage assistance under the Hardest Hit Funds initiative as set forth in Section 64.12; or
- The Borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms; or
- The time period for the Borrower to exercise a right to appeal a denial of a Trial Period Plan or loan modification (per Section 63.3) has not expired, the Servicer is reviewing the Borrower's appeal or the Borrower's time period to respond to the Servicer's decision on the appeal and any acceptance period for an alternative to foreclosure offered as part of that decision has not expired

Solely for the purpose of postponing referral to foreclosure, a Borrower's notification to the Servicer that he or she intends to accept an offer of an alternative to foreclosure may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer, the Servicer must postpone referral to foreclosure. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept an alternative to foreclosure offer, the Servicer must postpone referral to foreclosure until the last day of the month in which the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan, forbearance plan or Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

On a Second Mortgage/Home Improvement Loan (HIL), the Servicer must submit a recommendation to Freddie Mac to refer foreclosure per Section 66.9.1(b).

The Servicer must comply with the foreclosure referral requirements of the FHA, VA, Rural Housing Service (RHS) or MI, if applicable.

Regardless of the reason for the delay in referral to foreclosure beyond 151 days from the DDLPI (121st day of Delinquency), the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines (refer to Exhibit 83).

(b) Non-Primary Residences

The Servicer must refer a Mortgage to foreclosure no later than 150 days from the DDLPI (120th day of Delinquency) unless the pre-referral account review indicates that:

- There is an approved payment arrangement or an alternative to foreclosure; or
- A complete Borrower Response Package is received and the Servicer is still within the 30-day evaluation time period for evaluating the package as prescribed in Section 64.6(d); or
- The Servicer has extended an offer for an alternative to foreclosure (except for an offer for a Freddie Mac Standard Short Sale ("short sale") or Freddie Mac

Standard Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure")), and the period for the Borrower's response has not expired; or

- The Borrower is conditionally approved for mortgage assistance under the Hardest Hit Funds initiative as set forth in Section 64.12; or
- The Borrower has accepted an offer for an alternative to foreclosure and is performing in accordance with its terms

Note: The Mortgage must be referred to foreclosure and foreclosure proceedings must continue if the Servicer sends the Borrower an offer to pursue a short sale or deed-in-lieu of foreclosure.

Solely for the purpose of postponing referral to foreclosure, a Borrower's notification to the Servicer that he or she intends to accept an offer to an alternative to foreclosure may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

Except for an offer to pursue a short sale or deed-in-lieu of foreclosure, if the Borrower communicates an intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above, the Servicer must postpone referral to foreclosure. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept an alternative to foreclosure offer, the Servicer must postpone referral to foreclosure until the last day of the month in which the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

On a Second Mortgage/HIL, the Servicer must submit a recommendation to Freddie Mac to refer to foreclosure no later than 150 days from the Due Date of Last Paid Installment (DDLPI) (120th day of Delinquency). When the Servicer submits a recommendation to Freddie Mac **(see Directory 5),** it must include:

1. The name of the owner of the First Lien Mortgage and the name, address, phone number and contact person of the Servicer of the First Lien Mortgage on the form

2. A payoff statement for the First Lien Mortgage

Additionally, unless Freddie Mac requires the Servicer to obtain Freddie Mac's approval prior to referral to foreclosure (refer to Section 66.12 for instances where Freddie Mac must approve the referral of the Mortgage to foreclosure), if the

Borrower has abandoned the property, then the Servicer may refer to foreclosure as soon as it is legally possible to do so.

The Servicer must comply with the foreclosure referral requirements of the FHA, VA, Rural Housing Service (RHS) or MI, if applicable.

66.9.2: Solicitation during the foreclosure process (06/01/13)

(a) Continued collection efforts and solicitation during the foreclosure process

If a Servicer previously determined that a Borrower, who was less than 60 days delinquent at the time of evaluation, did not qualify for any alternative to foreclosure and the Borrower subsequently becomes 60 days delinquent, then the Servicer must continue its solicitation and collection efforts with the Borrower in accordance with the requirements of Chapter 64. Continued solicitation includes sending another Borrower Solicitation Package, as applicable, if documentation needs to be refreshed in order to perform the subsequent evaluation of the Borrower for alternatives to foreclosure.

Attempts to contact any delinquent Borrower and related loss mitigation solicitations must continue throughout the foreclosure process and up to 60 days prior to a foreclosure sale date for judicial foreclosures or 30 days prior to a foreclosure sale date for non-judicial foreclosures, unless:

- The Servicer has established quality right party contact with the Borrower and determined that the Borrower does not intend to pursue an alternative to foreclosure, or
- The Servicer has evaluated the Borrower for alternatives to foreclosure in accordance with the evaluation hierarchy in Section 64.6(a), and determined foreclosure is the appropriate course of action. (This includes any required evaluation of a Borrower who was initially evaluated when less than 60 days delinquent and subsequently became 60 days or more delinquent, as applicable.)

Loss mitigation solicitations while the Mortgage is in foreclosure must be communicated to and coordinated with the foreclosure counsel, as appropriate. A Servicer must keep the foreclosure counsel informed of the status of relevant alternative to foreclosure negotiations and must notify the foreclosure counsel within two Business Days after arrangements for an alternative to foreclosure have been agreed to or within two Business Days after the Mortgage is fully reinstated.

(b) Solicitation from the foreclosure counsel

Within five Business Days following the foreclosure referral, the Servicer must instruct the foreclosure counsel to send the Borrower a post-referral to foreclosure

solicitation letter. The foreclosure counsel, in its discretion, may modify the content of the letter as described below, choose to send the letter at a later date, and/or opt not to send the letter in order to comply with applicable law. For example, the property is located in a jurisdiction subject to a mediation or settlement conference process where the Borrower must receive a written request to participate in such process and the requirement to provide the post-referral to foreclosure solicitation letter conflicts with such local or State law.

This post-referral to foreclosure solicitation letter, subject to applicable law, must communicate the following:

- The Servicer may have sent to the Borrower one or more Borrower Solicitation Packages
- The Borrower can still be evaluated for an alternative to foreclosure even if the Borrower previously indicated disinterest
- If the Borrower has not received or no longer has the Borrower Solicitation Package, then the Borrower should contact the Servicer to obtain a Borrower Solicitation Package
- The Borrower must submit a complete Borrower Response Package to the Servicer in order to be considered for alternatives to foreclosure
- The Servicer's contact information for submitting a complete Borrower Response Package

Foreclosure counsel may:

- Amend the post-referral to foreclosure solicitation letter to address situations where a court could fail or refuse to halt the sale
- Include contents of the Borrower Solicitation Package as set forth in Section 64.6(c) with the post-referral to foreclosure solicitation letter provided to the Borrower
- Combine other notices and disclosures, when appropriate, with the post-referral to foreclosure solicitation letter
- Modify the content of the post-referral to foreclosure solicitation letter, send the letter at a later date, or opt not to send the letter as necessary to comply with applicable federal, State and local law

66.10: When to initiate foreclosure on a Second Mortgage/Home Improvement Loan (HIL) (10/01/11)

This section has been deleted.

66.11: Delaying initiation of foreclosure (10/01/11)

This section has been deleted.

66.12: Approving initiation of foreclosure on a First-Lien Mortgage or Second Mortgage/Home Improvement Loan (HIL) in First-Lien position (01/14/11)

The Servicer is 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. The Servicer does not need Freddie Mac's approval unless one or more of the following conditions exist.

If the Property Has...	Then The Servicer Must...	And...
Hazardous Substances located on or near that could impact the habitability, value or occupancy of the property	Request Freddie Mac's 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 Freddie Mac **(see Directory 5)** within five Business Days of discovering the condition	Freddie Mac will approve or deny the initiation of foreclosure and provide any necessary instructions to the Servicer
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: Approving referral to foreclosure on a First-Lien Mortgage or Second Mortgage/Home Improvement Loan (HIL) in First-Lien position (Future effective date 01/10/14)

The Servicer is responsible for referral to foreclosure on a First-Lien Mortgage, or a Mortgage originated as a Second Mortgage/HIL that is now in First Lien position. The Servicer does not need Freddie Mac's approval unless one or more of the following conditions exist.

If the Property Has...	Then The Servicer Must...	And...
Hazardous Substances located on or near that could impact the habitability, value or occupancy of the property	Request Freddie Mac's approval to refer to foreclosure by submitting Form 105, Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, to Freddie Mac **(see Directory 5)** within five Business Days of discovering the condition	Freddie Mac will approve or deny the referral to foreclosure and provide any necessary instructions to the Servicer
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 Servicemembers or Their Dependents (08/15/13)

The Servicemembers Civil Relief Act, State Military Relief Laws and Freddie Mac-specific protections provided in Chapter 82 limit the ability of a Servicer to initiate or complete foreclosure on Mortgages involving Servicemembers or Dependents. If the Servicer believes there are circumstances that warrant an exception to these requirements, the Servicer must submit Form 105, Multipurpose Loan Servicing Transmittal for a First-Lien Mortgage, and Form 102, Second Mortgage/HIL Servicing Transmittal, **(see Directory 5)** for a Second Mortgage/Home Improvement Loan (HIL) and provide all relevant information supporting the exception request. Refer to Chapter 82 for further details regarding foreclosure limitations involving Servicemembers and Dependents.

66.12.1: Approving referral to foreclosure on Servicemembers or Their Dependents (Future effective date 01/10/14)

The Servicemembers Civil Relief Act, State Military Relief Laws and Freddie Mac-specific protections provided in Chapter 82 limit the ability of a Servicer to refer to or complete foreclosure on Mortgages involving Servicemembers or Dependents. If the Servicer believes there are circumstances that warrant an exception to these requirements, the Servicer must submit Form 105, Multipurpose Loan Servicing Transmittal for a First-Lien Mortgage, and Form 102, Second Mortgage/HIL Servicing Transmittal, **(see Directory 5)** for a Second Mortgage/Home Improvement Loan (HIL) and provide all relevant information supporting the exception request. Refer to Chapter 82 for further details regarding foreclosure limitations involving Servicemembers and Dependents.

66.13: Approving initiation of foreclosure on a Second Mortgage/Home Improvement Loan (HIL) (06/30/11)

To initiate foreclosure on a Mortgage originated as a Second Mortgage/HIL, which is still in second lien position, the Servicer must obtain Freddie Mac's approval by completing and submitting Form 102, Second Mortgage/HIL Servicing Transmittal, to Freddie Mac **(see Directory 5)**.

When the Servicer submits a recommendation to Freddie Mac **(see Directory 5),** it must 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

66.13: Approving initiation of foreclosure on a Second Mortgage/Home Improvement Loan (HIL) (Future effective date 01/10/14)

Effective January 10, 2014, this section has been deleted.

66.14: Tenant-occupied properties built before 1978 (06/30/11)

Before initiating foreclosure on a tenant occupied property built before 1978, the Servicer must conduct a search of records at the local oversight authority that administers lead-based paint law and/or health code compliance (such as a State or local Department of Health or Department of Housing) to determine whether there are any outstanding lead-based paint or health code citations or violations against the property or property owner.

If there are any outstanding citations or violations, or if the Servicer is aware of any lead-based paint litigation affecting the property or property owner, then the Servicer must notify Freddie Mac **(see Directory 5)** of the situation by submitting Form 105, Multipurpose Loan Servicing Transmittal, in addition to the following:

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, Freddie Mac will provide the Servicer with instructions on the course of action to take.

66.14: Tenant-occupied properties built before 1978 (Future effective date 01/10/14)

Before referring a Mortgage to foreclosure on a tenant occupied property built before 1978, the Servicer must conduct a search of records at the local oversight authority that administers lead-based paint law and/or health code compliance (such as a State or local Department of Health or Department of Housing) to determine whether there are any outstanding lead-based paint or health code citations or violations against the property or property owner.

If there are any outstanding citations or violations, or if the Servicer is aware of any lead-based paint litigation affecting the property or property owner, then the Servicer must notify Freddie Mac **(see Directory 5)** of the situation by submitting Form 105, Multipurpose Loan Servicing Transmittal, in addition to the following:

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, Freddie Mac will provide the Servicer with instructions on the course of action to take.

66.15: How to select foreclosure counsel or trustee (06/01/13)

Effective November 9, 2012, this section has been deleted. For requirements applicable to Freddie Mac Default Legal Matters, refer to Chapter 69, Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters, and Chapter A69, Retention of Counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013.

66.15.1: Compensatory fee for failure to use designated counsel when required (06/01/13)

Effective November 9, 2012, this section has been deleted. For requirements applicable to Freddie Mac Default Legal Matters refer to Chapter 69, Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters, and Chapter A69, Retention of Counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013.

66.15.2: Foreclosure counsel fees (06/01/13)

Foreclosure counsel fees and costs 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 Freddie Mac's expense limits for foreclosure counsel fees. The Servicer must obtain Freddie Mac's written approval prior to incurring foreclosure counsel fees in excess of the expense limits. Refer to Section 71.11 for details on obtaining Freddie Mac's written pre-approval for exceeding the expense limits in Exhibit 57A.

66.16: Initiating foreclosure (06/01/13)

After taking all appropriate actions to accelerate the Mortgage, the Servicer must initiate foreclosure with the foreclosure counsel. If Freddie Mac needs to execute a document for the Servicer to conduct the foreclosure, the Servicer must submit the document with Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)**.

The Servicer must:

1. Send foreclosure counsel 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 includes the nine-digit Freddie Mac loan number
   d. Name and address of the person to contact in the Servicer's foreclosure department

2. Submit the Mortgage case file and appropriate foreclosure documentation, as outlined in Section 66.19, to counsel

66.16: Referral to foreclosure documentation requirements (Future effective date 01/10/14)

Appropriate foreclosure documentation includes, but is not limited to, all documents required by the foreclosure counsel to complete the first legal action. The Servicer must continue to comply with applicable law, but at a minimum, must supply the foreclosure counsel 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

8. Send foreclosure counsel 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 includes the nine-digit Freddie Mac loan number

    d. Name and address of the person to contact in the Servicer's foreclosure department

If Freddie Mac needs to execute a document for the Servicer to conduct the foreclosure, the Servicer must submit the document with Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)**. Refer to Section 66.17 for assigning Security Instruments back to the Servicer if an assignment of the Security Instrument to Freddie Mac has been recorded.

66.16.1: Initiating foreclosure on a Mortgage secured by a Manufactured Home (06/01/13)

In addition to the requirements in Section 66.16, if the Mortgage is secured by a Manufactured Home, the Servicer must notify the foreclosure counsel that the property is a Manufactured Home when it submits the case to the foreclosure counsel. The Servicer must also provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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 counsel has the information necessary to simultaneously enforce the liens (whenever possible) and so as not to unnecessarily lengthen the foreclosure process.

66.16.1: Referral to foreclosure documentation requirements on a Mortgage secured by a Manufactured Home (Future effective date 01/10/14)

In addition to the requirements in Section 66.16, if the Mortgage is secured by a Manufactured Home, the Servicer must notify the foreclosure counsel that the property is a Manufactured Home when it submits the case to the foreclosure counsel. The Servicer must also provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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

The Servicer must provide the foreclosure counsel 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 referral to foreclosure so that the foreclosure counsel has the information necessary to simultaneously enforce the liens (whenever possible) and so as not to unnecessarily lengthen the foreclosure process.

66.17: Foreclosing in the Servicer's name (10/18/13)

The Servicer must instruct the foreclosure counsel to process the foreclosure in the Servicer's name. However, if applicable law precludes the Servicer from conducting the foreclosure in its name because it owns or services a subordinate Mortgage on the Mortgaged Premises, then the Servicer may instruct foreclosure counsel to conduct the foreclosure in Freddie Mac's name. Servicers do not need to obtain written approval (refer to Section 67.17 regarding initiating legal actions on Freddie Mac's behalf) but must notify Freddie Mac within two Business Days of the Servicer's determination to foreclose in Freddie Mac's name and record the basis of the decision in the Mortgage file. All notifications must be sent via e-mail **(see Directory 5)**. When processing the foreclosure in Freddie Mac's name, all pleadings and related documents must comply with Section 67.17(c). The Servicer remains obligated to notify Freddie Mac pursuant to

Section 69.12(a) in the event that any foreclosure conducted in Freddie Mac's name evolves into a non-routine litigation matter (see Section 67.17).

When a Servicer conducts the foreclosure in Freddie Mac's name, the Servicer is not permitted to have the same foreclosure counsel represent the Servicer or another lien holder in the same proceeding. Freddie Mac does not consent to dual representation of Freddie Mac and another lien holder on the same property.

If an assignment of the Security Instrument to Freddie Mac has been recorded, then the Security Instrument must be assigned back to the Servicer before the foreclosure counsel 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 the Servicer, the Servicer must submit a completed assignment with a Request for Assistance Form (available at: **http://www.freddiemac.com/cim/docex.html**), to Freddie Mac **(see Directory 9)**. Freddie Mac will endeavor to execute the assignment and return it to the Servicer within 10-12 Business Days of receiving the documents.

If the Servicer is foreclosing on a Mortgage registered with MERS®, the Servicer must prepare and execute (using the Servicer's employee who is a MERS authorized "signing officer") an assignment of the Security Instrument from MERS to the Servicer. The Servicer must record the prepared assignment where required by State law. State mandated recordings are non-reimbursable by Freddie Mac, are not considered part of the Freddie Mac allowable foreclosure counsel fees and must not be billed to the Borrower.

If the Mortgage is an FHA, Section 502 GRH or VA Mortgage, then the Servicer must follow FHA, Rural Housing Service (RHS) or VA guidelines to determine in whose name the foreclosure action should be brought.

Refer to Section 22.14 for additional information on Freddie Mac's requirements for assignments of the Security Instrument.

66.18: What is the 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: What is the first legal action? (Future effective date 01/10/14)

The first legal action is the first public action required in the jurisdiction where the property is located to commence the foreclosure process. The first legal action may include:

- For judicial foreclosures, a complaint, petition, order to docket or notice of hearing
- For non-judicial foreclosures, recording a notice of default or publication of a notice of sale
- For foreclosures other than judicial and non-judicial foreclosures, if any, the earliest document that establishes, sets or schedules a date for a foreclosure sale

This first legal action must take place after the referral to foreclosure. (Refer to Sections 66.8 and 66.9.1.)

66.18.1: Choosing a judicial or nonjudicial foreclosure process (06/14/13)

In States where the Servicer has the option of pursuing a judicial or nonjudicial foreclosure process, the Servicer must choose the nonjudicial process. However, if the Servicer determines its filing of a judicial foreclosure will preserve the right to pursue a deficiency judgment, and is in Freddie Mac's best interests, the Servicer must obtain Freddie Mac's approval prior to initiating the judicial foreclosure. Refer to Section 66.48 regarding when to request Freddie Mac's approval to preserve deficiency rights.

66.18.1: Choosing a judicial or nonjudicial foreclosure process (Future effective date 01/10/14)

In States where the Servicer has the option of pursuing a judicial or nonjudicial foreclosure process, the Servicer must choose the nonjudicial process. However, if the Servicer determines its filing of a judicial foreclosure will preserve the right to pursue a deficiency judgment, and is in Freddie Mac's best interests, the Servicer must obtain Freddie Mac's approval prior to referral to judicial foreclosure. Refer to Section 66.48 regarding when to request Freddie Mac's approval to preserve deficiency rights.

66.19: What is appropriate foreclosure documentation? (06/01/13)

Appropriate foreclosure documentation includes all documents required by the foreclosure counsel to complete the first legal action. The Servicer must continue to comply with applicable law, but at a minimum, must supply the foreclosure counsel 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

66.19: What is appropriate foreclosure documentation? (Future effective date 01/10/14)

Effective January 10, 2014, this section has been deleted.

66.20: Obtaining the original Note (11/09/12)

If the original Note is needed to perform the foreclosure, the Servicer 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, the Servicer must return the Note to the Document Custodian with either the original Form 1036 or a copy.

Before June 1, 2013, 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 the Servicer to identify the Document Custodian holding the Note, and the Servicer must cooperate in providing the necessary information. In addition, the Servicer must pay any release fees and expenses required by the Document Custodian.

66.21: Reporting requirements (06/30/11)

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer initiated foreclosure. Use a default action code of 43 and provide the date foreclosure was initiated. For additional information on EDR requirements, refer to Section 64.10.

66.21: Reporting requirements (Future effective date 01/10/14)

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the Servicer referred the Mortgage to foreclosure. Use a default action code of 43 and provide the date the Mortgage was referred to foreclosure. For additional information on EDR requirements, refer to Section 64.10.

66.22: Managing the foreclosure process (10/01/11)

This section has been deleted.

66.23: Managing the foreclosure process (10/01/11)

The requirements necessary to manage a foreclosure are detailed in Sections 66.24 through 66.36.

Topic	Section(s)
Managing the foreclosure process	66.24-66.29
Monitoring the State foreclosure time lines	66.30-66.32
Maintaining the property	66.34-66.36

66.24: Servicer's responsibility to work with foreclosure counsel (06/01/13)

(a) Once the Servicer has initiated foreclosure on a Mortgage, the Servicer must work with the foreclosure counsel and to:

1. Identify any viable alternatives to foreclosure
2. Monitor the progress of the foreclosure
3. 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

(b) A Servicer must maintain communication with the foreclosure counsel or bankruptcy attorney so that the Servicer can manage the foreclosure and bankruptcy case effectively. No less than one time per month, the Servicer must require the foreclosure counsel or bankruptcy attorney 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.

66.24: Servicer's responsibility to work with foreclosure counsel (Future effective date 01/10/14)

(a) Once the Servicer has referred a Mortgage to foreclosure, the Servicer must work with the foreclosure counsel and to:

1. Identify any viable alternatives to foreclosure
2. Monitor the progress of the foreclosure
3. 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

(b) A Servicer must maintain communication with the foreclosure counsel or bankruptcy attorney so that the Servicer can manage the foreclosure and bankruptcy case effectively. No less than one time per month, the Servicer must require the foreclosure counsel or bankruptcy attorney 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.

66.25: Providing information to the foreclosure counsel (11/09/12)

For any Mortgage that the Servicer refers for foreclosure, the Servicer must provide complete written reinstatement or payoff figures to foreclosure counsel, workout specialist or outsourcing vendor requesting the information. This information must be provided within two Business Days of the date on which a written request is received. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

If the foreclosure counsel requests additional documentation from the Servicer (such as certificates of judgment or proofs of claim) while a case is pending, the Servicer must provide the additional documentation within two Business Days of receiving the request.

66.25.1: Monthly foreclosure reporting (06/30/11)

Once the Servicer has reported that foreclosure is initiated on a Mortgage (refer to Section 66.21), the Servicer must report a default action code 68 (Date of first legal action) with the corresponding date of the first legal action (as defined in Section 66.18). The Servicer must continue to report that the Mortgage is in foreclosure in its monthly Electronic Default Reporting (EDR) transmission using a default action code of 43 (Referred to foreclosure) until:

- The Servicer reports the results of a foreclosure sale or the execution of a deed-in-lieu of foreclosure, or
- The Servicer reports that the Mortgage is fully reinstated or paid off, or
- A workout is completed

For additional information on EDR requirements, refer to Section 64.10.

66.25.1: Monthly foreclosure reporting (Future effective date 01/10/14)

Once the Servicer has reported that a Mortgage has been referred to foreclosure (refer to Section 66.21), the Servicer must report a default action code 68 (Date of first legal action) with the corresponding date of the first legal action (as defined in Section 66.18). The Servicer must continue to report that the Mortgage is in foreclosure in its monthly Electronic Default Reporting (EDR) transmission using a default action code of 43 (Referred to foreclosure) until:

- The Servicer reports the results of a foreclosure sale or the execution of a deed-in-lieu of foreclosure, or

- The Servicer reports that the Mortgage is fully reinstated or paid off, or
- A workout is completed

For additional information on EDR requirements, refer to Section 64.10.

66.26: Responding to and reporting Borrower defenses (11/09/12)

(a) Responding to Borrower defenses

The Servicer must respond to legal actions brought by the Borrower during the foreclosure. Refer to Chapter 67 for specific requirements for handling bankruptcy and routine and non-routine litigation actions.

(b) Reporting a bankruptcy filing

If the Borrower files bankruptcy during the foreclosure process, the Servicer must report the bankruptcy filing to Freddie Mac. The Servicer must submit this notification via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that the bankruptcy was filed. The Servicer 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

The Servicer must also notify Freddie Mac when the bankruptcy plan is confirmed by using a default action code of 69 (Bankruptcy plan confirmed), and provide the date the plan was confirmed. The Servicer must continue to report each month that the Borrower is in bankruptcy until the bankruptcy is cleared or the stay lifted and the Servicer has reported the event to Freddie Mac.

When the bankruptcy is cleared or the stay is lifted, the Servicer must notify Freddie Mac 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 (Bankruptcy court clearance obtained/stay lifted) and provide the date that the action occurred.

For additional information on EDR requirements refer to Section 64.10.

(c) Reporting a contested foreclosure and/or other litigation

The Servicer must notify Freddie Mac of a contested foreclosure. The Servicer must also notify Freddie Mac of any pending litigation that affects the enforceability of the Mortgage or the marketability of the property securing the Mortgage. (Refer to Section 67.17.) The Servicer must submit this notification via an EDR transmission within the first three Business Days of the month following the month in which the Servicer became aware of the contested foreclosure or other litigation. Use a default action code of 33 (Contested foreclosure and litigation) and provide the date that the action occurred.

The Servicer 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 on EDR requirements, refer to Section 64.10.

66.27: Reimbursement of expenses for responding to Borrower defenses (11/09/12)

Freddie Mac will reimburse the Servicer for Freddie Mac's proportionate share of expenses for responding to Borrower defenses. Refer to Section 67.18 and Chapter 71 for details regarding expense reimbursements.

66.28: Reporting lead-based paint violations (01/14/11)

If during the foreclosure process the Servicer is notified that lead-based paint violations exist on the property, then the Servicer must report such violations on Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** within five Business Days of learning of the violation. The Servicer 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 (10/31/12)

The Servicer 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 subordination of Freddie Mac'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, the Servicer must advance funds to pay these expenses, when and to the extent necessary, to protect Freddie Mac's interest in the property.

Additionally, the Servicer must contact Freddie Mac (see **Directory 5**) and obtain Freddie Mac's written approval before making payments to taxing authorities when federal, State or local income tax liens would take priority over Freddie Mac's First Lien position.

66.30: State foreclosure time lines (06/01/13)

A foreclosure time line is the time it takes to process a foreclosure. The time line is measured in days from the Due Date of Last Paid Installment (DDLPI) to the date of the foreclosure sale.

Therefore, the time line consists of the time it should take from the Due Date of Last Paid Installment (DDLPI) to the date the Mortgage is referred to foreclosure counsel (see Sections 66.9 and 66.10), plus the time it takes from the referral date of foreclosure to the foreclosure sale date.

The time line does not include any post-sale redemption or confirmation periods. Freddie Mac has 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.

For conventional Mortgages, the Servicer must complete the foreclosure sale within the foreclosure time line (from Due Date of Last Paid Installment to foreclosure sale) for the State in which the property is located, as listed in Exhibit 83, Freddie Mac State Foreclosure Time Lines. The Servicer must comply with FHA, RHS and VA time lines for all FHA, RHS and VA Mortgages.

If the foreclosure sale was delayed due to one of the allowable State foreclosure time line delays listed in Section 66.32, the time line from DDLPI to the foreclosure sale date will be increased to account for the allowable delay based on the information the Servicer

reports to Freddie Mac via Electronic Default Reporting. Refer to Exhibit 83A, Determining State Foreclosure Time Line Compensatory Fees, for details on how Freddie Mac determines the additional time to be granted for allowable delays.

The Servicer must have procedures and processes in place to manage its State foreclosure time line performance. To assist with monitoring performance, the Servicer may access reports on foreclosures completed during the prior month that Freddie Mac provides each month through Timeline Manager[SM] at **http://www.freddiemac.com/singlefamily/service/tools.html.** The reports will be based on information and data the Servicer reported to Freddie Mac. Servicers should review the reports each month to ensure the information and data they reported was complete and accurate.

Reduction in Time Lines

At any time and in its sole discretion, Freddie Mac may reduce a State's foreclosure time line set forth in Exhibit 83, Freddie Mac State Foreclosure Time Lines, and further, may subject loans to revised time lines and associated compensatory fee calculations that were referred to foreclosure as of the effective date of the reduced time line.

66.30.1: Reporting the scheduled foreclosure sale date (06/30/11)

The Servicer must notify Freddie Mac via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month that a foreclosure sale has been scheduled, by reporting a default action code of 71 (Foreclosure sale scheduled) along with the scheduled sale date. When the Servicer reports the scheduled foreclosure sale in its EDR transmission, the Servicer must also indicate that the Mortgage is in foreclosure using a default action code of 43 (Referred to foreclosure). Therefore, the Servicer will be reporting multiple default action codes in the same EDR transmission.

For additional information on EDR requirements, refer to Section 64.10.

66.31: Foreclosure time lines (10/01/11)

This section has been deleted.

66.32: Allowable delays in completing a foreclosure (01/01/12)

(a) Allowable State foreclosure time line delays

Exhibit 83, Freddie Mac State Foreclosure Time Lines, sets forth Freddie Mac's foreclosure time line for each State. Freddie Mac's State foreclosure time line (Due Date of Last Paid Installment to foreclosure sale) will be extended for a Mortgage under the following circumstances, provided the Servicer complies with the applicable Electronic Default Reporting (EDR) requirements (Refer to Section 64.10 for information on EDR reporting requirements):

- When a Borrower files for bankruptcy protection
- Delays due to probate, military indulgence under the Servicemembers Civil Relief Act of 2003 or similar State law providing relief to active duty military service members, and contested foreclosures
- Delays incurred during the period the Borrower is evaluated for Home Affordable Modification Program (HAMP) eligibility but is determined to be ineligible for HAMP. Note: Mortgages that become delinquent after June 30, 2012 will no longer have an allowable delay.
- Delays caused by the Borrower entering into a HAMP or Standard Modification Trial Period plan but failing to comply with the terms of the plan
- Delays caused by the Borrower entering into an unemployment forbearance plan

Refer to Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees, for information on how Freddie Mac calculates the additional time granted for each of the allowable delays listed above.

Moreover, a Servicer may delay completing the foreclosure, if necessary, when the delay was required by:

- Applicable federal, State or local law, but only if the delay was necessary or inevitable despite the Servicer's best efforts to incorporate such laws into its foreclosure procedures and time lines
- Emergency, exigent or unusual circumstances that do not occur in the regular course of business and that are both unforeseeable and outside the control of the Servicer
- The Servicer is waiting for instructions from Freddie Mac on how to proceed with a distressed property (see Section 67.27 for an explanation of a distressed property)

Regardless of a delay for any of the above three reasons, the Servicer's State foreclosure time line performance will be measured against Freddie Mac's State foreclosure time line and compensatory fees. The Servicer may appeal the decision

and must provide to Freddie Mac at the time of appeal any and all information and documentation supporting the claim that the delay was necessary and required.

66.32: Allowable delays in completing a foreclosure (Future effective date 01/10/14)

(a) Allowable State foreclosure time line delays

Exhibit 83, Freddie Mac State Foreclosure Time Lines, sets forth Freddie Mac's foreclosure time line for each State. Freddie Mac's State foreclosure time line (Due Date of Last Paid Installment to foreclosure sale) will be extended for a Mortgage under the following circumstances, provided the Servicer complies with the applicable Electronic Default Reporting (EDR) requirements (Refer to Section 64.10 for information on EDR reporting requirements):

- When a Borrower files for bankruptcy protection
- Delays due to probate, military indulgence under the Servicemembers Civil Relief Act of 2003 or similar State law providing relief to active duty military service members, and contested foreclosures
- Delays incurred during the period the Borrower is evaluated for Home Affordable Modification Program (HAMP) eligibility but is determined to be ineligible for HAMP. Note: Mortgages that become delinquent after June 30, 2012 will no longer have an allowable delay.
- Delays caused by the Borrower entering into a HAMP or Standard Modification Trial Period plan but failing to comply with the terms of the plan
- Delays caused by the Borrower entering into an unemployment forbearance plan

Refer to Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees, for information on how Freddie Mac calculates the additional time granted for each of the allowable delays listed above.

Moreover, a Servicer may delay completing the foreclosure, if necessary, when the delay was required by:

- Applicable federal, State or local law, but only if the delay was necessary or inevitable despite the Servicer's best efforts to incorporate such laws into its foreclosure procedures and time lines
- Emergency, exigent or unusual circumstances that do not occur in the regular course of business and that are both unforeseeable and outside the control of the Servicer

- The Servicer is waiting for instructions from Freddie Mac on how to proceed with a distressed property (see Section 67.27 for an explanation of a distressed property)

- Delays caused by the Borrower exercising his or her right to appeal a modification denial, per Section 63.3

Regardless of a delay for any of the above reasons, the Servicer's State foreclosure time line performance will be measured against Freddie Mac's State foreclosure time line and compensatory fees. The Servicer may appeal the decision and must provide to Freddie Mac at the time of appeal any and all information and documentation supporting the claim that the delay was necessary and required.

66.32.1: Foreclosure sale postponements (06/01/13)

Servicers are delegated to approve foreclosure sale postponements if they have determined postponing the foreclosure sale would be in Freddie Mac's best interest.

Regardless of the reason for the foreclosure sale postponement, in the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines (refer to Exhibit 83).

When determining whether to postpone a foreclosure sale, the Servicer must comply with the requirements in the following table:

Situation (See also Section 66.41)	**Type of Foreclosure**	**Servicer action**
A complete Borrower Response Package is received no later than 30 days after the post-referral to foreclosure solicitation letter is sent (or, within 30 days of referral to foreclosure in the event the foreclosure counsel opts out of sending such a letter when necessary to comply with applicable law)	Judicial	Delay filing the motion for judgment, or if the motion has been filed, request the court delay a hearing or ruling as permitted under State or local law, for up to an additional 30 days for the Servicer to review the complete Borrower Response Package and notify the Borrower of the decision.

Situation (See also Section 66.41)	**Type of Foreclosure**	**Servicer action**
Servicer has extended an offer for an alternative to foreclosure and the deadline for Borrower response to the offer is after the 7th day prior to the foreclosure sale date	Judicial or Non-judicial	The Servicer must not provide the foreclosure certification and must make every effort to stop a scheduled foreclosure sale.
The Servicer exercised its discretion to postpone the foreclosure sale to facilitate resolution of an escalated case. (Refer to Section 51.5.1 for requirements regarding escalated cases.)	Judicial or Non-judicial	The Servicer must not provide the foreclosure certification and must make every effort to stop a scheduled foreclosure sale.

If a foreclosure sale is postponed due to the Servicer failing to provide the foreclosure certification, the Servicer will not receive any credit or consideration of State foreclosure time line compensatory fees and will also be subject to any loss, expenses or other damages.

66.32.1: Foreclosure sale postponements (Future effective date 01/10/14)

Servicers are delegated to approve foreclosure sale postponements if they have determined postponing the foreclosure sale would be in Freddie Mac's best interest.

Regardless of the reason for the foreclosure sale postponement, in the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines (refer to Exhibit 83).

When determining whether to postpone a foreclosure sale, the Servicer must comply with the requirements in Section 66.41.

If a foreclosure sale is postponed due to the Servicer failing to provide the foreclosure certification, the Servicer will not receive any credit or consideration of State foreclosure time line compensatory fees and will also be subject to any loss, expenses or other damages.

66.33: State foreclosure time line performance assessment (06/01/13)

For Mortgages referred to foreclosure prior to October 1, 2011:

(a) Determination of State foreclosure time line performance

Based on all foreclosures the Servicer completes in a calendar year, Freddie Mac will measure the Servicer's compliance with Freddie Mac's State foreclosure time lines in Exhibit 83, Freddie Mac State Foreclosure Time Lines. To determine the Servicer's overall State foreclosure time line performance, Freddie Mac will complete the following steps:

1. Based on the information that the Servicer reports to Freddie Mac via the monthly Electronic Default Reporting (EDR) submissions and the foreclosure sale/deed-in-lieu transmission after the completion of the foreclosure sale, Freddie Mac determines how long it took the Servicer to complete each foreclosure
2. Freddie Mac will aggregate the information provided and determine the net number of days which the Servicer either managed within or exceeded Freddie Mac's State foreclosure time line requirements

The result of the aggregation is the net number of days by which the Servicer either met or exceeded Freddie Mac's State foreclosure time lines. Refer to Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees, for examples of how Freddie Mac calculates compensatory fees.

The time lines used in determining the Servicer's performance will be adjusted for the period of time for which the foreclosures were delayed due to any of the allowable delays in Section 66.32, provided the Servicer complied with the applicable EDR requirement.

(b) Remedies and compensatory fees

If the result of the aggregation of the Servicer's State foreclosure time line performance for a calendar year, as set forth in Section 66.33(a), is a determination that the Servicer's performance exceeded Freddie Mac's State foreclosure time line requirements, then the following apply:

1. The Servicer may be required to use foreclosure counsel in a particular State that Freddie Mac designates to process foreclosures
2. The Servicer may be assessed a compensatory fee of $30 for each day for the net number of days it exceeded Freddie Mac's foreclosure time lines in all States
3. If a delay in the foreclosure or bankruptcy process is due to a Servicer not providing information to the counsel, then Freddie Mac may not reimburse the

Servicer for the foreclosure or bankruptcy expenses incurred during the bankruptcy or foreclosure

(c) Servicer appeal process for State foreclosure time line compensatory fees

The Servicer may appeal a pending compensatory fee prior to Freddie Mac billing the compensatory fee.

The Monthly Compensatory Fee Analysis Report of the prior month's estimated State foreclosure time line compensatory fees will be available in the Servicer's Servicer Performance Profile (SPP) on the fifth Business Day of the following month. The Servicer must review the report each month and has 30 days from the date of the report's publication to submit an appeal for the prior month's estimated compensatory fees. The annual bill will not include those Mortgages for which the compensatory fees were waived throughout the year.

Servicers must submit, in their original appeal, a description of all delays along with all related documentation. Any information that is received after the original appeal is submitted will not be considered.

Example: A foreclosure sale occurs in October for which the Servicer has exceeded Freddie Mac's State foreclosure time line as listed in Exhibit 83, Freddie Mac State Foreclosure Time Lines, and is subject to a compensatory fee. The Servicer must access the Monthly Compensatory Fee Analysis Report in the Servicer Performance Profile (SPP) available on the fifth Business Day in November. The Servicer then has 30 days from the fifth Business Day to submit an appeal to Freddie Mac **(see Directory 5)**.

The Servicer will not be subject to compensatory fees for a foreclosure and/or bankruptcy handled by a designated counsel that is not completed within Freddie Mac's required time lines, as long as the delay was not caused by the Servicer's failure to refer the Mortgage to foreclosure in accordance with the Guide requirements and/or send all of the documentation, information, signatures and/or funds to the designated counsel as required.

(d) Billing process for compensatory fees

For Mortgages referred to foreclosure prior to October 1, 2011, Freddie Mac will bill the Servicer for any of the calendar year's compensatory fees on the Servicer Non-Performing Loans Invoice on an annual basis. Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.

For Mortgages referred to foreclosure on or after October 1, 2011 that resulted in a foreclosure sale on or after January 1, 2012:

(a) Determination of State foreclosure time line performance

Freddie Mac will evaluate the Servicer's State foreclosure time line performance on a monthly basis. Based on all foreclosures the Servicer completes in the month being evaluated, Freddie Mac will determine a Servicer's State foreclosure time line performance for each Mortgage that went to foreclosure sale in the month being evaluated on an intra-State basis.

Freddie Mac will determine how long it took the Servicer to complete each foreclosure sale based on the information that the Servicer reports to Freddie Mac via the monthly EDR submissions and the foreclosure sale transmission after the completion of the foreclosure sale. Freddie Mac will calculate the amount of compensatory fees, if any, in addition to any actual losses, costs or damages caused by Servicer non-compliance with the Guide, including State time line requirements.

To determine the Servicer's overall State foreclosure time line performance, Freddie Mac will complete the following steps:

Step 1 – Calculating Actual Foreclosure Time Line Performance within Each State: Freddie Mac will determine how many days it took the Servicer to complete each foreclosure sale in a particular month and whether those days exceeded or were managed under the State foreclosure time line standard. Freddie Mac will then calculate the compensatory fee amount for each individual foreclosure sale to determine whether each Mortgage in a given State will result in a compensatory fee or credit as described in Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees. The amounts calculated in this step on an individual foreclosure sale basis will be negative (a credit) for those foreclosure sales that were managed under that State's foreclosure time line and will be positive (a compensatory fee) for those foreclosure sales that exceeded that State's foreclosure time line.

Step 2 – Calculating the Aggregate Compensatory Fee on an Intra-State Basis: Freddie Mac will calculate each State's aggregate State foreclosure time line compensatory fee amount by netting the compensatory fees and credits determined in Step 1 for all foreclosure sales that were completed in each State for that month.

Step 3 – Determining Whether to Assess a Compensatory Fee: If, on an intra-State basis, the Servicer's aggregate Compensatory Fee calculated in Step 2 is negative or zero, then no compensatory fee will be assessed for that State. However, if on an intra-State basis, the Servicer's aggregate compensatory fee calculated in Step 2 is positive, a compensatory fee will be assessed for that individual State. Freddie Mac will then aggregate all the positive compensatory fees calculated in Step 2 and,

subject to the *de minimis* billing exception set forth in Section 66.33(b)(1), will bill the Servicer for that aggregate amount.

If a Servicer manages Mortgages in one State under that State's foreclosure time line standard, those under time line calculations will not be credited, transferred, or used to reduce another State's compensatory fee amount, provided as cash back or used as an incentive paid to the Servicer, or otherwise used as a credit to be applied to the Servicer's performance within that State in future months or to reduce prior compensatory fee assessments.

Refer to Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees, for examples of how Freddie Mac calculates compensatory fees.

The time lines used in determining the Servicer's performance will be adjusted for the period of time for which the foreclosures were delayed due to any of the allowable delays in Section 66.32(a), provided the Servicer complied with the applicable EDR requirement and/or the appeals process in Section 66.33(c).

(b) Remedies and compensatory fees

If the Servicer's performance exceeded Freddie Mac's State foreclosure time line requirements, then the following apply:

1. The Servicer will be assessed a compensatory fee for exceeding Freddie Mac's State foreclosure time line. (Refer to Exhibit 83A for how such a compensatory fee is calculated.) Freddie Mac will bill the Servicer for such compensatory fees on the Servicer Non-Performing Loans Invoice on a monthly basis if the Servicer's aggregate amount of the monthly compensatory fee exceeds $1,000.
2. The Servicer may be required to use foreclosure counsel in a particular State that Freddie Mac designates to process foreclosures
3. If a delay in the foreclosure or bankruptcy process is due to a Servicer not providing information to the counsel, then Freddie Mac may elect to deny reimbursement to the Servicer for the foreclosure or bankruptcy expenses incurred during the bankruptcy or foreclosure

(c) Servicer appeal process for State foreclosure time line compensatory fees

The Servicer may appeal a pending compensatory fee prior to Freddie Mac billing the compensatory fee.

The Monthly Compensatory Fee Analysis Report of the prior month's estimated State foreclosure time line compensatory fees will be available in the Servicer's Servicer Performance Profile (SPP) on the fifth Business Day of the following month. The Servicer must review the report each month and has 30 days from the date of the report's publication to submit an appeal for the prior month's estimated compensatory

fees. The monthly bill will not include those Mortgages for which the compensatory fees were waived.

Servicers must submit, in their original appeal, a description of all delays along with all related documentation. Any information that is received after the original appeal is submitted will not be considered.

Example: A foreclosure sale occurs in October for which the Servicer has exceeded Freddie Mac's State foreclosure time line as listed in Exhibit 83, Freddie Mac State Foreclosure Time Lines, and is subject to a compensatory fee. The Servicer must access the Monthly Compensatory Fee Analysis Report in the Servicer Performance Profile (SPP) available on the fifth Business Day in November. The Servicer then has 30 days from the fifth Business Day to submit an appeal to Freddie Mac **(see Directory 5)**.

Note: A Servicer may appeal a pending compensatory fee shown on the most recent Monthly Compensatory Fee Analysis Report for which they failed to report or incorrectly reported the EDR.

(d) Billing process for compensatory fees

The billing cycle for compensatory fees for Mortgages referred to foreclosure on or after October 1, 2011 is on a monthly basis and any compensatory fees will appear on the Monthly Non-Performing Loans Billing Statement two cycles after the date of the foreclosure sale. Refer to Section 64.2 for information on the payment of Servicing Non-Performing Loans Invoices via an Automated Clearing House draft.

66.34: Preserving the property (05/17/11)

The Servicer 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 the Servicer and/or Freddie Mac, as mortgagee.

2. Take all necessary steps to protect the property from waste, damage and vandalism

3. Obtain approval from Freddie Mac for any property preservation expenses that exceed the guidelines in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, by submitting a request for pre-approval of expenses (RPA) to Freddie Mac via the Reimbursement System.

4. Comply with any property preservation requirements of the FHA, Rural Housing Service (RHS), VA or MI, if applicable

5. 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 (03/23/11)

Refer to Section 65.33 for property inspection requirements.

66.36: Reimbursement for property inspection and preservation expenses (06/30/11)

Freddie Mac will reimburse the Servicer for allowable property preservation and property inspection expenses. See Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Section 71.17 for additional information regarding the reimbursement of property preservation and property inspection expenses.

66.37: Completing the foreclosure process (10/01/11)

The Servicer will find the requirements necessary to complete a foreclosure in this part of the chapter.

66.38: Completing the foreclosure contents (10/01/11)

This section has been deleted.

66.39: When to obtain a valuation for foreclosure sale bidding (06/01/13)

(a) Time frame for obtaining a valuation

To ensure the Servicer has a valuation in time for the foreclosure sale, Freddie Mac recommends that the Servicer obtain the value no less than 30 days before the sale (see Section 65.39 for instructions on how to obtain a valuation). The Servicer may use an automated value provided by Freddie Mac through BPOdirect® when available except for foreclosure sale bidding in Illinois, Michigan and Minnesota, or for Mortgages secured by 2- to 4-unit properties or by Manufactured Homes.

If the property is in a State where the sheriff orders an appraisal to determine the opening bid at a foreclosure sale, the Servicer must still determine the maximum bid the Servicer is authorized to make on Freddie Mac's behalf. See Sections 66.42 through 66.45 for instructions for bidding at foreclosure sale.

The Servicer does not need to order another BPO if it already has 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 the Servicer must:

1. Obtain Freddie Mac's approval prior to ordering the appraisal report by submitting Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** at least 30 days before the scheduled foreclosure sale date
2. After the Servicer receives Freddie Mac's approval, obtain the appraisal report in sufficient time to complete the foreclosure by the scheduled sale date

Freddie Mac will not reimburse the Servicer for appraisal reports on which the Servicer has not obtained Freddie Mac's prior approval.

66.39: When to obtain a credit bid for foreclosure sale bidding (Future effective date 03/17/14)

The Servicer must obtain a credit bid when preparing bids on First-Lien Mortgages not covered by mortgage insurance, or when State law does not require that an appraisal report be used to set the bid (see Section 65.38(a) on obtaining an appraisal report to prepare foreclosure sale bidding instructions).

To ensure the Servicer has a credit bid in time for the foreclosure sale, Freddie Mac recommends that the Servicer obtain the credit bid via the Freddie Mac Service Loans application ("Service Loans application") no less than 30 and no more than 90 days before the scheduled foreclosure sale date (see Chapter A50 for information about access to the Service Loans application). If the "good through date" returned with the credit bid is set to expire prior to the scheduled foreclosure sale date, then the Servicer needs to proactively request an updated credit bid in time for the scheduled foreclosure sale.

66.40: Requirements for and reimbursement of appraisal reports (10/01/11)

(a) Requirements for appraisals

If State or local law requires an appraisal report to establish the bid amount, and Freddie Mac has given the Servicer 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 Chapter 44 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 the Servicer needs to reaffirm the value of the property after 120 days, the Servicer must have the appraiser recertify the appraisal report. The Servicer must not order a new appraisal report.

(b) Reimbursement of appraisal reports

Freddie Mac will reimburse the Servicer for the cost of an appraisal report ordered in compliance with Sections 66.39 and 66.40. If the Servicer needs to reaffirm the value of the property after 120 days, Freddie Mac will reimburse for a recertification of the appraisal report.

66.40: Requirements for and reimbursement of appraisal reports (Future effective date 03/17/14)

(a) Requirements for appraisals

If State or local law requires an appraisal report to establish the bid amount, and Freddie Mac has given the Servicer approval to obtain an appraisal report pursuant to the provisions of Section 65.38(a), 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 Chapter 44 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

When the appraisal report has become greater than 120 days old, the Servicer must have the appraiser recertify the appraisal report. The Servicer must not order a new appraisal report.

(b) Reimbursement of appraisal reports

Freddie Mac will reimburse the Servicer for the cost of an appraisal report ordered in compliance with Sections 65.38(a) and 66.40. If the Servicer needs to reaffirm the value of the property after 120 days, Freddie Mac will reimburse for a recertification of the appraisal report.

66.41: Complete Borrower Response Packages received after foreclosure has been initiated (06/01/13)

(a) Borrower Response Package received after referral to foreclosure and greater than or equal to 37 days prior to the foreclosure sale date

If the Mortgage is subject to judicial proceedings and the Servicer receives a complete Borrower Response Package no later than 30 days after the post-referral to foreclosure solicitation letter is sent (or, within 30 days of referral to foreclosure in the event the foreclosure counsel opts out of sending such a letter when necessary to comply with applicable law), then the Servicer must delay filing the motion for

judgment, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under state or local law, for up to an additional 30 days for the Servicer to review the complete Borrower Response Package and notify the Borrower of the decision.

If the Servicer offers the Borrower a home retention alternative to foreclosure, it must continue to delay filing the motion for judgment, or request the court to delay the hearing or ruling (if applicable), for up to 14 days from the date the offer is sent to provide time for the Borrower to respond.

Solely for the purpose of suspending foreclosure actions (including filing a motion for judgment or requesting the court to delay a hearing or ruling), a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept the home retention alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above, the Servicer must postpone filing the motion for judgment, or, if a motion has already been filed, request the court to delay a hearing or ruling where legally permitted under state or local law. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept an alternative to foreclosure offer, the Servicer must postpone foreclosure actions where legally permitted until the last day of the month that the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

In the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines without consideration given to the Servicer's postponement of the foreclosure sale (refer to Exhibit 83).

Short sale evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the short sale process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. However, the

Servicer must not complete a foreclosure sale if the short sale has been approved based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation permitted in Section B65.37). The Servicer must suspend the foreclosure sale where permitted under State or local law.

Deed-in-lieu of foreclosure evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the deed-in-lieu of foreclosure process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. The Servicer may only suspend foreclosure sale once the executed deed and all required deed-in-lieu of foreclosure documents have been received by the Servicer. Additionally, the Servicer must receive an executed deed from the Borrower no later than 30 days prior to the scheduled foreclosure sale date.

When considering a Borrower for a deed-in-lieu of foreclosure, the Servicer must ensure that there is sufficient time to complete processing of the deed-in-lieu of foreclosure (inclusive of sending the deed-in-lieu of foreclosure offer to the Borrower) so that the Servicer receives the executed deed no later than 30 days prior to the foreclosure sale date.

- **Borrower Response Package with short sale purchase offer received 75-37 days prior to the foreclosure sale date**

  For situations where a completed Borrower Response Package (or other streamlined documentation as permitted in Section B65.37) with a short sale purchase offer has been received between 75 and 37 days prior to the foreclosure sale date, the Servicer must conduct an expedited review of the Borrower Response Package and the short sale purchase offer prior to the foreclosure certification date.

  If the Servicer has approved the short sale based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation as permitted), the Servicer must suspend the foreclosure sale where permitted under State or local law.

- **Borrower Response Package received without a short sale purchase offer and foreclosure sale is scheduled**

  If the foreclosure sale has been scheduled and the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a short sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed*
- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full or partial satisfaction of your obligation*

(b) Borrower Response Package received 37-15 days prior to the foreclosure sale date

If a complete Borrower Response Package (including a short sale purchase offer, as applicable) is submitted between 37 and 15 days before a scheduled foreclosure sale date, the Servicer must expedite its review and make a determination regarding the Borrower's request for assistance at least seven days before the scheduled foreclosure sale date. This will ensure that the Servicer will be able to determine whether it must send a foreclosure certification to the foreclosure counsel at least seven, but no more than 15 days prior to a scheduled foreclosure sale date, if appropriate or offer the Borrower an alternative to foreclosure.

For a short sale transaction, if the Servicer has approved the short sale based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation as permitted), the Servicer must suspend the foreclosure sale where permitted under State or local law.

If the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a Freddie Mac Standard Short Sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed, there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date.*

- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full or partial satisfaction of your obligation*

The "Standard Short Sale – Foreclosure Sale Date Scheduled" model clause included in Exhibit 93 is representative of this Borrower Evaluation Notice.

See Section 66.41(a) for requirements around expediting review of a short sale purchase offer received 75-15 days prior to scheduled foreclosure sale.

(c) Borrower Response Package received less than 15 days prior to the scheduled foreclosure sale date

If a complete Borrower Response Package is received less than 15 days prior to a scheduled foreclosure sale date, the Servicer must first determine whether it can conduct an expedited review of the Borrower Response Package and render a decision by the latest foreclosure certification date (i.e., seven days prior to the scheduled foreclosure sale date) and if so, the Servicer must complete the review. If the Servicer offers the Borrower a home retention alternative to foreclosure, and the expiration of the 14-day Borrower response period will occur on or after a scheduled foreclosure sale date, it must not provide the certification to the foreclosure counsel and must make every effort to suspend the foreclosure sale for up to 14 days where legally permitted under State or local law (see Section 66.41(a) for foreclosure suspension requirements related to short sales). The Servicer is not in violation of this requirement if:

- 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
- The Servicer has taken action to protect the interests of Freddie Mac in response to action taken by the Borrower or other parties in the foreclosure process (e.g., bankruptcy filed by the Borrower, situations where the Borrower files a motion that requires a response, or similar situations)

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. In the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines without consideration given to the Servicer's postponement of the foreclosure sale (refer to Exhibit 83).

Solely for the purpose of suspending foreclosure sale, a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above,

the Servicer must suspend the foreclosure sale where legally permitted under state or local law. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a written intent to accept an alternative to foreclosure offer, the Servicer must suspend the foreclosure sale until the last day of the month that the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

If the Borrower complies with the terms of the Trial Period or other plan and the Mortgage is modified with a fully executed modification agreement or the Delinquency is cured, the Servicer must then cancel the foreclosure action as permitted by State or local law.

66.41: Complete Borrower Response Packages received after referral to foreclosure (Future effective date 01/10/14)

(a) First Complete Borrower Response Package received after referral to foreclosure and greater than 37 days prior to the foreclosure sale date

Refer to Section 63.4.

(b) All other Borrower Response Packages received after referral to foreclosure and greater than 37 days prior to the foreclosure sale date

If the Mortgage is subject to judicial proceedings and the Servicer receives a complete Borrower Response Package no later than 30 days after the post-referral to foreclosure solicitation letter is sent (or, within 30 days of referral to foreclosure in the event the foreclosure counsel opts out of sending such a letter when necessary to comply with applicable law), then the Servicer must delay filing the motion for judgment, or if the motion has been filed, request the court to delay a hearing or ruling as permitted under state or local law, for up to an additional 30 days for the Servicer to review the complete Borrower Response Package and notify the Borrower of the decision.

If the Servicer offers the Borrower a home retention alternative to foreclosure, it must continue to delay filing the motion for judgment, or request the court to delay the hearing or ruling (if applicable), for up to 14 days from the date the offer is sent to provide time for the Borrower to respond.

Solely for the purpose of suspending foreclosure actions (including filing a motion for judgment or requesting the court to delay a hearing or ruling), a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Verbal notification
- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above, the Servicer must postpone filing the motion for judgment, or, if a motion has already been filed, request the court to delay a hearing or ruling where legally permitted under state or local law. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a verbal or written intent to accept an alternative to foreclosure offer, the Servicer must postpone foreclosure actions where legally permitted until the last day of the month that the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

In the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines without consideration given to the Servicer's postponement of the foreclosure sale (refer to Exhibit 83).

Borrower Response Package received without a short sale purchase offer and foreclosure sale date is scheduled

If the foreclosure sale has been scheduled and the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a short sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed*
- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full or partial satisfaction of your obligation*

Short sale evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the short sale process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. However, the Servicer must not complete a foreclosure sale if the short sale has been approved based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation permitted in Section B65.37). The Servicer must suspend the foreclosure sale where permitted under State or local law.

Deed-in-lieu of foreclosure evaluations

Once the Mortgage has been referred to foreclosure, the Servicer must continue with foreclosure proceedings during the deed-in-lieu of foreclosure process, except where delay for motion of judgment is provided for Mortgages subject to judicial proceedings. The Servicer may only suspend foreclosure sale once the executed deed and all required deed-in-lieu of foreclosure documents have been received by the Servicer. Additionally, the Servicer must receive an executed deed from the Borrower no later than 30 days prior to the scheduled foreclosure sale date.

When considering a Borrower for a deed-in-lieu of foreclosure, the Servicer must ensure that there is sufficient time to complete processing of the deed-in-lieu of foreclosure (inclusive of sending the deed-in-lieu of foreclosure offer to the Borrower) so that the Servicer receives the executed deed no later than 30 days prior to the foreclosure sale date.

(c) Borrower Response Package received 37-15 days prior to the scheduled foreclosure sale date

If a complete Borrower Response Package (including a short sale purchase offer, as applicable) is submitted between 37 and 15 days before a scheduled foreclosure sale date, the Servicer must expedite its review and make a determination regarding the Borrower's request for assistance at least seven days before the scheduled foreclosure sale date. This will ensure that the Servicer will be able to determine whether it must send a foreclosure certification to the foreclosure counsel at least seven, but no more than 15 days prior to a scheduled foreclosure sale date, if appropriate or offer the Borrower an alternative to foreclosure.

For a short sale transaction, if the Servicer has approved the short sale based on a review of a purchase offer and a complete Borrower Response Package (or other streamlined documentation as permitted), the Servicer must suspend the foreclosure sale where permitted under State or local law.

If the Servicer sends the Borrower a Borrower Evaluation Notice that is an intent to pursue a Freddie Mac Standard Short Sale based on receipt of a complete Borrower Response Package but a purchase offer was not received, then the Borrower Evaluation Notice must be amended to indicate the following:

- *Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed, there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date.*

- *Once you receive a potential buyer's offer, contact us immediately and we will review the offer to determine whether to accept it in full or partial satisfaction of your obligation*

The "Standard Short Sale – All Other Scenarios" model clause included in Exhibit 93 is representative of this Borrower Evaluation Notice.

(d) Borrower Response Package received less than 15 days prior to the scheduled foreclosure sale date

If a complete Borrower Response Package is received less than 15 days prior to a scheduled foreclosure sale date, the Servicer must first determine whether it can conduct an expedited review of the Borrower Response Package and render a decision by the latest foreclosure certification date (i.e., seven days prior to the scheduled foreclosure sale date) and if so, the Servicer must complete the review. If the Servicer offers the Borrower a home retention alternative to foreclosure, and the expiration of the 14-day Borrower response period will occur on or after a scheduled foreclosure sale date, it must not provide the certification to the foreclosure counsel and must make every effort to suspend the foreclosure sale for up to 14 days where legally permitted under State or local law (see Section 66.41(b) for foreclosure suspension requirements related to short sales). The Servicer is not in violation of this requirement if:

- 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
- The Servicer has taken action to protect the interests of Freddie Mac in response to action taken by the Borrower or other parties in the foreclosure process (e.g., bankruptcy filed by the Borrower, situations where the Borrower files a motion that requires a response, or similar situations)

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. In the event a foreclosure sale occurs, the Servicer's performance will be measured against Freddie Mac's State foreclosure time lines without consideration given to the Servicer's postponement of the foreclosure sale (refer to Exhibit 83).

Solely for the purpose of suspending foreclosure sale, a Borrower's notification to the Servicer that he or she intends to accept an offer may be demonstrated as follows:

- Written notification
- Remittance of a payment due under an alternative to foreclosure offer that requires payment (i.e., forbearance, repayment or Trial Period Plan)

If the Borrower communicates an intent to accept the alternative to foreclosure within 14 days from the date of the Borrower Evaluation Notice offer as described above, the Servicer must suspend the foreclosure sale where legally permitted under state or local law. Additionally, in cases where a payment is required under the terms of an alternative to foreclosure offer, and the Borrower communicates a written intent to accept an alternative to foreclosure offer, the Servicer must suspend the foreclosure sale until the last day of the month that the first payment is due under the terms of the alternative to foreclosure offer. If the Servicer receives the first payment timely in accordance with the terms of a Trial Period Plan, the Servicer must delay the next legal action in the foreclosure process until the first month following the end of the Trial Period Plan. If the Servicer receives the first payment timely in accordance with the terms of a repayment plan or forbearance plan, the Servicer must delay the next legal action unless the Borrower breaches the plan.

If the Borrower complies with the terms of the Trial Period or other plan and the Mortgage is modified with a fully executed modification agreement or the Delinquency is cured, the Servicer must then cancel the foreclosure action as permitted by State or local law.

66.41.1: Reviews and certifications prior to foreclosure sale (06/01/13)

(a) Pre-sale account review by the Servicer

The Servicer must have written policies and procedures requiring a review of the Mortgage at least 30 days prior to the scheduled foreclosure sale date.

The Servicer must review the account history to verify compliance with all required Borrower outreach and solicitation requirements specified in Chapter 64 and that there is no approved payment arrangement or pending alternative to foreclosure offer for which the Borrower response period has not expired. The Servicer must document the results of their review in its Mortgage file or servicing system.

(b) Certification to foreclosure counsel

At least seven, but no more than 15 days prior to foreclosure sale, the Servicer must review the account and send written certification to the foreclosure counsel indicating that the foreclosure sale must continue unless:

- The account review reveals that all Borrower outreach and solicitation requirements have not been achieved, or
- There is an approved payment arrangement or pending alternative to foreclosure offer for which the Borrower response period has not expired, or
- The Servicer exercised its discretion to postpone the foreclosure sale to facilitate resolution of an escalated case. (Refer to Section 51.5.1 regarding escalated cases.)

If any of the above exceptions apply, then the Servicer must not provide the certification and must make every effort to stop a scheduled foreclosure sale.

The Servicer must document the results of its review in its Mortgage file or servicing system.

The Servicer must work with the foreclosure counsel to develop a process for receipt of the foreclosure certification to prevent unnecessary delays. If the foreclosure counsel cancels the foreclosure sale due to the Servicer's failure to provide the foreclosure certification timely, the Servicer will be subject to compensatory fees for delays resulting from such a cancellation.

66.41.1: Reviews and certifications prior to foreclosure sale (Future effective date 01/10/14)

(a) Pre-sale account review by the Servicer

The Servicer must have written policies and procedures requiring a review of the Mortgage at least 30 days prior to the scheduled foreclosure sale date.

The Servicer must review the account history to verify compliance with all required Borrower outreach, solicitation and evaluation requirements specified in Chapters 63 and 64 and that there is no approved payment arrangement, pending alternative to foreclosure offer or appeal for which the Borrower response period has not expired. The Servicer must document the results of their review in its Mortgage file or servicing system.

(b) Certification to foreclosure counsel

At least seven, but no more than 15 days prior to foreclosure sale, the Servicer must review the account and send written certification to the foreclosure counsel indicating that the foreclosure sale must continue unless:

- The account review reveals that all Borrower outreach, solicitation and evaluation requirements have not been achieved, or
- There is an approved payment arrangement, pending alternative to foreclosure offer or appeal for which the Borrower response period has not expired

If any of the above exceptions apply, then the Servicer must not provide the certification and must make every effort to stop a scheduled foreclosure sale.

The Servicer must document the results of its review in its Mortgage file or servicing system.

The Servicer must work with the foreclosure counsel to develop a process for receipt of the foreclosure certification to prevent unnecessary delays. If the foreclosure counsel cancels the foreclosure sale due to the Servicer's failure to provide the foreclosure certification timely, the Servicer will be subject to compensatory fees for delays resulting from such a cancellation.

66.42: Delegated bidding (06/01/13)

The Servicer must offer a bid on all foreclosures. Freddie Mac delegates to the Servicer 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 Freddie Mac's best interest for the Servicer 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/Home Improvement Loan (HIL) (unless the Mortgage is now in First Lien position)

If any of the above conditions exist, the Servicer must either e-mail or fax to Freddie Mac **(see Directory 5)** Form 105, Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, for a Second Mortgage/HIL, at least three Business Days prior to the foreclosure sale date. Freddie Mac will send the Servicer approval on the bid amount no later than two Business Days after Freddie Mac receives the Servicer's request.

66.42: Delegated bidding (Future effective date 03/17/14)

The Servicer must offer a bid on all foreclosures. Freddie Mac delegates to the Servicer responsibility to establish the bid according to the guidelines in Sections 66.43 through 66.45. However, if any of the following conditions exist, the Servicer must contact Freddie Mac at least three Business Days prior to the foreclosure sale date:

1. It is not in Freddie Mac's best interest for the Servicer to enter a bid in accordance with the guidelines	The Servicer must e-mail Form 105, Multipurpose Loan Servicing Transmittal, for a First-Lien Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, for a Second Mortgage/Home Improvement Loan (HIL) to Freddie Mac at **foreclosures@freddiemac.com**
2. The Mortgage is a Second Mortgage/Home Improvement Loan (HIL) (unless the Mortgage is now in First Lien position)	The Servicer must e-mail Form 102 for a Second Mortgage/HIL to Freddie Mac at **foreclosures@freddiemac.com**
3. A hazard insurance claim is pending and the bid will jeopardize the approval or payout of the claim	The Servicer must e-mail Form 105 for a First-Lien Mortgage or Form 102 for a Second Mortgage/HIL to Freddie Mac at **distressed_property@freddiemac.com**
4. The Servicer is unable to obtain a credit bid (see Section 66.39 on obtaining a credit bid for foreclosure sale bidding) and bid in accordance with Section 66.43, or the Servicer disputes the credit bid obtained in connection with a scheduled foreclosure sale	The Servicer must e-mail Form 105 for a First-Lien Mortgage or Form 102 for a Second Mortgage/HIL to Freddie Mac at **shortsales@freddiemac.com**

66.43: First-Lien Mortgages not covered by mortgage insurance (08/17/13)

For a First-Lien Mortgage not covered by mortgage insurance, the Servicer must bid in accordance with the following requirements:

- If the Mortgaged Premises is located in Illinois, Michigan or Minnesota, or the Mortgage is secured by a 2- to 4-unit property or by a Manufactured Home:

1. Unless the Servicer already has a Broker's Price Opinion (BPO) dated within 120 days of the foreclosure sale, the Servicer must obtain a property value by ordering a BPO from BPOdirect®

2. The Servicer must then start its bid at the statutory minimum not to exceed an amount equal to the lesser of:

   i) 100% of the BPO obtained from BPOdirect, or

   ii) 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), or

   iii) Such other amount as may be required by State law

- If the Mortgaged Premises is located in a jurisdiction other than Illinois, Michigan or Minnesota, or the Mortgage is not secured by a 2- to 4-unit property or by a Manufactured Home:

  1. The Servicer must obtain an automated value provided from BPOdirect. If an automated value is not available through BPOdirect, the Servicer must then order a BPO from BPOdirect, unless it already has a BPO dated within 120 days of the foreclosure sale. Additionally, if the automated value is less than or equal to $100,000, a Servicer must order a BPO from BPOdirect, unless it already has a BPO dated within 120 days of the foreclosure sale.

  2. The Servicer must then start its bid at the statutory minimum not to exceed an amount equal to the lesser of one of the two options below:

     i) If the automated value is greater than $100,000, a Servicer must bid the lesser of 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), or the automated value

     ii) If the automated value is less than or equal to $100,000, or an automated value is not available through BPOdirect, a Servicer must bid the lesser of total indebtedness or 100% of the BPO

     iii) Such other amount as may be required by State law

For purposes of foreclosure bidding, the BPO is defined as the "as-is" probable sale price of the property with a 90-120 day marketing time frame.

66.43: First-Lien Mortgages not covered by mortgage insurance (Future effective date 03/17/14)

For a First-Lien Mortgage not covered by mortgage insurance, the Servicer must bid in accordance with the requirements provided below:

1. Unless State law requires that an appraisal report be used to set the bid, Freddie Mac recommends that the Servicer obtain the credit bid via the Freddie Mac Service Loans application ("Service Loans application") no less than 30 days, but no greater than 90 days prior to the scheduled foreclosure sale date. (See Section 66.39 on obtaining a credit bid for foreclosure sale bidding and Section 65.38(a) on obtaining an appraisal report to prepare foreclosure sale bidding instructions).

2. The Servicer must then start its bid at the statutory minimum. If a third party enters a bid, the Servicer must bid up to, but not exceed, an amount equal to the lesser of:

    i) 100% of the credit bid obtained from the Service Loans application, or

    ii) 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), or

    iii) Such other amount as may be required by State law

66.44: Mortgages covered by mortgage insurance (01/14/11)

For a First-Lien Mortgage covered by mortgage insurance, the Servicer must bid an amount approved by the MI. If the MI elects not to issue bidding instructions, the Servicer must follow the instructions in Section 66.43.

66.44: Mortgages covered by mortgage insurance (Future effective date 03/17/14)

For a First-Lien Mortgage covered by mortgage insurance, the Servicer must bid an amount approved by the MI. If the MI elects not to issue bidding instructions, or Freddie Mac has a delegation of authority from the MI for foreclosure sale bidding, the Servicer must follow the instructions in Section 66.43.

66.45: FHA, VA and Rural Housing Service (RHS) Mortgages (01/14/11)

If the Mortgage is a FHA, VA or RHS Mortgage, then the Servicer must follow FHA, VA or RHS guidelines for bidding instructions. If the Mortgage is a VA Mortgage, then the Servicer may not enter a bid on Freddie Mac's behalf in excess of the upset price established by the VA. If the Servicer does not receive the VA upset price, the Servicer must contact Freddie Mac for instructions by submitting Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** at least three Business Days prior to the foreclosure sale.

66.46: Failure to bid appropriately (10/18/13)

The Servicer must bid at the foreclosure sale:

- In accordance with the requirements in Sections 66.42 through 66.45, and
- To preserve Freddie Mac's rights to a deficiency according to the requirements in Sections 66.47 through 66.50

Freddie Mac may require the Servicer to indemnify Freddie Mac for any loss Freddie Mac incurs due to incorrect bidding.

66.47: When to preserve deficiency rights (08/15/13)

In all instances where the foreclosure time line will not be extended or additional fees/costs will not be incurred above the approved expense limits set forth in Exhibit 57A, Approved Attorney Fees and Title Expenses, Servicers must work with their foreclosure attorney to preserve Freddie Mac's right to pursue a deficiency action. Freddie Mac reserves the right to pursue deficiencies on a case-by-case basis, after the foreclosure sale. If the Mortgage has mortgage insurance, the Servicer must follow the MI's instructions for pursuing deficiency judgments or waiving deficiency judgments.

If the Servicer determines that it is in Freddie Mac's best interest to waive rights to pursue a deficiency judgment against a Borrower, the Servicer must adhere to the requirements provided in Section A66.4.

66.48: Circumstances where preserving deficiency rights requires additional expense (06/14/13)

If the Servicer knows that additional attorney fees will be incurred when preserving Freddie Mac's right to pursue a deficiency action, and the Servicer believes it is in Freddie Mac's best interest to preserve Freddie Mac's right to pursue a deficiency action against the Borrower, the Servicer must submit a request for pre-approval (RPA) to Freddie Mac via the Reimbursement System to recommend incurring additional attorney fees to perfect Freddie Mac's rights to pursue a deficiency action. If possible, the Servicer should send the recommendation to Freddie Mac before the Servicer initiates foreclosure. However, under no circumstances should the Servicer delay initiating foreclosure to obtain Freddie Mac's approval to preserve Freddie Mac's deficiency rights. When submitting a recommendation to Freddie Mac, the Servicer must follow the instructions provided below.

Servicers must only send a recommendation to Freddie Mac if the Servicer or its attorney is able to provide justification that would outweigh both the delays in the foreclosure process, and the increased fees and costs. Servicers should include an explanation for the request in the RPA comment field along with the electronic attachment of any supporting documentation.

Servicers will not receive foreclosure time line compensatory fee consideration for delaying the foreclosure process unless explicitly stated by Freddie Mac in its response to the Servicer's recommendation.

For all other issues related to preserving deficiency rights where additional expenses are required, Servicers should direct their questions to Freddie Mac **(see Directory 5)**.

66.48: Circumstances where preserving deficiency rights requires additional expense (Future effective date 01/10/14)

If the Servicer knows that additional attorney fees will be incurred when preserving Freddie Mac's right to pursue a deficiency action, and the Servicer believes it is in Freddie Mac's best interest to preserve Freddie Mac's right to pursue a deficiency action against the Borrower, the Servicer must submit a request for pre-approval (RPA) to Freddie Mac via the Reimbursement System to recommend incurring additional attorney fees to perfect Freddie Mac's rights to pursue a deficiency action. If possible, the Servicer should send the recommendation to Freddie Mac before the Servicer refers a Mortgage to foreclosure. However, under no circumstances should the Servicer delay referring a Mortgage to foreclosure to obtain Freddie Mac's approval to preserve Freddie Mac's

deficiency rights. When submitting a recommendation to Freddie Mac, the Servicer must follow the instructions provided below.

Servicers must only send a recommendation to Freddie Mac if the Servicer or its attorney is able to provide justification that would outweigh both the delays in the foreclosure process, and the increased fees and costs. Servicers should include an explanation for the request in the RPA comment field along with the electronic attachment of any supporting documentation.

Servicers will not receive foreclosure time line compensatory fee consideration for delaying the foreclosure process unless explicitly stated by Freddie Mac in its response to the Servicer's recommendation.

For all other issues related to preserving deficiency rights where additional expenses are required, Servicers should direct their questions to Freddie Mac **(see Directory 5)**.

66.49: Abandonment (06/14/13)

Preservation of deficiency rights should be sought against a Borrower who has abandoned the property. When these cases fall outside of the requirements set forth in Section 66.47, it is the Servicer's responsibility to send a recommendation to Freddie Mac by submitting a request for pre-approval (RPA) to Freddie Mac within five Business Days of discovering the property is abandoned.

For all other issues related to abandonment as it relates to the preservation of deficiency rights, Servicers should direct their questions to Freddie Mac **(see Directory 5)**.

66.50: Special circumstances requiring Freddie Mac's approval (08/15/13)

When Servicers require additional expense approval from Freddie Mac on matters related to the preservation of deficiency actions, Servicers must follow the requirements set forth in Section 66.48.

Servicers must follow the requirements in Section A66.4. when waiving Freddie Mac's rights to pursue a deficiency judgment against a Borrower.

66.51: Working with vendors to collect deficiencies (12/18/13)

Freddie Mac may use vendors to assist in the collection of deficiencies. The Servicer must assist such vendors to obtain any necessary case file documentation upon the vendor's request. This would include data reporting or case file documentation that firms, selected and retained by the Servicer to handle Freddie Mac Default Legal Matters, may have obtained in the course of handling a particular case.

The Servicer may only execute deficiency assignment documents that transfer deficiency rights from the Servicer to Freddie Mac when requested by an MI or third-party vendor. Refer to Section 66.52.1 for requirements on assigning deficiency rights.

66.52: Reserved (04/14/00)

This section is reserved.

66.52.1: Assigning deficiency rights after the foreclosure sale (06/14/13)

If the Mortgage has mortgage insurance and is not covered by any other credit enhancement, the Servicer must not execute any assignment of the right to pursue a deficiency or assignment of a deficiency judgment to an MI or a third party. These documents must be sent directly to Freddie Mac **(see Directory 5)**. Freddie Mac will coordinate the execution of these assignment documents.

The Servicer may execute deficiency assignment documents that transfer deficiency rights from the Servicer to Freddie Mac when requested by an MI or third-party vendor.

For all other issues related to assigning deficiency rights after foreclosure sale, Servicers should direct their questions to Freddie Mac **(see Directory 5)**.

66.53: Delivery of clear and marketable title (06/01/13)

(a) Property located in a State without a redemption or confirmation period

When the Servicer is the purchaser of the property at a foreclosure sale, it must ensure that the foreclosure counsel provides Freddie Mac 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 Freddie Mac can sell the property freely to others.

The Servicer must instruct the foreclosure counsel to:

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 the Servicer the recorder's receipt within three Business Days after receiving it from the recorder
4. Provide the recorded deed to the Servicer within three Business Days after receiving the deed from the recorder's office. The Servicer must 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, the Servicer 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 (10/18/13)

After the foreclosure sale the Servicer must ensure that the title to the property is vested to the appropriate party.

(a) Conventional Mortgages

The Servicer must ensure that title to the property is vested in Freddie Mac's name (if the property is not purchased by a third party), unless it is in Freddie Mac's best interest to have the title to the property vested in the Servicer's name after the foreclosure sale, and then have the title to the property transferred to Freddie Mac via quitclaim deed. The transfer to Freddie Mac's name should generally be completed within 30 days of vesting the title in the Servicer's name. For example, if having the title to the property vested in the Servicer's name after the foreclosure sale limits the liability for Freddie Mac to reimburse condominium, homeowners association (HOA) and Planned Unit Development (PUD) regular assessments, then the Servicer should proceed in such a manner. If the Servicer determines it is in Freddie Mac's best interest, the Servicer must record in the Mortgage file the decision to vest the title in the Servicer's name and the basis for its decision.

Title to the property must be vested in a manner that does not result in an obligation to pay transfer taxes. Freddie Mac will not reimburse the Servicer for any transfer taxes.

If the foreclosure involves a Manufactured Home in a certificate of title State, the Servicer must conduct the replevin or other legal action necessary to repossess the home in the Servicer's name and have the new certificate of title issued in Freddie Mac's name.

(b) FHA, Section 502 GRH or VA Mortgages

The Servicer must follow FHA, Rural Housing Service (RHS) or VA guidelines for conveying title to the foreclosed property to the applicable agency.

66.55: File retention (01/14/11)

The Servicer must maintain accurate and complete records of the foreclosure proceedings for Mortgages in the Mortgage file. The Servicer must maintain the Mortgage file for at least seven years from the date of the foreclosure sale.

66.56: Reporting foreclosure sale results (10/18/13)

(a) Reporting requirements

1. The Servicer must notify Freddie Mac of the results of all foreclosure sales, including successful third-party bids.

   - The Servicer must notify Freddie Mac through a foreclosure sale/deed-in-lieu of foreclosure ("DIL") submission no later than the Business Day immediately following the date of the foreclosure sale and must provide all information required in the foreclosure sale/DIL submission, including whether deficiency rights were preserved.

   - 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 the Servicer must send Freddie Mac the claim package described in Section 66.61 once the foreclosure sale is confirmed and the Servicer has received the sale proceeds

2. The Servicer must notify Freddie Mac within one Business Day of the Servicer's determination that the foreclosure sale is legally invalid or void (e.g., a prior bankruptcy filing renders the sale void), or that the Servicer approved the

Borrower for an alternative to foreclosure prior to the foreclosure sale, but did not cancel the foreclosure sale); this is known as an "REO rollback"

- The Servicer must notify Freddie Mac of the REO rollback by submitting Form 106, REO Rollback Request Form, to Freddie Mac **(see Directory 5)**. The Servicer must contact the foreclosure counsel to determine whether the foreclosure sale can be rescinded and indicate such determination on Form 106 when notifying Freddie Mac of the REO rollback.

- In circumstances where the foreclosure sale would otherwise be invalid or void, the Servicer must take appropriate legal action to obtain relief and validate the foreclosure action. The Servicer must continue to monitor the status of such legal action. For example, if a bankruptcy petition has been filed, and the Servicer files a motion to annul or similar motion for relief from the bankruptcy automatic stay and validation of the foreclosure sale, the Servicer must monitor the status of the motion.

- If the court grants a motion for relief and enters an order validating the foreclosure sale, the Servicer must notify Freddie Mac again by submitting Form 106 to Freddie Mac **(see Directory 5)** within five days of the date the judge signs the order validating the foreclosure sale and enters it on the court docket

3. If the REO rollback is due to approval of an alternative to foreclosure prior to the foreclosure sale, the Servicer must comply with the requirements set forth in the Guide and other Purchase Documents for the applicable alternative to foreclosure. To the extent permitted by applicable law, the Servicer must not rescind the foreclosure sale until the Borrower executes the applicable agreement, makes the appropriate payment (if required) and otherwise complies with the terms of the alternative to foreclosure. If the Borrower does not comply with the requirements of the applicable alternative to foreclosure, the Servicer must cancel the agreement and notify Freddie Mac by submitting Form 106 **(see Directory 5)** within five days of the cancellation, in addition to complying with all other reporting requirements applicable to the specific alternative to foreclosure. For example, if a Borrower fails to meet the conditions of a Trial Period Plan Notice, in addition to the requirements set forth in the Guide for modification, the Servicer must comply with the requirements of this section to notify Freddie Mac that this alternative to foreclosure has been cancelled.

   Once Freddie Mac notifies the Servicer that the REO rollback has been processed, the Servicer must report the Delinquent Mortgage via Electronic Default Reporting (EDR) in accordance with Section 64.10.

(b) Compensatory fee for failing to comply with reporting requirements

1. Failure to comply with the requirements of Section 66.56(a), will result in the assessment of a compensatory fee to the Servicer 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, Freddie Mac may require the Servicer to repurchase the Real Estate Owned (REO) or indemnify Freddie Mac for any loss.

2. The Servicer will be assessed a compensatory fee in an amount equal to $1,000 per occurrence for administrative costs plus any third-party costs when Freddie Mac must process an REO rollback in accordance with Section 66.56(a)(2). Freddie Mac will not reimburse foreclosure fees and costs for the improper foreclosure that resulted in an REO rollback.

Freddie Mac will bill the Servicer for such compensatory 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.

Freddie Mac considers the notification to be correctly reported when Freddie Mac has received and successfully processed the foreclosure sale/DIL submission without errors.

66.57: Reporting redemption period or confirmation date changes (10/01/11)

The Servicer must notify Freddie Mac if either the projected expiration of the redemption period changes, or the scheduled confirmation date changes from the date the Servicer notified Freddie Mac of the foreclosure sale/deed-in-lieu of foreclosure via the Freddie Mac Service Loans application.

The Servicer must report the change by submitting Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 6)** no later than one Business Day after the Servicer receives notification of the change.

66.58: Redemptions (05/17/11)

(a) Redemptions of Real Estate Owned (REO) properties

- **Reporting requirements for REO redemptions**

  The Servicer must notify Freddie Mac 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 Freddie Mac **(see Directory 6)** for a 1-unit property or 2- to 4-unit properties. If Freddie Mac must execute any documents related to the redemption, the Servicer must send the documents with Form 105 to the appropriate address.

- **Remitting REO redemption proceeds — 1-unit and 2- to 4-unit properties**

If the property is redeemed, the Servicer 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 the Servicer by Freddie Mac, a Servicer may net out any amounts included in the redemption proceeds that are due to the Servicer 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 the Servicer by Freddie Mac pursuant to Chapter 71, then the Servicer 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 Freddie Mac via the 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 Freddie Mac **(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 the Servicer 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 a Servicer receives redemption proceeds, the Servicer must remit the required principal and interest owed to Freddie Mac (as required in Section 78.16) no later than five Business Days after the Servicer receives the proceeds.

  Servicers must comply with the investor reporting and remitting requirements in Chapter 78.

  If, after remitting the required amount to Freddie Mac, the Servicer is owed reimbursable expenses or reimbursable principal and interest, then the Servicer must send to Freddie Mac a claim package as described in Section 66.61.

66.59: Sales proceeds and reimbursement of fees (06/01/13)

(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, the Servicer must instruct the foreclosure counsel conducting the sale to remit the entire sale proceeds to the Servicer via overnight mail or wire transfer no later than three Business Days after receiving the proceeds.

(b) Obtaining reimbursement for foreclosure counsel fees and costs

The foreclosure counsel must obtain reimbursement of all fees and costs from the Servicer. The foreclosure counsel 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, the Servicer must instruct the foreclosure counsel to send the Servicer an accounting of the sheriff's or auctioneer's costs with the sale proceeds.

The Servicer must submit its request for reimbursement of any shortage in the sales proceeds so that Freddie Mac receives the request no later than 30 days after the date that the Servicer receives the sales proceeds. (See Section 66.61 for details on the associated claim package.)

Note: Freddie Mac will not reimburse the Servicer for foreclosure fees and costs incurred on a Mortgage that was sold to Freddie Mac with recourse.

66.60: Executing documents (10/18/13)

If Freddie Mac needs to execute a document for the Servicer to process the foreclosure, or execute a document related to a foreclosure sale, the Servicer must submit Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 5)** with all supporting documentation, which may include, but is not limited to, the last recorded document in the chain of title, and include the document Freddie Mac needs to execute.

Refer to Section 66.17 for assigning Security Instruments back to the Servicer if an assignment of the Security Instrument to Freddie Mac has been recorded.

66.61: Reporting and remittance requirements (11/18/11)

To complete the third-party foreclosure sale when the sale proceeds are less than the total indebtedness, the Servicer must complete the following steps:

1. Report the transaction ID of "Foreclosure" and the sales result of "third-party sale" no later than the 2nd Business Day after the Servicer receives the proceeds. When reporting, the Servicer must ensure that the:
   (a) Foreclosure sale date is the date that the foreclosure sale occurred
   (b) Ending gross unpaid principal balance is zero
   (c) Principal due field is completed with the gross unpaid principal balance (UPB) as of the last reporting cycle before the Mortgage was inactivated
   (d) Due Date of Last Paid Installment (DDLPI) is the date of the last fully paid monthly installment

2. Remit the required principal and interest owed to Freddie Mac (as required by Section 78.16) through the automated cash remittance system no later than the 5th Business Day after the Servicer receives 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, the Servicer is owed reimbursable principal and interest (pursuant to Section 78.44), then the Servicer must send a third-party foreclosure sale claim package to Freddie Mac **(see Directory 5)**. If the Servicer is owed reimbursable expenses (pursuant to Chapter 71), the Servicer must use the Reimbursement System to submit the claim.

   The third-party foreclosure sale claim package must be submitted as a Portable Document Format (PDF) file attachment and 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.

   The Servicer must submit the claim for the reimbursement of expenses through the Reimbursement System. Freddie Mac will contact the Servicer should it require any expense reimbursement documentation.

66.62: Charging off the deficiency (09/16/13)

The amount that Freddie Mac has determined to be charged off will be reflected on the Detail Adjustment Report (DAR). The Servicer must review the DAR and report any discrepancies between its records and the amount on the DAR to Freddie Mac **(see Directory 5)** by submitting Form 1205, Post-Settlement Adjustment Request, within 30 calendar days following Freddie Mac's posting of the amount to the DAR. The DAR may be accessed through the Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission to Freddie Mac.

66.63: Expense reimbursement (10/01/11)

Refer to Chapter 71, Reimbursement of Expenses, for requirements related to Freddie Mac reimbursing the Servicer for expenses.

66.64: Expense reimbursement and foreclosure reporting contents (10/01/11)

This section has been deleted.

66.65: When to request reimbursement (10/01/11)

This section has been deleted.

66.66: Amount of reimbursement (10/01/11)

This section has been deleted.

66.67: Foreclosure counsel and trustee fees (10/01/11)

This section has been deleted.

66.68: Foreclosure expenses (10/01/11)

This section has been deleted.

66.69: Approval for exceeding expense guidelines (10/01/11)

This section has been deleted.

66.70: What Freddie Mac will send to a Servicer (10/01/11)

This section has been deleted.

66.71: Default exception report (10/01/11)

This section has been deleted.

66.72: Delinquencies/foreclosures not reported (10/01/11)

This section has been deleted.

66.73: Default feedback report (08/11/04)

This section has been deleted.

66.74: Reporting to credit repositories (11/09/12)

The Servicer must 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 (11/09/12)

The Servicer must 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 A66: Provisions for Expediting Freddie Mac Default Legal Matters

A66.1: Introduction (08/15/13)

Servicers must always consider how to resolve a Freddie Mac Default Legal Matter in a way that obtains the best result for Freddie Mac and in a legally-compliant manner. While Servicers are not required to use the methods identified in this chapter, if a Servicer does proceed with an expedited method described in this chapter, it must adhere to the requirements set forth in this chapter.

This chapter provides requirements for expediting Freddie Mac Default Legal Matters, such as:

- Waiving Freddie Mac's right to pursue deficiency actions against a Borrower
- Expediting the foreclosure if the property is identified as vacant/abandoned
- Obtaining default judgment for an amount less than the total amount owed by the Borrower
- State-specific methods for expediting Freddie Mac Default Legal Matters

A66.2: General requirements (08/15/13)

When following the requirements provided in this chapter while processing Freddie Mac Default Legal Matters, the Servicer must comply with:

1. The Mortgage and Note
2. Applicable federal, State and local laws
3. Requirements of FHA, VA, Rural Housing Service (RHS) or the MI, if applicable
4. The Guide and other Purchase Documents

A66.3: Freddie Mac's rights (08/15/13)

Freddie Mac reserves the right to:

1. Select the foreclosure counsel

2. Direct and manage the actions taken by the foreclosure counsel, on a case-by-case or jurisdiction-wide basis

3. Assess compensatory fees and/or seek repayment of losses sustained due to errors, omissions or delays by the Servicer or Servicing Agent

4. Limit the amount of a reimbursement for attorney fees if those fees exceed the expense limits in Exhibit 57A, Approved Attorney Fees and Title Expenses, or the fees commonly charged for similar services in the area where the services are being performed.

A66.4: Freddie Mac's right to pursue a deficiency (08/15/13)

In many jurisdictions, applicable law provides Freddie Mac the right to pursue a deficiency balance after a foreclosure sale. In some instances, it may be in Freddie Mac's best interest to waive the right to collect the deficiency including, but not limited to, cases where a waiver will do one of the following:

- Expedite the foreclosure
- Expeditiously resolve litigation and/or bankruptcy in Freddie Mac's favor
- Result in a consent judgment conveying the Mortgaged Premises to Freddie Mac in Illinois
- Obtain a Borrower's consent to the final judgment of foreclosure on an expedited basis

If the Servicer determines that waiving Freddie Mac's right to pursue a deficiency is in Freddie Mac's best interest, then the Servicer may use its discretion without obtaining Freddie Mac's prior approval to waive Freddie Mac's right to pursue a deficiency.

If the Servicer waives Freddie Mac's right to pursue a deficiency, then at the time it reports the foreclosure sale results as required by Section 66.56, the Servicer must notify Freddie Mac that the deficiency rights have not been preserved.

The Servicer must record the decision to waive deficiency rights and the grounds for its decision in the Mortgage file.

Servicers must meet the requirements of Section A66.2 before waiving deficiency rights.

A66.5: Expedited foreclosure if property is vacant or abandoned (08/15/13)

Some jurisdictions permit an expedited or alternative foreclosure process if the Mortgaged Premises is vacant or abandoned. If the Servicer decides it is in Freddie Mac's best interest to pursue an expedited foreclosure as a result of the occupancy status of the Mortgaged Premises, then the Servicer may proceed with an expedited foreclosure.

Requesting additional attorney fees

If the Servicer believes that pursuing an expedited foreclosure is in Freddie Mac's best interest and knows that additional attorney fees will be incurred when processing this expedited foreclosure, the Servicer must submit a request for pre-approval (RPA) to Freddie Mac via the Reimbursement System to recommend incurring additional attorney fees to complete the expedited foreclosure. The Servicer must send the recommendation to Freddie Mac before the Servicer incurs additional fees; otherwise, Freddie Mac will not reimburse for those fees. Under no circumstances should the Servicer delay initiating foreclosure to obtain Freddie Mac's approval to pursue an expedited foreclosure.

A66.6: Obtaining judgment for less than total indebtedness (08/15/13)

While Servicers are required to obtain judgment against the Borrower for the total indebtedness due under the Note and Mortgage in accordance with applicable law and the Guide, there may be cases where the foreclosure proceeding will be significantly shortened if the Servicer only seeks judgment for any amount less than the total indebtedness (e.g. for only principal and interest owed by the Borrower). If the Servicer determines that obtaining judgment for any amount less than the total indebtedness is in Freddie Mac's best interest, it may do so. The Servicer must record the decision to obtain judgment for a lesser amount and the grounds for its decision in the Mortgage file.

Prior to obtaining final judgment of foreclosure on any amount less than the total indebtedness, the Servicer must ensure that:

- All requirements of the Guide, including Section A66.2, have been met
- The ratio of the sum of principal and interest to the market value of the Mortgaged Premises is 100% or more. The Servicer must obtain the value of the Mortgaged Premises in accordance with Section 66.39, as if the Servicer were obtaining a valuation for foreclosure sale bidding.
- In the event the Borrower reinstates or satisfies the Mortgage after judgment is obtained, the Servicer must instruct foreclosure counsel to vacate the judgment. If this

is not possible and the Servicer has unreimbursed expenses or advances that are not collectable because it obtained judgment for an amount less than the total indebtedness, the Servicer may not seek reimbursement from Freddie Mac for those expenses or advances.

A66.6: Obtaining judgment for less than total indebtedness (Future effective date 03/17/14)

While Servicers are required to obtain judgment against the Borrower for the total indebtedness due under the Note and Mortgage in accordance with applicable law and the Guide, there may be cases where the foreclosure proceeding will be significantly shortened if the Servicer only seeks judgment for any amount less than the total indebtedness (e.g. for only principal and interest owed by the Borrower). If the Servicer determines that obtaining judgment for any amount less than the total indebtedness is in Freddie Mac's best interest, it may do so. The Servicer must record the decision to obtain judgment for a lesser amount and the grounds for its decision in the Mortgage file.

Prior to obtaining final judgment of foreclosure on any amount less than the total indebtedness, the Servicer must ensure that:

- All requirements of the Guide, including Section A66.2, have been met
- The ratio of the sum of principal and interest to the market value of the Mortgaged Premises is 100% or more. The Servicer must obtain the value of the Mortgaged Premises in accordance with Section 65.38(b), as if the Servicer were obtaining an "estimated market value" of the Mortgaged Premises for a short sale (see Section B65.38(b) for instructions on obtaining a short sale property value).
- In the event the Borrower reinstates or satisfies the Mortgage after judgment is obtained, the Servicer must instruct foreclosure counsel to vacate the judgment. If this is not possible and the Servicer has unreimbursed expenses or advances that are not collectable because it obtained judgment for an amount less than the total indebtedness, the Servicer may not seek reimbursement from Freddie Mac for those expenses or advances.

A66.7: Expedited foreclosures – Florida (08/15/13)

(a) Determining the judgment method

In the State of Florida, Servicers may obtain judgment in connection with a foreclosure in several ways, including the following:

- Motion for summary judgment

- Bulk trial foreclosures
- Order to show cause
- Obtaining judgment for less than the total indebtedness as described in Section A66.6

Foreclosure time line requirements set forth in Section 66.30 will not be waived regardless of the procedure the Servicer follows when foreclosing the Mortgage.

(b) Motion for summary judgment

Servicers may move for summary judgment against the Borrower using the expense limits set forth in Exhibit 57A, Approved Attorney Fees and Title Expenses.

(c) Bulk trial foreclosures

Servicers may utilize bulk trial foreclosures to accelerate foreclosures. This option can be used for Freddie Mac Default Legal Matters that were:

- Referred to law firms on or after June 1, 2013 or
- Referred to law firms before June 1, 2013 and for which the foreclosure complaint has been filed, but final judgment of foreclosure has not yet been entered

Servicers and their counsel must use their discretion to determine whether the bulk trial foreclosure process is appropriate for the jurisdiction, the Mortgage and the Mortgaged Premises that is the subject of the foreclosure.

Reimbursement of expenses

Pursuant to Section 71.19, Freddie Mac will reimburse Servicers for approved attorney fees as set forth in Exhibit 57A. Servicers will be reimbursed for 104SF claims submitted through the Reimbursement System for additional attorney fees associated with the use of the bulk trial foreclosure process up to a maximum of $1,750. This is the maximum legal fee for all work necessary to complete bulk trial foreclosures, including, but not limited to:

- Identification of bulk trial foreclosure candidates
- Pre-trial preparation and correspondence
- Preparation of trial orders
- Witness preparation
- All necessary court appearances

This fee is in addition to the foreclosure attorney fee. Servicers must use expense code 010009 (Pre-Trial Preparation Attorney Fee) when submitting a claim request in the Reimbursement System for the additional trial fees associated with the bulk trial foreclosure process. Legal expenses paid by the Servicer must match or exceed the reimbursement request.

(d) Order to show cause

Servicers may foreclose using motions for order to show cause against the Borrower subject to the expense limits set forth in Exhibit 57A.

(e) Default judgment

Servicers may move for default judgment against the Borrower in accordance with Sections A66.4 and A66.6.

A66.8: Expedited foreclosures – Illinois (08/15/13)

Servicers may obtain a consent judgment with the Borrower in Illinois and take title to the Mortgaged Premises on behalf of Freddie Mac instead of selling the Mortgaged Premises at foreclosure sale.

Servicers must comply with the requirements in Section A66.2 prior to obtaining a consent judgment pursuant to this section and applicable law. Servicers may also offer a relocation incentive to a qualified Borrower as described in this section.

(a) General requirements

- The Mortgaged Premises must be located in Illinois
- Servicers may seek reimbursement from Freddie Mac, subject to the expense limits set forth in Exhibit 57A, Approved Attorney Fees and Title Expenses
- Payments from Freddie Mac or the Borrower to subordinate lienholders, if any, are not permitted. Most subordinate liens will be extinguished by operation of law once the consent judgment is final.

(b) Relocation incentive requirements

The Servicer may pay a relocation incentive of up to $3,000 to the Borrower in a manner similar to the relocation assistance for completion of a Freddie Mac Deed-in-Lieu of Foreclosure ("deed-in-lieu of foreclosure") if the Borrower occupies the Mortgaged Premises as his or her Primary Residence at the time the Borrower consents to judgment provided that:

(i) If the Borrower receives relocation assistance from a source other than Freddie Mac or the Servicer, such as an employer, the Servicer must reduce the amount of Freddie Mac's relocation assistance by the amount received from the other source. If the Borrower will receive relocation assistance from a source other than Freddie Mac or the Servicer and the amount is equal to or greater than $3,000, Freddie

Mac will not provide any relocation assistance to the extent that the Servicer is aware of such payment.

(ii) Borrowers subject to Permanent Change of Station (PCS) orders will not be eligible for Freddie Mac relocation assistance as the government assists in defraying the costs of the service member's relocation

(iii) The Servicer must conduct an interior inspection of the Mortgaged Premises to ensure that it is vacant, undamaged and in broom-swept condition in the same manner and under the same requirements as stated in Section B65.45 for a deed-in-lieu of foreclosure, unless the property is a 2- to 4-unit property and Freddie Mac allows tenants to remain in one or more unit(s); in which case, the Servicer must ensure the remaining units are vacant, undamaged and in broom-swept condition. The Servicer must take all necessary actions to protect the Mortgaged Premises from waste, damage and vandalism.

- If the property inspection reveals any environmental hazards or legal concerns as described in Section B65.43(c), the Servicer must contact Freddie Mac for approval prior to obtaining the consent judgment

- If the property inspection indicates that there is damage to the Mortgaged Premises or that the Mortgaged Premises was not left in broom-swept condition, the Servicer must proceed to judgment and do all of the following:

  - Estimate the costs for remediating the issues

  - Reduce the Borrower relocation assistance by the estimated amount

  - Secure the property following the requirements in Section 70.4

- Freddie Mac will reimburse the Servicer for the actual cost of a final property inspection conducted by an outside service up to the expense limits stated in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts. Refer to Section 71.17 for details regarding reimbursement of property inspection costs.

(iv) Once the final amount of relocation assistance has been determined, the consent judgment has been obtained and the Mortgaged Premises have been inspected and found to be in acceptable condition, the Servicer must disburse to the Borrower the relocation assistance payment. The Servicer must distribute the relocation assistance funds no more than 30 days after entry of judgment. The Servicer may request reimbursement for the relocation assistance by submitting an e-mail to Freddie Mac **(see Directory 5)** detailing the request, the amount of the relocation assistance provided and the address to which a check should be sent to the Servicer for reimbursement.

(v) In addition to the relocation assistance offered by Freddie Mac, the Servicer may in its discretion offer the Borrower an additional financial incentive to obtain the consent of the Borrower to entry of judgment. Any relocation assistance provided by the Servicer will be in addition to the relocation assistance amount provided by Freddie Mac and the Servicer's assistance amount does not have to be subtracted from the assistance amount Freddie Mac will pay. If the Servicer does offer its own relocation assistance, it must provide the assistance from its own funds, as a payment made directly to the Borrower.

(vi) The relocation assistance payment may not be applied to other debts secured by the Mortgaged Premises or retained by the Servicer for any reason

(c) Foreclosure sale reporting

- The Servicer must report the Mortgage as reverting to Real Estate Owned (REO) through a foreclosure sale, and not a deed-in-lieu of foreclosure. The Servicer must report the “sale results” as the amount of the judgment (as there is no foreclosure sale) and the Servicer must report the “sale date” as the date the judgment is filed of record.

- If the Servicer also waives the deficiency in connection with obtaining the consent judgment, then the Servicer must notify Freddie Mac that the deficiency rights have not been preserved at the time the foreclosure sales results are being reported as provided in Section 66.56.

Chapter 67: Adverse Matters

67.1: Introduction (06/30/11)

This chapter provides the Servicer with Freddie Mac's requirements for Servicing Mortgages when one or more of the following matters, which Freddie Mac considers to be adverse to Freddie Mac's interest in the Mortgage or the property securing the Mortgage, occurs:

- Bankruptcies
- Litigation matters
- Properties seized by government agencies
- Distressed properties (including properties affected by a disaster that become distressed)
- 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 (10/01/11)

This chapter includes Freddie Mac's processes and requirements for dealing with various adverse matters.

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 (06/30/11)

The Servicer's role is to act without delay, in accordance with the requirements contained in this chapter, when an adverse matter occurs.

Accuracy and timeliness in complying with the requirements contained in this chapter are vital and are part of the Servicer's responsibilities to the Borrower and the Servicer's warranties to Freddie Mac. Freddie Mac holds the Servicer responsible for properly

Servicing Freddie Mac's Mortgages and protecting Freddie Mac's interests in the properties securing them.

67.5: Freddie Mac's rights (11/09/12)

In addition to any other remedies it may have at law or in equity, Freddie Mac reserves the right, at its sole discretion, to:

1. Require the Servicer to submit copies of any and all records related to Freddie Mac's Mortgages
2. Require the Servicer to compensate Freddie Mac and hold Freddie Mac harmless for any loss, damage or expense, including without limitation, previously paid incentives, expense reimbursements, court costs and attorney fees, that Freddie Mac sustains as a result of the Servicer's failure to comply with the provisions in this chapter, or that result from errors, omissions or delays by the Servicer or the Servicer's agent
3. Use or require the Servicer to use Freddie Mac's counsel or trustee for any matter related to the requirements contained in this chapter
4. Limit the amount of a reimbursement for attorney fees if those fees exceed the limits in Exhibit 57A, Approved Attorney Fees and Title Expenses, or the fees commonly charged for similar services in the area where the affected property is located
5. Deny the Servicer's request for reimbursement of expenses incurred as a result of Servicing Freddie Mac's Mortgages under the requirements of this chapter if the Servicer does not obtain Freddie Mac's prior written approval as required
6. Assess compensatory and other fees and pursue any other remedies, including, without limitation, repurchase of the Mortgage or indemnification of Freddie Mac, in accordance with the provisions of the Guide and the Servicer's other Purchase Documents, including without limitation, Section 55.1 and Chapter 78, if the Servicer fails to comply with the requirements contained in this chapter

67.6: Introduction (11/09/12)

This part of the chapter provides Servicers with Freddie Mac's requirements for Servicing Mortgages subject to bankruptcy proceedings or litigation. The Servicer must take appropriate action to protect Freddie Mac's interest during bankruptcy proceedings in which the Borrower is the debtor or when there is litigation of either a routine or non-routine nature (Refer to Section 67.17 for information regarding routine and non-routine litigation).

67.7: Bankruptcy general requirements (10/01/11)

When the Servicer receives notice, or confirms information that a Borrower has filed a bankruptcy petition, at a minimum, the Servicer 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 the Servicer 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 the Servicer, the Servicer 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 the Servicer chooses to have the Borrower reaffirm the debt, the Servicer must comply with all applicable laws, including obtaining the court's approval of the reaffirmation agreement, if necessary. Freddie Mac will not reimburse the Servicer for any legal costs incurred in obtaining a reaffirmation agreement.
8. Review any bankruptcy reorganization plan proposed under Chapters 11 or 13 of the U.S. Bankruptcy Code (refer to Section 67.13 regarding the Servicer's Servicing responsibilities should a bankruptcy judge order a bankruptcy cramdown) and respond in a manner that protects Freddie Mac's interests. Likewise, review any bankruptcy plan proposed under Chapter 12 of the U.S. Bankruptcy Code and respond in a manner that protects Freddie Mac's 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, the Servicer 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 the Servicer's 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, the Servicer 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

    A Servicer may not modify a Mortgage 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 inform the Borrower, Borrower's counsel or bankruptcy trustee, that an approved 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 due date of the first modified payment.

67.8: Multiple bankruptcy filings (06/30/11)

A Borrower may file for bankruptcy protection more than once or under different chapters of the bankruptcy laws. When the Servicer receives notice of a Borrower filing a petition for protection under the bankruptcy laws, the Servicer must check its Mortgage records to determine if the Borrower has previously filed for bankruptcy protection. If the Servicer's records disclose a previous bankruptcy filing for that Borrower and the Mortgage is delinquent, the Servicer must refer the bankruptcy case to counsel.

The Servicer 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 the Servicer was unaware that the Borrower had filed for bankruptcy and the Servicer 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. Object 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 Freddie Mac's 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) the Servicer believes 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 Exhibit 57A, Approved Attorney Fees and Title Expenses for the related allowable fee for filing an objection to an extension of the automatic stay and attending the related court hearings.)
  2. Any other actions as deemed appropriate and permitted under the *Bankruptcy Abuse Prevention and Consumer Protection Act of 2005*

67.9: Notifying Freddie Mac of bankruptcy proceedings (06/30/11)

The Servicer must report a bankruptcy filing to Freddie Mac, regardless of whether the Borrower is current or delinquent in his or her Mortgage payments. The Servicer 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 the Servicer received notice of the filing. The Servicer 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 and Exhibit 83A, Determining State Foreclosure Time Line Performance Compensatory Fees, for allowable State foreclosure time line delays related to the Borrower filing for bankruptcy protection.

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

The Servicer must also notify Freddie Mac 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.

The Servicer 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. The Servicer must notify Freddie Mac 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, the Servicer 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, the Servicer 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 on EDR reporting requirements, refer to Section 64.10.

67.10: Managing new bankruptcy filings (06/01/13)

- **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, the Servicer is not required to refer the matter to counsel and Freddie Mac will not reimburse the Servicer if the Servicer does so. If the Mortgage is a Balloon/Reset Mortgage, refer to Section 67.12 for Freddie Mac's requirements.

  If the Servicer determines that special circumstances exist that require case management by counsel on a current Mortgage, then the Servicer must obtain Freddie Mac's prior written approval **(see Directory 5)** to obtain counsel in accordance with the requirements for Freddie Mac Default Legal Matters in Chapter 69 and for Freddie Mac Default Legal Matters referred before August 1, 2013, in Section A69.2 and to incur the legal expense by submitting a request for pre-approval via the Reimbursement System.

  All Chapter 11 bankruptcy cases must be referred to counsel as soon as the Servicer receives notice that the Borrower has filed for bankruptcy protection, regardless of whether the Mortgage payments are current. Refer to Chapter 69 and for Freddie Mac Default Legal Matters referred before August 1, 2013 to Section A69.4 for Freddie Mac's requirements on selecting bankruptcy counsel for Freddie Mac Default Legal Matters.

- **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, the Servicer must refer the bankruptcy to counsel, whether a Chapter 7, 11, 12, or 13 within three Business Days of the Servicer's receipt of notice that a petition has been filed. Freddie Mac will reimburse the Servicer for expenses the Servicer incurs in accordance with the limits listed in Exhibit 57A, Approved Attorney Fees and Title Expenses. (The expense limits in Exhibit 57A do not apply if a designated counsel is processing the bankruptcy.)

  When the Servicer refers a bankruptcy case to counsel, the Servicer must provide complete written reinstatement or payoff figures to the attorney requesting the information within two Business Days of the date on which the Servicer receives a written request. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

Refer to Chapter 69 and for Freddie Mac Default Legal Matters referred before August 1, 2013 to Section A69.4 for Freddie Mac's requirements on selecting bankruptcy counsel for Freddie Mac Default Legal Matters.

The Servicer must instruct counsel to file a motion for relief from the automatic stay:

1. In a Chapter 7 case, at the same time the Servicer refers 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 the Servicer or the trustee

The Servicer 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, the Servicer 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 (06/01/13)

If the Borrower was current at the time of filing bankruptcy and subsequently becomes 30 days or more delinquent in payments to either the Servicer or the trustee, then the Servicer must refer the case to counsel in accordance with the requirements for Freddie Mac Default Legal Matters in Chapter 69 and for Freddie Mac Default Legal Matters referred before August 1, 2013, in Section A69.2 for Freddie Mac Default Legal Matters. Freddie Mac will reimburse the Servicer for expenses the Servicer incurs according to the requirements contained in Section 67.16 and Chapter 71.

The Servicer 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 the Servicer or the trustee in a Chapter 12 or 13 case

When the Servicer refers a bankruptcy case to counsel due to Delinquency, the Servicer must provide complete written reinstatement and/or payoff figures to the attorney, trustee, workout specialist or outsourcing vendor at the time of referral. Also, the Servicer must respond to any additional requests for reinstatement and/or payoff figures after referral within two Business Days of the date on which the Servicer receives the request. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

67.12: Managing bankruptcies on Balloon/Reset Mortgages (06/01/13)

The Servicer 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 for Freddie Mac's requirements for managing Chapter 7 cases. Refer to Chapter 69 for Freddie Mac Default Legal Matters and Section A69.4 for Freddie Mac Default Legal Matters referred to law firms prior to August 1, 2013.

(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 the Servicer discovers 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, the Servicer 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 (08/15/13)

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 this process, 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.

(a) Notifying Freddie Mac of a proposed bankruptcy cramdown

In the event a Servicer receives a reorganization plan that includes a court-ordered bankruptcy cramdown, the Servicer must advise its counsel to file an objection to the bankruptcy cramdown alleging that the plan may not modify the original Security Instrument and Note. The Servicer must also notify Freddie Mac (**see Directory 5)** via e-mail of the proposed plan within one Business Day of receiving the plan. The notification e-mail to Freddie Mac must include the following:

- The Freddie Mac nine-digit loan number
- The Servicer loan number
- The Borrower's full name
- A copy of the bankruptcy reorganization plan, and
- Any accompanying motions filed by the Borrower's counsel

If the Mortgage is currently a Balloon/Reset Mortgage, the Servicer must direct counsel to include in the objection that the entire Mortgage balance will be due on the Balloon Maturity Date.

The Servicer must ensure that all terms of the plan are updated and correctly stated on each amendment, if applicable.

In the event the reorganization plan includes a bankruptcy cramdown that is not in compliance with Chapters B65 and C65, the Servicer must object and Freddie Mac will not agree to the terms of the reorganization plan. In the event a Servicer agrees to a reorganization plan without Freddie Mac's written approval, Freddie Mac reserves the right to demand either indemnification of any losses incurred or repurchase from the Servicer.

Freddie Mac will review the feasibility of litigation and work with the Servicer to determine the appropriate course of action.

(b) Notifying Freddie Mac of a confirmed bankruptcy cramdown

In the event a reorganization plan has been confirmed, the Servicer must notify Freddie Mac **(see Directory 5)** via e-mail of the confirmed plan within one Business Day of receiving the plan. The notification e-mail to Freddie Mac must include the following:

- The Freddie Mac nine-digit loan number
- The Servicer loan number
- The Borrower's full name
- Confirmed plan and any amendments, if applicable
- Bankruptcy stipulation, if applicable
- Proof of claim
- Payment schedules
- Broker Price Opinion (BPO)/appraisal, depending on what was required by the cramdown
- Details regarding the court's ultimate decision on whether the plan was ultimately approved or rejected.

The Servicer must also ensure that proper Electronic Default Reporting (EDR) requirements are followed by reporting the code 69 (Bankruptcy Plan Confirmed) once the reorganization plan has been confirmed. Refer to Exhibit 82, Electronic Default Reporting Transmission Code List, for more information regarding EDR reporting requirements.

Servicers are further required to notify Freddie Mac **(see Directory 5)**, within one Business Day, if the Borrower is 30 or more days delinquent on a payment under the reorganization plan, or has otherwise breached the terms of the plan, the Servicer must indicate the type of default and include the Servicer's recommendation as to how to proceed.

67.14: Servicing bankruptcies on Mortgages secured by income properties (01/14/11)

If a Borrower on a Mortgage secured by income producing property files a bankruptcy petition and Freddie Mac has an assignment of rents, the Servicer 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 (06/01/13)

(a) Selecting bankruptcy counsel

For requirements applicable to Freddie Mac Default Legal Matters, refer to Chapter 69, Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters, and Chapter A69, Retention of Counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013.

(b) Bankruptcy referrals

1. If the Borrower is current or delinquent at the time of the bankruptcy referral and subsequently referred to foreclosure, the law firm to which a bankruptcy referral is made must handle any subsequent foreclosure matter, unless the property is located in a different State.

2. If the Borrower is in foreclosure at the time of the bankruptcy referral, the law firm to which a foreclosure referral is made must handle the subsequent bankruptcy matter, unless the bankruptcy matter is filed in a different State.

67.16: Reimbursement of expenses related to a bankruptcy (11/09/12)

When legally permissible, the Servicer must attempt to obtain payment of the attorney fees and costs resulting from the bankruptcy proceedings directly from the Borrower and/or the bankruptcy court.

The Servicer must obtain Freddie Mac's written pre-approval for any fees in excess of the fees listed in Exhibit 57A, Approved Attorney Fees and Title, by submitting a request for pre-approval via the Reimbursement System. For Freddie Mac Default Legal Matters referred prior to June 1, 2013, if the Servicer uses designated counsel the Servicer does not need to obtain Freddie Mac's written pre-approval.

Freddie Mac will not reimburse Servicers for attorney fees or legal costs on any bankruptcy case if:

1. The Borrower was current on the Mortgage at the time the Borrower filed for bankruptcy protection, has remained current, and Freddie Mac did not approve a referral to bankruptcy counsel for special circumstances
2. The Servicer was required to use designated counsel but used other counsel (this is not applicable for referrals on or after June 1, 2013)
3. The Servicer incurred costs for reaffirmation agreements
4. The Servicer incorrectly reported or failed to report the bankruptcy through Electronic Default Reporting (EDR). See Section 67.9 for more details on how to report bankruptcies through EDR.

67.17: Non-routine default-related legal matters (11/09/12)

Freddie Mac reserves the right to direct and control all litigation involving a Freddie Mac-owned or guaranteed Mortgage, regardless of whether Freddie Mac is a named party. The Servicer and any law firm handling the litigation must cooperate fully with Freddie Mac in the prosecution, defense and handling of the matter.

(a) Definition of routine and non-routine litigation

1. **Routine litigation** generally is a contested action in which the Borrower alleges case-specific defenses or issues which, if successful, would not create negative legal precedent beyond the immediate case

2. **Non-routine litigation** generally is a contested action in which the Borrower alleges case-specific defenses or issues, which, if successful, would create negative legal precedent beyond the immediate case

Examples of non-routine litigation that must be reported to Freddie Mac as non-routine litigation include, but are not limited to, the following:

1. Actions that name Freddie Mac as a party

2. Action that seeks monetary relief against Freddie Mac, including any claim (including counterclaims, cross-claims, or third-party claims in foreclosure or bankruptcy actions) for damages against Freddie Mac or its officers, directors, or employees

3. Actions that challenge the validity, priority, or enforceability of a Freddie Mac-owned or guaranteed Mortgage or seek to impair Freddie Mac's interest in an REO including, by way of example:

   - An action seeking to demolish a structure on the property or the property as a result of a code violation;

   - An action seeking to avoid a lien based on a failure to comply with a law or regulation;

   - An attempt by a junior lienholder to assert priority over a Freddie Mac-owned or guaranteed Mortgage or extinguish Freddie Mac's interests;

   - A quiet title action seeking to declare Freddie Mac's lien void; and

   - An attempt by a Borrower to effect a cramdown of a Mortgage in bankruptcy as to which Freddie Mac has not delegated authority to the Servicer or law firm to address

4. Actions that present an issue that may pose significant legal or reputational risk to Freddie Mac include, by way of example:

   - Any issue involving Freddie Mac's conservatorship, its conservator (Federal Housing Finance Agency (FHFA)), Freddie Mac's status as a federal instrumentality, or an interpretation of Freddie Mac's charter;

   - Any assertion that Freddie Mac is a federal agency or otherwise part of the United States Government;

   - Any "due process" or other constitutional challenge;

   - Any challenge to the methods by which Freddie Mac does business;

   - Any putative class actions involving a Freddie Mac-owned or guaranteed Mortgage;

- Challenges to the standing of the Servicer to conduct foreclosures or bankruptcies which, if successful, could create negative legal precedent with an impact beyond the immediate case;

- Challenges to the methods by which MERS® does business or its ability to act as nominee under a Mortgage;

- Any "show cause orders" or motions for sanctions relating to a Freddie Mac-owned or guaranteed Mortgage, whether against Freddie Mac, the Servicer, a law firm, or a vendor of the Servicer or law firm;

- Foreclosures on HUD-Guaranteed Section 184 Native American Mortgages

- Any environmental litigation relating to a Freddie Mac-owned or guaranteed Mortgage;

- A need to foreclose judicially in a State where non-judicial foreclosures predominate;

- Any claim invoking Home Affordable Modification Program (HAMP) as a basis to challenge a foreclosure;

- Any claim brought by a governmental body;

- Cross-border insolvency proceedings under Chapter 15 of the Bankruptcy Code;

- Any claim of predatory lending or discrimination in Mortgage origination or Servicing; and

- Any claim implicating the interpretation of the terms of the Fannie Mae/Freddie Mac Uniform Mortgage Instruments

Given the evolving nature of default-related litigation, it is not possible to provide an exhaustive list of non-routine litigation. Each contested action presents unique circumstances, and the Servicer should evaluate each action on a case-by-case basis to determine whether a contested action is routine or non-routine.

(b) Legal actions initiated by the Servicer

A Servicer may not initiate legal actions on Freddie Mac's behalf or intervene in legal actions on Freddie Mac's behalf, other than for Freddie Mac Default Legal Matters, unless it obtains written approval **(see Directory 5)** from the Freddie Mac Legal Division. Servicers must comply with Section 66.17 regarding foreclosing in the Servicer's name.

A Servicer must obtain Freddie Mac's prior written approval **(see Directory 5)** before appealing or otherwise challenging a judgment in any foreclosure or bankruptcy proceeding. A Servicer must also notify Freddie Mac if a Borrower files an appeal or seeks other post-judgment relief in any foreclosure or bankruptcy proceeding.

(c) Referring to Freddie Mac in litigation

Freddie Mac must be described in legal proceedings as "Federal Home Loan Mortgage Corporation ("Freddie Mac"), a corporation organized and existing under the laws of the United States of America." Freddie Mac may not be referred to as a "government agency."

(d) MERS-registered Mortgages

See Section 53.15(d) for additional requirements relating to notices from MERS and MERS-registered Mortgages.

67.18: Reporting and notification requirements for Freddie Mac Default Legal Matters (09/01/13)

The Servicer must monitor all Freddie Mac Default Legal Matters.

(a) Electronic Default Reporting (EDR) requirements:

The Servicer must act without delay and in accordance with applicable law when responding to any litigation matter.

If non-routine litigation involves a Mortgage that is 30 or more days delinquent, the Servicer must report the litigation matter to Freddie Mac via EDR within the first three Business Days of the month following the month in which the Servicer became aware of the litigation, using default action code 33 (Contested Foreclosure and Litigation).

(b) Legal reporting requirements:

If a routine legal action becomes non-routine litigation, the Servicer must notify Freddie Mac within two Business Days of the Servicer or the law firm receiving notice of any non-routine litigation. All notifications must be sent via e-mail **(see Directory 5)**.

In the notification to Freddie Mac, the Servicer must include the name, address, phone number, and e-mail address of the Servicer's counsel and a brief summary

including but not limited to: the issues presented, the Freddie Mac loan number, docket number, case caption and court and any relevant pleadings.

Servicers and the law firm(s) handling non-routine litigation must periodically update Freddie Mac on the progress of the litigation. Servicers and the law firm(s) must also allow Freddie Mac sufficient opportunity, but no less than five Business Days before the filing deadline, to review and comment upon any substantive pleadings including, but not limited to: motions, replies, briefs and proposed orders.

(c) Legal expenses

The Servicer must obtain Freddie Mac's prior written approval before incurring any expenses in the Servicing of a non-routine litigation matter. To obtain Freddie Mac's approval, the Servicer must first contact Freddie Mac with details of the non-routine litigation matter **(see Directory 5)** according to the reporting requirements in Section 67.18(b). If legal expenses related to the non-routine litigation matter are reimbursable to the Servicer, then the Servicer must submit a request for pre-approval (RPA) in the Reimbursement System, including an estimate of the attorney's fees and litigation costs and the attorney's hourly rate.

When a delay in taking protective action might result in the impairment of the property or jeopardize Freddie Mac's lien position, the Servicer must immediately submit an RPA. If unusual or emergency circumstances do not allow the Servicer to request Freddie Mac's prior written approval, then the Servicer must notify Freddie Mac via the Reimbursement System by the next Business Day after the Servicer incurred the expense. If the Servicer's determination to incur the expense was reasonable, as determined in Freddie Mac's sole discretion, Freddie Mac will reimburse the Servicer.

67.19: Counsel retained by Servicers pursuant to Servicer's duty to indemnify Freddie Mac (06/01/13)

From time to time, the Servicer may retain counsel to represent Freddie Mac and/or the Servicer with respect to litigation involving, related to, or arising out of allegations which, if true, could subject the Servicer to liability to Freddie Mac for a failure to comply with any selling or Servicing representation or warranty or requirement of the Guide or other Purchase Documents. When the Servicer retains counsel for this purpose, the Servicer remains liable for legal fees and costs incurred in the defense of any litigation, as well as any and all losses, judgments, damages and expenses, including fees and costs entered against and incurred on behalf of Freddie Mac. Freddie Mac will

reimburse the Servicer for Freddie Mac's proportionate share of expenses for responding to Borrower defenses.

For files referred on or after August 1, 2013, counsel retained and paid by Servicers pursuant to Section 67.17 and this section do not need to be selected and engaged pursuant to Chapter 69. However, if the litigation does not involve allegations pursuant to Section 67.17 and this section, the Servicer must use counsel selected and engaged pursuant to Chapter 69.

Servicers must notify Freddie Mac **(see Directory 5)** of the retention of counsel and require that its counsel complies with the reporting requirements in Section 67.18(b).

The Servicer must also ensure that it or counsel periodically updates the law firm to which the foreclosure, bankruptcy, or eviction matter was originally referred regarding the status of the matter for which counsel was retained. Once any issue for which counsel was retained is resolved, the Servicer is responsible for transitioning the foreclosure, bankruptcy, or eviction matter back to the law firm to which it was originally referred for any required further proceedings.

In instances in which the Security Instrument provides for the Borrower to reimburse any legal fees and costs incurred by the Servicer, the Servicer should instruct its counsel to notify the Borrower about his or her responsibility for such expenses. The Servicer's counsel should attempt to handle such matters by stipulation or any other expeditious manner that will reduce the fees and costs that the Borrower has to pay.

67.20: Introduction (06/30/11)

This part of the chapter provides the Servicer with Freddie Mac's requirements for Servicing Mortgages for which the ownership or condition of the property may be in jeopardy. Such occurrences include:

- Property seizures
- Distressed properties (including properties affected by a disaster that become distressed)
- 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 (06/30/11)

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) The Servicer's 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, the Servicer must limit contacts with, or from, law enforcement agencies to a designated management-level employee that the Servicer selects. The Servicer must alert its 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 the Servicer's 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 the Servicer
   - The dates of all contacts and actions
2. Confirm in writing communications with Freddie Mac and appropriate law enforcement agencies
3. Deliver the original Mortgage file to Freddie Mac **(see Directory 5)** when and if Freddie Mac requests the Servicer to do so

(c) Restriction on foreclosure action

The Servicer must contact Freddie Mac to request approval to initiate foreclosure **(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 (06/30/11)

The Servicer 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 the Servicer receives from any party (other than a law enforcement official) regarding a possible connection between alleged or suspected drug transactions and the Mortgage or the property. The Servicer 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 the property as reported by a Servicer's employee or a contractor while on a routine inspection of the property.

The Servicer 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 the Servicer take certain actions, whether or not in response to a voluntary disclosure of information, the Servicer 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. The Servicer's compliance with the request is allowed under applicable law
3. The Servicer's compliance with the request would expose the Servicer or the Servicer's 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, the Servicer must report the information in writing to the DEA or other law enforcement agency. The Servicer must send a copy of that report to Freddie Mac **(see Directory 5)** within three Business Days of reporting the information to the DEA or other law enforcement agency.

When submitting information to the DEA, the Servicer must:

1. Advise the DEA that the Servicer is Servicing the Mortgage for Freddie Mac
2. Disclose to the DEA the name, telephone number and mailing address of the Servicer's contact at Freddie Mac

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 Freddie Mac must be in writing unless an emergency warrants reporting by telephone, in which case the Servicer must confirm such report in writing to Freddie Mac in accordance with Section 67.21(b). The Servicer must also report all developments after the initial contact to Freddie Mac **(see Directory 5)** within three Business Days of any such development.

(b) Property inspection

The Servicer must order a property inspection 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. Freddie Mac will permit a curbside inspection as specified in Section 65.33(b). The Servicer must submit a copy of the inspection report along with the Freddie Mac loan number and the name and phone number of the Servicer's point of contact to Freddie Mac **(see Directory 5)** within three Business Days of the Servicer's receipt of the report.

67.23: Requested disclosure of preseizure information (05/17/11)

The Servicer 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 the Servicer take certain actions (whether or not in response to a voluntary unsolicited disclosure of information by the Servicer as provided in Section 67.21), the Servicer must determine if:

1. The request complies with the provisions of applicable law including, but not limited to, the RFPA
2. The Servicer's compliance with the request is allowed under applicable law
3. The Servicer's compliance with the request would expose the Servicer or the Servicer's 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, the Servicer must report the request to Freddie Mac **(see Directory 5)** reporting the request with a copy of the Servicer's response to the agency and any other information the Servicer submitted. The Servicer must also report to Freddie Mac **(see Directory 5)** 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, the Servicer must:

1. Advise the agency that the Servicer is Servicing the Mortgage for Freddie Mac
2. Disclose to the agency the name, telephone number and mailing address of the Servicer's contact at Freddie Mac
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 Freddie Mac must be in writing unless an emergency warrants reporting by telephone, in which case the Servicer must confirm such report in writing to Freddie Mac in accordance with Section 67.21(b). The Servicer must also report all developments after the initial contact to Freddie Mac **(see Directory 5)** within three Business Days of any such development.

(b) Property inspection

The Servicer must order a property inspection within three Business Days of receiving a request from a law enforcement agency. Freddie Mac will permit a curbside inspection as specified in Section 65.33(b). The Servicer must submit a copy of the inspection report along with the Freddie Mac loan number and the name and phone number of the Servicer's point of contact to Freddie Mac **(see Directory 5)** within three Business Days of the Servicer's receipt of the report.

67.24: Government notice of property seizure to the Servicer (06/30/11)

When the Servicer receives notice that a law enforcement agency has seized and/or intends to initiate forfeiture proceedings against the property, the Servicer must comply with the procedures detailed below.

(a) Reporting to Freddie Mac

Within two Business Days of receiving the notice of seizure and/or intent to initiate foreclosure proceedings, the Servicer must forward such notice to Freddie Mac **(see Directory 5)**. With the notice, the Servicer must submit all of the following:

1. The following information related to the Mortgage:
   - Freddie Mac loan number
   - 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 the Servicer deems 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 Freddie Mac may request

Upon receiving the required documents from the Servicer, Freddie Mac will forward such documents to Freddie Mac's Legal Division, which will assume responsibility for representing Freddie Mac and the Servicer, where applicable, in the forfeiture proceedings. Where warranted, the Servicer will receive appropriate instructions from Freddie Mac.

If the Mortgage is delinquent, the Servicer must report to Freddie Mac via an Electronic Default Reporting (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, the Servicer may, but is 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 on EDR requirements, refer to Section 64.10.

(b) Reporting to FHA, Rural Housing Service (RHS), VA or MI

The Servicer must report the seizure and Freddie Mac's role in seeking relief from forfeiture to the FHA, RHS, VA or MI, as applicable, and relay any response to Freddie Mac **(see Directory 5)** within three Business Days of receiving the response. The Servicer must include a copy of any instructions issued by the FHA, RHS, VA or MI as a result of the Servicer's report and, unless otherwise instructed by Freddie Mac, must comply with such instructions.

(c) Property inspection

The Servicer must order a property inspection on the property within three Business Days of receiving a notice of property seizure from a law enforcement agency. Freddie Mac will permit a curbside inspection as specified in Section 65.33(b). The Servicer must submit a copy of the inspection report along with the Freddie Mac loan number and the name and phone number of the Servicer's point of contact to Freddie Mac **(see Directory 5)** within three Business Days of the Servicer's receipt of the report.

67.25: Government notice of property seizure to Freddie Mac (05/17/11)

If Freddie Mac receives a notice of seizure and/or intent to forfeit, it will notify the Servicer as soon as possible. Within three Business Days of Freddie Mac's notification to the Servicer, or sooner if requested, the Servicer must submit to Freddie Mac **(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 (09/01/13)

Freddie Mac will reimburse the Servicer for allowable expenses listed in Exhibit 57A, Approved Attorney Fees and Title Expenses, that the Servicer incurs to comply with Freddie Mac's requirements regarding property seizure only if the expenses are not legally collectible from the Borrower.

The Servicer must obtain Freddie Mac's written pre-approval prior to incurring expenses that are not listed, or that exceed Freddie Mac's expense limits, in Exhibit 57A by submitting a request for pre-approval via the Reimbursement System. If unusual or emergency circumstances do not allow the Servicer to request Freddie Mac's prior written approval, then the Servicer must notify Freddie Mac via the Reimbursement System by the next Business Day after the Servicer incurred the expense. If the Servicer's determination to incur the expense was reasonable, Freddie Mac will reimburse the Servicer for the expense.

67.27: Servicing Mortgages on distressed properties (10/31/12)

Servicers are responsible for acting without delay, and in an efficient and responsible manner to protect both the Servicer's and Freddie Mac's interests when the Servicer becomes aware of a distressed property.

A distressed property is real property that may pose a Risk of Property Ownership to Freddie Mac. A distressed property is one that:

- Requires substantial repairs, or
- Has sustained significant physical deterioration, or
- Has been condemned by a local authority

Even if the owner has abandoned the property, a Servicer must report all Mortgages on distressed properties that are 30 or more days delinquent via an Electronic Default Reporting (EDR) transmission within the first three Business Days of the month following the month in which the Servicer identified the problem using default reason code 011 (Property problem) and the applicable occupancy code.

Servicers must report all Mortgages with a Risk of Property Ownership, even if the Mortgage is not delinquent, by contacting Freddie Mac **(see Directory 5)** within three Business Days of identifying the risk. Servicers must attach a copy of the Form 1013, 1-4 Unit Property Inspection Report, and any other information pertaining to the Risk of Property Ownership. Servicers 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 a Servicer discovers any code violations, the Servicer must report them to Freddie Mac **(see Directory 5)** within three Business Days of identifying the violation. Servicers must attach a copy of the code violation.

If a property is distressed, the Servicer 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 the Servicer and/or Freddie Mac, as mortgagee.

4. File a claim with the applicable property insurer on Freddie Mac's behalf if the property is damaged and the Borrower has not filed a claim

5. Comply with the requirements of the VA, Rural Housing Service (RHS), FHA or MI, if applicable

Servicers must obtain Freddie Mac's written pre-approval before incurring expenses that exceed the limits contained in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, by submitting a request for pre-approval via the Reimbursement System. If unusual or emergency circumstances do not allow a Servicer to request Freddie Mac's prior written approval, then the Servicer must notify Freddie Mac via the Reimbursement System by the next Business Day after the Servicer incurred the expense. If the Servicer's determination to incur the expense was reasonable, as determined in Freddie Mac's sole discretion, Freddie Mac will reimburse the expense.

Servicers must obtain Freddie Mac's prior written approval to initiate foreclosure of a Mortgage on a distressed property as required in Section 66.12.

For a Second Mortgage/Home Improvement Loan (HIL), the Servicer must immediately contact all superior lienholders to determine their intentions.

67.28: Servicing Mortgages on abandoned properties (06/30/11)

A Servicer is responsible for acting without delay and in an efficient and responsible manner to protect both the Servicer's and Freddie Mac's interests when the Servicer becomes aware of an abandoned property.

An abandoned property is real property to which the owner has voluntarily and intentionally relinquished possession, claim and control, or real property defined as abandoned property by applicable laws. Conditions that may lead to abandonment include: vacancy, waste, deterioration, lack of utilities or Delinquency.

A Servicer must report all Mortgages on abandoned properties 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 determined the property is abandoned, using default reason code 008 (Abandonment of property) and occupancy code 01.

In accordance with applicable law, the Servicer must first determine if the Borrower has, in fact, abandoned the property and then take the following actions:

1. Attempt to locate the Borrower and determine the reason for abandonment

2. Protect the property from waste, damage and vandalism, and ensure the continuation of utilities where necessary. Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, describes the allowable preservation and maintenance expenses that may be incurred without obtaining Freddie Mac's pre-approval.

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 the Servicer and/or Freddie Mac, as mortgagee. If the property is damaged, file a claim with the applicable property insurance company.

5. Obtain interior and exterior inspections in accordance with Section 65.33

6. Comply with the requirements of the VA, FHA, Rural Housing Service (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)

Servicers must obtain Freddie Mac's prior written approval to Freddie Mac via the Reimbursement System 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, the Servicer must contact Freddie Mac via the Reimbursement System for immediate approval. If the circumstance of incurring the expense is such that the Servicer cannot obtain Freddie Mac's prior approval, then the Servicer must notify Freddie Mac via the Reimbursement System by the next Business Day after the Servicer incurred the expense. If the Servicer's determination to incur the expense was reasonable, as determined in Freddie Mac's sole discretion, Freddie Mac will reimburse the Servicer for the expense.

For a Second Mortgage/Home Improvement Loan (HIL), the Servicer must immediately contact all superior lienholders to determine their intentions.

Chapter 68: Servicing Mortgages Impacted by a Disaster

68.1: Introduction (08/15/13)

This chapter provides Servicers with our requirements for assisting Borrowers whose Mortgaged Premises or places of employment are located in an Eligible Disaster Area.

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 Freddie Mac Mortgages or Borrowers' places of employment.

68.2: Property protection activities (08/15/13)

In conjunction with the requirements outlined in Section 68.4, the Servicer is required to protect the Mortgaged Premises by following the requirements outlined in this section.

In the event of a disaster impacting Mortgages serviced for Freddie Mac, a Servicer must:

- Ascertain the number of such Mortgages and the extent of the damage that may have been caused by the disaster for each Mortgaged Premises, which may be completed by:
  - Determining the status of the property through discussions with the Borrower; and/or
  - Completing a property inspection. Servicers are reminded that property inspections will be reimbursed based on the limits set forth in Section 71.17. Property inspections that are completed outside of the requirements set forth in Section 71.17 may not receive reimbursement.
- Secure an abandoned property if the Mortgaged Premises has 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
- In addition to the requirements of Section 58.10, comply with the insurance claim process requirements in accordance with Section 68.3 for Eligible Disasters

If a Servicer determines that the disaster has affected a Mortgaged Premises where there is a risk of ownership, the Servicer must notify Freddie Mac **(see Directory 5)** via Form 105, Multipurpose Loan Servicing Transmittal, within five Business Days of learning of the situation.

Refer to Section 67.27 for additional requirements on properties that become distressed.

68.3: Insurance loss settlements after an Eligible Disaster (08/15/13)

If the Mortgaged Premises has been damaged and is located in an Eligible Disaster Area, property insurance proceeds for structural losses must be disbursed in accordance with this Section 68.3, and not the claim proceeds requirements of Section 58.10(a). Except as specifically set forth in this Section 68.3, all other provisions of Section 58.10 shall continue to apply.

(a) Mortgages that were current or less than 31 days delinquent at the time of the disaster

To determine which of the provisions below apply, the Servicer must determine whether there is a "less than a total or near total loss" or a "total or near total loss." For purposes of this determination, a "total or near total loss" is a loss that is greater than 80% of the coverage amount of the insurance policy.

- **Less than a total or near total loss**

  When the Mortgaged Premises has suffered less than a total or near total loss, the Servicer must implement policies on Freddie Mac Mortgages consistent with the Servicer's own policies for servicing mortgages in its wholly-owned portfolio and may use its discretion to determine the amount of insurance proceeds to disburse and the timing of the disbursements. If the Servicer does not have a wholly-owned portfolio, the Servicer may also use its discretion to determine the amount of insurance proceeds to disburse and the timing of the disbursements, but such discretion must be pursuant to and consistent with its policy for servicing other mortgages that have incurred similar loss due to disaster. There are no limitations on the amount of funds that the Servicer can disburse. Thus, the Servicer may choose to disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as work is completed.

  However in exercising such discretion, the Servicer must manage the disbursement of funds and completion of repairs in accordance with Section 58.10, including the requirement that the repairs must be completed by licensed and insured contractors.

- **Total or near total loss**

  When the Mortgaged Premises has suffered a total or near total loss, the Servicer must follow the requirements in the table below.

Primary Residence	Second home/Investment Property
The Servicer may release insurance proceeds up to the greater of $40,000 or 10% of the unpaid principal balance (UPB) as follows: Proceeds of $20,000 or less may be released directly from the Servicer to the Borrower without an affidavit in which the Borrower expressly agrees to apply the released funds to promptly repair or reconstruct the residence. Proceeds greater than $20,000 must be made payable to both the Borrower and the contractor.	Servicers may release insurance proceeds to the Borrower and contractor, up to the lesser of $15,000 or 20% of the total claim proceeds without obtaining an affidavit in which the Borrower expressly agrees to apply the released funds to promptly repair or reconstruct the residence.

Other than as set forth above, the Servicer must continue to comply with Section 58.10; however, the Servicer is not required to submit a report and related recommendations to Freddie Mac as required by Section 58.10 when the insured improvements of the Mortgaged Premises have suffered a total or near total loss.

(b) Mortgages that were 31 or more days delinquent at the time of the Eligible Disaster

For Mortgages that were 31 or more days delinquent at the time of the Eligible Disaster, the provisions of Section 58.10 continue to apply.

(c) Insurance proceeds for non-structural losses

As set forth in Section 58.10(a), insurance proceeds for losses related to contents (as opposed to structural losses) or for off-residence expenses, if made payable jointly to the Servicer and the Borrower, must be released to the Borrower without delay.

68.4: Delinquency management activities (12/18/13)

In the event a disaster strikes, it is imperative that Servicers be considerate of the Borrower's circumstances and work to obtain quality right party contact with the Borrower as soon as possible. This section will outline specific activities that a Servicer must take to appropriately manage the Borrower's Delinquency if the Servicer believes the disaster resulted in a hardship for the Borrower and the disaster is an Eligible Disaster.

(a) Circumstances where quality right party contact has not been achieved

Servicers, at their discretion, may place a Borrower who is or becomes 31 or more days delinquent in a short-term forbearance plan, as provided in Sections A65.18 through A65.21.1. Servicers should determine whether to provide short-term forbearance and the length of such forbearance by assessing:

- The extent of the property damage, as derived through property inspections, and/or
- The financial impact to the Borrower as a result of the Eligible Disaster

This short-term forbearance plan may not exceed 90 days without either achieving quality right party contact or receiving approval from Freddie Mac **(see Directory 5)**.

If quality right party contact has not been achieved by the end of the short-term forbearance period, then the Servicer must comply with the requirements of Section 68.6(b), which provide the transition requirements when quality right party contact has not been achieved.

(b) Circumstances where quality right party contact has been achieved

- If the Borrower does not require any form of relief and there is no Risk of Property Ownership to Freddie Mac as a result of damage caused by the disaster, Servicers should continue to service the Mortgage in accordance with the requirements of the Guide

- If the Borrower does require a relief option or the Mortgaged Premises has damage that would pose a Risk of Property Ownership to Freddie Mac, Servicers have discretion to suspend collection and foreclosure proceedings by placing the Borrower into a forbearance plan for up to 12 months, based on the circumstances of each case

  When applicable, such a suspension of Servicing action must be pre-approved by the 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.

Servicers should reassess each impacted Borrower on a regular basis during the forbearance period to determine if forbearance should be extended up to a total of 12 months or the hardship has been resolved.

If the Servicer believes forbearance beyond a total of 12 months is warranted, the Servicer should make that recommendation to Freddie Mac for consideration **(see Directory 5)**.

At the end of the forbearance period, the Servicer must reassess the Borrower's circumstances based on updated property inspections and Borrower financial information, if required by the relief or workout options, to determine if forbearance should continue to be extended, whether the Borrower is eligible for another relief or workout option, or whether the Servicer should initiate or resume collection or foreclosure proceedings.

(c) Forbearance plan requirements

When offering forbearance relief to Borrowers impacted by an Eligible Disaster, Servicers must utilize the requirements set forth in Chapter A65.

In situations where the Borrower is unable to send or receive documentation, the Servicer may waive the requirement that the forbearance plan be in writing. In these circumstances, the Servicer may enter the Borrower into a short-term or long-term forbearance plan through a verbal agreement.

(d) Other Delinquency management activities

The Servicer must not assess late charges as long as the Borrower is on a forbearance plan or paying as agreed on a repayment plan.

68.4: Delinquency management activities (Future effective date 01/10/14)

In the event a disaster strikes, it is imperative that Servicers be considerate of the Borrower's circumstances and work to obtain quality right party contact with the Borrower as soon as possible. This section will outline specific activities that a Servicer must take to appropriately manage the Borrower's Delinquency if the Servicer believes the disaster resulted in a hardship for the Borrower and the disaster is an Eligible Disaster.

(a) Circumstances where quality right party contact has not been achieved

Servicers, at their discretion, may place a Borrower who is or becomes 31 or more days delinquent in a short-term forbearance plan, as provided in Sections A65.18 through A65.21.1. Servicers should determine whether to provide short-term forbearance and the length of such forbearance by assessing:

- The extent of the property damage, as derived through property inspections, and/or
- The financial impact to the Borrower as a result of the Eligible Disaster

This short-term forbearance plan may not exceed 90 days without either achieving quality right party contact or receiving approval from Freddie Mac **(see Directory 5)**.

If quality right party contact has not been achieved by the end of the short-term forbearance period, then the Servicer must comply with the requirements of Section 68.6(b), which provide the transition requirements when quality right party contact has not been achieved.

(b) Circumstances where quality right party contact has been achieved

- If the Borrower does not require any form of relief and there is no Risk of Property Ownership to Freddie Mac as a result of damage caused by the disaster, Servicers should continue to service the Mortgage in accordance with the requirements of the Guide

- If the Borrower does require a relief option or the Mortgaged Premises has damage that would pose a Risk of Property Ownership to Freddie Mac, Servicers have discretion to suspend collection and foreclosure proceedings by placing the Borrower into a forbearance plan for up to 12 months, based on the circumstances of each case. The Servicer may offer up to six months of forbearance without obtaining a complete Borrower Response Package, but must attempt to obtain a complete Borrower Response Package if forbearance exceeds six months in length. However, if the Borrower is unable to produce financial documentation, the Servicer may offer the Borrower successive forbearance plans (not to exceed 12 months in aggregate) without obtaining a complete Borrower Response Package.

- When applicable, such a suspension of Servicing action must be pre-approved by the 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.

- Servicers should reassess each impacted Borrower on a regular basis during the forbearance period to determine if forbearance should be extended up to a total of 12 months or the hardship has been resolved.

- If the Servicer believes forbearance beyond a total of 12 months is warranted, the Servicer should make that recommendation to Freddie Mac for consideration **(see Directory 5)**.

At the end of the forbearance period, the Servicer must reassess the Borrower's circumstances based on updated property inspections and Borrower financial information, if required by the relief or workout options, to determine if forbearance should continue to be extended, whether the Borrower is eligible for another relief or workout option, or whether the Servicer should initiate or resume collection or foreclosure proceedings.

(c) Forbearance plan requirements

When offering forbearance relief to Borrowers impacted by an Eligible Disaster, Servicers must utilize the requirements set forth in Chapter A65.

In situations where the Borrower is unable to send or receive documentation, the Servicer may waive the requirement that the forbearance plan be in writing. In these circumstances, the Servicer may enter the Borrower into a short-term or long-term forbearance plan through a verbal agreement.

(d) Other Delinquency management activities

The Servicer must not assess late charges as long as the Borrower is on a forbearance plan or paying as agreed on a repayment plan.

68.5: Disaster reporting requirements (10/18/13)

(a) Credit suppression for Borrowers impacted by an Eligible Disaster

The Servicer must not report a Borrower who is on a disaster-related forbearance plan, repayment plan or Trial Period Plan to the credit repositories.

(b) Reporting loans affected by a disaster to Freddie Mac

Servicers must report all Mortgages that are affected by a disaster and are 31 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).

(c) Reporting forbearance or repayment plans to Freddie Mac

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 hardship via an EDR

transmission using default code 09 for forbearance or default code 12 for a 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.

68.6: Transition following disaster-related forbearance (11/01/13)

If the Borrower was placed on forbearance as a result of an Eligible Disaster, the Servicer must contact the Borrower on a periodic basis and prior to the end of the forbearance period to determine whether the hardship has been resolved and the most appropriate relief or workout option to cure the Delinquency. The Servicer must consider a number of factors including, but not limited to, the Servicer's ability to achieve quality right party contact, the Borrower's current financial circumstances and ability to resume making monthly payments, and the status of the Mortgage at the time of the disaster.

If, at the end of the disaster-related forbearance period, the Servicer is evaluating the Borrower for a foreclosure prevention alternative based on a Borrower Response Package, the documentation cannot be more than 180 days old as of the date of the evaluation for the foreclosure prevention alternative.

(a) Transition requirements when quality right party contact is achieved

If the Servicer has been able to achieve quality right party contact with the Borrower at the end of the disaster-related forbearance period, the Servicer must evaluate the Borrower for the most appropriate relief or workout option to cure the Delinquency in accordance with the evaluation hierarchy set forth in Section 64.6. However, for Borrowers who were current or less than 31 days delinquent at the time of the Eligible Disaster and who are able to resume making the contractual monthly payments on the Mortgage, the Servicer must consider the Borrower for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"), if a reinstatement or repayment plan is not a viable option. (Refer to Section B65.12.2 for the requirements for a Disaster Relief Modification.)

If the Borrower is not eligible for or declines a Disaster Relief Modification and the Borrower:

- Has provided a Borrower Response Package, the Servicer should evaluate the Borrower in accordance with the evaluation hierarchy in Section 64.6
- Has not provided a Borrower Response Package, the Servicer must evaluate the Borrower for a Freddie Mac Streamlined Modification ("Streamlined Modification"), provided the Borrower is 90 or more days delinquent.

Additionally, if the Servicer is unable to achieve quality right party contact at the end of the disaster-related forbearance period to determine financial status and eligibility for a Disaster Relief Modification, the Servicer must evaluate the Borrower for a Streamlined Modification, provided the Borrower is 90 or more days delinquent.

(b) Transition requirements when quality right party contact is not achieved

If the Servicer is unable to achieve quality right party contact at the end of the disaster-related forbearance period, and the Servicer has determined that the Borrower is eligible for the Streamlined Modification in accordance with Section B65.12.1, then the Servicer must send the Borrower a Streamlined Modification Trial Period Plan Notice, as provided in Exhibit 93, Evaluation Model Clauses.

The Trial Period Plan Notice should be amended as set forth in Exhibit 93 for post-disaster forbearance modification and at the Servicer's discretion as it deems necessary to meet the requirements of this section and Chapter B65, and to comply with disclosure and other requirements under applicable law.

In addition, the Servicer must continue with collection and foreclosure proceedings in accordance with Section 64.5, unless one of the exceptions set forth in Section 66.9.1 applies.

(c) Transition requirements for Borrowers who were on a Trial Period Plan at the time of the Eligible Disaster

If a Borrower who was performing in accordance with the terms of a Trial Period Plan is placed on forbearance as a result of an Eligible Disaster, then within 30 days prior to the end of the forbearance period, the Servicer must determine whether the Borrower's financial circumstances continue to be adversely impacted by the disaster based on verbal confirmation with the Borrower about his or her current financial condition and the most recent property inspection. The Servicer must then apply the following rules:

- If the Borrower was performing on a Home Affordable Modification Program (HAMP) Trial Period Plan at the time of the disaster and the Borrower's financial circumstances have not adversely changed (e.g., the Borrower's income is not less than it was at the time of the pre-forbearance Trial Period Plan evaluation), then the Servicer must offer the Borrower a new HAMP Trial Period Plan which includes the same Trial Period payment as the pre-forbearance Trial Period Plan. The Servicer must not conduct a new net present value (NPV) or Forbearance Limit analysis. For reporting purposes, the Servicer should utilize the NPV determined for the pre-forbearance (or pre-disaster) Trial Period Plan analysis and may report anticipated forbearance amounts in excess of the Forbearance Limit, but only to the extent necessary to achieve the Target Payment. All other HAMP eligibility rules continue to apply.

Additionally, the Servicer must not cancel the previous Trial Period Plan in Workout Prospector® but must instead keep the Borrower's previous Trial Period Plan in approved status in order to avoid re-underwriting the Borrower. When preparing the modification agreement, the Servicer must calculate the modification terms using updated delinquent interest and non-interest arrearage amounts that must be capitalized (i.e., up through the day prior to the modified interest rate change date), as applicable, and in this instance only, the Servicer may forbear principal beyond the Forbearance Limit, but only to the extent necessary to achieve the Target Payment.

- If the Borrower was performing on a HAMP Trial Period Plan at the time of the disaster but the Borrower's financial circumstances have adversely changed (e.g., the Borrower's income is less than it was at the time of the pre-forbearance Trial Period Plan evaluation), then the Servicer must obtain an updated Borrower Response Package from the Borrower and re-evaluate the Borrower for HAMP in accordance with the requirements of Chapter C65. If the Borrower is no longer eligible for HAMP, then the Servicer must evaluate the Borrower for another foreclosure alternative in accordance with the evaluation hierarchy set forth in Section 64.6.

- If the Borrower was performing on a Freddie Mac Standard Modification or Streamlined Modification Trial Period Plan at the time of the Eligible Disaster, the Servicer must offer the Borrower a new Streamlined Modification Trial Period Plan meeting the requirements of Section B65.12.1.

Regardless of the Borrower's financial circumstances, the Borrower must complete a new three-month Trial Period Plan that begins immediately following the forbearance plan in order to be eligible for a permanent modification.

Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters

69.1: Overview (06/01/13)

This chapter sets forth requirements for the Servicer's review and evaluation, selection, retention and management of law firms (referred to throughout this chapter as "firms") for Freddie Mac Default Legal Matters.

Effective June 1, 2013, all referrals of Freddie Mac Default Legal Matters must be conducted in accordance with the requirements of either Chapter 69 or A69. Chapter 69 governs the referral of Freddie Mac Default Legal Matters to law firms selected by the Servicer under the requirements of Section 69.7.

During the period of June 1, 2013 through July 31, 2013, Servicers may also refer Freddie Mac Default Legal Matters to law firms selected by Servicers pursuant to the new requirements of Chapter A69 and must comply with the requirements of Sections 69.10 through 69.14.

Effective August 1, 2013, Servicers must comply with all requirements of this chapter in order to refer Freddie Mac Default Legal Matters to law firms.

Each Servicer is responsible for retaining firms for Freddie Mac Default Legal Matters. Freddie Mac will continue to retain firms directly for REO-related legal services: eviction, REO closing, and related litigation (refer to Chapter 67 for more information relating to litigation).

69.2: Review and evaluation of firms (06/01/13)

(a) Due diligence

As part of its selection process, each Servicer is responsible for obtaining and evaluating documentation and information from firms, and conducting due diligence to ensure that selected firms meet the requirements set forth in Section 69.3. As part of the process, each Servicer must:

- Obtain and review all required documentation and information submitted by each firm;

- Ensure that it selects from a pool of potentially acceptable firms that is diverse, and includes minority and women-owned firms and other diverse firms when feasible; and

- Ensure that the firm or any entity or individual performing work for the firm is not on the Freddie Mac Exclusionary List in accordance with Section 2.24

(b) Due diligence documentation

The Servicer must provide to Freddie Mac upon request a copy of each firm's application information and related due diligence documentation. Freddie Mac reserves the right to review the process, procedures and due diligence used by the Servicer to evaluate and select a firm.

(c) Document retention requirements

The Servicer must retain all information submitted by a firm in support of the firm's application and all information otherwise gathered by the Servicer regarding the firm. The Servicer must maintain any information relating to firms that are selected and retained by the Servicer for as long as the firm is providing legal services with respect to Freddie Mac-owned or guaranteed Mortgages and, thereafter, for the longer of any retention period applicable to the Servicer or seven years. The Servicer must maintain any information relating to firms that are not selected and retained by the Servicer for the longer of any retention period applicable to the Servicer or seven years.

69.3: Firm Minimum Requirements (06/01/13)

The Servicer must ensure that all firms selected and retained to handle Freddie Mac Default Legal Matters meet the firm minimum requirements specified in this section ("Firm Minimum Requirements"), and all other applicable Freddie Mac requirements. The Firm Minimum Requirements are as follows:

(a) Firm practice

The firm's practice areas must include end-to-end default-related legal services: foreclosure, bankruptcy, loss mitigation (e.g., deeds-in-lieu of foreclosure), default-related litigation and Real Estate Owned (REO)-related legal services: eviction, REO closing and related litigation.

The firm must:

- Be familiar with industry standards in the State in which it practices;

- Understand the State legal processes and requirements in default-related and REO-related legal services; and

- Understand the substantive legal issues in the State (e.g., standing)

Additionally, the Servicer must consider firm experience in the following areas: foreclosure mediation, the Fair Debt Collection Practices Act, title curative issues, and general housing-related issues (e.g., rent control, Section 8, lead paint liability, health code violations, foreclosure redemption, confirmation and ratification, homeowners association, mobile home matters, and cooperative loans). The firm should also have some experience with delegation for loss mitigation.

The Servicer must also consider the firm's membership in default-related and REO-related trade and industry groups, attendance or participation in State bar associations, seminar and lecture participation and attendance, and any other activities relevant to default-related and REO-related law practice.

(b) Presence in State

Firms generally must have a staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

In addition:

- The legal work must be performed by the attorneys licensed in the State where the Mortgaged Premises is located;

- The firm must be registered, as necessary, with appropriate State authorities;

- For the States in which an appropriately staffed office is required, the firm must disclose to the Servicer the extent, if any, to which work will be performed by an office of the firm in another State;

- The Servicer must require the firm to disclose to the Servicer where the staff handling the work in the particular State is located, and to whom the staff in that office regularly reports; and

- The Servicer must obtain office addresses for each firm it seeks to retain

1. Judicial foreclosure States

In judicial foreclosure States, the firm must have an appropriately staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

2. Non-Judicial foreclosure States

In non-judicial foreclosure States, a firm must have an appropriately staffed office located in the State in which the firm is retained, except in the following non-judicial foreclosure States: Alaska, District of Columbia, Idaho, New Hampshire, Rhode Island, Montana, West Virginia and Wyoming. In those States, Servicers should give preference to firms that have staffed offices in those States. However, out-of-State firms may be used to handle Freddie Mac Default Legal Matters, provided that the firm is located in the same region of the country and is able to demonstrate that it has policies, procedures and processes in place to handle cases from out of State.

Servicers may use firms outside of Puerto Rico, the U.S. Virgin Islands and Guam to handle foreclosure and bankruptcy matters in those States. Servicers should give preference to firms that have staffed offices in the State, but out-of-State firms may be used, provided that they are able to demonstrate that they have policies, procedures and processes in place to handle cases from outside the State.

If a Servicer has difficulty finding a sufficient number of firms with appropriately staffed offices in States other than those listed in the exceptions above, the Servicer may contact Freddie Mac to request an exception to the requirement that a firm have an appropriately staffed office located in the State. Requests should be sent to Freddie Mac **(see Directory 1)**.

(c) State-specific industry references

The Servicer must obtain from the firm at least two State-specific mortgage servicers or default-related references, or if the firm has been in existence less than one year, the partners or shareholders of the firm must provide at least two Servicer or default-related references in connection with work performed in the particular State.

(d) Statewide coverage and use of local counsel

The Servicer must ensure that the firm has the ability to cover foreclosure, bankruptcy, eviction, REO closing matters and default-related litigation throughout the State.

If the firm has partnerships or relationships with third parties (e.g., local counsel, trustee companies or title companies) that will perform or complete some aspect of the default-related and REO-related work, the Servicer must require the firm to: (i) obtain disclosure from the firm regarding such relationships and the extent to which third parties will be relied upon and (ii) determine whether the firm has a reasonable contingency plan for the loss of any of those relationships or operational processes. In evaluating any such third-party relationship, the Servicer must consider the length of time the relationship has existed and the adequacy of the firm's written policies to mitigate third-party risk.

If a firm uses local counsel to handle matters within the State, the Servicer must ensure that the firm has a process to select, manage, and review the local counsel and their work product. The process must be designed to ensure that local attorneys are qualified and adequately trained and have a satisfactory history with respect to bar complaints, sanctions and similar matters.

For a firm's contested caseload (e.g., contested foreclosures and litigated cases), the firm's reliance on local counsel must be minimal. Any use of local counsel for these matters must be structured so that the retained firm will direct and manage the local counsel on those matters.

(e) Prior volume experience

Servicers must confirm the firm and/or managing attorney(s) has completed a sufficient number of foreclosure, bankruptcy, loss mitigation, eviction and REO matters within the past 24 months to demonstrate that the firm has experience in representing creditors in default-related matters.

For the 24-month period, the Servicer must review the total number of matters referred, the total number of matters completed and the number of matters currently pending for each of the following areas: foreclosure, bankruptcy, loss mitigation, eviction and REO closing.

What constitutes a sufficient number of completed default-related and REO-related legal services will vary depending upon the State at issue, the volume the Servicer expects to refer to the firm, and the relative size of the firm. Servicers must consider these factors when making this determination.

(f) Firm has adequate, relevant State-specific experience

The Servicer must confirm that the firm has one or more managing attorney(s) or partner(s) with no less than 8 years of relevant, State-specific experience in foreclosure (including where applicable, confirmation, redemption and ratification matters), bankruptcy, loss mitigation, eviction, and REO closings and litigation. Servicers may make exceptions to this requirement for documented reasons in the event a firm is otherwise qualified.

The Servicer must obtain the names and the years of experience in each area (foreclosure, bankruptcy, eviction, REO closings and related litigation) for the firm's managing attorney(s) or partner(s) and associates.

If the principals or partners of the firm are not actively involved in the management of the firm, the Servicer must consider the level of experience of those actively involved in managing the firm.

(g) One or more of the firm's lead attorneys has adequate, relevant litigation experience in the State

The Servicer must determine whether the firm has at least one lead attorney to handle Freddie Mac Default Legal Matters with a minimum of five years of experience in default-related and REO-related litigation in the State. The firm's partner(s) or managing attorney(s) may act as the lead attorney for Freddie Mac Default Legal Matters. If the firm will utilize staff attorneys for Freddie Mac Default Legal Matters, one or more staff attorneys must have at least three years of experience in handling default-related and REO-related litigation in the State.

(h) Attorney licensing

The Servicer must confirm that the firm's attorneys who will handle Freddie Mac Default Legal Matters are licensed to practice, and in good standing, in the State in which the firm is being retained. Legal work must be performed by attorneys licensed in the State.

(i) Staff experience

The Servicer must determine whether the firm's non-attorney staff has reasonable experience. In determining what constitutes reasonable experience, the Servicer must consider the average years of experience, education, qualifications and demonstrated ability of the non-attorney staff in relation to their respective levels of responsibility.

(j) Staff oversight

The Servicer must confirm that the firm has appropriate attorney-to-staff ratios to ensure appropriate staff oversight given the size of the firm and the firm's operational structure. The Servicer must consider whether the firm practices in a judicial or a non-judicial State, the firm's case management practices, the State-specific process, attorney and staff experience, firm technology and firm infrastructure.

(k) File oversight

The Servicer must confirm that the firm has appropriate (i) attorney-to-file and (ii) staff-to-file ratios, given the size of the firm and the firm's operational structure. The Servicer must take into consideration whether the firm practices in a judicial or a non-judicial foreclosure State, the firm's case management practices, the State-specific processes, attorney and staff experience, firm technology and firm infrastructure.

(l) Firm capacity

As of the date of the submission of the Servicer Selection Form via **https://freddiemacsats.com**, the Servicer must confirm that the firm has the ability to accept additional referrals. Additionally, the Servicer must confirm that the firm is

not operating at full capacity, given the existing facilities, personnel, and technology or, alternatively, the firm must outline to the Servicer's satisfaction the steps and time frame necessary to be in a position to handle additional referrals while still maintaining appropriate firm–to-file and staff-to-file ratios. The Servicer must confirm that the firm has contingency plans to deal with a contraction in the market.

(m)Ethics and professional standards

The firm must demonstrate a history of legal practice that comports with applicable legal and ethical standards, reflecting high professional standards. The Servicer must conclude that the firm does not, in the totality of the circumstances, pose a legal and/or reputational risk or exhibit systematic issues that may lead to reputational and/or legal risk to Freddie Mac.

The Servicer must obtain the following information from the firm in order to evaluate the sufficiency of the firm's professional standards:

- Any sanctions against the firm or any of its present or former attorneys in the past five years, including the nature of the sanctions and if they relate to a loan-level matter or systemic firm practice, and if related to firm practice, any corrective actions taken by the firm;

- Any bar complaints/reprimands against present and former firm attorneys in the past ten years and whether the complaints were closed, pending or resulted in some form of adverse action;

- Any government investigations involving firm practices in the past ten years and whether the investigations involved firm practices or are related to client investigations;

- Any damages or settlement of claims as a result of an allegation of professional negligence against the firm or its attorneys in the past five years (i) in excess of $20,000 in any single occurrence, $50,000 in the aggregate, or (ii) reflect a possible pattern of professional negligence, regardless of amount; and

- Any significant litigation asserting systemic issues with firm processes or legal work, such as any class action lawsuit against the firm

If the Servicer is aware of any of the above items that involve the firm's professional standards but which were not disclosed by the firm, the Servicer must disclose them to Freddie Mac in the Servicer Selection Form.

The Servicer must obtain a disclosure from the firm regarding whether the firm (or any of its partners, shareholders, or employees while acting as a partner, shareholder, or principal at another firm) has been previously terminated by Freddie Mac or Fannie Mae or had referrals suspended by Freddie Mac or Fannie Mae.

The Servicer must obtain a certification from the firm that, to the best of the firm's knowledge, the firm's documents have been and continue to be prepared, executed and/or notarized in compliance with applicable law. If the firm reports that the firm, its attorneys, notaries or third-parties that the firm relies on to perform any aspect of default-related or REO-related services have previously prepared, executed or notarized documents that have not been in compliance with applicable law, the Servicer must conclude that the firm has instituted controls, procedures, and processes to address the contributing cause(s) of the firm's failure to comply with applicable law in order to execute the Servicer Selection Form.

Freddie Mac expects Servicers to exercise sound judgment and consider the totality of the circumstances in evaluating the potential legal and reputational risks posed by a firm to Freddie Mac. The items for consideration outlined above are not intended to be exhaustive or to disqualify a firm from retention if the Servicer concludes that the firm is acceptable considering the totality of the circumstances.

(n) Time lines

The Servicer must review the firm's completion time lines, and confirm that the firm is able to track, monitor and complete foreclosure and bankruptcy matters in compliance with applicable law and Freddie Mac time line requirements, taking into consideration outside factors that impact compliance with Freddie Mac time lines such as new foreclosure requirements and court delays.

(o) Information privacy

The firm must maintain physical, technical and procedural controls and effective information security and data management to:

- Ensure the security and confidentiality of personally identifiable information (PII) and confidential information, whether in paper, electronic or other form;
- Protect against any threats or hazards to the security or integrity of such information; and
- Protect against unauthorized access to or use of such information

The firm must implement controls meeting or exceeding industry standards, including, as applicable, standards promulgated by the International Office for Standardization (ISO) or National Institute for Standards and Technology (NIST). The firm must ensure that PII that is stored on the firm's systems and workstations is encrypted at rest at all times. The firm must have secured storage for promissory notes and other original documents to prevent theft and to ensure protection against fire, flood or other damage. The firm may not perform, outsource, or send to any affiliate outside of the United States or its territories, any legal work on Freddie Mac-

owned or guaranteed Mortgages, including any storage of Freddie Mac data. The firm may not send any PII underlying Freddie Mac-owned or guaranteed Mortgages, outside the United States. The firm must have written policies, procedures, and processes in place by the date of the submission of the Servicer Selection Form, related to protection of PII and fraud prevention, including policies, procedures and processes related to: background checks of all employees; protection of PII; fraud prevention and identification; and incident response and notification protocols for data breaches and other security incidents. The Servicer must review and confirm that the firm meets these requirements for information security, data management, protection of PII and fraud prevention.

(p) Daily reporting to Freddie Mac

The Servicer must confirm that the firm has the capability to provide daily reporting to Freddie Mac via a web-based attorney reporting system, which includes reporting of key metrics (i.e., volume, time lines, delays, loss mitigation successes, etc.). The Servicer must also ensure that the firm has staff responsible for reporting data directly to Freddie Mac.

(q) Technology

The Servicer must confirm that the firm has adequate technology in place or technological capabilities to provide reporting, communication and tracking of key events and milestones, including access to PACER/ECF or other similar systems to obtain case and docket information from federal appellate, district and bankruptcy court records.

Additionally, the Servicer must confirm that the firm is able to provide status reports and track significant dates and events for foreclosure, bankruptcy, evictions and REO closings and has the capability to measure the duration between various process stages, to identify process impediments (e.g., holds) and to parse holds into different categories.

If a firm is multi-jurisdictional or has partnerships or relationships with third parties (e.g., local counsel, trustee companies or title companies) that will perform or complete some aspect of the default-related or REO-related work or if the firm relies on other offices to perform some aspect of the work or provide operational support, the Servicer must confirm that the firm maintains a reliable and secure means of exchanging matter information between each office and any third party the firm relies upon.

The Servicer must require the firm to describe whether the firm currently uses a universal translation technology to communicate information between their technological system and the various Servicers' systems, or explain its method for transmitting information efficiently, accurately and securely to Servicers.

(r) Technology staffing

The Servicer must confirm that the firm has adequate in-house technical expertise or readily available vendor support to ensure compliance with Freddie Mac's automated reporting requirements.

(s) Insurance requirements

The Servicer must confirm that the firm has an appropriate level of malpractice and errors and omissions insurance coverage in place or be able to obtain an appropriate amount of insurance by the date of the submission of the Servicer Selection Form. The appropriate level of insurance coverage will depend upon the total number of Freddie Mac and Fannie Mae files the firm is managing or expects to manage when being evaluated by the Servicer. The firm must have the ability to obtain the appropriate amount of insurance coverage under the new requirements as follows:

- Tier I, volume of 0-4,499 foreclosure matters, coverage of not less than $1 million per occurrence with an aggregate of not less than $3 million;
- Tier II, volume of 4,500-19,999 foreclosure matters, coverage of not less than $5 million per occurrence with an aggregate of not less than $5 million; and
- Tier III, volume of 20,000 or more foreclosure matters, coverage of not less than $8 million per occurrence with an aggregate of not less than $8 million.

The required level of insurance is determined by the higher of the Freddie Mac or Fannie Mae pending foreclosure volume. By way of example, if a firm had 2,000 Freddie Mac foreclosure matters and 4,501 Fannie Mae foreclosure matters, the firm would fall within Tier II and the required coverage would be not less than $5 million per occurrence with an aggregate of not less than $5 million. Beginning in 2014, Servicers must conduct an updated coverage analysis annually, with the appropriate level of insurance to be determined by the number of matters being handled as of June 1 of each year. When an annual review reveals a need to increase a firm's coverage, firms will have until December 31 of each year to obtain any required increased coverage. Servicers may grant firms additional time to obtain increased coverage if necessary to reach the routine renewal date for the firm's policy, but may not grant extensions beyond June 1 of the following year.

(t) Financial resources

The Servicer must confirm that the firm has adequate financial resources and the financial ability to make required advances in connection with filing fees and costs necessary to process default-related and REO-related matters.

The Servicer must review the firm's financial statements and/or other firm financial documents in order to confirm that the firm has sufficient reserves or credit lines to manage operating expenses.

(u) Business continuity

The Servicer must confirm that the firm has business continuity and/or disaster recovery plans in place to recover critical business functions. The firm must have a documented succession/continuity plan in the event of loss of the firm owners/partners.

(v) Quality control

The Servicer must confirm that the firm has written policies, procedures and/or processes in place by the date of the submission of the Servicer Selection Form, to ensure the proper management and supervision of staff and the proper preparation, review, execution and notarization of default-related documents and REO-related documents. The Servicer must also confirm the firm has an escalation process for employees to raise document execution and other quality control issues to firm management.

The Servicer must obtain documentation and information related to the firm's process for ensuring compliance with its policies, procedures, processes and training, such as an internal compliance program and/or quality control reviews.

(w) Employee training

The Servicer must confirm that the firm has written policies for employee training, including privacy training. When determining whether a firm's employee training is adequate, the Servicer must review the frequency of training, the presence of policies and procedures and firm handbooks, manuals and job aids.

(x) Adverse matters

No substantial part of the firm's practice can include matters that are adverse to financial institutions, including Freddie Mac or Fannie Mae. Adverse matters to financial institutions include:

- Homeowners or condominium association foreclosures;
- Consumer debtor or mortgagor representation;
- Bankruptcy trustee representation; or
- Any other client(s) that may create a potential conflict of interest

(y) Conflicts of interest

Attorneys must not be affected by a conflict of interest or a potential conflict of interest when handling Freddie Mac Default Legal matters. The Servicer must retain the most qualified attorneys in compliance with Freddie Mac requirements to assist with processing Freddie Mac Default Legal Matters without regard to arrangements that could provide a financial or personal benefit directly or indirectly to the Servicer, its employees, outsource companies or third party vendors utilized by the Servicer to assist in Servicing defaulted Mortgages.

On the Servicer Selection Form, the Servicer must disclose to Freddie Mac any current, past (within the last five years), or pending personal and/or financial relationships between (i) the Servicer and the firm, including its partners and shareholders (as applicable) and (ii) the firm, including its partners and shareholders (as applicable), and any outsourcing company or other third-party vendor utilized by the Servicer to assist in Servicing defaulted Mortgages.

(z) Disclosure of third-party service providers

The Servicer must require the firm to disclose the identity of, and relationship with, any entities the firm relies upon to provide third-party support functions performed on the Servicer's behalf, including, but not limited to, title searches, title insurance, posting, publication, and process services.

The Servicer must also require the firm to disclose whether the firm has a process to select and regularly review costs and performance of vendors of related sources to ensure competitive pricing and high quality.

(aa) Referrals

The Servicer is responsible for ensuring that the firm complies with Freddie Mac requirements and applicable laws regarding referrals and payment of related fees and benefits, as further described in Sections 69.7 and 69.8.

The Servicer must not require the firm to use vendors, outsource companies or other third-parties specified by the Servicer as a condition of receiving a referral of a Freddie Mac Default Legal Matter.

(bb) Diversity data

The Servicer must confirm that the firm has the capability to report diversity data to the Servicer and Freddie Mac, if necessary.

69.4: Selection of firm (06/01/13)

(a) Servicer selects firm

If the Servicer determines that a firm meets the Firm Minimum Requirements specified in Section 69.3 and all other Guide requirements, then the Servicer must complete and submit a Servicer Selection Form to Freddie Mac, via **https://freddiemacsats.com** and receive Freddie Mac's "no objection" determination before entering into an agreement with a firm to handle Freddie Mac Default Legal Matters. If Freddie Mac requests additional information from the Servicer as part of this process, the Servicer must provide the requested information within the time frame requested by Freddie Mac. Servicers may not rely upon a previous submission of a Servicer Selection Form with respect to a firm by another Servicer that received a "no objection" determination. Each Servicer must conduct its own due diligence, submit a Servicer Selection Form and receive a "no objection" determination for each firm that the Servicer wishes to retain to handle Freddie Mac Default Legal Matters.

If a firm practices in multiple States, the Servicer must submit a Servicer Selection Form for each State office for which the Servicer wishes to retain the firm.

Servicer Attorney Tracking System (SATS) registration

Servicers must use the Servicer Attorney Tracking System (SATS), an online process, to submit a Servicer Selection Form to Freddie Mac for each law firm selected to handle Freddie Mac Default Legal Matters. To establish access to SATS, Servicers must first register to create a user ID and password at **https://freddiemacsats.com**. After completing the registration process, SATS will allow users to submit the information required in the Servicer Selection Form to Freddie Mac for review. SATS will also allow Servicers to respond to Freddie Mac's requests for additional information, as necessary, and will allow Servicers to track each submission's status during the review process.

Freddie Mac will not review any Servicer Selection Form completed and submitted to any Freddie Mac e-mail address. Guide Exhibit 99, Servicer Selection Form, is included for illustrative purposes only. Servicers must complete and submit the Servicer Selection Form via **https://freddiemacsats.com**.

(b) Freddie Mac review of Servicer Selection Form

After Freddie Mac receives the Servicer Selection Form, Freddie Mac will notify the Servicer via the Servicer's registered e-mail address with SATS whether Freddie Mac:

- Objects to the Servicer's retention of the firm to handle Freddie Mac Default Legal Matters;

- Has no objection to Servicer's retention of the firm to handle Freddie Mac Default Legal Matters; or
- Needs additional information or documentation, or due diligence to be conducted before deciding whether the firm may be retained. If requested, the Servicer must provide any additional information or documentation to Freddie Mac via **https://freddiemacsats.com**, and must conduct any further due diligence requested by Freddie Mac within the time period stated in Freddie Mac's request.

(c) Freddie Mac's response to Servicer firm selection

Freddie Mac provides a "no objection" response

The Servicer must enter into a contract with the firm (if a contract does not already exist) as further specified in Section 69.5(a), to handle Freddie Mac Default Legal Matters.

Freddie Mac provides an "objection" response

If the Servicer determines not to retain a particular firm, or if Freddie Mac objects to the retention of a particular firm, the Servicer must notify the firm that the firm cannot be hired for Freddie Mac Default Legal Matters.

(d) The Servicer decides not to retain firm

The Servicer is not obligated to inform Freddie Mac:

- If the Servicer determines that a firm does not meet the Firm Minimum Requirements; or
- If the Servicer decides not to retain a firm

(e) Diversity

Servicers are reminded that they must be aware of, and comply with, Freddie Mac's requirements in Sections 2.19 and 53.8. The Servicer must commit to practice the principles of equal employment opportunity and non-discrimination in all its business activities, including the retention and hiring of firms retained pursuant to this section.

69.5: Retention of firm (06/01/13)

(a) Servicer contract with firm

If the Servicer has not already entered into a contract with a selected firm and Freddie Mac has provided a “no objection” determination, then the Servicer must enter into a contract with the firm. The Servicer must notify Freddie Mac when the contract has been executed by updating the Servicer Attorney Tracking System (SATS) via **https://freddiemacsats.com**, and must provide a copy of the contract to Freddie Mac, upon request.

(b) Freddie Mac limited retention agreement with firm

Freddie Mac will enter into a limited retention agreement that sets forth certain key retention provisions with each selected firm for each State in which the firm has received a “no objection” determination.

(c) Conflict between Servicer’s contract and limited retention agreements; Servicer’s respective consent

The Servicer acknowledges that the limited retention agreement recognizes and reflects a joint attorney-client relationship between the law firm, Freddie Mac and the Servicer, and the Servicer consents to such joint representation. The Servicer consents, in advance, to the selected firm's representation of Freddie Mac in any Freddie Mac Default Legal Matter that is or might be adverse to the Servicer, and further agrees that the firm can use in such representation any information the firm gained in the course of jointly representing the Servicer and Freddie Mac. In the event of any inconsistency or conflict between the terms and conditions of the Servicer’s contract with the selected firm and the terms and conditions of Freddie Mac’s limited retention agreement with the firm, Freddie Mac’s limited retention agreement shall control.

69.6: Training of firms (06/01/13)

(a) Training prior to referral

The Servicer must not refer any Freddie Mac Default Legal Matters to a firm until the Servicer verifies that the firm has executed a limited retention agreement with Freddie Mac and has completed Freddie Mac’s new firm training.

A firm is only required to attend Freddie Mac’s new firm training once, regardless of the number of Servicers that select and retain the firm.

(b) Ongoing training

The Servicer must ensure that each firm obtains appropriate training to keep the firm apprised of updated Freddie Mac requirements. If the Servicer provides its own standard training and/or other communication materials to a firm, the Servicer must include information regarding Freddie Mac's requirements.

69.7: Referral of Freddie Mac Default Legal Matters to firm (06/01/13)

(a) Requirements prior to referral

Prior to referring a Freddie Mac Default Legal Matter to a firm, the Servicer must confirm that the firm is eligible to receive a referral by ensuring that:

- The firm meets the Firm Minimum Requirements, as specified in Section 69.3;
- Freddie Mac has provided a "no objection" determination, as specified in Section 69.4;
- The firm has executed a contract with the Servicer requiring the firm to comply with all applicable Freddie Mac requirements, as specified in Section 69.5(a);
- The firm has executed a limited retention agreement with Freddie Mac, as specified in Section 69.5(b);
- The firm has completed Freddie Mac training and any additional Servicer training, as specified in Section 69.6; and
- There are no conflicts of interest with respect to the retention of the firm and referral of Freddie Mac Default Legal Matters to the firm

(b) Diversification of referrals

The Servicer must diversify its referrals of Freddie Mac Default Legal Matters to an appropriate number of firms in each State to protect the interests of Freddie Mac and to mitigate the risks related to a high concentration of Freddie Mac files. In selecting firms for referrals, the Servicer must consider firm capacity and management of staff to file ratios.

(c) Bankruptcy and foreclosure matters

The Servicer must not refer foreclosure matters directly to trustees.

Refer to Section 67.15(b) for additional referral requirements.

(d) Providing documentation to firm

The Servicer must identify a file as a Freddie Mac Default Legal Matter when sending the file to a firm. When referring a file to a firm, the Servicer must provide all documentation required to initiate a foreclosure. If the firm requests any additional information and/or documentation upon the initial referral of the file, or at any time after such referral, the Servicer must provide such requested information and/or documents within three Business Days after receipt of the request, or such earlier time frame, if necessary to comply with timing requirements under applicable law or court rules and procedures.

For any Mortgage that the Servicer refers for foreclosure, but the Mortgage is subsequently repurchased by the Servicer, whether voluntarily or involuntarily, the Servicer must notify foreclosure and/or bankruptcy counsel within two Business Days of the completed repurchase. (See Chapter 72 for additional information about repurchases.)

(e) Contingency plan

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.

69.8: Prohibitions related to Freddie Mac Default Legal Matters (06/01/13)

Servicers must not require the firm to perform any foreclosure or bankruptcy-related services on any Freddie Mac Default Legal Matter without compensation.

(a) Prohibition against charging for, contracting for, or making arrangements to receive benefits for Servicing obligations

A Servicer, whether acting directly or through an affiliate, service provider, vendor or outsourcing company, must not directly or indirectly:

- Charge Freddie Mac or the firm for any foreclosure or bankruptcy-related Servicing obligations, including expenses covered by the Servicing Spread; or

- Contract or make any arrangements with the firm whereby the Servicer (or its affiliate, service provider, vendor or outsourcing company) receives, directly or indirectly, any financial or other benefits (including, but not limited to, payments, the provision of employees or free or discounted services or products) from the firm in connection with any Freddie Mac Default Legal Matter or Freddie Mac-owned or guaranteed Mortgage

Refer to Section 54.4 for additional information on Servicing obligations.

(b) Prohibitions with respect to use of specific vendors, services and/or products

The Servicer, and not a service provider, vendor or outsourcing company assisting the Servicer in Servicing defaulted Mortgages, must select the firm to handle Freddie Mac Default Legal Matters, and Servicers must not permit service providers, vendors, outsourcing companies, or others to participate in or influence, in any way, the Servicer's referral process.

A Servicer must not, whether acting directly or through an affiliate, service provider, vendor or outsourcing company:

- Require the firm to contract with or use a particular service provider, vendor or outsourcing company, or to use, or pay for, a particular service or product;

- Refuse to refer a file to the firm because the firm chooses not to contract with or use a particular service provider, vendor or outsourcing company, or chooses not to use, or pay for, a particular service or product; or

- Charge the firm for any aspect of the file referral or management process, including, but not limited to, the use of connectivity or invoice processing systems (e.g., licensing or subscription fees, “click” charges, or any other payment) in order for the firm to provide services necessary to handle Freddie Mac Default Legal Matters (e.g., to prosecute the foreclosure or bankruptcy case)

However, a Servicer may require the firm to use certain connectivity or invoice processing systems, provided that the firm is not required to pay for the use of, or access to, such systems.

Refer to Section 69.9 for information about use of, and reimbursement for, connectivity and invoice processing systems.

69.9: Servicer use of connectivity and invoice processing system (06/01/13)

A Servicer, whether acting directly or through any vendor, service provider or outsourcing company, may employ electronic monitoring, management, reporting or information and document delivery processes technology, referred to in this section as a "Connectivity System," and an invoice processing system as outlined below.

(a) Connectivity System

A Servicer may employ a Connectivity System to assist with fulfilling Servicing obligations such as:

- Packaging and referring foreclosure and bankruptcy cases to the firm;
- Communicating information and delivering documents between the Servicer and the firm as well as any other third parties requiring access to the Connectivity System; and
- Managing and monitoring foreclosure and bankruptcy cases

If a Servicer uses a Connectivity System:

- Freddie Mac will reimburse the Servicer for the actual cost of the connectivity fee up to the maximum expense limit specified in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts;
- The Servicer must provide the firm with use of and access to the identical Connectivity System;
- The Servicer must permit, or continue to permit, the firm to integrate its own technology systems with the Connectivity System at no cost to the firm; and
- The Servicer must not pass on any Connectivity System related charges to the Borrower or the firm

(b) Invoice processing system

A Servicer may employ an invoice processing system for managing the submission and payment of invoices.

If a Servicer, whether acting directly or through a vendor or outsourcing company, processes firm invoices electronically:

- Freddie Mac will reimburse the Servicer for the actual cost of the invoicing fee up to the maximum expense limits specified in Exhibit 57; and

- The Servicer must not pass on any invoice processing related charges to the Borrower or the firm

The amounts specified in Exhibit 57 for connectivity and invoice processing systems are the maximum amounts for which a Servicer may seek reimbursement for the life of the default (i.e., the duration of the foreclosure, including any Freddie Mac Default Legal Matter such as bankruptcy).

For example, if a Servicer has already referred a Mortgage to foreclosure and it then becomes necessary to take action with respect to a bankruptcy related to such Mortgage, or if a Servicer has already referred a file for bankruptcy and foreclosure has commenced following the bankruptcy referral, the Servicer may be reimbursed only for one connectivity fee. Likewise in this scenario, if the Servicer is using an invoice processing system, then the Servicer may only seek reimbursement for one invoicing fee associated with the foreclosure and for one invoicing fee associated with the bankruptcy during the life of the default.

69.10: Reporting (06/01/13)

The Servicer must provide reports related to firm performance, management of foreclosure and bankruptcy processes, oversight of firm compliance and performance and other related matters as required by Freddie Mac. Servicers must ensure that all firms retained for Freddie Mac Default Legal Matters report data required by Freddie Mac directly to Freddie Mac.

69.11: Servicer monitoring and management of firm (06/01/13)

The Servicer is responsible for managing and monitoring all aspects of the firm performance, providing necessary assistance to the firm relating to Freddie Mac Default Legal Matters, and for undertaking all activities required to protect Freddie Mac's interest in the Mortgage. The Servicer must also ensure that the firm is in compliance with applicable Freddie Mac requirements, and that the firm receives all training and documentation relating to applicable Freddie Mac requirements, either separately or as part of the Servicer's standard training.

(a) Compliance processes

The Servicer must develop and have in place policies and procedures regarding oversight and compliance of firms handling Freddie Mac Default Legal Matters. The

Servicer must have policies and procedures reasonably designed to ensure that firms handling Freddie Mac Default Legal Matters are in compliance with the limited retention agreement, the applicable provisions of the Guide, and applicable law.

The Servicer's ongoing compliance monitoring must address the following minimum elements:

- Ongoing eligibility under the Firm Minimum Requirements specified in Section 69.3;
- Compliance with the limited retention agreement, including the fee and cost guidelines; and
- Firm performance and processes necessary to ensure Servicer's compliance with applicable Guide requirements

The Servicer must conduct periodic compliance reviews and training as appropriate. In determining the frequency of firm compliance reviews, the Servicer must consider the overall risk posed to Freddie Mac by the firm (legal, reputational, and financial), firm file volume, performance, any changes in staffing ratios or levels, any litigation against the firm alleging systemic issues, any media coverage regarding the firm and the prior results of any firm compliance reviews.

(b) Freddie Mac review of compliance process

Freddie Mac reserves the right to review the Servicer's compliance process. Freddie Mac may require Servicers to conduct additional compliance activities related to firms handling Freddie Mac Default Legal Matters, such as additional firm compliance reviews.

The Servicer must make available to Freddie Mac upon request the materials relating to its performance and compliance monitoring of firms handling Freddie Mac Default Legal Matters, including:

- Information regarding the scope and methodology of the Servicer's compliance monitoring;
- The schedule of firm compliance reviews conducted;
- The identity of any vendors used in the firm compliance reviews;
- All documentation from the firm compliance reviews; and

- All findings, reports or remediation plans resulting from the firm compliance reviews

In addition, Freddie Mac may require a Servicer to change the scope of its compliance process used to monitor firms handling Freddie Mac Mortgages.

(c) Freddie Mac right to audit firm

Freddie Mac also reserves the right to directly conduct firm audits and firm on-site visits as Freddie Mac deems necessary. Freddie Mac audits and visits may focus on items such as fee and cost compliance, Servicer compliance with Freddie Mac requirements, and high-risk issues, including compliance with applicable laws, reputational risk, unsatisfactory results of Servicer firm compliance reviews and conflicts of interest involving Freddie Mac-owned or guaranteed Mortgages.

69.12: Escalation of issues to Freddie Mac (06/01/13)

(a) Escalation of issues

The Servicer must notify Freddie Mac via e-mail **(see Directory 1)**, within two Business Days of discovery or sooner if circumstances warrant, if the Servicer becomes aware of any issues or concerns relating to a firm (including a specific employee or vendor of a firm), or a Freddie Mac Default Legal Matter, including, but not limited to:

- Any information regarding a firm that may warrant a firm's suspension, termination or Servicer request to transfer Freddie Mac Default Legal Matters to another firm;

- Information suggesting legal or reputational risk posed by the firm such as bar complaints, sanctions, or litigation alleging systemic issues with the firm, firm attorney, or the firm's practices;

- Security incidents that compromise the security, confidentiality or integrity of "sensitive customer information" and that security incident is related to Freddie Mac-owned or guaranteed Mortgages (refer to Sections 6.2(c), and 53.8(b));

- Actual or alleged fraud on the part of the firm;

- Federal, State, or local governmental inquiries, including congressional inquiries, regarding a firm, Freddie Mac-owned or guaranteed Mortgages, or Freddie Mac or Servicer practices affecting Freddie Mac-owned or guaranteed Mortgages;

- Non-routine litigation (as described in Section 67.17);

- Media inquiries relating to Freddie Mac, a firm, or Freddie Mac-owned or guaranteed Mortgages;

- Volume or capacity issues with the firm;

- Breach of the limited retention agreement between the firm and Freddie Mac, or the contract between the firm and the Servicer;

- Legal matters such as regulatory updates and specific reporting on certain matters (e.g., transfer tax matters);

- Any systemic issues with the firm;

- Systemic Servicer issues related to file suspensions and foreclosure holds (e.g., failure to properly implement new statutory changes); and

- Any material change in the ownership, partnership, or organization of the firm after executing the limited retention agreement. Such notifications should include instances where a named partner leaves the firm or a major practice group separates from the firm.

(b) Procedures relating to issues and concerns

When a Servicer provides Freddie Mac notice of an issue requiring Freddie Mac's attention, the Servicer must designate in its e-mail one or more points of contact. Freddie Mac may request that the Servicer obtain additional information from the firm regarding the issue that was escalated to Freddie Mac, and the Servicer must promptly provide the requested information to Freddie Mac.

(c) Freddie Mac rights

Freddie Mac reserves the right to issue direction to Servicers and firms regarding escalated issues. Refer to Section 69.15 for more information about Freddie Mac's reservation of rights

(d) Escalated issue – confidential information

Any issue that is identified and escalated to or by Freddie Mac pursuant to this section (other than non-routine litigation) is considered to be "confidential information" as defined in Sections 2.16 and 53.3. The Servicer must comply with the requirements of such sections with respect to treatment of any escalated issue.

69.13: Termination and suspension of firms (06/01/13)

(a) Servicer-directed suspension of referrals, Freddie Mac Default Legal Matter transfers and terminations

If a Servicer becomes aware of information regarding a firm's handling Freddie Mac Default Legal Matters that might warrant a suspension of referrals of new Freddie Mac Default Legal Matters, the transfer of Freddie Mac Default Legal Matters to another firm, and/or termination of the firm (such as f or legal, reputational, or operational risk), the Servicer must:

- Notify Freddie Mac within two Business Days via e-mail **(see Directory 1)** or sooner if circumstances warrant, as set forth in Section 69.12; and
- Conduct due diligence with respect to the issue

If the Servicer intends to suspend referrals of new Freddie Mac Default Legal Matters, transfer Freddie Mac Default Legal Matters, and/or terminate a firm, the Servicer must provide Freddie Mac with at least five Business Days' notice **(see Directory 1)** prior to implementing the decision. In addition, the Servicer must:

- Provide Freddie Mac with the implementation plan for the course of action chosen by the Servicer;
- Upon request, provide Freddie Mac with the reason for the decision and the due diligence materials or other information supporting the decision;
- Inform the firm of the decision; and
- Keep Freddie Mac periodically updated with respect to the status of implementation of the decision

Refer to Section 69.14 for additional information relating to implementation of terminations, transfer of Freddie Mac Default Legal Matters and suspensions.

(b) Freddie Mac-directed suspension of referrals, matter transfers and terminations

Freddie Mac may direct the Servicer to initiate an investigation of a firm if Freddie Mac becomes aware of information that might warrant a suspension of referrals of

new Freddie Mac Default Legal Matters, the transfer of Freddie Mac Default Legal Matters, or termination of the firm. Freddie Mac also may conduct due diligence and investigations as necessary. Freddie Mac may instruct Servicers to suspend some or all referrals of new Freddie Mac Default Legal Matters, to transfer some or all existing Freddie Mac Default Legal Matters, or to terminate a firm.

In the event of a decision by Freddie Mac to suspend referrals of new Freddie Mac Default Legal Matters, transfer Freddie Mac Default Legal Matters, or terminate a firm, Freddie Mac will:

- Inform the Servicer of the decision and provide direction with respect to required Servicer actions, including direction with respect to transfers of Freddie Mac Default Legal Matters;
- Inform the firm of the decision and provide direction to the firm with respect to required firm actions; and
- Terminate the limited retention agreement between Freddie Mac and the firm, as appropriate

(c) Documentation of due diligence review

The Servicer must maintain documentation of the due diligence review, the Servicer's decision, and all other information supporting the decision for a period of seven years after such decision.

69.14: Implementing the termination and suspension of firms (06/01/13)

(a) Implementation plan

Prior to implementing any decision to terminate a contract with a firm, suspend referrals of new Freddie Mac Default Legal Matters and/or transfer Freddie Mac Default Legal Matters from a firm, the Servicer must develop an implementation plan which addresses:

- File transfers
- The capacity of other eligible firms in the State to handle additional Freddie Mac Default Legal Matters and/or transferred Freddie Mac Default Legal Matters
- Proration of fees and costs between the transferor and transferee firms
- Contract provisions during any transition period, including insurance; and

- Other issues as necessary

The implementation plan must take into account any legal, operational or reputational risks that may arise during the transition period, and must address these risks in the most cost-efficient and effective manner. Freddie Mac reserves the right to require the modification of the implementation plan, and provide additional Servicer requirements relating to the termination of any firm, the suspension of referrals of new Freddie Mac Default Legal Matters and the transfer of Freddie Mac Default Legal Matters.

(b) Servicer monitoring of implementation plan

The Servicer must take all necessary steps to ensure that the implementation plan proceeds in an orderly manner and that all Freddie Mac interests are protected during the implementation. Such steps include, but are not limited to:

- Transferring files relating to Freddie Mac Default Legal Matters to eligible firms;
- Addressing any issues arising from the transfer of files, the suspension of referrals and the termination of a firm;
- Reporting periodically to Freddie Mac on the status of the plan, including such details as how many files are transferred to each new firm, which new firms receive the files and the timing of transfers; and
- Such other details as requested by Freddie Mac

Servicers may not charge Freddie Mac or Borrowers for any fees or costs associated with transferring Freddie Mac Default Legal Matters, and such amounts may not be added to Borrower Mortgage balances.

(c) Freddie Mac's rights to manage termination, suspension and/or file transfers

Freddie Mac may decide, in its sole discretion, that the legal, operational or reputational risks necessitate Freddie Mac's management of the:

- Termination of any firm with respect to its handling of Freddie Mac Default Legal Matters;
- Suspension of referrals of Freddie Mac Default Legal Matters to a firm; and/or
- Transfers of files relating to Freddie Mac Default Legal Matters

In such case, the Servicer must cooperate with Freddie Mac in such management and provide all necessary documentation, files and information as requested by Freddie Mac.

69.15: Reservation of Rights and remedies for non-compliance (06/01/13)

Freddie Mac reserves the right to direct and control all litigation involving a Freddie Mac loan. The Servicer and firm handling the litigation must cooperate fully with Freddie Mac in the prosecution, defense or handling of the matter.

In addition, Freddie Mac reserves the right to:

1. Select the foreclosure counsel for a particular case, whether the case is routine or non-routine litigation;
2. Direct and manage the actions taken by the foreclosure counsel, on a case-by-case or individual State basis;
3. Assess additional compensatory fees against the Servicer and/or seek repayment of losses, costs or damages from the Servicer sustained due to errors, omissions or delays by the Servicer or its agent; and
4. Direct and manage the actions taken by Servicers and firms relating to escalated issues specified in Section 69.12

Remedies for non-compliance

If a Servicer fails to comply with the provisions under Chapter 69, Freddie Mac, in its sole discretion, and in addition to any other remedies specified in the Guide or the Servicer's other Purchase Documents, reserves the right to:

- Refuse to reimburse the Servicer for any legal fees and costs;
- Offset the entire legal fee from future foreclosure expenses otherwise eligible for reimbursement from Freddie Mac or seek the Servicer’s reimbursement of the entire legal fee with interest, if Freddie Mac has already reimbursed the Servicer for the costs involved in the particular foreclosure or bankruptcy;
- Require the Servicer to reimburse the firm or Freddie Mac for any prohibited payments or other financial benefits;
- Prohibit the Servicer from contracting, directly or through any service provider, vendor or outsourcing company, with a firm with respect to products or services ancillary to a foreclosure or bankruptcy case;
- Prohibit the Servicer from contracting with the service provider, vendor or outsourcing company involved in the prohibited activities with respect to Freddie Mac-owned or guaranteed Mortgages;

- Seek Servicer repayment of losses, costs or damages sustained by Freddie Mac due to errors by the Servicer or its agent; and/or
- Require repurchase of impacted Mortgages

Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013

A69.1: Overview (06/01/13)

If a Freddie Mac Default Legal Matter is referred to a law firm prior to August 1, 2013, the Servicer must comply with the requirements relating to the selection and retention of counsel as set forth in this chapter rather than the requirements of Chapter 69. However, Servicers must comply with the requirements in Chapter 69 related to the monitoring and management of a law firm, reporting, escalation of issues and termination and suspension of law firms for matters referred to counsel on or after June 1, 2013.

A69.2: Litigation counsel eligibility criteria (06/01/13)

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

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 67.18 regarding litigation.

A69.3: How to select foreclosure counsel (06/01/13)

The Servicer is responsible for selecting counsel, and its selection decisions must not be influenced by inappropriate considerations. Refer to Section A69.6 for additional information on prohibitions relating to foreclosure and bankruptcy referrals.

When making foreclosure and bankruptcy referrals, the Servicer must ensure that it is diversifying referrals by engaging in a relationship with at least two law firms in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year).

In higher-volume States, the Servicer must take one of the following approaches to diversifying foreclosure and bankruptcy referrals:

1. The Servicer must make foreclosure and bankruptcy referrals on Mortgages it services on behalf of Freddie Mac to at least two law firms, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals; or

2. The Servicer must make foreclosure and bankruptcy referrals to at least two law firms, with respect to its entire Servicing portfolio, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals

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 the Servicer is using is no longer able to accept new referrals.

The Servicer must use the same entity that it retains to represent it in a bankruptcy action on a Mortgage to process the foreclosure.

The foreclosure counsel must be free from any conflict of interest with the Borrower.

The foreclosure counsel the Servicer chooses must meet the eligibility requirements in Section A69.2.

When selecting the foreclosure counsel, the Servicer must base the selection on the prior performance of the foreclosure counsel in the following areas:

1. Completing foreclosures
2. Delivering clear and marketable title to Freddie Mac
3. Facilitating reinstatements and workouts with Borrowers
4. Resolving litigation delays (foreclosure counsel only)

The Servicer must communicate Freddie Mac's State foreclosure time line expectations and Freddie Mac's allowable fee schedule to the foreclosure counsel whom the Servicer selects. The Servicer must also communicate to the counsel 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 71.24, Freddie Mac may preclude the counsel who pays any such expenses on Freddie Mac Mortgages from processing future foreclosures or bankruptcies for Freddie Mac.

A69.4: Selecting bankruptcy counsel (06/01/13)

The Servicer must diversify foreclosure and bankruptcy referrals in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year). In addition, the Servicer must have a contingency plan to redirect new foreclosure and bankruptcy referrals in the event a law firm that the Servicer is using is no longer able to accept new referrals (see Section A69.3).

Bankruptcy counsel must be free from any conflict of interest with the Borrower.

Servicers must use the same entity retained in a foreclosure action on a Mortgage to represent the Servicer in a subsequent bankruptcy. (For example, if the Servicer retained foreclosure counsel that is not a designated counsel, then the Servicer must use that same law firm for any bankruptcy. Servicers must not refer the bankruptcy to one of Freddie Mac’s designated counsel.) Likewise, if at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, the Servicer must use the same law firm to handle the foreclosure as it used for the bankruptcy.

If the Servicer does not use the same entity representing the Servicer in a foreclosure action to represent it in a subsequent bankruptcy, Freddie Mac may, in its sole discretion, elect not to reimburse the Servicer. See Chapter 71 for more details on reimbursement for bankruptcy costs and fees.

If a Servicer determines that special circumstances exist that require case management by counsel on a current Mortgage, then the Servicer must obtain Freddie Mac's prior written approval to obtain counsel in accordance with the requirements in Section A69.2 and incur the legal expense by submitting a request for pre-approval via the Reimbursement System.

A69.5: Foreclosure time line compensatory fee protection for use of designated counsel when required (11/09/12)

For Mortgages referred to foreclosure prior to October 1, 2011:

The Servicer will not be subject to compensatory fees for a foreclosure and/or bankruptcy handled by a designated counsel that is not completed within Freddie Mac's required time lines, as long as the delay was not caused by the Servicer's failure to refer the Mortgage to foreclosure in accordance with the Guide requirements and/or send all of the documentation, information, signatures and/or funds to the designated counsel as required.

If the Servicer elects to use Freddie Mac's designated counsel, and the Servicer does not use that same designated counsel for both foreclosure and bankruptcy, Freddie Mac will not give the Servicer credit for using designated counsel for purposes of foreclosure time line compensatory fee protection.

A69.6: Prohibitions relating to foreclosure and bankruptcy referrals; Freddie Mac remedies for non-compliance (06/01/13)

Freddie Mac requires that all foreclosure and bankruptcy-related Servicing obligations, and all services and products purchased in connection with such Servicing obligations, be done in the most effective, efficient and cost-conscious manner. Servicers must not require the law firm to perform any foreclosure or bankruptcy-related services on any Freddie Mac Legal Matter without compensation.

(a) Prohibition against charging for, contracting for, or making arrangements to receive benefits for Servicing obligations

A Servicer, whether acting directly or through an affiliate, service provider, vendor or outsourcing company, must not directly or indirectly:

- Charge Freddie Mac, the counsel for any foreclosure or bankruptcy-related Servicing obligations, including expenses covered by the Servicing Spread; or

- Contract or make any arrangements with counsel whereby the Servicer (or its affiliate, service provider, vendor or outsourcing company) receives, directly or indirectly, any financial or other benefits (including, but not limited to, payments, the provision of employees, or free or discounted services or products) from the counsel in connection with any Freddie Mac Mortgage

Refer to Section 54.4 for additional information on Servicing obligations.

(b) Prohibition against Servicers requiring firms to use specific vendors, services and/or products

A Servicer must not, whether acting directly or through an affiliate, service provider, vendor or outsourcing company:

- Require counsel to contract with or use a particular service provider, vendor or outsourcing company, or to use, or pay for, a particular service or product;

- Refuse to refer a file to counsel because the attorney chooses not to contract with or use a particular service provider, vendor or outsourcing company, or chooses not to use, or pay for, a particular service or product; or

- Charge counsel for any aspect of the file referral or management process, including, but not limited to, the use of connectivity or invoice processing systems (e.g., licensing or subscription fees, "click" charges, or any other payment) in order for an attorney to provide services necessary to prosecute the foreclosure or bankruptcy case

However, a Servicer may require counsel to use certain connectivity or invoice processing systems provided that the attorney is not required to pay for the use of, or access to, such systems.

(c) Prohibition against service providers, vendors, outsourcing companies or others influencing selection of foreclosure counsel

The Servicer, and not a service provider, vendor or outsourcing company assisting the Servicer in Servicing defaulted Mortgages, must select counsel to work on Freddie Mac

Mortgages, and Servicers must not permit service providers, vendors, outsourcing companies, or others to participate in or influence, in any way, the Servicer's selection process.

(d) Remedies for non-compliance

If a Servicer fails to comply with the provisions of Section A69.6(a), (b), or (c), Freddie Mac may, in its sole discretion and in addition to any other remedies specified in the Guide or the Servicer's other Purchase Documents:

- Refuse to reimburse the Servicer for any counsel fees and costs;
- Offset the entire legal fee from future foreclosure expenses or seek reimbursement of the entire legal fee with interest, if Freddie Mac has already reimbursed the Servicer for the costs involved in the particular foreclosure or bankruptcy;
- Require the Servicer to reimburse the counsel or Freddie Mac for any prohibited payments or other financial benefits;
- Prohibit the Servicer from contracting, directly or through any service provider, vendor or outsourcing company, with counsel with respect to products or services ancillary to a foreclosure or bankruptcy case; and/or
- Prohibit the Servicer from contracting with the service provider, vendor or outsourcing company involved in the prohibited activities with respect to Freddie Mac Mortgages

A69.7: Providing information to the foreclosure counsel; Servicer use of connectivity and invoice processing systems (06/01/13)

(a) Responsibility to provide information to foreclosure counsel

For any Mortgage that the Servicer refers for foreclosure, the Servicer must provide complete written reinstatement or payoff figures to the counsel workout specialist, or outsourcing vendor requesting the information. This information must be provided within two Business Days of the date on which a written request is received. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

If the foreclosure counsel requests additional documentation from the Servicer (such as certificates of judgment or proofs of claim) while a case is pending, the Servicer must provide the additional documentation within two Business Days of receiving the request.

For any Mortgage that the Servicer refers for foreclosure, but the Mortgage is subsequently repurchased by the Servicer, whether voluntarily or involuntarily, the Servicer must notify foreclosure and/or bankruptcy counsel within two Business Days of the completed repurchase. (See Chapter 72 for additional information about repurchases.)

(b) Connectivity and invoice processing systems

A Servicer, whether acting directly or through any vendor, service provider or outsourcing company, may employ electronic monitoring, management, reporting or information and document delivery processes technology, referred to here as a "Connectivity System," and an invoice processing system as outlined below.

i) Connectivity System

A Servicer may employ a Connectivity System to assist with fulfilling Servicing obligations such as:

- Packaging and referring foreclosure and bankruptcy cases to counsel;
- Communicating information and delivering documents between the Servicer and its counsel as well as any other third parties requiring access to the Connectivity System; and
- Managing and monitoring foreclosure and bankruptcy cases

If a Servicer uses a Connectivity System:

- Freddie Mac will reimburse a Servicer for the actual cost of the connectivity fee up to the maximum expense limit specified in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts;
- The Servicer must provide all attorneys the use of and access to the identical Connectivity System;
- The Servicer must permit, or continue to permit, counsel to integrate their own technology systems with the Connectivity System at no cost to the counsel; and

- The Servicer must not pass on any Connectivity System related charges to the Borrower or the counsel

ii) Invoice processing system

A Servicer may employ an invoice processing system for managing the submission and payment of invoices.

If a Servicer, whether acting directly or through a vendor or outsourcing company, processes counsel invoices electronically:

- Freddie Mac will reimburse the Servicer for the actual cost of the invoicing fee up to the maximum expense limits specified in Exhibit 57; and

- The Servicer must not pass on any invoice processing related charges to the Borrower or the counsel

The amounts specified in Exhibit 57 for connectivity and invoice processing systems are the maximum amounts for which a Servicer may seek reimbursement for the life of the default (i.e., the duration of the foreclosure, including any related bankruptcy referral).

For example, if a Servicer has already referred a file to foreclosure and it then becomes necessary to take action with respect to a bankruptcy related to such Mortgage, or if a Servicer has already referred a file for bankruptcy and foreclosure has commenced following the bankruptcy referral, the Servicer may be reimbursed only for one connectivity fee. Likewise in this scenario, if the Servicer is using an invoice processing system, then the Servicer may only seek reimbursement for one invoicing fee associated with the foreclosure and for one invoicing fee associated with the bankruptcy during the life of the default.

Chapter 70: REO

70.1: Introduction (01/14/11)

Once Freddie Mac has acquired a property as a Real Estate Owned (REO), the Servicer must assist Freddie Mac with the disposition of the REO. This chapter details Freddie Mac's Servicing requirements for assisting with the disposition of the REO.

70.2: Real Estate Owned (REO) process (10/01/11)

Effective October 1, 2011, this section is deleted.

70.3: REO chapter contents (10/01/11)

Topic	Section(s)
FHA/Rural Housing Service (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 Real Estate Owned (REO) and Freddie Mac's ownership rights	70.15-70.21

70.4: General requirements (01/14/11)

Servicers are responsible for protecting Freddie Mac's interest in a Real Estate Owned (REO) property until the Servicer receives 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, the Servicer's 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 Freddie Mac any potential vandalism and claimable property damage and winterizing the property, as needed
3. Making advances to superior lienholders (when applicable)

Freddie Mac will assume the responsibility for marketing, inspecting, maintaining, securing and rehabilitating the REO unless Freddie Mac notifies the Servicer otherwise.

Servicers are responsible for the following activities pending the sale of the REO by Freddie Mac, the MI, FHA, Rural Housing Service (RHS) or VA:

1. Filing and concluding FHA, RHS and VA claims, if applicable. (Freddie Mac 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. Freddie Mac may instruct the Servicer to maintain property insurance (even if the property is vacant and has no claimable damage). If Freddie Mac makes this request, the Servicer must continue the insurance coverage until Freddie Mac notifies the Servicer that Freddie Mac has 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. The Servicer is also responsible for paying all utility bills incurred on an REO property after the REO acquisition date until the Servicer receives the PCC.
4. Referring all inquires and offers regarding purchase of the REO to Freddie Mac **(see Directory 6)** within one Business Day of the inquiry or offer
5. Evicting occupants when directed to do so by Freddie Mac
6. Fulfilling all requests made by Freddie Mac, including attorney selection. If the Servicer requires the assistance of an attorney in fulfilling any of the obligations set forth in this chapter, the Servicer 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**. The Servicer may also obtain information from the real estate broker who provided the Servicer with the PCC. If a PCC was not provided, the Servicer may contact (800) FREDDIE to obtain this information. Freddie Mac will not send the Servicer a written notice of the sale of the REO.

70.5: FHA/RHS/VA claim filing (01/14/11)

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), the Servicer must process the claim for FHA or RHS insurance or VA guaranty benefits within the agency's established time frames and according to the agency's requirements to ensure that the Servicer receives the maximum claim payment amount.

When the Servicer submits a claim for benefits to the FHA, RHS or VA, it must forward a copy of the claim to Freddie Mac **(see Directory 5)** and include the Freddie Mac loan number on the copy. If the Servicer receives any communication or requests for information from these entities regarding the claim, the Servicer must send a copy of the correspondence to Freddie Mac **(see Directory 5)** and include a copy of any response to them.

(a) FHA claim filing

For Mortgages Purchased in Whole and Mortgages Purchased in Part, the Servicer must file the claim to ensure that payment is made directly to the Servicer.

(b) VA claim filing

For Mortgages Purchased in Whole and Mortgages Purchased in Part, the Servicer must file the claim to ensure that payment is made directly to the Servicer.

(c) RHS claim filing

The Servicer must submit the claim in Freddie Mac's name to ensure that payment is made directly to Freddie Mac **(see Directory 6)**, whether the Mortgage is a Mortgage Purchased in Whole or in Part.

70.6: Remitting Freddie Mac's share of claim payments to Freddie Mac (01/14/11)

This section has been deleted.

70.7: Mortgage insurance claim filing (10/31/12)

Freddie Mac will file a claim for loss with the MI if the Mortgage is covered by mortgage insurance and will manage the claims payment process with the MI. The Servicer must provide all information and documentation pertaining to the claim to the MI no later than

60 days after the foreclosure sale, short sale or acceptance of a deed-in-lieu of foreclosure, or within any shorter time frame as specified by the mortgage insurance master policy or by Freddie Mac. The Servicer must file all mortgage insurance claims on FHA, VA and Rural Housing Service (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 a Real Estate Owned (REO) property must contact its Freddie Mac REO claim specialist within 24 hours of receiving the offer.

70.9: Receipt of claim payment (01/14/11)

If the Servicer receives a claim payment intended for Freddie Mac, the Servicer must send the funds to Freddie Mac **(see Directory 6)** within 10 Business Days after the Servicer receives them. The Servicer 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 (01/01/13)

If the claim payment amount is reduced, suspended or denied by the MI due to the Servicer's 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 Freddie Mac will notify the Servicer of the reduction, suspension or denial of the MI claim and the remedy requested (such as repurchase or a repurchase alternative in accordance with Chapter 72) by letter (the "Notice Letter"). If Freddie Mac offers the Servicer a repurchase alternative, the Servicer must remit the funds to Freddie Mac within 60 days of the date of the Notice Letter, or some other time period as specified in the Notice Letter. The Servicer may alternatively file an appeal as set forth in the Notice Letter. If Freddie Mac offers the Servicer a repurchase alternative, Freddie Mac may also require the Servicer to indemnify Freddie Mac for any other losses incurred in accordance with Chapter 72.

70.11: Remittance of claim payments (01/14/11)

When Freddie Mac receives the claim payment from the MI, Freddie Mac will remit any portion of the proceeds due to the Servicer, less any outstanding amounts due to Freddie Mac from the Servicer.

70.12: Introduction (01/14/11)

This section details Freddie Mac's requirements for submitting documentation and reporting information during the Real Estate Owned (REO) holding period.

Once Freddie Mac receives notification from the Servicer that Freddie Mac has acquired the REO, Freddie Mac will order a Property Condition Certificate (PCC) from one of its approved real estate brokers. The real estate broker will forward a copy of the completed PCC directly to the Servicer for use throughout the REO disposition process. If the occupancy status of the REO changes from occupied to vacant, the Servicer will receive an updated PCC from Freddie Mac's approved real estate broker.

70.13: Required Real Estate Owned (REO) documentation and reporting (10/01/11)

When reporting an REO, the Servicer must report the transaction ID of "Foreclosure" and sales result "Freddie Mac" no later than the Business Day immediately following the date of the foreclosure sale. Refer to Section 66.56.

The Servicer must submit to Freddie Mac **(see Directory 6)** any information Freddie Mac requests from the Mortgage file within 15 Business Days of the date of its request. Refer to Section 52.3 for Freddie Mac's record retention requirements for Mortgage files on foreclosed Mortgages.

70.14: Notifying the taxing authority/HOA (01/14/11)

Within 30 days of Freddie Mac obtaining clear and marketable title to the Real Estate Owned (REO), the Servicer must notify the taxing authority and homeowners association (HOA), if applicable, of Freddie Mac's ownership of the property.

When the Servicer contacts these organizations, the Servicer 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: The Servicer is 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. The Servicer must continue paying these items until Freddie Mac notifies the Servicer that Freddie Mac has 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 reassess 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 Freddie Mac notifies the Servicer that Freddie Mac has sold the REO, the Servicer must notify the taxing authority in writing to send any supplemental tax bills to Freddie Mac **(see Directory 6)**. The Servicer must also send Freddie Mac **(see Directory 6)** a copy of the letter the Servicer sends to the taxing authority.

70.15: Introduction (01/14/11)

Sections 70.15-70.21 detail Freddie Mac's requirements for protecting the REO and Freddie Mac's ownership rights once Freddie Mac has acquired the REO.

70.16: Property insurance (02/15/12)

The Servicer must maintain or cancel the existing property insurance policy according to the requirements in Section 70.16(a). Additionally, the Servicer 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

The Servicer 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 the Servicer and/or Freddie Mac, as mortgagee. The Servicer 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. The Servicer will be notified that the property has been inspected and is vacant via the Property Condition Certificate (PCC). In the event the Servicer does not receive a PCC within five Business Days after Real Estate Owned (REO) acquisition, the Servicer must check

the status via REO Manager at **http://www.freddiemac.com/singlefamily/service/tools.html**, or the Servicer can call (800) FREDDIE.

If the REO is located in a State in which the Borrower may be permitted to redeem the property, the Servicer must wait to cancel the insurance until the redemption period has expired and the Servicer has 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 Freddie Mac's behalf. The Servicer 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 canceling the policy, the Servicer must submit a request for the unearned portion of the insurance premium to the insurance company for any premium that the Servicer paid on behalf of the Borrower, if applicable. The Servicer must offset any refund it receives from the insurance company against funds the Servicer requests via the final 104SF claim in the Reimbursement System.

70.16: Property insurance (Future effective date 06/01/14)

The Servicer must maintain or cancel the existing property insurance policy according to the requirements in Sections 70.16(a) and 58.12. Additionally, the Servicer 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

The Servicer 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 the Servicer and/or Freddie Mac, as mortgagee. The Servicer 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. The Servicer will be notified that the property has been inspected and is vacant via the Property Condition Certificate (PCC). In the event the Servicer does not receive a PCC within five Business Days after Real Estate Owned (REO) acquisition, the Servicer must check the status via REO Manager at

http://www.freddiemac.com/singlefamily/service/tools.html, or the Servicer can call (800) FREDDIE.

If the REO is located in a State in which the Borrower may be permitted to redeem the property, the Servicer must wait to cancel the insurance until the redemption period has expired and the Servicer has 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 Freddie Mac's behalf. The Servicer 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 canceling the policy, the Servicer must submit a request for the unearned portion of the insurance premium to the insurance company for any premium that the Servicer paid on behalf of the Borrower, if applicable. The Servicer must offset any refund it receives from the insurance company against funds the Servicer requests via the final 104SF claim in the Reimbursement System.

70.17: Canceling utilities (01/14/11)

The Servicer must wait to receive the Property Condition Certificate (PCC) as its notification that the utilities have been transferred to Freddie Mac. Once the real estate broker has sent the PCC to the Servicer, the Servicer can obtain reimbursement for any utility bills it paid that Freddie Mac approved in advance or the Servicer incurred from foreclosure sale through the date the Servicer receives the PCC.

70.18: Condominium/HOA and PUD fees and ground rent (11/18/11)

If the Real Estate Owned (REO) is located in a Condominium Project or Planned Unit Development (PUD) and/or is a leasehold estate, the Servicer must pay the assessment fees of the condominium, homeowners association (HOA) or PUD, and for leasehold estates, make all required payments under the lease, during the REO holding period. Freddie Mac will reimburse the Servicer's proportionate share for the fees after the sale of the REO, as specified in Section 71.18.

70.19: Eviction requirements (06/14/13)

Freddie Mac will conduct the eviction proceedings if the property is occupied. If Freddie Mac requests information or documentation from the Servicer pertaining to the eviction, then the Servicer must provide the information or documentation to Freddie Mac within the requested time frames.

If Freddie Mac directs the Servicer to evict the occupant(s), the Servicer must engage counsel experienced in conducting evictions in the area of the Real Estate Owned's (REO) location. The Servicer's actions to vacate the REO are determined by the circumstances of the case, applicable law concerning evictions and instructions from Freddie Mac. The Servicer must comply with all applicable laws when evicting an occupant from the REO. The Servicer must monitor the attorney's progress to ensure he or she completes the eviction within Freddie Mac's required time frames. Refer to Section 53.1.1 for Freddie Mac's eligibility requirements for eviction attorneys.

During the redemption period (if the REO is occupied) and until the occupants have been evicted, the Servicer must continue to conduct monthly inspections of the property. The Servicer must maintain copies of the inspection reports in the Mortgage file and provide them to Freddie Mac upon request. Refer to Chapter 65 for specific requirements relating to property inspections.

Unless required by applicable law, Freddie Mac will not authorize hiring a moving company to store an occupant's personal belongings. The Servicer must request Freddie Mac's written approval in this instance by submitting Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac **(see Directory 6)**. Any personal belongings left at the property after the eviction must remain there. The Servicer must give the occupants 30 days' written notice to remove their belongings, unless required otherwise by law.

70.20: Reimbursement of expenses incurred (11/18/11)

For an Real Estate Owned (REO) not acquired by a third-party at the foreclosure sale, or for legal expenses not legally collectible from the third-party purchaser, Freddie Mac will reimburse the Servicer 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 Freddie Mac during the foreclosure process.

70.21: Final settlement between the Servicer and Freddie Mac (01/14/11)

After Freddie Mac has received all proceeds from the sale of the Real Estate Owned (REO) and the Servicer has submitted all claims for reimbursement to Freddie Mac **(see Directory 6)**, Freddie Mac will calculate and complete the final settlement of foreclosure expenses between the Servicer and Freddie Mac.

Freddie Mac will bill the Servicer for the Servicer's proportionate share of any expenses Freddie Mac has advanced during the REO holding period if Freddie Mac is not able to recover them from the Servicer's share of the proceeds. Otherwise, Freddie Mac will net these expenses against the Servicer's proportionate share of the sale proceeds and Freddie Mac will send the balance of the Servicer's share to the Servicer. Freddie Mac will also collect any fees, charges or other amounts the Servicer owes Freddie Mac with this settlement.

Chapter 71: Reimbursement of Expenses – Reimbursement System

71.1: Introduction and chapter contents (06/01/13)

This chapter contains Freddie Mac's guidelines and requirements for using the Reimbursement System to request and obtain reimbursement for eligible expenses incurred in connection with a workout or foreclosure of a Mortgage serviced for Freddie Mac.

The expense reimbursement process is governed by the requirements in this chapter, other Purchase Documents, and the following:

1. The terms and conditions of the Mortgage documents
2. Applicable law
3. Requirements of FHA, Rural Housing Service (RHS), VA or the mortgage insurer (MI), if applicable
4. The Reimbursement System User Agreement – Servicer set forth in Exhibit 91

If foreclosure proceedings are discontinued, all fees and costs the Servicer incurs must be collected from the Borrower (unless prohibited by applicable law). The Servicer must not charge the Borrower for:

- Any costs or fees that the Servicer has not incurred, and
- Reinstatement or relief fees that are not allowed by applicable law or the Purchase Documents

If applicable law prohibits reimbursement from the Borrower, Freddie Mac will share the expenses with the Servicer in proportion to Freddie Mac's interest in the Mortgage.

This chapter is organized by the following topics:

Topic	Section
Introduction and chapter contents	71.1
Process for requesting expense reimbursement	71.2
Servicer bound by use – Reimbursement System User Agreement – Servicer	71.3
Consent to conduct electronic transactions	71.4
System security	71.5
Access to copies of electronic transaction records	71.6
User access requirements	71.7

Topic	Section
Use of Reimbursement System by Permitted Vendors	71.8
General requirements	71.9
Servicer expense approval authority	71.10
Expense amounts requiring a Servicer request for pre-approval (RPA)	71.11
Freddie Mac's rights	71.12
Claim submission types and time frames	71.13
Reimbursement of taxes	71.14
Reimbursement of insurance premiums	71.15
Reimbursement of liens	71.16
Reimbursement for property inspection and property preservation expenses	71.17
Reimbursement of condominium, HOA and PUD fees, assessments and ground rent	71.18
Reimbursement of costs incurred during legal proceedings	71.19
Reimbursement requirements when foreclosure must be resumed	71.20
Reimbursement of Broker's Price Opinion (BPO)/appraisal reports	71.21
Reimbursement of Scheduled Principal	71.22
Non-reimbursable expenses	71.24
Denials and adjustments of expense reimbursement requests	71.25
Default reporting requirements	71.26
Real Estate Owned (REO) related costs and expenses	71.27
Expense offsets	71.28
Forwarding remittances to Freddie Mac	71.29
Standard supporting documentation for expense reimbursement	71.30
Expense reimbursement audits	71.31

71.2: Process for requesting expense reimbursement (10/31/12)

The Servicer must submit a request for reimbursement via the Reimbursement System (available at **http://www.freddiemac.com/singlefamily/service/tools.html**) in accordance with the requirements of this chapter.

Any Servicer submitting an expense reimbursement request for the first time must obtain access to the system by submitting Form 1200, Reimbursement System User Setup Form, which is available at Freddie Mac's web site at **http://www.freddiemac.com/singlefamily/service/tools.html**.

Servicers may choose to receive reimbursement of expenses and payment of incentives via Automated Clearing House (ACH) credit entries into their commercial checking accounts, rather than receiving paper checks. For instructions on how to receive ACH credit entries, Servicers should refer to Exhibit 98, Expense Reimbursement/Incentive Payment Authorization Agreement for ACH Credits.

Freddie Mac's expense reimbursement resources include:

- Reimbursement System User Guide
- Expense Reimbursement Desk Reference

71.3: Servicer bound by use – Reimbursement System User Agreement – Servicer (06/13/12)

By virtue of Servicer's use of the Reimbursement System, the Servicer agrees and is deemed to be bound by: (i) all of the provisions of the Reimbursement System User Agreement – Servicer set forth in Exhibit 91 of the Guide to the same degree as if the Servicer has signed such Agreement as "User"; (ii) Chapter 3 and Section 50.3.1; (iii) the provisions of this Chapter 71; and (iv) all other applicable terms and conditions of the Guide and other Purchase Documents.

71.4: Consent to conduct Electronic Transactions (06/13/12)

Servicers should refer to Chapter 3 for the definition of the following terms used in this section:

- Electronic Record
- Electronic Signature
- Electronic Transaction
- Record

Servicer consents to conduct Electronic Transactions with Freddie Mac using the Reimbursement System including, but not limited to, Records, Electronic Records and Electronic Signatures in accordance with Chapter 3 and Section 50.3.1 and agrees that

Servicer will be bound by the terms and conditions of such Electronic Transactions. When using the Reimbursement System, Servicer will make on-screen selections by "clicking on" certain designated terms, items, icons or buttons to signify Servicer's agreement with various terms and conditions presented within the Reimbursement System. Servicer's Electronic Signature, includes, but is not necessarily limited to, the process or action of "clicking on" such designated items, icons or buttons.

71.5: System security (06/13/12)

Freddie Mac, in its sole discretion, will provide the initial password, vendor code and user identification to the Servicer. The Servicer must then create user IDs and passwords, as applicable, to permit secure access to the Reimbursement System by authorized employees, and must adopt security measures in accordance with Sections 3.4 and 50.3.1. For purposes of this chapter, Freddie Mac and Servicer agree that when referring to Section 3.4, the words "Seller" or "Seller/Servicer" as set forth Section 3.4 shall be deemed to be the word "Servicer."

In addition to the notification requirements in Section 3.4, Servicer must create and maintain User IDs and passwords in accordance with the Reimbursement System User Guide and Exhibit 91, Reimbursement System User Agreement – Servicer.

71.6: Access to copies of Electronic Transaction Records (06/13/12)

Servicers should refer to Chapter 3 for the definition of the following terms used in this section:

- Electronic
- Electronic Record
- Electronic Transaction
- Record
- System

Servicer acknowledges and agrees that its ongoing access to copies of Records and Electronic Records related to any Electronic Transactions conducted by Servicer using the Reimbursement System will be:

- Paper copies Servicer prints out using its Systems, print capabilities and its printer, or

- Electronic copies Servicer is able to download to its computer or copy to a disk or other Electronic device

Accordingly, Servicer assumes responsibility for obtaining and retaining copies of any such Records and Electronic Records for Servicer's future reference. If Servicer is unable to print, download or copy any of the Records or Electronic Records, Servicer may contact (800) FREDDIE for assistance in obtaining copies of the Electronic Records.

71.7: User access requirements (06/13/12)

Servicer acknowledges and agrees that Freddie Mac has provided Servicer with written or Electronic, as defined in Chapter 3, information that describes the minimum hardware, software, browser and other Internet connectivity requirements necessary to conduct Electronic Transactions, as defined in Chapter 3, with Freddie Mac using the Reimbursement System.

71.8: Use of Reimbursement System by Permitted Vendors (04/15/13)

The Servicer may grant Reimbursement System access to a vendor who provides services in connection with Mortgages serviced for Freddie Mac. Such vendors are referred to as "Permitted Vendors." Permitted Vendors are allowed access to the Reimbursement System for the sole purposes of requesting pre-approvals (RPAs) to exceed Freddie Mac's expense limits listed in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Exhibit 57A, Approved Attorney Fees and Titles Expenses, or for submitting claims for Servicer reimbursement based on the expense limits listed in the aforementioned exhibits.

Freddie Mac, at any time and in its sole discretion, may terminate a Permitted Vendor's access to the Reimbursement System and/or direct the Servicer to terminate a Permitted Vendor's access.

The Servicer must comply with the following requirements related to use of the Reimbursement System by a Permitted Vendor:

- The Servicer must obtain from each Permitted Vendor an original Exhibit 92, Reimbursement System User Agreement – Permitted Vendor, signed by an officer of the Permitted Vendor. The Servicer must maintain a copy of this signed document and make it available to Freddie Mac upon request.

- The Servicer must have written policies and procedures in place that document its criteria for selecting Permitted Vendors and how the Servicer will monitor the Permitted Vendor's use of the Reimbursement System

- The Servicer must periodically review and analyze the types and dollar amounts of expenses requested by Permitted Vendors to ensure compliance with all applicable requirements

- For property preservation services, if Freddie Mac requires that competitive bids be obtained from multiple vendors, the Servicer is responsible for obtaining the multiple bids and keeping records of the bids

71.9: General requirements (01/14/11)

The Servicer is responsible for:

- Use of the Reimbursement System by Servicer's employees, any personnel retained by the Servicer for the purpose of entering data into the Reimbursement System on behalf of the Servicer, and Permitted Vendors (see Section 71.8) or others (whether or not authorized) who obtain access to the Reimbursement System through the Servicer or a Permitted Vendor

- Compliance with applicable provisions of the Guide, the Reimbursement System User Guide, Exhibit 91, Reimbursement System User Agreement – Servicer, and Exhibit 92, Reimbursement System User Agreement – Permitted Vendor, by the Servicer's employees, personnel referenced above and Permitted Vendors

- Administering User IDs and passwords in accordance with the Reimbursement System User Guide and Exhibit 91, Reimbursement System User Agreement – Servicer

- Any losses, including Freddie Mac's payment of expenses for which the Servicer was not entitled to reimbursement, that Freddie Mac suffers as a result of use of the Reimbursement System by Servicer's employees, any personnel retained by Servicer for the sole purpose of entering data into the Reimbursement System on behalf of the Servicer, and Permitted Vendors or others (whether or not authorized) who obtain access to the Reimbursement System through the Servicer or a Permitted Vendor

- Ensuring that Permitted Vendors sign and comply with the Reimbursement System User Agreement – Permitted Vendor, Exhibit 92. The Servicer must maintain auditable records of such agreements.

71.10: Servicer expense approval authority (06/01/13)

Servicers may incur legal and other expenses in accordance with the established limits in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Exhibit 57A, Approved Attorney Fees and Title Expenses, without Freddie Mac's prior approval.

71.11: Expense amounts requiring a Servicer request for pre-approval (RPA) (02/15/12)

Prior to the Servicer incurring expenses that exceed the expense limits in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, or Exhibit 57A, Approved Attorney Fees and Title Expenses, the Servicer must obtain written pre-approval from Freddie Mac by submitting a request for pre-approval (RPA) via the RPA functionality in the Reimbursement System.

Beginning March 1, 2012, Servicers must submit an RPA for each expense that meets the descriptions next to the expense codes listed in Exhibit 59, City of Chicago, Illinois Vacant Property Ordinance Expense Codes.

71.12: Freddie Mac's rights (01/01/13)

Freddie Mac reserves the following rights:

- The amount of the expense reimbursement will be in proportion to Freddie Mac's Percentage of Participation in the Mortgage
- Freddie Mac may deny the Servicer's request for reimbursement or curtail a portion of such expenses if Freddie Mac does not receive the Servicer's request within the required time frames specified in Section 71.13
- Freddie Mac will not reimburse the Servicer for expenses incurred on Mortgages repurchased by the Servicer, or Mortgages subject to full recourse or indemnification. However, when applicable, the Servicer must submit expenses on any Mortgage that is pending repurchase. If the Servicer is required to repurchase Freddie Mac's interest in a Mortgage in accordance with Chapter 72, Freddie Mac's calculation of the repurchase price will include all amounts the Servicer was reimbursed.
- If Freddie Mac does not exercise its right to set off amounts owed to Freddie Mac against other funds owed to a Servicer, Freddie Mac will bill the Servicer for

expenses and/or losses incurred or discovered after the repurchase notification date and/or the date of Freddie Mac's receipt of the repurchase proceeds from the Servicer

- If Freddie Mac audits the Servicer's reimbursement requests and determines that a previously reimbursed expense was not eligible for reimbursement, Freddie Mac may bill the Servicer for any amounts due to Freddie Mac on the Servicer's 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.)

- The expenses submitted on the final claim for a Rural Housing Service (RHS) Mortgage will not be reimbursed until Freddie Mac has received the full amount of claim proceeds from the RHS

  Note: Freddie Mac will reimburse the Servicer for additional expenses that appear on the claim forms the Servicer submits to the RHS only if Freddie Mac receives these funds in the claim proceeds from the RHS.

- Freddie Mac reserves the right to require the Servicer to obtain competitive bids from multiple vendors on property preservation work that exceeds the expense limits specified in Exhibit 57

71.13: Claim submission types and time frames (08/15/13)

Expense reimbursement may occur after:

- The completion of either a non-Real Estate Owned (REO) event or activity (such as a workout option or purchase of the property by a third party for less than total debt). Such action is referred to as a "non-REO" claim submission type

- Freddie Mac's acquisition of the REO (through foreclosure sale or deed-in-lieu of foreclosure). Such action is referred to as an "REO" claim submission type

- Completion of the REO sale by Freddie Mac, also referred to as an "REO" claim submission type

Non-REO and REO claim submissions have different submission types and time frames. Sections 71.13(a) and 71.13(b) provide a summary of the requirements for each claim submission type.

Expenses for which the Servicer is seeking reimbursement are submitted via a 104SF claim in the Reimbursement System.

(a) Non-REO expenses

Usually the Servicer only needs to submit one claim for a non-REO event or activity, referred to as the "final" claim. Any additional claim submissions are referred to as "supplemental."

Non-REO expenses may include, but are not limited to, expenses relating to the following events or activities:

- Workout settlements (i.e., short sales and charge-offs)
- Purchase of a property by a third party at foreclosure sale (after Freddie Mac's approval of any deficiency charge-off amount)
- Legal fees and/or legal costs considered non-recoverable from the Borrower under applicable federal, State or local law upon reinstatement or pay off of the Mortgage
- Bankruptcy completion on a current Mortgage for which Freddie Mac pre-approved the Servicer's hiring of an attorney to protect Freddie Mac's interests when the Borrower filed a bankruptcy and is current on the Mortgage
- Title reports related to rejected workouts

The table below describes the specific claim submission types and time frames for non-REO events or activities:

Claim Submission Type	Description	Time Frame
Final	Filed to request reimbursement of expenses incurred by the Servicer	Freddie Mac must receive no later than 45 days after completion of a non-REO event or activity (as defined above)
Supplemental	Filed after the final claim to request reimbursement of expenses omitted from the final claim, such as a delayed invoice received by the Servicer	Freddie Mac must receive no later than 60 days after completion of the non-REO event or activity (as defined above)

(b) REO expenses

The table below describes the specific claim submission types and time frames for reimbursement of pre- and post-acquisition expenses for REO.

Claim Submission Type	Description	Time Frame
Initial	Filed to request reimbursement of expenses incurred up to and including the acquisition date	Freddie Mac must receive no later than 45 days after 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	Filed to request expenses incurred after acquisition date but prior to the settlement of the sale of the REO.	Not Applicable
Final	Filed to request reimbursement of allowable expenses incurred after the acquisition date	The Servicer may submit any time after the acquisition date, but no later than 60 days after the settlement of the sale of the REO

During the REO holding period (i.e., this is the time period from Freddie Mac's acquisition of the property to the sale of the REO), the Servicer must keep abreast of the status of the REO and obtain information via REO Manager® at **http://www.freddiemac.com/singlefamily/service/tools.html**. The Servicer also may obtain information from the real estate broker who provided the Servicer with the Property Condition Certificate (PCC). (Refer to Section 70.16 for details regarding the PCC.) If a PCC was not provided, the Servicer may contact (800) FREDDIE to obtain this information. Freddie Mac will not send the Servicer a written notice of the sale of the REO.

71.14: Reimbursement of taxes (11/01/13)

The Servicer must administer all funds in the Borrower's Escrow account to pay expenses in accordance with the terms set forth in the Note and the Security Instrument, in addition to applicable federal, State and local laws. The Servicer must maintain sufficient Escrows and/or verify timely payments of those taxes in accordance with Sections 59.1 and 66.29.

Freddie Mac will reimburse the Servicer that is in compliance with the requirements of Sections 59.1 and 66.29 for taxes that were incurred and paid to a taxing authority as follows:

- For Real Estate Owned (REO) claim submissions, taxes are reimbursable if incurred and paid to a taxing authority up to 12 months prior to the Due Date of Last Paid Installment (DDLPI) through the REO settlement date
- For non-REO claim submissions, taxes are reimbursable if incurred and paid to a taxing authority up to 12 months prior to the DDLPI through the payoff date. Refer to Section 71.13 for a description of non-REO events or activities.

If the Servicer 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, Freddie Mac will reimburse the Servicer for the taxes the Borrower did not pay if the Servicer provides Freddie Mac with documentation of:

1. The repayment plan and the sequence of events
2. Evidence that the Servicer initiated foreclosure as required in Section 59.1

Except as otherwise provided herein, Freddie Mac will reimburse the Servicer for the first tax penalty incurred on a non-escrowed Mortgage that goes to foreclosure on the condition that the Servicer has complied with the requirements of Section 59.1. Freddie Mac will not reimburse the Servicer for the interest or other charges accrued on delinquent taxes.

Freddie Mac will reimburse Servicers for the first and second tax penalty incurred on a non-escrowed Mortgage in the State of California only in instances where the Servicer is not notified of unpaid property taxes on a non-escrowed Mortgage until the second tax penalty was assessed.

Freddie Mac will not reimburse the Servicer for any late fees, interest and penalties other than the first tax penalty (and second tax penalty in California) on a non-escrowed Mortgage. However, if a tax authority considers interest as a penalty, or includes interest as part of the penalty, Freddie Mac will reimburse the Servicer for the first (and second in California) assessment of the interest penalty only. The "first tax penalty" is the first penalty assessed for any tax, not the first penalty assessed on each type of tax. If the Servicer submits a request for reimbursement of real estate taxes and Freddie Mac paid

the same taxes as part of the settlement costs when Freddie Mac sold the REO or when the Servicer completed a short sale or third-party foreclosure sale where the sale proceeds are less than the total indebtedness, Freddie Mac will not reimburse the Servicer for such taxes and will adjust the Servicer's claim. The Servicer is responsible for obtaining a refund from the taxing authority for such taxes.

In California, properties are reassessed for supplemental taxes from the foreclosure sale date to the REO settlement date. A supplemental tax statement is often generated long after the REO settlement date. Therefore, when Freddie Mac informs the Servicer that Freddie Mac has sold the REO, the Servicer must notify the taxing authority, in writing, to send any supplemental tax bills to Freddie Mac **(see Directory 6)**. The Servicer must also send Freddie Mac a copy of the letter sent to the taxing authority.

71.15: Reimbursement of insurance premiums (01/14/11)

Freddie Mac will reimburse the Servicer for property insurance premiums if they were incurred and paid to the insurer 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 the Servicer's receipt of a Property Condition Certificate (PCC) from a broker indicating the property has been inspected and is vacant. (Refer to Section 70.16 for additional information.)

71.15: Reimbursement of insurance premiums (Future effective date 06/01/14)

Freddie Mac will reimburse the Servicer for property insurance premiums if they were incurred and paid to the insurer 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 the Servicer's receipt of a Property Condition Certificate (PCC) from a broker indicating the property has been inspected and is vacant. (Refer to Section 70.16 for additional information.)
3. Lender-Placed Insurance (LPI) premiums are reimbursable for a period up to 14 days after the final non-REO activity or up to 14 days after the Servicer's receipt of a PCC from a broker indicating the property has been inspected and is vacant. Freddie Mac will not reimburse the Servicer for LPI premiums for periods in which the Borrower obtained coverage meeting the requirements outlined in Chapter 58 was already in place. LPI premiums for which the Servicer or an affiliated entity received compensation in violation of Section 58.12 are not reimbursable.

71.16: Reimbursement of liens (01/14/11)

Freddie Mac will reimburse the Servicer in most instances where the Servicer must pay expenses that are, or may become, a First Lien priority on the property or that if not paid would result in the termination of Freddie Mac's interest in the property, as provided in the Guide. (Refer to Sections 66.29 and 71.18.)

71.17: Reimbursement for property inspection and property preservation expenses (11/01/13)

For each property inspection completed in accordance with the requirements of Section 65.33, Freddie Mac will reimburse the Servicer the lesser of:

- The actual cost of the property inspection and
- The applicable expense limits stated in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts

In addition, the Servicer will be reimbursed for an interior property inspection obtained for a Freddie Mac Standard Deed-in-Lieu of Foreclosure pursuant to the requirements of Section B65.46. Refer to Exhibit 57 for more information on reimbursable limits for property inspections.

In the case of abandoned properties, it may be necessary for the Servicer to incur certain property preservation expenses, such as the cost of utilities and expenses incurred to protect the property from waste, damage and vandalism. The Servicer will be reimbursed for Freddie Mac's proportionate share of such property preservation expenses 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 the Servicer receives the Property Condition Certificate (PCC). (Refer to Section 70.16 for details regarding the PCC.) If the expense of the preservation exceeds Freddie Mac's approval limits, the Servicer must obtain Freddie Mac's approval prior to incurring the expense by submitting a request for pre-approval of these costs via the Reimbursement System.

If the Servicer exceeds the expense limit in Exhibit 57 for emergency repairs, Freddie Mac may reimburse the Servicer if Freddie Mac is notified of the emergency via the Reimbursement System by the next Business Day after the expense was incurred. If the Servicer's determination to incur the expense was reasonable, as determined in Freddie Mac's sole discretion, Freddie Mac will reimburse the Servicer for the expense.

Once a property becomes Real Estate Owned (REO) and the Servicer receives the PCC, the Servicer is no longer responsible for property preservation expenses and will not be reimbursed for property preservation costs, including utility expenses incurred after that time.

71.18: Reimbursement of condominium, HOA and PUD fees, assessments and ground rent (08/01/13)

The Servicer 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 Real Estate Owned (REO) settlement date.

Freddie Mac will reimburse the Servicer for post-foreclosure condominium, HOA and PUD regular assessments (dues) and special assessments incurred from the foreclosure sale date through the REO settlement date. Freddie Mac will not reimburse the Servicer for late fees, interest, collection expenses or attorney fees.

In addition, if applicable State law creates a lien priority over the Mortgage lien for condominium, HOA or PUD assessments, or for leasehold estates or ground rent payments assessed before the foreclosure sale date, then Freddie Mac will reimburse the Servicer for its payment of regular condominium, HOA or PUD assessments and/or ground rent payments assessed prior to the foreclosure sale date, in an amount no greater than the lesser of:

- The actual amount in regular assessments advanced by the Servicer
- The maximum amount in regular assessments that, per the project declaration or bylaws, would take priority over the Mortgage

- The maximum amount in regular assessments that, per applicable State statute, would take priority over the Mortgage

Freddie Mac will not reimburse the Servicer for late fees, interest, collections expenses or attorney fees, regardless of whether such amounts may be included under the lien pursuant to applicable State law.

71.19: Reimbursement of fees and costs incurred during legal proceedings (09/01/13)

The Servicer must direct its attorney to use the non-judicial foreclosure process whenever possible. If the Servicer recommends filing a judicial foreclosure to preserve the right to pursue a deficiency judgment, the Servicer must secure Freddie Mac's written approval prior to initiating the judicial foreclosure by submitting a request for pre-approval (RPA) for the additional attorney fees. The Servicer must include an explanation for the request in the RPA comment field along with the electronic attachment of any supporting documentation. Refer to Section 66.47 for further information.

Certain legal fees and costs are reimbursable when the Servicer forecloses on a property or takes other routine legal action. Those fees and costs include such items as:

1. Attorney fees as set forth in Exhibit 57A, Approved Attorney Fees and Title Expenses.

   Servicing Note: Freddie Mac 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. Mediation fees and court costs when pre-foreclosure mediation is required by State or local law. Attorney fees and court costs as well as fees charged by a mediation manager are reimbursable with prior written approval from Freddie Mac. Freddie Mac will approve mediation fees and court costs up to $875 for attendance and appearance at the initial mediation hearing or conference and up to two additional mediation hearings or conferences when Freddie Mac determines that applicable law requires participation in a pre-foreclosure mediation program. Freddie Mac will conduct additional review to approve RPAs of mediation fees and court costs in excess of $875, or in any amount in any State or jurisdiction where Freddie Mac has not determined that applicable law requires a pre-foreclosure mediation program.

3. Filing costs and other costs required by a court

4. Costs as set forth in Exhibit 57A for title work required for foreclosures, which include the cost of an update to the title if required by the State, or to ensure clear and marketable title to the Mortgaged Premises after the foreclosure sale. Freddie Mac will not reimburse for any additional title abstract, commitment or policy. If the

Servicer must obtain an additional update to the title because the original is stale due to bankruptcy delay, Freddie Mac will reimburse the Servicer up to $75 for the update. Servicers must contact Freddie Mac for written pre-approval for an additional update if the title becomes stale for any other reason.

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 set forth in Exhibit 57A. However, if the Borrower is delinquent and files for bankruptcy protection and a reorganization plan is approved, Freddie Mac will not reimburse the Servicer for its expenses. The Servicer must seek reimbursement for its allowable expenses through the Borrower's bankruptcy plan.

   If the Borrower breaches the bankruptcy plan, the Servicer must not submit a claim until after the final non- Real Estate Owned (REO) event or activity occurs or Freddie Mac acquires the property at foreclosure, whichever is applicable.

9. Eviction costs and expenses if Freddie Mac directs the Servicer to process the eviction. (Refer to Section 70.19.)

10. Contested foreclosure fees and court costs as set forth in Exhibit 57A required to continue with the foreclosure process if the Servicer has submitted and Freddie Mac has granted written pre-approval of the Servicer's request via the Reimbursement System

11. For the life of the default, the actual cost of system connectivity fees, technology fees and invoice processing fees up to the maximum expense limits specified in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts. For details on system connectivity and invoice processing, refer to Section 69.9.

Freddie Mac will not reimburse the Servicer for attorney's fees and litigation costs on Mortgages sold to Freddie Mac with full recourse or subject to indemnification. For Mortgages sold to Freddie Mac with recourse or subject to indemnification, the Servicer must inform counsel retained for foreclosure, eviction or bankruptcy that the Servicer is responsible for paying all associated fees and costs.

71.20: Reimbursement requirements when foreclosure must be resumed (06/01/13)

If the Servicer has to resume a foreclosure proceeding in certain States due to a delay in the process, Freddie Mac will reimburse the Servicer as follows:

1. All of the reimbursable actual costs (per the requirements of the Guide) of each foreclosure
2. Up to 100% of the approved attorney's fees for the first foreclosure attempt
3. Up to 70% of the approved attorney's fees for a subsequent foreclosure

Refer to Section 66.32 for an explanation of such a delay.

The States affected by this requirement are identified in Exhibit 57A, Approved Attorney Fees and Title Expenses, with a double asterisk.

In all other States, Freddie Mac will reimburse the Servicer for only one occurrence of the foreclosure fee and costs per the requirements of the Guide.

71.21: Reimbursement of Broker's Price Opinion (BPO)/appraisal reports (01/14/11)

Since the Servicer does not incur an expense when it orders a BPO from Freddie Mac via BPOdirect® in connection with a workout or a foreclosure, a BPO is not an expense for which the Servicer may seek reimbursement. Freddie Mac will only reimburse the Servicer for an appraisal report if the Servicer has submitted a request for pre-approval (RPA) via the Reimbursement System and Freddie Mac has approved the expense.

71.21: Reimbursement of Broker's Price Opinion (BPO)/appraisal reports (Future effective date 03/17/14)

Since the Servicer does not incur an expense when it orders a BPO or appraisal report from Freddie Mac via BPOdirect® in connection with a workout or a foreclosure, a BPO or appraisal report via BPOdirect is not an expense for which the Servicer may seek reimbursement. Freddie Mac will only reimburse the Servicer for an appraisal report ordered from an appraiser of its choice if the Servicer has complied with Section 65.38(a).

71.22: Reimbursement of Scheduled Principal (08/21/12)

Guaranteed timely Scheduled Principal, paid under the super accelerated remittance cycle (super ARC) option (as described in Sections 76.6 and 78.23), is reimbursable via expense code 503000 when advanced on a Mortgage that results in a Real Estate Owned (REO), short sale, other workout or charge-off.

71.23: Reimbursements for required use of designated counsel (06/01/13)

Effective June 1, 2013, this section has been deleted.

71.24: Non-reimbursable expenses (11/01/13)

Freddie Mac considers the following items to be standard operating costs for Servicers, the attorney or broker and, as part of the cost of doing business, not reimbursable:

1. Appraisal reports, except when approved by Freddie Mac in advance
2. Attorney's 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 (Freddie Mac is exempt under Title 12 of the United States Code, Section 1452(e)), unless the Servicer received Freddie Mac's prior written approval via the Reimbursement System to incur the taxes prior to the foreclosure sale
4. Facsimile transmission (fax) charges
5. Interest, penalties (except for the first tax penalty (and second tax penalty in California as provided in Section 71.14) incurred as defined in Section 71.14), late charges, or legal fees for late payment of taxes or homeowners association (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
16. Credit reports

Expenses incurred prior to the expiration of the redemption period should not be submitted for reimbursement until after the redemption expiration.

71.25: Denials and adjustments of expense reimbursement requests (01/14/11)

Freddie Mac reserves the right to withhold payment on a reimbursement request if:

1. Servicer fails to provide Freddie Mac with supporting documentation requested or in the time frame Freddie Mac requires
2. Freddie Mac did not receive the request within the expense reimbursement submission time frames (see Section 71.13)
3. The request includes expenses that are typically non-reimbursable, unless the Servicer has obtained Freddie Mac's written pre-approval
4. 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 the Servicer obtained Freddie Mac's written pre-approval

   If Freddie Mac adjusts or denies the Servicer's reimbursement request:

   - Information on the reason why Freddie Mac either adjusted or denied an expense reimbursement will be available in the Reimbursement System
   - The Servicer may resubmit the reimbursement request via the Reimbursement System provided the resubmission is within Freddie Mac's time frame requirements, the Servicer claims only the disallowed expense, and the appropriate documentation is attached and includes a justification for why the disallowed expense should be reimbursed

71.26: Default reporting requirements (01/14/11)

The legal fees and costs the Servicer submits must reflect the same default action dates as reported via Electronic Default Reporting (EDR). Failure to report delinquency,

foreclosure, bankruptcy and other relevant EDR data will result in the adjustment or denial of the claim request.

71.27: Real Estate Owned (REO) related costs and expenses (01/14/11)

Freddie Mac will reimburse the Servicer for post acquisition activities which a Servicer must perform for Freddie Mac, the mortgage insurer, FHA and/or the VA. (Refer to Chapter 70 for information on these activities.)

71.28: Expense offsets (01/14/11)

The Servicer must deduct certain funds from expenses incurred. These funds include positive Escrow balances at default, interest on Escrow balances, property insurance and primary mortgage insurance premium refunds.

The Servicer's requested expense reimbursements must be offset by any positive Escrow balance. Funds remaining in the Borrower's Escrow account at default must be accounted for with the Servicer's reimbursement request 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, the Servicer is required to offset any incurred reimbursable expenses with the proceeds of rental income it receives during the foreclosure or Real Estate Owned (REO) holding period.

Mortgage insurance premium refunds should be refunded directly to Freddie Mac by the mortgage insurer (MI) on the claim for loss. If, however, the MI sends a refund of the mortgage insurance premium to the Servicer directly, the Servicer must credit the MI premium refund on the claim as income when it submits a request for expense reimbursement.

In the following instances, the Servicer will be required to send funds to Freddie Mac via check:

- If the income reported by the Servicer exceeds the expenses requested
- If the Servicer has no expenses currently being processed to offset the income that is due to Freddie Mac

In both instances, the Servicer must send Freddie Mac a check (**see Directory 5**) for the balance due payable to the Federal Home Loan Mortgage Corporation with a reference to the Freddie Mac loan number.

The Servicer must not offset anticipated or received mortgage insurance claim payments, property insurance claim proceeds or sales proceeds against any expenses incurred. (Refer to Section 71.29 for information on remitting these funds to Freddie Mac.)

71.29: Forwarding remittances to Freddie Mac (06/13/12)

The Servicer is required to forward non-Real Estate Owned (REO) related funds to Freddie Mac **(see Directory 5)** and REO related funds to Freddie Mac **(see Directory 6)** within 10 Business Days of the Servicer's receipt of the funds. Such funds typically include, but are not limited to, mortgage insurance claim proceeds and property insurance claim proceeds.

The Servicer must forward the funds to Freddie Mac via check or wire transfer as follows:

- For non-REO related funds, the Servicer 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

- For REO related funds, the Servicer must forward the funds via (a) check or (b) wire transfer

  (a) Remittances forwarded by check must be payable to the Federal Home Loan Mortgage Corporation and include the Freddie Mac loan number along with copies of related documentation with the check

  (b) Remittances forwarded by wire transfer must reference the Freddie Mac loan number, address of property, and the type of proceeds (e.g., REO repurchases, mortgage insurance claim proceeds, and property insurance claim proceeds)

The Servicer must not offset any expenses against property insurance claim proceeds or mortgage insurance claim proceeds.

71.30: Standard supporting documentation for expense reimbursement (08/01/13)

With the exception of Mortgages guaranteed by the Rural Housing Service (RHS), Freddie Mac generally will not require the Servicer to submit supporting documentation with its expense reimbursement requests and resubmission of denied reimbursement requests. However, there are situations, such as audits of reimbursement requests, where Freddie Mac will instruct the Servicer to provide standard supporting documentation.

Standard supporting documentation for expense reimbursement requests includes, but is not limited to:

1. Proof of all disbursements: Copies of original bills/invoices of services performed for expenses submitted on the claim, that include, but are not limited to, the following: legal fees and costs, property inspection, property preservation costs, primary mortgage insurance premiums and condominium/homeowners association (HOA)/Planned Unit Development (PUD) assessments

2. A copy of the project declaration highlighting, if applicable, the portion of the condominium, HOA or PUD assessments that may take priority over the Mortgage

3. Copy of the Mortgage history beginning twelve months prior to the Due Date of the Last Paid Installment through the date Freddie Mac requests the Mortgage history. Proof of payment of normal Escrow items is 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, the Servicer must submit documentation from the taxing authority providing the breakdown of the tax amount, including any late charges, penalties and interest (if applicable).

4. The buydown account balance, if applicable

5. If the Mortgage is guaranteed by the RHS, copies of the claim filed with RHS

In the event a Servicer is required to submit supporting documentation for Freddie Mac to process the claim, the Servicer's submission must meet the appropriate submission deadline in Section 71.13 or any deadline given in Freddie Mac's request for documentation.

71.31: Expense reimbursement audits (01/14/11)

Freddie Mac will perform audits of claims to ensure compliance with Freddie Mac's requirements. If Freddie Mac finds that a claim is not in compliance with applicable requirements, Freddie Mac may deny the reimbursement or adjust the claim.

Freddie Mac will communicate an audit request to the Servicer via the Reimbursement System. The Servicer will then be required to submit the standard supporting documentation via the Reimbursement System within seven Business Days. (Refer to Section 71.30.) If the Servicer fails to submit the required documentation by the deadline, the Servicer's claim will be denied and the Servicer will not be permitted to resubmit the claim to Freddie Mac.

If Freddie Mac determines through the audit that an expense was not eligible for reimbursement, Freddie Mac will:

- Provide the Servicer with an explanation of Freddie Mac's audit findings, and
- Release the claim back to the Servicer or adjust the claim based on Freddie Mac's audit findings

If Freddie Mac determines through an audit that a previously reimbursed expense was not eligible for reimbursement, Freddie Mac will bill the Servicer for the amounts due back to Freddie Mac on its 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.)

If Freddie Mac determines through the audit that Freddie Mac owes funds to the Servicer, Freddie Mac will remit the funds to the Servicer within 30 calendar days of the date Freddie Mac notifies the Servicer of the audit findings.

Chapter 72: Repurchases

72.1: Repurchases required by Freddie Mac due to violations of sale representations and warranties (01/01/13)

For Mortgages sold to Freddie Mac, the Seller, the Seller as Servicer, any prior Servicer and/or the current Transferee Servicer of the Mortgages (in this Section 72.1, the "Seller/Servicer") are jointly and severally liable for all sale representations, covenants and warranties in the Purchase Documents with respect to the Mortgages, unless specifically otherwise provided in the Purchase Documents. 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/Servicer to repurchase Freddie Mac's interest in a Mortgage if the Seller has:

1. Not complied with a requirement, term or condition of the Purchase Documents, or
2. Violated 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. Delivered a Mortgage in violation of the Seller's representations and warranties

Freddie Mac may also require the Seller/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 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 Seller/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/Servicer to repurchase Freddie Mac's interest in a Mortgage if the repurchase is required under the terms of the Purchase Documents.

Freddie Mac's decision to require the Seller/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/Servicer must repurchase Freddie Mac's interest in the identified Mortgage within 60 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.

Freddie Mac may, at its sole discretion, provide the Seller/Servicer with an alternative to the immediate repurchase of the identified Mortgage. In each such case, Freddie Mac will notify the Seller/Servicer of the type and terms of the repurchase alternative.

For purposes of this Section 72.1, Mortgages that are subject to repurchase include active Mortgages, inactive Mortgages and Real Estate Owned (REO) and all other post-foreclosure situations pursuant to the provisions of Section 72.3.

72.1.1: Repurchases and repurchase alternatives required by Freddie Mac due to Servicing violations (01/01/13)

In addition to any other remedies it may have at law or in equity for any Mortgage it purchased, Freddie Mac may require the Servicer to repurchase Freddie Mac's interest in a Mortgage if the Servicer has:

1. Not complied with a requirement, term or condition of the Purchase Documents, or
2. Violated any agreement in the Purchase Documents, or
3. Made false warranties or representations in the Purchase Documents, or
4. Been unable to supply satisfactory evidence of compliance with the Purchase Documents, or
5. Failed to provide Freddie Mac with information that is true, complete and accurate concerning the Mortgage, or
6. 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 Servicer that would relieve the Mortgage holder from liability under such law or regulation), or
7. Serviced a Mortgage in violation of the Servicer's representations and warranties

Freddie Mac may also require the 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 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 may not be an acceptable substitute for repurchase of Freddie Mac's interest in the Mortgage.)

Freddie Mac will require the Servicer to repurchase Freddie Mac's interest in a Mortgage if:

- The 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 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 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 Servicer must repurchase Freddie Mac's interest in the identified Mortgage within 60 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 72.6.1.

Repurchase alternatives or cure

Freddie Mac may, at its sole discretion, provide the Servicer with an alternative to the immediate repurchase of the identified Mortgage, such as payment of an amount determined solely by Freddie Mac, to indemnify Freddie Mac. Further, Freddie Mac may, in its sole discretion, allow the Servicer an opportunity to cure certain violations.

If Freddie Mac provides the Servicer with a repurchase alternative, Freddie Mac will notify the Servicer of the type and terms of the repurchase alternative. The Servicer must then remit payment of the amount to indemnify or file an appeal within 60 days of Freddie Mac's notification. The appeal must comply with the requirements of Section 72.6.1. If the Servicer does not comply with the terms of the repurchase alternative and does not remit payment or file an appeal timely, the repurchase alternative is rescinded

and no longer available. Freddie Mac may then require the Servicer to repurchase the Mortgage; however, the repurchase appeal provisions of Section 72.6.1 will not be available to the Servicer.

Freddie Mac may, in its sole discretion, allow the Servicer an opportunity to cure certain violations. Freddie Mac will notify the Servicer of the availability of the opportunity to cure and the timing and terms for cure. In such case, even if the Servicer cures the violation, Freddie Mac reserves the right to require the Servicer to indemnify Freddie Mac for any loss, damage or expense that it may sustain.

For purposes of this Section 72.1.1, Mortgages that are subject to repurchase include active Mortgages, inactive Mortgages and Real Estate Owned and all other post-foreclosure situations pursuant to the provisions of Section 72.3.

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 (01/01/13)

The repurchase price is calculated as follows:

- **Active Mortgages (see Section 78.4):**
  - 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 (see Section 78.4):**

- 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) and all other post-foreclosure situations:**
  - 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 (and all other post-foreclosure situations) for which a Servicer remits under the super accelerated remittance cycle (super ARC) option (as described in Sections 76.6 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 or Section 72.6.1, as applicable, within 60 days of the date of Freddie Mac's repurchase letter. If the Seller/Servicer does not submit a written appeal to Freddie Mac within 60 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. Thereupon the appeal process will no longer be available to the Seller/Servicer for that particular repurchase request.

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 each month 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 78.50). The amount of any repurchase late fee will appear on the Seller account activity statement described in Section 17.2(e) and will be drafted from the Seller's Automated Clearing House (ACH) account in accordance with Section 17.2(g).

72.4: Documenting and reporting repurchases (01/01/13)

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 72.1.1, 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 due to violations of sale representations and warranties (01/01/13)

Upon receipt of a repurchase request for any violation described in Section 72.1, if the recipient of the repurchase request (in this Section 72.6, referred to as the "Seller/Servicer") has additional supporting information and/or documentation that may affect Freddie Mac's decision, the Seller/Servicer may file an appeal.

The appeal process is as follows:

1. Within 60 days from the date of Freddie Mac's letter requiring repurchase or within such other time frame as may be specified by Freddie Mac, the Seller/ Servicer may submit a written appeal. If no written appeal is received within the 60-day period or within such other time frame as may be specified by Freddie Mac, the procedures in this section will be unavailable to the Seller/Servicer for that particular repurchase request.
2. An appeal of a 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 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
   - Any available documentation supporting the basis for the appeal

4. Freddie Mac will review the appeal and advise the Seller/Servicer in writing of the appeal decision

5. If the appeal is denied, then either:

   - The Seller/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; or
   - If new information that was not available at the time of the first appeal, and was therefore not submitted to Freddie Mac for consideration, becomes available after submission of the first appeal, the Seller/Servicer may submit an additional appeal of the repurchase request within 15 days from the date of Freddie Mac's denial letter. The additional appeal must be sent in writing to the Freddie Mac office that denied the prior appeal and must contain the items described in Section 72.6(3) above. The additional appeal must be supported by the new information, and any supporting documentation must be submitted with the additional appeal. Freddie Mac, in its sole discretion, will determine whether to consider such additional appeal. Freddie Mac will not consider any further appeal related to the Mortgage.

6. Freddie Mac's decision on the appeal is conclusive

72.6.1: Appealing a repurchase request or repurchase alternative issued due to Servicing violations (01/01/13)

Upon receipt of a repurchase request or a repurchase alternative for any violation described in Section 72.1.1, if a Servicer has additional supporting information and/or documentation that may affect Freddie Mac's decision, the Servicer may file an appeal.

The appeal process is as follows:

1. Within 60 days from the date of Freddie Mac's letter requiring repurchase or providing a repurchase alternative, or within such other time frame as may be specified by Freddie Mac, the Servicer may submit a written appeal. If no written appeal is received within the 60-day period or within such other time frame as may be specified by Freddie Mac, the procedures in this section will be unavailable to the Servicer for that particular request.

2. An appeal must be sent in writing to the Freddie Mac office referenced in Freddie Mac's letter

3. The appeal package must contain:
   - A statement of all relevant facts concerning the Servicing of the Mortgage
   - A statement of why Freddie Mac's decision should be reversed
   - Any available documentation supporting the basis for the appeal

4. Freddie Mac will review the appeal and advise the Servicer in writing of the appeal decision

5. If the appeal is denied, then:
   - The Servicer must remit payment for the repurchase or repurchase alternative within 15 days from the date of Freddie Mac's denial letter or within such other time frame as may be specified by Freddie Mac, or
   - If new material information that was not available at the time of the first appeal, and was therefore not submitted to Freddie Mac for consideration, becomes available after submission of the first appeal, the Servicer may submit an additional appeal of the request within 15 days from the date of Freddie Mac's denial letter. The additional appeal must be sent in writing to the Freddie Mac office that denied the prior appeal and must contain the items described in Section 72.6.1(3) above. The additional appeal must be supported by the new material information, and any supporting documentation must be submitted with the additional appeal. Freddie Mac, in its sole discretion, will determine whether to consider such additional appeal.

6. Freddie Mac's decision on the appeal is conclusive

7. If the appeal and denial of such appeal was in response to Freddie Mac's notification to the Servicer regarding a repurchase alternative, Freddie Mac will not consider any further appeal if Freddie Mac subsequently requests repurchase and the repurchase request is due to the same violation identified in the repurchase alternative notification letter

72.7: Late Execution of REO Repurchase (01/01/13)

Freddie Mac may request a Servicer to repurchase a Mortgage post foreclosure and after investor reporting ceases and the loan has been transferred to Real Estate Owned (REO). If the Servicer does not remit proceeds to Freddie Mac in accordance with the time frame and requirements in Section 78.20, the Servicer will be assessed a Late Execution of REO Repurchase compensatory fee.

The compensatory fee will be calculated 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% for the missing amount. If the prime rate is not published, then Freddie Mac 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 Late Execution of REO Repurchase compensatory fee due to Freddie Mac. There is a minimum charge of $50 on any late remittance. For purposes of calculating the charge, Freddie Mac uses 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.

Refer to Section 78.50 for the compensatory fee assessed for late execution of a repurchase request if not an REO.

Chapter 73: Termination of Servicing

73.1: Termination of Servicing (10/03/12)

Freddie Mac may terminate all or any portion of Servicing by the Servicer at any time with cause or without cause as provided in this chapter. See Section 73.6 for requirements for termination of Servicing in connection with the sale of Mortgages by Freddie Mac.

A termination of a given portion of Servicing shall not waive or impair Freddie Mac's future right, in the exercise of its sole discretion, to terminate all or further portions of the remaining Servicing for any reason listed in Section 5.2, regardless of whether or not the reason relates to Mortgages subject to the termination of the given portion of the Servicing. In addition, Freddie Mac may use its sole discretion in selecting which Mortgages shall be subject to a partial termination of Servicing.

In lieu of termination of all or a portion of Servicing, Freddie Mac may also require the Servicer to engage a Servicing Agent for all or a portion of the Mortgages, for such period of time as determined by Freddie Mac. The Servicing Agent must be approved by Freddie Mac, in its sole discretion, and the Servicer must comply with all other applicable requirements of the Guide. The retention and use of the Servicing Agent by the Servicer must occur within such time as specified by Freddie Mac. The Servicer is responsible for all expenses and costs incurred with respect to the Servicing Agent.

Regardless of whether all or a portion of Servicing is terminated or subject to the engagement of a Servicing Agent pursuant to this section, the Servicer remains responsible and liable to Freddie Mac for all Servicing representations and warranties as provided in Section 51.4.

Freddie Mac's election of a remedy under this section does not waive its right to elect any other remedy or combination of remedies, including termination of all or a portion of Servicing. The Transferee Servicer’s assumption of responsibilities, representations and warranties upon transfer does not release the Transferor Servicer of its responsibilities, representations and warranties with respect to the transferred Mortgages.

(a) Termination with cause

Freddie Mac may terminate all or any portion of Servicing by the Servicer at any time with cause for any of the reasons for disqualification and/or suspension cited in Section 5.2. Sections 5.3 through 5.5 govern the notice of termination of Servicing with cause and the Servicer’s opportunity to appeal, if applicable. Termination of Servicing with cause is a basis for immediate disqualification or suspension as a Seller/Servicer. 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.

(i) Servicer compensation/Freddie Mac reimbursement

Upon termination of Servicing with cause, the Servicer will have no right to service such applicable Mortgages for Freddie Mac or to receive any compensation for the performance of such Servicing. In addition, no Termination Fee as described in Section 73.1(b)(ii) below will be paid to the Servicer.

If Servicing is terminated with cause and Freddie Mac obtains a new Servicer, Freddie Mac is entitled to reimbursement from the former 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 (transfer-related expenses).

(ii) Other requirements

The provisions of Sections 73.2, 73.3, and 73.4 apply to termination of Servicing with cause.

(b) Termination without cause

(i) Notice Period and Servicer right to transfer

Freddie Mac may terminate all or any portion of Servicing by the Servicer at any time without cause with respect to any Mortgage owned or guaranteed by Freddie Mac. Freddie Mac will notify the Servicer in writing 90 days before the scheduled date of the termination of Servicing without cause. Within that 90-day period (the "Notice 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 60 days from the date that Freddie Mac approves the transfer.

If the Servicer is unable to arrange to transfer Servicing within the Notice Period or if the approved Transfer of Servicing is not completed timely, Freddie Mac will terminate Servicing by the Servicer and will transfer the Servicing to a Servicer of Freddie Mac's choice.

(ii) Termination Fee

In the event Freddie Mac terminates Servicing by the Servicer without cause and transfers the Servicing to a Servicer of Freddie Mac's choice ((b)(i) above), Freddie Mac will pay the terminated Servicer a termination fee ("Termination Fee") calculated based on conditions existing as of the transfer date in an amount equal to the lesser of the following:

- Two times the Net Servicing Rate, as defined below, times the unpaid principal balance (UPB) of the transferring Mortgages that are not delinquent as of the transfer date (no Termination Fee will be paid for Mortgages that are delinquent as of the transfer date). For purposes of this calculation, a Mortgage will be deemed to be delinquent if as of a month end transfer date any payment is outstanding. In the event of a Transfer of Servicing that takes place other than at month end, a Mortgage will be deemed to be delinquent if there is any payment outstanding as of the month end immediately preceding the transfer date. No Termination Fee will be paid for a delinquent Mortgage as of the transfer date, or

- The market value of the contractual right to service the Mortgages as established by a qualified market leader in servicing valuations using costs reflective of Freddie Mac's costs to engage a Servicing Agent, applying protocols appropriate for the risk of the portfolio as determined by Freddie Mac in its sole discretion (such value, as so established, shall be conclusive)

For calculation of the Termination Fee, the "Net Servicing Rate" means the Note Rate of the Mortgage less all of the following, expressed as an annualized fractional percentage:

- The pass-through rate due Freddie Mac
- Any guarantee fee due Freddie Mac
- Any excess Servicing not retained by the Servicer
- Any lender-paid mortgage insurance, and
- Any other component of the Note Rate that the Servicer is not entitled to retain for Servicing the Mortgage

Any dispute concerning the Termination Fee shall not delay the transfer of the Servicing. Freddie Mac shall deduct the amount of its transfer-related expenses as described in Section 73.1(a)(i) from the Termination Fee. Before Freddie Mac's payment of a Termination Fee, the Servicer must complete all repurchases required under Chapter 72 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.

(iii)Other requirements

The provisions of Sections 73.2, 73.3 and 73.4 apply to termination of Servicing without cause.

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.

73.2: Transfer (10/03/12)

If Freddie Mac transfers all or a portion of the Servicing of any Mortgages, 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.

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: Outstanding purchase commitments (10/03/12)

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

73.6: Termination of Servicing related to sale of Mortgages by Freddie Mac (10/03/12)

If Freddie Mac sells Mortgages it has purchased pursuant to the Purchase Documents (see Section 2.12), Freddie Mac will notify the Servicer upon receipt of an accepted bid and at least 30 days before the scheduled closing of the purchase. If Freddie Mac does not transfer the Servicing to a new Servicer in connection with the sale of the Mortgages, then the Servicer will continue to service the Mortgages and Freddie Mac will not pay the Servicer any compensation in connection with the Mortgage sale.

If, however, Servicing is transferred to a new Servicer, then Freddie Mac will pay the Servicing Transferor a Termination Fee that will be calculated in accordance with the requirements for calculation of the Termination Fee when Servicing is terminated without cause as described in Section 73.1(b).

The requirements of Sections 73.2, 73.3 and 73.4 apply to a Transfer of Servicing related to the sale of Mortgages by Freddie Mac.

73.7: Termination Without Cause (10/03/12)

Effective October 3, 2012, this section has been deleted.

Chapter 74: Reserved

{Chapter 74 is reserved.}

Chapter 75: Reserved

{Chapter 75 is reserved.}

Chapter 76: Basics of Investor Accounting

76.1: Chapter contents (10/01/11)

This chapter provides the Servicer with the basic requirements of investor accounting and reporting.

Topic	Section(s)
Servicer's responsibilities and performance standards	76.3-76.5
Accounting reporting methods	76.6
Calculating Mortgage interest	76.7
Freddie Mac's percentage of ownership	76.8
Net yield interest and Servicing fee	76.9-76.10
Reporting format and reporting media	76.11-76.12
Use of terms "loan-level transaction" and "accounting cycle cutoff"	76.13-76.14
Cash float	76.15
Other requirements for reporting, remitting, and Custodial Account management	76.16-76.21

76.2: Definitions (10/01/11)

Capitalized terms used throughout this chapter are defined in the Glossary.

76.3: The Servicer's responsibilities (10/01/11)

The Servicer's responsibilities in connection with Participation Certificates (PCs) backed by Freddie Mac-owned Mortgages include, among other things, collecting and accounting for payments received from Borrowers and passing through principal and interest to Freddie Mac from which Freddie Mac passes through the amount of principal and/or interest due to the PC holders.

The accuracy and timeliness of the Servicer's performance of these responsibilities are vital and are part of the Servicer's warranties to Freddie Mac and Freddie Mac's PC holders.

76.4: Investor Accounting responsibilities (10/01/11)

Once Freddie Mac purchases a Mortgage from a Seller that also services the Mortgage, or a Servicer acquires the Freddie Mac Servicing rights (as defined in Section 1.2(d) of the Guide), the Servicer must:

1. Maintain accurate Servicing records
2. Deposit all required funds into the appropriate Custodial Accounts
3. Report and remit to Freddie Mac throughout the month and monthly as required
4. Resolve any discrepancies between the Servicer's and Freddie Mac's records

The Servicer 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. The Servicer's investor accounting responsibilities include the following:

(a) Cash accounting

The Servicer's responsibilities in administering funds it receives for Freddie Mac-owned Mortgages include:

1. Collecting, processing and depositing Borrowers' payments to the correct Custodial Accounts
2. Administering the Escrow accounts

(b) Investor reporting and remitting

The Servicer's responsibilities for reporting and remitting funds to Freddie Mac for Freddie Mac-owned Mortgages include:

1. Reporting all loan activity and events to Freddie Mac
2. Reporting current information for each Mortgage that accurately reflects the Borrower's loan activity and loan history
3. Remitting the proper amount of principal, interest and compensatory fees to Freddie Mac by no later than the applicable due dates
4. Reconciling the Servicer's cash accounting and investor reporting systems with Freddie Mac's loan-level accounting records

(c) Custodial Accounts management

The Servicer's responsibilities for managing the Custodial Accounts for Freddie Mac's funds include:

1. Ensuring that Custodial Accounts are safeguarded, properly segregated and maintained at an Eligible Depository
2. Ensuring that the Custodial Accounts are fully funded and reconciled

3. Ensuring that the Form 59, Principal and Interest Custodial Account Reconciliation Worksheet, and Form 59E, Escrow Custodial Account Reconciliation Worksheet, are properly prepared by and approved by different individuals reflecting the required segregation of responsibilities

76.5: Performance standards (10/01/11)

Freddie Mac will measure a Servicer's performance in the following areas of investor reporting and remitting:

- Cash management
- Data integrity management
- Operational management

Refer to the Servicer Success Scorecard for the specific criteria in each of the above-mentioned categories and to Section 51.11 for additional information about the Servicer Success Scorecard.

76.6: Accounting reporting methods (10/01/11)

The Servicer must account for all Home Mortgages, Mortgages Purchased in Whole or in Part and both fixed-rate Mortgages and adjustable-rate Mortgages (ARMs) it services for Freddie Mac. The three accounting reporting methods used to pass through principal and interest to Freddie Mac are as follows:

(a) Net yield

Freddie Mac requires the Servicer to account for Freddie Mac-owned Mortgages using the net yield accounting reporting method, except in the instances noted in subsections (b) and (c) below.

Under this method, the Servicer must report and remit interest and Freddie Mac's 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 the Servicer will be required to send Freddie Mac for each Mortgage it services for Freddie Mac. The Servicer may have to advance its own funds to ensure that the Servicer remits 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) Scheduled/Scheduled

The scheduled/scheduled method applies to Mortgages Freddie Mac has purchased under the super accelerated remittance cycle (super ARC) option. For these Mortgages, the Servicer must report and remit interest at the ANY and Freddie Mac's proportionate share of principal payments due for each monthly reporting period (Scheduled Interest and Scheduled Principal). The Servicer may have to advance its own funds to ensure that the Servicer remits the correct amount of principal and interest. (The Servicer must use the formula described in Exhibit 66, Determining Borrower's Scheduled Principal Payments, to calculate what funds are due to Freddie Mac.)

(c) Alternate method

Freddie Mac allows the Servicer to use the alternate method of reporting only if one of the following conditions applies:

1. Applicable law prohibits the use of the net yield method
2. The Servicer has 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. Freddie Mac has instructed the Servicer to use the alternate method of reporting and remitting on Freddie Mac Mortgages

The principal and interest the Servicer reports and remits depends on actual payments collected (actual interest and actual principal). If the Servicer does not collect interest, the Servicer does not report interest to Freddie Mac. If the Servicer collects payments for more than one accounting cycle, the Servicer reports and remits all of the interest collected and any applicable principal collected. As in the net yield method, the Servicer reports and remits only Freddie Mac's proportionate share of actual principal payments received. Refer to Exhibit 61 for interest calculation formulas used in the alternate method of accounting reporting.

If the Servicer uses the alternate method of accounting reporting for a reason other than a partial reinstatement, and Freddie Mac has not instructed the Servicer to do so, the Servicer must notify Freddie Mac **(see Directory 7)** in writing in advance of the accounting cycle reporting cutoff for that period. Otherwise, Freddie Mac will assume that the Servicer is using the net yield interest method to report and remit to Freddie Mac.

76.7: Calculating Mortgage interest (10/01/11)

Regardless of the accounting reporting method used, the Servicer must calculate Mortgage interest due to Freddie Mac by multiplying Freddie Mac's share of the unpaid principal balance (UPB) by the net yield divided by the applicable period of time. The Servicer must use the following principles when calculating Mortgage interest due Freddie Mac:

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, the Servicer must use the funded balance, which is the beginning gross UPB. For all other Mortgages, use either the UPB or the interest-bearing 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 the Servicer is a Negative Amortization increase and is accounted for in the calculation of principal due Freddie Mac.

76.8: Freddie Mac's percentage of ownership (10/01/11)

Freddie Mac refers to Mortgages in which it owns 100% of the principal as whole Mortgages. Freddie Mac refers to Mortgages in which it owns a partial interest as participation Mortgages. The Percentage of Participation is the portion of the Mortgage that Freddie Mac purchases and can range from 50 to 95%, in 5% increments.

The Servicer must identify on its permanent accounting records, in the Mortgage file and in its reporting to Freddie Mac, whether the Mortgage sold to Freddie Mac is a whole Mortgage or a participation Mortgage and the Percentage of Participation.

The Servicer must report 100% of the unpaid principal balance in its monthly reporting and remit only Freddie Mac's Percentage of Participation share of the Principal and Interest Payments to Freddie Mac.

76.9: Net yield interest (10/01/11)

The Servicer must calculate the interest due to Freddie Mac by using the Accounting 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 Freddie Mac. Generally, the yield equals the Note Rate minus the Servicing Spread. Refer to Chapters 9 and 10 for pricing methods and product descriptions.

76.10: Servicing fee (08/15/13)

The Servicing fee, referred to as the Servicing Spread, is the compensation the Servicer earns for Servicing Freddie Mac-owned Mortgages.

Refer to Chapter 54, Servicing Compensation, for detailed information on Servicing fees, Section 81.3 for Second Mortgages/HILs, Section 82.9 for SCRA-Capped Mortgages and Section A83.10 for Balloon/Reset Mortgages.

76.11: Electronic reporting format (10/01/11)

Freddie Mac uses a common, industry-wide electronic data interchange (EDI) for the 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. Freddie Mac uses the standardized investor reporting format, known as the Investor Reporting (203) transaction set, developed by ASC.

The Servicer may or may not be required to use EDI depending on the Servicer's selection of a reporting medium as follows:

- If the Servicer reports via the Freddie Mac Service Loans application, it is not required to use the EDI format
- If the Servicer reports via another electronic communication path, as described in Section 76.12(2), it must use the EDI format
- If a service bureau reports data to Freddie Mac on a Servicer's behalf, 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 Freddie Mac-owned Mortgages.

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76.12: Reporting media (09/16/13)

Freddie Mac requires Servicers to use of one of the following methods to report activity on the Mortgages serviced for Freddie Mac:

1. The Freddie Mac Service Loans application ("Service Loans application"), an Internet-based application that provides Servicers with Servicing functionality to manage and report activity for Mortgages serviced for Freddie Mac for:
   - Performing Loans
   - Default management
   - Balloon Reset Mortgages
   - Transfer of Servicing
2. Internet-based communications method (referred to as Generic Connect Services (GCS)). GCS provides a variety of secure protocols that support a wide range of generic file transfer situations, such as bulk file transmissions transmitted by service bureaus or Servicers.

   Investor Accounting reports, such as the Servicer's daily Edit Reports, Monthly Account Statement, System Cleared Edits, and Loan Reconciliation Difference Report are available through the Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

If the Servicer fails to comply with Freddie Mac's reporting requirements, Freddie Mac will assess a reporting noncompliance compensatory fee in accordance with the requirements of Sections 78.47, 78.47.1 and 78.47.2. See Section 76.11 for additional information on reporting formats.

For further information, call (800) FREDDIE.

76.13: Loan-level transaction (10/01/11)

The term loan-level transaction refers to the required monthly and exception or liquidation reporting of all activity that occurs during each accounting cycle for each Mortgage serviced for Freddie Mac. Servicers are required to report loan level activity from purchase date to liquidation. Refer to Exhibit 60, Loan-Level Reporting Data Description. Refer to Section 78.4 for the definition of exception (or liquidation) activity.

76.14: Accounting cycle and accounting cycle cutoff (10/01/11)

The accounting cycle is a one-month period that begins on the first day after the accounting cycle cutoff each month and ends on the 15th day of the following month. The accounting cycle cutoff for monthly reporting is the close of business on the 15th day of the month. If the 15th is not a Business Day, the accounting cycle cutoff is the last Business Day before the 15th.

76.15: Cash float (10/01/11)

Freddie Mac does not require the Servicer to remit Freddie Mac's funds until the contract specified remittance due date. The Servicer may earn interest on the cash float of funds it deposits into the Custodial Accounts. Refer to Section 79.8 for Freddie Mac's requirements regarding the investment of funds in the Custodial Accounts.

76.16: Other reporting and remitting requirements (08/21/12)

The Servicer must process the remittance for a repurchase in accordance with the requirements in Section 78.20. In addition, the Servicer must transfer funds into the Custodial Account prior to remitting the repurchase proceeds to Freddie Mac.

Refer to Chapter 72 for additional requirements for repurchases required by Freddie Mac or repurchases requested by the Servicer. 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 sales 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

76.17: Service bureau liability (10/01/11)

If the Servicer uses a service bureau for data processing, the Servicer remains responsible for all obligations to Freddie Mac under the Purchase Documents (Section 51.4(d)). The Servicer must pay any noncompliance compensatory fees, even though it may be the Servicer's service bureau's error that causes the noncompliance.

76.18: Backup reporting (10/01/11)

If Freddie Mac does not receive a loan-level transaction by the required reporting date for any reason, the Servicer must be able to provide Freddie Mac **(see Directory 7)** with corrected or replacement transmissions within 24 hours of Freddie Mac's request and the Servicer will be subject to accounting reporting noncompliance compensatory fees. Refer to Chapter 78, Reporting and Remitting Requirements, for noncompliance compensatory fees.

76.19: Managing Custodial Accounts (10/01/11)

The Servicer is responsible for administering Custodial Accounts to safeguard funds due Freddie Mac. In addition, the Servicer must ensure that each account is adequately funded and reconciled monthly. Refer to Chapter 77, Establishing Investor Accounting Functions, for requirements on establishing Custodial Accounts and to Chapter 79, Managing Custodial Accounts, for requirements on administering and reconciling the cash in the Custodial Accounts.

76.20: Custodial Account reconciliation basics (10/01/11)

The Servicer 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 as 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 Freddie Mac's requirements.

76.21: Servicer advances required (10/01/11)

The Servicer must advance its funds into the Principal and Interest Custodial Account if:

1. There are insufficient funds to cover a remittance due Freddie Mac
2. The Servicer is completing a Mortgage repurchase
3. The Servicer has an unidentified and unresolved variance on the Custodial Account Reconciliation resulting in the account being under funded. See Chapter 79.

The Servicer:

- Must make any advances for funds due Freddie Mac prior to the remittance due date
- Must make a deposit advanced from its funds into the Escrow Custodial Account whenever a deficiency occurs in an individual Escrow account
- Must not use the Escrow collections from one Mortgage to offset the deficiency of another
- May not carry a negative balance in either the Principal and Interest Custodial Account or the Escrow Custodial Account even if permitted by its depository institution

The Servicer may reimburse itself for:

- Advances of Principal and Interest Payments upon subsequent receipt of any Principal and Interest Payments
- Advances of Escrow from Escrow Funds received for the Mortgage for which the Servicer made the advance

Chapter 77: Investor Reporting and Remitting Functions

77.1: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.2: Process flow (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.3: Chapter contents (10/01/11)

This chapter specifies the Servicer's responsibilities for reporting and remitting to Freddie Mac.

Topic	Section(s)
Custodial Accounts	77.6-77.18
Cash remittances	77.19-77.23
Transmitting and receiving investor accounting information	77.27
Prepurchase activity and Mortgage purchase	77.30-77.31
Setting up a Mortgage record	77.29-77.35
Purchase adjustments	77.30
Reporting and remitting on a newly funded Mortgage	77.34
Freddie Mac resources	77.35

77.4: Definitions (10/01/11)

Capitalized terms used throughout this chapter are defined in the Glossary.

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 (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.6: Custodial Accounts required (10/01/11)

For all Freddie Mac's Mortgages, the Servicer 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. The Servicer must open these accounts in accordance with the requirements of Sections 77.6 through 77.17, and utilize these accounts exclusively for the Mortgages it services for Freddie Mac. The Servicer must hold any funds the Servicer receives for Freddie Mac-owned Mortgages in a Custodial Account at all times. The Servicer must ensure that the accounts are adequately funded at all times, and may not carry a negative balance, even if permitted by its depository institution.

The Servicer must maintain these funds in their respective Custodial Accounts until it remits the funds to Freddie Mac or pays Escrow Funds for allowed Mortgage expenses:

(a) Principal and Interest Custodial Account

The Servicer must open a Principal and Interest Custodial Account for each Seller/Servicer number to deposit Principal and Interest Payments solely for the Mortgages the Servicer services for Freddie Mac. The Servicer has the option to open more than one Principal and Interest Custodial Account. If the Servicer opens more than one Principal and Interest Custodial Account, the Servicer must designate one of them as the primary remittance and drafting account or, alternatively, the Servicer may open a separate Principal and Interest Disbursement Clearing Custodial Account. Refer to Section 77.7 for the Disbursement Clearing Account requirements.

See Section 79.9 for information on maintaining the Principal and Interest Custodial Account.

(b) Escrow Custodial Account

The Servicer must hold Escrow Funds in a separate Escrow Custodial Account for each Seller/Servicer number. Even if the Servicer does not collect Escrow Funds, the Servicer must open an Escrow Custodial Account in the event that the Servicer receives funds for insurance claims proceeds, partial payments or buydown funds. In addition, although Freddie Mac allows the Servicer to hold buydown funds in an Escrow Custodial Account, the Servicer has the option to 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 Accounts (10/01/11)

A disbursement clearing account is a bank account the Servicer maintains for the deposit of funds that it remits to Freddie Mac or pays to third parties, such as insurance premiums or property taxes.

(a) Principal and Interest Disbursement Clearing Custodial Account

A Principal and Interest Disbursement Clearing Custodial Account is only necessary if the Servicer chooses to maintain the account from which Freddie Mac drafts funds as a separate account. The Servicer may not clear Freddie Mac's funds through an operating account or a general account through which the Servicer processes non-Freddie Mac Automated Clearing House (ACH) transfers.

If the Servicer chooses to open and use a Principal and Interest Disbursement Clearing Custodial Account, the Servicer 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 the Servicer is remitting to Freddie Mac
3. Ensure that the disbursement clearing account is adequately funded prior to the remittance due date

(b) Escrow Disbursement Clearing Account

Freddie Mac does not require the Servicer to maintain a separate Escrow Disbursement Clearing Account for Escrow Funds. However, if the Servicer elects to deposit Escrow Funds into an Escrow Disbursement Clearing Account, the Servicer:

- May deposit Escrow Funds for Freddie Mac's Mortgages into an Escrow Disbursement Clearing Account common to all Mortgages the Servicer services
- Must ensure that it transfers the Escrow Funds from the Escrow Custodial Account to its Escrow Disbursement Clearing Account no more than one Business Day prior to the disbursement of any Escrow Funds

- Must ensure that the Escrow Disbursement Clearing Account is adequately funded 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 (08/15/13)

The Servicer must open and maintain all Custodial Accounts at an Eligible Depository. The Servicer may record the deposit of funds in a general ledger account only if the Servicer opens a separate Custodial Account and the general ledger account is not a substitute for the Custodial Account.

If the Servicer's institution is an Eligible Depository and meets the requirements contained in this chapter, the Servicer may open and maintain Custodial Accounts within its own financial institution. Refer to Sections 77.9 and 77.10 for Eligible Depositories.

The Custodial Accounts must be a Demand Deposit Account or Interest-Bearing Deposit Account. The Servicer's use of an Interest-Bearing Deposit Account is conditioned upon Freddie Mac's ability to present a sight draft and the Servicer's ability to remit funds when due. If a Custodial Account limits the number of withdrawals, or requires prior notice for withdrawals, the Servicer is responsible for any payments or penalties that result from excessive withdrawals or withdrawals where advance notice is insufficient.

If the Custodial Accounts are maintained in an Eligible Depository that is a FDIC-Insured Depository or a NCUSIF-Insured Depository, the Servicer must, at all times, maintain its books and records relating to the Custodial Accounts in a manner that meets all legal and regulatory requirements for obtaining full federal insurance coverage for the Custodial Accounts. The Servicer's books and records must reflect that the funds in the Custodial Accounts are held in a custodial capacity for the benefit of Freddie Mac and/or other specified parties, and must identify the respective interests of all such persons. The Servicer must maintain its books and records in good faith and in the regular course of business.

The Custodial Accounts and the funds held therein must be free and clear of any and all liens or claims of others, including security agreements. If the Custodial Accounts are maintained at an Eligible Depository that is an FDIC-Insured Depository or a NCUSIF-Insured Depository, the Servicer must maintain the Custodial Accounts in accordance with all applicable requirements for full federal insurance coverage for the Custodial Accounts.

77.9: Depository eligibility requirements (08/15/13)

To ensure the safety of funds in Custodial Accounts, Freddie Mac has 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

An FDIC-Insured Depository or an NCUSIF-Insured Depository must also meet Freddie Mac's minimum tier rating requirements specified in Section 77.10.

Depositories for Escrow and Buydown Custodial Accounts must meet Freddie Mac's depository eligibility requirements, but are not subject to the tier rating requirements

77.10: Insured depository tier ratings (08/15/13)

An FDIC-Insured Depository or an NCUSIF-Insured Depository for Principal and Interest Custodial Accounts must meet Freddie Mac's minimum rating requirements. Freddie Mac groups services that rate depositories into two categories; Tier 1 and Tier 2.

If a Tier 1 service does not rate the Servicer's insured depository, the Servicer must use a Tier 2 service. If both Tier 1 and Tier 2 services rate the Servicer's insured depository, the Servicer must use Freddie Mac's minimum rating requirements listed for the Tier 1 service. The Servicer must use and monitor the most current ratings issued by these services both when the Servicer opens its Custodial Accounts and on a continuing basis. Tier 1 services continually update their ratings; 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 Freddie Mac's 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

The insured depository must meet any two rating requirements.

(b) Tier 2 minimum rating requirements

IF the insured depository is rated by these services...	**THEN Freddie Mac's minimum rating requirements are...**
IDC Financial Publishing (IDC)	125 or better
Kroll Bond Rating Agency, Inc. (formerly known as LACE Financial Corporation)	C+ or better
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 Tier 2 service, 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 and Freddie Mac may deem it to be ineligible even if it meets Freddie Mac's minimum rating requirements. The Servicer may want to consider this when selecting or monitoring its depository.

77.11: Custodial Account designation requirements (08/15/13)

The Servicer must designate Custodial Accounts exactly as stated in subsections (a) through (d) below. The Servicer's books and records pertaining to Custodial Accounts must at all times comply with these account designation requirements. The Servicer represents and warrants to Freddie Mac that all books and records of the Eligible Depository pertaining to such Custodial Accounts shall at all times comply 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 (08/15/13)

The Servicer must submit the following documentation to Freddie Mac upon opening the Servicer's Custodial Accounts at an Eligible Depository. Freddie Mac bases the required documentation on whether the Servicer opens the accounts at its own financial institution or at another Eligible Depository.

(a) Custodial Accounts opened at the Servicer's own financial institution

If the Servicer is an Eligible Depository and open Custodial Accounts at its own financial institution, the Servicer must complete, execute and return the following documentation to Freddie Mac **(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

The Servicer must also send Freddie Mac a copy of the bank statement or signature card for each account, designated as required in Section 77.11. The documentation must identify the Eligible Depository at which the account is maintained and the bank account number.

(b) Custodial Accounts opened at another Eligible Depository

If the Servicer opens Custodial Accounts at an Eligible Depository other than its own financial institution, both the Servicer and the depository's representative must complete, execute and return the following documentation to Freddie Mac **(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

The Servicer must also send Freddie Mac a copy of the bank statement or signature card for each account, designated as required in Section 77.11. The documentation must identify the Eligible Depository at which the account is maintained and the bank account number.

(c) Additional requirements

Freddie Mac requires the Servicer to submit the following documentation to Freddie Mac **(see Directory 1)** for each Seller/Servicer number for the Principal and Interest Custodial Account or Principal and Interest Disbursement Clearing Custodial Account the Servicer selects as its remittance drafting account according to the requirements of Sections 77.6(a) and 77.7(a):

1. A copy of the Letter of Authorization (Exhibit 58, Draft Letter of Authorization) printed on the Servicer's institution's letterhead. Even if the Servicer opens its Custodial Account at its own financial institution, the Servicer must execute this letter. The depository where the Servicer opened and maintains the account must keep the original of this letter.
2. A voided blank check or magnetic ink character recognition (MICR) specification sheet providing Freddie Mac with the routing number and account number information. A deposit ticket or letter is not acceptable.

77.13: Honoring sight drafts (10/01/11)

The Eligible Depository the Servicer selects must honor sight drafts Freddie Mac may present at any time against any Custodial Account and/or related Time Deposit that the Servicer maintains. Freddie Mac's authorized officer, employee, representative, agent or attorney must sign the sight draft. Freddie Mac will identify the authorized individual in Form 1061, Certificate of Incumbency and Authority to Draft Against Custodial Accounts, or a similar form containing identical information, including a photocopy or facsimile copy.

The sight draft Freddie Mac presents may be an original, a photographic or facsimile copy of 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 (08/21/12)

The Servicer must deposit the following funds for Mortgages in which Freddie Mac holds an ownership interest to a Principal and Interest Custodial Account or an Escrow Custodial Account. The Servicer must not deposit funds from Mortgages that Freddie Mac does not own or from other investors into the Custodial Accounts that the Servicer maintains to hold funds for Freddie Mac's Mortgages:

(a) Principal and Interest Custodial Accounts

The Servicer must deposit only funds due to Freddie Mac into a Principal and Interest Custodial Account. As an exception, the Servicer may deposit the full Principal and Interest Payment received into the Principal and Interest Custodial Account and subsequently withdraw its Servicing fee or Percentage of Participation. Following is a list of the funds the Servicer must deposit into the Principal and Interest Custodial Account for Freddie Mac's Mortgages:

1. Principal and Interest Payments on all of Freddie Mac's Mortgages whether received from the Borrower or paid on the Borrower's behalf, applied from the buydown account or advanced by the Servicer
2. Biweekly payments that require biweekly amortization based on the Note terms of Mortgages originally sold to Freddie Mac as biweekly
3. Principal curtailments
4. Payoff proceeds including those from short sales and third-party foreclosure sales
5. Prepayment penalties, if applicable
6. Repurchase proceeds

(b) Escrow Custodial Accounts

The Servicer must deposit all Escrow Funds for Freddie Mac's Mortgages into an Escrow Custodial Account opened and maintained according to Freddie Mac's requirements. Following is a list of the funds that the Servicer must deposit into the Escrow Custodial Account for Freddie Mac's Mortgages:

1. All Escrow Funds paid by, or on behalf of, the Borrower or advanced by the Servicer.
2. Funds deposited by the Servicer 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. The Servicer 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 (01/14/11)

The Servicer must deposit all funds the Servicer receives for Freddie Mac's Mortgages into the Custodial Accounts no later than the 1st Business Day after the Servicer receives them.

However, if the Servicer uses a lockbox service or other service to collect payments, the Servicer must apply the payment and deposit the funds to Freddie Mac's 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, the Servicer 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 (01/14/11)

For information on changing or transferring the Servicer's established Custodial Accounts, refer to Sections 79.13 through 79.15 for Freddie Mac's requirements.

77.17: Administering and reconciling Custodial Accounts (01/14/11)

The Servicer must reconcile all of Freddie Mac's Custodial Accounts on a monthly basis. Refer to Chapter 79, Managing Custodial Accounts, for Freddie Mac's administration and reconciliation requirements.

77.18: Freddie Mac resources available (01/14/11)

The following are additional resources related to the preceding topic:

1. Exhibit 58, Draft Letter of Authorization: Sample letter provides the Servicer with the information the Servicer must include in the letter of authorization
2. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information

The Servicer may also call (800) FREDDIE for information on training, manuals or with other questions.

77.19: Setting up the automated cash remittance process (09/16/13)

When the Servicer opens its Custodial Accounts according to the requirements of Section 77.12, it must select one Principal and Interest Custodial Account from which Freddie Mac will draft the remittances the Servicer initiates through Freddie Mac's automated cash remittance system. The Servicer may initiate the drafts either telephonically or online via the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**. Setup information for using Freddie Mac's automated cash remittance system is available on the web site.

- 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 specification sheet as referenced in Section 77.12(c), Freddie Mac will provide the Servicer access to Freddie Mac's automated cash remittance system.

- Freddie Mac will give the Servicer a 60-day grace period from the date the Servicer first sells a Mortgage to Freddie Mac to begin using the automated cash remittance system for remitting. Thereafter, a Servicer's failure to use the automated cash remittance system may subject the Servicer to compensatory fees for late payments, as provided below.

- Freddie Mac may require up to 15 Business Days from the date it receives the required documentation to process remittance instructions for new Custodial Accounts.

- Freddie Mac will notify the Servicer by e-mail (if available) or postal mail to begin using the automated cash remittance system, with instructions for its use.

- Once the Servicer receives Freddie Mac's written confirmation, the Servicer must use the automated cash remittance system to remit to Freddie Mac. The Servicer may be subject to the assessment of noncompliance compensatory fees or cash remittance interest reimbursement compensatory fees for failure to use the automated cash remittance system.

- The Servicer must remit by check any funds due to Freddie Mac **(see Directory 7)** until the Servicer receives Freddie Mac's written confirmation that the Servicer must begin remitting via Freddie Mac's automated cash remittance system. The Servicer must include its Seller/Servicer number on the check it sends Freddie Mac, and indicate the purpose of the check (e.g., "funds to cover principal and interest due"). For liquidations during the 60-day grace period, the Servicer must provide the Freddie Mac loan number for each loan liquidated. A Servicer remitting by check must ensure that the check is issued in sufficient time for receipt by Freddie Mac on or prior to the applicable due date.

- Freddie Mac will post remittances that it receives by check with an effective date five Business Days after receipt and will use this effective date to determine if the Servicer made the remittance in accordance with Freddie Mac's requirements.

See Sections 77.21 and 77.22 for more information on initiating a cash remittance.

77.20: Establishing an automated cash remittance process (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.21: Remitting via the automated cash remittance system (06/13/12)

The Servicer must transfer all funds referenced below via the automated cash remittance system by Seller/Servicer number, with the exception that the Servicer must send Real Estate Owned (REO)-related remittances to Freddie Mac **(see Directory 6)** by check or wire transfer. Refer to Section 71.29 for specific requirements regarding REO-related remittances.

Before initiating the remittance, the Servicer must total its remittances into the following categories. These categories represent the funds the Servicer must remit and the order in which the Servicer 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 Freddie Mac
   (e) Net adjustment for REO and FHA/VA foreclosure interest advanced by the Servicer

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 (09/16/13)

To initiate the Servicer's remittance via the automated cash remittance system, the Servicer must:

1. Calculate its 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 the Servicer is making
   - If initiating the remittance via the Freddie Mac Service Loans application ("Service Loans application") at **http://www.freddiemac.com/singlefamily/service/tools.html**, the Servicer must enter the amounts and the two-digit verification code using the online screen. If the remittance amount and verification code are accepted, the Servicer will receive a four-digit acceptance code. If the remittance amount and verification code are not accepted, the Servicer should check the calculation of the verification code and, if necessary, place a telephone call to an operator who will provide assistance.
   - If initiating the remittance telephonically, the Servicer must enter the amounts and the two-digit verification code using the telephone keypad for transmission to the audio response unit (ARU). If the ARU accepts the remittance amount and verification code that the Servicer provides, the ARU will read back the amount reported and a four-digit verification code. The four-digit verification code confirms the ID, call date, time and reported amount. If the ARU does not accept the remittance amount and verification code provided, then the amount the Servicer reported will not be drafted and the ARU will transfer the Servicer to an operator who will provide assistance.
2. Access the automated cash remittance system via telephone or the Service Loans application (preferred)
3. Authorize the transfer of funds using the Servicer's unique six-digit identification number as follows:
   - If initiating telephonically through the touch-tone system, or
   - If initiating through the Servicer Loans application, in addition to the six-digit identification number, the Servicer must also enter its unique PIN. To obtain the

unique PIN, Servicers must complete the Cash Remittance Sign-Up form located at **http://www.freddiemac.com/singlefamily/service/tools.html**

4. Key in the appropriate remittance amount(s)

For additional information:

- See Exhibit 68, Cash Remittance System: Complete instructions for using the telephonic cash remittance system
- See Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information
- Contact (800) FREDDIE
- Direct written inquiries concerning the cash remittance system to Freddie Mac **(see Directory 3)**

77.23: Changing or transferring the drafting account (10/01/11)

A Servicer must comply with the requirements in Sections 79.13 through 79.15 in order to change or transfer the Principal and Interest Custodial Account from which Freddie Mac drafts its remittance.

77.24: Freddie Mac resources available (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.25: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.26: Implementing Freddie Mac's reporting media (01/14/11)

This section has been deleted.

77.27: Transmitting and receiving investor accounting information (09/16/13)

Freddie Mac requires the Servicer to submit all reports to Freddie Mac via one of Freddie Mac's automated systems. The Servicer's portfolio size and available technology will help determine which system or combination of systems the Servicer will need.

Below are the media the Servicer may use to transmit loan level data to Freddie Mac or to receive certain information from Freddie Mac:

ACTIVITY	MEDIA
Transmit loan level activity to Freddie Mac	■ Freddie Mac Service Loans application ("Service Loans application") ■ Internet-based transmission (GCS) ■ Other Freddie Mac-approved reporting method
Receive transmission confirmations from Freddie Mac	■ Service Loans application ■ Internet-based transmission (GCS)
Receive reports and communications from Freddie Mac	■ Service Loans application
Receive purchase statements and funding detail reports	■ Freddie Mac Selling System

Freddie Mac provides the following additional resources related to investor accounting:

1. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information
2. Investor Reporting EDI Implementation Guide

The Servicer may also call (800) FREDDIE for information on training, manuals or with other questions.

77.28: Freddie Mac resources available (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.29: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

77.30: Pre-purchase activity (07/23/12)

Refer to Volume 1 for Freddie Mac's Mortgage processing and purchase requirements:
- Chapter 9, Fixed-Rate Cash
- Chapter 10, WAC ARM Cash
- Chapter 16, Documentation Delivery
- Chapter 17, Mortgage Delivery Instructions

77.31: Mortgage purchase (03/19/12)

When Freddie Mac purchases a Mortgage, it will:
1. Make the following forms and data available via the Freddie Mac Selling System ("Selling System")
   - Form 15/A/C, Loan Purchase Statement
   - Funding Detail Report
2. 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) Loan Purchase Statement

Upon purchase, Freddie Mac will make available in the Selling System Form 15/A/C which will summarize the pertinent data. Form 15/A/C will include a computation of the amount to be funded to the Seller.

Depending on the type of purchase, the Seller may access one of the following forms in the Selling System:

1. Loan Purchase Statement for Cash Sales
2. Form 15A for fixed-rate Guarantor
3. Form 15C for WAC ARM Guarantor

(b) Funding Detail Report

Freddie Mac will make available to the Seller/Servicer a Funding Detail Report via the Selling System when Freddie Mac purchases a Mortgage or when the Servicer acquires the Servicing of one or more of Freddie Mac's 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 the Servicer needs to set up and report a Mortgage (see Section 77.32).

(c) Wiring the Purchase Proceeds or issuing a PC or Giant PC

Freddie Mac will notify the Seller of Freddie Mac's 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, Freddie Mac will issue a PC; for other MultiLender Swaps, Freddie Mac 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 must contact Freddie Mac **(see Directory 3)**.

The Servicer must not utilize the Freddie Mac Custodial Account to receive sales proceeds for Mortgages sold to Freddie Mac.

77.32: Setting up a Mortgage record (10/01/11)

The Seller/Servicer may access the Form 15/A/C, Loan Purchase Statement, and Funding Detail Report through the Freddie Mac Selling System. (Contact (800) FREDDIE to request access to the Selling System for this purpose.) The Servicer 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 Transferor Servicer must supply the loan-level data to the Transferee Servicer.

Upon Freddie Mac's purchase, prompt identification of the accounting records for Mortgages sold to Freddie Mac is essential for accurate reporting and remitting. The Servicer must:

1. Identify on its Servicing system Mortgages in which Freddie Mac has an ownership interest
2. Deposit any principal and interest and Escrow Funds to the Custodial Account
3. Maintain the Mortgage files in accordance with the requirements of Section 51.9 and Chapter 52, Mortgage File Retention

Note: The Freddie Mac Service Loans application ("Service Loans application") imports Mortgage files daily. If a Mortgage record is missing from the Service Loans application, the Servicer should contact its investor reporting specialist or (800) FREDDIE for assistance in setting up the Mortgage record.

77.33: Purchase adjustments (10/01/11)

When the information on the Funding Detail Report does not match the information on the Note or the Seller's loan record, the Seller may request an adjustment to the amount Freddie Mac disbursed to purchase the Mortgage. The Seller must notify Freddie Mac in writing and include supporting documentation.

In most circumstances Freddie Mac will not adjust purchase balances after the Funding Date because Freddie Mac has pooled the Mortgages for resale as PCs. However, after Freddie Mac settles and before it pools the Mortgages, Freddie Mac may be able to adjust a purchase balance.

77.34: Reporting and remitting on a newly funded Mortgage (01/14/11)

The Mortgage balance and the timing of the Funding Date determine when the Servicer must report for the first time on a newly funded Mortgage. The Servicer must remit for the newly funded Mortgage according to its Purchase Documents. When Freddie Mac purchases a Mortgage, Freddie Mac will pay the Seller interest on the funded principal balance at the net yield from the first of the month up to the Funding Date. The Servicer must ensure that it properly funds its Principal and Interest Custodial Account for this interest. The table on the following page summarizes when the Servicer must report to Freddie Mac.

IF the Funding Date is between the...	**AND the ending balance at the *accounting cycle cutoff*...**	**THEN Freddie Mac's reporting requirements are...**	**AND, Freddie Mac's 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	Freddie Mac does not require reporting in the funding month, but the Servicer may report for the first time if the Servicer chooses to do so	No remittance is due
	Is different from the funded balance	The Servicer must report for the first time in the funding month	The Servicer must remit Freddie Mac's 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	The Servicer must report for the first time in the month following the funding month since Freddie Mac funded the Mortgage after the *accounting cycle cutoff*	The Servicer must remit principal and interest according to the remittance cycle
	Is different from the funded balance	The Servicer must report for the first time in the month following the funding month since Freddie Mac funded the Mortgage after the *accounting cycle cutoff*	The Servicer must remit Freddie Mac's share of principal received and interest according to the remittance cycle

77.35: Freddie Mac resources available (10/01/11)

Servicers may access the following additional resources related to reporting and remitting:

1. Exhibit 60, Monthly Loan-Level Reporting Data Description
2. Exhibit 87, Servicer Education Resources, which includes additional reference materials and training information
3. (800) FREDDIE for information on training, manuals or with other questions

Chapter 78: Reporting and Remitting Requirements

78.1: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.2: Process flow (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.3: Chapter contents (10/01/11)

This chapter provides specifics on each transaction that the Servicer must report to Freddie Mac. This chapter also states Freddie Mac's requirements for reviewing daily edits and monthly account statements, and any compensatory or other fees related to Freddie Mac's Servicing requirements.

Topic	**Section(s)**
Overview of reporting and remitting	78.6-78.7
Correcting reporting errors	78.8
Principal and Interest and liquidation reporting and remitting	78.10-78.12
Liquidations	78.15-78.20
Monthly and quarterly reporting and remitting	78.21-78.33
Reconciling monthly reporting activity	78.34-78.45
Noncompliance with requirements and compensatory fees	78.46-78.51
Freddie Mac resources	78.52

78.4: Definitions (08/21/12)

Capitalized terms used throughout this chapter are defined in the Glossary.

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 the Servicer reports and remits according to the remittance option selected for the Mortgage.

(c) ***Inactive* Mortgage**

An *inactive* Mortgage is a Mortgage in foreclosure for which the Servicer has changed the *reporting status* to foreclosure to suspend remitting funds to Freddie Mac. The Servicer may inactivate a Mortgage after it has notified Freddie Mac that it has initiated foreclosure. No monthly remittance is due for Mortgages that the Servicer inactivated via an Electronic Default Reporting (EDR) transmission in a previous accounting cycle.

(d) ***Exception (or liquidation) activity***

Exception (or liquidation) activity is anything other than a regular monthly Principal and Interest Payment and partial prepayment. It includes:

- Payoff – matured
- Payoff – prepaid (including short sales, charge-offs and makewhole)
- Payoff – repurchase
- Payoff – conversion (adjustable-rate Mortgage converting to a fixed-rate Mortgage)
- Third party foreclosure sale (conventional and FHA/VA)
- Transfer to Real Estate Owned (REO)
- Deeds-in-lieu of foreclosure
- FHA/VA foreclosure conveyance

(e) ***Principal and interest activity***

Principal and interest activity is the regular monthly Principal and Interest Payment due to Freddie Mac and any partial prepayment. This is also referred to as *non-exception activity*.

(f) ***Remittance due date***

Remittance due date, for purposes of monthly activity, 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*. For certain exception (liquidation) activity, see Section 78.6(b) and Sections 78.14 through 78.20 for details on the applicable *remittance due date* for a specific exception activity.

(g) ***Reporting status***

The *reporting status* represents the information listed in Exhibit 60, Loan-Level Reporting Data Description, that the Servicer must report to Freddie Mac at least monthly for all *active* and *inactive* Mortgages the Servicer services for Freddie Mac.

78.5: Freddie Mac's rights (10/01/11)

Freddie Mac reserves the right to assess compensatory and other fees in accordance with the requirements of this chapter if the Servicer fails to comply with Freddie Mac's reporting and remitting requirements. The compensatory and other fees are set forth in Sections 78.46 through 78.51.

78.6: Reporting and remitting (10/31/12)

Reporting and remitting are separate but related activities that Freddie Mac requires the Servicer to complete for all Mortgages Purchased in Whole or in Part by Freddie Mac.

- Reporting is the process of transmitting the *reporting status* of all Freddie Mac's Mortgages via one of the Freddie Mac-approved reporting media described in Section 76.17. The Servicer's transmissions must be usable, accurate and timely.

- Remitting is the process of transferring funds due to Freddie Mac for those Mortgages.

The Servicer must report a loan-level transaction on a monthly basis for all Mortgages serviced for Freddie Mac. In addition, the Servicer is required to report *liquidation activity* to Freddie Mac as it occurs.

(a) Monthly activity

The Servicer must report a loan-level transaction once a month no later than the fifth Business Day after the *accounting cycle cutoff*. In addition, Servicers are required to correct edits immediately, as provided by Section 78.35.

The Servicer must remit funds to Freddie Mac based on the loan-level transaction reported and according to the remittance options the Servicer selected at the time the Mortgages were sold to Freddie Mac. This may result in more than one monthly remittance for the Mortgages serviced for Freddie Mac.

The remittance option, sometimes called the remittance cycle, determines the due date for remitting monthly principal and interest due Freddie Mac. 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*. Freddie Mac must have funds available by the *remittance due date*. The Servicer must complete Freddie Mac's remittance no later than 9 p.m. Eastern time on the Business Day prior to the *remittance due date*.

(b) Exception or liquidation activity

The Servicer must report repurchases and prepaid payoffs by the second Business Day after the activity. Matured payoffs must be reported by the earlier of the maturity date or within two Business Days after the date the Servicer receives the funds, as provided by Section 78.15. For all other exception activity, the Servicer must report by the fifth Business Day after the activity. The Servicer must remit any funds due Freddie Mac by the fifth Business Day after the activity.

Refer to Chapter 83 for the Servicing requirements for Balloon/Reset Mortgages that are approaching or have reached the Balloon Maturity Date.

If the Servicer fails to report the payoff of a Mortgage that has reached maturity, Freddie Mac will process a payoff transaction for the Mortgage as of the first calendar day of the month following the maturity date. However, if Freddie Mac elects not to process a payoff transaction for a matured Mortgage, Freddie Mac, in its sole discretion, may exercise its right to require the Servicer to repurchase the Mortgage. The Servicer will be responsible for all accrued interest through the date of payoff and the Servicer will incur a late remittance compensatory fee if the Servicer does not remit the payoff proceeds timely. In addition, Freddie Mac reserves the right to assess a late reported payoff compensatory fee for all matured Mortgages for which the Servicer fails to report timely.

The Servicer will receive an edit if the Servicer attempts to report a *principal and interest activity* in the next accounting cycle following the month of maturity.

The table below summarizes Freddie Mac's reporting and remitting requirements.

Transaction	Exception Date	Liquidation Transaction	Reporting Timeline	Remittance Due Date	Remittance Amount
Matured Payoff	The earlier of the maturity date or receipt of funds by Servicer	Payoff - Matured	The earlier of the maturity date or within two Business Days of the receipt of funds by Servicer	Five Business Days after the exception date	Proceeds
Prepaid Payoff	Payoff Date	Payoff -Prepaid	Second Business Day after Payoff Date	Five Business Days after the exception date	Proceeds
Short Sales	Receipt of Funds by Servicer	Payoff- Prepaid	Second Business Day after receipt of funds by Servicer	Five Business Days after the exception date	Net proceeds
Make-whole Pre-foreclosure	Payoff Date	Payoff -Prepaid	Second Business Day after receipt of funds	Five Business Days after the exception date	Proceeds
Charge-off	Second Business Day after receipt of Freddie Mac approval	Payoff -Prepaid	Second Business Day after receipt of Freddie Mac approval	No funds to remit	No Remittance required
Repurchase	30th day from repurchase notification or approval of voluntary repurchase request	Payoff - Repurchase	30th day from repurchase notification or approval of voluntary request	Five Business Days after exception date	Principal and Interest to liquidate mortgage debt
Convertible ARM	Conversion Date	Payoff – Conversion	Five Business Days after the Conversion Date	Five Business Days after the Conversion Date	Principal and Interest to liquidate mortgage debt
Foreclosure, third party sale conventional	Foreclosure Sale date	Third Party Foreclosure Sale	Second Business Day after receipt of funds	Five Business Days after receipt of funds	Proceeds

If the Servicer needs to delete a previously reported payoff, it must transmit a revision within the same accounting cycle in which it occurred. If the Servicer reports a payoff to Freddie Mac in error and the Servicer does not reverse it within the same accounting cycle, Freddie Mac will not be able to reactivate the Mortgage and the Servicer must remit its own funds to Freddie Mac to liquidate the Mortgage.

Freddie Mac requires the Servicer to report and remit timely and accurately. If the Servicer reports or remits late or submits inaccurate data, Freddie Mac incurs a loss. As a result, the Servicer may be subject to an accounting or Servicing reporting noncompliance compensatory fee or a late remittance reimbursement compensatory fee.

Refer to the following exhibits about reporting and remitting to Freddie Mac:

- Exhibit 60, Loan-Level Reporting Data Description
- Exhibit 61, Interest and Principal Due Freddie Mac
- Exhibit 68, Cash Remittance System

These exhibits will provide the data elements and calculations necessary for each transaction.

Refer to Section 78.6.1 for specific requirements for reporting and remitting for Mortgages with partial principal forbearance.

78.6.1: Monthly reporting and remittance requirements for Mortgages with partial principal forbearance (01/01/12)

In addition to the loan-level reporting requirements for all Mortgages in Chapter 78 and Exhibit 60, Loan-Level Reporting Data Description, Servicers must comply with the following monthly loan-level reporting requirements for all Mortgages with a partial principal forbearance:

Data Field	Description
Current UPB	**For all Mortgages**, report 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.)

Data Field	Description
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.)
Principal Due Freddie Mac	**For all Mortgages**, report 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.
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.

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.

Exception reporting and remitting for a payoff of a Mortgage with partial principal forbearance

Servicers must comply with the applicable exception reporting requirements set forth in this chapter 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 exception 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

+/- 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

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 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.

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.

78.7: Reporting to Freddie Mac (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.8: Correcting reporting errors (09/16/13)

The Servicer must monitor all Edit Error reports (Edits to be Cleared, System Cleared Edits, and Loan Level Missing) provided by Freddie Mac daily. If the Servicer discovers an error after it has transmitted its accounting reporting information, the Servicer must take immediate action to:

1. Correct the source of the error,
2. Transmit a revision to Freddie Mac that reflects the Borrower's payment activity or disposition of the Mortgage,
3. Adjust remittances, if necessary

If unable to resolve the issue, the Servicer should call Freddie Mac **(see Directory 7)** for instructions on how to correct the information. Servicers may refer to the Investor Reporting Quick Reference Guide for a detailed description of edit codes.

The Edit Error reports may be accessed through the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

If the Servicer fails to send Freddie Mac the appropriate information to clear any reporting errors within the applicable time frame, Freddie Mac will make those corrections on the Servicer's behalf subject to the applicable fees.

If the Servicer reports a payoff to Freddie Mac in error, the Servicer must transmit a revision within the same accounting cycle in which the Servicer erroneously reported it. If the Servicer reports a payoff to Freddie Mac in error and the Servicer does not reverse it within the same accounting cycle, Freddie Mac will not be able to reactivate the Mortgage for the Servicer. The Servicer must remit its own funds to Freddie Mac to liquidate the Mortgage.

The Servicer must maintain accurate records for Freddie Mac's 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 Freddie Mac (10/01/11)

(a) Monthly remittances

Monthly remittances are due to Freddie Mac 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. The Servicer must complete a transfer request using Freddie Mac's automated cash remittance system by 9 p.m. Eastern Time on the Business Day before the remittance due date. Freddie Mac will draft remittances due from the Servicer's Custodial Account via an Automated Clearing House (ACH). The Servicer must ensure that the account from which the remittance will be drafted is adequately funded.

See Sections 77.19, 77.21 and 77.22 for information on initiating a remittance through the cash remittance system.

Before initiating the remittance, the Servicer must total its remittances into the following two categories that represent the funds the Servicer must remit and the order in which the Servicer 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 Freddie Mac

(e) Net adjustment for REO and FHA/VA foreclosure interest advanced by the Servicer

2. Payoff amounts, which include proceeds for:

   (a) Paid in full Mortgages
   (b) Third-party purchase at foreclosure sales
   (c) Repurchases

If the Servicer has not yet received Freddie Mac's written confirmation of access to Freddie Mac's automated cash remittance system, the Servicer must remit to Freddie Mac (**see Directory 7**) by check in accordance with the requirements in Section 77.19.

See Sections 77.21 and 77.22 for information on initiating a remittance. See Section 78.11 regarding the availability of funds.

(b) Remitting for exception reporting

The Servicer must remit all funds due to Freddie Mac for *exception (liquidation) activity* by the *remittance due date* in accordance with the requirements in Sections 78.15 through 78.20 for remittance requirements for specific *exception activities*, and Section 78.11 regarding the availability of funds.

(c) Remitting for monthly reporting

The Servicer must remit all funds due to Freddie Mac for all *principal and interest activity* and certain *exception activities* as referenced in Section 78.6(b) according to the *remittance due date*. Refer to Section 78.11 regarding the availability of funds.

(d) Foreclosure, REO and Escrow

The only funds the Servicer must remit by check or wire are REO proceeds and Escrow refunds for taxes or property insurance premiums in connection with a foreclosure or REO. Principal and interest proceeds must be remitted via the automated cash remittance system as described in Chapter 77.

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Servicing Note:
If the Servicer has an REO-related remittance, refer to the requirements specified in Section 71.29.

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78.11: Availability of remittances (01/01/13)

The Servicer must initiate its remittance through Freddie Mac's automated cash remittance system no later than 9 p.m. Eastern time on the Business Day before the *remittance due date*.

The Servicer must initiate the remittance by the required date and time or the remittance will not be available to Freddie Mac until after the *remittance due date*. Late remittances will result in the assessment of a cash remittance interest reimbursement compensatory fee as referenced in Section 78.49.

78.12: Correcting a remittance (01/01/13)

An over-remittance occurs when the amount the Servicer called in is greater than what Freddie Mac expected. If the Servicer discovers an over-remittance on the same Business Day the error occurred, it may call Freddie Mac's service provider and speak to an operator to assist with correcting the amount remitted **(see Directory 7)**. For a later discovery of an over-remittance, the Servicer may offset the over-remittance against a future remittance, or contact Freddie Mac **(see Directory 7)** for instructions on how to correct the over-remittance.

An under-remittance occurs when the amount called in is less than what Freddie Mac expected. When the Servicer under-remits funds, it must immediately remit the remaining amount due to Freddie Mac, or in the case of short sales, remit the net proceeds as provided in Section 78.17. The Servicer is in violation of the Purchase Documents if the Servicer fails to comply with the remittance requirements or under-remits funds, and Freddie Mac will assess a cash remittance interest reimbursement compensatory fee. Refer to Sections 78.46 through 78.51 for additional compensatory and other fees.

78.13: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.14: Interim reporting and remitting (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.15: Payoff -- matured or prepaid (10/01/11)

A payoff is the repayment of a Mortgage due to full amortization or prepayment-in-full. The Servicer must report the payoff as of the Payoff Date or the date the Servicer receives the funds (as applicable), and may not alter it for any reason.

The Servicer 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 the Payoff Date

   To report the payoff of a matured Mortgage, report the payoff by the earlier of the maturity date or within two Business Days of the date the Servicer receives the funds

2. Initiate two separate remittances in accordance with Sections 77.21 and 77.22 as follows:

   (a) For a prepayment-in-full, the Servicer must remit the unpaid principal balance (UPB) due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest in the Servicer's exception remittance so the proceeds are available to Freddie Mac by the fifth Business Day after the Payoff Date

   For a payoff of a matured Mortgage, the Servicer must remit the UPB due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest by the fifth Business Day after the earlier of the maturity date or the Servicer receives funds, in the Servicer's exception remittance

   (b) In the Servicer's monthly remittance the Servicer must remit the monthly, interest or any reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer paid off the Mortgage based on the *remittance due date*

3. Do not report or remit funds on this Mortgage in future cycles

Refer to Sections 78.6.1 and 78.8 for information regarding an erroneously reported payoff or rescinded payoff.

78.16: Third-party foreclosure sale (10/01/11)

A third-party foreclosure sale is a sale of the property where title to the property is not conveyed to Freddie Mac. The Servicer must comply with the requirements of Chapter 66, Foreclosure, regarding foreclosures and Section 55.3 regarding the submission on Freddie Mac's behalf of Internal Revenue Service Form 1099-A, Acquisition or Abandonment of Secured Property.

The Servicer must notify Freddie Mac through the Freddie Mac Service Loans application of the third-party foreclosure sale by the first Business Day after the completion of the foreclosure by reporting a third-party Foreclosure Sale/DIL and completing the applicable data fields.

The Servicer must complete the following steps to report and remit when the Servicer receives the proceeds from a third-party foreclosure sale:

1. Report the third-party foreclosure sale by the second Business Day after the Servicer receives 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 the Servicer's exception remittance the Servicer must remit the UPB due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest, so that they are available to Freddie Mac by the fifth Business Day after the Servicer receives the proceeds
   (b) In the Servicer's monthly remittance the Servicer must remit the monthly interest or any reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer 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 sale (09/16/13)

A short sale is the sale of a Mortgaged Premises for which the Servicer has received Freddie Mac's approval to sell for less than the total amount necessary to satisfy the Mortgage obligation. The Servicer must comply with the requirements of Sections B65.35 through B65.41 regarding a short sale and charging off a deficiency and Section 55.3 regarding the submission on Freddie Mac's behalf of Internal Revenue Service Form 1099-A.

The Servicer must complete the following steps to report and remit when the Servicer receives the funds for a short sale:

1. Report the short sale as paid in full-prepaid by the second Business Day after the Servicer receives the settlement proceeds
2. Remit the net proceeds as listed on the HUD-1 Settlement Statement to Freddie Mac. Net proceeds may include cash contributions and the mortgage insurance claim payment, if funded at settlement. For any Mortgage in which Freddie Mac has a Percentage of Participation, the remittance must equal Freddie Mac's Percentage of Participation applied to the net proceeds as listed on the HUD-1 Settlement Statement. See Sections 77.19, 77.21 and 77.22 for information on initiating a remittance through the cash remittance system and Section 78.18 for additional

requirements related to make-whole preforeclosure sales. See Section 76.8 for information on Percentage of Participation.

3. The Servicer must review the Detail Adjustment Report (DAR) with respect to charge-offs and report any discrepancies to Freddie Mac by submitting Form 1205, Post-Settlement Adjustment Request, within 30 calendar days following Freddie Mac's posting of the amount to the DAR. The DAR may be accessed through the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

   Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission.

4. Do not report or remit funds on this Mortgage in future cycles

78.18: Make-whole preforeclosure sale (10/01/11)

A make-whole preforeclosure sale is the sale of a Mortgaged Premises for which the Servicer has received Freddie Mac's 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. The Servicer must comply with the requirements of Sections B65.37(a)(2) and B65.38(b) regarding a make-whole preforeclosure sale.

The Servicer must complete the following steps to report and remit when the Servicer receives the proceeds from a make-whole preforeclosure sale:

1. Report the Mortgage as paid in full-prepaid by the second Business Day after the Servicer receives 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 the Servicer's exception remittance the Servicer must remit the UPB due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest, so that they are available to Freddie Mac by the fifth Business Day after the Servicer receives the proceeds
   (b) In the Servicer's monthly remittance the Servicer must remit the monthly interest or any reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer 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 (09/16/13)

Freddie Mac's 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. The Servicer must comply with the requirements of Sections B65.49 through B65.53 regarding a charge off.

The Servicer 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 the Servicer receives Freddie Mac's approval letter confirming the charge off request
2. There is no remittance to Freddie Mac
3. The Servicer must review the Detail Adjustment Report (DAR) with respect to charge-offs and report any discrepancies to Freddie Mac by submitting Form 1205, Post-Settlement Adjustment Request, within 30 calendar days following Freddie Mac's posting of the amount to the DAR. The DAR may be accessed through the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

   Freddie Mac will respond to the Servicer within 30 calendar days of receipt of the Servicer's submission.

4. Do not report or remit funds on this Mortgage in future cycles

78.20: Repurchase (01/01/13)

Repurchased Mortgages may be *active* or *inactive* Mortgages or Mortgages transferred to Real Estate Owned (REO). The Servicer must comply with the requirements of Chapter 72 regarding a repurchase.

For a repurchase required by Freddie Mac or a repurchase approved by Freddie Mac at the Servicer's request, the Servicer must document the Mortgage file with Freddie Mac's written notification requiring the repurchase, or with Freddie Mac's prior written approval of the Servicer's request.

There are four types of repurchases and their corresponding reporting and remitting requirements as described in the table below.

Repurchase Type	Reporting	Remitting
Voluntary Freddie Mac has approved the Servicer's written request to repurchase a	Servicer must report within 30 days following the date of Freddie Mac's notification approving the Servicer's repurchase request, using the	Initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a Mortgage repurchase as follows: (a) In the Servicer's exception (liquidation) remittance the Servicer must remit the unpaid

Repurchase Type	Reporting	Remitting
Mortgage. (Note: Only under exceptional circumstances, and on an individual basis, will Freddie Mac allow the Servicer to repurchase Freddie Mac's interest in a Mortgage. Generally, Freddie Mac will only allow the Servicer to repurchase a Mortgage that is 90 or more days delinquent or in foreclosure.)	transaction type "Payoff – Repurchase."	principal balance (UPB) due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest, so that they are available to Freddie Mac by the fifth Business Day after the repurchase (b) In the Servicer's monthly remittance the Servicer must remit the monthly and/or reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer repurchased the Mortgage based on the remittance due date Refer to Section 72.3 for the calculation of the repurchase price for *active* Mortgages or *inactive* Mortgages.
Involuntary Freddie Mac requires the Servicer to repurchase a Mortgage	Servicer must report within 30 days if the repurchase request is pursuant to Section 72.1 or 60 days if the repurchase request is pursuant Section 72.1.1 following the date of Freddie Mac's notification requiring the repurchase, using the transaction type "Payoff – Repurchase."	Initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a Mortgage repurchase as follows: (a) In the Servicer's exception (liquidation) remittance the Servicer must remit the UPB due to Freddie Mac as reported in the previous cycle, plus or minus the exception interest, so that they are available to Freddie Mac by the fifth Business Day after the repurchase (b) In the Servicer's monthly remittance the Servicer must remit the monthly and/or reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer repurchased the Mortgage based on the remittance due date. Refer to Section 72.3 for the calculation of the repurchase price for *active* Mortgages or *inactive* Mortgages.
Convertible ARM The Servicer is repurchasing a Convertible ARM that has been converted to a fixed-rate Mortgage pursuant to the requirements of Section 80.4.3.	The Servicer must report pursuant to Section 80.4.3, by the fifth Business Day after the Conversion Date, using the transaction type "Payoff – Conversion." In the field titled "Exception date," enter the Conversion Date. The Servicer must	The Servicer's exception (liquidation) remittance for the repurchase of a Converted Mortgage must be made pursuant to Section 80.4.3, by the fifth Business Day after the Conversion Date. Refer to Section 80.4.3 for the calculation of the repurchase price for the repurchase of a Converted Mortgage.

Repurchase Type	Reporting	Remitting
	resell the Converted Mortgage to Freddie Mac within 60 days following the Conversion Date (see Section 80.4.3(d)).	
REO	Servicer must report the Mortgage as transferred to REO. An REO repurchase must not be reported through the Freddie Mac Servicer Loans application or any other reporting medium.	Initiate two separate remittances in accordance with Sections 77.21 and 77.22 for a Mortgage repurchase as follows: (a) Submit the proceeds to Freddie Mac **(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 Freddie Mac sends to the Servicer within 30 days following the date of Freddie Mac's letter requiring or approving the repurchase (b) In the Servicer's monthly remittance, the Servicer must remit the monthly and/or reinstatement interest due to Freddie Mac as of the *accounting cycle cutoff* in which the Servicer repurchased the Mortgage based on the remittance due date

Do not report or remit funds on these Mortgages in future cycles.

78.21: Loan-level transaction reporting (10/01/11)

The loan-level transaction is what Freddie Mac calls the monthly reporting of each *active* and *inactive* Mortgage the Servicer services for Freddie Mac, including 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 the Servicer must report and how to calculate the remittance due to Freddie Mac.

Requirements for reporting and remitting on *monthly principal and interest activity* and certain *exception* activities are detailed in Section 78.22 and 78.33.

78.22: Monthly reporting and remitting requirements (10/01/11)

The Servicer must submit the following to Freddie Mac monthly by the 5th Business Day after the *accounting cycle cutoff*:

1. The *reporting status* and any activity for each Mortgage the Servicer services for Freddie Mac via the loan-level transaction via one of the reporting media described in Section 76.12
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 the Servicer transmits its monthly reporting prior to the *accounting cycle cutoff*, Freddie Mac will consider it a test transmission rather than monthly reporting and may not process the data.

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The Servicer must remit funds due to Freddie Mac via Freddie Mac's automated cash remittance system so they are available 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 Freddie Mac's reporting and remitting requirements will result in the assessment of compensatory fees as set forth in Sections 78.46 through 78.51.

78.22.1: Quarterly reporting and remitting requirements (01/14/11)

The Servicer must submit Form 1071, Supplemental Accounting Report of SCRA Mortgages, if applicable, to Freddie Mac **(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 (01/14/11)

The remittance cycle, sometimes called the remittance option, determines the due date for remitting monthly principal and interest due to Freddie Mac. The *remittance due date* varies according to the remittance cycle the Seller selected at the time Freddie Mac 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 Freddie Mac by the:**	**And the Servicer 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 (01/14/11)

The Servicer must make all funds due to Freddie Mac available for Freddie Mac's use by the *remittance due date*. If the *remittance due date* is on a non-Business Day, the funds must be available to Freddie Mac on the preceding Business Day. If the preceding Business Day is in a different calendar month, then the remittance must be available to Freddie Mac 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 (08/15/13)

The Servicer must report the following to Freddie Mac monthly by the fifth Business Day after the *accounting cycle cutoff*:

1. All *principal and interest activities* for all *active* Mortgages
2. *Exception activities* listed in the chart below
3. The *reporting status* of all *inactive* Mortgages

The Servicer must remit to Freddie Mac monthly via Freddie Mac's automated cash remittance system the *principal and interest* 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 the Servicer 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 Freddie Mac 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 Freddie Mac's automated cash remittance system.

The following chart summarizes the *remittance due dates* for the *exception activity* the Servicer must remit to Freddie Mac monthly:

Activity (Parenthetical terms are used in the Freddie Mac Service Loans application)	**Description**	**Remit funds so that they are available to Freddie Mac by the...**
Inactivation (Inactivate)	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 Freddie Mac during the current accounting cycle	
Reinstatement (Reinstate)	A Mortgage that the Servicer inactivated during a previous accounting cycle that the Borrower has partially or fully reinstated, or for which the Servicer has completed a loan modification	
Principal balance correction	A Mortgage on which the ending unpaid principal balance (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 Freddie Mac's approval in exchange for a discharge of debt	***Inactive* Mortgages** • No funds are due if the Mortgage was *inactive* • The Servicer must take a credit for the interest it advanced for the delinquent Mortgage on the contract specified *remittance due date* **Active Mortgages** If the Mortgage was *active*, remit any interest due to Freddie Mac by the contract specified *remittance due date*, or if not specified, by the 3rd Business Day after the *accounting cycle cutoff*.
FHA/VA foreclosure (FHA/VA foreclosure conveyance)	A property that did not sell at the foreclosure sale for which the Servicer has filed a claim with FHA/VA	
Transfer to Real Estate Owned (REO)	A property Freddie Mac acquired through foreclosure	
Principal balance adjustment, due to court order	A Mortgage on which the ending UPB is lower than the beginning UPB due to a court order. Includes court-ordered modifications and bankruptcy cramdowns.	The Servicer to remit funds after the loan appears on the "Loan Modification Processed Report" available in the Freddie Mac Service Loans application.

78.26: Inactivation (10/01/11)

Inactivation is the process the Servicer may complete to suspend remitting funds to Freddie Mac for a Mortgage in foreclosure. The Servicer may inactivate a Mortgage after it has notified Freddie Mac that the Servicer has initiated foreclosure.

The Servicer must notify Freddie Mac 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 the Servicer initiated foreclosure. The Servicer may inactivate the Mortgage for the next accounting cycle as part of the loan-level reporting following the EDR notification. The Servicer may inactivate the Mortgage effective as of the first day of the month following the month in which the Servicer initiated foreclosure. (Refer to Section 64.10 for information on EDR.)

To inactivate a Mortgage in foreclosure, the Servicer must:

1. Report the *inactive reporting status* and the monthly interest due to Freddie Mac by the fifth Business Day after the *accounting cycle cutoff*.
2. Remit the monthly interest due to Freddie Mac via Freddie Mac's automated cash remittance system by the *remittance due date*. The Servicer must remit because the Mortgage was *active* as of the previous *accounting cycle cutoff.*

Once the Servicer has inactivated the Mortgage, the Servicer must report it to Freddie Mac monthly as *principal and interest activity* with zero principal and zero interest due. The Servicer 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 Real Estate Owned (REO). Partial payments cannot be applied when the Mortgage is inactivated. The Mortgage must first be reinstated before payments can be processed. See Section 78.28(b) for information on partial reinstatements.

78.27: Newly funded Mortgage (10/01/11)

A newly funded Mortgage is a Mortgage sold to Freddie Mac during the current accounting cycle. The Funding Date and the Mortgage balance at the end of the accounting cycle determine when the Servicer must report a newly funded Mortgage. The Servicer must comply with the requirements of Section 77.34 regarding the initial reporting of and remitting for a newly funded Mortgage.

To report and remit a newly funded Mortgage, the Servicer must:

1. Report the newly funded Mortgage to Freddie Mac by the fifth Business Day after the *accounting cycle cutoff* (Refer to 77.34)
2. Remit the one month's interest and any principal due to Freddie Mac via Freddie Mac's automated cash remittance system by the *remittance due date*
3. Continue to report and remit monthly

78.28: Reinstatement (10/01/11)

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. The Servicer 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 the Servicer has previously notified Freddie Mac via an Electronic Default Reporting (EDR) transmission of the initiation of foreclosure, the Servicer must notify Freddie Mac of the full reinstatement through an EDR transmission no later

than the third Business Day of the month following the month in which the Servicer accepted the reinstatement funds.

The Servicer must complete the following steps to report and remit when the Servicer fully reinstates a Mortgage in foreclosure:

1. Report the reinstatement to Freddie Mac 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 to Freddie Mac via Freddie Mac's automated cash remittance system by the *remittance due date*
3. Report and remit on this Mortgage as *principal and interest activity* in future cycles, unless the reinstatement resulted in a payoff

(b) Partial reinstatement of a Mortgage in foreclosure

If the Servicer has previously notified Freddie Mac via an EDR transmission of the initiation of foreclosure, the Servicer must notify Freddie Mac of the partial reinstatement through an EDR transmission no later than the third Business Day of the month following the month in which the Servicer accepted the partial reinstatement funds.

The Servicer must complete the following steps to report and remit when the Servicer partially reinstates a Mortgage in foreclosure:

1. When the Servicer partially reinstates a Mortgage in foreclosure, it has a choice of one of the following accounting methods. Freddie Mac will call the Servicer to confirm the partial reinstatement and which of the two following reporting methods the Servicer chose:

   Net yield

   a. The Servicer must advance the total amount of delinquent interest needed to fully reinstate the Mortgage
   b. Report the reinstatement to Freddie Mac by the fifth Business Day after the *accounting cycle cutoff*
   c. Remit the full amount of delinquent interest and any principal due to Freddie Mac via Freddie Mac's automated cash remittance system by the *remittance due date*
   d. Report and remit on this Mortgage as *principal and interest activity* in future cycles

   Alternate method

   a. To use this option, the Servicer must convert the Mortgage to the alternate method of accounting reporting on Freddie Mac's system. Report the

reinstatement to Freddie Mac by the fifth Business Day after the *accounting cycle cutoff*. When the Servicer reports the partial reinstatement, the Servicer may also recover the interest it previously advanced to Freddie Mac 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 Freddie Mac via Freddie Mac's automated cash remittance system by the *remittance due date*

c. During the repayment plan, the Servicer must report and remit to Freddie Mac using the alternate method of accounting reporting only when the Servicer has collected one or more of the Borrower's full monthly payments

d. Once the Mortgage is current, report and remit funds to Freddie Mac using the original accounting method for the Mortgage

When the Servicer chooses to report a partial reinstatement of a Mortgage in foreclosure using the alternate method of accounting reporting, and the Mortgage was sold to Freddie Mac under the fixed-rate Guarantor or MultiLender Swap programs for which the Servicer 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 (01/14/11)

If the Servicer reports an erroneous principal reduction amount, the Servicer must comply with the following requirements:

(a) Understated principal reduction

If the Servicer understates a principal reduction for an accounting cycle, it 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 the Servicer overstated the principal reduction for a given Mortgage by $3,000 or less, it 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 Freddie Mac refers 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, the Servicer must contact Freddie Mac to discuss correction options (**see Directory 7**). One of the options is that Freddie Mac may require the Servicer to repurchase the Mortgage.

Reporting a principal balance correction does not guarantee Freddie Mac's approval. The Servicer may confirm the processing of the UPB adjustment on the Loan Reconciliation Difference Report or by contacting Freddie Mac **(see Directory 7)**. Refer to Sections 78.41 and 78.43 for details on these reports. If Freddie Mac processes the principal balance adjustment, there are no special reporting and remitting requirements for future cycles. If Freddie Mac does not process the principal balance correction, contact Freddie Mac for reporting and remitting instructions for future cycles.

78.30: Deed-in-lieu of foreclosure (09/01/13)

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. The Servicer must comply with the requirements of Sections B65.42 through B65.48 regarding a deed-in-lieu of foreclosure.

The Servicer must submit two separate transactions to Freddie Mac via the Freddie Mac Service Loans application to report a deed-in-lieu of foreclosure.

1. By the first Business Day after receiving the executed deed, report the Foreclosure Sale/DIL. If the Borrower was required to make a cash contribution as a condition of acceptance of the deed-in-lieu of foreclosure, the Servicer must remit the funds by check no later than the fifth Business Day after the receipt of funds.

2. Report the Mortgage as a Transfer to Real Estate Owned (REO) transaction by the fifth Business Day after the *accounting cycle cutoff*

If the Mortgage was *inactive* as of the previous *accounting cycle cutoff*, on the *remittance due date*, the Servicer must take a credit calculated from the Due Date of Last Paid Installment (DDLPI), up to but not including the month the Servicer inactivated the Mortgage, for the interest the Servicer advanced for the delinquent Mortgage.

If the Mortgage was *active* as of the previous *accounting cycle cutoff*, on the *remittance due date*, the Servicer must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff*, for the interest the Servicer advanced for the delinquent Mortgage.

Do not report or remit funds on this Mortgage for future cycles.

78.31: FHA/VA foreclosure conveyance (10/01/11)

An FHA/VA foreclosure conveyance occurs when the Servicer forecloses 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. The Servicer must comply with the requirements of Chapter 66, Foreclosure, and Section 70.3 regarding FHA/VA foreclosures.

The Servicer must notify Freddie Mac of the foreclosure sale by the first Business Day after the completion of the foreclosure sale by reporting a Foreclosure Sale/DIL and completing the applicable data fields.

The Servicer must submit two separate transactions to Freddie Mac via the Freddie Mac Service Loans application to report the FHA/VA conveyance:

1. By the first Business Day after the foreclosure sale, report the Foreclosure Sale/DIL transaction to inform Freddie Mac of the results of the sale
2. Report a Transfer to Real Estate Owned (REO) transaction by the fifth Business Day after the *accounting cycle cutoff*

If the Mortgage was *inactive* as of the previous *accounting cycle cutoff*, on the *remittance due date*, the Servicer must take a credit calculated from the Due Date of Last Paid Installment (DDLPI) up to but not including the month the Servicer inactivated the Mortgage, for the interest the Servicer advanced for the delinquent Mortgage.

If the Mortgage was *active* as of the previous *accounting cycle cutoff*, on the *remittance due date* the Servicer must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff*, for the interest the Servicer advanced for the delinquent Mortgage.

Do not report or remit funds on this Mortgage in future cycles.

78.32: Real Estate Owned (REO) (10/01/11)

A transfer to REO occurs when the Mortgaged Premises is not sold to a third party at the foreclosure sale and Freddie Mac acquires the property. The Servicer must comply with the requirements of Sections 66.56 through 66.58, Chapter 70, REO, and Section 55.3 regarding the submission on Freddie Mac's behalf of Internal Revenue Service Form 1099-A, Acquisition or Abandonment of Secured Property.

The Servicer must notify Freddie Mac through the Freddie Mac Service Loans application of the foreclosure sale by the first Business Day after the completion of the foreclosure sale by reporting a Foreclosure Sale/DIL and completing the applicable data fields.

The Servicer must complete the following steps to report and remit for a transfer to REO:

1. The Servicer must report the transfer of the property to REO as follows:

   (a) If the foreclosure sale occurs between the first and the 15th of the month, the Servicer must report the transfer of the property to REO by the fifth Business Day after the *accounting cycle cutoff*
   (b) If the foreclosure sale occurs on or after the 16th of the month, the Servicer must report the transfer of the property to REO by the fifth 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*, the Servicer must take a credit calculated from the Due Date of Last Paid Installment (DDLPI) up to but not including the month the Servicer inactivated the Mortgage, for the interest the Servicer 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* the Servicer must take a credit calculated from the DDLPI through the previous *accounting cycle cutoff* for the interest the Servicer advanced for the delinquent Mortgage

3. Do not report or remit funds on this Mortgage in future cycles

Servicers are not required to wait until the end of the redemption period to report the REO transaction to recover the delinquent interest advanced to Freddie Mac.

78.33: Additional monthly reporting requirements (10/01/11)

In addition to the loan-level transaction the Servicer must transmit to Freddie Mac each month, the Servicer must also submit the following reports, if applicable:

(a) Form 1100, Supplemental Report of Curtailments for Super ARC

Freddie Mac requires the Servicer to submit this paper form to Freddie Mac **(see Directory 7)** monthly, by the fifth Business Day after the *accounting cycle cutoff*, to report curtailments for all Mortgages sold to Freddie Mac 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

Freddie Mac requires the Servicer to submit this form to Freddie Mac **(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 the Servicer services for Freddie Mac. 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, the Servicer must send Form 105 to Freddie Mac **(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.

78.34: Freddie Mac's reports to Servicers (10/01/11)

Freddie Mac will process the data the Servicer transmits, compare the data daily against Freddie Mac's database, and notify the Servicer of any discrepancies on the Edit Reports within three Business Days. The Servicer is responsible for ensuring the accuracy of the data the Servicer submits to Freddie Mac, correcting any errors and making any needed adjustments. Refer to Sections 78.8 and 78.35 for additional information.

78.35: Daily edit reports (09/16/13)

The Servicer must monitor the daily edit reports provided by Freddie Mac through the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html** and promptly correct the errors indicated on the reports:

1. **Freddie Mac Edits to be Cleared Report:** This daily report identifies loan-level transaction edits that prevent Freddie Mac from processing transactions the Servicer has reported. The Servicer must take immediate action to resolve the edit errors and transmit revised transactions to Freddie Mac that reflect the Borrower's payment activity.
2. **Freddie Mac System Cleared Edits Report:** This daily report identifies loan-level transaction edits that Freddie Mac's system changed and continued processing. The Servicer 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. The Servicer should also revise the system cleared edit in order to prevent it from negatively impacting its Servicer Success Scorecard.
3. **Loan Level Missing Report:** Freddie Mac makes this report available between the *accounting cycle cutoff* and month-end. This report identifies Mortgages missing from the Servicer's monthly loan-level transactions. This includes any Mortgage:

   - That the Servicer did not report to Freddie Mac,
   - With unresolved edits on the Edits to be Cleared Report,
   - Reported to Freddie Mac with an invalid Freddie Mac loan number, and/or
   - For which Freddie Mac received a transaction, but the Mortgage was rejected by Freddie Mac's system

   Freddie Mac generates this report only after Freddie Mac processes 75% of the loan-level transactions for Mortgages the Servicer services for Freddie Mac. Once the 75% reporting threshold is met, Freddie Mac will provide this report daily until it closes its monthly accounting cycle. The Servicer must analyze this report and ensure that any Mortgage due to be reported to Freddie Mac is reported by the fifth Business Day after the *accounting cycle cutoff*.

The Servicer will need a secure User ID and password to retrieve these reports through the Service Loans application. The Service Loans application is accessible at **http://www.freddiemac.com/singlefamily/service/tools.html**.

78.36: Freddie Mac Edits to be Cleared Report (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.37: Freddie Mac System Cleared Edits Report (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.38: Loan-Level Missing Report (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.39: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.40: Monthly reports (09/16/13)

Freddie Mac provides the Servicer the three monthly reports described below that the Servicer must use to reconcile the amounts reported and remitted to Freddie Mac to the Principal and Interest Custodial Account for the Mortgages the Servicer services for Freddie Mac. Each of these reports is available on a preliminary basis daily, and the final is available at the end of the calendar month. (See Section 78.44 for information on receiving these reports in preliminary form.) The Servicer must review these reports timely and notify Freddie Mac in writing **(see Directory 7)** of any errors or discrepancies between its data and Freddie Mac's within 90 days of the *accounting cycle cutoff* for that month's report(s).

1. **Loan Reconciliation Difference Report:** Freddie Mac will make available to the Servicer the final Loan Reconciliation Difference Report through the Freddie Mac Service Loans application ("Service Loans application") at the end of the calendar month. This report provides the Servicer with detailed information about transactions that:

   - Freddie Mac processed differently than the Servicer reported
   - Freddie Mac added manually
   - The Servicer reported as revisions that Freddie Mac did not process
   - The Servicer reported as revisions that Freddie Mac did process
   - The Servicer reported more than once during the accounting cycle
   - The Servicer reported with an invalid Freddie Mac loan number
   - The Servicer reported on Mortgages belonging to another Servicer

   The differences identified on this report may be outstanding items on the Servicer's Principal and Interest Custodial Account reconciliation or adjustments that the Servicer needs to make to the Servicer's cash remittance.

2. **Monthly Account Statement (MAS):** Freddie Mac will make available to the Servicer the final MAS through the Service Loans application by the end of the calendar month. This report summarizes the total amount due to Freddie Mac as of the *accounting cycle cutoff*.

The ending balance on the MAS includes principal and interest due to Freddie Mac, remittances the Servicer has made and adjustments made by Freddie Mac. The ending balance is the Servicer's total liability to Freddie Mac as of the *accounting cycle cutoff*.

The Servicer 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 Freddie Mac's requirements in Sections 79.16 through 79.20. If the Servicer disagrees with the ending balance on the MAS, the Servicer must notify Freddie Mac in writing within 90 days of the *accounting cycle cutoff* (**see Directory 7**), or contact (800) FREDDIE.

3. **Seller/Servicer Remittance Analysis:** Freddie Mac will make available to the Servicer the final Seller/Servicer Remittance Analysis through the Service Loans application at the end of the calendar month. The Seller/Servicer Remittance Analysis includes the Detail Adjustment Report (DAR) and summarizes the remittances Freddie Mac received from the Servicer during an accounting cycle via Freddie Mac's automated cash remittance system, wires and checks (except for Real Estate Owned (REO)-related checks), the amounts that were due, and any overages or shortages. Shortages will result in the assessment of an interest reimbursement compensatory fee that appears on the monthly Performing Loans Servicer Billing Statement. Refer to Exhibit 69, Seller/Servicer Remittance Analysis.

   If the Servicer finds an error in the Seller/Servicer Remittance Analysis, the Servicer must:

   - Notify Freddie Mac in writing **(see Directory 7)**, and include the necessary documentation to substantiate the Servicer's claim
   - Provide Freddie Mac with any additional documentation to continue Freddie Mac's research, if necessary, within 30 days of Freddie Mac's request

   Included in the Seller/Servicer Remittance Analysis is the DAR. This report itemizes all adjustments posted to the Servicer's MAS for fees, adjustments to principal and interest and other billings for the *accounting cycle cutoff*.

   While Servicers have 90 days to reconcile their records with Freddie Mac’s, any discrepancies in charge-offs reflected on the DAR must be reported to Freddie Mac within 30 days of Freddie Mac’s posting of the amount to the DAR, as provided in Section 78.19.

The Loan Reconciliation Difference Report and the MAS are available through the Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**. The Detail Adjustment Report is also available through the Freddie Mac Service Loans application.

78.41: Loan Reconciliation Difference Report (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.42: Monthly Account Statement (MAS) (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.43: Detailed Adjustment Report (10/01/11)

Effective October 1, 2011, this section has been deleted.

78.44: Reports to reconcile monthly activity (09/16/13)

Freddie Mac will provide preliminary and final versions of the reports listed in Section 78.40 as follows:

(a) Preliminary

If the Servicer reports and resolve all data discrepancies prior to the close of Freddie Mac's monthly reporting cycle, the preliminary Loan Reconciliation Difference Report and Monthly Account Statement (MAS) will be available through the Freddie Mac Service Loans application ("Service Loans application") at **http://www.freddiemac.com/singlefamily/service/tools.html**. A preliminary Seller/Servicer Remittance Analysis and Detail Adjustment Report (DAR) is also available through the Service Loans application on a daily basis.

The Servicer may use the preliminary reconciliation reports to begin reconciling its monthly Mortgage activity and Principal and Interest Custodial Account, or use them to make revisions to the Servicer's loan-level transactions.

(b) Final Reports

After Freddie Mac closes its monthly accounting cycle, Freddie Mac will provide the Servicer the final MAS and the Loan Reconciliation Difference Reports through the Freddie Mac Service Loans application.

Freddie Mac will provide the final Seller/Servicer Remittance Analysis and DAR to the Servicer through the Service Loans application at the end of the calendar month.

The Servicer should use these reports to reconcile its investor reporting and the Servicer's Custodial Account activity for the month in accordance with Chapter 79, Managing Custodial Accounts.

78.45: Reconciling Seller/Servicer Remittance Analysis (01/01/13)

If the Servicer reports an error on the Seller/Servicer Remittance Analysis to Freddie Mac and Freddie Mac's research, pursuant to Section 78.40, confirms that an error was made, Freddie Mac will:

1. Make a single balance adjustment to correct the error on the current Seller/Servicer Remittance Analysis. Freddie Mac will also include this adjustment on the "Adjustment to Balance Due Freddie Mac" line on the Servicer's most recent Monthly Account Statement.
2. Revise the current Seller/Servicer Remittance Analysis as necessary
3. Recalculate any cash remittance interest reimbursement compensatory fees, if necessary. Waiver of interest reimbursement compensatory fees is at Freddie Mac's discretion.

Freddie Mac may charge the Servicer a fee to research or reconstruct Freddie Mac's records according to the requirement in Section 78.51. If the Servicer elects for Freddie Mac to research or reconstruct Freddie Mac's records, the Servicer must provide Freddie Mac with any requested documentation Freddie Mac deems necessary to resolve the error within 30 days of the request.

78.46: Noncompliance with Reporting and Remitting Requirements (10/01/11)

The Servicer's failure to comply with Freddie Mac's 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 Freddie Mac may have at law or in equity, the Servicer is subject to the assessment of compensatory fees for any violations.

Freddie Mac will charge the Servicer a noncompliance compensatory fee for the Servicer's failure to comply with Freddie Mac's Servicing reporting requirements contained in Section 55.1 or the accounting reporting time requirements contained in this

chapter. Servicing reporting and accounting reporting noncompliance compensatory fees are each monitored and assessed separately.

Freddie Mac will charge the Servicer an interest reimbursement compensatory fee based upon the amount of the late remittance if the Servicer does not remit in accordance with Freddie Mac's requirements. The interest reimbursement compensatory fee is in addition to other remedies that may be available to Freddie Mac. Exhibit 69, Seller/Servicer Remittance Analysis, displays the interest reimbursement compensatory fee assessed for late remittances.

The Servicer will receive written notification of all compensatory and other fee assessments. Freddie Mac reserves the right to revise Freddie Mac's compensatory and other fee schedules and change Freddie Mac's methods of calculating compensatory and other fees at any time at Freddie Mac's sole discretion. The Servicer may direct any questions regarding the assessment of accounting reporting compensatory and other fees to Freddie Mac **(see Directory 7)**.

See Section 78.46.1 for instructions on remitting compensatory fees.

The Servicer must submit a Form 1132, Authorization for Automatic Transfer of Funds Through the Automated Clearing House (ACH), to the address on the form.

78.46.1: Remitting compensatory fees (10/18/13)

Freddie Mac will initiate an Automated Clearing House (ACH) draft to collect any compensatory fees billed on the Performing Loans monthly Servicing Billing Statement and the Non-Performing Loans Invoice. To authorize ACH drafting of compensatory fees, the Servicer 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 the Servicer is liable to pay Freddie Mac any compensatory fees, to set up or make certain changes to the draft account. This form will authorize Freddie Mac to initiate an ACH draft, and designates an account from which Freddie Mac will collect any compensatory and other fees for which Freddie Mac may bill the Servicer on the Performing Loans monthly Servicer Billing Statement and the Non-Performing Loans Invoice, and
2. Designate an account other than one of Freddie Mac's Custodial Accounts from which Freddie Mac 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.

See Sections 56.3, 72.7, 78.46 and 78.47 through 78.51 for information on these compensatory fees.

78.47: Reporting noncompliance compensatory fees (09/01/12)

Freddie Mac assesses a compensatory fee when the Servicer fails to comply with Freddie Mac's Servicing reporting requirements for the reports listed in Section 55.1 or with Freddie Mac's reporting requirements contained in this chapter and Section 64.10.

If the Servicer commits more than one type of reporting offense within any consecutive 12-month period the Servicer may be subject to more than one reporting noncompliance fee.

The Servicer will be subject to the applicable compensatory fee in accordance with Sections 78.47.1 and 78.47.2 for its failure to:

1. Submit complete and accurate Servicing reports, including the submission of error-free 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 requested by Freddie Mac that is outside of the regular monthly reporting requirements of this chapter, or its failure to provide such requested information in a usable form within the required time frame

Freddie Mac will notify the Servicer in writing of all instances of noncompliance.

78.47.1: Reporting noncompliance compensatory fees – all loans (08/15/13)

Freddie Mac assesses a compensatory fee when a Servicer fails to report all required information for at least 80% of the loans it services for Freddie Mac by the 5th Business Day after the accounting cycle cutoff. The compensatory fee is based on the number of noncompliance violations the Servicer commits in any consecutive 12-month period starting with the month in which the first violation occurred and as shown below.

IF the noncompliance violation within a consecutive 12-month period is the Servicer's...	THEN the reporting noncompliance compensatory fee is...	AND the Servicer...
First violation	Greater of $250 or $50 per loan, up to $5,000	
Second violation	Greater of $500 or $50 per loan, up to $10,000	May be required to attend a reporting training seminar at the Servicer's expense
Third violation or more	Greater of $1,000 or $50 per loan, up to $15,000	

In addition to the monetary compensatory fees, beginning with the second violation, Freddie Mac may require the Servicer to attend reporting training at the Servicer's expense. Freddie Mac reserves the right to invoke additional remedies, including suspension or disqualification as a Seller/Servicer or a full or partial termination of Servicing, in the event of continuing violations.

Freddie Mac will submit an Automated Clearing House (ACH) draft transaction for all compensatory fees owed on the last Business Day of the month in which the Servicer received the Performing Loans monthly Servicer Billing Statement. Refer to Section 78.46.1 for information on establishing the ACH draft.

78.47.2: Electronic Default Reporting (EDR) noncompliance compensatory fees (08/15/13)

Freddie Mac assesses a compensatory fee when a Servicer fails to report applicable delinquent Mortgage information through Electronic Default Reporting (EDR), within the first three Business Days of a month in accordance with Section 64.10. The compensatory fees are based on the number of noncompliance violations the Servicer commits in any consecutive 12-month period starting with the month in which the first violation occurred and as shown below.

IF the noncompliance violation within a consecutive 12-month period is the Servicer's...	THEN the reporting noncompliance compensatory fee is...	AND the Servicer...
First violation	Greater of $250 or $50 per loan, up to $5,000	
Second violation	Greater of $500 or $50 per loan, up to $10,000	May be required to attend a reporting training seminar at the Servicer's expense
Third violation or more	Greater of $1,000 or $50 per loan, up to $15,000	

In addition to the monetary compensatory fees, beginning with the second violation, Freddie Mac may require the Servicer to attend reporting training at the Servicer's expense. Freddie Mac reserves the right to invoke additional remedies, including suspension or disqualification as a Seller/Servicer or a full or partial termination of Servicing, in the event of continuing violations.

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.

78.47.3: Unreported transactions and loan simulation compensatory fee (01/01/13)

Freddie Mac assesses a compensatory fee of $100 per loan when a Servicer fails to clear outstanding edits or report loan-level activity by the end of month minus four Business Days (EOM -4).

This compensatory fee will not be assessed if the Reporting Noncompliance – All Loans compensatory fee has already been assessed for the same reporting violation.

78.48: Aged data errors compensatory fee (01/01/13)

Freddie Mac may assess a $100 compensatory fee per loan, per occurrence, up to a maximum of $15,000 per month in which there are unresolved loan-level reporting errors that appear on the Loan Reconciliation Difference Report 90 days or more category.

Freddie Mac will submit an Automated Clearing House (ACH) draft transaction for all data error compensatory fees the Servicer owes Freddie Mac on the last Business Day of the month in which the Servicer received the Performing Loans monthly Servicer Billing Statement from Freddie Mac stating the amount of the compensatory fees. Refer to Section 78.46.1 for information on establishing the ACH draft.

78.49: Late reported payoff noncompliance compensatory fee (10/01/11)

Freddie Mac assesses this compensatory fee when the Servicer fails to report a paid off Mortgage by the fifth Business Day of the month following the month in which the Servicer receives the funds. This compensatory fee is equal to one month's interest based on the net yield for each loan that the Servicer reports late. Freddie Mac may assess this compensatory fee in addition to other fees contained in this chapter.

Freddie Mac may assess a late reported payoff compensatory fee if the Servicer fails to report the payoff of a matured Mortgage in accordance with Section 76.21.

Freddie Mac will submit an Automated Clearing House (ACH) transaction for all late reported payoff noncompliance compensatory fees the Servicer owes Freddie Mac on the last Business Day of the month in which the Servicer received the Performing Loans monthly Servicer Billing Statement from Freddie Mac indicating the amount of the compensatory fee. Refer to Section 78.46.1 for information on establishing the ACH draft.

78.50: Cash remittance interest reimbursement compensatory fee (01/01/13)

Freddie Mac assesses this compensatory fee when the Servicer fails to comply with the required remittance procedures contained in this chapter. If the Servicer's remittance funds are not available to Freddie Mac by the *remittance due date*, Freddie Mac will assess an interest reimbursement compensatory fee. Exhibit 69, Seller/Servicer Remittance Analysis, illustrates a Seller/Servicer Remittance Analysis with an interest reimbursement assessment.

Freddie Mac calculates this compensatory 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 Freddie Mac 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 compensatory fee due to Freddie Mac. For purposes of calculating the charge, Freddie Mac uses 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*.

The minimum monthly compensatory fee will be based on the number of noncompliance violations the Servicer commits in any consecutive 12-month period starting with the month in which the first violation occurred and as shown below:

IF the noncompliance violation within a consecutive 12-month period is the Servicer's...	**THEN the cash remittance noncompliance compensatory fee will be...**
First instance	No less than $250 in any given month
Second instance	No less than $500 in any given month
Third instance or more in 12 months	No less than $1,000 in any given month

Freddie Mac will submit an Automated Clearing House (ACH) draft transaction for all cash remittance interest reimbursement compensatory fees the Servicer owes Freddie Mac on the last Business Day of the month in which the Servicer receives the Performing Loans monthly Servicer Billing Statement stating the amount of the compensatory fee. Refer to Section 78.46.1 for information on establishing the ACH draft.

Refer to Section 72.7 for the compensatory fee assessed for late execution of a repurchase request for an REO.

78.51: Contract noncompliance and contract change compensatory fees (10/18/13)

Freddie Mac may assess contract noncompliance compensatory fees based on the circumstances listed below.

Freddie Mac will submit an Automated Clearing House (ACH) draft transaction for all contract noncompliance and contract change compensatory fees the Servicer owes Freddie Mac on the last Business Day of the month in which the Servicer received the Performing Loans monthly Servicer Billing Statement and/or the Servicer Non-

Performing Loans Invoice, as applicable, from Freddie Mac stating the amount of the fee. Refer to Section 78.46.1 for information on establishing the ACH draft.

Freddie Mac will assess a Servicing data correction compensatory fee of $500 per Mortgage when Freddie Mac must:

- Research and perform database corrections to Freddie Mac's records to correct loan level cash or data discrepancies due to erroneous reporting by the Servicer, including, but not limited to, corrections to data transmitted through Electronic Default Reporting (EDR) and loss mitigation reporting errors
- Process the database changes necessary to complete an approved waiver to the Purchase Documents

If Freddie Mac processes the same contract noncompliance change for 20 or more Mortgages in the Servicer's portfolio in the same Performing Loans monthly Servicing Billing Statement or the same Non-Performing Loans Invoice, as applicable, the compensatory fee assessed for that particular contract noncompliance occurrence will be limited to $10,000.

78.52: Freddie Mac resources available (01/14/11)

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

The Servicer may also call (800) FREDDIE for further information.

Chapter 79: Managing Custodial Accounts

79.1: Managing Custodial Accounts (10/01/11)

A Custodial Account is a Demand Deposit Account or Interest-Bearing Deposit Account the Servicer must establish and maintain at an Eligible Depository for the safekeeping of funds associated with Freddie Mac-owned Mortgages. The Servicer must maintain Principal and Interest Payments and Escrow Funds in separate Custodial Accounts until the Servicer remits them to Freddie Mac or a third party. Only funds received in connection with the Servicing of Freddie Mac-owned Mortgages are to be deposited into the accounts.

Refer to Chapter 77, Establishing Investor Accounting Functions, for requirements on establishing Custodial Accounts and this chapter for requirements for administering and reconciling the cash in the Custodial Accounts.

All Freddie Mac accounts must be reconciled within 45 days of each accounting cycle cutoff. The Servicer must identify and fund any shortages within 90 days of the accounting cycle cutoff even if the variance has not been identified. However, Freddie Mac reserves the right to request that funding occur immediately.

Managing Custodial Accounts completes the cycle of the Servicer's investor accounting responsibilities. The Servicer must comply with Freddie Mac's administrative and reconciliation requirements for Custodial Accounts.

- Sections 79.7-79.15 address administering Custodial Accounts, including Freddie Mac's requirements for recordkeeping, investing funds, monitoring depository eligibility and conditions for changing or transferring Custodial accounts

- Sections 79.16-79.25 address reconciling Custodial Accounts, including Freddie Mac's requirements for identifying and correcting differences between the Servicer's records and Freddie Mac's.

79.2: Process flow (10/01/11)

Effective October 1, 2011, this section has been deleted.

79.3: Chapter contents (10/01/11)

This chapter details the requirements for administering and reconciling the Custodial Accounts associated with Freddie Mac-owned Mortgages.

Topic	Section(s)
Administering Custodial Accounts	79.7-79.15
Reconciling Custodial Accounts	79.16-79.24
Freddie Mac resources	79.25

79.4: Definitions (10/01/11)

Capitalized terms used throughout this chapter are defined in the Glossary.

79.5: Freddie Mac's rights (10/01/11)

Freddie Mac reserves the right to:

1. Request that the Servicer submit copies of Custodial Accounts and/or related Time Deposit records, such as bank account statements, detailed trial balances and completed reconciliations, variance logs, and supporting documentation for such records

2. Assess compensatory fees and/or seek repayment of losses sustained due to errors, omission or delays by the Servicer in complying with the requirements of this chapter

79.6: Introduction (10/01/11)

Effective October 1, 2011, this section has been deleted.

79.7: Servicer responsibilities (10/01/11)

Servicers are responsible for properly reconciling and maintaining the Custodial Account(s), and for maintaining accurate records and supporting documentation. Servicers are required to establish and reconcile Custodial Account(s) for each Seller/Servicer number. Servicers may not consolidate multiple Seller/Servicer numbers into a single reconciliation.

The Servicer must, at all times, maintain records for each Custodial Account in which Freddie Mac has 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. Freddie Mac's vested and ascertainable interest in funds deposited into each Custodial Account

79.8: Investing Custodial Account funds (10/01/11)

The Servicer may invest funds deposited into any of Freddie Mac's Custodial Accounts as a Time Deposit or in federal funds. The Servicer may retain any interest earned on funds invested. Such investments must:

1. Contain only Freddie Mac's funds from one type of Custodial Account. The Servicer 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 which the Servicer must use the funds for remitting to Freddie Mac, 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 funds from the Custodial Account, the Servicer must redeposit invested Custodial Account funds to their original Custodial Account so that they are available for remitting to Freddie Mac, disbursing Escrow payments or applying buydown funds to the Borrower's payment.

79.9: Maintaining the Principal and Interest Custodial Account balance (10/01/11)

The Servicer must:

- Maintain Freddie Mac funds separately from the Servicer's general ledger account; a general ledger account is not a substitute for a Demand Deposit account

- Deposit all Freddie Mac funds into a Demand or Interest-Bearing Deposit Account in accordance with Section 77.8

- Ensure that funds are available for remittances due to Freddie Mac. If the funds available in a Principal and Interest Custodial Account are less than the remittance due to Freddie Mac on the remittance date, the Servicer must advance its funds so that the remittance due to Freddie Mac is made in full before initiating the remittance.

- Maintain a positive daily balance in the Principal and Interest Custodial Account(s) at all times

- Perform a consolidated reconciliation if the Servicer has more than one Principal and Interest Custodial Account under a specific Seller/Servicer number

The Servicer may recover any funds it 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 (10/01/11)

The Servicer must:

- Establish and maintain at least one Escrow Custodial Account for each Seller/Servicer number, even if the Servicer does not collect Escrow Funds for Mortgages serviced under that number

- Maintain the Escrow Funds separately from the Servicer's general ledger account; a general ledger account is not a substitute for a Demand Deposit Account

- Deposit all Freddie Mac funds into a Demand Deposit or Interest-Bearing Deposit Account in accordance with Section 77.8

- Ensure that each Borrower’s vested interest is ascertainable at all times

- Ensure that funds are available for remittances before disbursing funds to third parties

- Maintain a positive daily balance in the Escrow Custodial Account(s) at all times

- Perform a consolidated reconciliation if the Servicer has more than one Escrow Custodial Account under a specific Seller/Servicer number

- Deposit an advance from the Servicer’s funds to the Escrow Custodial Account for any shortages on the same day the shortage occurs and before making any

disbursements. The Servicer must not use the overages of one Borrower account to fund the negative Escrow or shortage of other Borrower accounts.

The Servicer may recover any Escrow advance from subsequent payments to the Escrow Custodial Account of the specific Mortgage for which the Servicer made the advance.

79.10.1 Maintaining the Buydown Custodial Account (10/01/11)

Servicers may deposit buydown funds into the Escrow Custodial Account, or the Servicer may, at its option, open a separate Custodial Account for buydown funds. If the Servicer establishes a separate buydown Custodial Account, the Servicer must comply with the requirements regarding Custodial Accounts generally, and the maintenance and reconciliation of Escrow Custodial Accounts set forth in the Guide for such buydown Custodial Account.

79.11: Monitoring depository eligibility (09/12/11)

The Servicer must maintain all Custodial Accounts and/or related Time Deposits in an Eligible Depository at all times. The Servicer must continually monitor its depository's eligibility status to ensure it meets the requirements of Sections 77.9 and 77.10. The Servicer's obligation to transfer funds to an Eligible Depository is not dependent upon notification from Freddie Mac.

The Servicer may determine a depository's eligibility by subscribing at its own expense to any of the rating services referenced in Section 77.10, or by contacting Freddie Mac at (800) FREDDIE. In addition, the Servicer may determine a depository's ineligibility based on actual knowledge.

If the Servicer determines that a depository is no longer eligible, it 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: Freddie Mac's right to remove accounts from specified depositories (09/12/11)

Freddie Mac reserves the right to determine, at Freddie Mac's sole discretion, that the Servicer may no longer deposit or hold Principal and Interest Payments and Escrow Funds in a particular depository. Freddie Mac's exercise of its rights under this section means that it may expressly prohibit a Servicer from maintaining Custodial Accounts and/or related Time Deposits with a particular Depository.

If Freddie Mac determines that a depository no longer meets Freddie Mac's requirements, Freddie Mac will give the Servicer written notice to remove the Custodial Accounts and/or related Time Deposits. The Servicer 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 the Servicer chooses to invest the Custodial Account funds in a Time Deposit at the new Eligible Depository, it must adhere to the requirements for Time Deposits in Section 79.14(a).

79.13: The Servicer's right to change or transfer accounts (09/12/11)

The Servicer may choose to change Custodial Accounts and/or related Time Deposits, or transfer them to another Eligible Depository. If the Servicer chooses to do so, it must adhere to the requirements of Section 79.14.

79.14: Requirements for changing or transferring accounts (10/01/11)

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 Freddie Mac to remove the account according to the requirements of Section 79.12
3. The Servicer's 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

The Servicer must meet the requirements of Sections 77.8 through 77.12(a) or 77.12(b) to change or transfer any Custodial Account.

The Servicer 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 the Servicer chose as a remittance drafting account, the Servicer must also:

1. Contact Freddie Mac **(see Directory 1)**
2. Submit the documentation required by Section 77.12(c) at least 15 Business Days before the Servicer plans to use the new account or modified bank routing instruction
3. Continue to use the existing account or bank routing instructions until Freddie Mac gives the Servicer 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 the Servicer receives Freddie Mac's written notice that Freddie Mac has processed the new remittance instructions

If Freddie Mac drafts and funds are not available because the Servicer changed its drafting account without receiving Freddie Mac's written authorization, the Servicer will be subject to an interest reimbursement compensatory fee as set forth in Section 78.49.

79.15: Liability for transfer costs (09/12/11)

Freddie Mac will not be liable to the Servicer 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 Freddie Mac requires the Servicer, or the Servicer chooses, to transfer the Custodial Account and/or related Time Deposit.

79.16: Reconciling Custodial Accounts (10/01/11)

The Servicer must reconcile all Custodial Accounts within 45 days of the accounting cycle cutoff each month. The purpose of the Custodial Account reconciliation is to enable the Servicer to:

- Identify, at the loan level, variances between the Servicer's receipts, cash disbursements and liabilities due to third parties and Freddie Mac's records
- Identify and correct the root cause of the items causing the variance
- Notify Freddie Mac of errors in Freddie Mac's records
- Fund shortage variances no later than 90 days from the accounting cycle cutoff even if the Servicer has not identified the root cause. However, Freddie Mac reserves the right to request that funding occur immediately.

79.17: Custodial Account reconciling requirements (10/01/11)

This section has been incorporated into Section 79.16.

79.18: Reconciling the Principal and Interest Custodial Account (08/21/12)

The Servicer must not consolidate multiple Seller/Servicer numbers into a single reconciliation. In reconciling the Principal and Interest Custodial Account, the Servicer must:

- Reconcile the Principal and Interest Custodial Account within 45 days from the accounting cycle cutoff
- Establish a separate Custodial Account and reconciliation for each Seller/Servicer number
- Use the ending balance of the Monthly Account Statement that corresponds to the accounting cycle cutoff
- Consolidate all Principal and Interest Custodial Accounts for a specific Seller/Servicer number into a single reconciliation, if the Servicer has multiple Principal and Interest Custodial Accounts for a specific Seller/Servicer number

- Properly document and account for any prepaid and delinquent interest in order to accurately determine the Custodial Account adjusted liability

- Identify, at the loan level, variances between the Servicer's receipts, cash disbursements and liabilities due to third parties and Freddie Mac's records

- Fund shortage variances within 90 days from the accounting cycle cutoff, even if the Servicer has not identified the root cause of the issue. However, Freddie Mac reserves the right to request that funding occur immediately.

- Use the Form 59, Principal and Interest Custodial Account Reconciliation - Monthly Account Statement (MAS), to reconcile the account and identify variances. The Servicer may use either the online version of Form 59 or a copy that is an exact replica of the form, to complete the reconciliation. The Servicer must document every line item on Form 59 of the custodial account reconciliation as follows:

  - Bank statements with a running daily balance that cover the accounting cycle
  - Bank statements that show deposits in transit, outstanding debits, and funding of shortage variances
  - The final version of the MAS
  - Delinquent and prepaid interest trial balances
  - Supporting documentation for other billings
  - Cumulative variance logs
  - Any additional documentation requested by Freddie Mac

If the Servicer disagrees with the ending balance or any adjustments listed on the Detail Adjustment Report (DAR), with the exception of short sale charge-offs applied to the MAS (see Section B65.41), the Servicer must notify Freddie Mac **(see Directory 7)** within 90 days of the accounting cycle cutoff date represented by the MAS. Freddie Mac reserves the right to deny the Servicer's request for a refund or interest on a refund if the Servicer does not notify Freddie Mac within the required time frame.

Refer to Section 79.18.1 for information on Freddie Mac's review of this reconciliation.

79.18.1: Freddie Mac's Principal and Interest Custodial Account Review (10/01/11)

Freddie Mac conducts periodic examinations of the Principal and Interest Custodial Account Reconciliation. At any time Freddie Mac may request, and the Servicer must provide, Freddie Mac with a complete reconciliation no later than the requested due date. The reconciliation package must include:

- A completed Form 59 along with supporting documentation for every line item on Form 59

- Bank statements, including any that show evidence of deposits of shortage variances
- Trial balance of delinquent and prepaid interest
- Variance logs and any supplemental information to explain the nature and age of the variance displaying the Freddie Mac loan number
- Any additional documentation requested by the Freddie Mac examiner

79.19: Reconciling deposits to the Principal and Interest Custodial Account (08/21/12)

In reconciling a Principal and Interest Custodial Account, the Servicer must, as of the accounting cycle cutoff, account for all payments received as well as advances and other billings due to Freddie Mac. Section 77.15 specifies the time frames the Servicer 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) Freddie Mac's share of payments received:

1. Principal and interest collected on all Freddie Mac Mortgages, whether received from, or on behalf of, the Borrower or applied from a buydown account
2. Principal curtailments
3. Payoffs, including short sales and third-party foreclosure sale proceeds
4. Prepayment penalties, if applicable

If the Servicer chooses, it may also deposit and later withdraw the Servicing fees that it earns or the participant's share of any of the payments received. If the Servicer does not withdraw these funds by the accounting cycle cutoff, it must account for them in its reconciliation.

(b) Advances and other billings due from the Servicer:

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 (09/12/11)

In reconciling the Principal and Interest Custodial Account, the Servicer must, as of the accounting cutoff, account for all withdrawals from the account, including the following:

1. Remittances to Freddie Mac
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 (04/15/13)

The Servicer must not consolidate multiple Seller/Servicer numbers into a single reconciliation. In reconciling the Escrow Custodial Account, the Servicer must:

- Reconcile the Escrow Custodial Account within 45 days from the accounting cycle cutoff
- Establish a separate bank account and reconciliation for each Seller/Servicer number
- Complete a consolidated reconciliation if the Servicer has more than one Escrow Custodial Account under a specific Seller/Servicer number, and a consolidated reconciliation for its Escrow liabilities
- Use the positive Escrow balance that corresponds to the accounting cycle cutoff
- Properly document and account for all Escrow balances in order to accurately determine the Escrow Custodial Account adjusted liability
- Identify, at the loan level, variances between the Servicer's receipts, cash disbursements and liabilities due to third parties and Freddie Mac's records
- Fund shortage variances within 90 days from the accounting cycle cutoff
- Include any buydown balances in the Servicer's Escrow Custodial Account reconciliation, if any buydown funds are deposited into the Escrow Custodial

Account. The Servicer may complete a separate reconciliation for buydown subsidies if the Servicer chooses to set up an optional buydown Custodial Account. Refer to Section 79.24 for requirements for reconciling a separate buydown Custodial Account.

- Reconcile to the positive Escrow balance as of the accounting cycle cutoff using Form 59E, Escrow Custodial Account Reconciliation Worksheet. The Servicer may use either the online version of Form 59E or a copy that is an exact replica of the form, to complete the reconciliation. The Servicer must document every line item on Form 59E of the Escrow Custodial Account reconciliation as follows:

  - Bank statement(s) with a running daily balance that cover the accounting cycle
  - Bank statements that show deposits in transit, outstanding debits, and funding of shortage variances
  - Loan level trial balance displaying the Escrow balances
  - If the Servicer's trial balance nets the escrow liability, and add the negative escrow balance
  - Cumulative variance logs that display the Freddie Mac loan number

Refer to Section 79.21.1 for information on Freddie Mac's review of this reconciliation.

79.21.1: Freddie Mac's Escrow Custodial Account Review (10/01/11)

Freddie Mac conducts periodic examinations of the Escrow Custodial Account Reconciliation. At any time, Freddie Mac may request, and the Servicer must provide Freddie Mac with, a complete reconciliation no later than the requested due date. The reconciliation package must include:

- A completed Form 59E along with supporting documentation for every line item on Form 59E

- Bank statements, including any that show evidence of deposits of shortage variances

- Trial balance displaying all Escrow liabilities

- Variance logs and any supplemental information to explain the nature and age of the variance displaying the Freddie Mac loan number

- Any additional documentation requested by the Freddie Mac examiner

If the Servicer's trial balance reflects a net Escrow balance, the Servicer must add the negative Escrow to determine the liability.

The Servicer may use either the online version of Form 59E, or a copy that is an exact replication of the form, to complete the reconciliation. Upon Freddie Mac's request, the Servicer must be able to provide Freddie Mac 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 (10/01/11)

In reconciling the Escrow Custodial Account, the Servicer must, as of the accounting cycle cutoff, account for all Escrow Funds received, as well as advances or interest paid on Escrow. The Servicer is required to maintain an active Escrow Custodial Account even if no Escrow amounts are collected from the Borrower(s). The Escrow Custodial Account may also be used to deposit partial payments, suspense amounts where the Borrower has not established clear intent for the payment, and insurance payment proceeds. Section 77.15 specifies the time frames the Servicer must meet for the deposit of funds to Custodial Accounts.

The following details 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 the Servicer:

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 (09/12/11)

In reconciling the Escrow Custodial Account, the Servicer 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 the Servicer's advances when the Servicer receives a subsequent Escrow payment for the Mortgage for which the Servicer 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 (10/01/11)

If a Servicer chooses to open an optional Custodial Account, as referenced in Sections 77.6 and 77.7, as of the accounting cycle cutoff, the Servicer must complete the following consolidated reconciliations:

(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 Freddie Mac. The Servicer must only make deposits to this type of Custodial Account immediately prior to a remittance date. The Servicer must consolidate the Principal and Interest Disbursement Clearing Custodial Account reconciliation with the Servicer's Principal and Interest Custodial Account reconciliation. Refer to Sections 79.16 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 Freddie Mac purchased a Mortgage, minus the monthly buydown amount times the number of payments applied since Freddie Mac's purchase. The balance in this Custodial Account may represent the buydown balance of more than one Mortgage. Refer to Section 79.16 for requirements on reconciling this account.

79.25: Freddie Mac resources available (09/12/11)

The following are additional resources related to the topics in this chapter:

1. Exhibit 87, Servicer Education Resources: Includes additional reference materials and training information
2. (800) FREDDIE for information on training, manuals or with other questions, or visit **www.freddiemac.com/learn**

Chapter 80: Special Servicing and Reporting Requirements for Adjustable-Rate Mortgages (ARMs)

80.1: Adjustable-rate Mortgages (ARMs) (10/01/11)

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 accounting reporting method, as described in Section 76.6, and are reported via the transmission of the Loan-Level Transaction. Under this method, Freddie Mac receives its proportionate share of principal and 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 last reported 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 (10/01/11)

Capitalized terms used throughout this chapter are defined in the Glossary.

80.2: Rate changes on adjustable-rate Mortgages (ARMs) (09/16/13)

(a) Determining the new Note Rate

The Servicer must adjust the Note Rate on an ARM in accordance with the provisions set forth in the Note and any applicable Adjustable-Rate Riders. 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 (known as the 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) and any associated rounding rules

Upon each Note Rate change, the Servicer 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.

The Servicer 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)

Freddie Mac will notify the Servicer via the ARM notification report of the revised ANY that the Servicer 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 through the Freddie Mac Service Loans application at **http://www.freddiemac.com/singlefamily/service/tools.html**.

The Servicer must verify the rate change notification information. If there are any differences or omissions, the Servicer must note the discrepancies on the bottom of the notification and return it to Freddie Mac **(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. The Servicer must report and remit net yield interest based on the new ANY beginning with the effective accounting cycle shown on the notification. The Servicer must ensure that the adjusted Note Rate supports the new ANY. The Servicer will be liable for all net yield interest deficiencies that result from differences in calculations between the ANY that Freddie Mac provides the Servicer and the Servicer's calculations.

Depending on the next Interest Change Date at the time of Mortgage delivery, the Servicer may not receive notification from Freddie Mac 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 (10/01/11)

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, Freddie Mac refers to it as 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, the Servicer must report the conversion to us through the repurchase/resale.

Under the repurchase/resale process, the Servicer must repurchase the Converted Mortgage by the fifth Business Day after the Conversion Date and, subsequently, resell the Converted Mortgage back to us.

Sections 80.4.1 and 80.4.3 contain the requirements for the repurchase/resale process.

80.4.1: General requirements for processing conversions (10/01/11)

(a) Notifying the Borrower of the Required Net Yield

The Servicer 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. The Servicer must not refer or advise Borrowers to contact Freddie Mac 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 the Servicer 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, Freddie Mac may require the Servicer to repurchase the Mortgage and/or to indemnify Freddie Mac against any losses that may result from the failure to comply with the eligibility requirements. Freddie Mac reserves the right to take whatever other action it deems appropriate to protect its interests and enforce its rights.

(c) Special warranties

With respect to Convertible ARMs that the Servicer services for Freddie Mac, the Servicer must represent and warrant that:

- The Servicer 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
- The Servicer 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 (10/01/11)

Effective October 1, 2011, this section has been deleted.

80.4.3: Processing a conversion through the repurchase/resale process (07/23/12)

For Convertible adjustable-rate Mortgages (ARMs) owned by Freddie Mac before the Conversion Date, the Servicer must process and notify Freddie Mac 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, the Servicer must prepare and arrange for execution of the Form 3180, Agreement to Convert, by the Borrower.

(b) Calculation of the repurchase price

The Servicer 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 Freddie Mac

By the fifth Business Day after the Conversion Date of any Converted Mortgage, the Servicer must:

- Submit to Freddie Mac 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 Freddie Mac in accordance with the requirements in Section 78.20

The Servicer must request release of the Note in accordance with the requirements of Section 18.4(e).

(d) Resale obligation

The Servicer must resell the Converted Mortgage to Freddie Mac within 60 days of the Conversion Date, pursuant to the requirements in Section 17.36 for delivery of Freddie Mac-owned Converted Mortgages.

The Servicer must deliver the original Convertible ARM Note with the executed Agreement to Convert for certification by the Document Custodian.

At Freddie Mac's request, the Servicer must provide Freddie Mac with documentation to evidence that the Servicer has resold to Freddie Mac all Converted Mortgages processed through the repurchase/resale path, as required in the 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 Freddie Mac under the repurchase/resale process is eligible for purchase by Freddie Mac without additional underwriting.

(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.

(g) Obligation of Freddie Mac to purchase under the repurchase/resale process

Freddie Mac will purchase all Freddie Mac-Owned Converted Mortgages repurchased by the Servicer, and delivered and resold by the Servicer under the repurchase/resale process, provided that Freddie Mac has statutory authority to do so at such time and the Mortgage is deemed eligible for conversion.

(h) Right to change process

Freddie Mac reserves the right to require Servicers, at such time as Freddie Mac deems appropriate, to use an automated conversion process instead of the repurchase/resale process described in this section.

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

Chapter 82: Servicing Requirements for Borrowers who are Servicemembers and Their Dependents

82.1: Overview (08/15/13)

As used in this chapter, the following terms shall have the same definitions as those provided in the Servicemembers Civil Relief Act (SCRA) and any applicable regulations as they shall be amended from time to time:

- Dependent
- Military Service
- Period of Military Service
- Servicemember

The term Permanent Change of Station (PCS) shall have the same meaning as that provided by the Joint Federal Travel Regulations, Volume 1, promulgated by the United States Department of Defense, Defense Management Travel Office.

The term "State Military Relief Law" shall mean any State law that provides benefits, protections or relief to members of the armed forces relating to a Mortgage. For example, and not by way of limitation, the New Jersey Soldiers' and Sailors' Civil Relief Act (N.J.S.A. §§ 38:23C-1 et seq.), is a State Military Relief Law. State Military Relief Laws generally extend SCRA protections to individuals not covered by the SCRA and therefore afford greater protections than the SCRA provides.

82.2: Relief options exclusive to Servicemembers and their Dependents (08/15/13)

(a) Servicer responsibilities

Servicers must comply with the SCRA and all State Military Relief Laws as they apply to any Borrower or Mortgage. The Servicer must be familiar and comply with all the provisions of the SCRA and State Military Relief Laws and monitor changes to such laws to ensure continuing compliance.

(b) Borrower eligibility for SCRA protection

The SCRA applies to any Borrower who is a Servicemember during a Period of Military Service if the following conditions are met:

- The Mortgage is the contractual obligation of the Servicemember as the Borrower or co-Borrower under the Note; or as obligee under a written agreement by which the Servicemember assumes the Borrower's liability under the Note and the Borrower is released from such liability, and

- The Servicemember executed the Note or the assumption agreement before the reporting date or effective date of the Servicemember's Period of Military Service as shown in military orders

Refer to Sections 82.4 through 82.10 for applying SCRA provisions on Mortgages.

(c) Foreclosure relief extended to Servicemembers and their Dependents by Freddie Mac in addition to SCRA provisions and State Military Relief Laws

Freddie Mac offers foreclosure relief in addition to that provided by the SCRA or State Military Relief Laws. Servicers must not initiate or, if already initiated, must not complete foreclosure of a Mortgage where the Servicemember is a Borrower, and the Mortgaged Premises is the Primary Residence of the Servicemember, regardless of when the Mortgage was originated, during the Period of Military Service of the Servicemember, for one year after the date Military Service ended or for one year after the Servicemember died during the Period of Military Service.

Additionally, Servicers must not initiate or, if already initiated, must not complete foreclosure on a Mortgage where the Borrower was not a Servicemember, but the Mortgaged Premises is the Primary Residence of a Servicemember or a Dependent of a Servicemember during the Period of Military Service of a Servicemember, for one year after the date Military Service ended or for one year after a Servicemember died during the Period of Military Service. For example, if the Borrower is the spouse of a Servicemember who left Military Service on January 1st, and the Mortgaged Premises are the Primary Residence of the Servicemember or the spouse, then the Servicer must not initiate or complete foreclosure until after January 1st of the following year.

If the Servicer believes that there are unusual circumstances that warrant initiating or completing foreclosure prior to the time allowed by this subsection 82.2(c), such as the Mortgaged Premises being vacant or abandoned, the Servicer must contact Freddie Mac **(see Directory 5)** to obtain prior written approval to initiate or complete foreclosure proceedings.

The Servicer must report a Servicemember who is receiving relief from Freddie Mac as outlined in this subsection 82.2(c) as "paying as agreed" to any consumer reporting agency to which the Servicer reports.

82.3: Other relief and workout options (08/15/13)

If a Servicemember or Dependent experiences an eligible hardship, such as receipt of PCS orders, and does not qualify for protection under the provisions of the SCRA or State Military Relief Laws, or qualifies but chooses to explore other options, the Servicer must evaluate the Servicemember for the most appropriate relief or workout option in accordance with Chapter 64.

If a Servicemember requires additional relief beyond what is currently available in the Guide, Servicers should contact their Freddie Mac representative.

82.4: Applying SCRA provisions (08/15/13)

(a) Interest rate cap

If the Servicemember and the Mortgage qualify for the SCRA's maximum interest rate protection and the Servicemember has submitted a written request for protection in accordance with the SCRA, Freddie Mac will:

- For a Servicemember who is a member of a reserve component, begin applying the interest rate cap with the first monthly Mortgage payment due after the Servicemember receives his or her orders
- For a Servicemember who is a member of the uniformed services as defined by 10 U.S.C. 101(a)(5) or a Servicemember who belongs to the National Guard, begin applying the interest rate cap with the first monthly Mortgage payment due after the reporting date or effective date of the Servicemember's Period of Military Service
- Reinstate the Mortgage to its contractual rate of interest beginning with the second monthly Mortgage payment due one year after the date the Servicemember's Period of Military Service terminates

If the Borrower is delinquent on his or her monthly payments, the Servicer must contact Freddie Mac **(see Directory 5)** via Form 105 no later than five Business Days after receiving the request for interest rate relief.

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 Military Service, or the date the Servicemember received orders (for members of a reserve component)
- For an ARM, 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 interest rate cap request is made by the Servicemember in accordance with the SCRA notice provisions and it is received by the Servicer no later than 180 days after the Period of Military Service terminates, Servicer must apply the interest rate cap retroactively to the first monthly Mortgage payment due after the reporting date, effective date of Military Service or date the Servicemember received orders (for members of a reserve component). However, Freddie Mac will bear the interest loss only from the first monthly Mortgage payment due after the Funding Date.

(b) Notice to Servicemember, Freddie Mac

Within five Business Days of receiving an interest rate cap request on a Mortgage that meets the requirements of the SCRA, the Servicer must provide written notice of approval to the Servicemember or the Servicemember's representative, as applicable. Freddie Mac does not prescribe a particular form of notice. The notice must contain the following at a minimum:

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 coverage, 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 Servicemember is released from Military Service
5. If known at the time, the scheduled date the Servicemember will be released from Military Service and the Due Date of the first monthly payment at the reinstated contractual rate of interest

Within 10 Business Days of receiving the request, the Servicer 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 Freddie Mac upon request
2. Send completed Form 1066 and a copy of military orders evidencing the Servicemember's Period of Military Service status to the Servicer's investor accounting representative

Once the Servicer has submitted this information to Freddie Mac, the Servicer must implement the interest rate cap.

While the rate cap is in effect, the Servicer must report and remit on the Mortgage in accordance with Section 55.1 and Chapter 82.

(c) Assessing a Servicemember's ability to pay at the Note Rate

Unless there are unusual circumstances, Freddie Mac does not require the Servicer to assess the material effect of Military Service on a Borrower's ability to continue making payments on the Mortgage at the contractual rate of interest. The Servicer must implement the 6% rate cap, upon request of a Borrower, provided that the Borrower meets the requirements of the SCRA.

If the Servicer becomes aware of unusual circumstances that give it reason to believe the Servicemember's ability to pay at the contractual rate of interest is not materially affected by a call to Military Service, then the Servicer must indicate on Form 1066 that Freddie Mac may wish to investigate the Servicemember's financial circumstances. The Servicer must include any facts to support its supposition and copies of the following:

- The military orders evidencing the Servicemember's call to Military Service
- Form 65, Uniform Residential Loan Application
- The Note

Freddie Mac may determine that a Servicemember's request for the interest rate cap should be challenged. If so, Freddie Mac will provide the Servicer with instructions on how to proceed.

Freddie Mac may decline to implement an interest rate cap if the rate cap was improperly granted to a Servicemember or if the Mortgage did not qualify for SCRA protection (for example, the Servicemember was already in a Period of Military Service at the time the Mortgage was originated). If Freddie Mac informs the Servicer that Freddie Mac declines the request, then within five Business Days, the Servicer must advise the Servicemember or the Servicemember's representative in writing, citing the specific reasons the Mortgage does not qualify for the interest rate cap and offer to consider other forms of assistance.

If further guidance is required, the Servicer may contact its investor accounting representative **(see Directory 3)**.

(d) Status updates, reinstatements

While the interest rate cap is in effect, the Servicer must periodically, but no less than every three months, verify that the Servicemember is still in a Period of Military Service or that no changes have been made to the duration/term of the Period of Military Service that may affect the Servicemember's eligibility to receive relief. If the Servicemember informs the Servicer, or if the Servicer learns by other means, that the Servicemember's Period of Military Service has ended, the Servicer must send a written notice to the Servicemember at least 30 days before the reinstatement of the contractual interest rate indicating that the interest 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 Servicemember 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 a copy of military orders showing any extension of the Period of Military Service beyond the originally scheduled release date, if applicable
- That he or she must furnish a copy of DD Form 214 to document his or her release from a Period of Military Service

The Servicer must follow the pertinent instructions in the chart below:

If:	Then the Servicer Must:
The military orders submitted with the interest rate cap request state the release date from the Period of Military Service	Send the Servicemember or his or her representative a written notice that the Servicer 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 Period of Military Service has been extended based on notice from the Servicemember or his or her representative	Within 10 Business Days of being notified of the extension, send an updated Form 1066 along with a copy of the military orders extending the Period of Military Service to the Servicer's investor accounting representative **(see Directory 3)**

If:	Then the Servicer Must:
No evidence of extension of the Period of Military Service has been provided by the Servicemember or his or her representative within 30 days of the scheduled release date	Take the following steps:
	■ Send the Servicemember or his or her representative a written notice that the Servicer will reinstate the monthly Mortgage payment to its contractual rate of interest, including the effective date of the payment change, and request documentation of the Servicemember's release from Military Service (for example, DD Form 214)
	■ 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 Servicemember's release date
	■ Notify the Servicer's investor accounting representative **(see Directory 3)** that the Period of Military Service ends 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 the Servicer's notification, the Servicemember notifies the Servicer that his or her Period of Military Service has been extended and provides the Servicer with copies of orders evidencing such extension, then the Servicer must notify Freddie Mac via Form 1066 within 10 Business Days of receiving the notification from the Servicemember and the Servicer must notify the Servicemember 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 the Servicer Must:
The Servicemember's Period of Military Service has ended	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 Period of Military Service ended
	■ Send the Servicemember 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 the Servicer's investor accounting representative **(see Directory 3)** that the Servicemember's Period of Military Service has ended via Form 1071 at least 30 days before the reinstatement of the contractual interest rate

(e) Foreclosure relief

The Servicer must not foreclose or initiate foreclosure proceedings against a Borrower who is a Servicemember except in accordance with the SCRA and State Military Relief Laws. See Sections 82.2(c) and 82.3 for Freddie Mac-specific foreclosure relief in addition to that provided by the SCRA or State Military Relief Laws.

When foreclosure is allowed to proceed and if a mortgage insurance claim is eventually filed, the Servicer must notify the MI that the Mortgage was subject to SCRA or State Military Relief Laws so that:

- Interest for SCRA-capped payments due, but unpaid by the Servicemember, 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 the Servicer's compliance with applicable law

For further guidance on relief or remedies (other than interest rate cap under the SCRA) involving Servicemembers who are serving or have served a Period of Military Service, the Servicer must consult with their legal counsel or contact Freddie Mac **(see Directory 5)**.

(f) Late charges

The Servicer must waive all late charges or penalties resulting from Mortgage payments deferred, restructured or rate-capped under the SCRA or if required by State Military Relief Laws.

(g) Credit reporting

The Servicer must report a Servicemember who is receiving the protection of the SCRA or State Military Relief Laws as "paying as agreed" to the credit repositories.

The Servicer must fully comply with the SCRA and State Military Relief Laws as they relate to credit reports kept on Servicemembers who exercise their statutory rights to military relief.

(h) Documentation

The Servicer must maintain records of all communications with, and copies of all correspondence and documentation to or from, Servicemembers seeking Mortgage relief for hardship caused by Military Service in the Mortgage file.

(i) Transfers of Servicing

When a Transfer of Servicing includes Mortgages that have any type of military relief, including Mortgages with interest rates capped under the SCRA or with suspended foreclosures, 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.

(j) Monthly reporting to Freddie Mac

Default action code 32 – "Military Indulgence": Servicers should use only default action code 32 to report default processes that are delayed due to the Borrower being in a Period of Military Service and covered under the SCRA. When utilizing default action code 32, Servicers should provide the date SCRA provisions were implemented and continue to report each month that the Servicemember is receiving SCRA protection.

Default reason code 14 – "Military Service": When reporting mortgage relief, loan modifications, or liquidation options extended to Servicemembers, Servicers must report the default action code associated with the specific relief, modification, or liquidation option. Servicers must also report the default reason code 14 to indicate the hardship was caused by military service.

For additional information about Electronic Default Reporting (EDR), refer to Section 64.10.

82.5: Calculation of new monthly payment (08/15/13)

If the interest rate on a Mortgage is capped in accordance with Section 82.4, the Servicer 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

The Servicer must use the following formula:

$$P\&I = \frac{a \times (b/12)}{1 - (1 + b/12)^{-c}}$$

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 Servicemember's Period of Military Service ends

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, the Servicer 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.

82.6: Application of payments (08/15/13)

Monthly payments made by Servicemembers on SCRA-capped Mortgages must be applied in accordance with Section 51.17.

82.7: Accounting reports and remittances (08/15/13)

The Servicer 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. The Servicer 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 the Servicer
- 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 the Servicer must calculate the credit amount due to the Servicer for the interest rate differential on each SCRA-capped Mortgage, as well as the total credit amount for all such Mortgages the Servicer services for Freddie Mac. The Servicer must also deposit the total calculated credit amount into the Servicer's 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. The Servicer must send Form 1071 to Freddie Mac **(see Directory 3)** listing the totals of credits Freddie Mac owes the Servicer 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. Freddie Mac 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 the Servicer remits for that monthly accounting cutoff by reducing the Servicer's 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 Servicemember's Period of Military Service ends, the Servicer has the option to complete a Form 1071 for the affected Mortgage and submit it to Freddie Mac **(see Directory 3)** immediately. Otherwise, the Servicer must report all other active SCRA-capped Mortgages on Form 1071 within five Business Days of the end of the quarter. Freddie Mac will enter the credit adjustments for all Forms 1071 within a given quarter on the following month's MAS.

If the Servicer disagrees with the interest credit Freddie Mac gives the Servicer, the Servicer must notify Freddie Mac **(see Directory 3)** in writing within 30 days of the date of the MAS. The notification must state:

1. The 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 the Servicer files in accordance with Section 55.2 should reflect the reduced interest amount paid by the Borrower during the rate cap period.

82.8: Rate changes on ARMs (08/15/13)

Freddie Mac notifies the Servicer of Accounting Net Yield changes on ARMs in accordance with Section 80.2. When monthly net yield interest is reported on the Loan-Level Transaction for an SCRA-capped adjustable Mortgage, the Servicer must calculate the interest based on the new net yield shown in Freddie Mac's Notification of ARMs Group Net Yield Adjustment.

Freddie Mac will calculate the interest credit due to the Servicer in accordance with Section 82.7.

82.9: Servicing compensation (08/15/13)

The Servicer's 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, the Servicer must, before the first accounting cutoff for which the rate cap is effective, contact the Servicer's investor accounting representative **(see Directory 3)** to verify the Servicing Spread amount.

82.10: Retroactive rate cap (08/15/13)

Retroactive application of the SCRA rate cap under Section 82.4(a) must be processed as follows:

(a) Reimbursement to the Servicemember

The Servicer must calculate the difference between the amount of interest paid by the Servicemember at the contractual rate of interest and the amount of interest due at 6%, for the applicable benefit period. At the Servicemember'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 Servicemember.

(b) Reimbursement to the Servicer

The Servicer must calculate the credit that results from the retroactive interest rate differential and notify Freddie Mac **(see Directory 3)** of the amount of the credit the Servicer is claiming (see Section 82.7). Freddie Mac will validate the credit amount the Servicer requests and enters it on the "Adjustment Line" of the Servicer's Monthly Account Statement (MAS).

Chapter 83: Additional Servicing Requirements for Maturing Balloon/Reset Mortgages

Effective October 1, 2011, Chapter 83 is deleted.

On and after October 1, 2011, refer to Chapter A83 for information about additional Servicing requirements for maturing Balloon/Reset Mortgages.

Chapter A83: Additional Servicing Requirements for Maturing Balloon/Reset Mortgages

A83.1: Chapter Contents (06/13/12)

This chapter sets forth the additional Servicing requirements applicable to Balloon/Reset Mortgages that are approaching maturity.

Topic		Section(s)
Overview		
	Balloon/Reset Quick Reference Guide and definitions	A83.2-A83.3
	Reset conditions and approval authority	A83.4-A83.5
	Processing a Reset Mortgage transaction	A83.6-A83.10
	Notices to Servicer; Notices to Borrower	A83.11-A83.20
Notifying Borrower		
	Borrower eligibility to reset; Servicer reset responsibilities	A83.21-A83.39
	Servicer responsibilities relating to Ineligible Borrowers	A83.40-A83.51
	Reset Mortgage terms; completing the Reset Mortgage transaction	A83.52-A83.62
	Loss mitigation; reinstatement	A83.63-A83.65

A83.2: Balloon/Reset Quick Reference Guide and additional information (06/13/12)

Freddie Mac makes available to Servicers additional documents and training materials related to Balloon/Reset Mortgages, accessible at **http://www.freddiemac.com/learn/service/balloon_resets.html**. These materials are:

- *Servicing Maturing Balloon/Reset Mortgages Quick Reference Guide*, which includes Servicing best practices, examples and suggested Borrower notifications and forms. This guide is referred to throughout this chapter as the "Balloon/Reset Quick Reference Guide."
- The *Service Loans User Guide*, which provides instructions for using the Freddie Mac Service Loans application for maturing Balloon/Reset Mortgages. This user guide is referred to throughout this chapter as the "Service Loans User Guide."
- Quick Reference Guides and on-line self-study

A83.3: Definitions (10/01/11)

Capitalized terms used throughout this chapter are defined in the Glossary.

The following additional terms are used in this chapter. The terms are italicized here and when they are used in the chapter:

(a) ***Balloon Reset Disposition Reporting***

Balloon Reset Disposition Reporting is the function within the Freddie Mac Service Loans application (*"Service Loans application"*) that the Servicer uses to:

- Search for maturing Balloon/Reset Mortgages by date
- View maturing Balloon/Reset Mortgages
- Perform maturing Balloon/Reset Mortgage Disposition Reporting
- Print and download Balloon/Reset Mortgage Disposition record details
- Review confirmation of disposition reporting

(b) ***Disposition code(s)***

Disposition codes the Servicer reports to Freddie Mac are as follows:

Code	Definition
R	Borrower elects to Reset and claims to meet all of the Reset Conditions
S	Borrower wants to Reset, but does not meet one or more of the Reset Conditions, and the Servicer has approved the Reset through the Servicer-delegated review path

P	Borrower wants to Reset, but does not meet one or more of the Reset Conditions and the Borrower's request for a Reset must be submitted through the Freddie Mac review path
I	Borrower intends to pay off the Balloon/Reset Mortgage
N	Borrower has not responded to the *required notice*; the Servicer is unsure of the Borrower's intention

Disposition codes Freddie Mac reports to the Servicer via the *Service Loans application* are as follows:

Code	**Definition**
D	Borrower was delinquent in monthly payments as of the 90th day before the Balloon Maturity Date
W	The Borrower is being considered for a workout option through Freddie Mac's loss mitigation program
F	The Servicer has previously reported to Freddie Mac that the Mortgage is in foreclosure
M	Freddie Mac has identified the Mortgage as in danger of imminent default

(c) ***Early notice***

The written notice the Servicer must send to the Borrower between 13 and 14 months 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.

(d) ***Election to reset***

An Eligible Borrower's election to exercise the Reset Option. The *election to reset* is referred to as the "Borrower's letter of intent" in the *Service Loans application*.

(e) ***Offer letter***

The written offer the Servicer 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 written notice the Servicer 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***

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***

The effective date of the Reset Note Rate, which is always the same date as the Balloon Maturity Date.

(i) ***Reset rider***

The term used throughout this chapter to indicate both the Balloon Note Addendum and the Balloon Rider.

(j) ***Response code(s)***

Response codes Freddie Mac reports to the Servicer via the Daily Response Report are as follows:

Code	Definition
A	Freddie Mac waived a problem and approved an Ineligible Borrower for a *reset* through the Freddie Mac review path
Q	Failed 5% edit; the Reset Note Rate, as calculated by the *Service Loans application*, is more than 5% above the existing Balloon Note rate

The *disposition codes* "M," "W" and "F" may also appear on the Daily Response Report. See Section A83.3(b) above for descriptions of these codes.

(k) ***Second home***

A *second home* is a property that complies with the requirements of Section 22.22.

(l) ***Service Loans application***

The Freddie Mac *Service Loans application*, an Internet-based application that provides Servicers with Servicing functionality to manage and report activity for Mortgages serviced for Freddie Mac.

A83.4: Reset Conditions (10/01/11)

(a) Reset Conditions

In order to exercise the Reset Option, the Borrower must meet the Reset Conditions set forth below and in Paragraph 2 of the applicable Balloon Note Addendum and the Balloon Rider, unless modified in accordance with permissible changes described in Section A83.4(b):

1. The Borrower must still be the owner and occupant of the property

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

3. With the exception of real estate taxes and special assessments not yet due and payable, there are no liens, defects or encumbrances against the property, or other adverse matters affecting title to the property arising after the Security Instrument was recorded

4. The Reset Note Rate cannot be more than 5% above the original Balloon Note rate

5. The Borrower must make a written request to the Servicer, 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:

1. 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*

2. 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 at the beginning of the third Reset Condition

A83.5: Approval authority (10/01/11)

(a) Eligible Borrowers

The Servicer must *reset* a Balloon/Reset Mortgage effective on the Balloon Maturity Date without Freddie Mac's 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) 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.

Freddie Mac has two decision-making paths for handling *reset* requests from Ineligible Borrowers:

1. **Servicer-delegated review path.** Through this path, the Servicer has decision-making authority to approve a *reset* for an Ineligible Borrower, who does not meet certain Reset Conditions, subject to the requirements in Sections A83.41 through A83.50.

   Denials: *Servicers do not have authority to deny a reset request for an Ineligible Borrower.* Under the Servicer-delegated review path the Servicer has approval authority, but not denial authority. If the Servicer believes a *reset* request should be denied, then the request must be sent through the Freddie Mac review path for a decision.

2. **Freddie Mac review path.** Through this path, the Servicer gathers information from the Borrower and either recommends that Freddie Mac approve an Ineligible Borrower for a *reset* or suggests that an alternative to foreclosure be pursued. See Section A83.46 for additional details on the Freddie Mac review path.

(c) Balloon/Reset Mortgages covered by mortgage insurance

If a Balloon/Reset Mortgage is covered by mortgage insurance, the Servicer:

- Must obtain approval from the mortgage insurer (MI), if required by the MI, to approve a *reset* for an Ineligible Borrower
- May not deny a request for a *reset*; instead, the Servicer must forward the case to Freddie Mac for review

Refer to Sections A83.19 and A83.22 for more detail.

A83.6: Processing a Reset Mortgage transaction (10/01/11)

For each Balloon/Reset Mortgage that is to be *reset*, the Servicer 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

A83.7: First Lien position and title insurance coverage (10/01/11)

The Reset Mortgage must remain a First Lien on the property and the Servicer must obtain title insurance coverage to ensure such status, and to ensure that the requirements of Chapter 39 are met. There are two methods to obtain such title insurance coverage:

1. Special Reset Mortgage title insurance coverage
2. Traditional title insurance coverage

(a) Special Reset Mortgage title insurance coverage

Some title insurers have designed a type of title insurance coverage specifically for Freddie Mac's Reset Mortgages. When obtaining this special coverage for Balloon/Reset Mortgages, typically the Servicer does not need to obtain a title report, or subordination agreement if there is a junior lien and the original title insurance policy remains in force. The special Reset Mortgage title insurance coverage must insure that the priority, validity and enforceability of the Mortgage have not been affected by the *reset* and must meet the requirements of Chapter 39.

The number of States where the special Reset Mortgage title insurance coverage is available is subject to change, and each title insurer has specific requirements and conditions for the issuance of such coverage. Servicers should contact the title insurers for further information.

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, the Servicer obtains a title report and then obtains 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*, the Servicer must obtain confirmation from all junior lienholders that they will subordinate.

The Balloon/Reset Mortgage may not be *reset* until the necessary subordination agreement(s) have been executed and recorded. If the junior lienholders will not agree to subordinate, or if the Servicer has previously locked in a rate but is then unsuccessful in obtaining the necessary subordination agreement(s), the Balloon/Reset Mortgage cannot be *reset*. The Servicer must contact the Balloon/Reset team at **Balloon_Loans@freddiemac.com** for additional instructions.

A83.8: Balloon/Reset Mortgage documents (09/01/12)

(a) Acceptable origination documents

Balloon/Reset Mortgages must have been originated on the following Freddie Mac Uniform Instruments in the form acceptable under the terms of Volume 1 of the Guide at time of origination:

1. The Freddie Mac/Fannie Mae Uniform Security Instrument (1-4 Family) for the jurisdiction where the property is located;
2. The Freddie Mac Uniform Instrument Multistate Balloon Fixed-Rate Note-Single Family; and
3. The Freddie Mac Uniform Instrument Multistate Balloon Note Addendum and Balloon Rider. The *reset riders* use the terms "conditional modification or refinance." However, the term *"reset"* will be used throughout this chapter.

Balloon/Reset Mortgages originated on the Fannie Mae Uniform Instrument Multistate Balloon Fixed-Rate Note – Single Family, Fannie Mae Uniform Instrument Multistate Balloon Note Addendum – Single Family (Form 3266, 1/01, rev. 9/01) Fannie Mae Uniform Instrument Multistate Balloon Rider – Single Family (Form 3180, 1/01, rev. 9/01) and/or 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 the Servicer discovers a Balloon/Reset Mortgage originated on such documents the Servicer must e-mail the Balloon/Reset team at **Balloon_Loans@freddiemac.com** for further instructions.

(b) Differences between Fannie Mae and Freddie Mac *reset riders*

If the Servicer discovers a Balloon/Reset Mortgage that was originated on one of the Fannie Mae balloon documents prior to September 1, 2012, the Balloon/Reset Mortgage must be serviced and *reset* according to Freddie Mac's requirements. The major differences between the Freddie Mac Uniform Instruments and Fannie Mae Uniform Instruments may be the Required Net Yields (RNY) used to calculate the Reset Note Rate, and the period of time in which a Borrower must notify the Servicer of his or her *election to reset.*

1. RNY differences

The *reset rider* specifies that the Servicer must use the RNY for 30-year fixed-rate Mortgages subject to a 60-day mandatory delivery commitment to calculate the Reset Note Rate. Freddie Mac Uniform Instruments require the Servicer to use the Freddie Mac RNY to calculate the Reset Note Rate.

Fannie Mae Uniform Instruments may require the Servicer to use the Fannie Mae RNY or they may require the Servicer to use the Freddie Mac RNY to calculate the Reset Note Rate. The Servicer may only use the Fannie Mae RNY to *reset* the Note Rate if the Borrower is an Eligible Borrower. If the Borrower is an Ineligible Borrower approved for a *reset*, then the Servicer must use the Freddie Mac RNY to calculate the Reset Note Rate even if the Uniform Instruments require the Servicer to use the Fannie Mae RNY.

In either case, the Servicer must remit to Freddie Mac an amount based on the Freddie Mac RNY even if the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments requiring that the Fannie Mae RNY be used. If the Freddie Mac RNY is higher than the Fannie Mae RNY, then the Servicer may be facing a discount situation. Refer to Section A83.62.

2.* When a Borrower can elect to *reset

The Freddie Mac *reset riders* require the Borrower to notify the Servicer 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 phrase, "no earlier than 60 calendar days" prior to the Balloon Maturity Date. Effective 10/01/97, this language must have been added to the Balloon Note Addendum and Balloon Rider if the Fannie Mae Uniform Instruments were used to originate a Balloon/Reset Mortgage.

For a Balloon/Reset Mortgage originated on Fannie Mae Uniform Instruments without the added language, the Servicer must obtain the Fannie Mae RNY on the date and time the Servicer receives a Borrower's *election to reset*, 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, the Servicer 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, the Servicer must wait until the next Business Day to obtain the Freddie Mac RNY.

A83.9: The Servicer's responsibilities (10/01/11)

In the course of managing Balloon/Reset Mortgages, the Servicer must:

(a) Comply with *reset rider* and applicable law

The Servicer must comply with the terms of the *reset rider* and applicable law when Servicing Balloon/Reset Mortgages. Specifically, the Servicer 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. Review the Borrower's payment history and provide the Borrower with payment record information for the period beginning 12 months before the Balloon Maturity Date (see Section A83.9(b) below)

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 the Servicer receives written notice of the Borrower's *election to reset*

6. Notify the Borrower before the Balloon Maturity Date of the:

   - Reset Note Rate
   - New monthly payment amount
   - Instructions to the Borrower regarding execution of documents to ensure timely completion of a *reset*

(b) Review Borrower's payment history

The Servicer must review the Borrower's payment history for the period beginning 12 months before the Balloon Maturity Date to the date the Servicer sends the *required notice* to the Borrower. Based on the Borrower's current payment status and the payment record for the earlier period, the Servicer must adapt the *required notice* that the Servicer sends to ensure that the Borrower is given the correct information about

the Borrower's ability to *reset* under the exact terms stated in the *reset rider*. If the Borrower was 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*.

(c) Communicate with the Borrower about the status of the Balloon/Reset Mortgage

The Servicer must communicate with the Borrower about the status of the Balloon/Reset Mortgages, as provided in Sections A83.12 through A83.16.

(d) Communicate the Borrower's intention and the status of each Balloon/Reset Mortgage to Freddie Mac

The Servicer must communicate the Borrower's intention and the status of each Balloon/Reset Mortgage to Freddie Mac, as provided in Sections A83.17 through A83.20.

(e) Obtain the necessary approvals

The Servicer must obtain the necessary approvals as specified in Section A83.5.

(f) Process *resets* for Eligible and Ineligible Borrowers

The Servicer must process *resets* for Eligible and Ineligible Borrowers as provided in Sections A83.24 through A83.62.

For requirements relating to loss mitigation, payment processing and reinstatement, see Sections A83.63 through A83.65.

A83.10: Borrower's transaction costs and Servicer's compensation (11/18/11)

(a) Borrower's transaction costs

The *reset rider* permits a Servicer to charge an Eligible Borrower a $250 processing fee for exercising the Reset Option. The Servicer may charge a $350 processing fee to an Ineligible Borrower whose Balloon/Reset Mortgage is reset. In addition to the $250/$350, as applicable, the Borrower must pay the *reset* transaction costs in full. The costs may not be added to the unpaid principal balance (UPB).

If the Servicer has collected the processing fee from a Borrower and the Balloon/Reset Mortgage is not *reset*, then the Servicer must refund the processing fee

to the Borrower. The Servicer may retain any other funds received from the Borrower for actual costs the Servicer has incurred, such as a title report.

1. *Reset* transaction costs for an Eligible Borrower

The transaction costs to process a *reset* for an Eligible Borrower include:

(i) Obtaining title insurance coverage (see Section A83.7) through either:

- A Special Reset Mortgage title insurance policy, when available, or
- A 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

(ii) Recording the Balloon Loan Modification (see Exhibit 80, Balloon Loan Modification (Form 3293))

(iii) The $250 processing fee allowed in the *reset rider*

2. *Reset* transaction costs for an Ineligible Borrower

The transaction costs to process a *reset* for an Ineligible Borrower include:

(i) Obtaining title insurance coverage (see Section A83.7) 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

(ii) 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

(iii) Recording the Balloon Loan Modification (see Exhibit 80)

(iv) The $350 processing fee allowed in this section

(b) Servicer's compensation

On a Reset Mortgage, the Servicer will continue to receive the same Minimum Contract Servicing Spread that the Servicer received on the Balloon/Reset Mortgage, plus any excess remaining from the following calculation:

Reset Note Rate	-	Freddie Mac Required Net Yield	-	Minimum Contract Servicing Spread	=	Additional Servicing Fee Income

If the Minimum Contract Servicing Spread is 50 basis points (0.50%) or higher, the Servicer may be charged a discount fee. Refer to Section A83.62.

A83.11: Notices to Servicer (10/01/11)

Notifications of maturing Balloon/Reset Mortgages will be available in the *Service Loans application*. These notices will be posted once a month, 18, 14 and six months prior to the maturity date of each Balloon/Reset Mortgage. Servicers will need to retrieve these notices to determine when Balloon/Reset Mortgages are maturing. The notices are a confirmation of Freddie Mac's records and do not relieve the Servicer of the responsibility to monitor its portfolio of Balloon/Reset Mortgages. These notices are:

(a) One-time, 18-month notice

Freddie Mac posts a one-time notice to remind the Servicer that it has 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

Freddie Mac posts a notice and list of maturing Balloon/Reset Mortgages each time the Servicer has one or more scheduled to mature in 14 months and six months. For each Balloon/Reset Mortgage, the list contains the:

- Freddie Mac loan number
- Servicer loan number (if provided to Freddie Mac when Freddie Mac purchased the Mortgage)
- Balloon Maturity Date
- Borrower's name and property address

The Servicer must compare Freddie Mac's list of Balloon/Reset Mortgages with its records and ensure that the information is the same. The Servicer must forward any corrections with a copy of the Balloon Note and/or other documentation to Freddie Mac at **Balloon_Loans@freddiemac.com** to document the corrected information.

A83.12: Notices to the Borrower (06/13/12)

The Servicer must notify the Borrower of the Balloon Maturity Date and the Borrower's Reset Option in accordance with the terms of the *reset rider* and applicable law. The Servicer is required to send the following notices to a Borrower regarding a maturing Balloon/Reset Mortgage:

- The *early notice*
- The *required notice* for non-delinquent and delinquent Borrowers

Such notices must contain the information set forth below, and a copy of each notice must be kept in the Mortgage file.

When quoting dates in either notice, the Servicer must check to see if any due dates fall on a non-Business Day. For example, if the 60th day before the Balloon Maturity Date falls on a non-Business Day, the Servicer must quote the first Business Day after the 60th day. If the 45th day before the Balloon Maturity Date falls on a non-Business Day, the Servicer must quote the first Business Day before the 45th day.

(a) *Early notices*

1. Timing of *early notice*

The Servicer must send an *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, 2012, the Servicer must send the *early notice* between May 1 and June 1 of 2011. The *early notice* reminds the Borrower that he or she has a maturing Balloon/Reset Mortgage, that there is a Reset Option and that the Borrower must meet certain conditions to qualify for the Reset Option. The *early notice* must include the information set forth below.

2. *Early notice* standards

The *early notice* must comply with all applicable laws and include the information set forth below:

1. Contact information for the Servicer's organization where the Borrower can obtain additional information
2. A reminder that the Borrower's Mortgage is a Balloon/Reset Mortgage with a lump-sum payment due on the Balloon Maturity Date
3. The Balloon Maturity Date
4. A reminder that the Balloon/Reset Mortgage documents provide for a *reset* of the Balloon Note if certain conditions are met
5. The Reset Conditions (emphasize that the Borrower must keep the monthly payments current for the period that begins 12 months before the Balloon Maturity Date)

6. A statement that the Servicer will send the Borrower another notice before the Balloon Maturity Date and that the Borrower must respond to that notice

(b) *Required notices*

1. Timing of *required notice*

The *reset rider* requires that the Servicer send a written notice to advise the Borrower of the Balloon Payment due on the Balloon Maturity Date and the Reset Option. The Servicer must send the *required notice* between the 100th and 120th day before the Balloon Maturity Date, or for simplicity, four months before the Balloon Maturity Date, unless applicable law or the *reset rider* requires an earlier or later notification.

2. *Required notice* standards

To ensure that a Borrower is informed about his or her rights and options, the Servicer must include, 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 A83.13 through A83.15, 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. **Adapting the *required notice***

Required notices must be adapted and contain language to address each of the following Borrower situations:

(a) A Borrower's payments are current and the Borrower has not been 30 or more days delinquent in the 12-month period preceding the Balloon Maturity Date (non-delinquent Borrower) (see Section A83.13)
(b) A Borrower's payments are current, but the Borrower has been 30 or more days delinquent in the 12-month period preceding the Balloon Maturity Date (see Section A83.14)
(c) A Borrower's payments are delinquent (see Section A83.15)

A Borrower in either of the last two situations listed above must receive a different *required notice* than a Borrower who has been current in the 12-month period preceding the Balloon Maturity Date.

4. Defining what constitutes "date and time of day" in the *required notice*

The *reset rider* requires that the Borrower provide the Servicer with written notice of his or her election to exercise the Reset Option. The Servicer must calculate the Reset Note Rate based on the Required Net Yield in effect on the date and time that it receives the Borrower's *election to reset* (or Borrower's letter of intent). The Servicer must explain in the *required notice* what constitutes "date and time of day" for purposes of Paragraph 3 of the *reset rider*, and the Borrower must acknowledge and accept the definition. The Balloon/Reset Quick Reference Guide provides a suggested method to obtain the acknowledgment and acceptance from the Borrower.

The *required notice* must be sent by certified mail even if not required by applicable law.

If the Servicer fails to send the *required notice* to a Borrower in the time specified in Section A83.12(b), the Servicer may be required to repurchase the Balloon/Reset Mortgage from Freddie Mac.

The Balloon/Reset Quick Reference Guide includes a sample *required notice*.

(c) *Required notices*: bankruptcy

If the Servicer knows that the Borrower has filed for bankruptcy protection or is currently in a bankruptcy repayment plan, the Servicer will need to adapt the *required notice* to the Borrower's specific circumstances. Refer to Section A83.23 for information concerning a Borrower's ability to *reset* when in bankruptcy.

(d) *Required notices*: Reset Conditions modified at origination

If the Reset Conditions contained in Paragraph 2 of the Balloon Note Addendum and Balloon Rider were modified at origination, the Servicer will need to adapt the *required notice* to match the Reset Conditions contained in the Mortgage documents. Refer to Section A83.4(b) for information concerning authorized changes to the Reset Conditions.

A83.13: Required notices: Non-delinquent Borrowers (10/01/11)

In addition to the information required by the *reset rider*, the *required notice* for a non-delinquent Borrower must state:

1. 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. That all remaining monthly payments due under the Balloon Note must be paid on time

3. That the Borrower must notify the Servicer 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. The Servicer 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 the Servicer 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 the Servicer's organization whom the Borrower must notify to exercise the Reset Option

5. That the Servicer will calculate the Reset Note Rate on the date and time of day the Servicer receives the Borrower's *election to reset* notice, provided that all of the Reset Conditions contained in the *reset rider* are met

6. The explanation of how the Servicer will determine the date and time of day the Servicer receives the Borrower's *election to reset* notice

7. That the Servicer will advise the Borrower of the Reset Note Rate and the new monthly payment amount after the Servicer receives the Borrower's *election to reset* and after the Servicer has calculated the Reset Note Rate

8. If occupancy is one of the Reset Conditions contained in the *reset rider*, that the Borrower must provide the Servicer with acceptable proof of occupancy of the property at the same time the Servicer receives the Borrower's *election to reset*. The Servicer 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. That the Servicer will order title insurance coverage to ensure that the Reset Mortgage is a First Lien on the property once the Servicer receives the Borrower's *election to reset*

10. An estimate of the costs of the *reset* transaction, including the $250 processing fee

11. If the Borrower will be paying the Balloon Payment in full, it must be paid on or before the Balloon Maturity Date

12. 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 the terms in the *reset rider*

13. The name, title, address and telephone number of the person within the Servicer's organization that the Borrower may contact with questions

14. That if the Borrower *elects to reset*, the Borrower must provide the Servicer with the following:

    - An acknowledgment and acceptance, in writing, of the Servicer's statement about the date and time of day that the Servicer will consider the *election to reset* to be received by the Servicer

    - A certification that the Borrower still owns the property and there have been no changes in ownership

    - A certification that the Borrower has not filed for bankruptcy protection nor is under a bankruptcy repayment plan (refer to Section A83.23)

    - A certification that the Borrower is current in real estate tax payments (if the Servicer is not escrowing for real estate taxes)

A83.14. Required notices: Borrowers who are current but have been delinquent in past 12 months (10/01/11)

A Borrower who is 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* only with the Servicer's or Freddie Mac's approval, as applicable.

The *required notice* must be written to convey a willingness to consider a *reset* if the Borrower requests such consideration. In addition to the information required by the *reset rider*, the *required notice* for a Borrower whose payments are now current but have been delinquent must state the following:

1. 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. That the Servicer may be willing to consider a *reset* if certain conditions are met.
3. 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 the Servicer's organization that the Borrower must notify in writing to request a *reset*

5. The name, title, address and telephone number of the person within the Servicer's organization that the Borrower may contact with questions
6. That the Borrower must notify the Servicer 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*, that the Borrower must provide the Servicer with acceptable proof of occupancy of the property at the same time the Borrower notifies the Servicer in writing that he or she is requesting a *reset*
8. That the Servicer will order title insurance coverage to ensure that the Reset Mortgage is a First Lien on the property once the Servicer receives the Borrower's request to *reset*
9. That the Servicer will advise the Borrower of the Reset Note Rate and the new monthly payment amount after the Servicer determines 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. If the Borrower will be paying the Balloon Payment in full, it must be paid on or before the Balloon Maturity Date
12. That if the Borrower wants to *reset*, that he or she must provide the Servicer with the following:
    - A certification that he or she still owns the property and that there have been no changes in ownership
    - A certification that he or she has not filed for bankruptcy protection nor is under a bankruptcy payment plan (refer to Section A83.23)
    - A certification that he or she is current in real estate tax payments (if the Servicer is not escrowing for real estate taxes)

A83.15: *Required notice*: Borrowers who are delinquent (06/13/12)

A Borrower whose payments are 30 or more days delinquent at the time the Servicer is preparing the *required notice* is not eligible to *reset*. Whether or not the Servicer must send a *required notice*, and what the notice should say, will depend on the severity of the Delinquency and what collection notices have already been sent to the Borrower. The Servicer must send the *required notice* specified in the *reset rider* if the Servicer has not accelerated the Balloon Note. However, any such *required notice* must take into account communications already sent to the Borrower and actions such as collection or workout activities already pending.

In addition to the information required in Section A83.12(b)(2), the *required notice* for a Borrower whose payments are now delinquent must state the following:

1. That the Borrower is now delinquent in payments and is ineligible to *reset*
2. How much is past due on the Balloon/Reset Mortgage
3. The name, title and address of the person within the Servicer's organization that the Borrower can contact with questions or for assistance
4. That the Borrower must contact the Servicer within 21 days of the date of the Servicer's *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. The Servicer must customize the letter depending on how many payments are due and what the Borrower's general payment habits have been.

If the Borrower is now delinquent in monthly payments and the Servicer has accelerated the Balloon/Reset Mortgage, or the Balloon/Reset Mortgage is in foreclosure, the Servicer does not need to send the *required notice* unless the Borrower fully reinstates the Balloon/Reset Mortgage.

Refer to Section A83.65 for details on accepting reinstatements on delinquent maturing Balloon/Reset Mortgages.

The Balloon/Reset Quick Reference Guide includes a suggested *required notice* for delinquent Borrowers.

A83.16: When to send the *required notice: Delinquent Borrowers* (10/01/11)

The following table details when the Servicer must send the *required notice* to a delinquent Borrower:

IF the Mortgage is...	**AND the Servicer has ...**	**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 A83.15
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 not 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 the Servicer has accelerated the Mortgage and the balance is due in full
In foreclosure	Referred the Mortgage to litigation counsel or trustee	
30 or more days delinquent and is being reviewed by the Servicer 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

The Servicer must comply with the notification requirements of Section A83.65 when considering a reinstatement on a delinquent Balloon/Reset Mortgage that is scheduled to mature in 120 days.

A83.17: Borrower intention to *reset* (01/01/13)

If the Servicer does not receive a response as to whether the Borrower intends to *reset*, and the due date for the Borrower's response is approaching, the Servicer must attempt to contact and remind the Borrower of the approaching deadline.

The Servicer must notify Freddie Mac whether or not the Servicer has received a response from each Borrower who has a Balloon/Reset Mortgage maturing according to the timing requirements in Sections A83.20, A83.21, A83.27 and A83.47.

The Servicer must notify Freddie Mac by either:

- Submitting the applicable *disposition code* through *Balloon Reset Disposition Reporting* in the *Service Loans application*, or
- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** any Business Day before 4:30 p.m. Eastern time, and providing the applicable information

If unable to access the *Service Loans application*, the Servicer should call (800) FREDDIE on any Business Day.

The Servicer must 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 a non-Business Day, then the Servicer must report the *disposition code* by 4:30 p.m. Eastern time on or before the next Business Day.

The Service Loans User Guide provides details on this process.

A83.18: Notifying Freddie Mac of no Borrower response (10/01/11)

If by the 44th calendar day before the Balloon Maturity Date, the Borrower has not responded to the *required notice*, the Servicer must notify Freddie Mac by either:

- Submitting a *disposition code* of "N" through *Balloon Reset Disposition Reporting* in the *Service Loans application*, or
- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** before 4:30 p.m. Eastern time on the 44th day before the Balloon Maturity Date, and providing the following information:
  - The Servicer's six-digit Freddie Mac Seller/Servicer number
  - The Servicer's company name, address, contact name, title and telephone number
  - The nine-digit Freddie Mac loan number
  - Information that the Borrower has not responded to the *required notice*

If the 44th calendar day prior to the Balloon Maturity Date is a non-Business Day, then the Servicer must report the *disposition code* by 4:30 p.m. Eastern time on or before the next Business Day.

If unable to access the *Service Loans application*, the Servicer should contact (800) FREDDIE on any Business Day.

The Servicer must keep a record of the date and time it contacted Freddie Mac. Refer to Section A83.64 if the payoff is not received 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 A83.42.

If the Mortgage is covered by mortgage insurance and the Borrower does not respond to the *required notice*, refer to the requirements in Section A83.19.

A83.19: No response and Mortgage covered by mortgage insurance (06/13/12)

If the Mortgage is covered by mortgage insurance, the Borrower is current in monthly payments and the Borrower does not respond to the *required notice* by the 44th calendar day before the Balloon Maturity Date, the Servicer must send an *offer letter* to the

Borrower by the 40th calendar day before the Balloon Maturity Date to protect the mortgage insurance coverage in case the Borrower does not pay the Balloon Payment.

The *offer letter* must state:

1. That the Servicer has not received a response from the Borrower to the Servicer's *required notice*
2. 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. That the Servicer is 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. That the Servicer will calculate the Reset Note Rate after the Servicer receives the Borrower's request to *reset*
5. That the Reset Note Rate is calculated by using the higher of the Freddie Mac Required Net Yield (RNY) for 30-year fixed-rate Mortgages subject to a 60-day mandatory delivery commitment (i) in effect at 4:30 p.m. Eastern time on the 45th calendar day before the Balloon Maturity Date or (ii) the date the Servicer determines the Borrower meets the three conditions stated in number 3 above; 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 a resource where the Borrower can confirm 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. That the Borrower should contact the Servicer regarding 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 the Servicer's organization that the Borrower may contact with questions
9. That the Borrower may be subject to late fees if the Borrower elects to *reset* but fails to respond or return requested documents timely

A83.20: Borrower response to *required notice* (10/01/11)

(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 the Servicer must notify Freddie Mac no sooner than the 90th calendar day before the Balloon Maturity Date and no later than 4:30 p.m. Eastern time one Business Day before the Balloon Maturity Date by either:

- Submitting a *disposition code* of "I" through *Balloon Reset Disposition Reporting* in the *Service Loans application*, or
- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** before 4:30 p.m. Eastern time on any Business Day before the Balloon Maturity Date, and providing the following information:
  - The Servicer's six-digit Freddie Mac Seller/Servicer number
  - The Servicer's company name, address, contact name, title and telephone number
  - The nine-digit Freddie Mac loan number
  - Tell the representative that the Borrower intends to pay the Balloon/Reset Mortgage in full

If unable to access the *Service Loans application,* the Servicer should contact (800) FREDDIE on any Business Day.

The Servicer must flag its Mortgage records to ensure that the Borrower pays the Balloon Payment in full. If the Servicer does not receive the payoff within five Business Days after the Balloon Maturity Date, refer to Section A83.64. The Servicer must 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 *elects to reset,* meets all the Reset Conditions, and is not delinquent in monthly payments, the Servicer must process the election according to the requirements in Sections A83.21 through A83.39.

(c) Ineligible Borrower requests a *reset*

If a Borrower requests a *reset*, but cannot meet the Reset Conditions, the Servicer must process the Borrower's request according to the requirements in Sections A83.21 through A83.50.

(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. Any such Borrower responses will require a case-by-case analysis to determine the best course of action. Refer to Section A83.42 if a Borrower fails to notify the Servicer by the 45th calendar day, Section A83.46 regarding the handling of exceptions through the Freddie Mac review path and Section A83.63 regarding recommending a workout option.

A83.21: Borrower's eligibility to reset (10/01/11)

When a Borrower *elects to reset*, the Servicer must determine if the Borrower meets all the Reset Conditions and is an Eligible Borrower. If the Borrower does not meet one or more Reset Conditions, the Borrower is an Ineligible Borrower. The Servicer must then determine if the Servicer can process the Borrower's *reset* request through the Servicer-delegated review path. If the Servicer does not have the authority under the Servicer-delegated review path to make an exception for the unmet Reset Condition, the Servicer must send the *reset* request through the Freddie Mac review path. Refer to Section A83.5 for a summary of these two paths.

(a) Decision-making authority for a *reset* request from an Ineligible Borrower

The Servicer must determine which path to use based on the unmet Reset Condition(s) listed 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 A83.35–A83.38 can be met)	X (If the Transfer of Ownership is not exempt under federal restrictions or the conditions Sections A83.35–A83.38 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 written notice of *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:

- If all the exceptions to the unmet Reset Conditions are allowed through the Servicer-delegated review path, then the Servicer must process the *reset* request, subject to all the requirements for each individual exception in Sections A83.41 through A83.44
- 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 the Servicer must process the *reset* request through the Freddie Mac review path. Refer to Sections A83.46 through A83.50

The Servicer does not have the authority to deny a *reset* request if the Borrower is current in monthly payments. If the Servicer believes that a Borrower's *reset* request should be denied, then the Servicer must submit *disposition code* of "P" through *Balloon Reset Disposition Reporting* in the *Service Loans application* and must also send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal, 12-month Borrower payment history, and copy of the *election to reset* with date and time stamp to the Balloon/Reset team at **Balloon_Loans@freddiemac.com** along with any other appropriate documentation to support the Servicer's recommendation. Freddie Mac will notify the Servicer of Freddie Mac's decision within seven Business Days.

If the Borrower is delinquent in monthly payments, refer to Sections A83.63 through A83.65.

(b) Required Net Yield (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 A83.29. However, for an

Ineligible Borrower, the RNY is not locked on the day the Servicer 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:

- Is (are) an allowable exception(s) through the Servicer-delegated review path, then the Servicer will obtain the RNY when the Servicer approves the Borrower for the *reset* and notifies Freddie Mac of that approval
- Require Freddie Mac's review, then Freddie Mac will provide the Servicer with the RNY if Freddie Mac approves the Borrower for a *reset*

If an Ineligible Borrower's request for a *reset* is approved (either by the Servicer or Freddie Mac) between the 60th calendar day and the 44th calendar day before the Balloon Maturity Date, then the RNY will be the higher of the Freddie Mac RNY in effect:

- At 4:30 p.m. Eastern time on the 45th calendar day before the Balloon Maturity Date, or
- The date the Servicer notifies Freddie Mac that the Servicer approves the *reset* request through the Servicer-delegated review path or the date Freddie Mac approves the *reset* request through the Freddie Mac review path

The Servicer 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 Section A83.47.

A83.22: If Mortgage is covered by mortgage insurance (10/01/11)

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* provided:

- The monthly payments are current
- There has been no unauthorized Transfer of Ownership
- The Balloon/Reset Mortgage, once *reset*, would remain a First Lien on the property

The Servicer must have documentation in the Mortgage file to prove the Servicer has offered a *reset* (subject to the conditions in the preceding paragraph) to a Borrower whose Balloon/Reset Mortgage is covered by mortgage insurance.

The requirements in this chapter have been written to comply with the provisions of the master policy. Refer to Sections A83.5(c) and A83.19.

A83.23: Borrower bankruptcy (10/01/11)

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

The Borrower meets the payment history Reset Condition if the Borrower:

- Has filed for bankruptcy protection or is under a bankruptcy repayment plan,
- Is current in the contractual monthly payments that are due under the Balloon Note, and
- Was not 30 or more days delinquent on those contractual monthly payments in the 12-month period before the Balloon Maturity Date

However, the Servicer may need to get permission from the bankruptcy court to process the *reset*. The Servicer must contact bankruptcy counsel for guidance.

(b) Borrower is delinquent in monthly payments

The Borrower does not meet the payment history Reset Condition and is an Ineligible Borrower if the Borrower:

- Has filed for bankruptcy protection or is under a bankruptcy repayment plan, and
- 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)

The Servicer must send the Mortgage file to the Servicer's loss mitigation area for a workout recommendation to Freddie Mac. The Servicer must also submit Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, with supporting documentation to **Balloon_Loans@freddiemac.com**.

A83.24: Verifying occupancy status (10/01/11)

The Servicer must review the Reset Conditions in the *reset rider* to determine if the Borrower must occupy the property as a Primary Residence or a *second home* as a condition to *reset.*

(a) Originated and sold as Investment Property Mortgage

If a Balloon/Reset Mortgage is originated and sold to Freddie Mac as an Investment Property Mortgage, and the *reset rider* does not require the Borrower to occupy the property, then the Servicer does not need to verify occupancy status. If 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.

(b) Borrower occupancy as a Primary Residence or second home required

If the *reset rider* includes the occupancy requirement, the Borrower must occupy the property as a Primary Residence or *second home* to be considered an Eligible Borrower. If the Servicer determines that the:

- Borrower occupies the property and claims to meet the other Reset Conditions, then the Servicer must process the Borrower's *election to reset* starting with the requirements in Section A83.27
- Property is an *Investment Property*, the Borrower is an Ineligible Borrower. The Servicer may continue considering the Borrower for a *reset* through the Servicer-delegated review path.

A83.25: Verifying payment history (10/01/11)

The Servicer must verify that the Borrower is current in monthly payments and was not 30 or more days delinquent in the 12-month period before the Balloon Maturity Date. If the Borrower meets these requirements, then the payment history Reset Condition is met.

A83.26: Obtaining the Fannie Mae Required Net Yield (RNY) (10/01/11)

If a Balloon/Reset Mortgage was originated on documents that require the use of the Fannie Mae RNY to calculate the Reset Note Rate, the Servicer's monthly remittance to Freddie Mac must be based on the Freddie Mac RNY even if the Servicer used the Fannie Mae RNY to determine the Borrower's Reset Note Rate. Section A83.62 provides information on what to do if there is a significant difference between the Freddie Mac RNY and the Fannie Mae RNY.

If the *reset rider* requires the use of the Fannie Mae RNY, the Servicer must obtain the Fannie Mae RNY from Fannie Mae or other sources authorized by Fannie Mae to provide that information.

If the *reset rider* does not contain the "no earlier than 60 calendar days" language, then the Servicer must obtain the Fannie Mae RNY on the date and time of day the Servicer receives the Borrower's written notice of *election to reset*, even if the date is earlier than the 60th calendar day before the Balloon Maturity Date.

Refer to Sections A83.29, A83.30 and A83.45 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.

A83.27: Notifying Freddie Mac and obtaining Required Net Yield (RNY) (06/13/12)

If the Borrower notifies the Servicer of the intent to *reset* after the 60th calendar day but prior to the 45th calendar day before the Balloon Maturity Date, the Servicer must notify Freddie Mac on the date and time the Servicer receives the Borrower's *election to reset* by either:

- Submitting a *disposition code* of "R" through *Balloon Reset Disposition Reporting* in the *Service Loans application*, or
- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** before 4:30 p.m. Eastern time on any Business Day, and

The Servicer must also send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, with the following additional information in Part D:

- The date and time the Borrower's election to reset (referred to as the Borrower letter of intent in the Service Loans application) was received
- The occupancy status of the property
- On which Uniform Instrument (Freddie Mac or Fannie Mae) the Balloon/Reset Mortgage was originated, and
- Attach the Borrower's 12-month payment history

The Balloon/Reset team representative will provide the Servicer the Freddie Mac RNY for 30-year fixed rate Mortgages subject to a 60-day mandatory delivery commitment.

If unable to access the *Service Loans application*, the Servicer must contact (800) FREDDIE on any Business Day.

If the Borrower sends the Servicer a response earlier than the 60th calendar day before the Balloon Maturity Date, the Servicer cannot submit a *disposition code* through *Balloon Reset Disposition Reporting* in the *Service Loans application* 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 the Servicer must submit the *disposition code* through *Balloon Reset Disposition Reporting* in the *Service Loans application* no later than the Business Day before the 45th calendar day.

For additional information relating to notifying Freddie Mac and obtaining the RNY, refer to the Service Loans User Guide.

The Servicer will not be able to request an RNY through the *Service Loans application*:

IF...	**THEN the Servicer will see a *response code* on the Daily Response Report in the *Service Loans application* 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
The Servicer has submitted a workout recommendation to Freddie Mac	W

If the Borrower has brought the monthly payments current, then the Servicer must submit the *reset* request through the Freddie Mac review path. Refer to Sections A83.46 through A83.50.

Similarly, Freddie Mac will calculate the Reset Note Rate based on the RNY in effect when Freddie Mac receives the Servicer's notification and compare the calculated rate to the existing Balloon Note rate. If the Reset Note Rate is more than 5% higher than the existing Balloon Note rate, the Servicer will not receive an RNY. Instead the Servicer 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 the Servicer to calculate the Reset Note Rate using the Fannie Mae RNY, the Servicer must manually compare the Reset Note Rate to the existing Balloon Note rate to determine if the Reset Note Rate is more than 5% above the existing Balloon Note rate.

Refer to Section A83.30 when the Reset Note Rate exceeds the Note Rate by more than 5%.

A83.28: Confirmation of the Servicer's notification (Form 1074) (10/01/11)

The Servicer may retrieve Form 1074, Freddie Mac Reset Mortgage Confirmation, through the *Service Loans application* after the Servicer notifies Freddie Mac of the Borrower's *election to reset*.

If the Servicer notifies Freddie Mac of the Borrower's *election to reset* through *Balloon Reset Disposition Reporting*, the Servicer will receive Form 1074 with the Required Net Yield to be used to calculate the Reset Note Rate the next Business Day after the Servicer's submission. If the Servicer notified Freddie Mac through *Balloon Reset Disposition Reporting* after 4:30 p.m. Eastern time, the Servicer will receive Form 1074 two Business Days after the Servicer's submission.

If the Servicer notifies Freddie Mac of the Borrower's *election to reset* by notifying the Balloon/Reset team at **Balloon_Loans@freddiemac.com**, the Servicer may retrieve Form 1074 two Business Days after the Servicer so notifies Freddie Mac.

If there are any errors on Form 1074, the Servicer must contact the Balloon/Reset team at **Balloon_Loans@freddiemac.com**.

A83.29: Calculating the Reset Note Rate (10/01/11)

Once the Servicer receives Form 1074, Freddie Mac Reset Mortgage Confirmation, from Freddie Mac, the Servicer must calculate the Reset Note Rate as specified in the following examples:

1.	Take the Required Net Yield (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%

A83.30: Comparing the Balloon Note rate to the Reset Note Rate (10/01/11)

The Reset Note Rate cannot be more than 5% above the existing Balloon Note rate. If the Reset Note Rate Freddie Mac calculates is more than 5% above the existing Balloon Note rate, Freddie Mac will advise the Servicer 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 Required Net Yield (RNY) and the Servicer determines that the Borrower is eligible to *reset*, the Servicer must compare the Reset Note Rate 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 A83.48 for requirements when the Reset Note Rate would be more than 5% above the Balloon Note rate.

A83.31: Calculating the Servicing Spread (10/01/11)

Once the Servicer determines the Reset Note Rate, the Servicer must calculate the Servicing Spread as specified in the following example:

1.	Take the Reset Note Rate	8.50%	8.625%
2.	Subtract the Freddie Mac Required Net Yield	8.06%	8.070%
3.	This equals the Servicing Spread	0.44%	0.555%

The Servicing Spread must be reported on Form 1074, Freddie Mac Reset Mortgage Confirmation and must be equal to, or greater than, the Minimum Contract Servicing Spread on the Balloon/Reset Mortgage. If the Servicing Spread is less than the Minimum Contract Servicing Spread on the Balloon/Reset Mortgage, the Servicer will be charged a discount fee. Refer to Section A83.62.

A83.32: Completing and submitting Form 1074 (10/01/11)

After calculating the Reset Note Rate, the Servicer must complete the blank fields on the Form 1074, Freddie Mac Reset Mortgage Confirmation, for:

- Reset Note Rate
- Reset Mortgage principal and interest payment
- Unpaid principal balance at *reset date*
- Servicing Spread on Reset Mortgage
- Whether the Balloon/Reset Mortgage was originated on Freddie Mac Uniform Instruments

The Servicer must then submit the Form 1074 to Freddie Mac as soon as the Servicer receives the executed documents from the Borrower, but no later than one Business Day prior to sending the *reset* documents to the Document Custodian holding the Note.

A83.33: Obtaining Form 1034B (10/01/11)

After completing and submitting the Form 1074, the Servicer must retrieve and print Form 1034B, Custodial Certification Schedule—Balloon Loan Modification, from the *Service Loans application* under the "Manage Form 1074" function.

The Servicer must verify the accuracy of all the information on Form 1034B. If any of the information on Form 1034B is incorrect, the Servicer must send an e-mail to the Balloon/Reset team at **Balloon_Loans@freddiemac.com** within two Business Days of receiving the form and work to resolve any issues. The Servicer must keep the form until it is ready to complete the *reset* and then deliver the form to the Document Custodian in accordance with Section A83.60.

A83.34: Verifying ownership and lien status (10/01/11)

To be considered an Eligible Borrower, the Borrower must still be the owner of the property and 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 the Servicer determines that the Borrower:

- Is an Eligible Borrower, then the Servicer must process the *reset* transaction according to the requirements in Sections A83.52 through A83.62
- Fails to meet one or more of the Reset Conditions and is an Ineligible Borrower, then refer to Sections A83.41 through A83.50 to process the *reset* request

(a) Verifying ownership if the Servicer obtains special Reset Mortgage title insurance coverage

If the Servicer obtains special Reset Mortgage title insurance coverage, then the Servicer 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; and
- Check the Servicer's Mortgage file to see if there is any indication that there has been a Transfer of Ownership and the Borrower did not notify the Servicer of such a change. For information on permitted Transfers of Ownership, see Sections A83.35 through A83.38.

If there has been a Transfer of Ownership, the Servicer must contact the title insurer to determine if the special Reset Mortgage title insurance coverage is available, or if the Servicer will be required to obtain a title report and traditional title insurance coverage.

(b) Verifying ownership when obtaining traditional title insurance coverage

If the Servicer is obtaining traditional title insurance coverage, the Servicer must order a title report to determine the ownership of the property and the lien status. The Servicer 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 A83.35 through A83.38 and A83.49.

A83.35: Acceptable Transfer of Ownership (09/01/13)

There are only two acceptable circumstances in which Freddie Mac will allow the Servicer 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:

- 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. The Servicer 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

- The property has been transferred to a party exempt under Federal restrictions from the due-on-transfer clause of the Security Instrument (see Section 60.5), or as allowed in Section 60.6 and the requirements of the following applicable sections are met:

  - Transfer of Ownership to a Living Trust (see Section A83.36)

  - Transfer of Ownership between existing Borrowers (includes divorces and legal separations) (see Section A83.37)

  - Transfer of Ownership to a relative who did not originally execute the Balloon Note (see Section A83.38)

  The Servicer 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 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*. See Section A83.49.

A83.36: Transfer of Ownership to a Living Trust (09/01/13)

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 if the requirements of Section 22.10 relating to a Living Trust are met. Refer to Section 22.10 for more information about Living Trusts.

The Balloon Loan Modification (refer to Exhibit 80, Balloon Loan Modification (Form 3293)) must be executed by both the Underwritten Settlor individually and the trustee on behalf of the trust. Refer to Exhibit 81, Signature and Acknowledgment Formats for Living Trusts, for information on how to modify the Balloon Loan Modification for a Living Trust.

The Servicer should verify with its legal counsel the proper documentation required to effect the transfer and ensure that the Balloon/Reset Mortgage is a valid, enforceable First Lien.

A83.37: Transfer of Ownership between existing Borrowers (10/01/11)

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. In such cases, the 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, the Servicer must determine:

- Whether the transferee Borrower(s) who is (are) requesting the *reset* meets the ownership Reset Condition
- Which Borrower(s) must sign the Balloon Loan Modification documents

IF...	THEN...
The Servicer 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	The Servicer must determine if the transferee Borrower qualifies for the Mortgage debt in his or her own name. Process the release of liability request according to the requirements in Chapter 60. If the Servicer 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	

A83.38: Transfer of Ownership to a relative who did not execute the Balloon Note (10/01/11)

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:

- Spouse
- Parent
- Child
- 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. 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, the Servicer must determine:

- If the transferee occupies the property as a Primary Residence
- Who must sign the Balloon Loan Modification documents

The Servicer's determinations will depend on whether the Servicer 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">The Servicer 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">The Servicer must determine if the transferee qualifies for the Mortgage debt in his or her own name. Process the assumption and release of liability request according to the requirements in Chapter 60. If the Servicer determines 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="3">3.</td><td rowspan="3">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>
<tr><td>2.</td><td>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</td></tr>
<tr><td colspan="2">The transferor Borrower:</td><td colspan="2" rowspan="4">The Servicer may not release the transferor Borrower from liability and the transferor Borrower and the transferee must sign the Balloon Loan Modification documents</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 still on the title to the Property and will continue to remain on the title, and</td></tr>
<tr><td>3.</td><td>Is now requesting to be released from liability</td></tr>
</table>

A83.39: Verifying status of liens (06/13/12)

The Servicer must verify the status of liens in different ways depending on the type of title insurance coverage obtained.

(a) Special Reset Mortgage title insurance coverage

In this case, the Servicer does not have a title report to verify the status of liens. Contact the title insurer to order the title insurance coverage.

(b) Traditional title insurance coverage

If the Servicer obtains 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:

- 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.
- 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 in order to be considered an Eligible Borrower. The Servicer must notify the Borrower of actions that must be taken 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 A83.43 for details on a Borrower who fails to meet the lien status Reset Condition.

(c) Mortgages without an Escrow for real estate taxes

If the Servicer does not maintain an Escrow account for real estate taxes, the Servicer must ensure that the Borrower is current in real estate tax payments.

A83.40: Approval of reset for Ineligible Borrower (10/01/11)

The Servicer may approve a *reset* for an Ineligible Borrower as long as the requirements listed in Sections A83.41 through A83.44, whichever are applicable, are met. If the Servicer does not believe a *reset* should be offered to the Borrower, then the Servicer must submit the case through the Freddie Mac review path (refer to Sections A83.46 through A83.50).

A83.41: Failure to meet the occupancy Reset Condition (10/01/11)

If the Borrower does not occupy the property as a Primary Residence or a *second home* and the occupancy requirement was not deleted from the *reset rider* at origination, the Servicer may consider the Borrower for a *reset* as an Ineligible Borrower if the Borrower meets the other Reset Conditions. 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.

A83.42: Failure of the Borrower to notify the Servicer by the 45th calendar day (01/01/13)

A Borrower who gives notice to *reset* after the 45th calendar day before the Balloon Maturity Date is an Ineligible Borrower. The Servicer 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 process cannot be completed by the Balloon Maturity Date, contact the Balloon/Reset team at **Balloon_Loans@freddiemac.com** for instructions.

A83.43: Failure to meet the lien status Reset Condition (06/13/12)

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 the Servicer is obtaining traditional title insurance coverage, the Servicer may offer a *reset* if all of the following conditions are satisfied:

- 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
- For encumbrances, the encumbrance, such as an easement, does not affect the market value of the property (refer to Chapter 39)
- The title insurer must insure the Mortgage, once *reset* as a First Lien
- 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, the Servicer must contact the title insurer 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.

The Servicer 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 will not issue an endorsement or a new policy without an exception for the junior lien, the Servicer must contact the junior lienholder to attempt to obtain a subordination agreement and explain that without such agreement the Servicer's only recourse is to foreclose. If the junior lienholder still refuses to subordinate, the Servicer must complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and send it to Freddie Mac at **Balloon_Loans@freddiemac.com**. Freddie Mac will review the situation and provide the Servicer with instructions.

A83.44: Failure to meet payment history Reset Condition but monthly payments current as of 90th calendar day before the Balloon Maturity Date (10/01/11)

The Servicer 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:

- The Borrower was current in monthly payments 90 calendar days before the Balloon Maturity Date, and
- 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, the Servicer may submit the *reset* request through the Freddie Mac review path. Refer to Section A83.50.

If the Borrower is delinquent in monthly payments, then refer to Sections A83.63 through A83.65.

A83.45: Obtaining the Required Net Yield (RNY) for an Ineligible Borrower: Servicer-delegated path (10/01/11)

If the Servicer approves an Ineligible Borrower for a *reset* from the 60th calendar day before the Balloon Maturity Date up to one Business Day before the Balloon Maturity Date, the Servicer must report the applicable *disposition code* within the time frame specified in Section A83.17.

Once the Servicer approves an Ineligible Borrower for a *reset*, the Servicer must notify Freddie Mac no later than the Business Day following the Servicer's approval, as long as the Servicer's approval occurs by the last Business Day prior to the Balloon Maturity Date, by:

- Submitting a *disposition code* of "S" through *Balloon Reset Disposition Reporting* of the *Service Loans application*, or

- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** before 4:30 p.m. Eastern time any Business Day before the Balloon Maturity Date, and

The Servicer must also send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, with the following additional information in Part D:

- The Borrower's election to reset with date and time stamp (also referred to as the Borrower Letter of Intent) was received
- The occupancy status of the property, and
- Attach the Borrower's 12-month payment history

If unable to access the *Service Loans application*, the Servicer should contact (800) FREDDIE any Business Day.

The Servicer must retrieve Form 1074 from the *Service Loans application* through the "Manage Form 1074" function.

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 Section A83.29 for information regarding calculating the Reset Note Rate, Section A83.31 for information regarding calculating the Servicing Spread, and Section A83.33 regarding receipt of Form 1034B, Custodial Certification Schedule—Balloon Loan Modification.

Freddie Mac will calculate the Reset Note Rate based on the RNY in effect when Freddie Mac receives the Servicer's notification and compare the calculated rate to the existing Note Rate. If the Reset Note Rate is 5% higher than the existing Balloon Note rate, then the Servicer will not receive an RNY. Instead the Servicer will receive a Daily Response Report that shows a *response code* for the Mortgage of "Q." The Servicer must then send the *reset* request through the Freddie Mac review path. Refer to Section A83.46.

A83.46: Freddie Mac review path (10/01/11)

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 the Servicer sent the *required notice*, but became delinquent by the time the Servicer 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 the Servicer may approve through the Servicer-delegated review path, but the Servicer believes 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. The Borrower is delinquent in monthly payments at any time prior to the Balloon Maturity Date
11. Any other situation not described above for which the Servicer does not have authority under the Servicer-delegated review path

A83.47: Obtaining the Required Net Yield for an Ineligible Borrower: Freddie Mac review path (10/01/11)

When an Ineligible Borrower's *reset* request must be submitted to Freddie Mac for review, the Servicer must notify Freddie Mac between the 90th calendar day before the Balloon Maturity Date and up to the Balloon Maturity Date of the situation by:

- Submitting *disposition code* "P" through the *Balloon Reset Disposition Reporting* function of the *Service Loans application*, or
- If unable to submit a *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** before 4:30 p.m. Eastern time on any Business Day before the Balloon Maturity Date, and

The Servicer must also send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, with the following additional information in Part D:

- The occupancy status of the property
- Request that Freddie Mac review the submission
- The Borrower's *election to reset* with date and time stamp, and
- Attach the Borrower's 12-month payment history

If unable to access the *Service Loans application*, the Servicer should contact (800) FREDDIE on any Business Day.

A83.48: Failure to meet Reset Note Rate Reset Condition (11/18/11)

If the Reset Note Rate is more than 5% above the existing Balloon Note rate, the Servicer 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 in this section.

Freddie Mac must determine if the Borrower can afford a payment increase of more than 5%. The Borrower must complete Form 710, Uniform Borrower Assistance Form, and return the completed form to the Servicer. The Servicer must send completed Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and Form 710 to Freddie Mac at **Balloon_Loans@freddiemac.com**.

No later than seven Business Days after Freddie Mac receives the information from the Servicer, Freddie Mac will contact the Servicer with instructions as to whether to offer a *reset* to the Borrower. If Freddie Mac approves the *reset* request, Freddie Mac will notify the Servicer via e-mail and the Servicer must retrieve Form 1074, Freddie Mac Reset Mortgage Confirmation, from the *Service Loans application*.

If Freddie Mac denies the request for a *reset*, Freddie Mac will notify the Servicer via e-mail and provide instructions on how to proceed.

A83.49: Failure to meet ownership Reset Condition (10/01/11)

If there has been an unauthorized Transfer of Ownership of the property (see Sections A83.35-A83.38), the Servicer must complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, and send the form, with all documents applicable to the Transfer of Ownership, to Freddie Mac at **Balloon_Loans@freddiemac.com.**

Additionally, if there are other Reset Conditions that are not met, the Servicer must check the applicable boxes on Form 1130 and include all documents required for Freddie Mac to review the case.

No later than seven Business Days after Freddie Mac receives the information from the Servicer, Freddie Mac will notify the Servicer via e-mail and provide instructions to the Servicer.

A83.50: Failure to meet payment history Reset Condition (10/01/11)

The Servicer must submit a request for a *reset* to Freddie Mac if the Borrower was:

- 30 or more days delinquent in monthly payments at the 90th calendar day before the Balloon Maturity Date, but subsequently brought the payments current
- 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 A83.63 through A83.65.

The Servicer must send a completed Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, with a copy of the payment history that begins 12 months before the Balloon Maturity Date to the Balloon/Reset team at **Balloon_Loans@freddiemac.com**.

Freddie Mac will contact the Servicer regarding the *reset* request no later than seven Business Days after Freddie Mac receives a completed Form 1130, the *election to reset* with date and time stamp, and the Borrower's 12-month payment history. If Freddie Mac approves the *reset* request, Freddie Mac will provide Form 1074, Freddie Mac Reset

Mortgage Confirmation, with the Required Net Yield the Servicer must use to calculate the Reset Note Rate.

If Freddie Mac denies the *reset* request, Freddie Mac will e-mail the Servicer with instructions on how to proceed.

A83.51: Completing the eligibility process (10/01/11)

(a) Borrower approved for a *reset*

If Freddie Mac approves the Borrower for a *reset* on Form 1074, Freddie Mac Reset Mortgage Confirmation, as described above, the Servicer must comply with all conditions for the approval, if any.

Freddie Mac will provide a *response code* of "A" on the Daily Response Report.

Refer to Sections A83.27, A83.28, A83.29 and A83.31 for receiving a confirmation of the Freddie Mac Required Net Yield (Form 1074) from Freddie Mac, calculating the Reset Note Rate and the Servicing Spread, and receiving Form 1034B, Custodial Certification Schedule—Balloon Loan Modification. Refer to Sections A83.52 through A83.62 to process the *reset* transaction.

(b) Borrower not approved for a *reset*

If Freddie Mac denies the Borrower's request for a *reset*, Freddie Mac will provide a *response code* of "F" or "W" on the Daily Response Report.

Freddie Mac may recommend that the Borrower be considered for a workout, or that the Servicer pursue foreclosure if the Borrower cannot pay the Balloon/Reset Mortgage in full on or before the Balloon Maturity Date. If Freddie Mac denies the *reset* request and does not recommend that a workout be considered, the Servicer must send a letter to the Borrower advising of the denial and the reasons for the denial. The letter must include information about the Balloon Payment that will be due on the Balloon Maturity Date and the consequences to the Borrower if the Mortgage is not paid in full.

A83.52: Reset Mortgage terms and conditions (10/01/11)

The Reset Mortgage must include the following terms and conditions, in addition to complying with all other requirements of the Guide and other Purchase Documents:

- The Reset Mortgage must be a fixed-rate, level-payment Mortgage
- The principal amount must be the unpaid principal balance (UPB) of the Balloon Note due on the Balloon Maturity Date
- 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
- The Reset Note Rate is calculated according to the requirements in Sections A83.21 and A83.29
- The Reset Note Rate must be effective on the Balloon Maturity Date
- The first payment of the Reset Mortgage must be due one month after the Balloon Maturity Date and must be on the first day of that month
- The monthly principal and interest payments must be equal and must fully amortize the UPB over the term of the Reset Mortgage
- All living Borrowers, endorsers, guarantors, sureties and other parties that signed the original Balloon Note and Security Instrument must execute the documents. If there has been an allowable Transfer of Ownership of the property, then the current Borrower(s) must execute the documents (refer to Sections A83.35 through A83.38).
- 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)
- 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
- The Reset Mortgage must be covered by title insurance in accordance with Section A83.7, insuring that the Reset Mortgage remains a First Lien on the property

Two Balloon Loan Modifications must be executed on or before the Balloon Maturity Date.

A83.53: Servicer warranties (10/01/11)

(a) Mortgage documents

With respect to the Balloon Loan Modification and any other Reset Mortgage documents, the Servicer warrants that the:

- Documents have been completed accurately
- Documents comply with all applicable laws

- 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:

  - Obtaining title insurance coverage (refer to Section A83.7)
  - Recordation fees for the Balloon Loan Modification and any other documents that must be recorded
  - Any other charges, fees or taxes associated with executing the *reset* transaction

(b) Reset Mortgage

With respect to each Reset Mortgage, the Servicer warrants that:

- The Borrower has been given the *required notice* in accordance with Sections A83.12 through A83.16 and the *reset rider*
- If the Borrower is an Eligible Borrower, all the Reset Conditions have been satisfied in accordance with the terms of the *reset rider*
- If the Borrower is an Ineligible Borrower, all applicable requirements have been satisfied
- If the Borrower is an Eligible Borrower, the Reset Option has been exercised in accordance with the provisions of the *reset rider*
- All parties have executed all documents required for the Reset Mortgage, 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
- 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

A83.54: Reset Mortgage package (01/01/13)

Before preparing the Reset Mortgage package, the Servicer must verify that the Borrower is still current in monthly payments. If the Borrower has become 30 or more days delinquent, then refer to Sections A83.63 through A83.65.

The Servicer must include the following documents in the Reset Mortgage package sent to the Borrower:

- Two original Balloon Loan Modifications
- A cover letter that provides information that complies with the *reset rider* requirements and instructions to the Borrower on what to do with the contents of the package. The Servicer must require the Borrower to return the executed documents and payment for costs and interest no later than 15 days before the Balloon Maturity Date

- Any notices or disclosures required by applicable law

Sections A83.55 through A83.57 describe the preparation of the Balloon Loan Modification and Borrower notification process.

A83.55: Calculating the Reset Mortgage terms (10/01/11)

To prepare the Balloon Loan Modifications, the Servicer must calculate four items:

- The unpaid principal balance (UPB) on the Balloon Maturity Date
- The Reset Mortgage term (either 25 or 23 years)
- The first payment Due Date of the Reset Mortgage
- 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

The Servicer 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 the Servicer is making this calculation, then the Servicer 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 five 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 seven 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 one 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.

A83.56: Preparing the Balloon Loan Modification (06/13/12)

The Servicer must prepare two original Balloon Loan Modifications (Form 3293) (refer to Exhibit 80 for a copy of the form). The Servicer 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
- Are not Borrowers on the Balloon Note
- Who must sign to continue to perfect the lien of the Reset Mortgage

A83.57: Cover letter to Borrower (10/01/11)

After the Servicer has prepared the Balloon Loan Modifications and submitted Form 1074 to Freddie Mac, the Servicer must prepare a cover letter to the Borrower to accompany the Balloon Loan Modifications with the following instructions:

- 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)
- Depending on when the Servicer sends 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*
- Instructions on how to complete the Balloon Loan Modifications
- Details on how much money and in what form the Borrower must send the Servicer for:
  - Transaction costs
  - Interest for the month before the Balloon Maturity Date
  - Any Escrow payment (if applicable)
- The deadline and address for returning the documents and the money
- A telephone contact for the Borrower to call with questions about the package
- An explanation of what happens after the Servicer receives the documents and payment from the Borrower
- Information on what will happen if the Borrower does not return the documents and funds on time

- If the Borrower is an Ineligible Borrower, the Servicer must add the following:
  - Advise the Borrower about how the Reset Note Rate was calculated and that the Servicer is using the Freddie Mac Required Net Yield (RNY) instead of the Fannie Mae RNY (if the Balloon/Reset Mortgage was originated using Fannie Mae Uniform Instruments)
  - 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 the Servicer to obtain a subordination agreement)

A83.58: Recording and retaining the Balloon Loan Modification (10/01/11)

The Servicer must confirm that the two completed Balloon Loan Modifications comply with all requirements, including, but not limited to:

- Verifying 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; and
- Verifying the signatures were notarized (when applicable) and that the acknowledgment section is properly completed by the notary public

The Servicer must record one original Balloon Loan Modification no later than the Balloon Maturity Date.

The Servicer must retain the recorded Balloon Loan Modification 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 the Servicer must obtain a certified recorded copy of the Balloon Loan Modification in the Mortgage file. Upon receipt, post the interest and Escrow payment (if applicable) to the Balloon/Reset Mortgage. The unpaid principal balance (UPB) on the Servicer's records must match the UPB on the Balloon Loan Modification. The Servicer must ensure that the Servicer receives these funds before recording the Balloon Loan Modification.

A83.59: Obtaining proof of title insurance coverage (10/01/11)

After the Balloon Loan Modification has been recorded, the Servicer must obtain:

- The special Reset Mortgage title insurance endorsement. The existing original title insurance policy must also remain in force.
- The endorsement to the title insurance policy or a new policy if the Servicer obtains traditional title insurance coverage for the Reset Mortgage

The Servicer must ensure that the Reset Mortgage is still a First Lien on the property.

A83.60: Delivering documents to Document Custodian (01/01/13)

(a) Delivery of documents

The Servicer 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 the Borrower fails to return the documents to the Servicer on time and the Servicer will be unable to meet the 10-day time frame, contact Freddie Mac at **Balloon_Loans@freddiemac.com**.

If there has been an allowable Transfer of Ownership of the property (see Sections A83.35 through A83.38), all documents necessary for the Document Custodian to certify the Borrower name(s) on the Balloon Loan Modification must be sent to the Document Custodian.

(b) Resolving discrepancies

If the Document Custodian is unable to certify the information on the Balloon Loan Modification in accordance with Section 18.9, the Servicer must cooperate with the Document Custodian to resolve all open issues. After the Servicer has resolved the discrepancy, the Servicer must provide either an updated Form 1034B or a corrected Form 3293, Balloon Loan Modification, to the Document Custodian (contact **Balloon_Loans@freddiemac.com** to obtain a corrected Form 1034B).

(c) Delivery of Form 1034B to Freddie Mac

After the Servicer receives the certified original Form 1034B from the Document Custodian, as provided in Section 18.9, the Servicer must make a copy of the form for the Mortgage file and forward the certified form to Freddie Mac **(see Directory 9)** for receipt no later than 10 calendar days after the Balloon Maturity Date.

Alternatively, the Document Custodian may deliver the certified original Form 1034B directly to Freddie Mac and send a copy to the Servicer.

A83.61: Completing the transaction (10/01/11)

To complete the *reset* transaction, the Servicer must:

1. Provide *reset* notification required by the MI if the Balloon/Reset Mortgage is covered by mortgage insurance

2. Change the Servicer's Mortgage record to reflect the terms of the Balloon Loan Modification

3. Send the Borrower a new payment book, billing statement or other payment voucher in sufficient time for the Borrower to make the first payment due under the Reset Mortgage

4. Report the Balloon/Reset Mortgage information (not the Reset Mortgage information) for the accounting cycle cutoff that occurs in the same month as the Balloon Maturity Date since in this cycle the Servicer is reporting activity that occurred in the month before the Balloon Maturity Date. The Servicer must report the interest paid by the Borrower due for the month before the Balloon Maturity Date in this reporting cycle. The Servicer must remit to Freddie Mac in this accounting cycle based on the Accounting Net Yield (ANY) for the Balloon/Reset Mortgage.

5. Report the Reset Mortgage information for the accounting cycle cutoff that occurs in the month following the Balloon Maturity Date, since in this cycle the Servicer is reporting activity for the same month that the Balloon Maturity Date occurs in. The Servicer will report and remit based on the ANY for the Reset Mortgage. The ANY is the same as the Freddie Mac Required Net Yield (RNY) from Form 1074 unless there is a discount situation (refer to Section A83.62).

Example:		
Balloon Maturity Date		7/1/09
Accounting cycle cutoff		7/15/09
	Monthly reporting and remitting on the Balloon/Reset Mortgage terms (before the *reset*) for the period	6/1/09 through 6/30/09
Accounting cycle cutoff		8/15/09
	Monthly reporting and remitting on the Reset Mortgage terms for the period	7/1/09 through 7/31/09

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

Freddie Mac 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 Freddie Mac.

A83.62: Discount situations (10/01/11)

Depending on the requirements contained in the *reset rider*, the Reset Note Rate may be based on the Fannie Mae Required Net Yield (RNY) in effect on the date and time of day the Servicer received an Eligible Borrower's *election to reset*. However, the Accounting Net Yield that the Servicer uses to report and remit to Freddie Mac 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, the Servicer may be charged a discount fee. The Servicer must retain on the Reset Mortgage at least the same Minimum Contract Servicing Spread the Servicer retains 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 the Servicer will be charged a discount fee to make up the difference. The Servicer will be billed for the discount through Freddie Mac's 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

The Servicer 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 the Servicer a Servicing Spread of 0.440%, which is below the 0.500% Minimum Contract Servicing Spread.

A83.63: Loss mitigation (09/01/13)

It is the Servicer's responsibility to protect Freddie Mac's interests in the Mortgaged Premises through final disposition of the Balloon/Reset Mortgage. If the Borrower becomes delinquent prior to the Balloon Maturity Date, the Servicer must follow the requirements regarding collection efforts, the evaluation hierarchy, Borrower solicitation and communication established in Chapter 64. If the Servicer has already begun such efforts, the Servicer should continue to do so in accordance with Chapter 64.

(a) Loss Mitigation: Balloon Payment not received by Balloon Maturity Date and monthly payments current

If the Borrower's monthly payments were current and the Borrower has not submitted the Balloon Payment within five Business Days after the Balloon Maturity Date, the Servicer must comply with the collection requirements of Chapter 64, but begin no later than the sixth Business Day after the Balloon Maturity Date if the Borrower:

- Did not respond to the *required notice*, or
- Responded that the Balloon/Reset Mortgage would be paid in full, or
- *Elected to reset*, but did not complete the *reset* transaction, or
- Could not be approved for a *reset*, and was informed that the Mortgage would have to be paid in full

The Servicer must send the Mortgage file to the Servicer's loss mitigation area for a workout recommendation to Freddie Mac. The Servicer must also immediately notify Freddie Mac of the Borrower's response or lack of response via e-mail to **Balloon_Loans@freddiemac.com**.

THE SERVICER MUST NOT POST ANY PAYMENTS TO THE MORTGAGE BALANCE EXCEPT PAYMENT IN FULL UNDER ANY CIRCUMSTANCE AFTER THE BALLOON MATURITY DATE.

(b) Loss Mitigation Alternatives

If the Borrower is not eligible to *reset*, and cannot make the required Balloon payment, the Servicer should work with the Borrower to either allow the Borrower short-term forbearance in order to secure alternative financing or to complete a sale of the Mortgaged Premises, or consider the Borrower for a workout option in accordance with the hierarchy set forth in Section 64.6(a).

(i) Short-term forbearance

The Servicer may 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, if the Borrower applied for and has been approved for alternative financing. The Borrower must provide proof of the approval for alternate financing.

- To allow the Borrower time to close on the sale of the property and payoff the Mortgage with the proceeds from the sale, if the property is under contract for sale. The Borrower must provide proof that there is a valid sales contract on the property.

If short-term forbearance is granted, the Servicer must comply with the requirements of Chapter A65 if the Balloon/Reset Mortgage is not paid in full by the end of the forbearance period.

Reporting via Electronic Default Reporting (EDR):

The Servicer must report through EDR using action code “09” that a short-term forbearance plan has been entered into in accordance with Section A65.21.1.

See Sections A65.20 through A65.22 for additional information on short-term forbearance.

(ii) Recommending a workout

When a Borrower cannot qualify for a Reset Mortgage, and cannot pay the Balloon Payment, the Servicer must consider the Borrower for a loan modification, short sale or deed-in-lieu of foreclosure recommendation, in accordance with Chapter B65, and if eligible Chapter C65. After the Balloon Maturity Date, reinstatement and relief options (other than a short term forbearance plan as specified in (b)(i) of this Section) are not permitted for Reset Mortgage.

In such cases, the Servicer must notify Freddie Mac no later than one Business Day before the Balloon Maturity Date by either:

- Submitting *disposition code* "P" through the *Balloon Reset Disposition Reporting* function in the *Service Loans application*, or
- If unable to submit the *disposition code* through the *Service Loans application*, contacting the Balloon/Reset team at **Balloon_Loans@freddiemac.com** and

The Service must also send the Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, before 4:30 p.m. Eastern time one Business Day prior to the Balloon Maturity Date with the following additional information in Part D:

- The occupancy status of the property
- Advise that the Servicer will be submitting a workout recommendation package to Freddie Mac
- Attach the Borrower's 12-month payment history

If unable to access the *Service Loans application*, the Servicer should contact (800) FREDDIE on any Business Day.

(iii) Foreclosure

If the Servicer has complied with all requirements of Chapter 64, the Borrower has been considered for all available workout options and there is no approved payment arrangement or pending alternative to foreclosure offer for which the Borrower response period has not expired, the Servicer must initiate foreclosure as soon as legally possible in the State where the Mortgaged Premises are located, as detailed in Chapter 66.

A83.64: Payment processing and reporting (10/01/11)

1. The only permissible payment the Servicer may accept from a Borrower after the Balloon Maturity Date is the Balloon Payment.
2. The Servicer may be required to repurchase the Mortgage if the Balloon Payment is not received by the Balloon Maturity Date and/or if the Servicer continues to accept monthly payments from the Borrower after the Balloon Maturity Date.
3. **The Servicer must not post any payments to the Mortgage balance except payment in full after the Balloon Maturity Date.**
4. Payments other than the full payoff amount due received after the Balloon Maturity Date must be returned to the Borrower or credited to an unapplied or suspense funds account in accordance with applicable laws.

The Servicer 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 the Servicer's 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

- If the Servicer does not receive the Balloon Payment on or before the Balloon Maturity Date, the Servicer must comply with the requirements set forth in the Guide for handling delinquent Mortgages, even if the Servicer receives a monthly payment from the Borrower after the Balloon Maturity Date.

The Servicer must report the Mortgage as delinquent via Electronic Default Reporting (EDR) within the first three Business Days of the following month after the Balloon Maturity Date.

A83.65: Reinstatement (10/01/11)

If a Balloon/Reset Mortgage is scheduled to mature within 120 days and the Borrower is delinquent in monthly payments, but offers to reinstate the Mortgage, then the Servicer must comply with the requirements of subsection (a) below if the offer is for a full reinstatement, or subsection (b) below if the offer is for a partial reinstatement.

(a) Full reinstatement offer

If a Borrower who is delinquent in monthly payments offers to fully reinstate a Balloon/Reset Mortgage within 120 days of the Balloon Maturity Date, the Servicer 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, the Servicer must send to the Borrower.

If the Servicer Accepts the 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)	The Servicer must send the *required notice* detailed in Sections A83.34-A83.35 to the Borrower by the last day the *required notice* must be sent

After the last day the *required notice* must be sent, and the Servicer has 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	The Servicer 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 the Servicer within five Business Days of receiving the notice if he or she will not be able to pay the Balloon Payment.

(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 Freddie Mac's partial reinstatement requirements) the Balloon/Reset Mortgage within 120 days of the Balloon Maturity Date, the Servicer may not accept the offer without Freddie Mac's approval. Complete Form 1130, Balloon/Reset Mortgage Exception Transmittal Form, include the details of the partial reinstatement offer and send it to the Freddie Mac Balloon/Reset Team at **Balloon_Loans@freddiemac.com.**

No later than seven Business Days after Freddie Mac receives Form 1130, Freddie Mac will contact the Servicer via e-mail with Freddie Mac's decision and any other instructions.

(c) Reinstatement if the Balloon Maturity Date is more than 120 days

If a Borrower who is delinquent in monthly payments offers to fully or partially reinstate the Balloon/Reset Mortgage at any time more than 120 days before the Balloon Maturity Date, the Servicer must refer to Section A65.8 for the requirements on when to accept full reinstatement and A65.9 for when to accept partial reinstatement.

Exhibit 1

Instructions for Completing the Borrower First Time Homebuyer Indicator

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 Borrower First Time Homebuyer Indicator

The Seller must enter "true" in the *Borrower First Time Homebuyer Indicator* if **any** Borrower meets the Guide Glossary definition of First-Time Homebuyer and:

- The Loan Purpose Type is "purchase;" and
- The Property Usage Type is "Primary Residence"

The Seller must leave the "Borrower First Time Homebuyer Indicator" blank whenever the Loan Purpose Type is "refinance."

How to complete the Borrower First Time Homebuyer Indicator

The following steps should be followed to interpret the responses to questions L and M of Section VIII, and the Borrower information in Section III if applicable of the Form 65 into a *single Borrower First Time Homebuyer Indicator* when selling Mortgages to Freddie Mac.

Step	Action	
1	Review the responses to question L of Section VIII of the Form 65, **"Do you intend to occupy the property as your primary residence?"**	
	If…	**Then…**
	all of the applicants responded "no" to this question	No further review is needed because the applicants will be using the Mortgaged Premises as either a second home or an investment property; therefore you must enter "false" in the *Borrower First Time Homebuyer Indicator*. No further action is necessary.
	any of the applicants responded "yes" to this question	Proceed to Step 2 for those applicants that responded "yes" to this question.
2	Review the responses to question M of Section VIII of the Form 65, **"Have you had an ownership interest in a property in the last three years?"** for those applicants who responded "yes" to question L. (Note: Only one of the applicants has to qualify as a First-Time Homebuyer for a Seller to enter "true in *the Borrower First Time Homebuyer Indicator*.)	
	If…	**Then…**
	any of the applicants responded "no" to this question	Enter "true" in *the Borrower First Time Homebuyer Indicator*, no matter how the other applicants responded to this question. No further action is necessary.
	all of the applicants responded "yes" to this question	Proceed to Step 3.
3	Review the responses to question M of (subquestion 1) of Section VIII of the Form 65, **"What type of property did you own – principal residence (PR), second home (SH), or investment property (IP)?"**	
	If…	**Then…**
	all of the applicants responded "SH" or "IP" to this question	Enter "false" in the *Borrower First Time Homebuyer Indicator*. No further action is necessary.
	any of the applicants responded "no" to this question	Proceed to Step 4.

Step	Action		
4	Review the responses to question M (subquestion 2) of Section VIII of the Form 65, **"How did you hold title to the home – solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?"**		
	If…	**Then…**	
	all of the applicants who responded "PR" to question M (subquestion 1) responded "S" or "O" to this question	Enter "false" in the *Borrower First Time Homebuyer Indicator*. No further action is necessary.	
	any of the applicants responded "PR" to question M (subquestion 1) responded "SP" to this question	Review Section III, Borrower Information, on page 1 of the Form 65 to determine the marital status and number of dependents for each applicant who responded "SP."	
		If the applicant's marital status is either...	**Then…**
		"unmarried" (and he or she has dependents) or "separated" (regardless of whether he or she has any dependents)	The applicant qualifies as a "single-parent" or a "displaced homemaker," therefore, enter "true" in the Borrower First Time Homebuyer Indicator. No further action is necessary.
		"married" or "unmarried" (and he or she has no dependents)	Enter "false" in the Borrower First Time Homebuyer Indicator. No further action is necessary.

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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

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

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

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

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

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.

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

BIWEEKLY MORTGAGES

Form Title	Freddie Mac Form No.	Version
Multistate Biweekly Fixed Rate Note	3288	9/10
Multistate Biweekly Payment Rider (Fixed Rate)	3198	9/10
Multistate Biweekly Fixed Rate Note (Without Conversion)	3289	9/10
Multistate Biweekly Payment Rider (Fixed Rate – without Conversion)	3199	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 (New Note)	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.

Mortgage Loan Originator & Mortgage Licensing System and Registry Identification Number

Originators must add the following language to the last page of the Note and the last page of the Security Instrument, below the signature lines and any notary section, to comply with the Truth in Lending Act and Regulation Z (12 C.F.R. § 1026.36(g)), in the space immediately below the Borrower signature lines and any notary section.

> Mortgage Loan Originator_____
> Nationwide Mortgage Licensing System and Registry Identification Number
> _____

On the Note and in the Puerto Rico Security Instrument, originators must add the following:

Los originadores hipotecarios deberan agregar el siguient languaje a la ultima pagina para cumplir con la Ley de Veracidad y Regulaciones en Creditos (TILA siglas en Ingles) Z (12 C.F.R. §1026.36(g)), en el espacio debajo de la firma del Prestatario y en la seccion notarial.

> Originador del Prestamo Hipotecario_____
> Sistema National de Licencias Hipotecarias y Registro de Numeros de Identificacion_____

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."

Nevada

Originators may add the following language, if required under Nevada law, in the space immediately below and to the left of the text, “Space Above this Line for Recording Data”:

[Mortgage Broker’s Name]
NV License #_____

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."

Nevada

Originators may add the following language, if required under Nevada law, in the space immediately below and to the left of the text, “Space Above this Line for Recording Data”:

[Mortgage Broker's Name]
NV License # _____

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 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," 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. 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.

Mortgage Loan Originator & Mortgage Licensing System and Registry Identification Number

Originators must add the following language to the last page, below the Borrower signature lines and any notary section, to comply with the Truth in Lending Act and Regulation Z (12 C.F.R. § 1026.36(g)), in the space immediately below the Borrower signature lines and any notary section.

Mortgage Loan Originator_____
Nationwide Mortgage Licensing System and Registry Identification Number

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.

RESPA Citation

Originators may amend the “Definitions” section of the Security Instrument to update the citation to Regulation X in subsection (O) “RESPA” (or in subsection (P) “RESPA,” as applicable) as follows:

(a) Delete the parenthetical after Regulation X (24 C.F.R. Part 3500), and

(b) Insert a new parenthetical after Regulation X, which reads as follows:

(12 C.F.R. Part 1024)

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.

Interest Rate

Originators may add the following notice to the end of the second sentence in the definition of (D) “Note” on Page 1 of the instrument (or add an Interest Rate Rider to the Mortgage that replaces the definition of (D) “Note” in the Mortgage and includes the following language), if the loan is a fixed-rate Mortgage loan:

> …at the rate of ____%

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.

Refinancing

Originators may add the following legend, in **bold or capitalized letters**, to this document for refinance transactions when applicable (see MD Code Ann., Real Prop. § 7-112):

"THIS IS A REFINANCE OF A DEED OF TRUST/MORTGAGE/OTHER SECURITY INSTRUMENT RECORDED AMONG THE LAND RECORDS OF ..... COUNTY/CITY, MARYLAND IN LIBER NO. ..... FOLIO ....., IN THE ORIGINAL PRINCIPAL AMOUNT OF ....., AND WITH THE UNPAID OUTSTANDING PRINCIPAL BALANCE OF ..... . THE INTEREST RATE PROVIDED FOR IN THE EVIDENCE OF INDEBTEDNESS SECURED BY THIS REFINANCE MORTGAGE IS LOWER THAN THE APPLICABLE INTEREST RATE PROVIDED FOR IN THE EVIDENCE OF INDEBTEDNESS SECURED BY THE DEED OF TRUST/MORTGAGE/OTHER SECURITY INSTRUMENT BEING REFINANCED."

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 _____.

Name of Mortgage Loan Originator

Effective July 1, 2008, Lenders must add the following language as a new paragraph (C-2) after paragraph (C-1), if required under Massachusetts law

(Massachusetts General Laws, Annotated Chapter 183 § 6D (2007) related to the use of a Mortgage Loan Originator). If there is no Mortgage Loan Originator or the Mortgage Loan Originator is unknown, the blanks should be completed to indicate "no Mortgage Loan Originator" or "unknown," as applicable.

> (C-2) "Mortgage Loan Originator" is _____.
> Mortgage Loan Originator's post office address _____
> and Mortgage Loan Originator's license number is _____.

When making this authorized change to Mortgage Electronic Registration System (MERS) please add the required language as (D-2) *.

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 _____.

V. 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 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 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 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 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.

VI. 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.

VII. 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

VIII. 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)

IX. 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, DATED 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 Section 3.F.:

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.

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 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

7. The Servicer MUST amend the document as follows if the Borrower is using loan proceeds funded by the federal Hardest Hit Funds program and administered by a

state Housing Finance Agency to reduce the unpaid principal balance of the Mortgage:

(a) Delete the existing 1.H and replace it with the following as a new Section 1.H.:

H. My state Housing Finance Agency ("HFA") has determined that I qualify for a mortgage assistance program ("HFA Program") using federal Hardest Hit Funds to pay down a portion of the unpaid principal balance of my Mortgage ("HFA Funds"). The HFA Funds are to be applied first to reduce the accrued and unpaid interest on the Note as of the Modification Effective Date and any other authorized amounts advanced by the Lender and secured by the Mortgage, then to reduce the unpaid principal balance of the Mortgage.

(b) Insert after 2.A. the following as a new Section 2.B.:

B. Unless and until the Lender has received confirmation from the HFA of final approval for assistance under the HFA Program and the Lender has received the HFA Funds, the HFA Funds will not be applied to reduce the amounts set forth in Section 1.H.; and

(c) Delete the existing Section 3.B. and replace it with the following new Section 3.B.:

B. The modified principal balance of my Note will include all amounts and arrearages that will be past due as of the Modification Effective Date (including unpaid and deferred interest, fees, escrow advances and other costs, but excluding unpaid late charges, collectively, "Unpaid Amounts") less any amounts paid to the Lender but not previously credited to my Loan, and less $_____, representing the amount of the HFA Funds. The new principal balance of my Note will be $_____ (the "New Principal Balance"). I understand that the HFA Funds will be applied first to the Unpaid Amounts, then to the outstanding principal balance. I understand that any remaining Unpaid Amounts not reduced by the HFA Funds will be added to the outstanding principal balance, and that any such Unpaid Amounts may accrue interest based on the interest rate in effect under this Agreement. I also understand that this means interest may now accrue on any unpaid Interest that may be added to the outstanding principal balance, which would not happen without this Agreement.

(d) Insert after 4.O. the following as a new Section 4.P.:

P. That I am in compliance with the requirements of the HFA Program, and that I will comply with the covenants, agreements, and requirements of the HFA Program and any related documentation. I will execute such

other documents that are reasonably necessary to consummate the transaction offered under the HFA Program, and will cooperate fully with Lender and the HFA to ensure that the preconditions of this Agreement are satisfied.

(e) Adjust section numbering as necessary.

Exhibit 6

Matrix of Remittance Cycle Options

	Available Remittance Cycles	Price/Required Spread Adjustment
Fixed-rate Cash[1]	Gold remittance cycle First Tuesday remittance cycle	Contract price reflects the remittance cycle chosen in the Cash Contract
WAC ARM Cash	ARC[2] 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[2] 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]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.

[2]Three-day ARC operates the same as the Gold remittance cycle.

Exhibit 7

Electronic Initial Loan Documents

The following list of documents used in the initial loan origination process may be created as Electronic Records and signed with Electronic Signatures (if signing is required) and are identified here as Eligible Electronic Transactions under Chapter 3, Special Requirements for Electronic Transactions. Please review Chapter 3 in its entirety for complete requirements.

Eligible Initial Electronic Loan Documents

- Initial loan application (Final loan application at closing must be a paper copy and signed with pen & ink)
- Real Estate Purchase and Sale Agreement (See Section 3.10)
- Initial Good Faith Estimate (GFE)
- Initial Truth in Lending (TILA)/Regulation Z Disclosures
- Initial Consumer Mortgage Product Disclosures
- Other Initial Federal & State Consumer Disclosures
- Internal Revenue Service (IRS) forms
- Other initial documents or forms required by the Seller for the Seller's use only that do not require notarization or witnesses

When using this Freddie Mac permitted initial electronic loan documents list, the Seller is responsible for compliance with all federal, State and local laws and regulations, as well as meeting any applicable requirements of governmental agencies governing the use of any Electronic Records or Electronic Signatures.

Exhibit 8

Delivery Balance Examples

DELIVERY BALANCE EXAMPLES

30 YEAR, FIXED-RATE $150,000.00 MORTGAGE @ 7.50%

INSTALLMENT DUE DATE	PRINCIPAL REDUCTION	INTEREST DUE	SCHEDULED UNPAID BAL	LAST PAID INSTALLMENT DUE 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 “last paid installment due dates.”

CASE I: For Mortgages sold to Freddie Mac under:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

Borrower has not yet paid an installment.

MONTH OF FREDDIE MAC SETTLEMENT	UPB AMOUNT	LAST PAID INSTALLMENT DUE 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

CASE II: For Mortgages sold to Freddie Mac under:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

Borrower paid only the June 1 installment.

MONTH OF FREDDIE MAC SETTLEMENT	UPB AMOUNT	LAST PAID INSTALLMENT DUE DATE
June	$149,888.68	06/01/xxxx
July	149,776.66	07/01/xxxx

CASE III: For Mortgages sold to Freddie Mac under:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

Borrower has paid the June 1 installment plus a $200.00 partial principal prepayment (curtailment).

MONTH OF FREDDIE MAC SETTLEMENT	UPB AMOUNT	LAST PAID INSTALLMENT DUE DATE
June	$149,888.68*	06/01/xxxx
July	149,776.66	07/01/xxxx

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* NOTE: If the curtailment is posted before the June 1 installment, the UPB amount will equal $149,688.68.

CASE IV: For Mortgages sold to Freddie Mac under:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

On May 1, the Borrower pays advanced (prepaid) installments for June 1, July 1 and August 1, and makes no subsequent payment until September 1.

MONTH OF FREDDIE MAC SETTLEMENT	UPB AMOUNT	LAST PAID INSTALLMENT DUE DATE
May	$149,663.95	08/01/xxxx
June	149,663.95	08/01/xxxx
July	149,663.95	08/01/xxxx
August	149,663.95	08/01/xxxx

CASE V: For Mortgages sold to Freddie Mac through the Selling System's Servicing Released Sales Process.

The Mortgage closes in April and is funded by Freddie Mac in May. The first Borrower payment is due June 1.

FREDDIE MAC FUNDING DATE	UPB AMOUNT	LAST PAID INSTALLMENT DUE DATE
May 10 or earlier	$150,000.00	05/01/xxxx
May 11 or later	149,888.68	06/01/xxxx

CASE VI: For Mortgages sold to Freddie Mac under:

- Fixed-rate Cash
- Fixed-rate Guarantor
- MultiLender Swap

The Mortgage closes on April 5 and the Borrower received an interest credit from the lender at closing from April 1 through April 4.

MONTH OF FREDDIE MAC SETTLEMENT	UPB AMOUNT	LAST PAID INSTALLMENT DUE DATE
April	$150,000.00	04/01/xxxx or 4/05/xxxx
May	149,888.68	05/01/xxxx

Exhibit 9

Signature and Acknowledgement Forms For Living Trusts

Form to be inserted in Borrower's signature lines for signature of an Underwritten Settlor of a Living Trust on the Note when the Underwritten Settlor also is signing the Note as a trustee of the Living Trust ("Underwritten Settlor/trustee Form")

Signature: _____
[Name of Settlor/Trustee]

Individually and as Trustee of the _____[insert complete legal name of the trust] _____Trust,

under Trust Agreement dated _____

Alternate method for signature of an Underwritten Settlor of a Living Trust on the Note when the Underwritten Settlor also is signing the Note as a trustee of the Living Trust

In lieu of using the Underwritten Settlor/trustee Form, the Underwritten Settlor and trustee may instead sign the Note as follows:

- Individually in the Borrower's signature lines; and
- As trustee using the form for signature of a trustee of a Living Trust on the Note and Security Instrument indicated below

Form to be inserted in Borrower's signature lines for signature of a trustee of a Living Trust on the Note and Security Instrument

Signature: _____
[Name of Trustee]

As Trustee of the _____ [insert complete legal name of the trust]

_____Trust,

under Trust Agreement dated _____

[Acknowledgment by notary public on Security Instrument]

Form for acknowledgment of an Underwritten Settlor of a Living Trust on the Security Instrument ("Form for Acknowledgment")

_____

Settlor of the _____ [insert complete legal name of the trust]

_____Trust,

under Trust Agreement dated _____
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:

_____(Seal)

[Acknowledgment by notary public]

Alternate method for acknowledgment of an Underwritten Settlor of a Living Trust on the Security Instrument

In lieu of using the Form for Acknowledgment, the Seller instead may use a rider to the Security Instrument that is signed by the trustee(s) of the Living Trust and acknowledged by the Settlor of the Living Trust (using the form indicated below) which states:

- The term "Borrower" when used in the Security Instrument includes the Settlor, the Living Trust, and the trustee(s) of the Living Trust, jointly and severally; and
- The Settlor and the trustee(s) of the Living Trust each agree that, whether or not each such party is named as "Borrower" in the Security Instrument, each covenant and agreement of "Borrower" in the Security Instrument shall be:
  - Such party's covenant and agreement as "Borrower"; and
  - Enforceable by "Lender" as if such party were named as "Borrower" in the Security Instrument

The Fannie Mae Revocable Trust Rider (Sample Language) is an acceptable form of rider. The Seller should have qualified legal counsel review any rider for compliance with applicable law.

If a rider is used in lieu of the Form for Acknowledgment, the Seller must have each Underwritten Settlor acknowledge the Security Instrument and any rider as follows:

_____,

Settlor of the _____ [insert complete legal name of the trust]

_____Trust

under Trust Agreement dated _____,
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:

_____(Seal)

[Acknowledgment by notary public]

Exhibit 10

Freddie Mac-Approved Mortgage Insurers

This Exhibit is now maintained on Freddie Mac's website at the following URL:
http://www.freddiemac.com/sell/guide/mortgage_insurers.html

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

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

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 assessing 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 Assessments, as defined herein below; and

WHEREAS, the System has the capacity to provide assessments with respect to Jumbo, Conforming and Subprime Loans ("Assessments") as well as Third-Party Products, as defined in Section 5.2 below; and

WHEREAS, the capacity of the System for assessing Conforming Loans exceeds the current needs of Freddie Mac; and

WHEREAS, Customer desires to use the System for the purpose of obtaining Assessments 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 Assessments 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 (such as the Freddie Mac *Single-Family Seller/Servicer Guide*) 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 Assessments, 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*) on an Assessment 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 Interfaces provided by third parties (the "Interface Providers") and has approved such Interfaces 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. A list of current Interface Providers is available from Freddie Mac upon request. Customer agrees that, notwithstanding any such testing and approval by Freddie Mac or any other actions by Freddie Mac related to an 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 will 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 released by Freddie Mac. Freddie Mac agrees to notify Customer, either directly or by notice to the Interface Provider used by Customer, 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. Customer further recognizes and 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 Customer 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 Customer; however, Freddie Mac will endeavor to provide Customer with as much advance notice of any such termination as Freddie Mac considers practicable under the circumstances.

Customer recognizes that it is responsible for controlling access to the System through Customer's loan origination system and the Interface. Customer 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. Customer accepts all risks and liability resulting from any failure to adopt and maintain such industry best practices. 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 Assessments 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 Assessment 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, Assessments, 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 Assessments 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 has the right to grant to Customer the rights granted by 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 Assessments 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 recreate the source code for any Proprietary Item, or reengineer, 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 assessing 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 Assessments 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 assessing 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 assessing Conforming, Subprime and Jumbo Loans, and that it knowingly accepts any and all risks which may result from its use of the System to assess 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 Assessments 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 assessing 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.

The terms applicable to Third-Party Products, including fees payable for use of such Third-Party Products, shall be displayed in the System, and Customer's use of one or more Third-Party Products shall be deemed to constitute Customer's acceptance of and agreement to comply with all such terms.

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 Assessments of Conforming, Subprime and Jumbo Loans, Customer will use for such purpose its own 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 Assessment, 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 Assessments through the System, including information on defaults, delinquencies and foreclosures on such Loans.

VII. COMPLIANCE WITH APPLICABLE LAWS.

7.1 Customer's Representations and Warranties.

Customer represents and warrants that (a) Customer shall comply with all applicable laws in connection with all loans and loan application data that it assesses through the System, including, but not limited to, the Real Estate Settlement Procedures Act, the Truth In Lending Act, the Fair Housing Act, the Equal Credit Opportunity Act ("ECOA"), the Fair Credit Reporting Act, and applicable privacy and data security laws; (b) Customer 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) Customer will rely upon its own counsel to ensure compliance with ECOA, FCRA, and other applicable laws; (d) Customer has the legal right to obtain credit reports with respect to borrowers whose mortgage loans or loan application data are assessed by the System; and (e) to the extent required by applicable law, Customer will obtain each borrower's written consent to obtain where legally required, any other information required by the System. Customer acknowledges and agrees that the System does not analyze compliance with laws, regulations, or ordinances, or with any requirements imposed by a regulator.

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 Assessments 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 Assessments from the System, and for which

the Customer 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 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 first submits loan application data for assessment by the System 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 Assessments 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 application data 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 data 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 assessing 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.

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 Third-Party Products 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 Customer 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 Customer 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.

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 State of New York, without regard to provisions concerning conflicts of law.

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 17S—Available Mortgage Products

Eligible Fixed-Rate Mortgages[1]				
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product[2] (MultiLender)**	**Loan Reference Product Label**	**Previous Loan Product** (For reference purposes only)
40-Year Fixed-Rate[16]				
40-Year Fixed-Rate Conventional	40-Year Gold PC® 40-Year mini-Gold PC		40-Year Fixed-Rate Conventional	40-Year Fixed-Rate Conventional
30-Year Fixed-Rate				
	30-Year mini-Gold PC[12]		30-Year Fixed-Rate Conventional	30-Year Fixed-Rate Conventional
20-Year Fixed-Rate				
	20-Year mini-Gold PC[12] 30-Year Gold PC 30-Year mini-Gold PC[12]	30-Year Gold PC[2]	20-Year Fixed-Rate Conventional	20-Year Fixed-Rate Conventional
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 Fixed-Rate Conventional
Miscellaneous				
30-Year Affordable Merit Rate	N/A	N/A	30-Year Fixed-Rate Conventional	30-Year Affordable Merit Rate

Legend:

1 For current information regarding fixed-rate 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.

12 Super conforming Mortgages may not be pooled in mini-Gold PC Pools.

16 Effective for Mortgages with Application Received Dates on or after January 10, 2014, Mortgages with original maturities in excess of 30 years are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Mortgages with original maturities in excess of 30 years and Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

Exhibit 17S—Available Mortgage Products

Eligible Fixed-Rate Mortgages[1]				
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product (MultiLender)**	**Loan Reference Product Label**	**Previous Loan Product** (For reference purposes only)
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 30-Year Fixed-Rate VA 30-Year Fixed-Rate Public And Indian Housing 30-Year Fixed-Rate USDA Rural Housing	30-Year Fixed-Rate FHA 203b 30-Year Fixed-Rate VA 30-Year Fixed-Rate HUD-Guaranteed Section 184 Native American 30-Year assumable Fixed-Rate 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 20-Year Fixed-Rate VA 20-Year Fixed-Rate Public And Indian Housing	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 15-Year Fixed-Rate VA 15-Year Fixed-Rate Public And Indian Housing	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 Fixed-Rate USDA Rural Housing	30-Year non-assumable 502 Guaranteed Rural Housing (GRH)
30-Year non-assumable 502 Guaranteed Rural Housing (GRH)	30-Year Gold PC High LTV > 105 to < 125	N/A	30-Year Fixed-Rate USDA Rural Housing*	30-Year non-assumable 502 Guaranteed Rural Housing (GRH)

* 30-Year non-assumable Section 502 GRH Mortgages with LTV ratios greater than 105% and less than or equal to 115% must be delivered in a 30-Year Gold PC High LTV > 105% to < 125%.

Exhibit 17S—Available Mortgage Products

Eligible Fixed-Rate Mortgages[1]				
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product (MultiLender)**	**Loan Reference Product Label**	**Previous Loan Product** (For reference purposes only)
Prepayment Penalty Fixed-Rate Mortgages[17]				
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 20-Year Fixed-Rate Conventional	30-Year Fixed-Rate Conventional 20-Year Fixed-Rate Conventional
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 Fixed-Rate Conventional
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	30-Year Fixed-Rate Conventional Mortgage
			20-Year Fixed-Rate Conventional	20-Year Fixed-Rate Conventional Mortgage
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

Legend:

1 For current information regarding fixed-rate 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 17.17 and Exhibit 22

17 Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

Exhibit 17S—Available Mortgage Products

Eligible Fixed-Rate Mortgages[1]				
Contract Product (Cash)	**Security Product (Guarantor)**	**Security Product (MultiLender)**	**Loan Reference Product Label**	**Previous Loan Product** (For reference purposes only)
Fixed-rate Relief Refinance Mortgages with loan-to-value (LTV) ratios >105%[15]				
30-Year Fixed-Rate Conventional	30-Year Gold PC High LTV >105 to ≤125 30-Year Gold PC High LTV >125 30-Year 100% super conforming Gold PC High LTV >105 to ≤125[13] 30-Year 100% super conforming Gold PC High LTV >125	N/A	30-Year Fixed-Rate Conventional	30-Year Fixed-Rate Conventional
20-Year Fixed-Rate Conventional	20-Year Gold PC High LTV >105 to ≤125 20-Year Gold PC High LTV >125 20-Year 100% super conforming Gold PC High LTV >105 to ≤125[13] 20-Year 100% super conforming Gold PC High LTV >125	N/A	20-Year Fixed-Rate Conventional	20-Year Fixed-Rate Conventional
15-Year Fixed-Rate Conventional	15-Year Gold PC High LTV >105 to ≤125 15-Year Gold PC High LTV >125 15-Year 100% super conforming Gold PC High LTV >105 to ≤125[13] 15-Year 100% super conforming Gold PC High LTV >125	N/A	15-Year Fixed-Rate Conventional	15-Year Fixed-Rate Conventional

Legend:

1 For current information regarding fixed-rate 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).

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.

15 As announced in Bulletin 2011-22, effective **February 1, 2012**, fixed-rate Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 125% will be eligible for purchase under fixed-rate Cash. Also as announced in Bulletin 2011-22, effective **March 15, 2012**, fixed-rate Relief Refinance Mortgages – Open Access with LTV ratios greater than 125% will be eligible for purchase under fixed-rate Cash. See Sections A24.4 and B24.4 respectively for additional information and delivery requirements. Relief Refinance Mortgages with LTV ratios greater than 125% will be eligible for purchase under the fixed-rate Guarantor program effective for Mortgages with Settlement Dates on or after **June 1, 2012**.

Exhibit 17S—Available Mortgage Products

Eligible 100% super conforming fixed-rate Mortgages[14]				
Contract Product (Cash)	**Security Product[13] (Guarantor)**	**Security Product (MultiLender)**	**Loan Reference Product Label**	**Previous Loan Product** (For reference purposes only)
30-Year Fixed-Rate				
N/A	30-Year 100% super conforming	30-Year 100% super conforming	30-Year Fixed-Rate Conventional	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	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	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(e)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—Available Mortgage Products

ARMs Eligible Under WAC ARM Cash

Reference Product Label	Index Source Type	Interest and Payment Adjustment Index Lead Days Count[7] (days)	Initial Fixed Period Effective Months Count[8] (months)	Per Change Rate Adjustment Frequency Months Count (months)	Initial Cap %	Periodic Cap %	Life Cap %
1-Year Weekly Constant Maturity Treasury (CMT) Index							
3/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	36	12	2	2	6
5/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	60	12	2	2	5
7/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	84	12	5	2	5
10/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	120	12	5	2	5
1-Year LIBOR Index							
3/1 ARM	LIBOR One-Year WSJ Daily	45	36	12	2	2	5 or 6
5/1 ARM	LIBOR One-Year WSJ Daily	45	60	12	2	2	5 or 6
7/1 ARM	LIBOR One-Year WSJ Daily	45	84	12	5	2	5
10/1 ARM	LIBOR One-Year WSJ Daily	45	120	12	5	2	5

Legend:

7 The related Guide Glossary term is Lookback Period —“45” means 45 days preceding the Interest Change Date

8 The related Guide Glossary term is Initial Period. The Initial Period may be shorter or longer than the number of months specified, see Section 30.7(a)

Exhibit 17S—Available Mortgage Products

ARMs Eligible Under WAC ARM Guarantor[9]

Reference Product Label	Index Source Type	Interest and Payment Adjustment Index Lead Days Count[7] days)	Initial Fixed Period Effective Months Count[8] (months)	Per Change Rate Adjustment Frequency Months Count (months)	Initial Cap %	Periodic Cap %	Life Cap %
1-Year Constant Maturity Treasury (CMT) Index							
1/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	12	12	1	1	Less than or equal to 6
1/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	12	12	2	2	Less than or equal to 6
3/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	36	12	2	2	Less than or equal to 6
5/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	60	12	2	2	Less than or equal to 6
7/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	84	12	2	2	Less than or equal to 6
7/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	84	12	3	2	Less than or equal to 6
7/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	84	12	5	2	6
7/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	84	12	*	2	Less than or equal to 6
10/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	120	12	2	2	Less than or equal to 6
10/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	120	12	3	2	Less than or equal to 6
10/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	120	12	5	2	6
10/1 ARM	Weekly One-Year Treasury Securities Constant Maturity FRBH15	45	120	12	*	2	Less than or equal to 6
3-Year Weekly Constant Maturity Treasury (CMT) Index							
3/3 ARM	Weekly Three-Year Treasury Securities Constant Maturity FRBH15	45	36	36	2	2	Less than or equal to 6
5-Year Weekly Constant Maturity Treasury (CMT) Index							
5/5 ARM	Weekly Five-Year Treasury Securities Constant Maturity FRBH15	45	60	60	2	2	Less than or equal to 6

Legend:

7 The related Guide Glossary term is Lookback Period —"45" means 45 days preceding the Interest Change Date

8 The related Guide Glossary term is Initial Period. 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 17.17 and Exhibit 22

* The Initial Cap must be the same as the Life Cap

Exhibit 17S—Available Mortgage Products

ARMs Eligible Under WAC ARM Guarantor[9]

Reference Product Label	Index Source Type	Interest and Payment Adjustment Index Lead Days Count[7] (days)	Initial Fixed Period Effective Months Count[8] (months)	Per Change Rate Adjustment Frequency Months Count (months)	Initial Cap %	Periodic Cap %	Life Cap %
1-Year LIBOR Index							
1/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	12	12	2	2	Less than or equal to 6
3/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	36	12	2	2	Less than or equal to 6
5/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	60	12	2	2	Less than or equal to 6
7/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	84	12	2	2	Less than or equal to 6
7/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	84	12	5	2	Less than or equal to 6
10/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	120	12	2	2	Less than or equal to 6
10/1 ARM	LIBOR One-Year WSJ Daily	FBD or 45	120	12	5	2	Less than or equal to 6
6-Month LIBOR Index							
6-Month ARM	Six-Month LIBOR WSJ Daily	FBD	6	6	1	1	Less than or equal to 6
7-Year/6-Month ARM	Six-Month LIBOR WSJ Daily	FBD	84	6	5	1	Less than or equal to 6
10 Year/6-Month ARM	Six-Month LIBOR WSJ Daily	FBD	120	6	5	1	Less than or equal to 6

Legend:

7 The related Guide Glossary term is 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 related Guide Glossary term is Initial Period. 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 17.17 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.

RELIEF REFINANCE MORTGAGE DELIVERY FEE CAP				
			LTV Ratios	
			All Eligible	
Property Type	**Product**	**Amortization Term**	**≤ 80%**	**> 80%**
Relief Refinance Investment Property Mortgages	**All Eligible Product**	**All Eligible**	2.00%	2.00%
All Other Relief Refinance Mortgages	**Fixed Rate**	**≤ 20 years**	2.00%	0.00%
	Fixed Rate	**> 20 years**	2.00%	0.75%
	ARMs	**All Eligible**	2.00%	0.75%

Table of Contents for Delivery Fees

40-Year Fixed-Rate Mortgages	8	Indicator Score / Loan-to-Value	4, 5
Adjustable Rate Mortgages	8	Indicator Score / Loan-to-Value – Relief Refinance Mortgages	6, 7
Cash-Out Refinance Mortgages Indicator Score / Loan-to-Value	9	Investment Property Mortgages	11
Condominium Unit Mortgages	9	Manufactured Homes	11
CS/LTV Delivery Fees (“A-Minus Fees”) – LP Mortgages	14	Market Condition	3
CS/LTV Delivery Fees (“A-Minus Fees”) – Non-LP Mortgages	14	Number of Units	11
Eligibility for CS/LTV Delivery Fees (“A-Minus Fees”) – LP & Non-LP	15	Property Inspection Alternative	11
Flexible Mortgage Insurance Options	10	Relief Refinance Mortgage Delivery Fee Cap	1
High LTVs	10	Secondary Financing	12
Home Possible® Mortgages	10	Super Conforming Mortgages	13

Delivery Fees that Apply to All Mortgage Purposes and Mortgage Product Types, including Mortgages sold with recourse:

MARKET CONDITION Effective for Settlements on or before March 31, 2014	
Product	**All Eligible**
All Eligible Product	0.25%

MARKET CONDITION Effective for Settlements on or after April 1, 2014		
Product	**State** where Mortgaged Premises is located	**LTV Ratios**
		All Eligible
All Eligible Product	**Connecticut**	0.25%
	Florida	0.25%
	New Jersey	0.25%
	New York	0.25%
	All Other	0.00%

Exhibit 19—Postsettlement Delivery Fees

The following Indicator Score / Loan-to-Value Grid applies to all Mortgages with the exception of Relief Refinance Mortgages, 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 FOR MORTGAGES OTHER THAN RELIEF REFINANCE MORTGAGES [3] Effective for Settlements on or before March 31, 2014							
Product	**Credit Score [1, 2]**	**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%

1 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.

2 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

3 Sellers should refer to the Guide and their other 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 Relief Refinance Mortgages, 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 FOR MORTGAGES OTHER THAN RELIEF REFINANCE MORTGAGES [3] Effective for Settlements on or after April 1, 2014								
Product	**Credit Score [1, 2]**	**LTV Ratios**						
		All Eligible						
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85% & ≤ 90%**	**> 90% & ≤ 95%**
All Eligible Product	**≥ 800**	0.00%	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%
	≥ 780& < 800	0.00%	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%
	≥ 760 & < 780	0.00%	0.25%	0.25%	0.75%	1.00%	1.00%	1.00%
	≥ 740 & < 760	0.00%	0.25%	0.50%	0.75%	1.50%	1.50%	1.50%
	≥ 720 & < 740	0.00%	0.25%	1.00%	1.25%	1.50%	2.00%	2.00%
	≥ 700 & < 720	0.00%	0.75%	1.50%	1.75%	2.00%	2.25%	2.25%
	≥ 680 & < 700	0.25%	0.75%	2.25%	2.50%	2.50%	2.50%	2.50%
	≥ 660 & < 680	0.25%	1.25%	2.25%	2.75%	3.25%	2.75%	2.75%
	≥ 640 & < 660	0.75%	1.50%	2.75%	3.25%	3.50%	3.00%	3.00%
	≥ 620 & < 640	0.75%	1.75%	3.25%	3.25%	3.50%	3.50%	3.50%
	< 620	0.75%	1.75%	3.25%	3.25%	3.50%	3.50%	3.50%

1 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.

2 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

3 Sellers should refer to the Guide and their other 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 Relief Refinance Mortgages with the exception of 15-year fixed rate Mortgages.

INDICATOR SCORE / LOAN-TO-VALUE FOR RELIEF REFINANCE MORTGAGES [3] Effective for Settlements on or before March 31, 2014							
Product	**Credit Score [1, 2]**	**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%	0.00%	0.00%
	≥ 720 & < 740	-0.25%	0.00%	0.25%	0.50%	0.00%	0.00%
	≥ 700 & < 720	-0.25%	0.50%	0.75%	1.00%	0.50%	0.50%
	≥ 680 & < 700	0.00%	0.50%	1.25%	1.75%	1.00%	0.75%
	≥ 660 & < 680	0.00%	1.00%	2.25%	2.75%	2.25%	1.75%
	≥ 640 & < 660	0.50%	1.25%	2.75%	3.00%	2.75%	2.25%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	2.75%	2.75%
	< 620	0.50%	1.50%	3.00%	3.00%	2.75%	2.75%

1 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.

2 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

3 Sellers should refer to the Guide and their other 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 Relief Refinance Mortgages with the exception of 15-year fixed rate Mortgages.

INDICATOR SCORE / LOAN-TO-VALUE FOR RELIEF REFINANCE MORTGAGES [3] Effective for Settlements on or after April 1, 2014									
Product	**Credit Score [1, 2]**	**LTV Ratios**							
		All Eligible							
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85% & ≤ 90%**	**> 90% & ≤ 95%**	**> 95%**
All Eligible Product	**≥ 800**	0.00%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.25%
	≥ 780 & < 800	0.00%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.25%
	≥ 760 & < 780	0.00%	0.25%	0.25%	0.75%	0.75%	0.75%	0.75%	0.25%
	≥ 740 & < 760	0.00%	0.25%	0.50%	0.75%	1.25%	1.25%	1.25%	0.25%
	≥ 720 & < 740	0.00%	0.25%	1.00%	1.25%	1.00%	1.50%	1.50%	0.25%
	≥ 700 & < 720	0.00%	0.75%	1.50%	1.75%	1.50%	1.75%	1.75%	0.75%
	≥ 680 & < 700	0.25%	0.75%	2.25%	2.50%	2.00%	2.00%	2.00%	1.00%
	≥ 660 & < 680	0.25%	1.25%	2.25%	2.75%	2.75%	2.25%	2.25%	2.00%
	≥ 640 & < 660	0.75%	1.50%	2.75%	3.25%	3.00%	2.50%	2.50%	2.50%
	≥ 620 & < 640	0.75%	1.75%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%
	< 620	0.75%	1.75%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%

1 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.

2 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

3 Sellers should refer to the Guide and their other 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 Effective for Settlements on or before July 31, 2014	
Product	**LTV Ratios**
	All Eligible
All Eligible Product	0.125%

40-YEAR FIXED-RATE MORTGAGES Effective for Settlements on or after August 1, 2014, 40-Year Fixed Rate Mortgages are not eligible for Sale.

ADJUSTABLE RATE MORTGAGES [4]		
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%	

4 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.

CASH-OUT REFINANCE MORTGAGES INDICATOR SCORE / LOAN-TO-VALUE [6]					
	Credit Score [1, 2]	LTV Ratios			
		All Eligible			
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%
All Eligible Product	≥ 740	0.000%	0.250%	0.250%	0.500%
	≥ 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%

1 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.

2 Mortgages without an Indicator Score will be charged the below 620 Indicator Score / Loan-to-Value Fee.

6 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.

CONDOMINIUM UNIT MORTGAGES [7]	
Product	LTV Ratios
	All Eligible
	> 75%
All Eligible Product	0.75%

7 15 Year Fixed Rate Mortgages and Home Possible Mortgages are not subject to the Condominium Unit Mortgage Fee.

FLEXIBLE MORTGAGE INSURANCE OPTIONS [8]			
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%
	ARM	0.50%	0.75%

8 Freddie Mac Relief Refinance Mortgages are not subject to the Flexible Mortgage Insurance Options Delivery Fees.

MORTGAGES WITH HIGH LTVs [9]			
Product	LTV Ratios		
	All Eligible		
	> 95% & ≤ 97%	> 97% & ≤ 105 %	> 105%
All Eligible Product	0.50%	1.00%	2.00%

9 Applies to Freddie Mac Relief Refinance Mortgages only.

HOME POSSIBLE MORTGAGES			
Product	Area Median Income	Loan Purpose	LTV Ratios
			All Eligible
All Eligible Product	≤ 80%	Purchase	1.00%
	≤ 80%	Refinance	1.50%
	> 80%	All Eligible Loan Purpose	1.50%

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%	1.00%	1.00%	1.00%
	3-4	1.00%	1.00%	1.00%	1.00%	1.50%	2.00%	2.00%
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

MORTGAGES WITH SECONDARY FINANCING OTHER THAN RELIEF REFINANCE MORTGAGES [10,11]				
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%

10 A secondary financing delivery fee will not be assessed on a Mortgage with a HELOC balance of zero at loan closing.
11 A secondary financing delivery fee will not be assessed on a Mortgage with an Affordable Second meeting the requirements of Section 25.1(g).

RELIEF REFINANCE MORTGAGES WITH SECONDARY FINANCING [10,11]				
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%	0.50%
	> 90% & ≤ 95%	> 90% & ≤ 95%	0.50%	0.25%
	ALL	> 95%	1.50%	1.50%

10 A secondary financing delivery fee will not be assessed on a Mortgage with a HELOC balance of zero at loan closing.
11 A secondary financing delivery fee will not be assessed on a Mortgage with an Affordable Second meeting the requirements of Section 25.1(g).

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 [12, 13]			
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

12 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.

13 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 [3, 14, 15]						
Product	Non-LP Mortgages Subject to A-Minus Fees	Credit Score [16, 17]	LTV Ratios			
			All Eligible			
			≤ 60%	> 60% & ≤ 75%	> 75% & ≤ 90%	> 90%
All Eligible Product	See Eligibility Chart on Page 15	≥ 700 & ≤ 850	1.25%	1.25%	1.25%	1.25%
		≥ 660 & ≤ 699	1.25%	1.25%	2.75%	1.50%
		≥ 620 & ≤ 659	1.25%	2.75%	4.00%	2.75%

CS/LTV = Credit Score / Loan-to-Value Non-LP = Non-Loan Prospector

3 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.

14 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").

15 Freddie Mac Relief Refinance Mortgages-Same Servicer are not subject to the CS/LTV ("A-Minus Fees") – Non-LP Mortgages Delivery Fees.

16 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.

17 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.

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") [18]					
Product	**Purpose**	**Property Type**	**LTV**	**Indicator Score**	**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

18 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 19RS—Required Spread Add-On

1. **Required Spread Add-On for all Mortgages** − This Required Spread Add-On Matrix sets forth the amount by which Required Spreads are increased for all Mortgages delivered under Freddie Mac's Guarantor or MultiLender Swap programs. For Mortgages sold through the Freddie Mac Selling System ("Selling System"), the Required Spread Add-On is implemented through the Selling System's Gfee Add-On functionality. For all other delivery paths and executions, the amount set forth below will be reflected in the pricing provided to Sellers.

2. **Required Spread Add-On and Adjustments are Cumulative** − If the Seller's Master Commitment provides that certain Mortgages sold to Freddie Mac are subject to Required Spread Adjustments based on special attributes of the Mortgages, the Required Spread Adjustments and Required Spread Add-On stated below are cumulative. All Add-On and Adjustments are reflected separately in the Selling System.

PAYROLL TAX CUT ACT GFEE ADD-ON Effective for Settlements on or after April 01, 2012	
All Eligible Product	10.0 basis points

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 22

Form of Additional Supplement – Prepayment Penalty Mortgages*

Additional Supplement for Mortgage Participation Certificates (PCs) Prepayment Penalty Mortgages

* Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Dates on or before July 31, 2014.

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 later than the Final Delivery 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.

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 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

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]	Not eligible	Not eligible	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)				
		LTV/TLTV ≤ 95%		
Occupancy	Units	Minimum Indicator Scores for Manually Underwritten Mortgages[3]	Loan Prospector Mortgages – Risk Class Requirement[3]	Guide Section Reference
Home Possible and Home Possible Neighborhood Solution Mortgages (15-, 20-, 30-year fixed-rate purchase Mortgages)	1 (except Manufactured Homes)	660	Accept	A34.8
Home Possible and Home Possible Neighborhood Solution Mortgages (40-year fixed-rate, 5/1, 7/1, 10/1 ARMs, "no cash-out" refinance Mortgages)	1 (except Manufactured Homes)	680	Accept	A34.8
Home Possible and Home Possible Neighborhood Solution Mortgages	2	700	Accept	A34.8
Home Possible Mortgages	3-4	700	Accept	A34.8
Home Possible Mortgages	Manufactured Homes[4]	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 (Seller-Owned Modified, Seller-Owned Converted Mortgages)				
Program	**Purpose**	**Minimum Indicator Score- All loans**	**Loan Prospector Mortgages Risk Class Requirement**	**Guide Section Reference**
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)

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 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%

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 User Guide.** 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.

(c) **Recording and Delivery of Assignment.**

(i) If MERS® 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 User Guide. 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, as applicable, 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. Seller must also retain a copy of the complete loan file and maintain that copy in accordance with the requirements of Chapter 52.

(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 User Guide, as amended from time to time; and Seller shall complete and return any and all required forms contained in the Servicing Transfer Instructions User Guide.

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.

Servicer shall also be responsible for all Designated Custodian-assessed custodial fees, including but not limited to fees for Note certification, safekeeping and release.

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 the Final Documents section of the Servicing Transfer Instructions User Guide have not been delivered to Servicer or the Designated 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 120 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.**

(i) 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.

(ii) 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.

(iii) If Freddie Mac requires repurchase of the Loan sold through the Servicing Released Sales Process, Seller must submit the repurchase proceeds to Freddie Mac through Servicer.

6.5. **Postfund Data corrections.** If after the Sale Date Seller or Servicer determines that for a particular Loan or Loans Seller did not deliver the required data or the correct data, Servicer must complete postfund data corrections by executing and delivering the applicable Post Fund Data Correction Form found at **http://www.freddiemac.com/learn/deliver/postsettlement.html**.

7. Representations, Warranties, Covenants and Indemnification and other responsibilities.

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, including

Seller's obligation to select for its postclosing quality control sample Mortgages sold to Freddie Mac that become 60 days or more past due in the first six months following the Note Date and to carefully evaluate such Mortgages in accordance with the requirements of Guide Section 48.4(b) (Servicer will notify Seller of any such Loans), 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) **Quality control activities.** Freddie Mac will conduct quality control activities relating to the sale representations and warranties with Seller. Seller agrees that Freddie Mac may share information with Servicer regarding Loans sold to Freddie Mac under the Servicing Released Sales Process including, but not limited to, quality control findings, Seller's response to quality control findings, and defect reports.

(ii) **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.

(c) **Other responsibilities.**

(i) **Loan pay off.** Servicer will notify Seller of the pay off of Loans sold pursuant to the Servicing Released Sales Process.

(ii) **Information.** Servicer will provide Seller with information as requested by Freddie Mac from time to time.

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 that 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. Pursuant to User's request submitted in accordance with the terms of Exhibit 29 in the Guide, 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 credit repositories or 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 credit repositories or 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 credit repository or 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 credit repositories or consumer reporting agencies, as applicable, 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 credit repositories and/or consumer reporting agencies, as applicable, 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/or credit repositories, as applicable, 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 and/or credit repositories, as applicable, 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/or credit repositories, as applicable, 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 User obtains 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 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 the Seller/Servicer a limited, non-exclusive, non-transferable license to use HVE® data for the Seller/Servicer's internal business purposes only, subject to the provisions of these Terms and Conditions. As part of this license, the 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 web site, subject to the provisions of these Terms and Conditions. The 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, ALL AFFILIATED THIRD PARTIES AND ANY OTHER

INDIVIDUAL OR ENTITY TO WHOM HVE® DATA IS DISCLOSED, 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) Except to the extent otherwise agreed upon by Freddie Mac in writing or expressly permitted in these Terms and Conditions, 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 also 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) 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.

(e) If Seller/Servicer uses the HVE® data as permitted in these Terms and Conditions, and such use results in a loan or mortgage insurance related decision that has a direct

financial impact on the Borrower, the HVE® data in question may be disclosed to the Borrower. In addition, Seller/Servicers may disclose HVE® data developed in connection with a credit decision to the loan applicant(s). When disclosing the HVE® data to a Borrower or loan applicant, unless Freddie Mac notifies Seller/Servicer to use a different disclaimer, Seller/Servicer should include the following disclaimer:

DISCLAIMER:

Data generated by Freddie Mac's proprietary automated property valuation product, Home Value Explorer® (HVE®). HVE® values are calculated using various models and techniques proprietary to Freddie Mac. An HVE® value is not an appraisal and was not prepared by a certified or licensed appraiser. A lender may have used a different property value to make a credit decision. If you have questions regarding Freddie Mac's HVE® information, please see Freddie Mac's website at **http://www.freddiemac.com/valuation**.

Home Value Explorer® is a registered trademark of Freddie Mac. All rights reserved.

4. Permitted Uses; Restrictions on Use.

(a) Seller/Servicer may disclose and use HVE® data (i) in connection with activities associated with the origination of a Freddie Mac Relief Refinance Mortgage℠ 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, except to the extent expressly permitted by Freddie Mac in writing; 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, agents, 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, 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.

Freddie Mac
We make home possible®

Exhibit 34

Investor Feature Identifiers

An Investor Feature Identifier (IFI) is used to identify a loan feature not defined by other attributes. This exhibit provides a list of the IFIs required for delivery of Mortgages to Freddie Mac, if applicable. For each Mortgage sold to Freddie Mac, the Seller must deliver all Mortgage data and documentation required in Chapter 17. The Seller should also review applicable sections of Seller's Purchase Documents for additional requirements that may not appear in this exhibit or elsewhere in the Guide.

Below is a list of the IFIs in numerical order, and beginning on page 3, a list of the IFIs by topic.

Numerical/Alphanumerical Order

IFI	Description	Guide Section Reference(s)	Tips
001	Mortgage is sold with recourse	A24.4, C24.4	Used only with Relief Refinance Mortgages℠ – Same Servicer
009	A Limited Buydown Mortgage with buydown plan extending 2 years or less and effective interest rates of 2% or less below the Note Rate	17.23	
014	An Extended Buydown Mortgage with buydown plan extending more than 2 years and less than or equal to 3 years; and effective interest rates of more than 2% and less than or equal to 3% below the Note Rate	17.23	
019	Mortgage with lender-paid mortgage insurance	17.26	
033	Mortgage is sold with indemnification	A24.4, C24.4	Used only with Relief Refinance Mortgages – Same Servicer
130	Section 184 Native American Mortgage, subject property is located on allotted land	17.16	
140	A purchase transaction Home Possible® Mortgage when income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income	17.18	
203	Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	17.21	Must select Special Purpose for Refinance Primary Purpose Type

IFI	Description	Guide Section Reference(s)	Tips
532	Home Possible Mortgage satisfies the minimum number of payment reference requirement using Noncredit Payment References	17.18	
583	Mortgage with an Affordable Second®	17.18, A24.4, B24.4, C24.4	
903	Loan Prospector® (LP) Mortgage originated using Form 2070 (with an exterior-only inspection)	17.32	
912	Loan Prospector Mortgage that was resubmitted to LP after the Note Date or the Effective Date of Permanent Financing, as applicable	17.13	
921	Mortgage where Borrower used a credit card, cash advance or unsecured line of credit to pay fees	17.38	
951	Single-wide Manufactured Home	17.31	
952	Multi-wide Manufactured Home	17.31	
D25	A Mortgage using Employer Assisted Homeownership Benefits	17.37	
D99	Freddie Mac-owned “no cash-out” refinance with expanded loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios	17.21	
G18	Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the “Total Gift Fund” field	17.18	
H03	Home Value Explorer® (HVE) point value estimate used to determine value	A24.4, B24.4, C24.4	Used only with Relief Refinance Mortgages when the Automated Valuation Model (AVM) Model Name Type is HVE
H28	Relief Refinance Mortgage with Property Assessed Clean Energy (PACE) Obligations	B24.4, 24.9	Used only with Relief Refinance Mortgages – Open Access
H31	A Mortgage when the Borrower uses assets as a basis for Mortgage qualification	17.41	

Topic Listing

IFI	Description	Guide Section Reference(s)	Tips
Relief Refinance Mortgages			
001	Mortgage is sold with recourse	A24.4, C24.4	Used only with Relief Refinance Mortgages – Same Servicer
033	Mortgage is sold with indemnification	A24.4, C24.4	Used only with Relief Refinance Mortgages – Same Servicer
583	Mortgage with an Affordable Second	17.18, A24.4, B24.4, C24.4	
H03	Home Value Explorer (HVE) point value estimate used to determine value	A24.4, B24.4, C24.4	Used only with Relief Refinance Mortgages when the AVM Model Name Type is HVE
H28	Relief Refinance Mortgage with Property Assessed Clean Energy (PACE) Obligations	B24.4, 24.9	Used only with Relief Refinance Mortgages – Open Access
Affordable Housing Initiatives			
130	Section 184 Native American Mortgage, subject property is located on allotted land	17.16	
140	A purchase transaction Home Possible® Mortgage when income used to qualify the Borrower, converted to an annual basis, does not exceed 80% of the applicable area median income	17.18	
532	Home Possible Mortgage that satisfies the minimum number of payment reference requirement using Noncredit Payment References	17.18	
583	Mortgage with an Affordable Second	17.18, A24.4, B24.4, C24.4	
D25	A Mortgage using Employer Assisted Homeownership Benefits	17.37	
G18	Home Possible Mortgage with an Affordable Second entered into Loan Prospector in the “Total Gift Fund” field	17.18	
Collateral Assessment			
903	Loan Prospector Mortgage originated using Form 2070 (with an exterior-only inspection)	17.32	

Manufactured Homes			
951	Single-wide Manufactured Home	17.31	
952	Multi-wide Manufactured Home	17.31	
Mortgage Insurance			
019	Mortgage with lender-paid mortgage insurance	17.26	
Mortgages with Buydowns			
009	A Limited Buydown Mortgage with buydown plan extending 2 years or less and effective interest rates of 2% or less below the Note Rate	17.23	

IFI	Description	Guide Section Reference(s)	Tips
014	An Extended Buydown Mortgage with buydown plan extending more than 2 years and less than or equal to 3 years; and effective interest rates of more than 2% and less than or equal to 3% below the Note Rate	17.23	
Refinance Mortgages			
203	Special purpose cash-out refinance Mortgage when cash was used by an owner to buy out the equity of a co-owner	17.21	Must select Special Purpose for Refinance Primary Purpose Type
D99	Freddie Mac-owned “no cash-out” refinance with expanded loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios	17.21	
Topics - Other			
912	Loan Prospector Mortgage that was resubmitted to LP after the Note Date or the Effective Date of Permanent Financing, as applicable	17.13	
921	Mortgage where Borrower used a credit card, cash advance or unsecured line of credit to pay fees	17.38	
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Below is a list of the IFIs in numerical order, and beginning on page 3, a list of the IFIs by topic.

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583	Mortgage with an Affordable Second®	17.18, A24.4, B24.4	
903	Loan Prospector® (LP) Mortgage originated using Form 2070 (with an exterior-only inspection)	17.32	
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H03	Home Value Explorer® (HVE) point value estimate used to determine value	A24.4, B24.4	Used only with Relief Refinance Mortgages when the Automated Valuation Model (AVM) Model Name Type is HVE
H28	Relief Refinance Mortgage with Property Assessed Clean Energy (PACE) Obligations	B24.4, 24.9	Used only with Relief Refinance Mortgages – Open Access
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Topic Listing

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583	Mortgage with an Affordable Second	17.18, A24.4, B24.4	
H03	Home Value Explorer (HVE) point value estimate used to determine value	A24.4, B24.4	Used only with Relief Refinance Mortgages when the AVM Model Name Type is HVE
H28	Relief Refinance Mortgage with Property Assessed Clean Energy (PACE) Obligations	B24.4, 24.9	Used only with Relief Refinance Mortgages – Open Access
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Mortgage Insurance			
019	Mortgage with lender-paid mortgage insurance	17.26	
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H31	A Mortgage when the Borrower uses assets as a basis for Mortgage qualification	17.41	

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 36

Home Value Explorer® (HVE®) Messaging within the Uniform Collateral Data Portal® (UCDP®)

The UCDP includes Freddie Mac proprietary property valuation messaging from Freddie Mac's valuation product, **Home Value Explorer® (HVE®)**.

These messages will appear within a tab identified as Freddie Mac findings within the Uniform Collateral Data Portal® (UCDP®). They are also noted on the Submission Summary Report (SSR) in the section titled "Freddie Mac Proprietary Edit findings" within the Appraisal Findings Detail Report (AFDR) section.

The table below outlines the possible Freddie Mac findings that the Seller may obtain within the Freddie Mac tab of the UCDP.

Message ID	Message Text	Severity
HVE010	HVE is currently unavailable.	Warning
HVE020	HVE value not available. This appraisal form cannot be submitted to HVE.	Warning
HVE030	HVE value not available. An invalid appraised value cannot be submitted to HVE.	Warning
HVE040	Unable to return the HVE point value for **<Property Street Address, Property City, Property State Property Postal Code>**.	Warning
HVE050	HVE value not available. The subject address cannot be validated in HVE	Warning
HVE060	Review for Accuracy: The Estimated Value of Property for this transaction may be excessive for the local market. The appraisal should be carefully reviewed for this transaction.	Warning
HVE070	**<HVE Point Value Range Amount>** is the HVE point value estimate for **<Property Street Address, Property City, Property State Property Postal Code>**. The HVE point value estimate returned does not indicate Freddie Mac's acceptance of the appraised value entered for the subject property. The Lender will continue to be responsible for the property appraisal, as well as representation and warranties of the appraisal, regardless of the HVE Market Value.	Warning
HVE080	The percentage difference between the estimated/appraised value and the HVE point value estimate of the subject property is **<HVE Variance %>**.	Warning
HVE090	**<HVE Confidence Score Value>** is the HVE Confidence Level of the HVE point value estimate of the subject property. **<HVE Sigma Value>** is the HVE Forecast Standard Deviation of the HVE point value estimate of the subject property.	Warning

The Freddie Mac findings in the UCDP are intended to assist Sellers early in the origination process as an indicator to identify potentially inflated appraised values for the appraisal report review and property underwriting process. The Freddie Mac findings within the UCDP consist of:

- **HVE Point Value Estimate (Message ID HVE070)**: An estimate of value based on a Freddie Mac statistical model that assumes average marketability and condition for the property.
- **Review for Accuracy (Message ID HVE060)**: An excessive value message that indicates an increased probability that the appraised value may be inflated. The Review for Accuracy message indicates the highest risk of a potentially inflated appraised value.

- **Variance (Message ID HVE 080)**: A calculation of the percentage difference between the appraised value and the HVE Point Value Estimate.

- **Forecast Standard Deviation (FSD) (Message ID HVE090)**: A statistical measure that represents the probability that the Automated Valuation Model (AVM) value falls within a statistical range of the actual market value, measured against a sale price. The lower the FSD, the smaller the error in predicting market value.

- **Confidence Level (Message ID HVE090)**

  Confidence Level is derived from the FSD and is summarized within High, Medium and Low value ranges:

  - High Confidence Level equals FSD of less than or equal to .13

  - Medium Confidence Level equals FSD of greater than .13 to less than or equal to .20

  - Low Confidence Level equals FSD of greater than .20

Freddie Mac analysis has indicated that the higher the variance between the appraised value and the HVE point value estimate, the higher the likelihood that the appraised value may be inflated.

- The Review for Accuracy message is a **warning message** which addresses the highest risk or likelihood of potentially inflated appraised values.

- If a Seller does not receive a Review for Accuracy message, there may still be a likelihood of an excessive appraised value.

- Sellers should pay particular attention to HVE messaging results when the UCDP returns the Review for Accuracy message and the Confidence Level is High or Medium.

- An HVE point value estimate with a High Confidence Level indicates lower valuation error in predicting the market value of the property.

- An HVE point value estimate with a Low Confidence Level indicates greater valuation error in predicting the market value of the property. This may be more common in areas with a lack of recent sale activity or in areas with significant variations in the characteristics of the properties in the market area.

The presence of an excessive value message does not prevent the “Successful” submission of an appraisal report to the UCDP, and does not deem the property ineligible or the appraisal report unacceptable. Conversely, the lack of an excessive value message does not represent Freddie Mac’s acceptance of the appraised value or relief from Seller representations and warranties.

Exhibit 37

Loan Quality Advisor[SM] Agreement

1. Permitted Uses; Restrictions on Use

(a) Freddie Mac grants to Seller a limited, non-exclusive, non-transferable license to use, during the term of this Loan Quality Advisor Agreement (the "Agreement"):

(i) Freddie Mac's Loan Quality Advisor technology application ("LQA"),

(ii) Any output of LQA, and

(iii) Any user manuals, guides, presentations and other related LQA documentation, as updated from time to time (i.e., "User Guides") that may be provided to Seller by Freddie Mac (collectively, the "Licensed Materials")

(b) Seller's use of LQA shall be only for Seller's internal business purposes, and only in accordance with and subject to this Agreement and any directions provided by Freddie Mac, including, without limitation, any instructions set forth in the User Guides. Except to the extent otherwise provided in this Agreement or consented to by Freddie Mac in writing, Seller will not permit any third parties to use LQA, either directly or through Seller.

(c) Seller will not issue any press releases regarding its use of LQA or otherwise use Freddie Mac's name or refer to LQA in any marketing or promotional materials without the prior written consent of a duly authorized officer of Freddie Mac.

2. Registration and Authorized Users; Access Management and Security

(a) Freddie Mac will make LQA access available to employees of Seller to input data and receive LQA results on behalf of Seller. Such employees must be authorized by Seller and specifically identified as such (each, an "Authorized User") in an electronic or paper registration form ("Form") provided by Freddie Mac.

The Form may facilitate the designation of one or more Authorized Users to perform administrative functions such as:

(i) Identifying other Authorized Users to whom Freddie Mac may provide LQA access,

(ii) Receiving the Authorized Users' identification codes ("User IDs") and passwords from Freddie Mac, and

(iii) Adding or deleting Authorized Users and modifying or recertifying information by submitting new User IDs and completing additional Forms in accordance with Freddie Mac's express instructions, as may be amended from time to time

Seller covenants, represents and warrants to Freddie Mac that:

1. Each Authorized User performing such functions (i.e., an "Administrator") is an officer of Seller or is otherwise specifically authorized by Seller to perform such functions,

2. Freddie Mac is entitled to rely on the truth, accuracy and completeness of all data and information submitted by each Administrator and other Authorized User to LQA, including, without limitation, such data and information as is submitted through a Form, and
3. Each Authorized User is acting on behalf of and with the authority to legally bind Seller

(b) Seller has a duty to safeguard and protect User IDs, passwords and PIN numbers used in connection with Authorized Users' access to LQA, and to adopt security measures to prevent their loss, theft or unauthorized disclosure or use. Seller must notify Freddie Mac within twenty four (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 LQA. Seller 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.

(c) Seller shall also notify Freddie Mac immediately if Seller has reason to believe that:

(i) Its access to LQA is no longer secure;

(ii) Seller has had a breach of security in connection with LQA;

(iii) Anyone has made unauthorized use of LQA; or

(iv) Anyone has gained unauthorized access to LQA

Seller's use of LQA and its duty to safeguard and protect User IDs, passwords and PIN numbers used hereunder shall be governed by the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") including, without limitation, Chapter 3 of the Guide, the User Guides, and Seller's other Purchase Documents. Seller's use of LQA constitutes an Eligible Electronic Transaction using Freddie Mac Systems within the meaning of the Guide, including, without limitation, Chapter 3.

(d) Without limiting any other provision of this Section 2, Seller agrees to implement and maintain industry best practices with respect to the security of, and access to, LQA, and accepts all risks and liability resulting from any failure to adopt and maintain such industry best practices.

3. Credit Report Retrievals; Use of LQA Data

(a) When an Authorized User submits a loan file to LQA for evaluation by its Risk Assessment service or as otherwise applicable, if such file relates to an existing closed mortgage loan file ("Closed Loan"), LQA will use subscriber number(s) and/or other authenticating credentials (each, a "Subscriber Code") issued to Freddie Mac by a credit repository or credit bureau (in either instance, a "Credit Reporting Agency") to retrieve consumer credit reports (each, a "Credit Report") on Borrower(s) associated with such Closed Loan. If such loan file relates to a loan that has been underwritten and processed, but not yet closed ("Open Loan"), LQA will use a Subscriber Code issued to Seller by a Credit Reporting Agency to retrieve a Credit Report on any Borrower(s) associated with the Open Loan. If an Open Loan or Closed Loan has previously been submitted to Loan Prospector, LQA will generally not retrieve another Credit Report.

(b) With respect to any Credit Report retrieved as set forth in Section 3(a), Seller hereby:

(i) Certifies that it has a permissible purpose under applicable fair credit reporting laws to obtain each Credit Report retrieved in conjunction with an Open Loan,

(ii) Authorizes LQA to retrieve, process and store each Credit Report on its behalf, and

(iii) Appoints Freddie Mac as its limited agent for the sole purpose of having LQA effect such Credit Report retrieval, processing and storage.

This Agreement does not create any other principal or agency relationship between Seller and Freddie Mac, and neither party shall assert or represent to any third party the existence of any other principal or agency relationship arising from or in connection with this Agreement.

(c) Seller shall establish or, as applicable, amend separate contractual relationships with any Credit Reporting Agency from which LQA retrieves a Credit Report as set forth in this Section 3 so as to require the Consumer Reporting Agency to denote in a consumer's file that any Credit Report retrieved through LQA on an Open Loan is an account review inquiry, or "soft pull," as that term is commonly understood in the credit reporting industry.

(d) Seller acknowledges and agrees that Freddie Mac may use the data entered by Seller with respect to each Closed Loan or Open Loan (including, without limitation, any related Credit Report data referenced in this Section 3, and any other data obtained by or transmitted through LQA (collectively, the "LQA Data")) for all purposes related to LQA or the Closed Loan or Open Loan to which the LQA Data relates, including, without limitation, for analytic, statistical, quality control and similar purposes.

(e) Seller further acknowledges and agrees that Freddie Mac may, in addition to the foregoing, provide:

(i) The LQA Data to any agency of the federal government or of any state government, and

(ii) Statistical, comparative and summary information (*i.e.*, the "Aggregate Data") to Freddie Mac's customers and other third parties on loan performance and other issues; *provided, however* that except to the extent permitted by applicable law, Aggregate Data under this Section 3(e)(ii) shall not specifically identify a consumer.

Notwithstanding the foregoing, unless required by applicable law, a court order or order of an agency that either regulates or has jurisdiction over Freddie Mac, including, without limitation, any conservator, liquidator or receiver, Freddie Mac will not disclose LQA Data or Aggregate Data in a manner that either associates Seller with particular Closed Loans or Open Loans or enables the recipient of the data to determine which Closed Loans or Open Loans were entered into LQA by Seller, except as necessary to process Closed Loans or Open Loans through LQA or to enable a contractor to provide services related to LQA.

4. Ownership and Intellectual Property Rights

(a) Seller acknowledges that it has no ownership or other interest in LQA, except to the extent of the rights expressly granted herein. All rights to copyrights, trade secrets, patents, trademarks and other rights in and to LQA and any modifications or enhancements made to LQA will belong to and remain with Freddie Mac.

(b) Seller shall not reverse engineer, modify or create derivative works of any of the Licensed Materials, or attempt any of the foregoing.

5. Representations and Warranties; Disclaimers

(a) Seller represents and warrants that:

1. Seller will comply with all applicable laws and regulations in its use of LQA and any output of LQA, including, without limitation, the federal:

   (i) Real Estate Settlement Procedures Act,

   (ii) Truth In Lending Act,

   (iii) Fair Housing Act,

   (iv) Equal Credit Opportunity Act ("ECOA") and

   (v) Fair Credit Reporting Act ("FCRA"), as well as all applicable privacy and data security laws;

2. Seller will rely upon its own counsel to ensure compliance with ECOA, FCRA, and other applicable laws;

3. Seller has a permissible purpose under FCRA and other applicable laws to obtain Credit Reports for Open Loans assessed by LQA, and,

4. To the extent required by applicable law, Seller shall obtain each Borrower's written consent to obtain Credit Reports and any other information required by LQA. Seller acknowledges and agrees that LQA does not analyze compliance with laws, regulations, or ordinances, or with any requirements imposed by a regulator.

(b) LQA AND ANY RELATED SERVICES, AND ALL DATA ARE BEING PROVIDED TO SELLER ON AN "AS IS" AND "AS AVAILABLE" BASIS, AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF ACCURACY AND THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ALL USES OF LQA ARE AT SELLER'S SOLE RISK. WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, COLOR DESIGNATIONS ASSOCIATED WITH RESULTS GENERATED BY LQA ARE INTENDED ONLY AS A VISUAL GUIDE FOR INDICATING:

   (i) THE NECESSITY (IF ANY) FOR A SELLER USER TO REVIEW DATA FILES FOR ERRORS OR INCONSISTENCIES, AND

   (ii) WITH RESPECT TO LQA'S RISK ASSESSMENT SERVICE, THE RISK CLASS ASSOCIATED WITH THE DATA FILE.

   SUCH DESIGNATIONS ARE NOT PROVIDED FOR ANY OTHER REASON, NOR SHOULD THEY BE USED OR RELIED UPON EXCEPT FOR PURPOSES OF TRIGGERING DATA FILE REVIEWS AS SET FORTH IN THE LICENSED MATERIALS. NO RESULT GENERATED BY LQA SHALL BE CONSTRUED AS GIVING RISE TO ANY:

   1. OBLIGATION ON THE PART OF FREDDIE MAC TO PURCHASE ANY LOAN ASSOCIATED WITH AN LQA LOAN FILE, OR

   2. DEFENSE ON THE PART OF SELLER REGARDING FREDDIE MAC'S EXERCISE OF ITS REPURCHASE RIGHT RELATING TO SUCH A LOAN.

6. Indemnification and Limitations on Liability

(a) Without limiting the application of any provision of the Guide, including, without limitation, Chapter 3, Seller will indemnify Freddie Mac and its directors, officers, employees, agents, successors and assigns and hold each harmless from and against any and all liabilities, losses, claims, damages, costs and expenses, including, without limitation, reasonable attorneys' fees, arising directly or indirectly out of (i) its use of and/or submission of data to or through LQA, and/or (ii) the breach of any of Seller's representations, warranties or obligations hereunder, whether such breach arises out of its own action or inaction or the action or inaction of any of Seller's directors, officers, employees, subcontractors, partners, principals, agents, successors or assigns.

(b) IN NO EVENT WILL FREDDIE MAC BE LIABLE TO SELLER OR ANY 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'S USE OF LQA, WHETHER UNDER A CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EVEN IF FREDDIE MAC IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

7. Term and Termination

(a) The term of this Agreement will commence on the date that an Authorized User first submits an Open Loan or Closed Loan for assessment in LQA, and will continue in full force and effect until terminated by either party upon thirty (30) days' prior written notice to the other Party, or by Freddie Mac upon ten (10) days' prior written notice to Seller.

(b) In addition to the foregoing, Freddie Mac will have the right to terminate this Agreement, effective immediately, (1) upon notice to Seller in the event of any default by Seller under this Agreement, or any default by Seller under the terms of any other agreement between Freddie Mac and Seller, or (2) upon Seller's suspension, termination or disqualification from doing business with Freddie Mac. Notwithstanding the provisions of Section 8(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 8(c) within five (5) business days, in which case notice will be deemed to have been given at the time of the telephone call.

(c) Any provisions of this Agreement that contemplate their continuing effectiveness, including, without limitation, Sections 1(a)(ii), 1(b), 1(c), 2(a)(1) – (3), 2(b), 2(c), 2(d), 3(d), 3(e), 4 through 6, 7(c) and 8 shall survive any termination of this Agreement.

8. Miscellaneous

(a) This Agreement is the complete and exclusive statement of the parties' agreement with respect to the terms of Seller's right to use LQA, and supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to such subject matter.

(b) Seller may not assign any of its rights or obligations under this Agreement in any manner whatsoever without Freddie Mac's prior written consent.

(c) All notices required or permitted hereunder, including, but not limited to, notice of an amendment to the terms of this Agreement, shall be in accordance with Section 2.10 of the Guide.

(d) 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.

(e) Seller recognizes that it is responsible for obtaining and maintaining connectivity to LQA in accordance with instructions provided by Freddie Mac from time-to-time.

(f) This Agreement will be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the State of Virginia, without regard to provisions concerning conflicts of law.

(g) 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.

(h) This Agreement is binding upon the parties and (subject to the provisions of Section 8(b) above) their respective successors and assigns. Subject to the provisions of Section 6 above, the rights and remedies of the Parties are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity.

(i) Freddie Mac may amend this Agreement by providing notice to Seller of the terms of such amendment in accordance with the provisions of Section 8(c). Seller's use of LQA on and after the effective date of any such amendment shall constitute Seller's consent to the terms of the amendment.

Exhibit 38

Quality Control Information Manager Agreement

This Quality Control Information Manager User Agreement ("Agreement") is made by and between Freddie Mac and Seller/Servicer.

RECITALS

A. Quality Control Information Manager is a system that hosts for Freddie Mac certain remedy management information and quality control loan management data for Mortgages Freddie Mac owns or guarantees (the "System").

B. Freddie Mac is willing to provide Seller/Servicer access to the System by means of the internet for remedy management information and quality control loan file management purposes in connection with Mortgages that Seller/Servicer sold to or services for Freddie Mac, subject to the terms and conditions of this Agreement (the "Permitted Purpose").

C. Seller/Servicer wishes to access and use the System for the Permitted Purpose in accordance with the terms of this Agreement.

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions

Capitalized terms that are not defined in this Agreement are defined in the Guide.

Information: The data and information stored on the System

Party or Parties: Freddie Mac and Seller/Servicer are each individually referred to as a "Party" and collectively as the "Parties"

Permitted Purpose: Has the meaning set forth in the Recitals to this Agreement

QCIM: The System, including all updates and enhancements thereto, together with the Information, the User Guide and any other documentation therefor

System: Has the meaning set forth in the Recitals to this Agreement

User: Seller/Servicer and its employees and personnel whose responsibilities include entering Information into or accessing Information on QCIM on behalf of Seller/Servicer

User Guide: The QCIM User Guide, if any, and any other user guides and other written instructions provided to User to govern use of the QCIM, as amended by Freddie Mac from time to time in its sole discretion

2. Access to and Use of QCIM

(a) Subject to the terms and conditions of this Agreement, Freddie Mac grants to User the nonexclusive right to access and use QCIM via the internet, including any updates and enhancements to QCIM, in accordance with this Agreement and the User Guide. User may use QCIM only for the Permitted Purpose and for no other purposes whatsoever and must comply with all applicable laws and regulations in its use of QCIM. Users of QCIM agree to be bound by the provisions of the Guide, the Purchase Documents, the User Guide and this Agreement and such other written requirements as may be communicated by Freddie Mac to User from time to time, including, without limitation, restrictions on the types of Information that User may upload or enter into QCIM.

(b) User may use only those User IDs, passwords and other Confidential Means of Access that are specifically assigned or provisioned to User through QCIM. User will not permit any third parties to access or use QCIM, either directly or through User. QCIM is provided for Seller/Servicer's internal use only, and User will not enable or permit any third parties, to access or use QCIM, either directly or through User, except as otherwise permitted herein or with the prior written consent of Freddie Mac.

(c) Notwithstanding anything to the contrary contained herein, no individual or entity listed by Freddie Mac on Freddie Mac's "Exclusionary List" will have any right to use QCIM, and User will not enable or permit any individual or entity listed by Freddie Mac on Freddie Mac's "Exclusionary List" to use QCIM, either directly or through User. Freddie Mac will periodically review use of QCIM and may, in Freddie Mac's sole discretion, withdraw the right of any User to access and use QCIM.

(d) User hereby consents to conducting Electronic Transactions with Freddie Mac using QCIM and acknowledges and agrees that User’s activities in accessing and using QCIM and the Information constitute Eligible Electronic Transactions under the Guide.

(e) QCIM may be modified or enhanced at any time, and, at its option, Freddie Mac may make available to User any modified and/or enhanced version of QCIM.

(f) Seller/Servicer is fully responsible for:

i. Use of QCIM by Users and others who obtain access to QCIM through any User

ii. Compliance with applicable provisions of the Guide, the User Guide and this Agreement by Users and others who obtain access to QCIM through User

iii. Administering User IDs, passwords and any other Confidential Means of Access to QCIM in accordance with this Agreement, the Guide and the User Guide

iv. Any losses that Freddie Mac suffers as a result of access to or use of QCIM by Users and others who obtain access to QCIM through User

v. Notifying all Users of, and causing all Users to agree to comply with, all terms and conditions of this Agreement (including any amendments thereto) and maintaining auditable records of such agreements. Any act or omission by any User or other person who obtains access through a User that would constitute a breach of this Agreement if taken or omitted by Seller/Servicer will be deemed a breach of this Agreement by Seller/Servicer.

(g) Consistent with the Guide, all Information will remain, at all times, the property of Freddie Mac which it may use consistent with its corporate policies for any legally permissible purpose, including, but not limited to, all purposes related to QCIM or the loan to which the Information relates and for analytic, statistical, quality control and similar purposes. In addition to and without limiting the foregoing, Freddie Mac will have the right to provide Information to the Federal Housing Finance Agency as its conservator and regulator, any agency of the federal government or any State government, or as otherwise permitted by the Purchase Documents.

(h) In connection with its quality control efforts, Freddie Mac may classify within QCIM the loan and remedy management status of Seller/Servicer loans or otherwise assign labels to such loans. User understands and agrees that any such classifications, labels or designations that Freddie Mac assigns to loans in QCIM do not constitute a waiver by Freddie Mac of any rights and remedies available to it under the Guide and Purchase Documents with respect to such loans, and Freddie Mac hereby expressly reserves all such rights and remedies.

3. Confidentiality; Ownership of QCIM

User recognizes that QCIM constitutes proprietary and confidential information and trade secrets belonging to Freddie Mac or third parties under contract with Freddie Mac or its contractors (“Third Parties”). User will treat QCIM as strictly confidential and will not disclose or permit the disclosure of QCIM, or any information concerning QCIM, to any third party except with the prior written consent of Freddie Mac. User will not attempt to modify, enhance, disassemble or reverse engineer QCIM. User acknowledges that User has no ownership or other interest in QCIM, except to the extent of the rights expressly granted in this User Agreement. All applicable rights to copyrights, trade secrets, patents, trademarks and other rights in and to QCIM and any modifications or enhancements made thereto will belong to and remain with Freddie Mac or, as applicable, Third Parties.

4. Warranties; Liability Limitation

(a) User Warranty. User warrants that it has the authority to provide Freddie Mac with any and all Information, including third-party data, provided to Freddie Mac, by User through QCIM.

(b) No Freddie Mac Warranty. Freddie Mac makes no representation or warranty with respect to QCIM. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT, QCIM IS 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.

(c) Liability Limitation. Freddie Mac will have no liability under this Agreement or related in any respect to QCIM (including, without limitation, under any other agreement with User related to QCIM) 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 QCIM 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 ($5,000).

5. Amendment and Termination of Agreement

(a) User acknowledges and agrees that Freddie Mac, in its sole discretion, may amend or terminate this Agreement and access to QCIM at any time, and any such amendment or termination shall be effective as of the date specified by Freddie Mac in its notice to Seller/Servicer. Such notice by Freddie Mac may be given through QCIM or via electronic mail or other written communication. A notice of change may direct Seller/Servicer to access a designated part of QCIM or part of the Freddie Mac web site to obtain all specific changes, and in such event Seller/Servicer shall so access QCIM or the Freddie Mac web site and shall be bound by, and all Users shall comply with, the changes set forth in the designated part QCIM or of the Internet site. User's use of QCIM on and after the effective date of any such amendment shall constitute User's consent to the terms of the amendment.

(b) This Agreement shall automatically terminate

i. If Seller/Servicer ceases to be a Freddie Mac approved Seller/Servicer or;

ii. If Seller/Servicer is listed by Freddie Mac on Freddie Mac's "Exclusionary List."

(c) User understands that its ongoing access to copies of Electronic Records related to any Electronic Transactions conducted using QCIM shall be solely those copies that Seller/Servicer itself prints, copies, exports or downloads

(d) The terms and conditions of this Agreement that by their nature are required to survive termination of this Agreement, shall survive any such termination of this Agreement.

6. Miscellaneous

(a) This Agreement is the complete and exclusive statement of the Parties' agreement with respect to the subject matter hereof and supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to such subject matter.

(b) User may not assign any of its rights or obligations under this Agreement in any manner whatsoever without Freddie Mac's prior written consent.

(c) User will permit (and require applicable third parties to permit) Freddie Mac, from time to time upon reasonable notice, to audit User facilities and systems to confirm User compliance with the requirements of this Agreement.

(d) The failure of Freddie Mac to exercise in any respect any right or remedy provided for herein will not be deemed a waiver of such right or remedy, whether under this Agreement, the Guide or the Purchase Documents. No waiver at any time of any provision of this Agreement will be deemed a waiver of any other provision of this Agreement, the Guide or the Purchase Documents at that time or a waiver of that or any other provision of this Agreement, the Guide or the Purchase Documents at any other time.

(e) 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.

(f) This Agreement is binding upon the Parties hereto and their respective successors and (subject to the provisions of Section 6(b) above) assigns. Subject to the provisions of Section 4 hereof (Warranties; Liability Limitation), 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 QCIM and any Freddie Mac's obligation that arise out of User's right to use QCIM), which arise prior to the expiration or termination of the term of this Agreement, will survive such expiration or termination.

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 (614) 538-2123
Attention: DMS
1651 N.W. Professional Plaza
Columbus, Ohio 43220

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 policies.

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

Exhibit 57

1- to 4-Unit Property Approved Expense Amounts

EXPENSE	CODE	ITEM	NOTES	EXPENSE LIMITS
MAINTENANCE AND PRESERVATION FOR ABANDONED PROPERTIES	090001	Securing/re-keying		$200
	090002	Boarding (Broken window and/or door)	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.	$1,200
	090003	Extermination	Fumigation by a professional extermination company	$350
	093003	Pest removal	Removal of dead vermin from property	$75
	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	$900
	093000	Initial yard maintenance	Full yard and/or perimeter cut and trimming/once per summer season*	$500
	094000	Yard maintenance	(Semi-monthly) grass cutting during summer season*	$200
	095001	Winterization	One time charge during winter season**	$250
	191003	Snow removal	As needed during winter season **	$75
	090009	Pool and spa securing		$1,600
	404007	Interior property inspection	Maximum amount for each inspection	$20+
	404008	Deed-in-Lieu Property Inspection	One time charge prior to deed execution	$20
	090017	Pre-foreclosure vacant property registration	Initial vacant property registration and re-registration fees/costs	$175

EXPENSE	CODE	ITEM	NOTES	EXPENSE LIMITS
		Utilities:	***	***
	100000	Electric		
	101000	Gas		
	102000	Oil		
	103000	Water		
	191006	Emergency repairs		$600
	203000	Sump pump/HVAC repair/replacement	Servicing and restart as needed	$350
	200000	Roof repair/replacement		$1,000
	191019	Fence repair		$300
MISCELLANEOUS	404005	Exterior property inspection	Maximum amount for each monthly inspection	$15+
	015000	Connectivity Fee	Reimbursable up to a maximum of $25 per referral, on or after 04/01/11, for the life of the default. (Refer to Section 69.9 for details on this fee.)	$25
	404016	Ordinance Required Property Inspection (Weekly)	No more than four in a given month	$15+
	404017	Ordinance Required Property Inspection (Biweekly)	No more than two in a given month	$15+
	300006	Technology Fee	Reimbursable up to a maximum of $5 per referral, before 04/01/11, for the life of the default. (Refer to Connectivity Fee.)	$5
	016000	Invoicing Fee	Reimbursable up to a maximum of $5 to process foreclosure invoices and an additional maximum of $5 to process bankruptcy invoices for the life of the default. (Refer to Section 69.9 for details on this fee.)	$10
	013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of $3,000 (Refer to Section B65.44.1 for details on this assistance)	$3,000
	500002	Deed-in-Lieu Subordinate Lien Payment	Reimbursable up to a maximum of $6,000 (Refer to Section B65.47 for details)	$6,000

EXPENSE	CODE	ITEM	NOTES	EXPENSE LIMITS
	020000	Foreclosure advertising fees—posting	California only	$60
	021000	Foreclosure advertising fees—publication	California only	$210

Servicers must preserve and maintain properties in accordance with the requirements set forth in Chapters 66, 67 and 70. Servicers will be reimbursed for the actual costs up to the maximum amounts shown above. Written pre-approval from Freddie Mac via the Reimbursement System is required before incurring any expense in excess of any of the expense limits above.

City of Chicago, Illinois Vacant Property Ordinance-specific expense codes and descriptions can be found in Exhibit 59, City of Chicago, Illinois Vacant Property Ordinance Expense Codes.

* 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 the Servicer receives the Property Condition Certificate (PCC) pursuant to Sections 66.36 and 67.28 of the Guide.

+ Non-ordinance property inspections must be completed in accordance with the requirements set forth in Section 65.33 of the Guide. Ordinance inspections are inspections required by local, State or federal statutes and that exceed the requirements set forth in Section 65.33 of the Guide. These inspections may be once a week or every other week.

Exhibit 57

1-to 4-Unit Property Approved Expense Amounts

This exhibit:

- Provides the approved Expense Limits, as that term is defined below, for the preservation and maintenance of abandoned properties
- Identifies proper usage of approved Expense Limits
- Provides guidance on how to seek reimbursement for preservation work completed under the expense items listed below. As stated in Bulletin 2013-22, these Expense Items will not be included in the first release of expense codes on October 22, 2013:
  - Securing (Knob Locks)
  - Boarding (Broken Windows)
  - Interior Property Cleaning (Refrigerator)
  - Initial Yard Maintenance (Lots of up to 10,000 square feet)
  - Yard Maintenance (Lots of up to 10,000 square feet)
  - Pool (In Ground Pool Securing)
  - Winterization (Dry)
  - Extermination (Licensed)
- Outlines both yard maintenance and winterization seasonal requirements
- Explains the proper usage of miscellaneous expenses listed under the "Deed-in-Lieu and Other" expense category. Expense items within this category are *not* restricted to abandoned properties.

Key Terms

Expense Code	The identifying six digit number, within the Freddie Mac Reimbursement System ("Reimbursement System"), for each Expense Item.
Expense Item	The designated name, within the Reimbursement System, for a given expense type.
Description	A brief description of the Expense Item and an overview of the Expense Item's proper usage.
Unit Price	The acceptable per unit cost for each applicable Expense Item. Servicers must comply with unit pricing guidelines when completing preservation work; unless the Servicer determines, after having secured a comparable second estimate, that the needed preservation work cannot be completed within the defined Unit Price limit. The Servicer may then proceed with completing

	work without seeking Freddie Mac approval if the lesser of the two estimates is within the applicable Expense Limit. The Servicer must retain both estimates in the Mortgage file. (The second estimate may be one generated by an industry accepted Cost Estimator.)
Expense Limit	The dollar amount within which the Servicer may complete needed work without seeking written pre-approval from Freddie Mac via the Reimbursement System. Any work completed within the Expense Limit must also comply with the Unit Price requirements outlined above.

City of Chicago, Illinois Vacant Property Ordinance

As set forth in Bulletin 2012-5, Servicers must utilize the Expense Codes found in Exhibit 59, *City of Chicago, Illinois Vacant Property Ordinance Expense Codes*, when maintaining Mortgaged Premises under the requirements of the Vacant Property Ordinance.

Servicers will be reimbursed for the actual costs up to the Expense Limit shown in the table below. Written pre-approval from Freddie Mac via the Reimbursement System is required before incurring any expense in excess of any of the Expense Limits below.

Approved Expense Amounts

Expense Category: Property Inspections				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
404005	Exterior Property Inspection	These property inspections must be completed in accordance with the requirements set forth in Section 65.33	NA	$15
404007	Interior Property Inspection		NA	$20
404016	Ordinance Required Property Inspection (Weekly)	Ordinance inspections are inspections required by local, State or federal statutes and that exceed the requirements set forth in Section 65.33. These inspections may be completed once a week or every other week.	NA	$15
404017	Ordinance Required Property Inspection (Biweekly)		NA	$15

Expense Category: Securing Abandoned Properties				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
090028	Securing (Knob Locks)*	If needed for access to, and/or securing of, the property	Up to $60 per knob lock	$200
090019	Securing (Padlocks)		Up to $40 per padlock	$80
090020	Securing (Slider Locks)		Up to $25 per slider lock	$50
090021	Securing (Window Locks)		Up to $25 per window lock	$50
090022	Security Door		NA	$250
090030	Boarding (Broken Windows)*	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.	Up to $1/ United Inch	$900
090023	Boarding (Doors)	As needed to secure non-access entryways with missing or broken doors	Up to $150 per door	$300

Expense Category: Property Cleaning and Debris Removal				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
091010	Interior Property Cleaning (Refrigerator)*	As needed, to remove all perishables from refrigerators, freezers and other appliances that may pose a risk of infestation to the property. Interior must be wiped down and free of hazards.	Up to $125 per refrigerator or freezer	$225
091009	Interior Property Cleaning (Toilets)	As needed, to remove waste from the toilet	Up to $75 per toilet	$225
091002	Trash removal or Dumping fees	To be used as needed for the removal of health hazards and exterior debris. Interior debris that may pose a risk to the property must also be removed. Exterior personals resulting in a violation or in the way of the grass being cut may be moved under the applicable Unit Price.	Up to $40 per cubic yard to remove Up to $20 per cubic yard to move	$900

Expense Category: Yard Maintenance				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
093005	Initial Yard Maintenance (Lots of up to 10,000 square feet)*	To be used on properties with lots of 10,000 square feet or less. Full yard cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season, as provided below.	Up to $120	$150
093004	Initial Yard Maintenance (Lots greater than 10,000 square feet)	To be used on properties with lots greater than 10,000 square feet. Full yard and/or perimeter cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season, as provided below.	Up to $150	$300
094016	Yard Maintenance(Lots of up to 10,000 square feet)*	To be used on properties with lots of 10,000 square feet or less. Semi-monthly full yard grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season, as provided below.	Up to $100	$200
094013	Yard Maintenance (Lots greater than 10,000 square feet)	To be used on properties with lots greater than 10,000 square feet. Semi-monthly full yard or perimeter grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season, as provided below.	Up to $120	$200
094014	Trimming (Shrubs)	As needed during Yard Maintenance Season, as provided below	NA	$400
094015	Trimming (Trees)	As needed during Yard Maintenance Season, as provided below	NA	$600
191003	Snow Removal	As needed during Winterization Season, as provided later in this exhibit	NA	$75

Yard Maintenance Season and Frequency Requirements	**Applicable Jurisdictions**
Year Round (Monthly)	AZ, NM and NV
Year Round (Semi-Monthly)	AL, AR, CA, FL, GA, GU, HI, KS, LA, MS, OK, SC, TX, VI and PR
06/01-09/30 (Semi-Monthly)	AK
03/01-10/31 (Semi-Monthly)	All others

Expense Category: Pool Securing				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
090031	Pool (In Ground Pool Securing)*	Covering or boarding of in ground pools	Up to $2.05 per square foot	$1,600
090025	Pool (Above Ground Pool Securing)	Covering or boarding of above ground pools. Pool may be tarped if pool frame is unable to support weight of covering or boarding. Collapsed pools may be moved to an exterior shed, garage or other secure structure on the property.	Up to $2.05 per square foot to cover Up to $20 per cubic yard to move	$400
090026	Pool Draining	To be used when draining pools, hot tubs, spas or ponds	NA	$450
090027	Pool (Hot Tubs or Spa Securing)	Covering or boarding of hot tubs, spas or ponds	NA	$50

Expense Category: Winterization				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
090032	Winterization (Dry)*	One time charge during Winterization Season (see below)	NA	$120
095020	Winterization (Wet/Steam)	One time charge during Winterization Season (see below)	NA	$175
095021	Winterization (Radiant)	One time charge during Winterization Season (see below)	NA	$250
095022	Re-winterization	If necessary, once per calendar year	NA	$50
095023	Winterization (Additional Unit)	One time charge during winter season	Up to $50 per additional unit	$150

Winterization Season Requirements	**Jurisdictions**
Not Permitted	HI, GU, PR and VI
Year Round	AK
09/01-04/30	All others

Expense Category: Miscellaneous				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
191006	Emergency Repairs			$600
203000	Sump Pump/HVAC Repair or Replacement	Servicing and restart as needed. Existing hardware must be tested with a generator if electric is not on at the property.		$350
191033	Dehumidifier	As needed to abate/prevent mold growth due to moisture		$300
191035	Mold Treatment	Abatement of interior mold growth with non-primer or non-paint-based chemicals intended for such use (e.g., bleach). A bid to remove mold may be submitted if treatment is not expected to abate further mold growth.	Up to $0.75 per square foot	$300
200000	Roof Repair or Replacement	As needed if active leak is present. Flat roofs must not be tarped; all other roofs however, may be tarped if repair work cannot be completed within the allowable.	Up to $2 per square foot	$1,000
200001	Gutter Repair/Cleaning	As needed to prevent blight, roof damage and leaks		$350
191019	Fence Repair	As needed to repair or replace damaged sections of fence in order to secure pool area or property perimeter		$300
090029	Extermination (Licensed)*	Fumigation by a professional extermination company		$350
090024	Extermination (Non-Licensed)	As needed to address infestation with over-the-counter products		$100
093003	Pest Removal	Removal of dead vermin from property		$75
090008	Police/Fire Report			$20

Expense Category: Utilities and Capping				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
100000	Utilities: Electric	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 the Servicer receives the Property Condition Certificate (PCC) pursuant to Sections 66.36 and 67.28.	NA	NA
101000	Utilities: Gas		NA	NA
102000	Utilities: Oil		NA	NA
103000	Utilities: Water		NA	NA
105002	Utilities Transfer	To be used when an on-site visit and wait time are required in the transfer or restoration of utilities	NA	$75
100003	Capping (Electric)	To be used if electric is on	Up to $2 per wire	$50
101001	Capping (Gas)	As needed to prevent damage to property	Up to $50 per cap	$150
103001	Capping (Water)		Up to $50 per cap	$150
103002	Capping (Sewer)		Up to $50 per cap	$150
105001	Capping (Chimney)	As needed to prevent access to critters and small vermin	Up to $250 per cap	$500
191034	Dryer Vent Cover		NA	$50

Expense Category: Deed-in-Lieu and Other				
Expense Code	**Expense Item**	**Description**	**Unit Price**	**Expense Limit**
404008	Deed-in-Lieu Property Inspection	One time charge prior to deed execution	NA	$20
013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of $3,000 (Refer to Section B65.44.1 for details on this assistance)	NA	$3,000
500002	Deed-in-Lieu Subordinate Lien Payment	Reimbursable up to a maximum of $6,000 (Refer to Section B65.47 for details)	NA	$6,000
015000	Connectivity Fee	Reimbursable up to a maximum of $25 per referral, on or after 04/01/11, for the life of the default. (Refer to Section 69.9 for details on this fee.)	NA	$25
300006	Technology Fee	Reimbursable up to a maximum of $5 per referral, before 04/01/11, for the life of the default. (Refer to Connectivity Fee.)	NA	$5
016000	Invoicing Fee	Reimbursable up to a maximum of $5 to process foreclosure invoices and an additional maximum of $5 to process bankruptcy invoices for the life of the default. (Refer to Section 69.9 for details on this fee.)	NA	$10

***Expense Items not included in the October 22, 2013 enhancement to the Freddie Mac Reimbursement System**

The eight Expense Items listed on the left side of the table below will not be included in the October 22, 2013 enhancement to the Reimbursement System. These Expense Items will be made available to Services in a future enhancement. In the intervening period, Servicers who wish to implement the new requirements may use the Expense Codes listed on the right side of the table below as equivalent substitutes. When using these Expense Codes in such a manner, Servicers must follow the applicable Expense Limit, Unit Price and Expense Code descriptions provided in the preceding tables.

Listing of current expense code equivalents for Expense Items not covered in October 22, 2013 Reimbursement System enhancement			
New Expense Code	**New Expense Item**	**Current Expense Code Equivalent**	**Current Expense Item Equivalent**
090028	Securing (Knob Locks)	090001	Securing/Rekeying
090030	Boarding (Broken Windows)	090002	Boarding (Broken Window and/ or Door)
091010	Interior Property Cleaning (Refrigerator)	091001	Initial Property Cleaning
093005	Initial Yard Maintenance (Lots of up to 10,000 square feet)	093000	Initial Yard Maintenance
094016	Yard Maintenance(Lots of up to 10,000 square feet)	094000	Yard Maintenance
090031	Pool (In Ground Pool Securing)	090009	Pool and Spa Securing
090032	Winterization (Dry)	095001	Winterization
090029	Extermination (Licensed)	090003	Extermination

Exhibit 57A

Approved Attorney Fees and Title Expenses

Foreclosure Attorney Fees*, [1], [2]			Title Work*+
STATE	JUDICIAL FORECLOSURE	TRUSTEE/ NON-JUDICIAL FORECLOSURE	EXPENSE LIMITS
Alabama**	–	$1,000	$365
Alaska**	–	$1,200	Trustee Sale Guarantee
Arizona	–	$1,000	Trustee Sale Guarantee
Arkansas**	–	$1,050	$365
California	–	$1,000	Trustee Sale Guarantee
Colorado**	–	$1,250	Foreclosure Guarantee
Connecticut	$1,850	–	$340
Delaware	$1,350	–	$340
District of Columbia**	–	$900	$365
Florida[3]	$2,500	–	$400
Georgia**	–	$1,000	$375
Guam**	–	$1,200	$275
Hawaii**	$2,500	–	Litigation Guarantee ($400)
Idaho**	–	$850	Trustee Sale Guarantee
Illinois	$1,800	–	$365
Indiana	$1,800	–	$400
Iowa	$1,450	–	$575
Kansas	$1,450	–	$340
Kentucky	$1,800	–	$375
Louisiana	$1,500	–	$415
Maine	$1,750	–	$340

Foreclosure Attorney Fees*, [1], [2]			Title Work*+
STATE	JUDICIAL FORECLOSURE	TRUSTEE/ NON-JUDICIAL FORECLOSURE	EXPENSE LIMITS
Maryland**	–	$1,800	$340
Massachusetts**	–	$1,900	$425
Michigan**	–	$1,200	$400
Minnesota** The approved attorney fee for Torrens Act is $500 (Expense code 010002)	–	$1,200	$275
Mississippi**	–	$900	$340
Missouri**	–	$1,000	$340
Montana**	–	$850	Trustee Sale Guarantee
Nebraska	$1,450	$850	$275
Nevada	–	$1,200	Trustee Sale Guarantee
New Hampshire**	–	$1,000	$340
New Jersey	$2,600	–	$425
New Mexico	$1,500	–	$475
New York	$2,000	–	$510
New York City	$2,600	-	$560
North Carolina**	–	$1,400	$375
North Dakota	$1,300	–	$375
Ohio[4]	$1,900	–	$465
Oklahoma	$1,600	–	$475
Oregon	$2,200	$1,000	Trustee Sale Guarantee
Pennsylvania	$1,800	–	$400
Puerto Rico	$1,550	–	$310
Rhode Island**	–	$1,350	$340
South Carolina	$1,700	–	$375
South Dakota	$1,350	–	$425
Tennessee**	–	$900	$365
Texas**	–	$1,000	$265
Utah	–	$1,000	Trustee Sale Guarantee

Foreclosure Attorney Fees*, [1], [2]			Title Work*+
STATE	JUDICIAL FORECLOSURE	TRUSTEE/ NON-JUDICIAL FORECLOSURE	EXPENSE LIMITS
Vermont++	$1,900	$1,200	$365
Virgin Islands	$1,100	–	$425
Virginia**	–	$1,000	$340
Washington	–	$1,000	Trustee Sale Guarantee
West Virginia**	–	$850	$525
Wisconsin	$1,500	–	$365
Wyoming**	–	$850	Foreclosure Title Policy

[1] Deed-in-Lieu of Foreclosure – Freddie Mac will reimburse the Servicer up to $400 in attorneys' fees for the preparation and recordation of a release of Mortgage.

[2] Mediation fees and court costs, when required by State or local law, as well as fees charged by a mediation manager are reimbursable with prior written approval from Freddie Mac. Freddie Mac will approve mediation fees and court costs up to $875 for attendance and appearance at the initial mediation hearing or conference and up to two additional mediation hearings or conferences when Freddie Mac determines that applicable law requires participation in a pre-foreclosure mediation program. Freddie Mac will conduct additional review to approve requests for pre-approval of mediation fees and court costs in excess of $875, or in any amount in any State or jurisdiction where Freddie Mac has not determined that applicable law requires a pre-foreclosure mediation program.

[3] Freddie Mac will reimburse the Servicer up to an additional $1,750 in attorneys' fees for all work necessary to complete the bulk trial foreclosure process.

[4] The title work expense limit reflects the title search fee and the cost of an update to title only. If the State also requires a filed rate insurance product or premium, then the Servicer can be reimbursed this additional amount as a cost.

* See Section 71.19, Reimbursement of Fees and Costs Incurred During Legal Proceedings, and Section 71.24, Non-Reimbursable Expenses.

** In these States, if a Servicer must restart a new foreclosure proceeding due to bankruptcy, where the Servicer has restarted the foreclosure due to an approved workout option in accordance with Section 66.41, or due to a Borrower being conditionally approved for mortgage assistance under the State Housing Finance Agency program in accordance with Section 64.12. Freddie Mac will reimburse the Servicer 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
- Freddie Mac will not reimburse Servicers for any fees or costs associated with a restart should the restart cause the foreclosure time line in Exhibit 83, Freddie Mac State Foreclosure Time Lines, to be exceeded
- Freddie Mac will not reimburse Servicers for any fees or costs associated with a restart should the restart be due to a failure to provide a timely foreclosure certification as provided in Section 66.41.1(b)

[+] Expense limits for title work include the cost of an update to the title if required by the State, or to ensure clear and marketable title to the Mortgaged Premises after the foreclosure sale. Freddie Mac will not reimburse for any additional title abstract, commitment or policy. If the Servicer must obtain an additional update to the title because the original is stale due to bankruptcy delay, Freddie Mac will reimburse the Servicer up to $75 for the update. Servicers must contact Freddie Mac for written pre-approval for an additional update if the title becomes stale for any other reason.

[++] The higher attorney fee listed is for cases where there is equity in the property, thus requiring a foreclosure by judicial sale.

Freddie Mac's approved Bankruptcy reimbursement amounts (Section 71.19) are:	
Chapter	**Allowable Fee**
Chapter 7	
Proof of Claim Preparation	$275
Motion for Relief from Stay (up to two hearings and order)	$550
Chapter 13* **	
Proof of Claim Preparation, Plan Review and Plan Negotiations	$425
Objection to Plan (up to two hearings)	$400
Motion for Relief from Stay (up to two hearings and order)	$650
Agreed Order; Court Certification of Default/Stay Terminated	$150
Agreed Order; Notice of Default/Stay Termination	$50
Payment Change Notifications	$50
Notice of Fees, Expenses and Charges	$50
Response to Final Cure Payment for Agreed Response	$50
Response to Final Cure Payment for Dispute	$250
Chapters 7, 11, 12 and 13	
Multiple Filing Litigation +++	$500
Additional Hearings	$200

Written pre-approval from Freddie Mac is required before incurring any expense in excess of any of the above amounts.

***Fees for Chapter 11 or Chapter 12, if otherwise not covered in the above reimbursement amounts, will also require pre-approval from Freddie Mac before incurring any excess expense.

If a case converts, Freddie Mac will reimburse the Servicer 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, Freddie Mac will reimburse the Servicer for up to $500 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 the Servicer must then protect Freddie Mac's interests in the bankruptcy proceeding, Freddie Mac will additionally reimburse the Servicer for the applicable bankruptcy fee, up to the allowable limit, for the chapter of bankruptcy filed.

Contested foreclosure fees and court costs (Section 71.19) are:		
Judicial Contested Foreclosure:		**Allowable Fee**
Probate Proceedings (Judicial)	Foreclosure attorney fee for probate proceedings during a contested foreclosure.	Prior approval is required
Contested Foreclosure Resolved by Motion for Summary Judgment (Judicial)	Foreclosure attorney fee for a contested foreclosure in which a defendant files an answer requiring the filing of a summary judgment motion. This includes actions leading up to the filing of the summary judgment motion, the filing of the motion, all court appearances and all written discovery.	Prior approval is required
Responding to a Motion to Dismiss (Judicial)	Foreclosure attorney fee for responding to a motion to dismiss, including the preparation and filing of a response and attendance at all hearings.	Prior approval is required
Motion for Mediation in a Contested Foreclosure (Judicial)	Foreclosure attorney fee encompassing attendance and appearance at the mediation session, not as a requirement by State or local law pre-foreclosure mediation programs, but for a contested foreclosure.	Prior approval is required
Contested Foreclosure Resolved by Trial (Judicial)	Foreclosure attorney fee for trial, set by court upon its own motion, including, but not limited to, pre-trial preparation and correspondence, preparation and filing documents necessary for trial, witness preparation, and all necessary court appearances.	Prior approval is required
Contested Foreclosure Fee – Other (Judicial)	Foreclosure attorney fee for additional actions needed to resolve a disputed matter by a defendant in a foreclosure action wherein the foreclosure becomes litigated, whether routine or non-routine, in order to proceed with the foreclosure.	Prior approval is required

Non-Judicial Contested Foreclosure:		Allowable Fee
Probate Proceedings (Non-Judicial)	Foreclosure attorney fee for probate proceedings during a contested foreclosure.	Prior approval is required
Contested Foreclosure Resolved by Motion to Dismiss (Non-Judicial)	Foreclosure attorney fee for a contested foreclosure resolved by the filing of a motion to dismiss and subsequent entry of an order granting motion to dismiss. This includes all actions leading up to the filing of the motion to dismiss, the filing of the motion, and all necessary court appearances.	Prior approval is required
Contested Foreclosure Resolved by Summary Judgment Motion (Non-Judicial)	Foreclosure attorney fee for a contested foreclosure resolved by the filing of a motion for summary judgment and subsequent entry of an order granting motion for summary judgment. This includes all actions leading up to the filing of the summary judgment motion, the filing of the motion, all court appearances and all written discovery.	Prior approval is required
Motion for Mediation in a Contested Foreclosure (Non-Judicial)	Foreclosure attorney fee encompassing attendance and appearance at the mediation session, not as a requirement by State or local law pre-foreclosure mediation programs, but for a contested foreclosure.	Prior approval is required
Contested Foreclosure Fee – Other (Non-Judicial)	Foreclosure attorney fee for additional actions needed to resolve a disputed matter by a defendant in a foreclosure action wherein the foreclosure becomes litigated, whether routine or non-routine, in order to proceed with the foreclosure.	Prior approval is required

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 59

City of Chicago, Illinois Vacant Property Ordinance Expense Codes

On or after March 1, 2012, the Servicer must submit a request for pre-approval through the Reimbursement System prior to incurring any of the expenses on Exhibit 59.

EXPENSE CODE	ITEM	DESCRIPTION
095005	Ordinance* Property Registration	Expenses incurred by registering the Mortgaged Premises with the City's vacant property registration system including the registration fee and processing or administrative fees charged by the City, if any.
095007	Ordinance Property Inspection	Inspections of the type and frequency required by Chapters 64 and 65 must be submitted under the existing expense code found in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts, and Exhibit 74, Expense and Income Codes for Expense Reimbursement Claims. Inspections of a type or frequency that are in excess of the Guide must be submitted using this new code. For example, the Guide requires the first inspection to occur between the 45th and 60th day of Delinquency and then monthly thereafter under certain circumstances. If the City were to require two inspections in one month, expenses for the additional monthly inspection must be submitted using this new code.

EXPENSE CODE	ITEM	DESCRIPTION
095008	Ordinance Legal Fee	Legal fees and expenses incurred by the Servicer for defense against enforcement actions by the City resulting from the Ordinance. For example, if the City refused to accept a registration fee because it was made under protest and initiated a legal action against the Servicer as a result, the Servicer must submit the legal fees using this expense code. Freddie Mac will review these fees and expenses on a case-by-case basis to determine whether it will reimburse the Servicer.
095010	Ordinance Yard Maintenance Expense	Allowable expenses for reasonable yard maintenance such as mowing grass, pruning shrubs and removing dead plants, branches and trees between April 1st and September 30th must be submitted under the existing expense codes found in Exhibits 57 and 74. Expenses for these activities incurred between October 1st and March 31st and for more extensive exterior yard maintenance activities, if required by the Ordinance, should be submitted under this expense code.
095011	Ordinance Window/Door Security and Boarding Expense	Locking and securing doors and windows, re-keying doors and boarding doors and windows that are broken, should be submitted using the existing expense codes found in Exhibits 57 and 74. Boarding windows and doors that are in good condition must be submitted under this code if the Ordnance or the specific jurisdiction requires those windows and doors to be boarded.
095012	Ordinance Security Panel Monthly Expense	Expenses for the monthly rental of steel security panels installed on the Mortgaged Premises. Servicers must submit a request for pre-approval (RPA) for the expense each month the panels are rented.
095013	Ordinance Security Panel Installation Expense	Expenses incurred for the installation of steel security panels on the Mortgaged Premises.

EXPENSE CODE	ITEM	DESCRIPTION
095014	Ordinance Fence Replacement and Gate Repairs / Replacement Expense	Expenses for repair of fences must be submitted under the expense codes listed in Exhibits 57 and 74. Expenses for the complete or partial replacement of fences or the repair or replacement of gates should be submitted under this code.
095015	Ordinance Exterior Step and Stair Repair Expense	Expenses for the repair or replacement of exterior steps or stairs of the Mortgaged Premises.
095016	Ordinance Inspection Trip Charge	Expenses incurred in order to give a City Inspector access to the Mortgaged Premises so that the City Inspector can conduct an independent inspection.
095017	Ordinance Sign Expense	Expense incurred in posting a sign identifying the vacant property number and name of an authorized agent as required by the Ordinance.
095018	Ordinance Authorized Agent Expense	Expenses incurred in hiring an authorized agent to manage the Mortgaged Premises, if any.
095019	Ordinance Expenses for Repairs/Maintenance Required by City Inspector	Expenses for repairs, maintenance or other activities that are required by a City Inspector, but are not provided by the Guide and do not fall under another Ordinance expense code in this exhibit. For example, if a City Inspector required Mortgaged Premises that had already been winterized to be re-winterized, the expense should be submitted using this code.

*Currently, the use of these codes is limited to expenses arising from Sections 13-12-125, 126, 127 and 135 of the Municipal Code of the City of Chicago, Illinois (“Ordinance”).

Servicers must use these Vacant Property Ordinance Expense Codes to submit expenses in the Reimbursement System for activities that are required by the Ordinance but not required by the Guide. Servicers must submit the inspection, maintenance, repair and legal expenses described above that would not have been incurred but for the Ordinance using these codes.

Inspection, maintenance, repair and legal expenses that are incurred for activities that are already required by the Guide and expenses incurred must be submitted using the expense codes found in Exhibits 57 and 74.

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 sale, 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 sales 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
x	Freddie Mac % owned
=	UPB — Freddie Mac share

2. Determine interest due:

	UPB — Freddie Mac share
x	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: Reinstatements (exception code 50)

For fixed-rate Mortgages:

	Accounting Net Yield rate
x	UPB — Freddie Mac share
x	Number of months from month inactivated to month reinstated

÷	12
=	Total interest due Freddie Mac

For adjustable-rate Mortgages or Mortgages with a step-rate feature (e.g., modified under HAMP): If an interest rate adjustment(s) occurs while the Mortgage was in inactive status, the following calculations are required:

(a)		Accounting Net Yield rate when Mortgage inactivated
	x	UPB — Freddie Mac share
	x	Number of months from month inactivated to month new net yield takes effect
	÷	12
	=	Reinstatement interest (a)
(b)		This calculation is done for each rate change that occurs before the Mortgage is reinstated.
		New Accounting Net Yield rate
	x	UPB — Freddie Mac share
	x	Number of months until net yield rate becomes effective or Mortgage is reinstated
	÷	12
	=	Reinstatement interest (b)
(c)		Reinstatement interest (a)
	+	Reinstatement interest (b)
	=	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 sales (exception code 61)
- Make-whole preforeclosure sales (exception code 61)
- Charge-offs (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
x	UPB — Freddie Mac share
x	Number of months from month inactivated up to, but not including, exception month
÷	12
=	Total prior months' interest due

For adjustable-rate Mortgages or Mortgages with a step-rate feature (e.g., modified under HAMP): If an interest-rate adjustment(s) occurs while the Mortgage is inactive, the following calculations are required:

(a) Accounting Net Yield rate when Mortgage inactivated

x	UPB — Freddie Mac share
x	Number of months from month inactivated 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, month exception occurred.

	New accounting Net Yield rate
x	UPB — Freddie Mac share
x	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

x UPB — Freddie Mac share
x Number of days
÷ 365
= Exception month interest

3. Calculate total interest due:

Total prior months' interest
+ Exception month interest
= Total interest due Freddie Mac

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
x Freddie Mac % owned
= UPB — Freddie Mac share

(b) Determine one month's net yield interest
UPB — Freddie Mac share
x 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
x UPB — Freddie Mac share
x 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

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
x Freddie Mac % owned
= UPB — Freddie Mac share

(b) Determine one month's net yield interest

UPB — Freddie Mac share
x 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
x UPB — Freddie Mac share
x 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

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
x UPB — Freddie Mac share

	x	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
	x	-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
x	UPB — Freddie Mac share
x	Number of months from due date of last paid installment up to, but not including, the month inactivated
÷	12
=	Interest advanced
	Interest advanced
x	-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
	x	UPB — Freddie Mac share
	x	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
	x	UPB — Freddie Mac share

	x	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
	x	UPB — Freddie Mac share
	x	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
	x	-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
x	UPB — Freddie Mac share
÷	12
=	Interest due Freddie Mac

1. Calculate the change in Mortgage balance:

	UPB at beginning of accounting cycle
-	UPB at end of accounting cycle
=	Change in Mortgage balance

2. Calculate principal due Freddie Mac:

	Change in Mortgage balance
x	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.

CALCULATING INTEREST DUE FREDDIE MAC: No Exception Code Reported

1. Determine scheduled UPB — Freddie Mac share:

	Scheduled UPB at beginning of accounting cycle
x	Freddie Mac % owned
=	Scheduled UPB — Freddie Mac share

2. Determine interest due:

	Scheduled UPB — Freddie Mac share
x	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 sales (exception code 61)
- Make-whole preforeclosure sales (exception code 61)
- Charge-offs (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
x	Freddie Mac % owned
=	Scheduled UPB — Freddie Mac share

(b) Determine one month's net yield interest

	Scheduled UPB — Freddie Mac share
x	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
x Scheduled UPB — Freddie Mac share
x 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

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
x Freddie Mac % owned
= Scheduled UPB — Freddie Mac share

(b) Determine one month's net yield interest
Scheduled UPB — Freddie Mac share
x 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
x Scheduled UPB — Freddie Mac share
x 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

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
x	Scheduled UPB — Freddie Mac share
x	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
x	-1
=	Interest due Freddie Mac

For adjustable-rate Mortgages or Mortgages with a step-rate feature (e.g., modified under HAMP): 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
x	Scheduled UPB — Freddie Mac share
x	Number of months from due date of last paid installment up to, but not including, the exception month
÷	12
=	Interest advanced

	Interest advanced
x	-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
	x	Scheduled UPB — Freddie Mac share
	x	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
	x	Scheduled UPB — Freddie Mac share
	x	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
	x	Scheduled UPB — Freddie Mac share
	x	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
	x	-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
x	Scheduled UPB — Freddie Mac share
÷	12
=	Interest due Freddie Mac

CALCULATING SCHEDULED UPB

1. Determine scheduled principal payment:

(a)		Beginning scheduled UPB
	x	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
x	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
x	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.

Note 3: This calculation is for remitting purposes only and actual interest that accrues against the actual UPB should be calculated in accordance with the

instructions in Form 1128, Loss Mitigation Transmittal Worksheet, when determining delinquent interest to be capitalized (and therefore not due to 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

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
x	Accounting Net Yield rate
÷	12
x	Number of monthly installments
=	Total interest due Freddie Mac

CALCULATING PRINCIPAL DUE FREDDIE MAC:

1. Calculate the change in Mortgage balance:

	UPB at beginning of accounting cycle
-	UPB at end of accounting cycle
=	Change in Mortgage balance

2. Calculate principal due Freddie Mac:

	Change in Mortgage balance
x	Freddie Mac % owned
=	Principal due Freddie Mac

CALCULATING INTEREST DUE FREDDIE MAC: Cash Liquidation Reported

(a) Accounting Net Yield rate when Mortgage became delinquent

x	UPB — Freddie Mac share
x	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
x	UPB — Freddie Mac share
x	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:

	Accounting Net Yield rate
x	UPB — Freddie Mac share
x	Number of days
÷	365
=	Exception month interest

3. Calculate total interest due:

	Total prior months' interest
+	Exception month interest
=	Total interest due Freddie Mac

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

   *

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	
								100,000.00	
Oct. 16	0.00	0.00	0.00	0.00	0.00	0.00		0.00	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

GPM 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	8.4880	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	11.0038	11.5540	12.1317	12.7383	0.9997	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	11.9696	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	14.5293	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	9.7782	10.2672	1.0397	48
11.250	8.1281	8.5345	8.9612	9.4093	9.8798	10.3737	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	8.7993	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	10.8078	11.3482	1.0498	60
12.500	8.9777	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	9.8821	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	8.5073	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

Exhibit 74

Expense and Income Codes for Expense Reimbursement Claims

Expense Codes: Activity Listing

Action	Expense codes	Expense descriptions	Notes
Foreclosure	010000	Attorney Fees (Judicial)	
	010002	Attorney Fees – Torrens Act	Limited to applicable properties in MN only
	010004	Mediation Manager Fees	Prior approval is required
	010005	Mediation – Attorney Fees and Court Costs	Prior approval is required
	010006	Attorney Fees (Non Judicial)	
	010009	Pre Trial Preparation Attorney Fee	Limited to FL only
	010011	Process Server Fee/Postage for Mailing of Foreclosure Notices	
	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	011014	Chapter 7 – Proof of Claim Preparation	
	011015	Chapter 7 – Motion for Relief from Stay (up to 2 hearings and order)	
	011016	Chapter 7 – Additional Hearings	
	011017	Chapter 7 – Multiple Filing Litigation	
	011018	Chapter 11 – Proof of Claim, Plan Review and Plan Negotiations	
	011019	Chapter 11 – Motion for Relief from Stay (up to 2 hearings and order)	
	011020	Chapter 11 – Objection to Plan (up to 2 hearings)	
	011021	Chapter 11 – Agreed Order; Court Certification of Default/Stay Terminated	
	011022	Chapter 11 – Agreed Order; Notice of Default/Stay Termination	

Action	Expense codes	Expense descriptions	Notes
	011023	Chapter 11 – Payment Change Notifications	
	011024	Chapter 11 – Notice of Fees, Expenses & Charges	
	011025	Chapter 11 – Response to Final Cure Payment for Agreed Response	
	011026	Chapter 11 – Response to Final Cure Payment for Dispute	
	011027	Chapter 11 – Additional Hearings	
	011028	Chapter 11 – Multiple Filing Litigation	
	011029	Chapter 12 – Proof of Claim, Plan Review and Plan Negotiations	
	011030	Chapter 12 – Motion for Relief from Stay (up to 2 hearings and order)	
	011031	Chapter 12 – Objection to Plan (up to 2 hearings)	
	011032	Chapter 12 – Agreed Order; Court Certification of Default/Stay Terminated	
	011033	Chapter 12 – Agreed Order; Notice of Default/Stay Termination	
	011034	Chapter 12 – Payment Change Notifications	
	011035	Chapter 12 – Notice of Fees, Expenses & Charges	
	011036	Chapter 12 – Response to Final Cure Payment for Agreed Response	
	011037	Chapter 12 – Response to Final Cure Payment for Dispute	
	011038	Chapter 12 – Additional Hearings	
	011039	Chapter 12 – Multiple Filing Litigation	
	011040	Chapter 13 – Proof of Claim, Plan Review and Plan Negotiations	
	011041	Chapter 13 – Motion for Relief from Stay (up to 2 hearings and order)	
	011042	Chapter 13 – Objection to Plan (up to 2 hearings)	
	011043	Chapter 13 – Agreed Order; Court Certification of Default/Stay Terminated	
	011044	Chapter 13 – Agreed Order; Notice of Default/Stay Termination	

Action	Expense codes	Expense descriptions	Notes
	011045	Chapter 13 – Payment Change Notifications	
	011046	Chapter 13 – Notice of Fees, Expenses & Charges	
	011047	Chapter 13 – Response to Final Cure Payment for Agreed Response	
	011048	Chapter 13 – Response to Final Cure Payment for Dispute	
	011049	Chapter 13 – Additional Hearings	
	011050	Chapter 13 – Multiple Filing Litigation	
	041000	Court Costs	
	041002	Other Court Costs (PACER, transcript, witness fees)	
	401000	Appraisal Charge	Prior approval is required

Action	Expense codes	Expense descriptions	Notes
Contested Foreclosure	010013	Probate Proceedings (Judicial)	Prior approval is required
	010014	Contested Foreclosure Resolved by Motion for Summary Judgment (Judicial)	Prior approval is required
	010015	Responding to a Motion to Dismiss (Judicial)	Prior approval is required
	010016	Motion for Mediation in a Contested Foreclosure (Judicial)	Prior approval is required
	010017	Contested Foreclosure Resolved by Trial (Judicial)	Prior approval is required
	010018	Contested Foreclosure Fee – Other (Judicial)	Prior approval is required
	010019	Probate Proceedings (Non-Judicial)	Prior approval is required
	010020	Contested Foreclosure Resolved by Motion to Dismiss (Non-Judicial)	Prior approval is required
	010021	Contested Foreclosure Resolved by Summary Judgment Motion (Non-Judicial)	Prior approval is required
	010022	Motion for Mediation in a Contested Foreclosure (Non-Judicial)	Prior approval is required
	010023	Contested Foreclosure Fee – Other (Non-Judicial)	Prior approval is required
Other Legal	013000	Deed-in-lieu of Foreclosure — Attorney Fees	
	014000	Receiver Fees	
	014004	Receivership Additional Court Appearance Cost	
	032000	Sheriff/Auctioneer Fees — Other Actions	
	043000	Court Costs — Other Actions	
	013104	Suit On Note / Deficiency Judgment	
	010012	Certificate of Regularity	
	043006	Guardian Ad Litem	
	600021	Skip Trace / Investigative Report	
	600022	Environmental/Department/ Violation Search – Other Searches	
	600023	Courier/Overnight Delivery/ Certified Mail	
	300007	All Recording Fees	
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
Property Repairs	191006	Emergency Repairs	
	191019	Fence Repair	
	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
	207000	Other Replacements	Prior approval is required
Note: All expense codes require *from* and *to* dates for the period billed.			

Action	Expense codes	Expense descriptions	Notes
Maintenance/ Preservation	090001	Securing/Rekeying	
	090002	Boarding (Broken window and/or door)	Where needed as required by local ordinances
	090008	Police/Fire Report	
	090009	Pool and Spa Securing	
	090017	Pre-foreclosure Vacant Property Registration	Initial vacant property registration and re-registration fees
	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
	093003	Pest Removal	Removal of dead vermin from property
	093000	Initial Yard Maintenance	Full yard and/or perimeter cut and trimming/once per summer season*
	094000	Yard Maintenance	(Semi-monthly) grass cutting during summer season*
	095001	Winterization	One time charge during winter season**
	095002	Dewinterization	Prior approval is required
	191003	Snow Removal	As needed during winter season**
	191001	Other Maintenance Costs	Prior approval is required
	404005	Exterior Property Inspection	
	404007	Interior Property Inspection	
	404008	Deed-in-Lieu Property Inspection	One time charge
	404016	Ordinance Required Property Inspection (Weekly)	No more than four in a given month
	404017	Ordinance Required Property Inspection (Biweekly)	No more than two in a given month
Liens	500000	Superior (First) Liens	Prior approval is required
	501000	IRS Liens	Prior approval is required
	502000	Other Liens	Prior approval is required
	500002	Deed-in-Lieu Subordinate Lien Payment	
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 the claim
	074002	Supplemental Tax	
	074003	Transfer Tax	Prior approval is required. Refer to Section 71.24
	074004	Ground Rents	
	074005	First Tax Penalty on Non-Escrowed Mortgages	
	074006	Second Tax Penalty (CA only)	
	076000	Ad Valorem Tax	
Homeowners' Association	080000	Homeowners' Association and PUD Fees	Refer to Section 71.18 regarding such expense liens that could subordinate the Mortgage
	080002	Special Assessments	
	080003	Condominium Project Documents/HOA Transfer Fee	

Action	Expense codes	Expense descriptions	Notes
Other	503000	Principal Reimbursement	
	404001	Freddie Mac Special Inspection	Prior approval is required
	015000	Connectivity Fee	Reimbursable up to a maximum of $25 per referral for the life of the default. (Refer to Section 66.25 for details on this fee.)
	300006	Technology Fee	Reimbursable up to a maximum of $5 per referral, before 04/01/11, for the life of the default. (Refer to Connectivity Fee.)
	016000	Invoicing Fee	Reimbursable up to a maximum of $5 to process foreclosure invoices and a maximum of $5 to process bankruptcy invoices for the life of the default. (Refer to Section 66.25 for details on this fee.)
	013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of $3,000. (Refer to Section B65.44.1 for details on this assistance.)
	040002	State Registration Fee	Initial property registration and the re-registration where applicable law requires a fee when conducting a foreclosure. Reimbursable up to a maximum of $500.
Home Affordable Modification Program (HAMP)	300003	Recordation Fees	Actual cost
	300004	Title Costs, if applicable (except with respect to title costs in connection with a foreclosure proceeding)	Reimbursable amounts are in accordance with the limits specified in Exhibit 57A
	042001	Notary Fees	Actual cost. Reimbursement limited to expenses paid to third parties only
	400003	Home Value Explorer® (HVE)	Actual cost
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 the claim
	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.			

Exhibit 74

Expense and Income Codes for Expense Reimbursement Claims

Expense Codes: Activity Listing

Action	Expense codes	Expense descriptions	Notes
Foreclosure	010000	Attorney Fees (Judicial)	
	010002	Attorney Fees – Torrens Act	Limited to applicable properties in MN only
	010004	Mediation Manager Fees	Prior approval is required
	010005	Mediation – Attorney Fees and Court Costs	Prior approval is required
	010006	Attorney Fees (Non Judicial)	
	010009	Pre Trial Preparation Attorney Fee	Limited to FL only
	010011	Process Server Fee/Postage for Mailing of Foreclosure Notices	
	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	011014	Chapter 7 – Proof of Claim Preparation	
	011015	Chapter 7 – Motion for Relief from Stay (up to 2 hearings and order)	
	011016	Chapter 7 – Additional Hearings	
	011017	Chapter 7 – Multiple Filing Litigation	
	011018	Chapter 11 – Proof of Claim, Plan Review and Plan Negotiations	
	011019	Chapter 11 – Motion for Relief from Stay (up to 2 hearings and order)	
	011020	Chapter 11 – Objection to Plan (up to 2 hearings)	
	011021	Chapter 11 – Agreed Order; Court Certification of Default/Stay Terminated	
	011022	Chapter 11 – Agreed Order; Notice of Default/Stay Termination	

Action	Expense codes	Expense descriptions	Notes
	011023	Chapter 11 – Payment Change Notifications	
	011024	Chapter 11 – Notice of Fees, Expenses & Charges	
	011025	Chapter 11 – Response to Final Cure Payment for Agreed Response	
	011026	Chapter 11 – Response to Final Cure Payment for Dispute	
	011027	Chapter 11 – Additional Hearings	
	011028	Chapter 11 – Multiple Filing Litigation	
	011029	Chapter 12 – Proof of Claim, Plan Review and Plan Negotiations	
	011030	Chapter 12 – Motion for Relief from Stay (up to 2 hearings and order)	
	011031	Chapter 12 – Objection to Plan (up to 2 hearings)	
	011032	Chapter 12 – Agreed Order; Court Certification of Default/Stay Terminated	
	011033	Chapter 12 – Agreed Order; Notice of Default/Stay Termination	
	011034	Chapter 12 – Payment Change Notifications	
	011035	Chapter 12 – Notice of Fees, Expenses & Charges	
	011036	Chapter 12 – Response to Final Cure Payment for Agreed Response	
	011037	Chapter 12 – Response to Final Cure Payment for Dispute	
	011038	Chapter 12 – Additional Hearings	
	011039	Chapter 12 – Multiple Filing Litigation	
	011040	Chapter 13 – Proof of Claim, Plan Review and Plan Negotiations	
	011041	Chapter 13 – Motion for Relief from Stay (up to 2 hearings and order)	
	011042	Chapter 13 – Objection to Plan (up to 2 hearings)	
	011043	Chapter 13 – Agreed Order; Court Certification of Default/Stay Terminated	
	011044	Chapter 13 – Agreed Order; Notice of Default/Stay Termination	

Action	Expense codes	Expense descriptions	Notes
	011045	Chapter 13 – Payment Change Notifications	
	011046	Chapter 13 – Notice of Fees, Expenses & Charges	
	011047	Chapter 13 – Response to Final Cure Payment for Agreed Response	
	011048	Chapter 13 – Response to Final Cure Payment for Dispute	
	011049	Chapter 13 – Additional Hearings	
	011050	Chapter 13 – Multiple Filing Litigation	
	041000	Court Costs	
	041002	Other Court Costs (PACER, transcript, witness fees)	
	401000	Appraisal Charge	Prior approval is required

Action	Expense codes	Expense descriptions	Notes
Contested Foreclosure	010013	Probate Proceedings (Judicial)	Prior approval is required
	010014	Contested Foreclosure Resolved by Motion for Summary Judgment (Judicial)	Prior approval is required
	010015	Responding to a Motion to Dismiss (Judicial)	Prior approval is required
	010016	Motion for Mediation in a Contested Foreclosure (Judicial)	Prior approval is required
	010017	Contested Foreclosure Resolved by Trial (Judicial)	Prior approval is required
	010018	Contested Foreclosure Fee – Other (Judicial)	Prior approval is required
	010019	Probate Proceedings (Non-Judicial)	Prior approval is required
	010020	Contested Foreclosure Resolved by Motion to Dismiss (Non-Judicial)	Prior approval is required
	010021	Contested Foreclosure Resolved by Summary Judgment Motion (Non-Judicial)	Prior approval is required
	010022	Motion for Mediation in a Contested Foreclosure (Non-Judicial)	Prior approval is required
	010023	Contested Foreclosure Fee – Other (Non-Judicial)	Prior approval is required
Other Legal	013000	Deed-in-lieu of Foreclosure — Attorney Fees	
	014000	Receiver Fees	
	014004	Receivership Additional Court Appearance Cost	
	032000	Sheriff/Auctioneer Fees — Other Actions	
	043000	Court Costs — Other Actions	
	013104	Suit On Note / Deficiency Judgment	
	010012	Certificate of Regularity	
	043006	Guardian Ad Litem	
	600021	Skip Trace / Investigative Report	
	600022	Environmental/Department/ Violation Search – Other Searches	
	600023	Courier/Overnight Delivery/ Certified Mail	
	300007	All Recording Fees	
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
Property Repairs	191006	Emergency Repairs	
	191019	Fence Repair	As needed to repair or replace damaged sections of fence in order to secure pool area or property perimeter
	191033	Dehumidifier	As needed to abate/prevent mold growth due to moisture
	191035	Mold Treatment	Abatement of interior mold growth with non-primer or non-paint-based chemicals intended for such use (e.g. bleach). A bid to remove mold must be submitted if treatment is not expected to abate further mold growth.
	105002	Utilities Transfer	To be used when an on-site visit and wait time are required
	200000	Roof Repair/Replacement	As needed, if active leak is present. Flat roofs must not be tarped; all other roofs, however, may be tarped if repair work cannot be completed within the allowable.
	200001	Gutter Repair/Cleaning	As needed to prevent blight, roof damage and leaks
	201000	Interior Painting	Prior approval is required
	202000	Exterior Painting	Prior approval is required
	203000	Sump Pump/HVAC Repair/Replacement	Servicing and restart as needed. Existing hardware must be tested with generator if electric is not on at the property.
	204000	Flooring Repair	Prior approval is required
	205000	Appliance Repair/Replacement	Prior approval is required
	206000	Other Repairs	Prior approval is required
	207000	Other Replacements	Prior approval is required
Note: All expense codes require *from* and *to* dates for the period billed.			

Action	Expense codes	Expense descriptions	Notes
Maintenance/ Preservation	090028	Securing (Knob Locks)	If needed for access to, and/or securing of, the property.
	090030	Boarding (Broken Windows)	Where needed, as required by local ordinances. All missing windows and doors should be boarded, not repaired.
	090008	Police/Fire Report	
	090031	Pool (In Ground Pool Securing)	Covering or boarding of in ground pools
	090017	Pre-foreclosure Vacant Property Registration	Initial vacant property registration and re-registration fees
	090019	Securing (Padlocks)	If needed for access to, and/or securing of, the property
	090020	Securing (Slider Locks)	If needed for access to, and/or securing of, the property
	090021	Securing (Window Locks)	If needed for access to, and/or securing of, the property
	090022	Security Door	If needed for access to, and/or securing of, the property
	090023	Boarding (Doors)	As needed to secure non-access entryways with missing or broken doors
	090024	Extermination (Non-Licensed)	As needed, to address infestation with over-the-counter products
	090025	Pool (Above Ground Pool Securing)	Covering or boarding of above ground pools. Pool may be tarped if pool frame is unable to support weight of covering or boarding. Collapsed pools may be moved to an exterior shed, garage or other secure structure on the property.
	090026	Pool Draining	To be used when draining pools, hot tubs, spas or ponds
	090027	Pool (Hot Tubs or Spa Securing)	Covering or boarding of hot tubs, spas or ponds
	091010	Interior Property Cleaning (Refrigerator)	As needed, to remove all perishables from refrigerators, freezers and other appliances that may pose a risk of infestation to the property. Interior must be wiped down and free of hazards.

Action	Expense codes	Expense descriptions	Notes
	091002	Trash Removal/Dumping Fees	To be used as needed for the removal of health hazards and exterior debris. Interior debris that may pose a risk to the property must also be removed. Exterior personals resulting in a violation or in the way of the grass being cut may be moved.
	091009	Interior Property Cleaning (Toilets)	
	090029	Extermination (Licensed)	Fumigation by a professional extermination company
	093003	Pest Removal	Removal of dead vermin from property
	093004	Initial Yard Maintenance (Lots greater than 10,000 sq. ft.)	To be used on properties with lots greater than 10,000 square feet. Full yard and/or perimeter cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season.*
	093005	Initial Yard Maintenance (Lots of up to 10,000 sq. ft.)	To be used on properties with lots of 10,000 square feet or less. Full yard cut, weed removal or desert landscaping, as applicable, once per Yard Maintenance Season.*
	094016	Yard Maintenance (Lots of up to 10,000 sq. ft.)	To be used on properties with lots of 10,000 square feet or less. Semi-monthly full yard grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season.*
	094013	Yard Maintenance (Lots Greater than 10,000 sq. ft.)	To be used on properties with lots greater than 10,000 square feet. Semi-monthly full yard or perimeter grass cuts, weed removal or desert landscaping, as applicable, during Yard Maintenance Season.*
	094014	Trimming (Shrubs)	As needed during Yard Maintenance Season*
	094015	Trimming (Trees)	As needed during Yard Maintenance Season*
	090032	Winterization (Dry)	One time charge during winter season**
	095002	Dewinterization	Prior approval is required
	095020	Winterization (Wet/Steam)	One time charge during Winterization Season**

Action	Expense codes	Expense descriptions	Notes
	095021	Winterization (Radiant)	One time charge during Winterization Season**
	095022	Re-winterization	If necessary, once per calendar year
	095023	Winterization (Additional Unit)	One time charge during winter season**
	100003	Capping (Electric)	To be used if electric is on
	101001	Capping (Gas)	As needed to prevent damage to property
	103001	Capping (Water)	As needed to prevent damage to property
	103002	Capping (Sewer)	As needed to prevent damage to property
	105001	Capping (Chimney)	As needed to prevent access to critters and small vermin
	191003	Snow Removal	As needed during winter season**
	191034	Dryer Vent Cover	As needed to prevent access to critters and small vermin
	191001	Other Maintenance Costs	Prior approval is required
	404005	Exterior Property Inspection	
	404007	Interior Property Inspection	
	404008	Deed-in-Lieu Property Inspection	One time charge prior to deed execution
	404016	Ordinance Required Property Inspection (Weekly)	No more than four in a given month
	404017	Ordinance Required Property Inspection (Biweekly)	No more than two in a given month
Liens	500000	Superior (First) Liens	Prior approval is required
	501000	IRS Liens	Prior approval is required
	502000	Other Liens	Prior approval is required
	500002	Deed-in-Lieu Subordinate Lien Payment	
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 the claim
	074002	Supplemental Tax	
	074003	Transfer Tax	Prior approval is required. Refer to Section 71.24
	074004	Ground Rents	
	074005	First Tax Penalty on Non-Escrowed Mortgages	
	074006	Second Tax Penalty (CA only)	
	076000	Ad Valorem Tax	
Homeowners' Association	080000	Homeowners' Association and PUD Fees	Refer to Section 71.18 regarding such expense liens that could subordinate the Mortgage
	080002	Special Assessments	
	080003	Condominium Project Documents/HOA Transfer Fee	

Action	Expense codes	Expense descriptions	Notes
Other	503000	Principal Reimbursement	
	404001	Freddie Mac Special Inspection	Prior approval is required
	015000	Connectivity Fee	Reimbursable up to a maximum of $25 per referral for the life of the default. (Refer to Section 66.25 for details on this fee.)
	300006	Technology Fee	Reimbursable up to a maximum of $5 per referral, before 04/01/11, for the life of the default. (Refer to Connectivity Fee.)
	016000	Invoicing Fee	Reimbursable up to a maximum of $5 to process foreclosure invoices and a maximum of $5 to process bankruptcy invoices for the life of the default. (Refer to Section 66.25 for details on this fee.)
	013005	Deed-in-Lieu Borrower Relocation Assistance	Reimbursable up to a maximum of $3,000. (Refer to Section B65.44.1 for details on this assistance.)
	040002	State Registration Fee	Initial property registration and the re-registration where applicable law requires a fee when conducting a foreclosure. Reimbursable up to a maximum of $500.
Home Affordable Modification Program (HAMP)	300003	Recordation Fees	Actual cost
	300004	Title Costs, if applicable (except with respect to title costs in connection with a foreclosure proceeding)	Reimbursable amounts are in accordance with the limits specified in Exhibit 57A
	042001	Notary Fees	Actual cost. Reimbursement limited to expenses paid to third parties only
	400003	Home Value Explorer® (HVE)	Actual cost
Note: All expense codes require *from* and *to* dates for the period billed.			

* YARD MAINTANANCE SEASON AND FREQUENCY REQUIREMENTS	STATES
Year Round (Monthly)	AZ, NM and NV
Year Round (Semi-monthly)	AL, AR, CA, FL, GA, GU, HI, KS, LA, MS, OK, SC, TX, VI and PR
06/01-09/30 (Semi-monthly)	AK
03/01-10/31 (Semi-monthly)	All others

** WINTERIZATION SEASONAL REQUIREMENTS	STATES
Not Permitted	HI, GU, PR and VI
Year Round	AK
09/01-04/30	All others

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 the claim
	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.

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].

Date _____ _____ (Seal) – Borrower

Date _____ _____ (Seal) – Borrower

Date _____ _____ (Seal) – Borrower

Date _____ _____ (Seal) – 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

THIS 1–4 FAMILY MODIFICATION 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 19 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 22 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 9 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 a 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 Acknowledgement Formats for Living Trusts

When a Borrower has transferred ownership of the property securing a Balloon/Reset Mortgage to a Living Trust, a Servicer 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 to be inserted in Borrower's signature line for signature of Trustee of a Living Trust on the Balloon/Loan Modification

_____

[Name of Trustee]

As Trustee of the _____ [insert complete legal name of the trust]

Trust, under Trust Agreement dated _____

[Acknowledgment by notary public]

Form for acknowledgment of an Underwritten Settlor of a Living Trust on the Balloon/Loan Modification

_____

Settlor of the _____ [insert complete legal name of the trust]

Trust, under Trust Agreement dated _____

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, Security Instrument and any Riders to the Security Instrument bearing the date of _____

SETTLOR:

_____ (Seal)

[Settlor's Name]

[Acknowledgment by notary public]

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
BF*	Freddie Mac Standard Modification Trial Period
TM*	Freddie Mac Alternative Modification Trial Period

Note: Servicers must report Streamlined Modification Trial Period Plan activity using default action code TM – "Freddie Mac Alternative Modification Trial Period."

*The default action codes "BF – Freddie Mac Standard Modification Trial Period" or "TM – Freddie Mac Alternative Modification Trial Period" must be reported:

- In the first Electronic Default Reporting (EDR) cycle after the Servicer receives the first payment due under the Freddie Mac Standard Modification Trial Period Plan or Freddie Mac Streamlined Modification Trial Period Plan

- For the interim month, if the Servicer, at its option, elects to use the interim month in the event the Borrower does not pay the final Trial Period payment on or before the due date set forth in the Standard or Streamlined Modification Trial Period Plan Notice. Refer to Section B65.24(b) for additional information about the interim month option.
- For each month that the status applies. For example, the Servicer would no longer report the code once the Mortgage is modified or the Borrower fails to comply with the terms of the Trial Period Plan.

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.)	
11	Repayment Plan in Review
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)
76	Bankruptcy court clearance obtained/stay lifted
80	Date breach letter sent
AW	Date of first quality right party contact with delinquent Borrower
AX	Date of last quality right party contact with delinquent Borrower
AY	Date advised property listed for sale
HA	Workout in Review
HB	Short Sale in Review
HC	Ineligible for Short Sale
HD	Modification in Review (other than a modification under HAMP)
HE	Ineligible/Cancel Modification
H3	BPO Ordered
H4	Solicitation Letter Sent
H5	Complete Borrower Response Package Received
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

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

Default Reason Codes

Note: All default reason codes, with the exception of "HMP - Home Affordable Modification Program," 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:

- In the first Electronic Default Reporting (EDR) cycle after the Servicer receives the first payment due under the HAMP Trial Period Plan.
- For the interim month, if the Servicer, at its option, elects to use the interim month in the event the Borrower does not pay the final Trial Period payment on or before the due date set forth in the HAMP Trial Period Plan Notice. Refer to Section C65.7(b) for additional information about the interim month option.
- For each month that the status applies. For example, the Servicer would no longer report these codes once the Mortgage is modified or the Borrower fails to comply with the terms of the HAMP Trial Period Plan.

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.

Exhibit 83

Freddie Mac State Foreclosure Time Lines

The State foreclosure time lines listed below represent expected Servicer performance in calendar days from the Due Date of Last Paid Installment (DDLPI) to foreclosure sale. The foreclosure time lines are effective for all sales completed on or after September 1, 2013.

	Mortgages referred to foreclosure prior to October 1, 2011 are subject to the following State foreclosure time lines:	Mortgages referred to foreclosure from October 1, 2011 through June 30, 2013 are subject to the following State foreclosure time lines:	Mortgages referred to foreclosure on or after July 1, 2013 are subject to the following State foreclosure time lines:
Alabama	300	270	240
Alaska	300	300	300
Arizona	300	300	300
Arkansas	300	280	280
California	330	330	330
Colorado	360	360	360
Connecticut	690	690	690
Delaware	480	480	480
District of Columbia	300	300	300
Florida	660	660	660
Georgia	300	270	270
Guam	500	500	500
Hawaii	530	530	530
Idaho	440	440	440
Illinois	480	480	480
Indiana	480	480	480
Iowa	480	480	450
Kansas	330	330	330
Kentucky	420	420	420
Louisiana	390	390	390
Maine	570	570	570
Maryland	485	485	485
Massachusetts	440	440	440
Michigan	300	270	270
Minnesota	300	270	270

Mississippi	300	270	270
Missouri	300	270	240
Montana	360	360	360
Nebraska	330	330	330
Nevada	390	390	390
New Hampshire	300	270	270
New Jersey	750	750	750
New Mexico	480	480	480
New York	820	820	820
New York City	990	990	990
North Carolina	330	330	330
North Dakota	405	405	405
Ohio	450	450	450
Oklahoma	420	420	420
Oregon	390	390	390
Pennsylvania	600	600	600
Puerto Rico	720	720	720
Rhode Island	420	420	420
South Carolina	420	420	420
South Dakota	360	360	360
Tennessee	300	270	270
Texas	300	270	270
Utah	330	330	330
Vermont	510	510	510
Virgin Islands	510	510	510
Virginia	300	270	270
Washington	360	360	360
West Virginia	300	290	290
Wisconsin	480	480	450
Wyoming	300	270	270

Exhibit 83A

Determining State Foreclosure Time Line Performance Compensatory Fees

State Foreclosure Time Line Performance Compensatory Fees

Except as provided below, a Servicer will be assessed a compensatory fee for failure to complete a foreclosure within Freddie Mac's State foreclosure time line (Refer to Exhibit 83, Freddie Mac State Foreclosure Time Lines, plus any allowed State foreclosure time line delay days applicable to the foreclosure.)

Freddie Mac makes available to Servicers a Foreclosure Time Line Compensatory Fees Reference Guide ("Reference Guide") on Freddiemac.com at the Learning Center. The Reference Guide can be found at **http://www.freddiemac.com/learn/service/foreclosure.html** under "Secured Resources for Servicers."

Servicers must use their assigned Servicing Applications secure user ID and password to access the Reference Guide. Servicers that do not have a user ID and password can access the Servicing Applications Sign-Up Form at **http://www.freddiemac.com/service/msp/form_template.html**.

The requirements set forth in this exhibit are effective for foreclosure sales conducted on or after January 1, 2012.

Allowed State Foreclosure Time Line Delays and How Freddie Mac Calculates the Additional Time Granted for Such Delays

In accordance with Section 66.32, Freddie Mac will automatically add additional time to the State foreclosure time line for a Mortgage for the following allowable delays:

Electronic Default Reporting (EDR) Delay Action Code Used to Report Allowable State Foreclosure Time Line Delay	How Freddie Mac Calculates the Additional Time Granted for the Allowable Delay
Bankruptcy – Chapter 7*	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 65) and the end date (reported via EDR using default action code 76), up to a maximum of 80 days.
Bankruptcy – Chapter 11*	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 66) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Bankruptcy – Chapter 12*	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 59) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Bankruptcy – Chapter 13*	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 67) and the end date (reported via EDR using default action code 76), up to a maximum of 125 days.
Probate	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 31 and the end date (last cycle reported via EDR), up to a maximum of 120 days.
Military Indulgence	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 32) and the end date (last cycle reported via EDR), up to a maximum of 365 days for foreclosure sales completed on or after January 1, 2012 and a maximum of 450 days for foreclosure sales completed on or after November 1, 2012.
Contested Foreclosure	Credit will be given for the actual number of days between the begin date (reported via EDR using default action code 33) and the end date (last cycle reported via EDR), up to a maximum of 90 days.

Electronic Default Reporting (EDR) Delay Action Code Used to Report Allowable State Foreclosure Time Line Delay	How Freddie Mac Calculates the Additional Time Granted for the Allowable Delay
HAMP in Review	Determined by calculating the number of days between the HAMP in Review begin date (reported via EDR using default action code H7) and end date (reported via EDR using default action code HE), up to a maximum of 60 days. Note: Mortgages that become delinquent after June 30, 2012 will no longer have this allowable delay applied to the calculation of foreclosure time line compensatory fees.
HAMP Trial Period Plan	Determined by calculating the number of days between the Trial Period Plan begin date (reported via EDR using default action code 09 and default reason code HMP) and the end date (last cycle reported via EDR), up to a maximum of 120 days.
Unemployment Forbearance	Determined by calculating the number of days between the unemployment forbearance begin date (reported via EDR using default action code 09 and default reason code 016) and the end date (last cycle reported via EDR), up to a maximum of 180 days.
Standard Modification Trial Period Plan	Determined by calculating the number of days between the Trial Period Plan begin date (reported via EDR using default action code BF) and the end date (last cycle reported via EDR), up to a maximum of 120 days.

* For multiple bankruptcy filings, the 80- or 125-day exclusions apply to each independent bankruptcy filing.

How to Calculate State Foreclosure Time Line Performance Compensatory Fees

Based on the information the Servicer reports to Freddie Mac via EDR and the foreclosure sale transmission after the completion of the foreclosure sale, Freddie Mac will determine how long it took a Servicer to complete the foreclosure. The calculations for compensatory fees are currently based on the overall foreclosure time line from the Due Date of Last Paid Installment (DDLPI) to the date that the foreclosure sale was completed.

For Mortgages Referred to Foreclosure prior to October 1, 2011

Mortgages Excluded from the State Foreclosure Time Line Compensatory Fee Calculations

FHA/VA/RHS Mortgages and designated counsel program loans are not included in the compensatory fee calculation.

How to Calculate State Foreclosure Time Line Performance Compensatory Fees

Multiply by $30 the total number of days by which the Servicer exceeded Freddie Mac's State foreclosure time lines with respect to all Mortgages that resulted in a foreclosure sale that became a Freddie Mac REO or reverted to a third-party bidder during a calendar year.

The following are examples of how Freddie Mac will calculate a Servicer's State foreclosure time line aggregate and, if the Servicer is not in compliance, then how Freddie Mac will calculate the Servicer's compensatory fee.

Example #1: Calculation that does not result in a compensatory fee

The Servicer 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 Freddie Mac's State foreclosure 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 "( )" Freddie Mac's State foreclosure time lines	(7)

* "( )" represents the number of days the Servicer managed under Freddie Mac's State foreclosure time line.

"+" represents the number of days the Servicer exceeded Freddie Mac's State foreclosure time line.

In this example the Servicer's aggregate State foreclosure time line performance was 7 days less than Freddie Mac's State foreclosure time line requirement. A compensatory fee will not be assessed.

Example #2: Calculation that results in a compensatory fee

The Servicer 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 "( )" Freddie Mac's State foreclosure time lines	+7

* "( )" represents the number of days the Servicer managed under Freddie Mac's State foreclosure time line.

"+" represents the number of days the Servicer exceeded Freddie Mac's State foreclosure time line.

In this example, the Servicer's State foreclosure time line performance exceeded Freddie Mac's requirements by 7 days. Therefore, a compensatory fee of $210, derived by multiplying $30 by 7, will be assessed.

For Mortgages Referred to Foreclosure on or after October 1, 2011

To calculate the loan level compensatory fee calculation, first calculate for each State the total number of days by which the Servicer exceeded Freddie Mac's State foreclosure time lines with respect to all Mortgages that resulted in a foreclosure sale that became a Freddie Mac REO or reverted to a third-party bidder during a particular month.

Loan Level Compensatory Fee Calculation

Compensatory fee =

Unpaid Principal Balance (UPB) x Accounting Net Yield (ANY) in effect on the day of the foreclosure sale / 365 * Number of days over the overall allowed State foreclosure time line[1]

[1]Number of days over the overall allowed State foreclosure time line = [Actual number of days from the DDLPI to foreclosure sale - (State foreclosure time line (DDLPI to sale) + Any allowed delay days + Any data corrections)]

LOAN LEVEL EXAMPLE:

Property located in Florida
UPB: $100,000
ANY (at time of foreclosure sale on 02/01/14): 4.75%
DDLPI: 02/01/12
Date referred to foreclosure: 08/01/12
Foreclosure sale date: 02/01/14
Servicer's overall State foreclosure time line: 731 days
Freddie Mac's overall allowable State foreclosure time line in Florida = 660 days
Number of days over the overall allowed State foreclosure time line: 71
Allowable delays = 0

Compensatory fee =

(100,000)(.0475)/365 = $13.01 per day compensatory fee

($100,000)(.0475)/(365)*(71) = $923.97
or (71 days) ($13.01 per day) = $923.97

In this loan level example, the Servicer's State foreclosure time line performance exceeded Freddie Mac's requirements by 71 days. Therefore, a compensatory fee of $923.97 will be included in the intra-State netting calculation.

INTRA-STATE NETTING EXAMPLE #1: Calculation that does not result in a compensatory fee

The Servicer had 10 Mortgages that resulted in a foreclosure sale during the previous month in a single State (e.g., California).

Foreclosed Mortgages	*Loan level compensatory fee assessment or credit calculation for each Mortgage
1	($500)
2	+$1,000
3	+$1,500
4	($2,000)
5	($500)
6	+$1,000
7	+$500
8	($1,500)
9	($500)
10	+$250

*	"+" represents the compensatory fee amount calculation for the days that the Servicer is over Freddie Mac's State foreclosure time line for that particular Mortgage that went to foreclosure in a single State.

	"( )" represents the compensatory fee amount calculation for the days that the Servicer is under Freddie Mac's State foreclosure time line for that particular Mortgage that went to foreclosure in a single State. This amount can be viewed as a credit against the compensatory fee amounts for other foreclosure sales that occurred over State time lines in the same month in that same State.
The aggregate of the individual compensatory fee calculations in this example would not result in a compensatory fee being assessed for this State	($750)

In this example, the Servicer's State foreclosure time line performance was within Freddie Mac's requirements and a compensatory fee will not be assessed for this State. Also, the $750 in this example would not be credited back to the Servicer in the form of cash back or an incentive used to offset compensatory fees assessed for other States that are over their respective State foreclosure time lines during that month, or attributed as a credit in the compensatory fee calculation in the future or to offset past compensatory fee assessments.

INTRA-STATE NETTING EXAMPLE #2: Calculation that results in a compensatory fee

The Servicer had 10 Mortgages that resulted in a foreclosure sale during the previous month in a single State (e.g., Florida).

Foreclosed Mortgages	*Loan level compensatory fee assessment or credit calculation for each Mortgage
1	+$1,500
2	($750)
3	+$1,500
4	($500)
5	($1,000)
6	+$1,000
7	+$1,500
8	($1,500)
9	($500)
10	+$250
*	"+" represents the compensatory fee amount calculation for the days that the Servicer is over Freddie Mac's State foreclosure time line for that particular Mortgage that went to foreclosure in a single State. "( )" represents the compensatory fee amount calculation for the days that the Servicer is under Freddie Mac's State foreclosure time line for that particular Mortgage that went to foreclosure in a single State. This amount can be viewed as a credit against the compensatory fee amounts for other foreclosure sales that occurred over State time lines in the same month in that same State.
The aggregate of the individual compensatory fee calculations in this example would result in a compensatory fee being assessed for this State	+$1,500

In this example, the Servicer's State foreclosure time line performance exceeded Freddie Mac's requirements, and a compensatory fee in the amount of $1,500 will be assessed for this State.

De Minimis Exception on Assessment of Monthly Compensatory Fees

Compensatory fees will not be assessed if a Servicer's aggregate monthly compensatory fees are $1,000 or less.

Mortgages Excluded from State Foreclosure Time Line Compensatory Fee Calculations

The following are excluded from State foreclosure time line compensatory fee calculations:

- FHA, VA and RHS Mortgages
- Loans sold to Freddie Mac with recourse and repurchased prior to the assessment of the State foreclosure time line compensatory fee
-

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.

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 a Servicer's use of the Servicing tools, the Servicer agrees to be bound by and comply with the Guide, including without limitation, Chapter 3, 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 the Servicer's Purchase Documents.

- **Default Reporting Manager℠** helps a Servicer monitor, validate and update its foreclosure sale reporting processes, with feedback on how to correct errors
- **Expense Manager℠** provides a Servicer with daily electronic status reports and other detailed information about its Freddie Mac default management and reimbursement requests
- **Imminent Default Indicator®** is a Freddie Mac Home Affordable Modification Program (HAMP) Servicing tool that a Servicer uses to help it determine whether a Borrower under a Mortgage it services for Freddie Mac is in imminent default when required and permitted under the Guide and any applicable user agreements.
- **Incentive Manager℠** tracks a Servicer's workout incentive payments as they are earned over a calendar year
- **Reimbursement System** is a web-based system that allows a Servicer to easily file, request and track reimbursement for expenses related to default management per Guide Chapter 71, Reimbursement of Expenses – Reimbursement System
- **Remedy Manager℠** enables a Servicer to see the current status of its quality control repurchase and indemnification requests, the reason Freddie Mac issued the request, due date of funds and more
- **REO Manager®** provides a Servicer with information about the status of Freddie Mac's real estate owned (REO) portfolio and about specific REO properties related to Mortgages previously serviced by the Servicer
- **Servicer Success Scorecard** is a confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management.
- **Timeline Manager℠** contains loan-level detail on each mortgage past or approaching Freddie Mac's time line standards for each stage of the delinquent loan management process
- **Workout Manager®** helps a Servicer spot instances where a workout has been unduly delayed and where a Servicer's workout specialist might need more guidance to complete a workout arrangement
- **Workout Prospector®** enables a Servicer to analyze and deliver workouts, receive automatic property valuations, receive reports, and access specific loan information from Freddie Mac's 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.

Exhibit 91

Reimbursement System User Agreement – Servicer

Reimbursement System User Agreement – Servicer

This Reimbursement System User Agreement – Servicer (this "User Agreement") is by and between User and Federal Home Loan Mortgage Corporation ("Freddie Mac").

Introduction

Pursuant to a September 26, 2007 Master Services Agreement between Freddie Mac and First American Default Services LLC ("FADIS"), as amended (the "License Agreement"), FADIS developed a reimbursement system (the "Reimbursement System") for Freddie Mac and granted Freddie Mac and Servicers doing business with Freddie Mac a license to use the Reimbursement System.

The Reimbursement System provides an online system for requesting and tracking the reimbursement of expenses that Servicers incur in connection with Servicing Mortgages for Freddie Mac.

User is a Servicer doing business with Freddie Mac and desires to use the Reimbursement System to facilitate the entry and submission to Freddie Mac of records of expenses that User incurs in connection with Servicing Mortgages for Freddie Mac.

Subject to the terms of this User Agreement, which supersedes any other Reimbursement System terms of use document (including the Interim Reimbursement System User Agreement) entered into by Servicer, the Reimbursement System is available for use by User through Freddie Mac's web site www.freddiemac.com, using a secure User ID, vendor code and password that User may obtain through Freddie Mac.

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Capitalized terms that are not defined in this User Agreement are defined in the Guide.

   Guide: Freddie Mac's Single-Family Seller/Servicer Guide, as in effect from time to time.

   Permitted Purpose: Entering and submitting to Freddie Mac requests for approval and/or reimbursement of expenses that User incurs in connection with Servicing Mortgages for Freddie Mac.

   Permitted Vendors: Those vendors who are providing services to User in connection with Mortgages User is Servicing for Freddie Mac. Permitted Vendors will be required to agree to the Reimbursement System User Agreement – Permitted Vendor.

   Reimbursement System: The internet-based application for expense reimbursement, including all updates and enhancements thereto, together with the User Guide and any other documentation therefor.

   User: A Servicer who is an authorized user of the Reimbursement System, who is bound to the provisions of this User Agreement by virtue of the provisions of the Guide. User includes: (a) User's employees and (b) Any personnel retained by User for the sole purpose of entering data into the Reimbursement System on behalf of User.

   User Guide: The Reimbursement System User Guide, if any, and any other user guides and other written instructions provided to User to govern use of the Reimbursement System, as amended by Freddie Mac from time to time.

2. **Use and Disclosure of the Reimbursement System.**

   (a) User and Permitted Vendors may use the Reimbursement System only for the Permitted Purpose and for no other purposes whatsoever. A User who uses the Reimbursement System is bound by the provisions of the Guide, the User Guide and this User Agreement and such other written requirements as may be communicated by Freddie Mac to User from time-to-time. The Reimbursement System is provided for User's internal use only, and User will not enable or permit any third parties, other than Permitted Vendors, to use the Reimbursement System, either directly or through User. No individual or entity listed by Freddie Mac on Freddie Mac's "Exclusionary List" will have any right to use the Reimbursement System, and User will not enable or permit any individual or entity listed by Freddie Mac on Freddie Mac's "Exclusionary List" to use the Reimbursement System, either directly or through User.

   (b) User's use of the User IDs, vendor code and passwords provided through Freddie Mac will, pursuant to Chapter 3, constitute User's Electronic Signature binding User to the terms of this User Agreement.

   (c) The Reimbursement System may be modified or enhanced at any time, and, at its option, Freddie Mac may make available to User any modified and/or enhanced version of the Reimbursement System.

   (d) User recognizes that the Reimbursement System constitutes proprietary and confidential information and trade secrets belonging to FADIS and Freddie Mac. User will treat the Reimbursement System as strictly confidential and will not disclose or permit the disclosure of the Reimbursement System, or any information concerning the Reimbursement System, to any third party other than Permitted Vendors without Freddie Mac's prior written consent. User will not attempt to modify, enhance, disassemble or reverse engineer the Reimbursement System.

   (e) User is responsible for:

      (i) Use of the Reimbursement System by User, Permitted Vendors and others who obtain access to the Reimbursement System through User

      (ii) User's and Permitted Vendors' compliance with applicable provisions of the Guide, the User Guide and this User Agreement

      (iii) Administering User IDs, the vendor code and passwords in accordance with the User Guide

      (iv) Any losses, including Freddie Mac's payment of expenses not entitled to reimbursement, that Freddie Mac suffers as a result of use of the Reimbursement System by User, Permitted Vendors or others who obtain access to the Reimbursement System through User

      (v) Causing Permitted Vendors to agree to the Reimbursement System User Agreement – Permitted Vendor and maintaining auditable records of such agreements

   Freddie Mac will periodically review use of the Reimbursement System and may, in Freddie Mac's sole discretion, withdraw the right of certain of User's employees, agents or Permitted Vendors to use the Reimbursement System.

3. **Fees.** As of the date the term of this User Agreement commences, unless otherwise agreed by the parties in writing, User may use the Reimbursement System without charge. User will pay all communications-related charges associated with User's and Permitted Vendors' use of the Reimbursement System. In addition, User will be responsible for all applicable sales, use and similar taxes, if any, and agrees to pay all such applicable taxes upon demand.

4. **Ownership of the Reimbursement System.** User acknowledges that User has no ownership or other interest in the Reimbursement System, except to the extent of the rights expressly granted in this User Agreement or in the License Agreement. All applicable rights to copyrights, trade secrets, patents, trademarks and other rights in and to the Reimbursement System and any modifications or enhancements made thereto will belong to and remain with FADIS or Freddie Mac, as applicable.

5. **Warranties; Limitation of Liability.**

(a) User warrants that it has the authority to provide Freddie Mac with any and all data, including third party data, provided to Freddie Mac, by User and Permitted Vendors through the Reimbursement System.

(b) FREDDIE MAC MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE REIMBURSEMENT SYSTEM. THE REIMBURSEMENT SYSTEM IS BEING PROVIDED "AS IS" AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(c) IN NO EVENT WILL FREDDIE MAC BE LIABLE TO USER, PERMITTED VENDORS OR ANY 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 THE REIMBURSEMENT SYSTEM OR THIS USER AGREEMENT, REGARDLESS OF THE NATURE OR BASIS OF THE CLAIM, INCLUDING TORT, CONTRACT OR STRICT LIABILITY CLAIMS. IN ADDITION, FREDDIE MAC WILL HAVE NO LIABILITY TO USER FOR: (i) ANY THIRD-PARTY CLAIMS MADE AGAINST USER, OR (ii) LOSSES RESULTING FROM UNAUTHORIZED ACCESS TO OR USE OF THE REIMBURSEMENT SYSTEM BY USER, PERMITTED VENDORS OR OTHERS WHO OBTAIN ACCESS TO THE REIMBURSEMENT SYSTEM THROUGH USER.

6. **Term; Termination.**

(a) The term of this User Agreement will commence on the date User first uses the Reimbursement System after publication of this User Agreement in the Guide and will continue until terminated by either party in its sole discretion upon thirty (30) days notice to the other party. Notwithstanding the foregoing, Freddie Mac may terminate this User Agreement effective immediately upon notice to User in the event of any material breach of this User Agreement by User or a Permitted Vendor. This User Agreement will terminate automatically if User ceases to be a Freddie Mac-approved Servicer or if User is listed by Freddie Mac on Freddie Mac's "Exclusionary List."

(b) Upon termination of this User Agreement for any reason, User will have no further right to use the Reimbursement System and will immediately: (i) Erase all copies of the Reimbursement System, if any, from any computer memory within its possession or control, and (ii) Return to Freddie Mac all copies of the Reimbursement System. If requested by Freddie Mac in writing, User will promptly certify to Freddie Mac in writing that the actions required by this Section 6(b) have been taken.

7. **Miscellaneous.**

(a) This User Agreement is the complete and exclusive statement of the parties' agreement with respect to the subject matter hereof and supersedes and merges all prior proposals, understandings and all other agreements, oral or written, between the parties relating to such subject matter.

(b) This User Agreement may not be modified except by written instrument executed by both parties or by virtue of the provisions of the Guide.

(c) User will obtain through Freddie Mac the secure User IDs, vendor code and passwords that User and Permitted Vendors will use to access the Reimbursement System. Permitted Vendors must be acceptable to Freddie Mac in Freddie Mac's sole discretion. User is responsible for safeguarding and controlling access to the Reimbursement System, including access by User and Permitted Vendors.

(d) User will permit Freddie Mac and will cause Permitted Vendors to permit Freddie Mac, from time-to-time upon reasonable notice, to audit their facilities and systems to confirm their compliance with the requirements of this User Agreement.

Exhibit 92

Reimbursement System User Agreement – Permitted Vendor

Reimbursement System User Agreement – Permitted Vendor

Servicer:	Permitted Vendor:
Name:	Name:
Address:	Address:
Point of Contact:	Point of Contact:
Phone:	Phone:
Fax:	Fax:
E-mail:	E-mail:

Introduction

Pursuant to a Reimbursement System User Agreement, Servicer is using the Reimbursement System developed for Federal Home Loan Mortgage Corporation ("Freddie Mac") by CoreLogic Default Information Servicers, LLC to facilitate the entry and submission to Freddie Mac of records of expenses that Servicer incurs in connection with Servicing Mortgages for Freddie Mac.

Permitted Vendor is providing services to Servicer in connection with Mortgages that Servicer is Servicing for Freddie Mac and will be using the Reimbursement System under the supervision of Servicer to enter and submit to Freddie Mac records of expenses for those services.

In consideration of Freddie Mac's allowing Permitted Vendor to use the Reimbursement System, Permitted Vendor hereby agrees to the following terms of use ("Terms of Use"):

1. **Use and Disclosure of the Reimbursement System.** Permitted Vendor may use the Reimbursement System only for entering and submitting to Freddie Mac requests for approval of expenses that Servicer incurs in connection with Servicer's Servicing of Mortgages for Freddie Mac and for no other purposes whatsoever. Permitted Vendor is bound by the provisions of the Reimbursement System User Guide, if any, and any other user guides and other written instructions provided by Freddie Mac (collectively, the "User Guide"). Permitted Vendor will not enable or permit any third parties to use the Reimbursement System.

2. **Intellectual Property Rights.**

   (a) Permitted Vendor recognizes that the Reimbursement System constitutes proprietary and confidential information and trade secrets belonging to CoreLogic Default Information Servicers, LLC and Freddie Mac. Permitted Vendor will treat the Reimbursement System as strictly confidential and will not disclose or permit the disclosure of the Reimbursement System, or any information concerning the Reimbursement System, to any third party. Permitted Vendor will not attempt to modify, enhance, disassemble or reverse engineer the Reimbursement System. Permitted Vendor will comply with the User Guide and these Terms of Use.

   (b) Permitted Vendor acknowledges that Permitted Vendor has no ownership or other interest in the Reimbursement System, except to the extent of the rights expressly granted in these Terms of Use. All applicable rights to copyrights, trade secrets, patents, trademarks and other rights in and

to the Reimbursement System and any modifications or enhancements made thereto will belong to and remain with CoreLogic Default Information Servicers, LLC or Freddie Mac, as applicable.

3. **Warranties; Limitation of Liability.**

   (a) Permitted Vendor warrants that it has the authority to provide Freddie Mac with any and all data, including third party data, provided by Permitted Vendor through the Reimbursement System.

   (b) FREDDIE MAC MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE REIMBURSEMENT SYSTEM. THE REIMBURSEMENT SYSTEM IS BEING PROVIDED "AS IS" AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

   (c) IN NO EVENT WILL FREDDIE MAC BE LIABLE TO PERMITTED VENDOR OR ANY 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 THE REIMBURSEMENT SYSTEM OR THESE TERMS OF USE, REGARDLESS OF THE NATURE OR BASIS OF THE CLAIM, INCLUDING TORT, CONTRACT OR STRICT LIABILITY CLAIMS.

4. **Term.** The term of these Terms of Use will commence on the date Permitted Vendor receives a User ID from Servicer and will continue until terminated by Servicer or Freddie Mac in its sole discretion. Permitted Vendor's access to the Reimbursement System will terminate automatically if Permitted Vendor is listed by Freddie Mac on Freddie Mac's "Exclusionary List."

5. **Miscellaneous.**

   (a) These Terms of Use may not be modified except by Freddie Mac, in which event, Permitted Vendor will be bound by the modified Terms of Use on the date Permitted Vendor next uses the Reimbursement System.

   (b) Permitted Vendor will obtain through Servicer the secure User IDs, vendor code and passwords that Permitted Vendor will use to access the Reimbursement System.

   (c) Permitted Vendor will permit Servicer and Freddie Mac, from time-to-time upon reasonable notice, to audit its facilities and systems to confirm compliance with the requirements of the User Guide and these Terms of Use.

   (d) These Terms of Use may be enforced by either Servicer or Freddie Mac.

Accepted and Agreed:

Permitted Vendor:

By:

Name:

Title:

Date:

EVALUATION MODEL CLAUSES

NON-APPROVAL, CAPACITY TO PAY YOUR MORTGAGE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, unfortunately you are not eligible for mortgage payment assistance. Our review of your financial and other information indicates that you have sufficient financial ability to pay your mortgage. Your mortgage payment was due on [PAYMENT DUE DATE]. In addition, your account has accrued late charges of $[AMOUNT OF LATE CHARGES, IF APPLICABLE]. It is important that you make your full mortgage payment and late charges in the amount of $[TOTAL AMOUNT DUE], immediately.

We recognize that this may be disappointing news for you. However, in order to avoid the negative impacts to your credit rating resulting from late payments and to avoid foreclosure, it is important that you make the full payment listed above as quickly as possible and continue to make your mortgage payment by the scheduled due date.

Please send your payment in the full amount due to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

REINSTATEMENT OFFER

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have the financial ability to avoid foreclosure by reinstating your mortgage. A reinstatement means you will bring your mortgage current by paying all past due amounts, including amounts that we paid on your behalf (Servicer Advances*). To reinstate your mortgage, you must pay $[REINSTATEMENT BALANCE] no later than [REINSTATEMENT DATE]. It is important that you make the full payment listed above by the [REINSTATEMENT DATE].

Once you reinstate your loan, if you subsequently experience a financial hardship, please contact us to request reconsideration for mortgage payment assistance or other foreclosure prevention alternative. If you do not reinstate your mortgage and you fall farther behind in your payments, we [may refer your mortgage to foreclosure] [continue with foreclosure proceedings].

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below to indicate your intent to accept this offer by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. If you contact us to indicate your intent to accept this offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to the [REINSTATEMENT DATE]. If a foreclosure sale occurs prior to making the full payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send your payment in the full amount due no later than [REINSTATEMENT DATE] to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make this payment by the [REINSTATEMENT DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER].

* Please note that the total amount due noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

REPAYMENT PLAN OFFER

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you are eligible for a temporary repayment plan. Under this temporary repayment plan, you will have additional time to repay past due amounts on your mortgage, by making supplemental payments in addition to your regular monthly payments.

As of [DATE], the total past due amount on your mortgage is $[TOTAL PAST DUE AMOUNT]. This amount includes all past due payments of interest, principal and escrow (if applicable), as well as late charges and amounts that we paid on your behalf (Servicer Advances[1]). Your total past due amount is now part of your new total monthly payment amount listed in the Repayment Plan Terms section below.

Repayment Plan Terms
Under your Repayment Plan, you must make the Total Monthly Payment of $[TOTAL MONTHLY PAYMENT AMOUNT][2] beginning on the [FIRST PAYMENT DUE DATE] and on the same day of each month during the term of the Repayment Plan which will last [NUMBER OF MONTHS] months.

- Regular Monthly Payment: $[MONTHLY PAYMENT AMOUNT][2]. This is your current monthly mortgage payment.

- Supplemental Monthly Payment: $[ADDITIONAL MONTHLY PAYMENT AMOUNT]. This is the amount you'll pay each month toward your total past due amount and is in addition to your Regular Monthly Payment.

- Total Monthly Payment Amount: $[TOTAL MONTHLY PAYMENT AMOUNT][2]. This is the new monthly mortgage payment amount that you'll pay during the term of the Repayment Plan.

- First Payment Due Date: [FIRST PAYMENT DUE DATE]. This is the date by which we must receive your first new Total Monthly Payment Amount. You must make your Total Monthly Payment Amount on or before the [DAY] day of each month during the term of the Repayment Plan.

- Term of Repayment Plan: [NUMBER OF MONTHS] months. This is the number of months that you have to pay off your total past due amount. If you make all of your new Total Monthly Payment Amounts on time, you will bring your mortgage current (assuming no additional fees or charges accrue during this time).

Your payment schedule is attached below. [INCLUDE SCHEDULE OF PAYMENTS]

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below to indicate your intent to accept this offer. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE], the due date of your first payment. If a foreclosure sale occurs prior to making the first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send your first Total Monthly Payment Amount noted above on or before [FIRST PAYMENT DUE DATE]. Please send your payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER].

Additional Repayment Plan Information and Legal Notices

We will not proceed to foreclosure sale during this repayment plan, provided you are complying with the terms of the repayment plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan.
- You agree that we will hold the Supplemental Monthly Payment in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the repayment plan, those funds will be posted to your account to reduce your principal balance.
- Our acceptance and posting of your payment during the repayment plan will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your monthly payment did not include escrows for taxes and insurance:

- 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.

Your current loan documents remain in effect; however, you may make the repayment plan payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the repayment plan shall be understood or construed to be a

satisfaction or release in whole or in part of the obligations contained in the loan documents.

[1.] Please note that the total amount required to bring your mortgage current noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

[2.] If your mortgage is an adjustable rate mortgage, this amount is subject to change based on the terms of your mortgage.

FORBEARANCE PLAN OFFER – REDUCED PAYMENT: LESS THAN OR EQUAL TO 6 MONTHS

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary reduction of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.

Forbearance Plan Terms
Beginning on [FIRST PAYMENT DUE DATE] and on the [DAY] day of each month during the term of your Forbearance Plan, you may make a monthly payment of $[TOTAL MONTHLY PAYMENT AMOUNT] in lieu of your regular monthly mortgage payment. The term of your Forbearance Plan is [NUMBER OF MONTHS] months. This is the number of months that you are eligible to make the reduced monthly mortgage payment.

Other terms of your mortgage remain unchanged during this Forbearance Plan. As a result of making reduced payments, you will become delinquent on your mortgage and your credit score may be impacted.*

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below to indicate your intent to accept this offer. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE], the due date of your first temporarily reduced payment. If a foreclosure sale occurs prior to making the first temporarily reduced payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send in your first temporarily reduced payment on or before [FIRST PAYMENT DUE DATE]. Please send your payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first temporarily reduced payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your Forbearance Plan terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.

- Prior to the end of the Forbearance Plan, we will provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure. In connection with certain alternatives, we may request information or documentation from you.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the Forbearance Plan.
- You agree that we will hold the Forbearance Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the forbearance period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your monthly payment did not include escrows for taxes and insurance:

- 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.

Your current loan documents remain in effect; however, you may make the Forbearance Plan payment instead of the payment required under your loan documents.

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[*] **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A PLAN WITH REDUCED PAYMENTS MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.**

[If the forbearance plan is as a result of an Eligible Disaster, then replace the preceding paragraph with the following:
*** Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.]**

FORBEARANCE PLAN OFFER – REDUCED PAYMENT: GREATER THAN 6 MONTHS

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary reduction of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.

Forbearance Plan Terms
Beginning on [FIRST PAYMENT DUE DATE] and on the [DAY] day of each month during the term of your Forbearance Plan you may make a monthly payment of $[TOTAL MONTHLY PAYMENT AMOUNT] in lieu of your regular monthly mortgage payment. The term of your Forbearance Plan is [NUMBER OF MONTHS] months. This is the number of months that you are eligible to make the reduced monthly mortgage payment.

Other terms of your mortgage remain unchanged during this Forbearance Plan. As a result of making reduced payments, you will become delinquent on your mortgage and your credit score may be impacted.*

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below, or alternatively sign and submit the attached Forbearance Agreement to indicate your intent to accept this offer. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE]. If a foreclosure sale occurs prior to making the first temporarily reduced payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must sign the attached Forbearance Agreement and return it along with your initial payment in the amount of $[INITIAL PAYMENT AMOUNT]. We must receive this payment as well as the signed Forbearance Agreement by [FIRST PAYMENT DUE DATE]. Please send your Forbearance Agreement and payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first temporarily reduced payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your Forbearance Plan terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.
- Prior to the end of the Forbearance Plan, we will provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure. In connection with certain alternatives, we may request information or documentation from you.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the Forbearance Plan.
- You agree that we may hold the Forbearance Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the forbearance period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your monthly payment did not include escrows for taxes and insurance:

- 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.

Your current loan documents remain in effect; however, you are not required to make any Forbearance Plan payment during the term of the Forbearance Plan:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[*] **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A PLAN WITH**

REDUCED PAYMENTS MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.
[If the forbearance plan is as a result of an Eligible Disaster, then replace the preceding paragraph with the following:
*** Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.]**

FORBEARANCE PLAN OFFER – SUSPENDED PAYMENT

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary suspension of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.
[If the forbearance plan is as a result of an Eligible Disaster and no quality right party contact has been established, then replace the preceding paragraph with the following:
Your property is located in an area that has been designated as a major disaster area. We have been unable to contact you to assess your situation so you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary suspension of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage. Please contact us as soon as possible to discuss your situation and determine next steps.]

Forbearance Plan Terms
As part of your Forbearance Plan, we have temporarily suspended your monthly mortgage payment amount of $[SUSPENDED MONTHLY PAYMENT AMOUNT] for [NUMBER OF MONTHS]. During this time, you do not need to make any mortgage payments.

The terms of your mortgage remain unchanged. As a result of not making any payments during the term of the Forbearance Plan, you will become delinquent on your mortgage and your credit score may be impacted.*

If you have questions about your mortgage payment suspension terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps
- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.
- Prior to the end of the Forbearance Plan, we will provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure. In connection with certain alternatives, we may request information or documentation from you.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed you failed to comply with the terms of the Forbearance Plan.
- You agree that, in the event you make any payments during the Forbearance Plan term, we will hold those payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.

- Our acceptance and posting of any payment you make during the forbearance period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

Your current loan documents remain in effect; however, you are not required to make any payment during the term of the Forbearance Plan:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

* **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES MAY CONSIDER THE ENTRY INTO A FORBEARANCE PLAN AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A FORBEARANCE PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.**
[If the forbearance plan is as a result of an Eligible Disaster, then use the following:
*** Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.]**

HAMP TRIAL PERIOD PLAN NOTICE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we are offering you an opportunity to enter into a conditional Trial Period Plan under the federal Home Affordable Modification Program (HAMP). This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan and permanently modify your mortgage.

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below to indicate your intent to accept this offer no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to the first payment due date set forth below. If a foreclosure sale occurs prior to your making your first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], you must make your first trial period payment by [FIRST PAYMENT DUE DATE]. If you fail to make the first trial period payment by [FIRST PAYMENT DUE DATE] and we do not receive the payment by the last day of the month in which it is due, this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

Make Trial Period Payments

To successfully complete the trial period, you must make the trial period payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

TIME IS OF THE ESSENCE.

Please send your trial period payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your trial period or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.

- Once you have successfully made each of the payments above by their due dates, you have submitted two signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.

- **We must receive each payment, in the month in which it is due. If you miss a payment or do not fulfill any other terms of your trial period, this offer will end and your mortgage loan will not be modified under the Making Home Affordable Program.**

For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- If you are eligible and qualify for assistance from your state Housing Finance Agency (HFA) using federal Hardest Hit Funds to pay down a portion of the unpaid principal balance of your mortgage loan (HFA Funds), we must receive such HFA Funds from the HFA prior to modifying your mortgage. If we do not receive the HFA funds, you may not be eligible for a modification. However, if you qualify for a modification without the HFA funds, we may offer you a modification of your mortgage.

- If you have questions about this information, your trial period payments, or HAMP modification requirements, please contact us at [SERVICER PHONE NUMBER].

- If you feel that you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.

- Please note that except for your monthly mortgage payment amount during the trial period, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the trial period.

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- Your state Housing Finance Agency (HFA) may be participating in a program using federal Hardest Hit Funds to assist qualified homeowners to pay down a portion of the unpaid principal balance of their mortgage loans (HFA Program). If you are eligible and

qualify for the HFA Program and you make your trial period payments on time, upon our receipt of the HFA Funds, we will apply such funds to the amount you owe on your mortgage loan. If we do not receive the HFA Funds and you otherwise qualify for a modification, we may still offer you a modification. **There could be income tax consequences related to payment of your debt obligation by a third party. As a result, you are advised to seek guidance from a tax professional to discuss potential tax consequences.**

- If you make your new trial period payments timely **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges
- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.
- You may be required to attend credit counseling

Q. Why is there a trial period?

The trial period offers you immediate payment relief and gives you time to make sure you can manage the new monthly mortgage payment. The trial period is temporary, and your existing loan and loan requirements remain in effect and unchanged during the trial period.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your trial period payments on time and return to us two copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment as that is determined based on your total monthly gross income, not your loan balance.

For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following:

If you are eligible and qualify for the HFA Program, after making all of your trial period payments on time, and upon our receipt of the HFA Funds, we will apply such funds first to reduce accrued and unpaid interest on your mortgage loan and any other past due amounts advanced by us under the terms of the mortgage, then to pay down a portion of the unpaid principal balance of the mortgage loan.

Q. Are there incentives that I may qualify for if I am current with my new payments?

Once your loan is modified, you can earn a pay-for-success incentive for every month that you make on-time payments beginning with the trial period payments. Depending on your modified monthly payment, you may accrue up to $1,000 each year for five years for a maximum of $5,000. This important benefit, *which will be applied to your principal balance each year after the anniversary date of your first trial period payment due date,* will help you earn equity in your home by reducing the amount that you owe. However, you must remain current on your loan. You will lose this benefit if your modified loan loses good standing, which means that the equivalent of three full monthly payments are due and unpaid on the last day of any month, at any time during this five year period. If you lose this benefit, you will lose all accrued, unapplied incentive payments.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage **unless** your initial modified interest rate is below current market interest rates. In that case, the below market interest rate will be fixed for five years. At the end of the fifth year, your interest rate may increase by 1% per year until it reaches a cap. The cap will equal the market rate of interest being charged by mortgage lenders on the day your modification agreement is prepared (the Freddie Mac Primary Mortgage Market Survey® rate for 30-year fixed-rate conforming mortgages). Once your interest rate reaches the cap, it will be fixed for the remaining life of your loan. Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or do not qualify for a permanent modification. You agree that we may hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- You agree that we may hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the trial period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and

shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

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.

Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

STANDARD MODIFICATION TRIAL PERIOD PLAN NOTICE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below to indicate your intent to accept this offer no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to the first payment due date set forth below. If a foreclosure sale occurs prior to your making your first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], you must make your first trial period payment by [FIRST PAYMENT DUE DATE]. If you fail to make the first trial period payment by [FIRST PAYMENT DUE DATE] and we do not receive the payment by the last day of the month in which it is due, this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

Make Trial Period Payments

To successfully complete the trial period, you must make the trial period payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

TIME IS OF THE ESSENCE.

Please send your trial period payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your trial period or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.
- Once you have successfully made each of the payments above by their due dates, you have submitted two signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.
- **We must receive each payment, in the month in which it is due. If you miss a payment or do not fulfill any other terms of your trial period, this offer will end and your mortgage loan will not be modified.**

For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- If you are eligible and qualify for assistance from your state Housing Finance Agency (HFA) using federal Hardest Hit Funds to pay down a portion of the unpaid principal balance of your mortgage loan (HFA Funds), we must receive such HFA Funds from the HFA prior to modifying your mortgage. If we do not receive such HFA funds, you may not be eligible for a modification. However, if you qualify for a modification without the HFA funds, we may offer you a modification of your mortgage.
- If you have questions about this information, your trial period payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].
- If you feel that you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.
- Please note that except for your monthly mortgage payment amount during the trial period, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the trial period.

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- Your state Housing Finance Agency (HFA) may be participating in a program using federal Hardest Hit Funds to assist qualified homeowners to pay down a portion of the unpaid principal balance of their mortgage loans (HFA Program). If you are eligible and qualify for the HFA Program and you make your trial period payments on time, upon our receipt of the HFA Funds, we will apply such funds to the amount you owe on your mortgage loan. If we do not receive the HFA Funds and you otherwise qualify for the modification, we may still offer you a modification. **There could be income tax consequences related to payment of your debt obligation by a third party. As a**

result, you are advised to seek guidance from a tax professional to discuss potential tax consequences.

- If you make your new trial period payments timely **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

Q. Why is there a trial period?

The trial period offers you immediate payment relief and gives you time to make sure you can manage the new monthly mortgage payment. The trial period is temporary, and your existing loan and loan requirements remain in effect and unchanged during the trial period.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your trial period payments on time and return to us two copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

For modifications involving state Housing Finance Agency (HFA) administration of federal Hardest Hit Funds, add the following:

If you are eligible and qualify for the HFA Program, after making all of your trial period payments on time, and upon our receipt of the HFA Funds, we will apply such funds first to reduce accrued and unpaid interest on your mortgage loan and any other past due amounts advanced by us under the terms of the mortgage, then to pay down a portion of the unpaid principal balance of the mortgage loan.

Q. Are there incentives that I may qualify for if I am current with my new payments?

No. Borrower incentive compensation is only available to borrowers who qualified for a permanent modification under the federal Home Affordable Modification Program (HAMP). You did not qualify for a modification under HAMP.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or do not qualify for a permanent modification.
- You agree that we will hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the trial period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

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.

Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

STREAMLINED MODIFICATION TRIAL PERIOD PLAN NOTICE

Text
Based on a careful review of your mortgage account, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

Proposed Modification Terms
If you successfully complete the Trial Period Plan by making the required payments, you will receive a modification with an interest rate of [***ENTER POSTED STANDARD MODIFICATION INTEREST RATE OR, IF APPLICABLE IN ACCORDANCE WITH SECTION B65.12.1(g), ENTER CURRENT INTEREST RATE***]%, which will be fixed for 40 years from the date the modification is effective. [If we determine that the unpaid balance of your mortgage is more than 115% of the value of your home, you will be eligible to have up to 30% of your principal balance deferred, and the deferred amount will not be subject to any interest rate charges. Moreover, the deferred principal amount will not be due and payable until the earlier of (i) the end of the 40-year term of the modified mortgage, (ii) any sale or transfer of your interest in the property, or (iii) a refinance of your mortgage loan.]

[If for disaster, add the following: If you do not wish to extend the term of your mortgage loan to 40 years from the date of modification and you believe you can afford to pay an amount that is equivalent or almost equivalent to your existing contractual principal and interest payment, you may be eligible for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"). Please contact us as soon as possible at [SERVICER PHONE NUMBER] for further information regarding a Disaster Relief Modification.]

Step 1: To Stop the Foreclosure Process (Suspension of Foreclosure)
In order for us to delay referring your mortgage to foreclosure, or suspend foreclosure proceedings if your loan has been referred to foreclosure:

- You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer.
- You may also make your first trial period payment by ***[DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], which is **earlier than the scheduled due date** described below and we will stop the foreclosure process.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will continue with the foreclosure process, and a foreclosure sale may occur. This offer will be revoked if you fail to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] and a foreclosure sale occurs, even if the sale occurs prior to the first trial period payment due date set forth below.

Step 2: To Accept This Offer
You must make your first trial period payment by the first payment due date designated below. If you fail to make the first trial period payment by the first payment due date and we do not receive the payment by the last day of the month in which it is due, this offer will be revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

TIME IS OF THE ESSENCE.

Step 3: Make Trial Period Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your trial period payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your trial period or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.
- Once you have successfully made each of the payments above by their due dates, you have submitted the required signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.
- **We must receive each payment in the month in which it is due. If you miss a payment or do not fulfill any other terms of your trial period, this offer will end and your mortgage loan will not be modified.**
- If you have not been evaluated for eligibility for a modification under the federal Home Affordable Modification Program (HAMP) and you return a complete Borrower Response Package that we previously sent to you no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], we may be able to offer you a HAMP modification with a lower monthly principal and interest payment than what we estimate you would receive for the proposed modification described above.
- If you have questions about this information, your trial period payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].
- If you feel that you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.
- Please note that except for your monthly mortgage payment amount during the trial period, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the trial period.

Q. What else should I know about this offer?

- If you have taken **Step 1** above, and you make your new trial period payments timely **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

- **[If for disaster, replace preceding bullet with**: **Credit Reporting**: We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the trial period so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.]

Q. Why is there a trial period?

The trial period offers you immediate payment relief and gives you time to make sure you can manage the estimated new monthly mortgage payment. The trial period is temporary, and your existing loan and loan requirements remain in effect and unchanged during the trial period.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your trial period payments on time and return to us the required copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

Q. Are there incentives that I may qualify for if I am current with my new payments?

Borrower incentive compensation is only available to borrowers who qualified for a permanent modification under HAMP. If you return a complete Borrower Response Package no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], and we determine that you are eligible for a HAMP modification with a lower monthly principal and interest payment than we estimate you would receive for the proposed modification described above, then we will offer you the HAMP modification agreement and you will be eligible for the borrower incentive compensation under HAMP.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

If your loan is permanently modified as described above under the Proposed Modification Terms, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. However, if you return a complete Borrower Response Package that we previously sent to you no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], and we are able to offer you a HAMP modification, your interest rate will change after the first five years, as described in the HAMP modification agreement. Regardless of the modification program, your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well. [If for disaster, replace preceding two sentences with: Your new monthly payment may include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases and such expenses are escrowed, your monthly payment will increase as well.]

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the trial period, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or do not qualify for a permanent modification.
- You agree that we will hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the trial period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions) and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your monthly payment did not include escrows for taxes and insurance, you are now required to establish an escrow account and include payments for escrows with your monthly payment:

- 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.

[If for disaster, replace preceding paragraph with: If your monthly payment did not include escrows for taxes and insurance and your taxes and insurance are delinquent, you are now required to establish an escrow account and include payments for escrows with your monthly payment:

- 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.]

Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

CAPITALIZATION AND EXTENSION MODIFICATION FOR DISASTER RELIEF TRIAL PERIOD PLAN NOTICE

Text
Based on a careful review of your mortgage account, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for a modification to bring your mortgage current and allow you to make a principal and interest payment that is equivalent or almost equivalent to your existing contractual principal and interest payment. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

Proposed Modification Terms
If you successfully complete the Trial Period Plan by making the required payments, you will receive a modification with an interest rate of [***ENTER CURRENT INTEREST RATE OR STANDARD MODIFICATION INTEREST RATE, AS APPLICABLE***]%, which will be fixed for [ENTER TERM] months from the date the modification is effective. [If you have deferred unpaid principal, this amount will remain and will not be due and payable until the earlier of (i) the end of the term of the modified mortgage, (ii) any sale or transfer of your interest in the property, or (iii) a refinance of your mortgage loan.]

Step 1: To Ensure the Foreclosure Process Does Not Begin
In order for us to ensure that your Mortgage is not referred to foreclosure:

- You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer.
- You may also make your first trial period payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], which is **earlier than the scheduled due date** described below.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], depending upon the level of delinquency, we may refer your loan to foreclosure.

Step 2: To Accept This Offer
You must make your first trial period payment by the first payment due date designated below. If you fail to make the first trial period payment by the first payment due date and we do not receive the payment by the last day of the month in which it is due, this offer will be revoked and depending upon the level of delinquency, we may refer your loan to foreclosure.

TIME IS OF THE ESSENCE.

Step 3: Make Trial Period Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your trial period payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your trial period or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.
- Once you have successfully made each of the payments above by their due dates, you have submitted the required signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.
- **We must receive each payment in the month in which it is due. If you miss a payment or do not fulfill any other terms of your trial period, this offer will end and your mortgage loan will not be modified.**
- If you feel that you cannot afford the trial period payments reflected above and you otherwise qualify, we may be able to offer you a Streamlined Modification with a lower monthly principal and interest payment than what we estimate you would receive for the proposed modification described above. However, note that the Streamlined Modification would extend the term of your mortgage loan to 40 years from the date the modification takes effect while the modification described in this Trial Period Plan would extend the term of your mortgage loan only to the point necessary to bring your principal and interest payment back to an amount close to your existing contractual principal and interest payment. Please contact us at [SERVICER PHONE NUMBER] for further information regarding a Streamlined Modification.
- If you feel that you cannot afford the trial period payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss other alternatives to foreclosure.
- Please note that except for your monthly trial period payment amount, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the trial period.
- If you have questions about this information, your trial period payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].

Q. What else should I know about this offer?

- If you have taken **Step 1** above, and you make your new trial period payments timely, **we will not refer your loan to foreclosure.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the trial period so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

Q. Why is there a trial period?

The trial period gives you time to make sure you can manage the monthly mortgage payment. The trial period is temporary, and your existing loan and loan requirements remain in effect and unchanged during the trial period.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your trial period payments on time and return to us the required copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the trial period payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

If your loan is permanently modified as described above under the Proposed Modification Terms, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. However, if your interest rate prior to modification was adjustable and you specifically requested to retain the adjustable rate features, your interest rate and principal and interest payment may adjust. Your new monthly payment may include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases and such expenses are escrowed, your monthly payment will increase as well.

Additional Trial Period Plan Information and Legal Notices

We will not refer your loan to foreclosure during the trial period, provided you are complying with the terms of the Trial Period Plan:

- You agree that we will hold the trial period payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the trial period will not be deemed a waiver of the acceleration of your loan (or foreclosure actions), if applicable and related activities, and shall not constitute a cure of your default under your loan unless such payments are sufficient to completely cure your entire default under your loan.

If your monthly payment did not include escrows for taxes and insurance but your taxes or insurance are delinquent, you are now required to establish an escrow account and include payments for escrows with your monthly payment:

- 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.

Your current loan documents remain in effect; however, you may make the trial period payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

STANDARD SHORT SALE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided and your stated intent to transition out of your home, we will work with you to pursue a short sale. During this process, any foreclosure related legal actions will continue and the foreclosure sale date, if set, will not be postponed so time is of the essence.

About a Short Sale
A short sale is the sale of your property for less than the balance remaining on your mortgage loan. With a short sale, we will release our mortgage lien on your property once we receive the proceeds from the sale of the property, even though the proceeds are less than the loan balance you owe. Benefits to you may include:

- Avoiding foreclosure
- Eliminating/reducing your mortgage debt and receiving waiver of any deficiency*

Contact us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], immediately to indicate your intent to pursue this offer. Please know that any foreclosure related legal actions will continue and the foreclosure sale, if set, will not be postponed unless you are notified by [SERVICER NAME].

If you have questions, please contact us at [SERVICER CONTACT NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

Next Steps

- Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed, there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date.
- Once you've selected a real estate broker, we will need your consent to discuss the short sale with them.

[Note for Servicer: If appropriate, the Servicer may attach a consent form to this notice, or incorporate the consent into the body of the notice if the notice is intended to be signed and returned by the borrower.]

- *(We may contact you and/or your broker with suggested listing price guidance.)*
- Once you receive a potential buyer's offer, contact us immediately and we will review the offer if there is adequate time prior to the foreclosure sale date to determine whether to accept it in full satisfaction of your obligation.

* Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.

STANDARD SHORT SALE – Foreclosure Sale Date Scheduled

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided and your stated intent to transition out of your home, we believe you have an eligible hardship for a short sale; however, due to the imminent foreclosure sale date, *you will need to act quickly* or it may not be possible to complete a short sale transaction prior to the foreclosure sale. Please be mindful that during this process, any foreclosure related legal actions will continue and the foreclosure sale date will not be postponed, so time is of the essence.

About a Short Sale

A short sale is the sale of your property for less than the balance remaining on your mortgage loan. With a short sale, we will release our mortgage lien on your property once we receive the proceeds from the sale of the property, even though the proceeds are less than the loan balance you owe. If you are able to close a short sale on terms that have been approved by us, including any required contribution, benefits to you will include:

- Avoiding foreclosure
- Eliminating/reducing your mortgage debt and receiving a waiver of deficiency *

If you would like to pursue a short sale, or if you have already started the short sale process and have not yet notified us, please contact us immediately at [SERVICER CONTACT NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

Next Steps

- Contact a real estate broker to list your property for sale if it is not currently listed. If your property is not currently listed there may not be adequate time to market the property or to review a potential buyer's offer prior to the foreclosure sale date.
- Once you've selected a real estate broker, we will need your consent to discuss the short sale with them.

[Note to Servicer: If appropriate, the Servicer may attach a consent form to this notice, or incorporate the consent into the body of this notice if the notice is intended to be signed and returned by the borrower.]

- (We may contact you and/or your broker with suggested listing price guidance.)
- Once you receive a potential buyer's offer, contact us immediately and we will review the offer if there is adequate time prior to the foreclosure sale date to determine whether to accept it in full satisfaction of your obligation

*** Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.**

STANDARD DEED-IN-LIEU OF FORECLOSURE

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we will work with you to pursue a deed-in-lieu of foreclosure.

About a Deed-in-Lieu of Foreclosure

With a deed-in-lieu of foreclosure, you voluntarily transfer ownership of the property to the owner of your mortgage to satisfy your mortgage debt. During this process, any foreclosure related legal actions will continue and the foreclosure sale date, if set, will not be postponed so time is of the essence. If you complete a deed-in-lieu of foreclosure on terms that have been approved by us, including any required contribution, benefits to you may include:

- Avoiding foreclosure
- Eliminating your mortgage debt*
- Consideration for leasing the property from the lender.

To Accept This Offer

1. Read the enclosed information carefully, including the Additional Deed-in-Lieu of Foreclosure Information below.
2. Contact us immediately at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], to indicate your intent to pursue a deed-in-lieu of foreclosure.

Additional Deed-in-Lieu of Foreclosure Information

- **Title**—Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you and all other occupants must vacate your property and provide clear and marketable title free of any liens and encumbrances with a general warranty deed or local equivalent by [DATE].
- **Subordinate Liens** – You must cooperate with us as necessary to negotiate and obtain the release of any subordinate liens on the property.
- **Property Inspection and Property Condition**—We will need to conduct an interior inspection of the property which may require that you provide access. Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you must leave the property in broom-swept condition, free of interior and exterior trash, debris or damage, and all personal belongings must be removed from the property. The yard must be clean and neat and you must deliver all the keys and controls (e.g., garage door openers) to us and provide us with a release for any possessions or materials left in the property after the date you agree to vacate the property.
- **Personal Property Release –** You must provide us with a release for any possessions or materials left at or in the property after the date you agree to vacate the property.
- **Deficiency Waiver –** If you act in good faith and in compliance with applicable law in completing the deed-in-lieu of foreclosure according to the terms approved by us, including any required contribution, you will be released from liability for any deficiency.
- **Relocation Assistance** – If you are moving from your primary residence, you may be eligible for relocation assistance up to $3000 which would be paid within 30 days of our acceptance of the executed deed-in-lieu of foreclosure if you comply with the property conditions outlined above.

- **Transfer/Closing** –You may be required to sign standard pre-closing documents as well as attend a closing of the transfer of your property where all owners of the property must be present.

If you have questions about deed-in-lieu of foreclosure requirements, please contact us at [Servicer Phone Number]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

Next Steps

- It is important that you thoroughly review the enclosed information carefully as it includes additional information about your responsibilities and provides more information on the deed-in-lieu of foreclosure process.
- Contact us immediately at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], to indicate your intent to pursue this offer.

* Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.

NON-APPROVAL, PROCEED TO FORECLOSURE

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, unfortunately you are not eligible for mortgage payment assistance or other alternatives to foreclosure. We recognize that this may be disappointing news for you.

To bring your mortgage current, you must pay the total past due amount* of $[REINSTATEMENT BALANCE] no later than [REINSTATEMENT DATE]. If you are unable to pay your mortgage or bring it current, we will regrettably pursue foreclosure and sale of your home.

Please send your payment to:

[SERVICER NAME AND MAILING ADDRESS]

If your mortgage loan is reinstated and you subsequently experience a financial hardship, you may contact us to request reconsideration for mortgage payment assistance or other alternatives to foreclosure.

If you have questions about this letter and how to reinstate your mortgage, please contact us at [SERVICER PHONE NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

* Please note that the total amount due noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for Servicer Advances. These are expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

EVALUATION MODEL CLAUSES

NON-APPROVAL, CAPACITY TO PAY YOUR MORTGAGE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, unfortunately you are not eligible for mortgage payment assistance. Our review of your financial and other information indicates that you have sufficient financial ability to pay your mortgage. Your mortgage payment was due on [PAYMENT DUE DATE]. In addition, your account has accrued late charges of $[AMOUNT OF LATE CHARGES, IF APPLICABLE]. It is important that you make your full mortgage payment and late charges in the amount of $[TOTAL AMOUNT DUE], immediately.

We recognize that this may be disappointing news for you. However, in order to avoid the negative impacts to your credit rating resulting from late payments and to avoid foreclosure, it is important that you make the full payment listed above as quickly as possible and continue to make your mortgage payment by the scheduled due date.

Please send your payment in the full amount due to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF TEAM IN SERVICER'S ORGANIZATION] at 8XX-XXX-XXXX.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Additional Information and Legal Notices

You were not approved for a Loan Modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for a loan modification Trial Period Plan include determining whether the borrower is experiencing a temporary or permanent hardship.

Based on our review of your financial circumstances, we have determined that you do not have a temporary hardship or a hardship that has caused a long-term or permanent increase in expenses or decrease in income that prevents you from making your mortgage payment. Because you have sufficient financial ability to bring your mortgage current, you are not eligible for a workout solution and are ineligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to make the full mortgage payment amount until resolution of the appeal; however, the failure to make such payments may have adverse impacts to your credit rating. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to make the full mortgage payment amount (including any delinquent amounts and late charges that have accrued during the appeal process) or you may notify us of your intent to accept the new Trial Period Plan payment offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

If you wait to make the payment amount described above until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal, and will be added to the total amount due to bring your loan current.

****Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]***

REINSTATEMENT OFFER

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have the financial ability to avoid foreclosure by reinstating your mortgage. A reinstatement means you will bring your mortgage current by paying all past due amounts, including amounts that we paid on your behalf (Servicer Advances*). To reinstate your mortgage, you must pay $[REINSTATEMENT BALANCE] no later than [REINSTATEMENT DATE]. It is important that you make the full payment listed above by the [REINSTATEMENT DATE].

Once you reinstate your loan, if you subsequently experience a financial hardship, please contact us to request reconsideration for mortgage payment assistance or other foreclosure prevention alternative. If you do not reinstate your mortgage and you fall farther behind in your payments, we [may refer your mortgage to foreclosure] [continue with foreclosure proceedings].

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, or alternatively, submit your payment of $[REINSTATMENT BALANCE] by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to the [REINSTATEMENT DATE]. If a foreclosure sale occurs prior to making the full payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send your payment in the full amount due no later than [REINSTATEMENT DATE] to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make this $[REINSTATEMENT BALANCE] payment by [REINSTATEMENT DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER].

* Please note that the total amount due noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If this review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Additional Information and Legal Notices

You were not approved for a loan modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for a loan modification Trial Period Plan include determining whether the borrower is experiencing a temporary or permanent financial hardship.

Based on our review of your financial circumstances, we have determined that you do not have a temporary hardship or a hardship that has caused a long-term or permanent increase in expenses or decrease in income that prevents you from making your mortgage payment. Because you have sufficient financial ability to pay and bring your mortgage loan current, you are not eligible for a workout solution, and are ineligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this reinstatement offer until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you will be given 14 calendar days from the date of the appeal decision to choose to accept the current reinstatement offer or indicate your intent to accept the new Trial Period Plan offer.

If you wait to make the payment amount described above until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal, and will be added to the total amount due to bring your loan current.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

REPAYMENT PLAN OFFER

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you are eligible for a temporary repayment plan. Under this temporary repayment plan, you will have additional time to repay past due amounts on your mortgage, by making supplemental payments in addition to your regular monthly payments.

As of [DATE], the total past due amount on your mortgage is $[TOTAL PAST DUE AMOUNT]. This amount includes all past due payments of interest, principal and escrow (if applicable), as well as late charges and amounts that we paid on your behalf (Servicer Advances[1]). Your total past due amount is now part of your new total monthly payment amount listed in the Repayment Plan Terms section below.

Repayment Plan Terms
Under your Repayment Plan, you must make the Total Monthly Payment of $[TOTAL MONTHLY PAYMENT AMOUNT][2] beginning on the First Payment Due Date of [DUE DATE] and on the same day of each month during the term of the Repayment Plan which will last [NUMBER OF MONTHS] months.

- Regular Monthly Payment: $[MONTHLY PAYMENT AMOUNT][2]. This is your current monthly mortgage payment.

- Supplemental Monthly Payment: $[ADDITIONAL MONTHLY PAYMENT AMOUNT]. This is the amount you'll pay each month toward your total past due amount and is in addition to your Regular Monthly Payment.

- Total Monthly Payment Amount: $[TOTAL MONTHLY PAYMENT AMOUNT][2]. This is the new monthly mortgage payment amount that you'll pay during the term of the Repayment Plan.

- First Payment Due Date: [DUE DATE]. This is the date by which we must receive your first new Total Monthly Payment Amount. You must make your Total Monthly Payment Amount on or before the [DAY] day of each month during the term of the Repayment Plan.

- Term of Repayment Plan: [NUMBER OF MONTHS] months. This is the number of months that you have to pay off your total past due amount. If you make all of your new Total Monthly Payment Amounts on time, you will bring your mortgage current (assuming no additional fees or charges accrue during this time).

Your payment schedule is attached below. [INCLUDE SCHEDULE OF PAYMENTS]

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, or alternatively, submit your payment of $[TOTAL MONTHLY PAYMENT AMOUNT by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE], the due date of your first payment. If a foreclosure sale occurs prior to making the first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send your first Total Monthly Payment Amount noted above on or before [FIRST PAYMENT DUE DATE]. Please send your payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER].

Additional Repayment Plan Information and Legal Notices

We will not proceed to foreclosure sale during this repayment plan, provided you are complying with the terms of the repayment plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan.
- This repayment plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for the repayment plan.
- You agree that we will hold the Supplemental Monthly Payment in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the repayment plan, those funds will be posted to your account to reduce your principal balance.
- Our acceptance and posting of your payment during the repayment plan will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

If your monthly payment did not include escrows for taxes and insurance:

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you must make the repayment plan payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the repayment plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[1.] Please note that the total amount required to bring your mortgage current noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

[2.] If your mortgage is an adjustable rate mortgage, this amount is subject to change based on the terms of your mortgage.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

You were not approved for a loan modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for mortgage payment assistance include determining whether the borrower is experiencing a temporary or permanent financial hardship.

Based on our review of your financial circumstances, we have determined that currently you do not have a hardship that has caused a long term or permanent increase in expenses or decrease in income that would require a loan modification. Because you have capacity to bring your mortgage current, you are ineligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to make the total monthly payment amount until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to make the total monthly payment amount including any additional delinquent amounts and late charges that have accrued during the appeal process or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

If you wait to make the total monthly payment until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal. When we provide you with our appeal decision, we will provide you with an updated repayment plan offer provided you remain eligible, reflecting these additional delinquent amounts.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

FORBEARANCE PLAN OFFER – REDUCED PAYMENT: LESS THAN OR EQUAL TO 6 MONTHS

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary reduction of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.

Forbearance Plan Terms

Beginning on [FIRST PAYMENT DUE DATE] and on the [DAY] day of each month during the term of your Forbearance Plan, you may make a monthly payment of $[TOTAL MONTHLY PAYMENT AMOUNT] in lieu of your regular monthly mortgage payment. The term of your Forbearance Plan is [NUMBER OF MONTHS] months. This is the number of months that you are eligible to make the reduced monthly mortgage payment.

Other terms of your mortgage remain unchanged during this Forbearance Plan. As a result of making reduced payments, you will become delinquent on your mortgage and your credit score may be impacted.*

To Suspend Foreclosure

You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, or alternatively, submit your payment of $[TOTAL MONTHLY PAYMENT AMOUNT] by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE], the due date of your first temporarily reduced payment. If a foreclosure sale occurs prior to making the first temporarily reduced payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer

If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send payment in the amount of $[TOTAL MONTHLY PAYMENT AMOUNT]. We must receive this payment by [FIRST PAYMENT DUE DATE]. Please send your payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first temporarily reduced payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your Forbearance Plan terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.

- At least [60] days prior to the end of the Forbearance Plan, we will send you a Borrower Solicitation Package requesting updated documentation of your financial circumstances. We also will provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure, such as a loan modification.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the Forbearance Plan.
- This Forbearance Plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for forbearance.
- You agree that we will hold the Forbearance Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the forbearance period will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

If your monthly payment did not include escrows for taxes and insurance:

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the Forbearance Plan payment instead of the payment required under your loan documents.

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[*] **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements.

CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A PLAN WITH REDUCED PAYMENTS MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.

[If the forbearance plan is as a result of an Eligible Disaster, then replace the preceding paragraph with the following:

* **Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.*]***

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

You were not approved for a loan modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for mortgage payment assistance include determining whether the borrower is experiencing a temporary or permanent hardship.

Based on our review of your financial circumstances, we have determined that currently you do not have a hardship that has caused a long-term or permanent increase in expenses or decrease in income that would require a loan modification. Because you have a temporary hardship and the capacity to bring your mortgage current following this Forbearance Plan, you are not eligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this Forbearance Plan offer until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to accept a revised Forbearance Plan offer (to reflect new due dates) or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at the address provided above no later than 14 calendar days from the date of the appeal decision.

If you wait to accept the current offer until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal. In that event, the payment amounts and due dates described above may be adjusted.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

FORBEARANCE PLAN OFFER – REDUCED PAYMENT: GREATER THAN 6 MONTHS

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary reduction of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.

Forbearance Plan Terms
Beginning on [FIRST PAYMENT DUE DATE] and on the [DAY] day of each month during the term of your Forbearance Plan you may make a monthly payment of $[TOTAL MONTHLY PAYMENT AMOUNT] in lieu of your regular monthly mortgage payment. The term of your Forbearance Plan is [NUMBER OF MONTHS] months. This is the number of months that you are eligible to make the reduced monthly mortgage payment.

Other terms of your mortgage remain unchanged during this Forbearance Plan. As a result of making reduced payments, you will become delinquent on your mortgage and your credit score may be impacted.*

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, or alternatively, submit your payment of $[TOTAL MONTHLY PAYMENT AMOUNT] by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to [FIRST PAYMENT DUE DATE], the due date of your first temporarily reduced payment. If a foreclosure sale occurs prior to making the first temporarily reduced payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] or, if you have not notified us and a foreclosure sale has not occurred, you must send payment in the amount of $[TOTAL MONTHLY PAYMENT AMOUNT]. We must receive this payment by [FIRST PAYMENT DUE DATE]. Please send your payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you fail to make the first temporarily reduced payment by the [FIRST PAYMENT DUE DATE], this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

If you have questions about your Forbearance Plan terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.
- At least [60] days prior to the end of the Forbearance Plan, we will send you a Borrower Solicitation Package requesting updated documentation of your financial circumstances. We also will provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure, such as a loan modification.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the Forbearance Plan
- This Forbearance Plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for forbearance.
- You agree that we may hold the Forbearance Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the forbearance period will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

If your monthly payment did not include escrows for taxes and insurance:

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the Forbearance Plan payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

* **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A PLAN WITH REDUCED PAYMENTS MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.**

[If the forbearance plan is as a result of an Eligible Disaster, then replace the preceding paragraph with the following:

*** Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.*]***

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

You were not approved for a loan modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for mortgage payment assistance include determining whether the borrower is experiencing a temporary or permanent financial hardship.

Based on our review of your financial circumstances, we have determined that currently you do not have a hardship that has caused a long-term or permanent increase in expenses or decrease in income that would require a loan modification. Because you have a temporary hardship and the capacity to bring your mortgage loan current following this Forbearance Plan, you are ineligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this Forbearance Plan offer until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to accept a revised Forbearance Plan offer (to reflect new due dates), or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

If you wait to accept the current offer until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal. In that event, the payment amounts and due dates described above may be adjusted.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

FORBEARANCE PLAN OFFER – SUSPENDED PAYMENT

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary suspension of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage.

[If the forbearance plan is as a result of an Eligible Disaster and no quality right party contact has been established, then replace the preceding paragraph with the following:

Your property is located in an area that has been designated as a major disaster area. We have been unable to contact you to assess your situation so you have been approved for a Forbearance Plan. This Forbearance Plan is a temporary suspension of your mortgage payments intended to allow you the time and flexibility to manage the financial challenges affecting your ability to pay your mortgage. Please contact us as soon as possible to discuss your situation and determine next steps.***]***

Forbearance Plan Terms
As part of your Forbearance Plan, we have temporarily suspended your monthly mortgage payment amount of $[SUSPENDED MONTHLY PAYMENT AMOUNT] for [NUMBER OF MONTHS]. During this time, you do not need to make any mortgage payments.

The terms of your mortgage remain unchanged. As a result of not making any payments during the term of the Forbearance Plan, you will become delinquent on your mortgage and your credit score may be impacted.*

If you have questions about your mortgage payment suspension terms, please contact us at [SERVICER PHONE NUMBER].

Next Steps
- If your financial situation changes during the term of your Forbearance Plan, please contact us immediately to reassess your situation and discuss potential alternatives.
- At least [60] days prior to the end of the Forbearance Plan, we will send to you a Borrower Solicitation Package requesting updated documentation of your financial circumstances. We will also provide information on alternatives that may be available to you at the end of the Forbearance Plan term, such as a reinstatement, repayment plan or other alternative to foreclosure, such as a loan modification.

Additional Forbearance Plan Information and Legal Notices

We will not proceed to foreclosure sale during this Forbearance Plan, provided you are complying with the terms of the Forbearance Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed you failed to comply with the terms of the Forbearance Plan.
- This forbearance plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for forbearance.

- You agree that, in the event you make any payments during the Forbearance Plan term, we will hold those payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Forbearance Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of any payment you make during the forbearance period will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

Your current loan documents remain in effect; however, you are not required to make any payment during the term of the Forbearance Plan:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Forbearance Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

* **Credit Reporting**: Please note that we will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Forbearance Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES MAY CONSIDER THE ENTRY INTO A FORBEARANCE PLAN AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A FORBEARANCE PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.**

[If the forbearance plan is as a result of an Eligible Disaster, then use the following:

*** Credit Reporting**: Please note that we will not be reporting the delinquency status or the entry into a Forbearance Plan to credit reporting agencies. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.*]***

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

You were not approved for a loan modification Trial Period Plan

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Freddie Mac's requirements for determining borrower eligibility for mortgage payment assistance include determining whether the borrower is experiencing a temporary or permanent financial hardship.

Based on our review of your financial circumstances, we have determined that currently you do not have a hardship that has caused a long-term or permanent increase in expenses or decrease in income that would require a loan modification. Because you have a temporary hardship and the capacity to bring your mortgage loan current following this Forbearance Plan, you are ineligible for the following Freddie Mac loan modification Trial Period Plans:

- HAMP Modification
- Standard Modification

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this Forbearance Plan until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to accept the current Forbearance Plan offer or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal.

****Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]***

HAMP TRIAL PERIOD PLAN NOTICE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we are offering you an opportunity to enter into a conditional Trial Period Plan under the federal Home Affordable Modification Program (HAMP). This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan and permanently modify your mortgage.

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer, or alternatively, submit your first payment by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will not refer your loan to foreclosure or, if your loan has been referred to foreclosure, we will not move for foreclosure judgment or order of sale or conduct a foreclosure sale.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to the first payment due date set forth below. If a foreclosure sale occurs prior to your making the first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], you must make your first Trial Period Plan payment by [FIRST PAYMENT DUE DATE]. If you fail to make the first Trial Period Plan payment by [FIRST PAYMENT DUE DATE] and we do not receive the payment by the last day of the month in which it is due, this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

Make Trial Period Plan Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your Trial Period Plan payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your Trial Period Plan or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Additional Trial Period Plan Information and Legal Notices and Frequently Asked Questions* information attached.

- This Trial Period Plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for the Trial Period Plan.

- Once you have successfully made each of the payments above by their due dates, you have submitted two signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.

- **We must receive each payment, in the month in which it is due. If you miss a payment or do not fulfill any other terms of your Trial Period Plan, this offer will end and your mortgage loan will not be modified under the Making Home Affordable Program.**

[For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- If you are eligible and qualify for assistance from your state Housing Finance Agency (HFA) using federal Hardest Hit Funds to pay down a portion of the unpaid principal balance of your mortgage loan (HFA Funds), we must receive such HFA Funds from the HFA prior to modifying your mortgage. If we do not receive the HFA funds, you may not be eligible for a modification. However, if you qualify for a modification without the HFA funds, we may offer you a modification of your mortgage.***]***

- If you have questions about this information, your Trial Period Plan payments, or HAMP modification requirements, please contact us at [SERVICER PHONE NUMBER].

- If you feel that you cannot afford the Trial Period Plan payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.

- Please note that except for your monthly mortgage payment amount during the Trial Period Plan, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the Trial Period Plan.

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the Trial Period Plan, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or do not or no longer qualify for a permanent loan modification.

- You agree that we may hold the Trial Period Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not owe you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a permanent loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the Trial Period Plan will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure actions, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

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 that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the Trial Period Plan payment instead of the payment required under your loan documents:

- You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Modification Program Review

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan.

Based on our review of your financial circumstances, you are approved for a Freddie Mac HAMP Trial Period Plan. As a result, you are ineligible for the Freddie Mac Standard Modification Trial Period Plan because Borrowers who are eligible for HAMP are not eligible for the Standard Modification.

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept the HAMP Trial Period Plan until resolution of the appeal. If we determine on appeal that you are eligible for a different loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you will have 14 calendar days from the date of the appeal decision to indicate your intent to accept the HAMP Trial Period Plan offer (which may be revised to reflect new Trial Period Plan payment due dates if you have not already accepted it) or the new Trial Period Plan offer.

If you wait to accept the current offer until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal, and will be added to the balance of your loan if permitted by applicable law.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

[For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- Your state Housing Finance Agency (HFA) may be participating in a program using federal Hardest Hit Funds to assist qualified homeowners to pay down a portion of the unpaid principal balance of their mortgage loans (HFA Program). If you are eligible and qualify for the HFA Program and you make your Trial Period Plan payments on time, upon our receipt of the HFA Funds, we will apply such funds to the amount you owe on your mortgage loan. If we do not receive the HFA Funds and you otherwise qualify for a modification, we may still offer you a modification. **There could be income tax consequences related to payment of your debt obligation by a third party. As a result, you are advised to seek guidance from a tax professional to discuss potential tax consequences.]**
- If you make your new Trial Period Plan payments timely and you continue to remain eligible for the permanent modification, **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges

- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.
- ***[If for disaster, replace preceding bullet with: Credit Reporting:*** We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the Trial Period Plan so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.***]***
- You may be required to attend credit counseling

Q. Why is there a Trial Period Plan?

The Trial Period Plan offers you immediate payment relief and gives you time to make sure you can manage the new monthly mortgage payment. The Trial Period Plan is temporary, and your existing loan and loan requirements remain in effect and unchanged during the Trial Period Plan.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

If you continue to remain eligible for the permanent modification, once you make all of your Trial Period Plan payments on time and return to us two copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the Trial Period Plan payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment as that is determined based on your total monthly gross income, not your loan balance.

[For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following:

If you are eligible and qualify for the HFA Program, after making all of your Trial Period Plan payments on time, and upon our receipt of the HFA Funds, we will apply such funds first to reduce accrued and unpaid interest on your mortgage loan and any other past due amounts advanced by us under the terms of the mortgage, then to pay down a portion of the unpaid principal balance of the mortgage loan. If we do not receive the HFA Funds, you may not be eligible for a HAMP modification; however, if you are eligible for another modification, we may proceed with modifying your mortgage without HFA Funds.***]***

Q. Are there incentives that I may qualify for if I am current with my new payments?

Once your loan is modified, you can earn a pay-for-success incentive for every month that you make on-time payments beginning with the Trial Period Plan payments. Depending on your modified monthly payment, you may accrue up to $1,000 each year for five years for a maximum of $5,000. This important benefit, *which will be applied to your principal balance each year after the anniversary date of your first Trial Period Plan payment due date,* will help you earn equity in your home by reducing the amount that you owe. However, you must remain current on your loan. You will lose this benefit if your modified loan loses good standing, which means that the equivalent of three full monthly payments are due and unpaid on the last day of any month, at any time during this five year period. If you lose this benefit, you will lose all accrued, unapplied incentive payments.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage **unless** your initial modified interest rate is below current market interest rates. In that case, the below market interest rate will be fixed for five years. At the end of the fifth year, your interest rate may increase by 1% per year until it reaches a cap. The cap will equal the market rate of interest being charged by mortgage lenders on the day your modification agreement is prepared (the Freddie Mac Primary Mortgage Market Survey® rate for 30-year fixed-rate conforming mortgages). Once your interest rate reaches the cap, it will be fixed for the remaining life of your loan. Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

STANDARD MODIFICATION TRIAL PERIOD PLAN NOTICE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], to indicate your intent to accept this offer, or alternatively, submit your first payment by that same date to accept this offer. If you contact us or make payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure we will not move for foreclosure judgment or order of sale, or conduct a foreclosure sale.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur, even if such sale is scheduled prior to the first payment due date set forth below. If a foreclosure sale occurs prior to your making the first payment and you failed to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], this offer has been revoked.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept the offer by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], you must make your first Trial Period Plan payment by [FIRST PAYMENT DUE DATE]. If you fail to make the first Trial Period Plan payment by [FIRST PAYMENT DUE DATE] and we do not receive the payment by the last day of the month in which it is due, this offer has been revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

Make Trial Period Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your Trial Period Plan payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your Trial Period Plan or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Additional Trial Period Plan Information and Legal Notices and Frequently Asked Questions* information attached.

- This Trial Period Plan offer is contingent on your having provided accurate and complete information. We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for the Trial Period Plan.

- Once you have successfully made each of the payments above by their due dates, you have submitted two signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.

- **We must receive each payment in the month in which it is due. If you miss a payment or do not fulfill any other terms of your Trial Period Plan, this offer will end and your mortgage loan will not be modified.**

[For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- If you are eligible and qualify for assistance from your state Housing Finance Agency (HFA) using federal Hardest Hit Funds to pay down a portion of the unpaid principal balance of your mortgage loan (HFA Funds), we must receive such HFA Funds from the HFA prior to modifying your mortgage. If we do not receive such HFA funds, you may not be eligible for a modification. However, if you qualify for a modification without the HFA funds, we may offer you a modification of your mortgage.***]***

- If you have questions about this information, your Trial Period Plan payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].

- If you feel that you cannot afford the Trial Period Plan payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.

- Please note that except for your monthly mortgage payment amount during the Trial Period Plan, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the Trial Period Plan.

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the Trial Period Plan, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or no longer qualify for a permanent loan modification.

- You agree that we will hold the Trial Period Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a permanent loan

modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.

- Our acceptance and posting of your payment during the Trial Period Plan will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

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 that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the Trial Period Plan payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Modification Program Review

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan. Borrowers must meet Freddie Mac's eligibility requirements to be eligible for a loan modification Trial Period Plan.

Based on our review of your financial circumstances, you are approved for a Freddie Mac Standard Modification Trial Period Plan. However, you are ineligible for a HAMP Modification. ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this Standard Modification Trial Period Plan until resolution of the appeal. If we determine on appeal that you are eligible for a different loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you will have 14 calendar days from the date of the appeal decision to indicate your intent to accept either the current Standard Modification Trial Period Plan offer (which may be revised to reflect new Trial Period Plan payment due dates if you have not already accepted it) or the new Trial Period Plan offer.

If you wait to make the payment amount described above until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and o ther unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal, and will be added to the balance of your loan if permitted by applicable law.

Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

[For modifications involving state Housing Finance Agency administration of federal Hardest Hit Funds, add the following bullet:

- Your state Housing Finance Agency (HFA) may be participating in a program using federal Hardest Hit Funds to assist qualified homeowners to pay down a portion of the unpaid principal balance of their mortgage loans (HFA Program). If you are eligible and qualify for the HFA Program and you make your Trial Period Plan payments on time, upon our receipt of the HFA Funds, we will apply such funds to the amount you owe on your mortgage loan. If we do not receive the HFA Funds and you otherwise qualify for the modification, we may still offer you a modification. **There could be income tax consequences related to payment of your debt obligation by a third party. As a result, you are advised to seek guidance from a tax professional to discuss potential tax consequences.***]*
- If you make your new Trial Period Plan payments timely and you continue to remain eligible for the permanent modification, **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

- ***[If for an Eligible Disaster, replace preceding bullet with: Credit Reporting:*** We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the Trial Period Plan so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.***]***

Q. Why is there a Trial Period Plan?

The Trial Period Plan offers you immediate payment relief and gives you time to make sure you can manage the new monthly mortgage payment. The Trial Period Plan is temporary, and your existing loan and loan requirements remain in effect and unchanged during the Trial Period Plan.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

If you continue to remain eligible for the permanent modification, once you make all of your Trial Period Plan payments on time and return to us two copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the Trial Period Plan payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

[For modifications involving state Housing Finance Agency (HFA) administration of federal Hardest Hit Funds, add the following:

If you are eligible and qualify for the HFA Program, after making all of your Trial Period Plan payments on time, and upon our receipt of the HFA Funds, we will apply such funds first to reduce accrued and unpaid interest on your mortgage loan and any other past due amounts advanced by us under the terms of the mortgage, then to pay down a portion of the unpaid principal balance of the mortgage loan. However, if we do not receive HFA funds and you otherwise qualify for a modification, we may proceed with modifying your mortgage without HFA Funds.***]***

Q. Are there incentives that I may qualify for if I am current with my new payments?

No. Borrower incentive compensation is only available to borrowers who qualified for a permanent modification under the Home Affordable Modification Program (HAMP). You did not qualify for a modification under HAMP.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

Once your loan is modified, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. Your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well.

STREAMLINED MODIFICATION TRIAL PERIOD PLAN NOTICE

Text
Based on a careful review of your mortgage account, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for more affordable mortgage payments or more manageable terms. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

Proposed Modification Terms
If you successfully complete the Trial Period Plan by making the required payments, you will receive a modification with an interest rate of **[ENTER POSTED STANDARD MODIFICATION INTEREST RATE OR, IF APPLICABLE IN ACCORDANCE WITH SECTION B65.12.1(g), ENTER CURRENT INTEREST RATE]**%, which will be fixed for 40 years from the date the modification is effective. *[*If we determine that the unpaid balance of your mortgage is more than 115% of the value of your home, you will be eligible to have up to 30% of your principal balance deferred, and the deferred amount will not be subject to any interest rate charges. Moreover, the deferred principal amount will not be due and payable until the earlier of (i) the end of the 40-year term of the modified mortgage, (ii) the interest-bearing balance of your loan has been paid off, (iii) any sale or transfer of your interest in the property, or (iv) a refinance of your mortgage loan.*]*

[If for disaster, add the following: If you do not wish to extend the term of your mortgage loan to 40 years from the date of modification and you believe you can afford to pay an amount that is equivalent or almost equivalent to your existing contractual principal and interest payment, you may be eligible for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"). Please contact us as soon as possible at [SERVICER PHONE NUMBER] for further information regarding a Disaster Relief Modification.*]*

Step 1: To Stop the Foreclosure Process (Suspension of Foreclosure)
In order for us to delay referring your mortgage to foreclosure, or suspend foreclosure proceedings if your loan has been referred to foreclosure:

- You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer.
- You may also make your first Trial Period Plan payment by ***[DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], which is **earlier than the scheduled due date** described below and we will stop the foreclosure process.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], we will continue with the foreclosure process, and a foreclosure sale may occur. This offer will be revoked if you fail to respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] and a foreclosure sale occurs, even if the sale occurs prior to the first Trial Period Plan payment due date set forth below.

Step 2: To Accept This Offer
You must make your first Trial Period Plan payment by the first payment due date designated below. If you fail to make the first Trial Period Plan payment by the first payment due date and we do not receive the payment by the last day of the month in which it is due, this offer will be revoked and foreclosure proceedings may continue and a foreclosure sale may occur.

TIME IS OF THE ESSENCE.

Step 3: Make Trial Period Plan Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your Trial Period Plan payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your Trial Period Plan or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.
- **We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for the Trial Period Plan.**
- Once you have successfully made each of the payments above by their due dates, you have submitted the required signed copies of your modification agreement, and you otherwise remain eligible for the modification, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.
- **We must receive each payment in the month in which it is due. If you miss a payment or do not fulfill any other terms of your Trial Period Plan, this offer will end and your mortgage loan will not be modified.**
- If you have not been evaluated for eligibility for a modification under the federal Home Affordable Modification Program (HAMP) and you return a complete Borrower Response Package that we previously sent to you no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], we may be able to offer you a HAMP modification with a lower monthly principal and interest payment than what we estimate you would receive for the proposed modification described above.
- If you have questions about this information, your Trial Period Plan payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].
- If you feel that you cannot afford the Trial Period Plan payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss alternatives to foreclosure.
- Please note that except for your monthly mortgage payment amount during the Trial Period Plan, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the Trial Period Plan.

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

- If you have taken **Step 1** above, and you make your new trial period payments timely **we will not conduct a foreclosure sale.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will continue to report the delinquency status of your loan to credit reporting agencies as well as your entry into a Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements. **CREDIT SCORING COMPANIES GENERALLY CONSIDER THE ENTRY INTO A PLAN WITH REDUCED PAYMENTS AS AN INCREASED CREDIT RISK. AS A RESULT, ENTERING INTO A TRIAL PERIOD PLAN MAY ADVERSELY AFFECT YOUR CREDIT SCORE, PARTICULARLY IF YOU HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

- ***[If for disaster, replace preceding bullet with: Credit Reporting:*** We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the trial period so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.***]***

Q. Why is there a Trial Period Plan?

The Trial Period Plan offers you immediate payment relief and gives you time to make sure you can manage the estimated new monthly mortgage payment. The Trial Period Plan is temporary, and your existing loan and loan requirements remain in effect and unchanged during the Trial Period Plan.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your Trial Period Plan payments on time and return to us the required copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the Trial Period Plan payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

Q. Are there incentives that I may qualify for if I am current with my new payments?

Borrower incentive compensation is only available to borrowers who qualified for a permanent modification under HAMP. If you return a complete Borrower Response Package no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], and we determine that you are eligible for a HAMP modification with a lower monthly principal and interest payment than we estimate you would receive for the proposed modification described above, then we will offer you the HAMP modification agreement and you will be eligible for the borrower incentive compensation under HAMP.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

If your loan is permanently modified as described above under the Proposed Modification Terms, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. However, if you return a complete Borrower Response Package that we previously sent to you no later than [**DATE – INSERT SAME DATE PROVIDED IN SOLICITATION LETTER FOR BORROWER TO RETURN BORROWER RESPONSE PACKAGE**], and we are able to offer you a HAMP modification, your interest rate will change after the first five years, as described in the HAMP modification agreement. Regardless of the modification program, your new monthly payment will include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases, your monthly payment will increase as well. ***[If for disaster, replace preceding two sentences with:*** Your new monthly payment may include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases and such expenses are escrowed, your monthly payment will increase as well.***]***

Additional Trial Period Plan Information and Legal Notices

We will not proceed to foreclosure sale during the Trial Period Plan, provided you are complying with the terms of the Trial Period Plan:

- Any pending foreclosure action or proceeding that has been suspended may be resumed if you fail to comply with the terms of the plan or do not qualify for a permanent modification.
- You agree that we will hold the Trial Period Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the Trial Period Plan will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

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 that we will establish an escrow account and that you will pay required escrows into that account.

[If for disaster, replace preceding paragraph with: **If your monthly payment did not include escrows for taxes and insurance and your taxes and insurance are delinquent, you are**

now required to establish an escrow account and include payments for escrows with your monthly payment:

- You agree that any prior waiver that allowed you to pay directly for taxes and insurance is revoked. You agree that we will establish an escrow account and that you will pay required escrows into that account.]

Your current loan documents remain in effect; however, you may make the Trial Period Plan payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

CAPITALIZATION AND EXTENSION MODIFICATION FOR DISASTER RELIEF TRIAL PERIOD PLAN NOTICE

Text
Based on a careful review of your mortgage account, we are offering you an opportunity to enter into a Trial Period Plan for a mortgage modification. This is the first step toward qualifying for a modification to bring your mortgage current and allow you to make a principal and interest payment that is equivalent or almost equivalent to your existing contractual principal and interest payment. It is important that you read this information in its entirety so that you completely understand the actions you need to take to successfully complete the Trial Period Plan to permanently modify your mortgage.

Proposed Modification Terms
If you successfully complete the Trial Period Plan by making the required payments, you will receive a modification with an interest rate of [***ENTER CURRENT INTEREST RATE OR STANDARD MODIFICATION INTEREST RATE, AS APPLICABLE***]%, which will be fixed for [ENTER TERM] months from the date the modification is effective. /If you have deferred unpaid principal, this amount will remain and will not be due and payable until the earlier of (i) the end of the term of the modified mortgage, (ii) the interest-bearing balance of your loan has been paid off, (iii) any sale or transfer of your interest in the property, or (iv) a refinance of your mortgage loan./

Step 1: To Ensure the Foreclosure Process Does Not Begin
In order for us to ensure that your Mortgage is not referred to foreclosure:

- You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer.
- You may also make your first Trial Period Plan payment by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], which is **earlier than the scheduled due date** described below.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], depending upon the level of delinquency, we may refer your loan to foreclosure.

Step 2: To Accept This Offer
You must make your first Trial Period Plan payment by the first payment due date designated below. If you fail to make the first Trial Period Plan payment by the first payment due date and we do not receive the payment by the last day of the month in which it is due, this offer will be revoked and depending upon the level of delinquency, we may refer your loan to foreclosure.

TIME IS OF THE ESSENCE.

Step 3: Make Trial Period Payments

To successfully complete the Trial Period Plan, you must make the Trial Period Plan payments below.

- First payment: $[FIRST PAYMENT AMOUNT] by [DATE]
- Second payment: $[SECOND PAYMENT AMOUNT] by [DATE]
- Third payment: $[THIRD PAYMENT AMOUNT] by [DATE]

Please send your Trial Period Plan payments to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your Trial Period Plan or permanent modification requirements, please contact us at [SERVICER PHONE NUMBER].

Next Steps

- It is important that you thoroughly review the *Frequently Asked Questions* and *Additional Trial Period Plan Information and Legal Notices* information attached.
- **We reserve the right to revoke this offer or terminate the plan following your acceptance if we learn of information that would make you ineligible for the Trial Period Plan.**
- If you continue to remain eligible for the permanent modification, once you have successfully made each of the payments above by their due dates, you have submitted the required signed copies of your modification agreement, and we have signed the modification agreement, your mortgage will be permanently modified in accordance with the terms of your modification agreement.
- **We must receive each payment in the month in which it is due. If you miss a payment or do not fulfill any other terms of your Trial Period Plan, this offer will end and your mortgage loan will not be modified.**
- If you feel that you cannot afford the Trial Period Plan payments reflected above and you otherwise qualify, we may be able to offer you a Streamlined Modification with a lower monthly principal and interest payment than what we estimate you would receive for the proposed modification described above. However, note that the Streamlined Modification would extend the term of your mortgage loan to 40 years from the date the modification takes effect while the modification described in this Trial Period Plan would extend the term of your mortgage loan only to the point necessary to bring your principal and interest payment back to an amount close to your existing contractual principal and interest payment. Please contact us at [SERVICER PHONE NUMBER] for further information regarding a Streamlined Modification.
- If you feel that you cannot afford the Trial Period Plan payments shown above but want to remain in your home, or if you have decided to leave your home, please contact us at [SERVICER PHONE NUMBER] to discuss other alternatives to foreclosure.
- Please note that except for your monthly Trial Period Plan payment amount, the terms of your existing note and all mortgage requirements remain in effect and unchanged during the Trial Period Plan.
- If you have questions about this information, your Trial Period Plan payments, or our mortgage modification requirements, please contact us at [SERVICER PHONE NUMBER].

FREQUENTLY ASKED QUESTIONS Get the answers you need to some of the most common questions.

Q. What else should I know about this offer?

- If you have taken **Step 1** above, and you make your new Trial Period Plan payments timely and you continue to remain eligible for a permanent modification, **we will not refer your loan to foreclosure.**
- You will not be charged any fees for this Trial Period Plan or a permanent modification.
- If your loan is modified, we will waive all unpaid late charges.
- **Credit Reporting**: We will not report the delinquency status of your loan or your entry into a Trial Period Plan to credit reporting agencies during the Trial Period Plan so long as you are paying in accordance with the terms of this Trial Period Plan. **CREDIT SCORING COMPANIES MAY CONSIDER WHETHER THERE IS AN INCREASED CREDIT RISK DUE TO THE LACK OF REPORTING. WE ARE UNCERTAIN AS TO THE IMPACT ON YOUR CREDIT SCORE, PARTICULARLY IF YOU ARE CURRENT ON YOUR MORTGAGE OR OTHERWISE HAVE A GOOD CREDIT SCORE.** For more information about your credit score, go to ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm.

Q. Why is there a Trial Period Plan?

The Trial Period Plan gives you time to make sure you can manage the monthly mortgage payment. The Trial Period Plan is temporary, and your existing loan and loan requirements remain in effect and unchanged during the Trial Period Plan.

Q. When will I know if my loan can be modified permanently and how will the modified loan balance be determined?

Once you make all of your Trial Period Plan payments on time and return to us the required copies of a modification agreement with your signature, we will sign one copy and send it back to you so that you will have a fully executed modification agreement detailing the terms of the modified loan. Any difference between the amount of the Trial Period Plan payments and your regular mortgage payments will be added to the balance of your loan along with any other past due amounts as permitted by your loan documents. While this will increase the total amount that you owe, it should not significantly change the amount of your modified mortgage payment.

Q. Will my interest rate and principal and interest payment be fixed after my loan is permanently modified?

If your loan is permanently modified as described above under the Proposed Modification Terms, your interest rate and monthly principal and interest payment will be fixed for the life of your mortgage. However, if your interest rate prior to modification was adjustable and you specifically requested to retain the adjustable rate features, your interest rate and principal and interest payment may adjust. Your new monthly payment may include an escrow for property taxes, hazard insurance and other escrowed expenses. If the cost of your homeowners insurance, property tax assessment or other escrowed expenses increases and such expenses are escrowed, your monthly payment will increase as well.

Additional Trial Period Plan Information and Legal Notices

We will not refer your loan to foreclosure during the Trial Period Plan, provided you are complying with the terms of the Trial Period Plan:

- You agree that we will hold the Trial Period Plan payments in an account until sufficient funds are in the account to pay your oldest delinquent monthly payment. You also agree that we will not pay you interest on the amounts held in the account. If any money is left in this account at the end of the Trial Period Plan and you qualify for a loan modification, those funds will be deducted from amounts that would otherwise be added to your modified principal balance.
- Our acceptance and posting of your payment during the Trial Period Plan will not be deemed a waiver of the acceleration of your loan and related activities, including the right to resume or continue foreclosure, and shall not constitute a cure of your mortgage default unless such payments are sufficient to completely cure the default.

If your monthly payment did not include escrows for taxes and insurance but your taxes or insurance are delinquent, 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 that we will establish an escrow account and that you will pay required escrows into that account.

Your current loan documents remain in effect; however, you may make the Trial Period Plan payment instead of the payment required under your loan documents:

You agree that all terms and provisions of your current mortgage note and mortgage security instrument remain in full force and effect and you will comply with those terms; and that nothing in the Trial Period Plan shall be understood or construed to be a satisfaction or release in whole or in part of the obligations contained in the loan documents.

Use this model clause if short sale review is based on the First Complete Borrower Response Package received more than 37 days prior to scheduled foreclosure sale date.

STANDARD SHORT SALE – REVIEW BASED ON FIRST COMPLETE BORROWER RESPONSE PACKAGE

Text
Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we will work with you to pursue a short sale.

About a Short Sale
A short sale is the sale of your property for less than the balance remaining on your mortgage loan. With a short sale, we will release our mortgage lien on your property once we receive the proceeds from the sale of the property, even though the proceeds are less than the loan balance you owe. Benefits to you may include:

- Avoiding foreclosure
- Eliminating/reducing your mortgage debt and receiving waiver of any deficiency*

To Suspend Foreclosure
You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer to pursue a short sale. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer to pursue a short sale, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], foreclosure proceedings may continue, and a foreclosure sale may occur.

TIME IS OF THE ESSENCE.

To Accept This Offer
If you have notified us of your intent to accept this offer to pursue a short sale by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], you must submit a purchase offer by **[DATE – 45 CALENDAR DAYS FROM THE DATE OF THIS LETTER]**. We will review and respond to any purchase offers you submit during this period within 15 days of the date we receive the purchase offer. If you do not submit a purchase offer or the purchase offer is not approved timely, foreclosure proceedings may continue and a foreclosure sale may occur.

Notwithstanding the terms of this letter, if the short sale terms are not satisfied because you have failed to submit a purchase offer which is approved by us within the required time frame, you may continue to list your property for sale after **[DATE – 45 CALENDAR DAYS FROM THE DATE OF THIS LETTER** or the date on which we inform you the offer is declined, as applicable, and we may review any purchase offer submitted, but only if there is adequate time prior to the foreclosure sale date.

If you have questions, please contact us at [SERVICER PHONE NUMBER].

Next Steps ***[If a purchase offer is not received with the First Complete Borrower Response Package]***

- Contact a real estate broker to list your property for sale if it is not currently listed.
- Once you've selected a real estate broker, we will need your consent to discuss the short sale with them.

[Note to Servicer: If appropriate, the Servicer may attach a consent form to this notice, or incorporate the consent into the body of the notice if the notice is intended to be signed and returned by the borrower.]

- *(We may contact you and/or your broker with suggested listing price guidance.)*
- If you receive a purchase offer by **[DATE – 45 CALENDAR DAYS FROM THE DATE OF THIS LETTER]**, contact us immediately and we will review the offer within 15 days of the date we receive the purchase offer. If a purchase offer is submitted after **[DATE – 45 CALENDAR DAYS FROM THE DATE OF THIS LETTER]**, we may review the purchase offer if there is adequate time prior to the foreclosure sale date.

*** Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.**

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the first complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Additional Information and Legal Notices

You were not approved for a loan modification Trial Period Plan

[Servicer to select appropriate alternative language]

[You were not evaluated for mortgage payment assistance based upon your stated intention to transition out of the property. As a result, you are not eligible for the following Freddie Mac Trial Period Plans:

- HAMP Modification
- Standard Modification***]***

[You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan.

Based on our review of your financial circumstances, although you may have a hardship, you are not eligible for the following Freddie Mac Trial Period Plans:

- HAMP Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***
- Standard Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this offer to pursue a short sale until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to accept the current offer to pursue a short sale or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal.

**Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]*

Use this model clause if:

- ***The complete Borrower Response Package was received 37 days or fewer before the foreclosure sale date; OR***
- ***The Mortgage is not secured by a Primary Residence; OR***
- ***The Mortgage is secured by Primary Residence where the Servicer is reviewing a complete Borrower Response Package received after the First Complete Borrower Response Package.***

STANDARD SHORT SALE – ALL OTHER SCENARIOS

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided we will work with you to pursue a short sale. During this process, any foreclosure-related legal actions will continue and the foreclosure sale date, if set, will not be postponed, so time is of the essence.

If you have already received notice of foreclosure sale of your property and the scheduled sale date is 37 or fewer days away, *you will need to act quickly* or it may not be possible to complete a short sale transaction prior to the foreclosure sale. Please be mindful that during this process, any foreclosure related legal actions will continue and the foreclosure sale date will not be postponed.

About a Short Sale

A short sale is the sale of your property for less than the balance remaining on your mortgage loan. With a short sale, we will release our mortgage lien on your property once we receive the proceeds from the sale of the property, even though the proceeds are less than the loan balance you owe. Benefits to you may include:

- Avoiding foreclosure
- Eliminating/reducing your mortgage debt and receiving waiver of any deficiency *

Next Steps

- Contact a real estate broker to list your property for sale if it is not currently listed.
- Once you've selected a real estate broker, we will need your consent to discuss the short sale with them.

[Note to Servicer: If appropriate, the Servicer may attach a consent form to this notice, or incorporate the consent into the body of this notice if the notice is intended to be signed and returned by the borrower.]

- (We may contact you and/or your broker with suggested listing price guidance.)
- Once you receive a potential buyer's offer, contact us immediately and we will review the offer if there is adequate time prior to the foreclosure sale date to determine whether to accept it in full satisfaction of your obligation

If you have questions about pursuing a short sale or a short sale is not a viable option due to your circumstances, please contact us at [SERVICER PHONE NUMBER].

*** Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.**

STANDARD DEED-IN-LIEU OF FORECLOSURE – REVIEW BASED ON RECEIPT OF FIRST COMPLETE BORROWER RESPONSE PACKAGE

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we will work with you to pursue a deed-in-lieu of foreclosure.

About a Deed-in-Lieu of Foreclosure

With a deed-in-lieu of foreclosure, you voluntarily transfer ownership of the property to the owner of your mortgage to satisfy your mortgage debt. If you complete a deed-in-lieu of foreclosure on terms that have been approved by us, including any required contribution, benefits to you may include:

- Avoiding foreclosure
- Eliminating your mortgage debt*
- Consideration for leasing the property from the lender.

To Accept This Offer and Suspend Foreclosure

You must contact us at [SERVICER PHONE NUMBER] or in writing at the address provided below by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer to pursue a deed-in-lieu of foreclosure. If you contact us by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to accept this offer to pursue a deed-in-lieu of foreclosure, we will not refer your loan to foreclosure, or if your loan has been referred to foreclosure, we will suspend the next legal action in the foreclosure proceedings.

However, if you do not respond by [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], or if we are unable to complete the deed-in-lieu transaction within 60 days of your acceptance, foreclosure proceedings may continue, and a foreclosure sale may occur.

TIME IS OF THE ESSENCE.

Additional Deed-in-Lieu of Foreclosure Information

- **Title** – Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you and all other occupants must vacate your property and provide clear and marketable title free of any liens and encumbrances with a general warranty deed or local equivalent by [DATE].
- **Subordinate Liens** – You must cooperate with us as necessary to negotiate and obtain the release of any subordinate liens on the property.
- **Property Inspection and Property Condition** – We may need to conduct an interior inspection of the property which will require that you provide access. Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you must leave the property in broom-swept condition, free of interior and exterior trash, debris or damage, and all personal belongings must be removed from the property. The yard must be clean and neat and you must deliver all the keys and controls (e.g., garage door openers) to us and provide us with a release for any possessions or materials left in the property after the date you agree to vacate the property.
- **Personal Property Release** – You must provide us with a release for any possessions or materials left at or in the property after the date you agree to vacate the property.
- **Deficiency Waiver** – If you act in good faith and in compliance with applicable law in completing the deed-in-lieu of foreclosure according to the terms approved by us, including any required contribution, you will be released from liability for any deficiency.

- **Relocation Assistance** – If you are moving from your primary residence, you may be eligible for relocation assistance up to $3000 which would be paid within 30 days of our acceptance of the executed deed-in-lieu of foreclosure if you comply with the property conditions outlined above.
- **Transfer/Closing** – You may be required to sign standard pre-closing documents as well as attend a closing of the transfer of your property where all owners of the property must be present.

If you have questions about deed-in-lieu of foreclosure requirements, please contact us at [Servicer Phone Number]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

Next Steps

- It is important that you thoroughly review the enclosed information carefully as it includes additional information about your responsibilities and provides more information on the deed-in-lieu of foreclosure process.
- Contact us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], by no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] to indicate your intent to pursue this offer.

*** Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.**

[***Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the first complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:***

Additional Information and Legal Notices

You were not approved for a loan modification Trial Period Plan

[Servicer to select appropriate alternative language]

*[*You were not evaluated for mortgage payment assistance based upon your stated intention to transition out of the property. As a result, you are not eligible for the following Freddie Mac Trial Period Plans:

- HAMP Modification
- Standard Modification*]*

*[*You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan.

Based on our review of your financial circumstances, although you may have a hardship, you are not eligible for the following Freddie Mac Trial Period Plans:

- HAMP Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

- Standard Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to accept this offer to pursue a deed-in-lieu of foreclosure until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to accept the current offer to pursue a deed-in-lieu of foreclosure or you may notify us of your intent to accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] no later than 14 calendar days from the date of the appeal decision.

Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal.

**Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]*

Use this model clause if:

- ***The complete Borrower Response Package was received 37 days or fewer before the foreclosure sale date; OR***
- ***The Mortgage is not secured by a Primary Residence; OR***
- ***The Mortgage is secured by Primary Residence where the Servicer is reviewing a complete Borrower Response Package received after the First Complete Borrower Response Package***
- ***The Borrower was previously approved for a short sale and transitioned to a DIL because the short sale was not successful***

STANDARD DEED-IN-LIEU OF FORECLOSURE – ALL OTHER SCENARIOS

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided, we will work with you to pursue a deed-in-lieu of foreclosure.

About a Deed-in-Lieu of Foreclosure

With a deed-in-lieu of foreclosure, you voluntarily transfer ownership of the property to the owner of your mortgage to satisfy your mortgage debt. During this process, any foreclosure related legal actions will continue and the foreclosure sale date, if set, will not be postponed so time is of the essence. If you complete a deed-in-lieu of foreclosure on terms that have been approved by us, including any required contribution, benefits to you may include:

- Avoiding foreclosure
- Eliminating your mortgage debt*
- Consideration for leasing the property from the lender.

To Accept This Offer

1. Read the enclosed information carefully, including the Additional Deed-in-Lieu of Foreclosure Information below.
2. Contact us immediately at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], to indicate your intent to pursue a deed-in-lieu of foreclosure.

Additional Deed-in-Lieu of Foreclosure Information

- **Title** – Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you and all other occupants must vacate your property and provide clear and marketable title free of any liens and encumbrances with a general warranty deed or local equivalent by [DATE].
- **Subordinate Liens** – You must cooperate with us as necessary to negotiate and obtain the release of any subordinate liens on the property.
- **Property Inspection and Property Condition** – We may need to conduct an interior inspection of the property which will require that you provide access. Unless you have been approved for and signed a lease or use and occupancy agreement for the property, you must leave the property in broom-swept condition, free of interior and exterior trash, debris or damage, and all personal belongings must be removed from the property. The yard must be clean and neat and you must deliver all the keys and controls (e.g., garage door openers) to us and provide us with a release for any possessions or materials left in the property after the date you agree to vacate the property.
- **Personal Property Release** – You must provide us with a release for any possessions or materials left at or in the property after the date you agree to vacate the property.
- **Deficiency Waiver** – If you act in good faith and in compliance with applicable law in completing the deed-in-lieu of foreclosure according to the terms approved by us, including any required contribution, you will be released from liability for any deficiency.

- **Relocation Assistance** – If you are moving from your primary residence, you may be eligible for relocation assistance up to $3000 which would be paid within 30 days of our acceptance of the executed deed-in-lieu of foreclosure if you comply with the property conditions outlined above.
- **Transfer/Closing** – You may be required to sign standard pre-closing documents as well as attend a closing of the transfer of your property where all owners of the property must be present.

If you have questions about deed-in-lieu of foreclosure requirements, please contact us at [Servicer Phone Number]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF SERVICER'S ESCALATION UNIT] at 8XX-XXX-XXXX.

Next Steps

- It is important that you thoroughly review the enclosed information carefully as it includes additional information about your responsibilities and provides more information on the deed-in-lieu of foreclosure process.
- Contact us immediately at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS], to indicate your intent to pursue this offer.

*** Cancellation of debt may have tax consequences. Please consult your tax advisor to discuss potential tax consequences.**

NON-APPROVAL, NOT ELIGIBLE FOR ALTERNATIVE TO FORECLOSURE

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, unfortunately you are not eligible for an alternative to foreclosure. Our review of your financial and other information indicates that although you may have a hardship, you do not qualify for a loan modification Trial Period Plan. Your mortgage payment was due on [PAYMENT DUE DATE]. In addition, your account has accrued late charges of $[AMOUNT OF LATE CHARGES, IF APPLICABLE]. It is important that you make your full mortgage payment and late charges in the amount of $[TOTAL AMOUNT DUE], immediately.

We recognize that this may be disappointing news for you. However, in order to avoid the negative impacts to your credit rating resulting from late payments and to avoid foreclosure, it is important that you make the full payment listed above as quickly as possible and continue to make your mortgage payment by the scheduled due date.

Please send your payment in the full amount due to:

[SERVICER NAME AND MAILING ADDRESS]

If you have questions about your mortgage payment, please contact us at [SERVICER PHONE NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF TEAM IN SERVICER'S ORGANIZATION] at 8XX-XXX-XXXX.

[Mortgage Servicing Regulatory Notice and Right of Appeal* If review is based on an evaluation of the First Complete Borrower Response Package received on or after January 10, 2014 and concerns property serving as the borrower's primary residence, add the following:

Additional Information and Legal Notices

You were evaluated for mortgage payment assistance based on the eligibility requirements of Freddie Mac, the owner of your mortgage loan.

Based on our review of your financial circumstances, although you may have a long term or permanent hardship, you are not eligible for the following Freddie Mac Trial Period Plans:

- HAMP Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

- Standard Modification – ***[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable, "***You were not evaluated based on other eligibility requirements.***"]***

Right to Appeal

You have the right to appeal our determination not to offer you the loan modification Trial Period Plan(s) listed above. If you would like to appeal, you must contact us in writing at the address provided below, no later than [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***], and state that you are requesting an appeal of our decision. You must include in the appeal your name, property address, and mortgage loan number. You may also specify the reasons for your appeal, and provide any supporting documentation. Your right to appeal expires [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***]. Any appeal requests or documentation received after [***DATE – 14 CALENDAR DAYS FROM THE DATE OF THIS LETTER***] may not be considered.

If you elect to appeal, we will provide you a written notice of our appeal decision within 30 calendar days of receiving your appeal. Our appeal decision is final, and not subject to further appeal.

If you elect to appeal, you do not have to make the full mortgage payment amount until resolution of the appeal. If we determine on appeal that you are eligible for a loan modification Trial Period Plan, we will send you an offer for that Trial Period Plan. In that case, you may choose to make the full mortgage payment amount (including any delinquent amounts and late charges that have accrued during the appeal process) or accept the new Trial Period Plan offer by contacting us at [SERVICER PHONE NUMBER] or in writing at [SERVICER NAME AND MAILING ADDRESS] 14 calendar days from the date of the appeal decision.

If you wait to make the payment amount described above until after receiving our appeal decision, your loan will become more delinquent. Any unpaid interest, and other unpaid amounts, such as escrows for taxes and insurance, will continue to accrue on your mortgage loan during the appeal, and will be added to the total amount due to bring your loan current.

****Servicers may not send this Mortgage Servicing Regulatory Notice and Right of Appeal to those borrowers whose properties do not serve as the borrower's primary residence. Servicers may not send this notice more than once on any mortgage. Servicers may only send the right of appeal language to borrowers who have such a right under applicable law, such as 12 C.F.R. §1024.41(h).]***

NON-APPROVAL, PROCEED TO FORECLOSURE

Text

Thank you for contacting us about your mortgage. Based on a careful review of the information you provided to us, unfortunately you are not eligible for mortgage payment assistance or other alternatives to foreclosure. We recognize that this may be disappointing news for you.

To bring your mortgage current, you must pay the total past due amount* of $[REINSTATEMENT BALANCE] no later than [REINSTATEMENT DATE]. If you are unable to pay your mortgage or bring it current, we will regrettably pursue foreclosure and sale of your home.

Please send your payment to:

[SERVICER NAME AND MAILING ADDRESS]

If your mortgage loan is reinstated and you subsequently experience a financial hardship, you may contact us to request reconsideration for mortgage payment assistance or other alternatives to foreclosure.

If you have questions about this letter and how to reinstate your mortgage, please contact us at [SERVICER PHONE NUMBER]. If you have concerns about the evaluation of your mortgage for foreclosure alternatives, then please contact [CONTACT NAME or NAME OF TEAM IN SERVICER'S ORGANIZATION] at 8XX-XXX-XXXX.

* Please note that the total amount due noted above includes $[AMOUNT DUE FOR SERVICER ADVANCES] for Servicer Advances. These are expenses we have incurred in connection with your mortgage obligations. These expenses may include attorney fees and costs, property preservation expenses, inspections, and/or other expenses resulting from your failure to pay your mortgage on time.

HAMP Modification – *[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable,* "You were not evaluated based on other eligibility requirements.*"]*

HAMP Ineligibility To be inserted in Standard Modification Trial Period Plan, Standard Short Sale, and Standard Deed-In-Lieu Notices	
	Servicer must insert the following language and include the language related to each applicable reason for ineligibility from the list below: Based on our review of your financial circumstances, we are unable to offer you a Freddie Mac HAMP modification because:
Requirement	**Reason for Ineligibility**
Borrower's post-modification debt-to-income (DTI) ratio is greater than 31%	you have insufficient income to afford a modified mortgage payment and pay required taxes, insurance and other related property expenses
Charge Offs	your mortgage loan has been charged off and you have been released from liability for repayment
Default on a Prior HAMP Trial Period Plan	you previously started a Trial Period Plan for a Freddie Mac HAMP modification and did not make the required Trial Period Plan payments or failed to satisfy the terms of the Trial Period Plan
Excessive Forbearance	we were unable to achieve an affordable payment equal to 31% of your gross income without violating Freddie Mac's HAMP requirements
Excessive Income because the pre-modification housing expense to income ratio is less than 31%	your current mortgage payment is less than the mortgage payment available under Freddie Mac's HAMP requirements
First lien	your mortgage loan with us is not a first lien
Imminent Default	we have determined that you are able to continue paying your mortgage
Origination Date	your mortgage loan was originated after January 1, 2009
MI	your mortgage loan has mortgage insurance and the mortgage insurer denied your request for a modification *[*because _____*]* ***Note to Servicers: Servicers should determine whether they must provide the specific reason as to why a mortgage insurance company declined the modification.***

Negative NPV	the Freddie Mac HAMP evaluation requires a determination that the net present value (NPV) of a modification using a formula developed by the Department of the Treasury. The NPV calculation requires us to input certain financial information about your income, your loan, and other factors listed below. When combined with other data in the Treasury NPV model, these inputs estimate the current value of the modification for the owner of your loan compared to the likely financial outcome if the loan is not modified. Based on the NPV results, you were not eligible for a HAMP modification. ***[Servicer: List inputs used in the NPV Model and provide applicable borrower explanation]***
Primary Residence	your property does not serve as your primary residence
Prior HAMP Modification or HAMP Trial Period Plan	your loan was previously modified under Freddie Mac's HAMP and you lost good standing or, you failed to satisfy the terms of the modification. ***[Note to Servicers: This does not apply to borrowers who were performing under a HAMP Trial Period Plan and entered into Unemployment Forbearance or a disaster-related forbearance plan prior to permanent modification.]***
Prohibited by Applicable Law (e.g., certain modifications of Texas Home Equity loans)	your mortgage loan is not permitted to be modified under _____ ***[insert cite to applicable state or local law]***
Property Condition	Property is vacant, condemned, or abandoned
Unemployed	Borrower is unemployed and qualifies for Freddie Mac's Unemployment Forbearance program

Standard Modification – *[Specify the reason(s) for ineligibility using the appropriate model ineligibility reason; and add, as applicable,* "You were not evaluated based on other eligibility requirements.*"]*

Standard Modification Ineligibility To be inserted in Standard Short Sale and Standard Deed-In-Lieu Notices	
	Servicer must insert the following language and include the language related to each applicable reason for ineligibility from the list below: Based on our review of your financial circumstances, we are unable to offer you a Freddie Mac HAMP modification because:
Requirement	**Reason for Ineligibility**
Charge Offs	your mortgage loan has been charged off and you have been released from liability for repayment
Condemned Property	your property is condemned and ineligible for a modification
Housing Expense Ratio > 55%	the required post-modification principal and interest mortgage payment would not be affordable based on your verified gross income
Housing Expense Ratio <10%	your current gross income is sufficient to pay your current principal and interest on your mortgage loan
Imminent Default	we have determined that you are able to continue paying your mortgage
Lien Position	your loan with us is not a first lien mortgage
MI	your mortgage loan has mortgage insurance and the mortgage insurer denied your request for a modification *[*because _____*]* ***Note to Servicers: Servicers should determine whether they must provide the specific reason as to why a mortgage insurance company declined the modification.***
Non-Owner Occupied Property	your mortgage loan is secured by a property that does not serve as your primary residence and is less than 60 days delinquent
Origination Date	your mortgage loan was originated less than 12 months prior to the date we evaluated for a modification
Performing under another alternative to foreclosure	you are currently performing under another alternative to foreclosure
Post-Modification Monthly P&I Payment	the required modification terms would result in a principal and interest mortgage payment that is greater than or equal to your current principal and interest mortgage payment
Prior Modifications	your mortgage has been previously modified two or more times
Prohibited by Applicable Law (e.g., certain modifications of Texas Home Equity loans)	your mortgage loan is not permitted to be modified under _____ [insert cite to applicable state or local law]
Recent Modification using Standard Modification terms	your mortgage was previously modified under the Freddie Mac Standard Modification program structure and became 60 or more days delinquent within 12 months of the modification effective date

Exhibit 96

Servicing Incentives and Compensatory Fees

ABOUT THIS EXHIBIT

This exhibit is a summary of compensatory fees assessed, and incentives paid to the Servicer, in accordance with the requirements in the Guide. This exhibit is not intended to replace the requirements in the applicable section of the Guide. Servicers must review the Guide sections referenced below for complete information. Servicers should also review their other Purchase Documents for additional requirements, which may not be included in this exhibit.

<table>
<tr><th>NAME</th><th>AMOUNT AND DESCRIPTION</th><th>GUIDE SECTION REFERENCE</th></tr>
<tr><td colspan="3">INCENTIVES</td></tr>
<tr><td>Freddie Mac Standard Modification, Freddie Mac Streamlined Modification and Capitalization and Extension Modification for Disaster Relief</td><td>Depending on the Borrower's Delinquency status as of the Trial Period Plan Effective Date, the following incentives may be paid:
<table>
<tr><th>Number of Days Delinquent at Trial Period Plan Effective Date</th><th>Incentive Amount</th></tr>
<tr><td>Less than or equal to 120 days delinquent at the time of the Trial Period Plan Effective Date</td><td>$1,600</td></tr>
<tr><td>121 to 210 days delinquent at the time of the Trial Period Plan Effective Date</td><td>$1,200</td></tr>
<tr><td>Greater than 210 days delinquent at the time of the Trial Period Plan Effective Date</td><td>$400</td></tr>
</table></td><td>65.42</td></tr>
<tr><td>Freddie Mac Standard Short Sale and Make-Whole Preforeclosure Sales</td><td>$2,200</td><td>65.42</td></tr>
<tr><td>Freddie Mac Standard Deed-in-Lieu of Foreclosure</td><td>$1,500</td><td>65.42</td></tr>
<tr><td>Repayment Plans</td><td>$500</td><td>65.42</td></tr>
</table>

<table>
<tr><td>Home Affordable Modification Program</td><td>Depending on the Borrower's Delinquency status as of the Trial Period Plan Effective Date, the following incentives may be paid:
<table><tr><th>Number of Days Delinquent at Trial Period Plan Effective Date</th><th>Incentive Amount</th></tr><tr><td>Less than or equal to 120 days delinquent (150 days from Due Date of Last Paid Installment (DDLPI))</td><td>$1,600</td></tr><tr><td>121 days or more delinquent to and including 210 days delinquent (151 to 240 days from DDLPI)</td><td>$1,200</td></tr><tr><td>Greater than 210 days delinquent (greater than 240 days from DDLPI)</td><td>$400</td></tr></table>
FOR MORTGAGES WITH HOME AFFORDABLE MODIFICATION PROGRAM MODIFICATION EFFECTIVE DATES ON OR AFTER APRIL 1, 2014
Depending on the Borrower's Delinquency status as of the Trial Period Plan Effective Date, the following incentives may be paid:
<table><tr><th>Number of Days Delinquent at Trial Period Plan Effective Date</th><th>Incentive Amount</th></tr><tr><td>Less than or equal to 120 days delinquent (150 days from Due Date of Last Paid Installment (DDLPI))</td><td>$2,100</td></tr><tr><td>121 days or more delinquent to and including 210 days delinquent (151 to 240 days from DDLPI)</td><td>$1,700</td></tr><tr><td>Greater than 210 days delinquent (greater than 240 days from DDLPI)</td><td>$900</td></tr></table></td><td>C65.9</td></tr>
<tr><td>Home Affordable Foreclosure Alternatives (Short Sale)*

* Effective September 1, 2013 this incentive is deleted</td><td>$2,200</td><td>D65.8</td></tr>
<tr><td>Home Affordable Foreclosure Alternatives (Deed-in-Lieu) *

* Effective September 1, 2013 this incentive is deleted</td><td>$1,500</td><td>D65.8</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="3">COMPENSATORY FEES (Non-Performing Loans)</td></tr>
<tr><td>Reporting Foreclosure Sale Results</td><td>$100
For every day that the foreclosure sale is not reported correctly</td><td>66.56</td></tr>
</table>

<table>
<tr><td>REO Rollback</td><td>Equal to $1,000 per occurrence for administrative costs plus any third-party costs when Freddie Mac must process an REO rollback in accordance with Section 66.56(a)(2)</td><td>66.56</td></tr>
<tr><td>Electronic Default Reporting Noncompliance</td><td>
<table>
<tr><th>IF the noncompliance violation within a consecutive 12-month period is the Servicer’s...</th><th>THEN the reporting noncompliance compensatory fee is...</th><th>AND the Servicer...</th></tr>
<tr><td>First violation</td><td>Greater of $250 or $50 per loan, up to $5,000</td><td></td></tr>
<tr><td>Second violation</td><td>Greater of $500 or $50 per loan, up to $10,000</td><td rowspan="2">May be required to attend a training reporting seminar at the Servicer’s expense</td></tr>
<tr><td>Third violation or more</td><td>Greater of $1,000 or $50 per loan, up to $15,000</td></tr>
</table>
</td><td>78.47.2</td></tr>
</table>

Foreclosure Timeline Performance	**Loans referred to foreclosure prior to October 1, 2011:** Multiply by $30 the total number of days by which the Servicer exceeded Freddie Mac's State foreclosure time lines with respect to all Mortgages that resulted in a foreclosure sale that became a Freddie Mac REO during a calendar year **Loans referred to foreclosure on or after October 1, 2011:** Multiply the UPB by the interest rate, divided by 365 then multiply by the total number of days by which the Servicer exceeded Freddie Mac's State foreclosure time lines with respect to all Mortgages that resulted in a foreclosure sale that became a Freddie Mac REO during a calendar year	Exhibit 83A
Late Execution of REO Repurchase	**Multiply 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 Freddie Mac will determine the charge.**	72.7
COMPENSATORY FEES (All Loans)		
Reporting Non Compliance – All Loans		78.47.1

IF the noncompliance violation within a consecutive 12-month period is the Servicer's...	**THEN the reporting noncompliance compensatory fee is...**	**AND the Servicer...**
First violation	Greater of $250 or $50 per loan, up to $5,000	
Second violation	Greater of $500 or $50 per loan, up to $10,000	May be required to attend a training reporting seminar at the Servicer's expense
Third violation or more	Greater of $1,000 or $50 per loan, up to $15,000	

Contract noncompliance and contract change	**$500 per occurrence** 1. Research and perform database corrections to Freddie Mac's records to correct loan level cash or data discrepancies due to erroneous reporting by the Servicer, including, but not limited to, corrections to the data transmitted through Electronic Data Reporting (EDR) and loss mitigation reporting errors 2. Process the database changes necessary to complete an approved waiver to the Purchase Documents	78.51

COMPENSATORY FEES (Performing Loans)

Aged Data Errors	**$100 per loan, per occurrence, not to exceed $15,000 in a given month**	78.48
Late Reported Payoff Noncompliance	**One month's interest based on the net yield for each loan that the Servicer reports late**	78.49
Cash Remittance Interest Reimbursement	**Multiply 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 Freddie Mac will determine the charge.** **The following minimum charges shall apply:** **First Instance: No less than $250 in any given month** **Second Instance: No less than $500 in any given month** **Third Instance or more in 12 months: No less than $1000 in any given month**	78.50 Exhibit 69
Unauthorized Transfers of Servicing	**Compensatory fee not to exceed 1% of the unpaid principal balances of the transferring Mortgages**	56.3
Unreported Transactions and Loan Simulation	**$100 per loan** **When a Servicer fails to clear outstanding edits or report loan level activity by end of month minus four Business Days**	78.47.3

[Servicer Logo]

Servicer: _____

Servicer Loan Number: _____

Address of Property: _____

Date of Purchase Contract: ____/____/____

Investor: _____

Seller: _____

Buyer: _____

Seller: _____

Buyer: _____

Seller's Agent/Listing Agent: _____

Buyer's Agent: _____

Escrow Closing Agent: _____

Transaction Facilitator (if applicable): _____

This Short Sale Affidavit ("Affidavit") is given by the Seller(s), Buyer(s), Agent(s), and Facilitator to the Servicer and the Investor of the mortgage loan secured by the Property ("Mortgage") in consideration for the mutual and respective benefits to be derived from the short sale of the Property.

NOW, THEREFORE, the Seller(s), Buyer(s), Agent(s), and Facilitator do hereby represent, warrant and agree under the pains and penalties of perjury, to the best of each signatory's knowledge and belief, as follows:

(a) The sale of the Property is an "arm's length" transaction, between Seller(s) and Buyer(s) who are unrelated and unaffiliated by family, marriage, or commercial enterprise;

(b) There are no agreements, understandings or contracts between the Seller(s) and Buyer(s) that the Seller(s) will remain in the Property as tenants or later obtain title or ownership of the Property, except that the Sellers(s) are permitted to remain as tenants in the Property 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 Sellers(s) nor the Buyer(s) will receive any funds or commissions from the sale of the Property except that the Seller(s) may receive a payment if it is offered by the Servicer, approved by the Investor and, if the payment is made at closing of the short sale of the Property, reflected on the HUD-1 Settlement Statement;

(d) There are no agreements, understandings or contracts relating to the current sale or subsequent sale of the Property that have not been disclosed to the Servicer;

(e) All amounts to be paid to any person or entity, including holders of other liens on the Property, in connection with the short sale have been disclosed to and approved by the Servicer and will be reflected on the HUD-1 Settlement Statement;

(f) Each signatory understands, agrees and intends that the Servicer and the Investor are relying upon the statements made in this Affidavit as consideration for the reduction of the payoff amount of the Mortgage and agreement to the sale of the Property;

(g) A signatory who makes a negligent or intentional misrepresentation agrees to indemnify the Servicer and the Investor for any and all loss resulting from the misrepresentation including, but not limited to, repayment of the amount of the reduced payoff of the Mortgage;

(h) This Affidavit and all representations, warranties and statements made herein will survive the closing of the short sale transaction; and

(i) Each signatory understands that a misrepresentation may subject the person making the misrepresentation to civil and/or criminal liability.

[SEPARATE SIGNATURE BLOCKS FOR EACH SIGNATORY]

Freddie Mac
We make home possible®

Exhibit 98

Expense Reimbursement/Incentive Payment Authorization Agreement for ACH Credits

Instructions:
Processing of this form requires names and specimen signatures of the individual(s) who is duly authorized to accept the Automated Clearing House (ACH) agreement on behalf of the named vendor. The completed form must contain a corporate seal or be notarized. In addition, please provide a copy of the IRS Form W-9.

Payee Name: _____ Tax ID No.: _____

Payee E-mail Address (for deposit confirmation): _____

Freddie Mac Contact Name:

I hereby authorize Federal Home Loan Mortgage Corporation (FHLMC), herein called Freddie Mac, to initiate credit entries to our commercial checking account indicated below at the depository financial institution named below, hereafter called Depository, and to credit the name to such account. I acknowledge that the originator of ACH transactions to our account must comply with the provisions of U.S. law as well as governance by and agreement 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).

Depository Name: _____ Branch: _____

City: _____ State: _____

Nine-Digit Routing No.: _____ Account Number: _____

This authorization is to remain in full force and effect until Freddie Mac has received written notification from us of its termination in such time and in such manner as to afford Freddie Mac and Depository a reasonable opportunity to act on it.

Payee Approval:

Name: _____ Title: _____
(Please Print)

Signature: _____ Date: _____

Note: Written Authorizations must provide that the receiver may revoke the authorization only by notifying the Originator (Freddie Mac) in the manner specified in the authorization.

Send completed Exhibit 98 and IRS Form W-9 to:

Freddie Mac
8200 Jones Branch Drive
MS A2F
McLean, VA 22101
Attn: Expense Reimbursement – ACH Setup

Freddie Mac Procurement Use Only

Date Received: _____ PeopleSoft ID No.: _____

Approved by: _____ Date Approved: _____

Processed by: _____ Date Processed: _____

Exhibit 99

Servicer Selection Form

The Servicer Selection Form is now maintained at the following URL: https://freddiemacsats.com

Exhibit 100

Personal Property Release

THIS PERSONAL PROPERTY RELEASE, made this _____ day of _____, 20____, between _____, ("Grantor(s)") who currently resides at _____ ("Property") and _____, ("Grantee") whose address is _____.

WHEREAS, Grantor(s) agrees to vacate said Property no later than _____, 20___ ("Vacancy Date") and to leave the property in broom-swept condition free of interior and exterior trash, debris or damage and to remove all personal property from the Mortgaged Premises. Grantor(s) agrees that Grantee and/or its successors and assigns may dispose of any personal property remaining in or on the Mortgaged Premises following the Vacancy Date in any manner and that this Personal Property Release shall be enforceable by Grantee and its successors and assigns. In consideration of Grantee's acceptance of a Deed-in-Lieu of Foreclosure of the Property, Grantor(s) hereby releases and holds harmless Grantee and its servicers, representatives, agents, attorneys, Officers, Directors, employees, successors and assigns from any claim or liability, loss, cost, or expense, including reasonable attorney's fees, for any and all personal property left in or on the Mortgaged Premises after the agreed upon Vacancy Date.

THE UNDERSIGNED GRANTOR(S), HAS READ THE FOREGOING PERSONAL PROPERTY RELEASE AND UNDERSTANDS IT, AND HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL AND AGREES THAT ALL DOUBTS AND AMBIGUITIES IN CONNECTION WITH THIS PERSONAL PROPERTY RELEASE SHALL BE CONSTRUED IN FAVOR OF THE RELEASED PARTY.

By: _____
Grantor

By: _____
Grantor

Witness: _____

[Servicer Logo]

[Borrower 1 Name] [Borrower 2 Name]
[Address 1]
[Address 2]
[City, State Zip Code]

[Date]

Reference: [LOAN NUMBER]

Dear [Borrower Name(s)]:

Your mortgage payment is now 30 days or more past due and your loan is in default. We are concerned about your missed mortgage payment – and want you to be aware of assistance available to you – in case you are unable to bring your payments current.

We Are Here to Help You

It is critical that you work with us on a resolution for any issues that affect your ability to make timely mortgage payments, whether your challenges are temporary or long term.

The sooner you respond, the more quickly we can determine whether you qualify for assistance.

Options May Be Available

The right option for you depends on your individual circumstances. If you provide all required information and documentation about your situation, we can determine if you qualify for temporary or long-term relief, including solutions that may allow you to stay in your home (refinance, repayment, forbearance, loan modification) or leave your home while avoiding foreclosure (short sale or deed-in-lieu of foreclosure).

For more details, please see the attachment on Avoiding Foreclosure.

Send Us the Information We Need to Help You

Requesting help is the first step. Start by providing information and documentation to help us understand the challenges you are facing. To do this, follow the detailed instructions on the attached Homeowner Checklist to complete and submit your Borrower Response Package to us.

Once we have received and evaluated your information, we will contact you regarding your options and next steps.

Learn More and Act Now

For more information, please see the Frequently Asked Questions and other information provided with this letter. If you need assistance, contact our customer support team at [**8XX-XXX-XXXX**].

Remember, you need to take action by completing and returning the entire Borrower Response Package by [Month Day, Year].

Sincerely,

Customer Support
[Servicer Name]

TO RECEIVE HELP WITH YOUR MORTGAGE, YOU MUST ACT BY:

[Month Day, Year]!

1. See the instructions on the Homeowner Checklist
2. Review:
   - Avoiding Foreclosure
   - Frequently Asked Questions
   - Beware of Foreclosure Rescue Scams
3. Submit required Borrower Response Package:
   - Uniform Borrower Assistance Form (Borrower Assistance Form) (attached)
   - IRS Form 4506T-EZ (attached)
   - Income Documentation (described on Borrower Assistance Form)
   - Hardship Documentation (described on Borrower Assistance Form)

If you need assistance, contact us immediately at:

[8XX-XXX-XXXX]

Homeowner Checklist

For Your Information Only - Do Not Return with Your Borrower Response Package

GET STARTED – use this checklist to ensure you have completed all required forms and have the right information.

Step 1	❑ **Review the information provided** to help you understand your options, responsibilities, and next steps: ☐ Avoiding Foreclosure ☐ Frequently Asked Questions ☐ Beware of Foreclosure Rescue Scams
Step 2	❑ **Complete and sign the enclosed Borrower Assistance Form.** Must be signed by all borrowers on the mortgage (notarization is not required) and must include: ☐ All income, expenses, and assets for each borrower ☐ An explanation of financial hardship that makes it difficult to pay the mortgage ☐ Your acknowledgment and agreement that all information that you provide is true and accurate
Step 3	❑ **Complete and sign a dated copy of the enclosed IRS Form 4506T-EZ** ☐ For each borrower, please submit a signed, dated copy of IRS Form 4506T-EZ (Short Form Request for Individual Tax Return Tanscript) ☐ Borrowers who filed their tax returns jointly may send in one IRS Form 4506T-EZ signed and dated by both joint filers
Step 4	❑ **Provide required Hardship Documentation. This documentation will be used to verify your hardship.** ☐ Follow the instructions set forth on the Borrower Assistance Form (attached)
Step 5	❑ **Provide required Income Documentation. This documentation will be used to verify your hardship and all of your income (Notice: Alimony, child support or separate maintenance income need not be revealed if you do not choose to have it considered for repaying this loan).** ☐ Follow the instructions set forth on the Borrower Assistance Form (attached) ☐ You may also disclose any income from a household member who is not on the promissory note (non-borrower), such as a relative, spouse, domestic partner, or fiancé who occupies the property as a primary residence. If you elect to disclose and rely upon this income to qualify, the required income documentation is the same as the income documentation required for a borrower. See Page 2 of the Borrower Assistance Form for specific details on income documentation.
Step 6	❑ **Gather and send completed documents—your Borrower Response Package—no later than [Month Day, Year].** You must send in all required documentation listed in steps 2-4 above, and summarized below: • **Borrower Assistance Form (attached)** • **Form 4506T-EZ (attached)** • **Income Documentation as outlined on Page 2 of the Borrower Assistance Form (attached)** • **Hardship Documentation as outlined on Page 3 of the Borrower Assistance Form (attached)** **Please mail all documents above to us: [Insert Servicer's Address]**

IMPORTANT REMINDERS:

- ☐ If you cannot provide the documentation within the time frame provided, have other types of income not specified on Page 2 of the Borrower Assistance Form, cannot locate some or all of the required documents, OR have any questions, please contact us at [**8XX-XXX-XXXX**].
- ☐ Keep a copy of all documents and proof of mailing/e-mailing for your records. **Don't send original income or hardship documents. Copies are acceptable.**

Questions? Contact us at 8XX-XXX-XXXX

Information on Avoiding Foreclosure

For Your Information Only - Do Not Return with Your Borrower Response Package

Mortgage Programs Are Available to Help

There are a variety of programs available to help you resolve your delinquency and keep your home. You may be eligible to refinance or modify your mortgage to make your payments and terms more manageable, for instance, lowering your monthly payment to make it more affordable. Or, if you have missed a few payments, you may qualify for a temporary (or permanent) solution to help you get your finances back on track. Depending on your circumstances, staying in your home may not be possible. However, a short sale or deed-in-lieu of foreclosure may be a better choice than foreclosure – see the table below for more information:

OPTION	OVERVIEW	BENEFIT
Refinance	Receive a new loan with lower interest rate or other favorable terms	Makes your payment or terms more affordable
Reinstatement	Pay the total amount you owe, in a lump sum payment and by a specific date. This may follow a forbearance plan as described below	Allows you to avoid foreclosure by bringing your mortgage current if you can show you have funds that will become available at a specific date in the future
Repayment Plan*	Pay back your past-due payments together with your regular payments over an extended period of time	Allows you time to catch up on late payments without having to come up with a lump sum
Forbearance Plan*	Make reduced mortgage payments or no mortgage payments for a specific period of time	Have time to improve your financial situation and get back on your feet
Modification	Receive modified terms of your mortgage to make it more affordable or manageable after successfully making the reduced payment during a “trial period” (i.e., completing a three month trial period plan)	Permanently modifies your mortgage so that your payments or terms are more manageable as a permanent solution to a long-term or permanent hardship
Short Sale	Sell your home and pay off a portion of your mortgage balance when you owe more on the home than it is worth	Allows you to transition out of your home without going through foreclosure. In some cases, relocation assistance may be available.
Deed-in-Lieu of Foreclosure	Transfer the ownership of your property to us	Allows you to transition out of your home without going through foreclosure. In some cases, relocation assistance may be available. This is useful when there are no other liens on your property.

We Want to Help

Take action and gain peace of mind and control of your situation. Complete and return the Borrower Response Package to start the process of getting the help you need now.

Frequently Asked Questions
For Your Information Only - Do Not Return with Your Borrower Response Package

1. Why Did I Receive This Package?
You received this package because we have not received one or more of your monthly mortgage payments and want to help you keep your home if at all possible. We are sending this information to you now so that we can work with you to quickly resolve any temporary or long-term financial challenge you face to making all of your late mortgage payments.

2. Where Can I Find More Information on Foreclosure Prevention?
Please see the Avoiding Foreclosure attachment in this package for more information, or you can contact [Servicer Name] at [8XX-XXX-XXXX]. Additional foreclosure prevention information is provided by [[Servicer at **Servicer.com/servicer'sforeclosurealternativewebpage**] or [Freddie Mac at **FreddieMac.com/avoidforeclosure**]].

3. Will I Be Evaluated for the Federal Home Affordable Modification Program (HAMP) When I Submit My Borrower Response Package?
If you are not eligible for a refinance, reinstatement, repayment, or forbearance plan based on the information you provide, we will evaluate you for participation in the Home Affordable Modification Program (HAMP). If you are not eligible for HAMP, we will evaluate you for a non-HAMP Freddie Mac loan modification.

4. Will It Cost Money to Get Help?
There should never be a fee from your servicer or qualified counselor to obtain assistance or information about foreclosure prevention options. However, foreclosure prevention has become a target for scam artists. Be wary of companies or individuals offering to help you for a fee, and never send a mortgage payment to any company other than the one listed on your monthly mortgage statement or one designated to receive your payments under a state assistance program.

5. What Happens Once I Have Sent the Borrower Response Package to You?
We will contact you within three business days of our receipt of your Borrower Response Package to confirm that we have received your package and will review it to determine whether it is complete. Within five business days of receipt of your request, we will send you a notice of incompleteness in the event there is any missing information or documentation that you must still submit. We cannot guarantee that you will receive any (or a particular type of) assistance.

Within 30 days of receipt of a complete Borrower Response Package, we will let you know which foreclosure alternatives, if any, are available to you and will inform you of your next steps to accept our offer. However, if you submit your complete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale date, we will strive to process your request as quickly as possible, but you may not receive a notice of incompleteness or a decision on your request prior to sale. **Please submit your Borrower Response Package as soon as possible.**

6. What Happens to My Mortgage While You Are Evaluating My Borrower Response Package?
You remain obligated to make all mortgage payments as they come due, even while we are evaluating the types of assistance that may be available.

7. Will the Foreclosure Process Begin If I Do Not Respond to this Letter?
If you have missed four monthly payments or there is reason to believe the property is vacant or abandoned, we may refer your mortgage to foreclosure regardless of whether you are being considered for a modification or other types of foreclosure alternatives.

8. What Happens if I Have Waited Too Long and My Property Has Been Referred to an Attorney for Foreclosure? Should I Still Contact You?
Yes, the sooner the better!

FREQUENTLY ASKED QUESTIONS continued

9. What if My Property is Scheduled for a Foreclosure Sale in the Future?

If you submit a complete Borrower Response Package less than 37 calendar days before a scheduled foreclosure sale, there is no guarantee we can evaluate you for a foreclosure alternative in time to stop the foreclosure sale. Even if we are able to approve you for a foreclosure alternative prior to a sale, a court with jurisdiction over the foreclosure proceeding (if any) or public official charged with carrying out the sale may not halt the scheduled sale.

10. Will My Property be Sold at a Foreclosure Sale If I Accept a Foreclosure Alternative?

No. The property will not be sold at a foreclosure sale once you accept a foreclosure alternative, such as a forbearance or repayment plan, and comply with all requirements.

11. Will My Credit Score Be Affected by My Late Payments or Being in Default?

The delinquency status of your loan will be reported to credit reporting agencies as well as your entry into a Repayment Plan, Forbearance Plan, or Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements.

12. Will My Credit Score Be Affected if I Accept a Foreclosure Prevention Option?

While the affect on your credit will depend on your individual credit history, credit scoring companies generally would consider entering into a plan with reduced payments as increasing your credit risk. As a result, entering into a plan with reduced payments may adversely affect your credit score, particularly if you are current on your mortgage or otherwise have a good credit score.

13. Is Foreclosure Prevention Counseling Available?

Yes, HUD-approved counselors are available to provide you with the information and assistance you may need to avoid foreclosure. You can use the search tool at http://www.hud.gov/offices/hsg/sfh/hcc/fc/ to find a counselor near you.

14. I Have Seen Ads and Flyers From Companies Offering to Help Me Avoid Foreclosure for a Fee. Are These Companies on the Level?

Foreclosure prevention has become a target for scam artists. We suggest using the HUD Web site referenced in question 13 to locate a counselor near you. Also, please refer to the attached document called “Beware of Foreclosure Rescue Scams” for more information.

BEWARE OF FORECLOSURE RESCUE SCAMS — TIPS & WARNING SIGNS
For Your Information Only - Do Not Return with Your Borrower Response Package

Scam artists are stealing millions of dollars from distressed homeowners by promising immediate relief from foreclosure, or demanding cash for counseling services when HUD-approved counseling agencies provide the same services for FREE. If you receive an offer, information or advice that sounds too good to be true, it probably is. Don't let them take advantage of you, your situation, your house or your money. **Remember, help is FREE**.

How to Spot a Scam – beware of a company or person who:

- Asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.
- Guarantees they can stop a foreclosure or get your loan modified.
- Advises you to stop paying your mortgage company and pay them instead.
- Pressures you to sign over the deed to your home or sign any paperwork that you haven't had a chance to read, and you don't fully understand.
- Claims to offer "government-approved" or "official government" loan modifications.
- Asks you to release personal financial information online or over the phone and you have not been working with this person and/or do not know them.

How to Report a Scam – do one of the following:

- Go to www.preventloanscams.org and fill out the Loan Modification Scam Prevention Network's (LMSPN) complaint form online and get more information on how to fight back. Note: you can also fill out this form and send to the fax number/e-mail/address (your choice!) on the back of the form.
- Call 1(888)995-HOPE (4673) and tell the counselor about your situation and that you believe you got scammed or know of a scam.

The Loan Modification Scam Prevention Network is a national coalition of governmental and private organizations led by Fannie Mae, Freddie Mac, NeighborWorks America™ and the Lawyers' Committee for Civil Rights Under Law.

[Servicer Logo]

[Borrower 1 Name] [Borrower 2 Name]
[Address 1]
[Address 2]
[City, State Zip Code]

[Date]

Reference: [LOAN NUMBER]

Dear [Borrower Name(s)]:

Your mortgage payment is now 60 days or more past due and your loan may be referred to foreclosure. We have tried to contact you previously to make you aware of the foreclosure prevention options that may be available to you – in case you are unable to bring your payments current.

We Are Here to Help You

It is critical that you work with us on a resolution for any issues that affect your ability to make timely mortgage payments, whether your challenges are temporary or long term.

The sooner you respond, the more quickly we can determine whether you qualify for assistance.

Options May Be Available

The right option for you depends on your individual circumstances. If you provide all required information and documentation about your situation, we can determine if you qualify for temporary or long-term relief, including solutions that may allow you to stay in your home (refinance, repayment, forbearance, loan modification) or leave your home while avoiding foreclosure (short sale or deed-in-lieu of foreclosure).

For more details, please see the attachment on Avoiding Foreclosure.

Send Us the Information We Need to Help You

Requesting help is the first step. Start by providing information and documentation to help us understand the challenges you are facing. To do this, follow the detailed instructions on the attached Homeowner Checklist to complete and submit your Borrower Response Package to us.

Once we have received and evaluated your information, we will contact you regarding your options and next steps.

Learn More and Act Now

For more information, please see the Frequently Asked Questions and other information provided with this letter. If you need assistance, contact our customer support team at [**8XX-XXX-XXXX**].

Remember, you need to take action by completing and returning the entire Borrower Response Package by [Month Day, Year].

TO RECEIVE HELP WITH YOUR MORTGAGE, YOU MUST ACT BY:

[Month Day, Year]!

1. See the instructions on the Homeowner Checklist
2. Review:
   - Avoiding Foreclosure
   - Frequently Asked Questions
   - Beware of Foreclosure Rescue Scams
3. Submit required Borrower Response Package:
   - Uniform Borrower Assistance Form (Borrower Assistance Form) (attached)
   - IRS Form 4506T-EZ (attached)
   - Income Documentation (described on Borrower Assistance Form)
   - Hardship Documentation (described on Borrower Assistance Form)

If you need assistance, contact us immediately at:

[8XX-XXX-XXXX]

Sincerely,

Customer Support
[Servicer Name]

Homeowner Checklist

For Your Information Only - Do Not Return with Your Borrower Response Package

GET STARTED – use this checklist to ensure you have completed all required forms and have the right information.

Step 1	❑ **Review the information provided** to help you understand your options, responsibilities, and next steps: ☐ Avoiding Foreclosure ☐ Frequently Asked Questions ☐ Beware of Foreclosure Rescue Scams
Step 2	❑ **Complete and sign the enclosed Borrower Assistance Form.** Must be signed by all borrowers on the mortgage (notarization is not required) and must include: ☐ All income, expenses, and assets for each borrower ☐ An explanation of financial hardship that makes it difficult to pay the mortgage ☐ Your acknowledgment and agreement that all information that you provide is true and accurate
Step 3	❑ **Complete and sign a dated copy of the enclosed IRS Form 4506T-EZ** ☐ For each borrower, please submit a signed, dated copy of IRS Form 4506T-EZ (Short Form Request for Individual Tax Return Transcript) ☐ Borrowers who filed their tax returns jointly may send in one IRS Form 4506T-EZ signed and dated by both joint filers
Step 4	❑ **Provide required Hardship Documentation. This documentation will be used to verify your hardship.** ☐ Follow the instructions set forth on the Borrower Assistance Form (attached)
Step 5	❑ **Provide required Income Documentation. This documentation will be used to verify your hardship and all of your income (Notice: Alimony, child support or separate maintenance income need not be revealed if you do not choose to have it considered for repaying this loan).** ☐ Follow the instructions set forth on the Borrower Assistance Form (attached) ☐ You may also disclose any income from a household member who is not on the promissory note (non-borrower), such as a relative, spouse, domestic partner, or fiancé who occupies the property as a primary residence. If you elect to disclose and rely upon this income to qualify, the required income documentation is the same as the income documentation required for a borrower. See Page 2 of the Borrower Assistance Form for specific details on income documentation.
Step 6	❑ **Gather and send completed documents—your Borrower Response Package—no later than [Month Day, Year].** You must send in all required documentation listed in steps 2-4 above, and summarized below: • **Borrower Assistance Form (attached)** • **Form 4506T-EZ (attached)** • **Income Documentation as outlined on Page 2 of the Borrower Assistance Form (attached)** • **Hardship Documentation as outlined on Page 3 of the Borrower Assistance Form (attached)** **Please mail all documents above to us: [Insert Servicer's Address]**

IMPORTANT REMINDERS:

- ☐ If you cannot provide the documentation within the time frame provided, have other types of income not specified on Page 2 of the Borrower Assistance Form, cannot locate some or all of the required documents, OR have any questions, please contact us at [**8XX-XXX-XXXX**].
- ☐ Keep a copy of all documents and proof of mailing/e-mailing for your records. **Don't send original income or hardship documents. Copies are acceptable.**

Questions? Contact us at 8XX-XXX-XXXX

Information on Avoiding Foreclosure

For Your Information Only - Do Not Return with Your Borrower Response Package

Mortgage Programs Are Available to Help

There are a variety of programs available to help you resolve your delinquency and keep your home. You may be eligible to refinance or modify your mortgage to make your payments and terms more manageable, for instance, lowering your monthly payment to make it more affordable. Or, if you have missed a few payments, you may qualify for a temporary (or permanent) solution to help you get your finances back on track. Depending on your circumstances, staying in your home may not be possible. However, a short sale or deed-in-lieu of foreclosure may be a better choice than foreclosure – see the table below for more information:

OPTION	OVERVIEW	BENEFIT
Refinance	Receive a new loan with lower interest rate or other favorable terms	Makes your payment or terms more affordable
Reinstatement	Pay the total amount you owe, in a lump sum payment and by a specific date. This may follow a forbearance plan as described below	Allows you to avoid foreclosure by bringing your mortgage current if you can show you have funds that will become available at a specific date in the future
Repayment Plan*	Pay back your past-due payments together with your regular payments over an extended period of time	Allows you time to catch up on late payments without having to come up with a lump sum
Forbearance Plan*	Make reduced mortgage payments or no mortgage payments for a specific period of time	Have time to improve your financial situation and get back on your feet
Modification	Receive modified terms of your mortgage to make it more affordable or manageable after successfully making the reduced payment during a “trial period” (i.e., completing a three month trial period plan)	Permanently modifies your mortgage so that your payments or terms are more manageable as a permanent solution to a long-term or permanent hardship
Short Sale	Sell your home and pay off a portion of your mortgage balance when you owe more on the home than it is worth	Allows you to transition out of your home without going through foreclosure. In some cases, relocation assistance may be available.
Deed-in-Lieu of Foreclosure	Transfer the ownership of your property to us	Allows you to transition out of your home without going through foreclosure. In some cases, relocation assistance may be available. This is useful when there are no other liens on your property.

We Want to Help

Take action and gain peace of mind and control of your situation. Complete and return the Borrower Response Package to start the process of getting the help you need now.

Frequently Asked Questions
For Your Information Only - Do Not Return with Your Borrower Response Package

1. Why Did I Receive This Package?
You received this package because we have not received one or more of your monthly mortgage payments and want to help you keep your home if at all possible. We are sending this information to you now so that we can work with you to quickly resolve any temporary or long-term financial challenge you face to making all of your late mortgage payments.

2. Where Can I Find More Information on Foreclosure Prevention?
Please see the Avoiding Foreclosure attachment in this package for more information, or you can contact [Servicer Name] at [8XX-XXX-XXXX]. Additional foreclosure prevention information is provided by [[Servicer at **Servicer.com/servicer'sforeclosurealternativewebpage**] or [Freddie Mac at **FreddieMac.com/avoidforeclosure**]].

3. Will I Be Evaluated for the Federal Home Affordable Modification Program (HAMP) When I Submit My Borrower Response Package?
If you are not eligible for a refinance, reinstatement, repayment, or forbearance plan based on the information you provide, we will evaluate you for participation in the Home Affordable Modification Program (HAMP). If you are not eligible for HAMP, we will evaluate you for a non-HAMP Freddie Mac loan modification.

4. Will It Cost Money to Get Help?
There should never be a fee from your servicer or qualified counselor to obtain assistance or information about foreclosure prevention options. However, foreclosure prevention has become a target for scam artists. Be wary of companies or individuals offering to help you for a fee, and never send a mortgage payment to any company other than the one listed on your monthly mortgage statement or one designated to receive your payments under a state assistance program.

5. What Happens Once I Have Sent the Borrower Response Package to You?
We will contact you within three business days of our receipt of your Borrower Response Package to confirm that we have received your package and will review it to determine whether it is complete. Within five business days of receipt of your request, we will send you a notice of incompleteness in the event there is any missing information or documentation that you must still submit. We cannot guarantee that you will receive any (or a particular type of) assistance.

Within 30 days of receipt of a complete Borrower Response Package, we will let you know which foreclosure alternatives, if any, are available to you and will inform you of your next steps to accept our offer. However, if you submit your complete Borrower Response Package less than 37 days prior to a scheduled foreclosure sale date, we will strive to process your request as quickly as possible, but you may not receive a notice of incompleteness or a decision on your request prior to sale. **Please submit your Borrower Response Package as soon as possible.**

6. What Happens to My Mortgage While You Are Evaluating My Borrower Response Package?
You remain obligated to make all mortgage payments as they come due, even while we are evaluating the types of assistance that may be available.

7. Will the Foreclosure Process Begin If I Do Not Respond to this Letter?
If you have missed four monthly payments or there is reason to believe the property is vacant or abandoned, we may refer your mortgage to foreclosure regardless of whether you are being considered for a modification or other types of foreclosure alternatives.

8. What Happens if I Have Waited Too Long and My Property Has Been Referred to an Attorney for Foreclosure? Should I Still Contact You?
Yes, the sooner the better!

FREQUENTLY ASKED QUESTIONS continued

9. What if My Property is Scheduled for a Foreclosure Sale in the Future?
If you submit a complete Borrower Response Package less than 37 calendar days before a scheduled foreclosure sale, there is no guarantee we can evaluate you for a foreclosure alternative in time to stop the foreclosure sale. Even if we are able to approve you for a foreclosure alternative prior to a sale, a court with jurisdiction over the foreclosure proceeding (if any) or public official charged with carrying out the sale may not halt the scheduled sale.

10. Will My Property be Sold at a Foreclosure Sale If I Accept a Foreclosure Alternative?
No. The property will not be sold at a foreclosure sale once you accept a foreclosure alternative, such as a forbearance or repayment plan, and comply with all requirements.

11. Will My Credit Score Be Affected by My Late Payments or Being in Default?
The delinquency status of your loan will be reported to credit reporting agencies as well as your entry into a Repayment Plan, Forbearance Plan, or Trial Period Plan in accordance with the requirements of the Fair Credit Reporting Act and the Consumer Data Industry Association requirements.

12. Will My Credit Score Be Affected if I Accept a Foreclosure Prevention Option?
While the affect on your credit will depend on your individual credit history, credit scoring companies generally would consider entering into a plan with reduced payments as increasing your credit risk. As a result, entering into a plan with reduced payments may adversely affect your credit score, particularly if you are current on your mortgage or otherwise have a good credit score.

13. Is Foreclosure Prevention Counseling Available?
Yes, HUD-approved counselors are available to provide you with the information and assistance you may need to avoid foreclosure. You can use the search tool at http://www.hud.gov/offices/hsg/sfh/hcc/fc/ to find a counselor near you.

14. I Have Seen Ads and Flyers From Companies Offering to Help Me Avoid Foreclosure for a Fee. Are These Companies on the Level?
Foreclosure prevention has become a target for scam artists. We suggest using the HUD Web site referenced in question 13 to locate a counselor near you. Also, please refer to the attached document called “Beware of Foreclosure Rescue Scams” for more information.

BEWARE OF FORECLOSURE RESCUE SCAMS — TIPS & WARNING SIGNS
For Your Information Only - Do Not Return with Your Borrower Response Package

Scam artists are stealing millions of dollars from distressed homeowners by promising immediate relief from foreclosure, or demanding cash for counseling services when HUD-approved counseling agencies provide the same services for FREE. If you receive an offer, information or advice that sounds too good to be true, it probably is. Don't let them take advantage of you, your situation, your house or your money. **Remember, help is FREE**.

How to Spot a Scam – beware of a company or person who:

- Asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.
- Guarantees they can stop a foreclosure or get your loan modified.
- Advises you to stop paying your mortgage company and pay them instead.
- Pressures you to sign over the deed to your home or sign any paperwork that you haven't had a chance to read, and you don't fully understand.
- Claims to offer "government-approved" or "official government" loan modifications.
- Asks you to release personal financial information online or over the phone and you have not been working with this person and/or do not know them.

How to Report a Scam – do one of the following:

- Go to www.preventloanscams.org and fill out the Loan Modification Scam Prevention Network's (LMSPN) complaint form online and get more information on how to fight back. Note: you can also fill out this form and send to the fax number/e-mail/address (your choice!) on the back of the form.
- Call 1(888)995-HOPE (4673) and tell the counselor about your situation and that you believe you got scammed or know of a scam.

The Loan Modification Scam Prevention Network is a national coalition of governmental and private organizations led by Fannie Mae, Freddie Mac, NeighborWorks America™ and the Lawyers' Committee for Civil Rights Under Law.

[Servicer Logo]

[Borrower 1 Name] [Borrower 2 Name]
[Address 1]
[Address 2]
[City, State Zip Code]

[Date]

Reference: [LOAN NUMBER]

Dear [Borrower Name(s)]:

Avoid Foreclosure—Act Now

Your mortgage is seriously delinquent. We've tried to contact you to discuss the foreclosure prevention options available to you, but your time to act is running out. To avoid foreclosure, you must contact us.

Option 1: Stay in Your Home

Based on our estimate of your home's value, **you're approved for a Trial Period Plan to modify your mortgage payment, (see attached)**. During this Trial Period Plan, you will be required to make three monthly payments in the amount of **[$X,XXX]** each.*

Please call us at [8XX-XXX-XXXX] by [DATE – 14 days from date of this letter] to confirm your participation and for directions on how to mail your first Trial Period Plan payment. If you follow the terms of the enclosed Trial Period Plan, your loan will be permanently modified. To stay in your home and avoid foreclosure, you must contact us right away or send us your first Trial Period Plan payment.

**Once you start your Trial Period Plan, we may be able to offer you a mortgage modification under the Federal Home Affordable Modification Program (HAMP) with a lower monthly payment. To see if you qualify, you must submit a complete Borrower Response Package no later than [Month Day, Year]. If you have already submitted your Borrower Response Package, we'll evaluate you for a foreclosure prevention option, including the HAMP modification. In the meantime, you are encouraged to participate in this Trial Period Plan for a mortgage modification.*

Option 2: Leave Your Home and Avoid Foreclosure

If you are unable or unwilling to pay the monthly payment listed above, you have two options to avoid foreclosure – a short sale or deed-in-lieu of foreclosure. You can still avoid the financial and emotional impacts of foreclosure, but you must contact us now.

Contact Us

We want to help you. Call us today if you would like to discuss any of these options. If you do not respond by [Month Day, Year], foreclosure actions on your home will continue.

Sincerely,

Customer Support
[Servicer Name]

Remember, you must respond by [Month Day, Year].

AVOID FORECLOSURE—ACT BY:

[Month Day, Year]!

Contact a member of our customer support team at [**8XX-XXX-XXXX**] to ask questions and discuss these foreclosure prevention options or to obtain *a copy of a Borrower Response Package*

To obtain a copy of a Borrower Response Package you may also visit [Servicer web site] (Optional/if available)

[Servicer Logo]

[Borrower 1 Name] [Borrower 2 Name]
[Address 1]
[Address 2]
[City, State Zip Code]

[Date]

Reference: [LOAN NUMBER]

Dear [Borrower Name(s)]:

Your Disaster–Related Forbearance Plan Is Ending Soon —Act Now

You are nearing the end of the term of your disaster-related forbearance plan that provided temporary Mortgage payment relief, and we would like to offer you an opportunity to enter into a more permanent long term solution through a loan modification.

A loan modification can help you bring your loan payments up to date. This option can help you stay in your home and avoid foreclosure. Other options are also available to help you exit your home without going through foreclosure, as described below.

Option 1: Stay in Your Home

You're approved for a Trial Period Plan to modify your mortgage payment, (see attached). During this Trial Period Plan, you will be required to make three monthly payments in the amount of **[$X,XXX]** each.*

If you follow the terms of the attached Trial Period Plan, your loan will be permanently modified to a 40-year fixed rate loan. Please call us at [8XX-XXX-XXXX] by [DATE – 14 days from date of this letter] to confirm your participation and for directions on how to mail your first Trial Period Plan payment. To stay in your home and avoid commencement of foreclosure, you must contact us right away or send us your first Trial Period Plan payment.

If you do not wish to extend the term of your Mortgage loan to 40 years from the date of modification and you believe you can afford to pay an amount that is equivalent or almost equivalent to your existing contractual principal and interest payment, you may be eligible for a Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"). Please contact us immediately to discuss this Disaster Relief Modification option.

**Once you start your Trial Period Plan, we may be able to offer you a mortgage modification under the Federal Home Affordable Modification Program (HAMP) with a lower monthly payment. To see if you qualify, you must submit a complete Borrower Response Package no later than [Month Day, Year]. If you have already submitted your Borrower Response Package, we'll evaluate you for a foreclosure prevention option, including the HAMP modification. In the meantime, you are encouraged to participate in this Trial Period Plan for a mortgage modification.*

Option 2: Leave Your Home and Avoid Foreclosure

If you are unable or unwilling to pay the monthly payment listed above and have decided to leave your home, you have two options to avoid foreclosure – a short sale

AVOID FORECLOSURE— ACT BY:

[Month Day, Year]!

Contact a member of our customer support team at [**8XX-XXX-XXXX**] to ask questions and discuss these foreclosure prevention options or to obtain *a copy of a Borrower Response Package*

To obtain a copy of a Borrower Response Package you may also visit [Servicer web site] (Optional/if available)

or deed-in-lieu of foreclosure. You can still avoid the financial and emotional impacts of foreclosure, but you must contact us now.

Contact Us

We want to help you. Call us today if you would like to discuss any of these options. If you do not respond by [Month Day, Year], foreclosure actions on your home may commence.

Sincerely,

Customer Support
[Servicer Name]

Remember, you must respond by [Month Day, Year].

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

Form 16SF

Annual Eligibility Certification Report

This form is now maintained on Freddie Mac's website at the following URL:
http://www.freddiemac.com/singlefamily/forms/

Freddie Mac
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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.

Signatures:

The individuals whose names and signatures appear on the "Prepared by" and "Approved by" lines on the PI Reconciliation page must be different, reflecting the required segregation of duties.

Freddie Mac
We make home possible™

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

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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

Freddie Mac
We make home possible℠

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

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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

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Form 59E

As of 00/15/00

Escrow Custodial Account Reconciliation Worksheet

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* .

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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

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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

a.	Purchase price	$
b.	Alterations, improvements, repairs	
c.	Land (if acquired separately)	
d.	Refinance (incl. debts to be paid off)	
e.	Estimated prepaid items	
f.	Estimated closing costs	
g.	PMI, MIP, Funding Fee	
h.	Discount (if Borrower will pay)	
i.	**Total costs** **(add items a through h)**	
j.	Subordinate financing	

VIII. DECLARATIONS

If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	**Borrower**		**Co-Borrower**	
	Yes	**No**	**Yes**	**No**
a. Are there any outstanding judgments against you?	☐	☐	☐	☐
b. Have you been declared bankrupt within the past 7 years?	☐	☐	☐	☐
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	☐	☐	☐	☐
d. Are you a party to a lawsuit?	☐	☐	☐	☐
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.)	☐	☐	☐	☐
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.	☐	☐	☐	☐
g. Are you obligated to pay alimony, child support, or separate maintenance?	☐	☐	☐	☐
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 #

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.	
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.

Manufactured Home Appraisal Report

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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.

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 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.).

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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

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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.

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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 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.

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: _____

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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.

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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.

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Form 106

REO Rollback Request Form

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 / /			

PART C: REASON FOR SUBMISSION OF FORM

(Check appropriate box(es) below.)

Date of submission (MM/DD/YYYY) _____/_____/_____

Section 1: Reason for rollback request:

- ☐ Bankruptcy
- ☐ Deed-in-lieu of foreclosure reported in error
- ☐ Borrower reinstatement
- ☐ Court order
- ☐ Approval of an alternative to foreclosure
- ☐ Other:_____

Section 2: What loan status are you requesting following rollback of the subject REO?

- ☐ To an active foreclosure status or
- ☐ To a third party sale

Section 3: Follow-up information being submitted (if applicable):

- ☐ Status of motion for relief
- ☐ Prior rollback of an REO was due to approval of an alternative to foreclosure, but the Borrower has not complied with the alternative to foreclosure

PART D: ADDITIONAL INFORMATION

(Fill in the fields below for any REO rollback requests that involve bankruptcy , reinstatement, or redemption actions)

☐ Bankruptcy Chapter _____ Date filed: / / (mm/dd/yy)

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)

☐ Property redeemed Amount paid by the borrower/redeemer to redeem the property

Principal $ _____ + Interest _____ + Expenses _____ + Other _____ = Total $ _____

PART E: ADDITIONAL COMMENTS

_____
_____
_____
_____
_____
_____

Instructions for Form 106, REO Rollback Request

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, provide the remaining Borrowers' names under PART E, Additional Comments.

PART C REASON FOR SUBMISSION OF FORM

Please mark the box(es) that indicate the reason(s) for the REO rollback request, the requested loan status following REO rollback and, if applicable, the follow-up information being provided to Freddie Mac. If the reason(s) for the request is (are) not listed, please check the 'Other' box and provide the reason(s) for the REO rollback request.

PART D ADDITIONAL INFORMATION

Please provide any applicable information regarding bankruptcy, reinstatement or redemption, if applicable.

PART E ADDITIONAL COMMENTS

Please detail any pertinent information that is not already included on the form, such as:

Whether foreclosure counsel has been notified of the rescission request and counsel's determination of whether the foreclosure sale can be rescinded.

If the court grants a motion for relief and enters an order validating the foreclosure sale, please check the appropriate box in Part C and provide any detailed information in this Additional Comments section, Part E.

If the REO rollback was initiated due to approval of an alternative to foreclosure, but the Borrower has subsequently failed to comply with the terms of the alternative to foreclosure (e.g., failed to make trial period payments), please check the appropriate box in Part C and provide any detailed information in this Additional Comments section, Part E.

If the REO rollback is being requested due to the approval of an alternative to foreclosure, please check the appropriate box and detail the alternative to foreclosure in this Additional Comments section, Part E.

Appraisal Update and/or Completion Report

File # DD

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

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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.

FHLMC Form 461 3/86

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

FHLMC FORM 461 3/86 —Reverse

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 _____

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 _____

Freddie Mac
We make home possible®

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 each 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 and warrants to and covenants with Freddie Mac 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, 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, users guides and any other applicable Purchase Documents, 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 delivering a copy of this Freddie Mac Form 479A to Freddie Mac by facsimile (fax) transmission or other electronic means, expressly approved by Freddie Mac, 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 Chapter 3 of the Guide and other applicable Purchase Documents; (iii) agreed that Freddie Mac's receipt of a fax copy or other Electronic (as defined in Chapter 3) copy of this Form 479A with a copy or representation of my signature or Electronic 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

Freddie Mac
We make home possible®

Form 483

Wire Transfer Authorization

(Please see instructions for completing this form on page 2)

MANDATORY:
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. **Status** (Check only one.)

- ❑ **Add Instructions**
- ❑ **Existing Customer Change Instructions** (to amend previously submitted instructions)
- ❑ **Recertify/Reconfirm** (no change to existing instructions)

Bank instructions to be changed: _____

2. Seller/Servicer number /____/____/____/____/____/____/____/	3. Seller's Full Legal Name

4. City, State

5. Full legal name of Seller's bank	6. City, State

7. Seller's bank ABA number

8. Seller's account number with bank

9. Bank branch Seller uses

10. **Special Instructions:** Optional (Check and **complete only one**.)

- ❑ FOR ATTENTION OF: _____ OR
- ❑ IMMEDIATELY PHONE:_____ (Name and telephone number)

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 and made a part of the Seller's "Purchase Documents" as that term is defined in the Guide.

11. **Signature Block for Seller's Authorized Officer**

By: _____

Name:_____

Title: _____

Date: ____/_____/_____

E-mail address: _____

Telephone number: (____)_____-_____

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: _____
Commission Expires: / /_____
Notary Public State Registration Number:
_____

Please retain a copy for your records.

Instructions for Filing Form 483

The Seller must complete the following items unless indicated as optional:

COPIES, WHITEOUT, AND SCRATCHED THROUGH LANGUAGE ARE PROHIBITED

1. **Status: This section allows the Seller to indicate:**

   (a) Add Instructions: Select to create an additional set of wire instructions or to add an initial set of instructions

   (b) Change Instructions: Select if you are an existing customer and need to amend previously submitted instructions, e.g., to change your account number or ABA number

   Bank instructions to be changed: Insert the name of the existing bank wire to be changed

   (c) Recertify/Reconfirm Instructions: Select if you are reconfirming or recertifying previously submitted instructions

2. **Seller/Servicer number:** Six-digit Seller/Servicer number assigned by Freddie Mac
3. **Seller's full legal name:** Full legal name of the Seller
4. **City, State:** City and state ONLY of the Seller
5. **Full legal name of Seller's bank:** Full legal name of the receiving bank
6. **City, State:** City and state of the MAIN office of the Seller's bank
7. **Seller's bank ABA number:** Bank transit routing number that identifies the Seller's bank
8. **Seller's account number with bank:** Seller's account number at the Seller's bank
9. **Bank branch Seller uses:** Bank branch if the Seller's account is not at the bank's main office
10. **Special 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 Seller's bank (optional). Because space is limited to 30 characters, only one special instruction can be used.

    (a) FOR ATTENTION OF: This space may 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

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 and title or just 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. The signatory must date the form the same day the form is signed and provide his or her valid e-mail address and telephone number.
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.

UNIFORM BORROWER ASSISTANCE FORM

If you are experiencing a temporary or long-term hardship and need help, you must complete and submit this form along with other required documentation to be considered for available solutions. On this page, you must disclose information about (1) you and your intentions to either keep or transition out of your home; (2) the property's status; (3) bankruptcy; and (4) your credit counseling agency.

On Page 2, you must disclose information about **all** of your income, expenses and assets. Page 2 also lists the required income documentation that you must submit in support of your request for assistance. Then on Page 3, you must complete the Hardship Affidavit in which you disclose the nature of your hardship. The Hardship Affidavit informs you of the required documentation that you must submit in support of your hardship claim.

NOTICE: **In addition, when you sign and date this form, you will make important certifications, representations and agreements, including certifying that all of the information in this Borrower Assistance Form is accurate and truthful and any identified hardship has contributed to your submission of this request for mortgage relief.**

REMINDER: The Borrower Response Package you need to return consists of: (1) this completed, signed and dated Borrower Assistance Form; (2) completed and signed IRS Form 4506T-EZ (4506T for self-employed borrowers or borrowers with rental income); (3) required income documentation; and (4) required hardship documentation.

Loan Number _____ (usually found on your monthly mortgage statement)
Servicer's Name

I want to: ☐ **Keep the Property** ☐ **Vacate the Property** ☐ **Sell the Property** ☐ **Undecided**

The property is currently: ☐ **My Primary Residence** ☐ **A Second Home** ☐ **An Investment Property**

The property is currently: ☐ **Owner Occupied** ☐ **Renter Occupied** ☐ **Vacant**

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		HOME PHONE NUMBER WITH AREA CODE	
CELL OR WORK NUMBER WITH AREA CODE		CELL OR WORK NUMBER WITH AREA CODE	
MAILING ADDRESS			
PROPERTY ADDRESS (IF SAME AS MAILING ADDRESS, JUST WRITE SAME)		EMAIL ADDRESS	

Is the property listed for sale? ☐ Yes ☐ No
If yes, what was the listing date?
If property has been listed for sale, have you received an offer on the property? ☐ Yes ☐ No
Date of offer: Amount of Offer: $
Agent's Name:
Agent's Phone Number:
For Sale by Owner? ☐ Yes ☐ No

Have you contacted a credit-counseling agency for help?
☐ Yes ☐ No
If yes, please complete the counselor contact information below:
Counselor's Name:
Agency's Name:
Counselor's Phone Number:
Counselor's Email Address:

Do you have condominium or homeowner association (HOA) fees? ☐ Yes ☐ No
Total monthly amount: $
Name and address that fees are paid to:

Have you filed for bankruptcy? ☐ Yes ☐ No
If yes: ☐ Chapter 7 ☐ Chapter 11 ☐ Chapter 12 ☐ Chapter 13
Filing Date:
Has your bankruptcy been discharged? ☐ Yes ☐ No
Bankruptcy case number:

Is any Borrower an active-duty service member? ☐ Yes ☐ No
Has any Borrower been deployed away from his/her primary residence or received a Permanent Change of Station order? ☐ Yes ☐ No
Is any Borrower the surviving spouse of a deceased service member who was on active duty at the time of death? ☐ Yes ☐ No

UNIFORM BORROWER ASSISTANCE FORM

Monthly Household Income		Monthly Household Expenses and Debt Payments		Household Assets (associated with the property and/or borrower(s)excluding retirement funds)	
Gross wages	$	First Mortgage Payment	$	Checking Account(s)	$
Overtime	$	Second Mortgage Payment	$	Checking Account(s)	$
Child Support / Alimony*	$	Homeowner's Insurance	$	Savings / Money Market	$
Non-taxable social security/SSDI	$	Property Taxes	$	CDs	$
Taxable SS benefits or other monthly income from annuities or retirement plans	$	Credit Cards / Installment Loan(s) (total minimum payment per month)	$	Stocks / Bonds	$
Tips, commissions, bonus and self-employed income	$	Alimony, child support payments	$	Other Cash on Hand	$
Rents Received	$	Car Lease Payments	$	Other Real Estate (estimated value)	$
Unemployment Income	$	HOA/Condo Fees/Property Maintenance	$	Other	$
Food Stamps/Welfare	$	Mortgage Payments on other properties	$		$
Other	$	Other	$		$
Total (Gross income)	**$**	**Total Household Expenses and Debt Payments**	**$**	**Total Assets**	**$**

Any other liens (mortgage liens, mechanics liens, tax liens, etc.)

Lien Holder's Name	Balance and Interest Rate	Loan Number	Lien Holder's Phone Number

Required Income Documentation

☐ **Do you earn a salary or hourly wage?**
For each borrower who is a salaried employee or paid by the hour, include paystub(s) reflecting the most recent 30 days' earnings and documentation reflecting year-to-date earnings, if not reported on the paystubs (e.g. signed letter or printout from employer).

☐ **Are you self-employed?**
For each borrower who receives self-employed income, include a complete, signed individual federal income tax return and, as applicable, the business tax return; AND either the most recent signed and dated quarterly or year-to-date profit/loss statement that reflects activity for the most recent three months; OR copies of bank statements for the business account for the last two months evidencing continuation of business activity.

☐ **Do you have any additional sources of income?** Provide for each borrower as applicable:

"Other Earned Income" such as bonuses, commissions, housing allowance, tips, or overtime:

- ☐ Reliable third-party documentation describing the amount and nature of the income (e.g., paystub, employment contract or printouts documenting tip income).

Social Security, disability or death benefits, pension, public assistance, or adoption assistance:

- ☐ Documentation showing the amount and frequency of the benefits, such as letters, exhibits, disability policy or benefits statement from the provider, and
- ☐ Documentation showing the receipt of payment, such as copies of the two most recent bank statements showing deposit amounts.

Rental income:

- ☐ Copy of the most recent filed federal tax return with all schedules, including Schedule E—Supplement Income and Loss. Rental income for qualifying purposes will be 75% of the gross rent you reported reduced by the monthly debt service on the property, if applicable; or
- ☐ If rental income is not reported on Schedule E – Supplemental Income and Loss, provide a copy of the current lease agreement with either bank statements or cancelled rent checks demonstrating receipt of rent.

Investment income:

- ☐ Copies of the two most recent investment statements or bank statements supporting receipt of this income.

Alimony, child support, or separation maintenance payments as qualifying income:*

- ☐ Copy of divorce decree, separation agreement, or other written legal agreement filed with a court, or court decree that states the amount of the alimony, child support, or separation maintenance payments and the period of time over which the payments will be received, and
- ☐ Copies of your two most recent bank statements or other third-party documents showing receipt of payment.

***Notice: Alimony, child support, or separate maintenance income need not be revealed if you do not choose to have it considered for repaying this loan.**

UNIFORM BORROWER ASSISTANCE FORM

HARDSHIP AFFIDAVIT

I am requesting review of my current financial situation to determine whether I qualify for temporary or permanent mortgage loan relief options. Date Hardship Began is:

I believe that my situation is:

- ☐ Short-term (under 6 months)
- ☐ Medium-term (6 – 12 months)
- ☐ Long-term or Permanent Hardship (greater than 12 months)

I am having difficulty making my monthly payment because of reason set forth below:

(Please check the primary reason and submit required documentation demonstrating your primary hardship)

If Your Hardship is:	Then the Required Hardship Documentation is:
☐ Unemployment	☐ No hardship documentation required
☐ Reduction in Income: a hardship that has caused a decrease in your income due to circumstances outside your control (e.g., elimination of overtime, reduction in regular working hours, a reduction in base pay)	☐ No hardship documentation required
☐ Increase in Housing Expenses: a hardship that has caused an increase in your housing expenses due to circumstances outside your control	☐ No hardship documentation required
☐ Divorce or legal separation; Separation of Borrowers unrelated by marriage, civil union or similar domestic partnership under applicable law	☐ Divorce decree signed by the court; OR ☐ Separation agreement signed by the court; OR ☐ Current credit report evidencing divorce, separation, or non-occupying borrower has a different address; OR ☐ Recorded quitclaim deed evidencing that the non-occupying Borrower or co-Borrower has relinquished all rights to the property
☐ Death of a borrower or death of either the primary or secondary wage earner in the household	☐ Death certificate; OR ☐ Obituary or newspaper article reporting the death
☐ Long-term or permanent disability; Serious illness of a borrower/co-borrower or dependent family member	☐ Proof of monthly insurance benefits or government assistance (if applicable); OR ☐ Written statement or other documentation verifying disability or illness; OR ☐ Doctor's certificate of illness or disability; OR ☐ Medical bills None of the above shall require the providing of detailed medical information.
☐ Disaster (natural or man-made) adversely impacting the property or Borrower's place of employment	☐ Insurance claim; OR ☐ Federal Emergency Management Agency grant or Small Business Administration loan; OR ☐ Borrower or Employer property located in a federally declared disaster area
☐ Distant employment transfer / Relocation	**For active-duty service members:** Notice of Permanent Change of Station (PCS) or actual PCS orders. **For employment transfers/new employment:** ☐ Copy of signed offer letter or notice from employer showing transfer to a new employment location; OR ☐ Pay stub from new employer; OR ☐ If none of these apply, provide written explanation In addition to the above, documentation that reflects the amount of any relocation assistance provided, if applicable (not required for those with PCS orders).
☐ Business Failure	☐ Tax return from the previous year (including all schedules) AND ☐ Proof of business failure supported by one of the following: ☐ Bankruptcy filing for the business; OR ☐ Two months recent bank statements for the business account evidencing cessation of business activity; OR ☐ Most recent signed and dated quarterly or year-to-date profit and loss statement
☐ Other: a hardship that is not covered above	☐ Written explanation describing the details of the hardship and relevant documentation

Borrower/Co-Borrower Acknowledgement and Agreement

I certify, acknowledge, and agree to the following:

1. All of the information in this Borrower Assistance Form is truthful and the hardship that I have identified contributed to my need for mortgage relief.
2. The accuracy of my statements may be reviewed by the Servicer, owner or guarantor of my mortgage, their agent(s), or an authorized third party*, and I may be required to provide additional supporting documentation. I will provide all requested documents and will respond timely to all Servicer, or authorized third party*, communications.
3. Knowingly submitting false information may violate Federal and other applicable law.
4. If I have intentionally defaulted on my existing mortgage, engaged in fraud or misrepresented any fact(s) in connection with this request for mortgage relief or if I do not provide all required documentation, the Servicer may cancel any mortgage relief granted and may pursue foreclosure on my home and/or pursue any available legal remedies.
5. The Servicer is not obligated to offer me assistance based solely on the representations in this document or other documentation submitted in connection with my request.
6. I may be eligible for a trial period plan, repayment plan, or forbearance plan. If I am eligible for one of these plans, I agree that:
    a. All the terms of this Acknowledgment and Agreement are incorporated into such plan by reference as if set forth in such plan in full.
    b. My first timely payment under the plan will serve as acceptance of the terms set forth in the notice of the plan sent by the Servicer.
    c. The Servicer's acceptance of any payments under the plan will not be a waiver of any acceleration of my loan or foreclosure action that has occurred and will not cure my default unless such payments are sufficient to completely cure my entire default under my loan.
    d. Payments due under a trial period plan for a modification will contain escrow amounts. If I was not previously required to pay escrow amounts, and my trial period plan contains escrow amounts, I agree to the establishment of an escrow account and agree that any prior waiver is revoked. Payments due under a repayment plan or forbearance plan may or may not contain escrow amounts. If I was not previously required to pay escrow amounts and my repayment plan or forbearance plan contains escrow amounts, I agree to the establishment of an escrow account and agree that any prior escrow waiver is revoked.
7. A condemnation notice has not been issued for the property.
8. The Servicer or authorized third party* will obtain a current credit report on all borrowers obligated on the Note.
9. The Servicer or authorized third party* will collect and record personal information that I submit in this Borrower Response Package and during the evaluation process. This personal information may include, but is not limited to: (a) my name, address, telephone number, (b) my social security number, (c) my credit score, (d) my income, and (e) my payment history and information about my account balances and activity. I understand and consent to the Servicer or authorized third party*, as well as any investor or guarantor (such as Fannie Mae or Freddie Mac), disclosing my personal information and the terms of any relief or foreclosure alternative that I receive to the following:
    a. Any investor, insurer, guarantor, or servicer that owns, insures, guarantees, or services my first lien or subordinate lien (if applicable) mortgage loan(s) or any companies that perform support services to them; and
    b. The U.S. Department of Treasury, Fannie Mae and Freddie Mac, in conjunction with their responsibilities under the Making Home Affordable program, or any companies that perform support services to them.
10. I consent to being contacted concerning this request for mortgage assistance at any telephone number, including mobile telephone number, or email address I have provided to the Lender/Servicer/ or authorized third party*. By checking this box, I also consent to being contacted by ☐text messaging.

_____	_____	_____	_____
Borrower Signature	Date	Co-Borrower Signature	Date

*An authorized third party may include, but is not limited to, a counseling agency, Housing Finance Agency (HFA) or other similar entity that is assisting me in obtaining a foreclosure prevention alternative.

Home Affordable Modification Program
Government Monitoring Data Form

Information for Government Monitoring Purposes

The following information is requested by the federal government in order to monitor compliance with federal statutes that prohibit discrimination in housing. **You are not required to furnish this information, but are encouraged to do so. The law provides that a lender or servicer 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, the lender or servicer is required to note the information on the basis of visual observation or surname if you have made this request for a loan modification in person. If you do not wish to furnish the information, please check the box below.

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 Servicers		*Name/Address of Interviewer's Employer*
This request was taken by: ☐ Face-to-face interview ☐ Mail ☐ Telephone ☐ Internet	*Servicer/Interviewer's Name (print or type) & ID Number*	
	Servicer/Interviewer's Signature	
	Servicer/Interviewer's Phone Number (include area code)	
Loan Number: _____	*Servicer/Interviewer's Fax Number (include area code)*	*Servicer/Interviewer's email address*

Freddie Mac
We make home possible

Form 900

Selling System Authorized User Identification and Certification Form

(Please see instructions for completing this form on page 2)

Seller Name: _____ **Seller/Servicer #:** _____

This form must be signed by a vice president (or higher ranking officer) who is authorized by the Seller to: (i) identify employees authorized by the Seller to use the Selling System ("Authorized Users") and to assign such employees the user roles below ("User Roles"), (ii) receive the Authorized Users' identification codes ("User IDs") and passwords from Freddie Mac, and (iii) assign, remove or change Authorized User(s) or User Role(s) by submitting a new Form 900 in accordance with the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide"), as amended from time to time, and Seller's other Purchase Documents.

Officer's Name:		**Title (VP or higher):**	
Address:			
City/State/Zip:			
	Phone Number: ( )	**Fax Number: ( )**	**E-mail Address:**

Add/ Modify User	**Delete User**	**Authorized User Names and E-mail Addresses:** *(Attach additional forms if necessary.)*	**PIN:** Birthdate of the Individual User Month & Day Only (*e.g.* January 12 = 0112)	**User Role(s): Place A or D in appropriate boxes.** **A**=Add user role **D**=Delete user role ***NOTE:** The Setup Administrator and Setup Manager roles for Guarantor/Multilender must be assigned to different employees*	
				General Roles *For both Cash and Guarantor Deliveries*	**Execution-Specific Roles** *See instructions for assigning these roles*
☐	☐	Name: E-mail: Phone:	☐☐☐☐	☐ Closer/Shipper ☐ Exclusionary List ☐ Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst	**Cash** ☐ Cash SMO ---------- **Guarantor/Multilender** ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Guarantor SMO ☐ Security Wire Assignor
☐	☐	Name: E-mail: Phone:	☐☐☐☐	☐ Closer/Shipper ☐ Exclusionary List ☐ Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst	**Cash** ☐ Cash SMO ---------- **Guarantor/Multilender** ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Guarantor SMO ☐ Security Wire Assignor
☐	☐	Name: E-mail: Phone:	☐☐☐☐	☐ Closer/Shipper ☐ Exclusionary List ☐ Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst	**Cash** ☐ Cash SMO ---------- **Guarantor/Multilender** ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Guarantor SMO ☐ Security Wire Assignor

As Seller's authorized officer, I hereby certify and agree that: (i) the employees identified above are authorized to use the Selling System in the User Roles to which each has been assigned; (ii) I have assigned such employees by placing the letters, as required by Freddie Mac, in the applicable User Role(s) box(es) adjacent to each such employees' names above; (iii) the employees serving in the roles of Setup Administrator and Setup Manager are and always shall be different employees; (iv) 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; (v) Seller shall protect the User IDs and passwords used to access the Selling System as required by the Guide and this Form 900, including all pages hereof; (vi) capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Guide; and (vii) receipt of an electronic or paper copy of this Form 900, with a copy or representation of my signature attached thereto or associated therewith, is as valid, effective and enforceable as Freddie Mac's receipt of a paper Form 900 containing my original written signature.

Signature: _____ **Title:** _____

Printed Name: _____ **Date:** _____

Please fax the completed form to: 703-738-1532, or e-fax to pe_customer_setup@freddiemac.com

Seller shall:

- Safeguard User IDs, passwords and all other means of access to the Selling System.
- Adopt security measures to prevent the loss, theft or unauthorized disclosure or use of User IDs, passwords, PINs or access codes and information in the Selling System.
- Notify Freddie Mac within 24 hours (one Business Day), by e-fax or e-mail to Freddie Mac, at the fax number or mailbox shown on this form, in the event:
  - (i) an Authorized User's: (A) name changes, (B) position/title changes, (C) employment is terminated, or (D) authorization terminates;
  - (ii) of any loss, theft or unauthorized disclosure or use of any Authorized User's User ID, password, PIN number or other access code; and
  - (iii) Seller has knowledge or reason to believe that an Authorized User's access to the Selling System is no longer secure for any reason.
- Indemnify and hold Freddie Mac harmless from and against any and all costs, fees (including legal fees and court costs), losses or damages sustained or incurred by Freddie Mac resulting from Seller's (or any Seller's agent's) breach of security resulting in the unauthorized disclosure or use of any User IDs, passwords, PINs or any other access codes to or information in the Selling System.

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.

- Each General User Role must be assigned for you to enjoy the many functional aspects of the Selling System.
- You must assign the Cash SMO role if you sell Mortgages to Freddie Mac under the Cash program.
- Each Guarantor User Role must be assigned if you sell Mortgages to Freddie Mac under the Guarantor or MultiLender programs. Do not assign Guarantor User Roles if you do not have a Master Commitment contract with Freddie Mac with the Guarantor provision.
- Assign the birthdate (MMDD) of the individual Authorized User as that user's PIN. Do not assign the same PIN to any other user. A user who requests a password reset from 800-Freddie must be able to provide his or her PIN, or risk being locked-out of the Selling System.

Add/Modify User – Check this box if you are adding a new user or modifying an existing user role

Delete User – Check this box if you are deleting a user

User Roles – 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**.

The following is an example for completing these sections:

Add/ Modify User:	**Delete User:**	**Authorized User Names and E-mail Addresses:** *(Attach additional forms if necessary.)*	**PIN:** Birthdate of the individual user Month & Day Only (e.g. January 12 = 0112)	**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 for Guarantor/Multilender 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: Jane User E-mail: Sample@sample.com Phone: : 212-555-1234	0 1 1 2	☐ Closer/Shipper ☐ Exclusionary List [A] Loan Manager ☐ Pipeline Manager ☐ Secondary Analyst	**Cash** [A] Cash SMO ---------- **Guarantor/Multilender** ☐ Guarantor SMO ☐ ***Setup Administrator** ☐ ***Setup Manager** ☐ Security Wire Assignor

GENERAL ROLES:

- **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.
- **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.

CASH ROLE:

- **Cash SMO (Secondary Marketing Officer)** – This role can create cash contracts, request, accept, or reject cash contract pricing and view the Freddie Mac Exclusionary List

GUARANTOR ROLES /MULTILENDER:

- **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, Section 3.4, 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 902

Freddie Mac Service Loans Application

Authorized User Roles Form – For Use by Servicers Only

Please see completion instructions in this Form 902

Freddie Mac Servicer Name: _____ _____

All Applicable Servicer Numbers: _____

This Freddie Mac Service Loans Application Authorized User Roles Form ("Form 902") and any Addendum to the Freddie Mac Service Loans Application Authorized User Roles Form, attached hereto ("Form 902A") (individually or collectively, "User Roles Form") identify Servicer's employees that have been: (i) authorized by Servicer to use the Service Loans application ("Authorized Users") and (ii) assigned to the user roles described herein ("User Roles") to perform the servicing activities associated with such User Roles. By virtue of Servicer's submission of a User Roles Form to Freddie Mac, executed by Servicer's authorized officer, Servicer is representing and warranting to Freddie Mac that the Authorized User(s) assigned to the User Role(s) in the User Roles Form, are authorized by Servicer to perform the servicing activities associated with such User Role(s). Servicer must submit a new User Roles Form to assign, delete or change Authorized User(s) or User Role(s).

External Servicing Administrator Name:		**4 Digit PIN:** ☐☐☐☐	
Address:			
City/State/Zip:			
	Phone Number:	**Fax Number:**	**E-mail address (mandatory):**

Add/ Change User:	Delete User:	Assigned Authorized User(s) Enter Name(s), E-mail Address(es), Phone Number(s) and PIN(s):	Assigned Authorized User Roles Mark or check applicable boxes to assign Authorized User(s) to User Role(s):	
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

As an officer of the Servicer, I hereby certify, represent and warrant to Freddie Mac and agree that: (i) I am authorized to assign the Servicer's employees named above to the User Role(s) above; (ii) the employees assigned by me to User Role(s) are authorized to perform the activities associated with such User Role(s); (iii) I have assigned such employees by marking or checking the applicable User Role(s) box(es) adjacent to such employees' names above; (iv) this User Roles Form is part of the Servicer's "Purchase Documents," as that term is defined in the Freddie Mac Single-Family Seller/Servicer Guide (the "Guide"); (v) capitalized terms not defined herein have the meaning ascribed to such terms in the Guide; and (vi) receipt of an electronic or paper copy of this Form 902 by Freddie Mac, with a copy or representation of my written signature attached thereto or associated therewith, is as valid, enforceable and effective as receipt of a paper Form 902 by Freddie Mac executed by me in writing.

Servicer's Vice President or higher ranking officer must execute this Form 902 and any attached Form 902A.

Authorized Signature: _____ Title: _____

Printed Name: _____ Date: _____

Please e-fax the completed form to: 571-382-4940, or e-mail to Servicing_Loans_application@freddiemac.com

REQUIREMENTS FOR MANAGING ACCESS TO FREDDIE MAC SERVICE LOANS APPLICATION

Servicer shall:

- Safeguard User IDs, passwords, PINs and all other confidential means of access ("Confidential Means of Access") to the Service Loans application.
- Adopt minimum security standards to prevent the loss, theft or unauthorized disclosure or use of User IDs, passwords, PINs or other Confidential Means of Access and information in the Service Loans application.
- Notify Freddie Mac within one Business Day by e-fax or e-mail to Freddie Mac, at the fax number or mailbox shown on this form, in the event:

  (i) an Authorized User's: (A) name changes, (B) position/title changes, (C) employment is terminated, or (D) authorization expires or terminates;
  (ii) of any loss, theft or unauthorized disclosure or use of any Authorized User's User ID, password, PIN or any other Confidential Means of Access; and
  (iii) Servicer has knowledge or reason to believe that an Authorized User's Confidential Means of Access to the Service Loans application is no longer secure for any reason.

- Indemnify and hold Freddie Mac harmless from and against any and all costs, fees (including legal fees and court costs), losses or damages sustained or incurred by Freddie Mac resulting from Servicer's (and/or its Servicing Agent's, if applicable) breach of security resulting in the unauthorized disclosure or use of any User IDs, passwords, PINs or any other Confidential Means of Access to or information in the Service Loans application.

INSTRUCTIONS AND REQUIREMENTS FOR ASSIGNING EMPLOYEES TO USER ROLES:

- This User Roles Form must be executed by Servicer Vice President or higher ranking officer who is authorized to assign, delete or change Authorized Users or User Roles.

- Servicer must have at least one Authorized User assigned to the User Administrator role.

- Servicer's Authorized Users may be assigned to act in multiple User Roles.

- In order to have access to the various functional aspects of the Service Loans application, Servicer must assign at least one Authorized User to each User Role.

- Assign the birth date (MMDD) of the Authorized User as her/his PIN. (Do not assign the same PIN to different Authorized Users.) An Authorized User who requests a password reset from 800-Freddie must be able to provide her/his PIN, or risk being locked out of the Service Loans application.

- If an Authorized User does not log in and use the Service Loans application during any 90-day period, such Authorized User may be deactivated by Freddie Mac, in its sole discretion, without notice to Servicer.

- Complete, execute and attach Form 902A to this Form 902 to add Authorized User(s).

Form 902

Freddie Mac Service Loans Application

Authorized User Roles Form – For Use by Servicers Only

Please see completion instructions in this Form 902

The following is an example for completing the User Role assignment sections on this form:

Add/ Change User	Delete User	Assigned Authorized User(s) Enter Name(s), E-mail Address(es), Phone Number(s) and PIN(s):	Assigned Authorized User Roles Mark or check the applicable boxes to assign Authorized User(s) to User Role(s):
☒	☐	**Name**: Chris Sample **E-mail:** Sample@sample.com **Phone**: 212-555-1234 **4 Digit PIN**: 0704= Birth Date (e.g. July 4th = 0704)	☒ **User Administrator** ☐ Map Bulk File Analyst ☒ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only) ☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

Description of User Roles and User Role Activities:

User Roles	User Roles Activities
User Administrator	• Submits User Roles Form, signed by Servicer's Vice President, or higher ranking officer, which assigns, deletes or changes Authorized Users • Serves as primary contact with Freddie Mac for resolving user setup issues • Assists Servicer's Vice President, or higher ranking officer, with receipt and distribution of User IDs to Authorized Users
Loan Activity Analyst	• Enters, imports and/or submits Performing, Single Loan Activity (Loan Level/Investor Reporting) • Retrieves, views and prints activity reports
Default Loan Activity Analyst	• Enters, imports and/or submits Default Loan Activity (EDR Reporting) • Retrieves, views and prints activity reports
FCL_DIL Analyst (Foreclosure/Deed-in-lieu Analyst)	• Enters, imports and/or submits Foreclosure Sale or Deed-in-Lieu activity • Retrieves, views and prints activity reports
Portfolio Transfer Analyst	• Enters or imports Portfolio Transfer Requests/Transfer of Servicing (Subsequent Transfer of Servicing/Form 981) • Retrieves, views and prints activity reports
Map Bulk File Analyst	• Maps bulk file (Creates custom file)
Balloon Analyst	• Performs disposition reporting • Processes Form 1074 • Retrieves Notification of Approaching Maturity Balloon report • Retrieves, views and prints activity and processing reports
Exclusionary List Analyst	• Has read-only access to the Freddie Mac Exclusionary List
Workout – Specialist	• Submit a request, view and search for Minimum Net Proceeds (MNP) and Estimated Market Value (EMV)
Workout – Specialist (Read Only)	• View and search for Minimum Net Proceeds (MNP) and Estimated Market Value (EMV)
FCL – Specialist	• Submit a request for, view and search for credit bids
FCL – Specialist (Read Only)	• View and search for credit bids
Read Only Analyst	• Retrieves, views and prints activity reports

Form 902A

Addendum to Freddie Mac Service Loans Application

Authorized User Roles Form – For Use by Servicers Only

Please see instructions on Form 902 for completing this form

Freddie Mac Servicer Name: _____

Add/ Change User:	Delete User:	Assigned Authorized User(s) Enter Name(s), E-mail Address(es), Phone Number(s) and PIN(s):	Assigned Authorized User Role(s) Mark or check applicable boxes below to assign Authorized User(s) to User Role(s):	
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ **User Administrator** ☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL–Specialist ☐ FCL–Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

Servicer's Vice President or higher ranking officer must execute this Form 902A and attach it to a Form 902.

As an officer of the Servicer, I hereby certify, represent and warrant to Freddie Mac and agree that: (i) I am authorized to assign the Servicer's employees named above to the User Role(s) above; (ii) the employees assigned by me to User Role(s) are authorized to perform the activities associated with such User Role(s); (iii) I have assigned such employees by marking or checking the applicable User Role(s) box(es) adjacent to such employees' names above; (iv) this Form 902A is incorporated by this reference into and made a part of the Form 902, to which it is attached; (v) capitalized terms not defined herein have the meaning ascribed to such terms in the Form 902 and the Guide; and (vi) receipt of an electronic or paper copy of this Form 902A by Freddie Mac, with a copy or representation of my written signature attached thereto or associated therewith, is as valid, enforceable and effective as receipt of a paper Form 902A by Freddie Mac executed by me in writing.

Authorized Signature: _____ Printed Name: _____

Title: _____ Date: _____

REPLICATE AS NEEDED. EACH COPY OF THE FORM MUST BE ORIGINALLY SIGNED.

Freddie Mac
We make home possible™

Form 902SA

Freddie Mac Service Loans Application

Authorized User Roles Form - For Use by Servicing Agents Only

Please see completion instructions in this Form 902SA

Servicing Agent's Name: _____	**Freddie Mac Servicer Name:** _____
Servicing Agent's Freddie Mac Servicer Number: _____	**Freddie Mac Servicer Number:** _____

This Freddie Mac Service Loans Application Authorized User Roles Form ("Form 902SA") and any Addendum to the Freddie Mac Service Loans Application Authorized User Roles Form, attached hereto ("Form 902ASA") (individually or collectively, "User Roles Form") identify Servicing Agent's employees that have been: (i) authorized by Servicing Agent to use the Service Loans application ("Authorized Users") and (ii) assigned to the user roles described herein ("User Roles") to perform the servicing activities associated with such User Roles. By virtue of Servicing Agent's submission of a User Roles Form to Freddie Mac, executed by Servicing Agent's authorized officer, Servicing Agent is certifying, representing and warranting to Freddie Mac that the Authorized User(s) assigned to the User Role(s) set forth herein, are authorized by Servicing Agent to perform the Servicing activities associated with such User Role(s). Servicing Agent must submit a new User Roles Form to assign, delete or change Authorized User(s) or User Role(s).

External Servicing Administrator Name:			**4 Digit PIN:** ☐☐☐☐
Address:			
City/State/Zip:			
	Phone Number:	**Fax Number:**	**E-mail address (mandatory):**

Add/ Change User	Delete User	Assigned Authorized User(s) Enter Name(s), E-mail Address(es), Phone Number(s) and PIN(s):	Assigned Authorized User Roles Mark or check applicable boxes below to assign Authorized Users to User Roles:	
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name**: **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

As an officer of the Servicing Agent, I hereby certify, represent and warrant to Freddie Mac and agree that: (i) I am authorized to assign the Servicing Agent's employees named above to the User Role(s) above; (ii) the employees assigned by me to User Role(s) are authorized to perform the activities associated with such User Role(s); (iii) I have assigned the employees by marking or checking the applicable User Role(s) box(es) adjacent to such employees' names above; (iv) this User Roles Form is part of the above named Servicer's "Purchase Documents" as that term is defined in the Freddie Mac Single-Family Seller/Servicer Guide (the "Guide"); (v) capitalized terms not defined herein have the meaning ascribed to such terms in the Guide; and (vi) receipt of an electronic or paper copy of this Form 902SA by Freddie Mac, with a copy or representation of my written signature attached thereto or associated therewith, is as valid, enforceable and effective as receipt of a paper Form 902SA by Freddie Mac executed by me in writing.

Servicing Agent's Vice President or higher ranking officer must execute this Form 902SA and any attached Form 902ASA.

Authorized Signature: _____ Title: _____

Printed Name: _____ Date: _____

Please e-FAX the completed form to: 571-382-4940, or e-mail to Servicing_Loans_application@freddiemac.com

REQUIREMENTS FOR MANAGING ACCESS TO FREDDIE MAC SERVICE LOANS APPLICATION

Servicing Agent shall:

- Safeguard User IDs, passwords, PINs and all other confidential means of access ("Confidential Means of Access") to the Service Loans application.
- Adopt and implement minimum security standards to prevent the loss, theft or unauthorized disclosure or use of User IDs, passwords, PINs or other Confidential Means of Access and information in the Service Loans application.
- Notify Freddie Mac within one Business Day, by E-FAX or e-mail to Freddie Mac, at the FAX number or mailbox shown on this form, in the event:

  (i) an Authorized User's: (A) name changes, (B) position/title changes, (C) employment is terminated, or (D) authorization expires or terminates;

  (ii) of any loss, theft or unauthorized disclosure or use of any Authorized User's User ID, password, PIN or other Confidential Means of Access;

  (iii) Servicing Agent has knowledge or reason to believe that an Authorized User's Confidential Means of Access to the Service Loans application is no longer secure for any reason; and/or

  (iv) The Servicing Agent's contract with the Servicer identified in this Form 902SA expires or is terminated for any reason by either party.

- Indemnify and hold Freddie Mac harmless from and against any and all costs, fees (including legal fees and court costs), losses or damages sustained or incurred by Freddie Mac resulting from Servicing Agent's breach of security resulting in the unauthorized disclosure or use of any User IDs, passwords, PINs or any other Confidential Means of Access to or information in the Service Loans application.

INSTRUCTIONS AND REQUIREMENTS FOR ASSIGNING EMPLOYEES TO USER ROLES:

- This User Roles Form must be executed by Servicing Agent's Vice President or higher ranking officer who is authorized to assign, delete or change Authorized Users or User Role(s).
- Servicing Agent's Authorized Users may be assigned to act in multiple User Roles.
- In order to have access to the various functional aspects of the Service Loans application, Servicing Agent must assign at least one Authorized User to each User Role.
- Assign the birth date (MMDD) of the Authorized User as his/her PIN. (Do not assign the same PIN to different Authorized Users.) An Authorized User who requests a password reset from 800-FREDDIE must be able to provide his/her PIN, or risk being locked out of the Service Loans application.
- If an Authorized User does not log in and use the Service Loans application during any 90 day period, such Authorized User may be deactivated by Freddie Mac, in its sole discretion without notice to Servicing Agent.
- Complete, execute and attach Form 902ASA to this Form 902SA to add Authorized Users.

The following is an example for completing the User Role assignment sections on this form:

Add/ Change User	Delete User	Assigned Authorized User(s) Enter Name(s), Email Address(es), Phone Number(s) and PIN(s):	Authorized User Roles Mark or Check applicable boxes to assign Authorized User(s) to User Role(s):
☒ Sample	☐ Sample	**Name**: Chris Sample **E-mail:** Chris_Sample@abcbank.com **Phone**: 222-555-1212 **4-Digit PIN:** ☐☐☐☐ 0704= Birth Date (e.g. July 4th = 0704)	☐ Map Bulk File Analyst ☒ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only) ☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

Description of User Roles and User Role Activities:

User Roles	User Roles Activities
External Servicing Administrator	• Submits User Roles Form, signed by Servicing Agent's Vice President, or higher ranking officer, which assigns, deletes or changes Authorized Users • Serves as primary contact with Freddie Mac for resolving user setup issues • Assists Servicing Agent's Vice President, or higher ranking officer, with receipt and distribution of User IDs to Authorized Users • NOTE: This role will be assigned by Freddie Mac to the individual identified on the first page of this form as the Servicing Agent's Contact
Loan Activity Analyst	• Enters, imports and/or submits Performing, Single Loan Activity (Loan Level/Investor Reporting) • Retrieves, views and prints activity reports
Default Loan Activity Analyst	• Enters, imports and/or submits Default Loan Activity (EDR Reporting) • Retrieves, views and prints activity reports
FCL_DIL Analyst (Foreclosure/Deed-in-lieu Analyst)	• Enters, imports and/or submits Foreclosure Sale or Deed-in-Lieu activity • Retrieves, views and prints activity reports
Portfolio Transfer Analyst	• Enters or imports Portfolio Transfer Requests/Transfer of Servicing (Subsequent Transfer of Servicing/Form 981) • Retrieves, views and prints activity reports
Map Bulk File Analyst	• Maps bulk file (Creates custom file)
Balloon Analyst	• Performs disposition reporting • Processes Form 1074 • Retrieves Notification of Approaching Maturity Balloon report • Retrieves, views and prints activity and processing reports
Exclusionary List Analyst	• Has read-only access to the Freddie Mac Exclusionary List
Workout – Specialist	• Submit a request, view and search for Minimum Net Proceeds (MNP) and Estimated Market Value (EMV)
Workout – Specialist (Read Only)	• View and search for Minimum Net Proceeds (MNP) and Estimated Market Value (EMV)
FCL – Specialist	• Submit a request for, view and search for credit bids
FCL – Specialist (Read Only)	• View and search for credit bids
Read Only Analyst	• Retrieves, views and prints activity reports

Form 902ASA

Addendum to Freddie Mac Service Loans Application

Authorized User Roles Form - For Use by Servicing Agents Only

Please see instructions on Form 902SA for completing this form

Servicing Agent Name: _____	**Freddie Mac Servicer Name:** _____

Add/ Change User	Delete User	Assigned Authorized User(s) Enter Name(s), E-mail Address(es), Phone Number(s) and PIN(s):	Assigned Authorized User Roles Mark or check applicable boxes below to assign Authorized User(s) to User Role(s):	
☐	☐	**Name:** **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name:** **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name::** **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name:** **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst
☐	☐	**Name:** **E-mail:** **Phone:** _____ **4 Digit PIN:** ☐☐☐☐	☐ Map Bulk File Analyst ☐ Balloon Analyst ☐ Loan Activity Analyst ☐ FCL – Specialist ☐ FCL – Specialist (Read Only)	☐ Default Loan Activity Analyst ☐ Portfolio Transfer Analyst ☐ FCL_DIL Analyst ☐ Exclusionary List Analyst ☐ Workout – Specialist ☐ Workout – Specialist (Read Only) ☐ Read Only Analyst

Servicing Agent's Vice President or higher ranking officer must execute this Form 902ASA and attach it to a Form 902SA.

As an officer of the Servicing Agent, I hereby certify, represent and warrant to Freddie Mac and agree that: (i) I am authorized to assign the Servicing Agent's employees named above to the User Role(s) above; (ii) the employees assigned by me to User Role(s) are authorized to perform the activities associated with such User Role(s); (iii) I have assigned such employees by marking or checking the applicable User Role(s) box(es) adjacent to such employees' names above; (iv) this Form 902ASA is incorporated by this reference into and made a part of the Form 902SA, to which it is attached; (v) capitalized terms not defined herein have the meaning ascribed to such terms in the Form 902SA and the Guide; and (vi) receipt of an electronic or paper copy of this Form 902ASA by Freddie Mac, with a copy or representation of my written signature attached thereto or associated therewith, is as valid, enforceable and effective as receipt of a paper Form 902ASA by Freddie Mac executed by me in writing.

Authorized Signature: _____ Printed Name: _____

Title: _____ Date: _____

REPLICATE AS NEEDED. EACH COPY OF THE FORM MUST BE ORIGINALLY SIGNED.

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Form 905

Guide Access Manager Identification and Certification Form

Seller/Servicer Name: _____ **Seller/Servicer #:** _____

Additional Seller/Servicer Name: _____ **Seller/Servicer #:** _____

Additional Seller/Servicer Name: _____ **Seller/Servicer #:** _____

***Additional Seller/Servicer Name:** _____ **Seller/Servicer #:** _____

* Any additional Seller/Servicers can be written in below

This form must be signed by a representative of the Seller/Servicer who is authorized to: (i) designate a Seller/Servicer Guide Access Manager ("GAM") authorized to approve and manage employee access to Freddie Mac Single-Family Seller/Servicer Guide Plus Additional Provisions ("Guide Plus") through AllRegs® ("Authorized Users") on behalf of Seller/Servicer, and (ii) add or delete Authorized Users using AllRegs.

Authorized Representative's Name: **Title:**

Business Address:

City/State/Zip:

Business Phone Number: ( )

Add/ Modify	Delete		GUIDE ACCESS MANAGER NAMES AND E-MAIL ADDRESSES:	
☐	☐	☐ GAM only	Name:	
		☐ GAM/User	E-mail:	Phone:
☐	☐	☐ GAM only	Name:	
		☐ GAM/User	E-mail:	Phone:
☐	☐	☐ GAM only	Name:	
		☐ GAM/User	E-mail:	Phone:

Seller/Servicer's Responsibility to Maintain and Protect Its Access to Guide Plus Terms through AllRegs – Seller/Servicer is responsible for safeguarding and protecting the User IDs, passwords and Personal Identification Numbers (PINs) that allow the Seller/Servicer to access Guide Plus terms through AllRegs. Seller/Servicer must promptly terminate an employee's access to Guide Plus through AllRegs if the employee is terminated or for any other reason the employee is no longer eligible as a Guide Plus Authorized User.

As Seller/Servicer's authorized representative, I certify that: (i) the employee listed as the Guide Access Manager is responsible for approving and managing Seller/Servicer's employee access to Guide Plus through AllRegs; (ii) Seller/Servicer will protect the User IDs and passwords provided by Freddie Mac in accordance with the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") and this Form; and (iii) an e-mail or 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: _____

Printed Name: _____ Date: _____

E-mail completed form to: **guideplus@freddiemac.com**

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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 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 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
   ❑ Mortgages with transfer restricted under negotiated terms of business
   ❑ 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&I

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 or other Freddie Mac expressly approved Electronic means of delivery, 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 Chapter 3 of the Guide and other applicable Purchase Documents; (iii) agreed that Freddie Mac's receipt of a fax copy or other Electronic (as defined in Chapter 3) copy of this Form 960 containing a copy or representation of my signature or Electronic 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	

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Form 981

Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages

Transferor Servicer			**Transferee Servicer**		
Name			Name		
Seller/Servicer number			Seller/Servicer number		
Address			Address		
City	State	ZIP	City	State	ZIP
Contact		E-mail	Contact		E-mail
Telephone number ( )		ext.	Telephone number ( )		ext.
Requested Effective Date of Transfer / /					

This Agreement, executed by the Transferor Servicer and the Transferee Servicer, 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 Servicer and Transferee Servicer 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 Servicer. Transferor Servicer and Transferee Servicer further understand and agree that Freddie Mac's approval of the Transfer of Servicing ("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 Servicer will transfer the Servicing of the Mortgages to the Transferee Servicer on the requested Effective Date of Transfer. The Transferee Servicer 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. Capitalized terms used but not defined herein are defined in the Guide.

The Transferor Servicer and Transferee Servicer further represent, warrant and covenant that, if the Transfer is approved by Freddie Mac:

A. The Transferor Servicer will deliver, and the Transferee Servicer 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 Servicer represents, warrants and covenants that all Escrow funds and prepaid Installments will be transferred to the Transferee Servicer.

   The Transferee Servicer further represents and warrants that it will examine such records and determine whether such records are correct. The Transferee Servicer 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 Servicer as the party to be notified.

D. Transferee Servicer 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 Servicer under the Purchase Documents. Transferee Servicer 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 Servicer will service the Mortgages in accordance with the terms of the Guide, applicable Bulletins, users' guides and any other Purchase Documents, all of which are fully incorporated herein by reference.

With this Agreement, the Transferor Servicer must submit the list of Mortgages to be Transferred.

The Transferor Servicer will pay a nonrefundable $500 transfer processing fee to be billed and paid in accordance with the requirements of Section 78.46.1.

By signing this Agreement, the Transferor Servicer and the Transferee Servicer 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 Servicer

1. Does this Transfer include all Mortgages serviced by the Transferor Servicer 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 Servicer have any outstanding commitments with Freddie Mac? ❑ Yes ❑ No
   If yes, the Transferor Servicer 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 Servicer must ensure that this Transfer of Servicing 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 Freddie Mac loan number and whether the Mortgage is in the Trial Period or has been modified under HAMP. ❑ Yes ❑ No

5c. Does the Transfer include Mortgages in a Trial Period under the Freddie Mac Standard Modification ("Standard Modification") or modified under the Standard Modification? If yes, provide a list that identifies the Freddie Mac loan numbers for these Mortgages and for each Mortgage state whether the Mortgage is in the Trial Period or has been modified under the Standard Modification. ❑ 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 ❑ Mortgages with Transfer restricted under negotiated terms of business
   If yes, please provide a list of the type of provision and Freddie Mac 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 Servicer currently use a Servicing Agent (subservicer) to subservice Mortgages? If yes, please provide the following: ❑ Yes ❑ No
   Servicing Agent name: _____
   Servicing Agent number: _____

12. Are any of the Mortgage Notes electronic? ❑ Yes ❑ No
   If yes, please provide a list of the electronic Notes.

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

Transferor Servicer's Document Custodian before requested Transfer

Complete the following for the Freddie Mac-approved Document Custodian indicated on the 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 Servicer

By (Signature of authorized representative)	Date
Typed or printed name	

Part B. To be completed by the Transferee Servicer

Does this Transferee Servicer 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: _____

Transferee Servicer's Document Custodian after Transfer is completed

Complete the following for the Freddie Mac-approved Document Custodian indicated on the 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 Servicer	
By (Signature of authorized representative)	Date
Typed or printed name	

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Form 987

Wire Transfer Authorization for a Cash Warehouse Delivery

*Please **read** the instructions before completing this form.*

1. Seller/Servicer number	**2.** Seller's full legal name
/____/____/____/____/____/____/	
3. Warehouse Lender's full legal name	**4.** Warehouse Lender's Federal Tax Identification #:
5. Warehouse Lender's address:	

6. Status (Check only one.)

- ☐ Add Instructions
- ☐ Change Instructions (to amend previously submitted instructions)
- ☐ Recertify/Reconfirm (no change to existing instructions)

Wire transfer instructions

Complete the appropriate section below for either a two-party OR a three-party transfer.

7. For two-party transfers only;

Beneficiary's bank name (bank receiving funds for beneficiary)

_____

ABA number (nine-digit routing number) of above-named beneficiary's bank

/___/___/___/___/ - /___/___/___/___/ - /___/

Beneficiary's bank City, State

_____

Beneficiary's name (Seller/Servicer or Warehouse Lender, depending on which will receive final credit of funds)

_____

Beneficiary's account number (final account to receive funds)

_____

8. For three-party transfers only;

Transfer bank's name (bank receiving funds to be transferred for credit to beneficiary's bank)

_____

ABA number (nine-digit routing number) of above-named transfer bank

/___/___/___/___/ - /___/___/___/___/ - /___/

Transfer bank's City, State _____

Beneficiary's bank's name (bank receiving funds for beneficiary)

_____

Beneficiary's account number at transfer bank

_____

Beneficiary's name (Seller or Warehouse Lender, depending on which will receive the funds)

Beneficiary's bank account number (final account to receive funds)

9. Special instructions: Optional (Check and **complete only one**)

☐ FOR ATTENTION OF: _____ OR

☐ IMMEDIATELY PHONE _____(name and telephone number)

Comments

Mandatory

Before the Federal Home Loan Mortgage Corporation ("Freddie Mac") will wire transfer any funds, Freddie Mac must receive and process Form 987 executed by Seller's authorized officer. The Seller must deliver a duly executed Form 987 to Freddie Mac for each Warehouse Lender that Seller uses. In order to change the wire transfer instructions on a Form 987, the Seller must execute a new Form 987 and deliver the new Form 987 to Freddie Mac. In addition, with each delivery of Pledged Mortgages, Freddie Mac must receive a fully completed Form 996, Warehouse Provider Release and Transfer, 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 987 is not on file with Freddie Mac 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 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 987 is incorporated by this reference into Seller's "Purchase Documents" as that term is defined in the Guide.

10. Signature Block for Seller's Authorized Officer:

By: _____

Name:_____

Title: _____

Date: /____/____/____/

E-mail address:_____

Telephone number: (____)_____

11. 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: _____

Notary Public Commission Expires: /____/____/____/

Notary Public State Registration Number: _____

Please retain a copy for your records.

INSTRUCTIONS FOR FORM 987

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. Warehouse Lender's full legal name: Full legal name of Warehouse Lender. This information must be obtained from the Warehouse Lender directly, and must match the Warehouse Lender's Certificate of Incumbency on file with Freddie Mac.

4. Warehouse Lender's Federal Tax ID#: nine-digit number issued by the Internal Revenue Service for banking, tax filing, and other business purposes. This number must be obtained from the Warehouse Lender directly, and must match the Warehouse Lender's Certificate of Incumbency on file with Freddie Mac.

5. Warehouse Lender's address: Complete street address, including zip code

6. Status: This section allows the Seller to indicate:

- ❑ Add Instructions: Select this box to create an additional set of wire instructions or to add an initial set of instructions
- ❑ Change Instructions: Select this box if you need to make changes to existing instructions, e.g., changing account number or ABA number
- ❑ Recertify/Reconfirm Instructions: Select this box if you are reconfirming existing instructions.

7. 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 name: Full legal name and location (city and state) of the bank receiving the funds for the beneficiary (usually the warehouse Lender)
ABA number: American Bankers Association's (ABA's) nine-digit routing number of the beneficiary's bank.
Beneficiary's name: Full legal name of the final party to be credited with the funds
Beneficiary's account number: Account number of the beneficiary to which the funds are to be credited

8. 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: ABA's nine-digit routing number of the depository institution, that is, the transfer bank.
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 at the transfer bank, opened for the beneficiary's bank to receive funds
Beneficiary's name: Full legal name of the final party to be credited with the funds
Beneficiary's account number: Final account number of the beneficiary where the funds are to be credited

9. Special Instructions (optional): This permits the Seller to furnish additional information that may expedite the notification to the Seller of 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 may be used to identify a specific department or person within the bank or Seller to be notified of receipt of funds
Immediately phone: This may be used to identify the name and telephone number, including area code, of a person whom the Seller requests the bank to call when funds are received; contact information entered in this section will also appear on the Form 996E, Warehouse Provider Release and Transfer, as the Warehouse Provider contact name and telephone number.
Comments: This may be used to enter any additional information that will facilitate the transfer of funds (for example, reference contract number of additional credit party advice)

10. and 11. Signature block of Seller's authorized officer and notarization:

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 has been notarized. The name and specimen signature of the authorized officer must be on a duly executed Certificate of Incumbency (Form 988SF or 989SF) 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 accepted by Freddie Mac. If a current, duly executed Form 987 is on file with Freddie Mac, Seller must, for each delivery of Pledged Mortgages, make sure that a Form 996, Warehouse Provider Release and Transfer, signed by the Warehouse Lender's authorized officer, is delivered by the Warehouse Lender to Freddie Mac.

E-mail address: E-mail address of signatory for instructions verification e-mail.

Mailing Instructions: Mail original Form 987 to:
Attn: Customer Systems setup
Mailstop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

Form 987E

Wire Transfer Authorization for a Warehouse Delivery

For use only with the Freddie Mac Selling System

Please read the instructions before completing this form.

1. Seller/Servicer number: /____/____/____/____/____/____/	**2.** Seller's full legal name:
3. Warehouse Lender's full legal name:	**4.** Warehouse Lender's address:
5. Warehouse Lender's Federal Tax Identification #:	

6. Status (Check only one.)

- ❑ **Add Instructions**
- ❑ **Change Instructions** (to amend previously submitted instructions)
- ❑ **Recertify/Reconfirm** (no change to existing instructions)

Wire transfer instructions (complete the appropriate section below):

Complete the appropriate section below for either a two-party OR a three-party transfer.

7. For two-party transfers only:

Beneficiary's bank name (bank receiving funds for beneficiary)

_____

ABA number (nine-digit routing number) of above-named beneficiary's bank /__/__/__/__/__/ - /__/__/__/__/__/ - /__/

Beneficiary's bank City, State _____

Beneficiary's name (either Seller or Warehouse Lender, depending on who will receive final credit of funds)

_____

Beneficiary's account number (final account to receive funds)

_____

8. For three-party transfers only:

Transfer bank's name (bank to receive funds to be transferred for credit to beneficiary's bank)

_____

ABA number (nine-digit routing number) of above-named transfer bank/__/__/__/__/__/ - /__/__/__/__/__/ - /__/

Transfer bank's City, State_____

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 the funds)

_____

Beneficiary's bank account number (final account to receive funds)

9. Special Instructions: Optional (check and **complete only one**)

- ❑ FOR ATTENTION OF: _____ OR
- ❑ IMMEDIATELY PHONE:_____ (Name and telephone number)

Mandatory

Before Freddie Mac will wire transfer any funds, Freddie Mac must receive a Form 987E 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. In order 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 Provider Release and Transfer, 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.

10. Signature Block for Seller's Authorized Officer:

By: _____

Name:_____

Title: _____

Date: /____/____/____/

E-mail address: _____

Telephone number: ( ) _____

11. Notary Public

State of _____) **(Notary Seal)**

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:_____

Notary Public Commission Expires: /____/____/____/

Notary Public State Registration Number:_____

Please retain a copy for your records.

INSTRUCTIONS FOR THE FORM 987E

(For use only with the Freddie Mac Selling System)

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 name: Full legal name of the Seller

3. Warehouse Lender's full legal name: This number must be obtained from the Warehouse Lender directly, and must match the Warehouse Lender's Certificate of Incumbency on file with Freddie Mac.

4. Warehouse Lender's address: Complete street address including zip code

5. Warehouse Lender's Federal Tax ID#: nine-digit number issued by the Internal Revenue Service for banking, tax filing, and other business purposes. This number must be obtained from the Warehouse Lender directly, and must match the Warehouse Lender's Certificate of Incumbency on file with Freddie Mac.

6. Status: This section allows the Seller to indicate:

- ❑ Add Instructions: Select this box to create an additional set of wire instructions or to add an initial set of instructions
- ❑ Change Instructions: Select this box if you need to make changes to existing instructions, e.g., changing account number or ABA number
- ❑ Recertify/Reconfirm Instructions: Select this box if you are submitting this Form to reconfirm existing instructions.

7. 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 name: 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 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: Account number of the beneficiary to which the funds are to be credited

8. 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

9. Special Instructions (Optional): This permits the Seller to furnish additional information that may expedite the notification to the Seller of 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 may be used to identify a specific department or person within the bank or Seller to be notified of receipt of funds
Immediate Phone Advice: This may be used to identify the name and telephone number, including area code, of a person whom the Seller requests the bank to call when funds are received; contact information entered in this section will also appear on the Form 996E, Warehouse Provider Release and Transfer, as the Warehouse Provider contact name and telephone number.
Comments: This may be used to enter any additional information that will facilitate the transfer of funds (for example, reference contract number of additional credit party advice)

10 and 11. Signature block of Seller's authorized officer and notarization: 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. The name and specimen signature of the authorized officer must be on a duly executed Certificate of Incumbency and the officer's name and title 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 Provider Release and Transfer, signed by the Warehouse Lender's authorized officer, is delivered by the Warehouse Lender 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
8250 Jones Branch Drive
McLean, VA 22102

Form 988SF

Certificate of Incumbency
For a Corporation or Limited Liability Company Only
(See Form 988SF Completion Instructions Below)

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** [__] In-house Counsel OR [ ] Managing Member of _____ ("Seller"), a **(Select One)**: **[__]** Corporation (See Instruction #4) **OR [__]** Limited Liability Company ("LLC"), 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 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 1 above 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:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Mandatory Information** **{Seller must authorize and identify at least two employees in paragraph 2 above}**

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.

6. If I have attached one or more Form(s) 988ASF to this Form 988SF to add "Authorized Persons", such Form(s) 988ASF is/are by this reference incorporated herein and made a part of this Form 988SF.

IN WITNESS WHEREOF, I have subscribed my name this ____ day of _____, 20____.

By (Signer's Signature): _____

(Signer's) Name (Same as above): _____

(Signer's) Title (Same as above): _____

Seller's Name (Same as above): _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this ____ day of _____, 20 ____,

by: _____ a _____ of _____.
(Signer's Name above) (Signer's Title above) (Seller's Name above)

Notary Public Signature: _____

Notary Public Printed Name: _____ **(NOTARY SEAL)**

Commission Expires: ____ /____ /____

Notary Public State Registration Number: _____

Please retain a copy for your records.

See Form 988SF Completion Instructions on the Next Page

Form 988SF Completion Instructions:

This Form 988SF must be completed, signed, notarized and delivered to Freddie Mac together with a copy of Seller's governing body (e.g., Board of Directors or Board of Members, as applicable) resolution authorizing Seller's employees to provide wire instructions to Freddie Mac.

1. **Opening Paragraph:** Type/print the name of Seller's Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, on the first line of the opening unnumbered paragraph of the Form 988SF.

2. **Opening Paragraph:** Type/print an "X", in the brackets preceding the title of the person signing the Form 988SF: "Secretary", "Assistant Secretary", "In-house Counsel" or "Managing Member", as applicable. The person signing must have one of these titles.

3. **Opening Paragraph:** Type/print the Seller's complete legal name.

4. **Opening Paragraph:** Type/print an "X", in the brackets preceding the words: "Corporation" (Includes: All corporations and National Associations, Federal Savings Banks, Federal Savings & Loan Associations, Federal Credit Unions, State Banks, State Savings Banks, State Savings & Loan Associations and State Credit Unions) or "Limited Liability Company", as applicable.

5. **Opening Paragraph:** Type/print the name of the State, district, territory or possession under which the Seller exists. If Seller is a National Bank/National Association, Federal Savings & Loan Association, Federal Savings Bank or Federal Credit Union, Seller exists under the laws of the United States of America.

6. **Paragraph Enumerated #1:** Type/print in the first space in the first line of the paragraph enumerated #1, the Seller's governing body, e.g., Board of Directors, Executive Committee of the Board of Directors, Board of Members or Managing Member, as applicable.

7. **Paragraph Enumerated #1**: Type/print the date that the applicable governing body passed or adopted the resolution that authorized Seller's employees to give Freddie Mac wire transfer instructions.

8. **Paragraph Enumerated #2**: Type/print the name(s), title(s)/position(s), phone number(s), fax number(s), and e-mail address(es) of Seller's employee(s) who have been authorized by Seller's governing body to give Freddie Mac wire transfer instructions. Each "Authorized Person" must sign his or her signature with a pen and ink in the space below the caption titled, "Signature".

   Mandatory: Seller must authorize and identify at least two employees in paragraph enumerated #2 of the Form 988SF. (Fax numbers are optional).

9. **Execution:** Type/print the date that Seller's Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, signs the Form 988SF.

10. **Execution:** The Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, must sign his or her name with pen and ink on the signature line immediately below the line for the date.

11. **Execution:** Type/print, on the applicable lines below the signature line: (i) the name of the Signer and title of Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, and (ii) Seller's name.

12. **Acknowledgment**: Type/print the name of the state and county in the U.S. in which the Notary Public is commissioned at the top left of the Notary Acknowledgment**.**

13. **Acknowledgment**: Type/print the date that Seller's Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, signs or acknowledges his or her signature before the Notary Public.

14. **Acknowledgment**: Type/print the Signer's name and title of Secretary, Assistant Secretary, In-house Counsel or Managing Member, as applicable, and also Seller's name on the applicable lines below the signature line.

15. **Acknowledgment**: The Notary Public must sign his or her name with pen and ink and then type/print his or her name, commission expiration date and registration/commission number, as applicable, and place his or her notary seal on the Form 988SF.

16. **Acknowledgment**: The notary acknowledgment language may be changed if necessary to comply with applicable law.

17. **Legal Counsel:** You should consult with your legal counsel when completing this Form 988SF to reduce the risk of errors.

Mail Form 988SF to: Attn: Customer System Setup
Mail Stop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

FORM OF RESOLUTION WHEN THE SELLER IS A CORPORATION OR LIMIITED LIABILITY COMPANY

(Refer to instructions below for completing this form)

Exhibit A

[#1 – TYPE THE GOVERNING BODY NAME]
OF
[#2 - TYPE THE SELLER'S LEGAL NAME]

[#3- DATE: _____]

WHEREAS, the **[#1 – TYPE THE GOVERNING BODY NAME]** of **[#2 - TYPE THE SELLER'S LEGAL NAME]** is adopting the following resolution ("Resolution") to delegate authority to certain employees of **[#2 – TYPE THE SELLER'S LEGAL NAME]** ("Employees"), with certain specified titles assigned by the management of **[#2 – TYPE THE SELLER'S LEGAL NAME]** ("Management"), to provide wire or Automated Clearing House (ACH) instructions to the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer cash or securities in connection with the sale of mortgages to Freddie Mac.

NOW, THEREFORE, BE IT RESOLVED that any Employees who have been assigned any one of the titles set forth below (the "Authorized Titles") by the Management**,** are authorized and empowered individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

Authorized Titles:

_____

_____

_____

_____

_____

BE IT FURTHER RESOLVED that the Employees with Authorized Titles are authorized individually to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by 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 Employees with Authorized Titles; 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 Employees with Authorized Titles 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 Employees with Authorized Titles 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, records and electronic signatures.

Any such actions set forth above heretofore taken by any of the Employees on behalf of **[#2 - TYPE THE SELLER'S LEGAL NAME]** are hereby ratified, approved, and confirmed.

Please retain a copy for your records.

INSTRUCTIONS FOR PREPARING A RESOLUTION FOR A CORPORATION OR LIMITED LIABILITY COMPANY

1. Type the name of the Seller's governing body (e.g., Board of Directors, Board of Members or Managing Member).

2. Type the Seller's full legal entity name (examples: XYZ Corporation or ABC, LLC).

3. Type the date the Resolution was adopted by the Seller's governing body.

4. Type the authorized titles (without employee names) in the blank lines provided.

5. You should consult with your legal counsel when preparing this Resolution to reduce the risk of errors.

The language in the Form of Resolution may only be changed if it is necessary to comply with applicable laws, regulations and/or rules.

Form 988ASF

Addendum to Certificate of Incumbency
For a Corporation or Limited Liability Company Only

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:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail 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.**

Please retain a copy for your records.

Freddie Mac
We make home possible®

Form 989SF

Certificate of Incumbency
For a Partnership or Sole Proprietorship Only
(See Form 989SF Completion Instructions Below)

I, _____, do hereby certify to the Federal Home Loan Mortgage Corporation ("Freddie Mac") that I am the **(Select One):** [ ] General Partner **OR** [__] Authorized Representative and Officer of the General Partner **OR** [ ] Sole Proprietor of _____ ("Seller"), **(Select One):** [__] a General Partnership **OR** [_] a Limited Partnership **OR** [__] a Sole Proprietorship, existing under the laws of _____ and I am duly authorized to make the certifications herein, and I further certify as follows:

1. **Select Either Option A or B below: (The option not selected in this paragraph 1, will have no force or effect hereunder)**

   A. **[__]** As the **(Select One): [ ]** Sole Proprietor or **[ ]** General Partner, of Seller, I have authorized and empowered the persons listed under paragraph 2 below ("Authorized Persons") individually to provide Freddie Mac with instructions to transfer funds (cash or securities, as applicable) by wire transfer, automated clearinghouse ("ACH") or other payment system expressly approved by Freddie Mac, in connection with the sale of Mortgages to Freddie Mac by Seller. **OR**

   B. **[__]** Attached hereto as **Exhibit A,** is a copy of a resolution dated _____, 20 ___, ("Resolution") of the_____ _____ of _____, ("General Partner") of Seller, that remains in full force and effect and which has not been amended, that authorizes and empowers the persons listed in paragraph 2 below ("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 forms ("Records") necessary or proper or required by Freddie Mac to effectuate the authority set forth in paragraph 1 above 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:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**
***Name:**	***Position/Title:**	***Signature:**
***Telephone:**	***Fax Number:**	***E-mail Address:**

***Mandatory Information** **{Seller must authorize and name at least two employees in paragraph 2 of this Form 989SF}**

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.

6. If I have attached one or more~~a~~ Form(s) 989ASF to this Form 989SF to add "Authorized Persons", such Form(s) 989ASF is/are by this reference incorporated herein and made a part of this Form 989SF.

IN WITNESS WHEREOF, I have subscribed my name this ____ day of _____, 20____.

(Signer's Signature) By: _____

(Signer's) Name: _____

(Signer's) Title (with General Partner): _____

(General Partner's) Name: _____

(Signer's) Title (with Seller): _____

(Seller's) Name: _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this ____ day of _____, 20 ____,

by _____ a _____ of _____.
(Signer's Name) (Signer's Title) (General Partner's Name or Seller's Name, as applicable)

Notary Public Signature: _____

Notary Public Printed Name: _____

(NOTARY SEAL)

Commission Expires: / /_____

Notary Public State Registration Number: _____

Please retain a copy for your records.

See Form 989SF Completion Instructions on the Next Page

Form 989SF Completion 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 Seller must also include a copy of a resolution of the General Partner's Board of Directors or Board of Members, authorizing Seller's employees to provide wire instructions to Freddie Mac.

1. **Opening Paragraph:** Type/print the name of the General Partner, Authorized Representative and Officer of the General Partner or the Sole Proprietor.

2. **Opening Paragraph:** Type/print an "X", in the brackets preceding the title of the person signing the Form 989SF: "General Partner", "Authorized Representative and Officer of the General Partner" or "Sole Proprietor". The person signing must have one of these titles.

3. **Opening Paragraph:** Type/print the Seller's full legal name.

4. **Opening Paragraph:** Type/print an "X", in the brackets preceding the words: "General Partnership", "Limited Partnership" or " Sole Proprietorship".

5. **Opening Paragraph:** Type/print the name of the State, district, territory or possession under which Seller exists.

6. **Paragraph Enumerated #1:** Type/print an "X", in the brackets in the paragraph enumerated #1, after either: "A" or the "B", as applicable.

7. **Paragraph Enumerated #1 - OPTION A:** If option "A" is selected, in paragraph enumerated #1, type/print an "X", in the brackets preceding the titles of: "Sole Proprietor" or "General Partner", as applicable, and skip instruction #8 and complete instructions #9 through #18.

8. **Paragraph Enumerated #1 - OPTION B:** If option "B" is selected, in paragraph enumerated #1, type/print: (i) the date of the General Partner's Resolution, (ii) the type of governing body the General Partner has, e.g., Board of Directors, Board of Members or Managing Member) and (iii) the General Partner's full legal name.

9. **Paragraph Enumerated #2:** Type/print the name(s), title(s)/position(s), phone number(s), fax number(s), and email address(es) of Seller's employee(s) who have been authorized by Seller's governing body to give Freddie Mac wire transfer instructions. Each "Authorized Person" must sign his or her signature with a pen and ink in the space below the caption titled, "Signature".

   Mandatory: Seller must authorize and identify at least two employees in paragraph enumerated #2 in the Form 989SF. (Fax numbers are optional).

10. **Execution:** Type/print the date that: (i) General Partner's Authorized Representative and Officer, **OR** (ii) General Partner **OR** (iii) Sole Proprietor, as applicable, signs the Form 989SF.

11. **Execution:** The Signer must sign his or her name with pen and ink on the signature line immediately below the line for the date.

12. **Execution:** Type/print, on the applicable lines below the signature line: (i) the Signer's title with the General Partner, (ii) the General Partner's full legal name, (iii) the Signer's title with Seller and (iv) Seller's full legal name.

13. **Acknowledgment:** Type/print the name of the state and county in the U.S. in which the Notary Public is commissioned at the top left of the Notary Acknowledgment**.**

14. **Acknowledgment:** Type/print the date that: (i) the General Partner's Authorized Representative and Officer, **OR** (ii) General Partner **OR** (iii) Sole Proprietor, as applicable, signs or acknowledges his or her signature before the Notary Public.

15. **Acknowledgment:** Type/print (i) the name of the Signer, (ii) the title of the Signer (with the General Partner or Seller, as applicable) and (iii) the General Partner's full legal name **OR** Seller's full legal name on the applicable lines below the signature line.

16. **Acknowledgment:** The Notary Public must sign his or her name with pen and ink and then type/print his or her name, commission expiration date and registration/commission number, as applicable, and place his or her notary seal on the Form 989SF.

17. **Acknowledgment:** The notary acknowledgment language may be changed if necessary to comply with applicable law.

18. **Legal Counsel:** You should consult with your legal counsel when completing this Form 989SF.

Mail Form 989SF to: Attn: Customer System Setup
Mail Stop A2B
Freddie Mac
8250 Jones Branch Drive
McLean, VA 22102

FORM OF RESOLUTION WHEN THE SELLER IS A PARTNERSHIP AND THE GENERAL PARTNER IS A CORPORATION OR LIMITED LIABILITY COMPANY

(Refer to instructions below for completing this form)

Exhibit A

[#1 – TYPE THE GENERAL PARTNER'S GOVERNING BODY NAME]
OF
[#2 - TYPE THE GENERAL PARTNER'S FULL LEGAL NAME]
OF
[#3 - TYPE THE PARTNERSHIP'S (SELLER'S) FULL LEGAL NAME]

[#4- DATE: _____]

WHEREAS, the **[#1 – TYPE THE GENERAL PARTNER'S GOVERNING BODY NAME]** of **[#2 - TYPE THE GENERAL PARTNER'S FULL LEGAL NAME]** ("General Partner") of **[#3 - TYPE THE PARTNERSHIP'S (SELLER'S) FULL LEGAL NAME]** is adopting the following resolution ("Resolution") to delegate authority to certain employees of **[#3 TYPE THE PARTNERSHIP'S (SELLER'S) FULL LEGAL NAME]** ("Employees") with certain specified titles assigned by the management of **[#3 TYPE THE PARTNERSHIP'S (SELLER'S) FULL LEGAL NAME] (**"Management") to provide wire or Automated Clearing House ("ACH") instructions to the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer cash or securities in connection with the sale of mortgages to Freddie Mac.

NOW, THEREFORE, BE IT RESOLVED that any Employees who have been assigned any one of the titles set forth below (the "Authorized Titles") by the Management are authorized and empowered individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

Authorized Titles:

_____

_____

_____

_____

_____

BE IT FURTHER RESOLVED that the Employees with Authorized Titles are authorized individually to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by 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 Employees with Authorized Titles; 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 Employees with Authorized Titles 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 Employees with Authorized Titles 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, records and electronic signatures.

Any such actions set forth above heretofore taken by any of the Employees on behalf of **[#3 - TYPE THE PARTNERSHIP'S (SELLER'S) FULL LEGAL NAME]** are hereby ratified, approved, and confirmed.

Please retain a copy for your records.

INSTRUCTIONS FOR PREPARING A RESOLUTION WHEN THE GENERAL PARTNER OF A PARTNERSHIP IS A CORPORATION OR LIMITED LIABILITY COMPANY

1. Type the name of the General Partner's governing body (e.g., Board of Directors, Board of Members or Managing Member).
2. Type General Partner's full legal name (examples: XYZ Corporation or ABC, LLC).
3. Type Partnership's (SELLER'S) full legal name (example: Mortgage Partners).
4. Type the date the Resolution was adopted by the General Partner's governing body.
5. Type the authorized titles (without employee names) in the blank lines provided.
6. You should **c**onsult with your legal counsel when preparing this Resolution to reduce the risk of errors.

The language in the Form of Resolution may only be changed if it is necessary to comply with applicable laws, regulations and/or rules.

Form 989ASF

Addendum to Certificate of Incumbency
For a Partnership or Sole Proprietorship Only

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:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail Address:**

Name:	**Position/Title:**	**Signature:**
Telephone:	**Fax Number:**	**E-mail 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.**

Please retain a copy for your records.

Form 990SF

Warehouse Provider 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 _____ ("Warehouse Provider"), a _____ ***(Corporation or Limited Liability Company)*** existing under the laws of _____, and further certify as follows:

1. The Warehouse Provider's federal tax identification number is: _____.
2. Attached as **Exhibit "A"** hereto is a copy of a resolution of Warehouse Provider's _____ dated _____, 201__ (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 financing of Mortgages intended for sale to Freddie Mac by a customer of Warehouse Provider. When the Secretary (not the Assistant Secretary or any other officer) executes this form, the Resolution is not required to be attached as Exhibit A of this Certificate of Incumbency. Freddie Mac reserves the right in all cases to require the Warehouse Provider to provide the Resolution if it is not originally attached to this form.
3. Each Authorized Person listed in this paragraph 2 holds the position/title with Warehouse Provider set forth directly across from his/her name and is 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 signing (or having his/her signature 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:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

4. 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.

5. 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.

6. 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 or addendum hereto, until Warehouse Provider 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 _____, 201__.

By: _____

Typed Name: _____

Title: _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this __ day of _____, 201_,
by _____, a _____ of _____.
(Type/Print Signer's Name) (Type/Print Signer's Title) (Type/Print Warehouse Provider's Name)

Notary Signature: _____

Notary Printed Name: _____

Notary Commission Expires: _____ **(NOTARY SEAL)**

Notary State Registration Number: _____

Instructions:

This Certificate of Incumbency 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", Warehouse Provider should complete the Certificate Addendum and submit that form together with the Certificate. 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.

When the Secretary (not the Assistant Secretary or any other officer) executes this form the Resolution is not required to be attached as Exhibit A of this Certificate of Incumbency. Freddie Mac reserves the right in all cases to require the Warehouse Provider to provide the Resolution if it is not originally attached to this form.

Mail Original Certificate of Incumbency to:

Freddie Mac
Attn: Customer Setup
Mailstop A2B
8250 Jones Branch Drive
McLean, VA 22102

Rev. 9-11

INSTRUCTIONS FOR A CORPORATION OR LIMITED LIABILITY COMPANY RESOLUTION:

#1 LABEL THE RESOLUTION EXHIBIT "A"
#2 INSERT THE NAME OF WAREHOUSE PROVIDER'S GOVERNING BODY (e.g., BOARD OF DIRECTORS, BOARD OF MEMBERS, MANAGING MEMBER, ETC.)
#3 INSERT WAREHOUSE PROVIDER'S LEGAL NAME (e.g., XYZ COMPANY, ABC LLC)
#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 HAVE THE SECRETARY OR ASSISTANT SECRETARY EXECUTE THE RESOLUTION
#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 WAREHOUSE PROVIDER'S LEGAL NAME]

[#4 - DATE: _____]

WHEREAS, the **[#2 - GOVERNING BODY NAME]** of **[#3 - WAREHOUSE PROVIDER'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 financing of mortgages intended for sale 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 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, 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 - WAREHOUSE PROVIDER'S LEGAL NAME]** are hereby ratified, approved, and confirmed.

By the [#2 –GOVERNING BODY NAME]

#7 - By: _____

#8 - Name: _____

#9- Title: _____

Form 990ASF

Warehouse Provider
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 _____ ("Warehouse Provider"), a _____ ***(Corporation or Limited Liability Company)*** existing under the laws of _____, and further certify as follows:

1. The Warehouse Provider's federal tax identification number is: _____.

2. 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.

3. 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:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

Name:	**Position/Title:**	**Signature:**
Phone #:	**Fax #:**	**Email:**

4. 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.

5. 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.

6. 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 or addendum hereto, until Warehouse Provider 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 _____, 201__.

By: _____

Typed Name: _____

Title: _____

Notary Acknowledgment

State of _____)
)
County of _____)

The foregoing instrument was acknowledged before me, a Notary Public, on this __ day of _____, 201_,
by _____, a _____ of _____.
(Type/Print Signer's Name) (Type/Print Signer's Title) (Type/Print Warehouse Provider's Name)

Notary Signature: _____

Notary Printed Name: _____

Notary Commission Expires: _____ **(NOTARY SEAL)**

Notary State Registration Number: _____

Instructions: Use this Form 990ASF to add Authorized Persons to the Form 990SF. If this Form is used, it must be completed, signed, notarized, attached to the Form 990SF and delivered to Freddie Mac. The notary acknowledgment may be changed if required by applicable law.

Deliver this original Form 990ASF with the Form 990SF to:

Freddie Mac
Attn: Customer System Setup
Mail Stop A2B

8250 Jones Branch Drive
McLean, VA 22102

Rev. 9-11

Form 996

Warehouse Provider Release and Transfer

This form must be typed by the Seller and delivered to Freddie Mac by the Warehouse Provider.

Please read instructions on page two before completing this form.

Contract number	
Seller/Servicer number	Aggregate UPB of the delivery
Seller's full legal name	

The undersigned, as the authorized representative of the Warehouse Provider, hereby agrees to release and relinquish and transfer and assign to Freddie Mac, any and all right, title or interest, of whatever nature that the Warehouse Provider 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 that evidence payment for such Mortgages that are purchased by Freddie Mac from Seller/Servicer under the purchase contract 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 Purchase Proceeds 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 Provider.

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 Provider 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 Provider full legal name	Warehouse Provider contact
Address	Telephone number
City, state, and zip	
Provide the signature, printed name, and corporate title of the duly authorized individual signing on behalf of the Warehouse Provider.	
Signature of corporate officer	Typed name of corporate officer
Corporate title	Date signed

Security wire instructions – Guarantor 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 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 For attention of: _____	Immediate phone advice to Name: _____ Telephone:

Appendix 1: Schedule of Pledged Mortgages

List Mortgages in Freddie Mac loan number order. If additional space is needed, please indicate the number of additional pages attached below. The Appendix 1 attachments must be clearly identified by Freddie Mac Seller/Servicer number and contract number and attached to this Form 996.

Number of additional appendix pages attached: _____

Freddie Mac Contract Number	Freddie Mac Loan Number	Seller Loan Number	Borrower Name and Property Address	Unpaid Principal Balance
				Total Loans (Notes):

Form 996
Warehouse Provider Release and Transfer

Instructions for Form 996: The Seller must complete the following items. For assistance, please call 800-FREDDIE or your Freddie Mac Representative.

INFORMATION FROM SELLER

Contract number: Freddie Mac contract number

Seller/Servicer number: Seller/Servicer number assigned by Freddie Mac.

Aggregate UPB of this delivery: Unpaid principal balance of all of the Mortgages of this delivery.

Warehouse Provider name: Full legal name of Warehouse Provider.

Address: Street address of Warehouse Provider.

City, state, and zip: City, state, and zip code of Warehouse Provider.

Warehouse Provider contact: Indicate the name of the individual at the Warehouse Provider 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 Provider.

SECURITY WIRE INSTRUCTIONS – Guarantor 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 for the exact telegraphic abbreviation.

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 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 account name.

Account number: Enter the account number of the beneficiary at the depository institution. Contact the depository institution to obtain the account number.

Attention: Enter the specific person, department, or section, if applicable, at the depository institution to 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) nine-digit routing number of the depository institution. Contact the depository institution for this information.

WIRE TRANSFER INSTRUCTIONS – Cash 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: 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 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.

Fax / E-mail Instructions
Fax or e-mail a copy of Form 996 to Freddie Mac – Loan Delivery
PRIMARY
(703) 918-8003 (Fax) / **Cust_Support_996@freddiemac.com** (e-mail)
SECONDARY
(571) 382-4866 (Fax) / **Cust_Service_996@freddiemac.com** (e-mail)

Mailing Instructions
Mail original Form 996 to Freddie Mac – Loan Delivery
8250 Jones Branch Drive
Mailstop A2B
McLean, VA 22102

Form 996E

Warehouse Provider Release and Transfer

Exhibit provided for illustrative purposes only

Seller/Servicer Number:
Seller's Full Legal Name:

Date of Print:
Form 996E ID:

The undersigned, as the authorized representative of the Warehouse Provider, hereby agrees to release and relinquish and transfer and assign to Freddie Mac, any and all right, title or interest, of whatever nature, that the Warehouse Provider may have in those Mortgages listed in Appendix 1: Schedule of Pledged Mortgages, attached to or delivered together with this Form 996E, as of the date and time of the transfer of the Purchase Proceeds that evidence payment for such Mortgages that are purchased by Freddie Mac from Seller/Servicer under the purchase contract or Master Commitment.

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 Purchase Proceeds 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 996E, made a part hereof and applicable to the Warehouse Provider. 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 this signed Form 996E shall legally bind the Warehouse Provider and be as effective, enforceable and valid as if a paper original of this Form 996E containing the undersigned's original signature were delivered to Freddie Mac.

Warehouse Provider Full Legal Name:

Address:

City, state, and Zip:

Warehouse Provider Contact:
Phone #:

Fax #:

SAMPLE

WIRE TRANSFER INSTRUCTIONS – CASH DELIVERY

Two-party transfers

Beneficiary's Bank name:

ABA Number:

Beneficiary's Name (Final):

Beneficiary's Account Number:

Further Instructions

For Attention Of:

Immediate Phone Advice:

Comments:

WIRE TRANSFER INSTRUCTIONS – SECURITIES DELIVERY

Bank's name:

ABA Number:

3rd Party/FRB Subaccount:

4th Party/Further Instructions:

PROVIDE THE SIGNATURE, DATE, NAME AND CORPORATE TITLE OF THE DULY AUTHORIZED INDIVIDUAL SIGNING ON BEHALF OF THE WAREHOUSE PROVIDER.

Signature of Corporate Officer: _____

Date Signed: _____

Name of Corporate Officer: _____

Corporate Title: _____

Fax to: 703-918-8003 (Primary)
571-382-4866 (Secondary)

Email to: **Cust_Support_996@freddiemac.com**
Cust_Service_996@freddiemac.com

OR

Mail to: Freddie Mac – Loan Delivery
8250 Jones Branch Dr., MS A2B
McLean, VA 22102

Form 996E
Warehouse Provider Release and Transfer

Appendix 1: Schedule of Pledged Mortgages

Seller/Servicer Number:
Seller's Full Legal Name:

Date of Print:
Form 996E ID:

#	Freddie Mac Contract Number	Freddie Mac Loan Number	[Seller's Name] Loan Number	Borrower Name	Property Address

Total Loans (Notes):

SAMPLE

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 18, 2013 Single-Family Seller/Servicer Guide ("Guide") snapshot – not an official Guide version, for official Guide requirements see AllRegs® web site. Page F998-2

1-4 Unit Property Inspection Report

Freddie Mac
We make home possible®

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

VIN #_____ Second VIN #, if applicable _____

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	☐ Interior Inaccessible

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 Title		
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	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 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.

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:

_____ _____

_____ _____

_____ _____

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:_____

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
	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 Section 46.2, 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
Settlement Operations
1551 Park Run Drive, Mailstop D5D
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: _____ (if applicable)
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 Chapter 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 Chapter 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 e-mail.

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.**

FREDDIE MAC FORM 1034S (7/12)

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 Chapter 3of 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 Chapter 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 e-mail.

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.

Freddie Mac Form 1034SM (7/12)

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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

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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

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Form 1057SF

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 no.

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

By

(Signature)

Typed name and title

Dated

[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

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Form 1058SF

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 no.

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

By

(Signature)

Typed name and title

Dated

[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 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

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Form 1059SF

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 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 _____

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Form 1060SF

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)

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Form 1065

Report of IRS Form 1099-A and Form 1099-C Filing

See pages 2 through 3 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-C directly 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.

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Form 1066

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)

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Form 1071

Supplemental Accounting Report of SCRA Mortgages

Seller/Servicer Name:
Seller/Servicer Number:

Seller/Servicer Contact name:
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 sustainable 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 above 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 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 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

Servicer Number:_____ **Servicer Name:**_____
Address: _____ **Contact Name:** _____
_____ **Phone Number:**_____

Freddie Mac hereby confirms notification from the above-named Servicer ("Servicer") of the Borrower's election to exercise the Reset Option or Freddie Mac's 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 Chapter A83 of the Freddie Mac *Single-Family Seller/Servicer Guide* ("Guide") beginning with the xx/xx accounting cycle.

Reset Mortgage Accepted by Freddie Mac:

Freddie Mac Loan Number to be Reset: _____

S/S Loan Number: _____

Date of Rate Lock-in: _____

Date of delivery for Form 3293 and other documentation 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: _____

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? _____

Reset Mortgage Principal and Interest Payment Unpaid Principal Balance at Reset Date:

Servicing Spread on Reset Mortgage:

Servicer Acknowledgement:

By Servicer's submission of this Reset Mortgage Confirmation, Servicer acknowledges, certifies and agrees to the terms specified herein, including remittance of the Required Net Yield to Freddie Mac. The Servicer must complete and transmit this form to Freddie Mac at least one Business Day prior to sending the Reset Documents to the Document Custodian holding the Note. Failure to deliver this information by the date required may subject the Servicer to late fees or noncompliance fees as provided in the Guide.

Date of Acknowledgement: _____

NOTE: This document is an exhibit provided for illustrative purposes only. The Form 1074 will automatically be produced when the required data elements above are entered into the Freddie Mac Service Loans application.

EXAMPLE

Freddie Mac
We make home possible℠

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

Occupancy Status
- ❑ Primary Residence
- ❑ Second Home
- ❑ Investment Property

Additional Property Information
Number of Units _____
Sales Price $ _____
Appraised Value $ _____

Property Rights
- ❑ Fee Simple
- ❑ Leasehold

Project Name _____ CPM Project ID# (if any) _____

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

Broker/Correspondent Name and Company Name: _____

Buydown
- ❑ Yes
- ❑ No

Terms _____

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 _____

Freddie Mac

We Open Doors®

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.

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)
Institution Name (not a result of an organizational change), address, fiscal year-end, charter, management, external auditor, affiliates, insurance claims or modifications, or a change not covered elsewhere on the Form 1107SF	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
Failure, bankruptcy, regulatory actions, Warehouse Lender, 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 Business Enterprise": A business:
- More than 50 percent of the ownership or control of which is held by one or more minority individuals; and
- More than 50 percent of the net profit or loss of which accrues to one or more minority individuals.

Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) American or Asian American.

"Women-Owned Business Enterprise": A business:
- More than 50 percent of the ownership or control of which is held by one or more women; and
- More than 50 percent of the net profit or loss of which accrues to one or more women; and
- A significant percentage of the senior management positions of which are held by women.

"Disabled-Owned Business Enterprise": A business:
- Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
- More than 50% of the ownership or control of which is held by one or more persons with a disability; and
- More than 50% of the net profit or loss of which accrues to one or more persons with a disability.

Disability has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 - Interpretive Guidance on Title I of the Americans with Disabilities Act.

Additional categories:

"Service-Disabled Veteran-Owned Business": A business:
- Not less than 51% of which is owned by one or more service-disabled veterans, or in the case of any publicly owned business; not less than 51% of the stock of which is owned by one or more service-disabled veterans; and
- The management and daily business operations of which are controlled by one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, a spouse or permanent caregiver of such veteran.

Service Disabled Veteran has the meaning described by the United States Department of Veterans Affairs at **www.vip.vetbiz.gov**.

"Gay, Lesbian, Bisexual and Transgender-Owned Business Enterprise (GLBT-Owned Business)": A business:
- At least 51% of which is owned, operated, managed and controlled by one or more gay, lesbian, bisexual or transgender persons who are either United States citizens or lawful permanent residents;
- That exercises independence from any non-gay, lesbian, bisexual or transgender-owned business enterprise;
- With its principal place of business (headquarters) in the United States; and
- Formed as a legal entity in the United States.

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]).

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 Servicing Agent arrangements)
Seller/Servicer Name	Date Fiscal Year ends (Month/Day)
Principal office address	Mailing Address (if different from principal office 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)

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/Role	Telephone # ( ) Fax # ( )	Social Security Number
Name	E-mail Address	Date of Birth
Title/Role	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 Servicing Agent arrangements)		
Seller/Servicer Name		Date Fiscal Year Ends (Month/Day)	
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 Servicing Agent arrangements)		
Institution Name		Date Fiscal Year ends (Month/Day)	
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)
Principal office address	Mailing Address (if different from principal office 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/Role	Telephone # ( ) Fax # ( )	Social Security Number
Name	E-mail Address	Date of Birth
Title/Role	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 Servicing Agent? ☐ Yes ☐ No
- In a different location? ☐ Yes ☐ No

If new Servicing Agent or location, provide new address. _____

If new Servicing Agent also provide Seller/Servicer name and number.

_____

_____

- How do you send your investor reporting data to Freddie Mac?
- ☐ Service Bureau ☐ Self-report ☐ Not Servicing loans
- If you self-report, how do you transmit your data?
  ☐ Freddie Mac Service Loans Application ☐ GCS ☐ Other _____

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 Business Enterprise
- ☐ Black or (African) American
- ☐ Native Americans (or American Indian)
- ☐ Hispanic (or Latino American)
- ☐ Asian-American

☐ Disabled-Owned
☐ Women-Owned

Additional Categories:
☐ Service-Disabled Veteran-Owned
☐ GLBT-Owned
☐ Community-oriented lending institution

☐ None of the above

Certifying Organization:
☐ United States Government Agency
☐ Local Government Agency
☐ State Government Agency
☐ Minority Council or Organization
☐ Self-Certification
☐ Other_____

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 Servicing Agent arrangements)	
Seller/Servicer Name		Date Fiscal Year Ends (Month/Day)
Principal office address	Mailing Address (if different from principal office 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/Facility Changes (List Type of Change)	Date of Change
☐ Name of Lender ☐ Address of Lender ☐ Lender Contact Phone Number ☐ Lender TIN/EIN ☐ Type (Warehouse Loan, Traditional Repurchase, Gestation Line, Other) ☐ Commitment Amount ☐ Commitment Effective Date ☐ Commitment Expiration Date	
Name of Warehouse Lender	
Explanation of change	

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	

The Seller/Servicer must deliver this Form 1107SF, including any other required or supplemental documents, by one of the following alternative methods below ("Options"):

1. **Paper original.** The Seller/Servicer may have its duly authorized representative complete a paper Form 1107SF and sign it in writing and deliver it to Freddie Mac.

2. **Electronic Record using Freddie Mac web site**. The Seller/Servicer may have its duly authorized representative go to **http://www.freddiemac.com/singlefamily/doingbusiness/acctmaintain.html** on the Internet and locate the Form 1107SF, complete it, sign it and submit it electronically.

3. **Facsimile (fax) copy by fax transmission**. The Seller/Servicer may have its duly authorized representative complete the paper Form 1107SF, sign it in writing and transmit it using a fax machine to Freddie Mac at a designated fax telephone number.

4. **Scanned copy by Internet e-mail transmission**. The Seller/Servicer may have its duly authorized representative complete a paper Form 1107SF, sign it in writing, scan it into a standard document format (PDF, TIF, JPEG, etc.) attach it to an e-mail and send the e-mail and attached copy of the Form 1107SF to **institutional_eligibility@freddiemac.com,** Freddie Mac's e-mail address.

Applicable to Option 2 above: If the Seller/Servicer chooses to execute and deliver this Form 1107SF electronically under Option 2 above, the Seller/Servicer's duly authorized representative agrees as follows: As the duly 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 electronically sign this Electronic Form 1107SF on behalf of the Seller/Servicer using an Electronic Signature; (iii) bound the Seller/Servicer to the truthfulness, completeness and accuracy of the information contained in the Form 1107SF in the same manner that the Seller/Servicer would be bound had I completed and signed paper Form 1107SF in writing and delivered it to Freddie Mac; and (iv) submitted and delivered this Electronic Form 1107SF to Freddie Mac with my Electronic Signature attached hereto and logically associated herewith.

Applicable to Options 3 and 4 above: If the Seller/Servicer chooses to execute and deliver this Form 1107SF electronically under Option 3 or 4 above, the Seller/Servicer's duly authorized representative agrees as follows: As the duly authorized representative of the Seller/Servicer, I agree that by executing a paper original Form 1107SF and either transmitting a fax copy to Freddie Mac or scanning the paper original and e-mailing the scanned copy to Freddie Mac, I have: (i) adopted the copy or representation of my written signature as it appears on the fax copy or the scanned copy of the Form 1107SF, as my Electronic Signature; (ii) electronically signed and intended to electronically sign the fax copy or scanned copy of the Form 1107SF on behalf of the Seller/Servicer using an Electronic Signature; (iii) bound the Seller/Servicer to the truthfulness, completeness and accuracy of the information contained in the fax copy or scanned copy of the Form 1107SF in the same manner that the Seller/Servicer would be bound had I completed and signed a paper Form 1107SF in writing and delivered it to Freddie Mac; and (iv) submitted and delivered this Electronic Form 1107SF to Freddie Mac, with my Electronic Signature attached hereto and/or logically associated herewith.

Applicable to all Options above: The undersigned hereby certifies that the information set forth in this Form 1107SF, and any accompanying documentation, is true, complete and correct. The undersigned understands and acknowledges that any misrepresentation or omission constitutes cause for suspension or disqualification to sell Mortgages to and service Mortgages for Freddie Mac and may be cause for Freddie Mac to pursue other available remedies.

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"

Freddie Mac
We make home possible®

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
- ☐ Step Rate

Modified Mortgage
- ☐ Standard Modification
- ☐ Home Affordable Modification
- ☐ Cap-to-Reinstate
- ☐ Rate Change
- ☐ Step Rate
- ☐ Term Extension
- ☐ 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 *(optional)*	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 (Modification Effective 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 of the modification and compliance with all relevant Guide requirements, and that the Servicer will be liable for any errors in the information submitted in this transmittal.

LOSS MITIGATION TRANSMITTAL WORKSHEET
INSTRUCTIONS FOR MORTGAGES MODIFIED UNDER THE CLASSIC MODIFICATION

(PROGRAM EXPIRES DECEMBER 31, 2011 - FINAL SETTLEMENTS DUE BY FEBRUARY 28, 2012 AND LMTW SUBMISSIONS BY MARCH 6, 2012)

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 Mortgage or an 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 *(optional)*	Calculate 1/12th of the annual escrow amounts for real estate taxes, hazard insurance premiums and mortgage insurance premiums. **NOTE:** This field is not required for settlement purposes and is optional input to reflect the full payment amount that will be collected from the Borrower. This field does not affect your remittance due to Freddie Mac. You may, however, need this information for workout decisioning purposes.
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 (UPB) 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) provided the premodified Note Rate is fixed during the delinquency period and the UPB has not declined due to principal payments being posted during the delinquency period. If the Note is an ARM or principal payments are posted against the Borrower's account, interest must be calculated to reflect the aggregate sum of 1/12th of the interest rate in effect during each month of the delinquency period (from the DDLPI to the effective date of the loan modification (Line 6)) multiplied by the UPB at the beginning of each month during the delinquency period.
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 Loss Mitigation Transmittal Worksheet ("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 *(optional)*	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.) **NOTE:** This field is not required for settlement purposes and is optional input to reflect the full payment amount that will be collected from the Borrower. This field does not affect your remittance due to Freddie Mac. You may, however, need this information for workout decisioning purposes.
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 (Modification Effective 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.

MODIFICATION DATA	
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
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. If the Note is an ARM, delinquent interest must be calculated using the interest rate in effect during each month of the delinquent period to account for any ARM adjustments to the interest rate. You must calculate the interest that you enter on Line 11 as follows: For a Fixed Rate Note without principal payments during the delinquency period, (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) For an ARM Note or for any Note when principal payments are posted, interest must be calculated to reflect the aggregate sum of 1/12th of the interest rate in effect during each month of the delinquency period (from the DDLPI to the effective date of the loan modification (Line 6)) multiplied by the UPB at the beginning of each month during the delinquency period. **Example for a Fixed Rate Note without Principal Payments:** 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.
11) Continued	**Example for an Adjustable Rate Change without Principal Payments:** DDLPI - 4/1/2010 UPB = $100k Eff Date of Modification Int Rate Change = 10/1/2010 Existing Note Rate = 6% from 4/1/2010 to 6/1/2010 and 7% from 7/1/2010 to the Modified Interest Rate Change effective date Number of months from DDLPI to Eff date of mod = 6 (3 months at 6% and 3 months at 7%) $100k x 6% / 12 x 3 = $1,500 plus $100k x 7% / 12 x 3 = $1,750 In this example, $3,250 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

MODIFICATION DATA		
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.

LOSS MITIGATION TRANSMITTAL WORKSHEET INSTRUCTIONS FOR MORTGAGES MODIFIED UNDER THE FREDDIE MAC STANDARD MODIFICATION

These instructions will help you fill out the Loss Mitigation Transmittal Worksheet ("LMTW") specifically for Mortgages modified under Freddie Mac's Standard Modification ("Standard Modification") requirements. The LMTW must be submitted to Freddie Mac for each Standard Modification 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, the terms reported to Freddie Mac via Workout Prospector® and Electronic Default Reporting (EDR) and the terms approved by Freddie Mac for a non-delegated/negotiated Standard Modification.

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 Standard Modification checkbox. In addition, check all other modified terms that apply.
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.
Interest Rate Adjustment Schedule	Unless otherwise approved, not applicable for Standard Modifications.

MODIFICATION DATA

1) Modified Note Rate	Enter the interest rate on the modified Mortgage. Note: Unless otherwise approved, this should be 5.00%.
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.
4) Escrow Payment *(optional)*	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 B65.21 for additional information on escrow.) **NOTE:** This field is not required for settlement purposes and is optional input to reflect the full payment amount that will be collected from the Borrower. This field does not affect your remittance due to Freddie Mac. You may, however, need this information for workout decisioning purposes.
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.

7)	First Payment Due Date (Modification Effective Date)	Enter the due date of the First Modified Payment also known as the Modification Effective Date. The Modification Effective Date is 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, 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. Note: The effective date of the modification interest rate change occurs one month prior to the first payment due date/the Modification Effective Date, as 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 month prior to the first payment due date.
8)	Term of Modification (Months)	Enter the term of the modified Mortgage in months. Note: Unless otherwise approved, this should be 480 months.
9)	Maturity Date	Enter the Maturity Date of the modified Mortgage.
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
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. If the Note is an ARM or a Step-Rate Mortgage (e.g., previously modified under HAMP), delinquent interest must be calculated using the interest rate in effect during each month of the delinquent period to account for any ARM or step adjustments to the interest rate. You must calculate the interest that you enter on Line 11 as follows: For a Fixed Rate Note without principal payments during the delinquency period, (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) For an ARM Note or for any Note when principal payments are posted, interest must be calculated to reflect the aggregate sum of 1/12th of the interest rate in effect during each month of the delinquency period (from the DDLPI to the effective date of the loan modification (Line 6)) multiplied by the UPB at the beginning of each month during the delinquency period. **Example for a Fixed Rate Note without Principal Payments:** 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.
11)	Continued	**Example for an Adjustable Rate Change without Principal Payments:** DDLPI - 4/1/2010 UPB = $100k Eff Date of Modification Int Rate Change = 10/1/2010 Existing Note Rate = 6% from 4/1/2010 to 6/1/2010 and 7% from 7/1/2010 to the Modified Interest Rate Change effective date Number of months from DDLPI to Eff date of mod = 6 (3 months at 6% and 3 months at 7%) $100k x 6% / 12 x 3 = $1,500 plus $100k x 7% / 12 x 3 = $1,750 In this example, $3,250 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 B65.23 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 B65.23 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 B65.23 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 makes to reduce the amounts that would otherwise be capitalized.
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.
20)	Interest Bearing Modified UPB	Line 15 minus the sum of Lines 16 thru 19.
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.

Freddie Mac
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Form 1130

Balloon/Reset Mortgage Exception Transmittal

PART A – SERVICER INFORMATION	
Preparer's Name (printed or typed):	**Date Prepared (MM/DD/YYYY)** _____
Seller/Servicer Name:	**Seller/Servicer No.:** /___/___/___/___/___/___/___/
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 condition 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 payments are now delinquent. Attach a 12-month payment history.
☐	Other (explain)

PART D – EXPLANATION/RECOMMENDATION

Instructions for Balloon/Reset Mortgage Exception Transmittal	
Form 1130 Submission	**The Form 1130 is due to Freddie Mac within 24 hours after the Servicer has submitted disposition code "P" via the *Balloon/Reset Disposition Reporting* function in the Freddie Mac Service Loans application.** **This form must be:** ■ **E-mailed to your investor reporting specialist at Balloon_Loans@freddiemac.com, or** ■ **Faxed to your investor reporting specialist at 571-382-4888**

Freddie Mac
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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 and may not begin with a “5”; 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: 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: _____
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

Form 1200
Reimbursement System User Setup Form

Servicer Name	
Seller/Servicer Number	
Additional Servicer Family Numbers	
SubServicer Relationship Servicer Numbers (if applicable)	
Payee/Vendor Number	
Tax ID Number	
Tax ID Type	◉ Corporation ○ Limited Liability Company ("LLC") ○ Partnership ○ Sole Proprietorship

The initial Freddie Mac Reimbursement System User Setup Form ("User Setup Form") delivered to Freddie Mac **must be signed by Servicer's officer who is a Vice President or more senior level officer** ("Officer") and assign Servicer's employees to the System Administrator and Billing Contact roles. Subsequent User Setup Forms must be signed by either the Officer or other employee who has been (and currently is) assigned to the user role of System Administrator. Servicer represents, warrants and covenants that each Officer, or employee assigned to the user role of System Administrator, is duly authorized by Servicer to: (i) Assign employees to the user role of System Administrator and/or other user roles, (ii) Receive and distribute the System Administrator user identification codes ("User IDs") and passwords, and (iii) Add, delete or change Authorized Users within the User Maintenance Module of the Reimbursement System. All pages of this User Setup Form are hereby designated to be a Purchase Document.

Officer Name			
System Administrator/Primary Contact		**Billing Contact**	
First Name		**First Name**	
Middle Initial		**Middle Initial**	
Last Name		**Last Name**	
Title		**Title**	
Phone Number		**Phone Number**	
Extension		**Extension**	
Fax number		**Fax number**	
E-Mail		**E-Mail**	
Mailing Address		**Mailing Address**	
Address Line 2		**Address Line 2**	
City		**City**	
State		**State**	
Zip		**Zip**	

As the authorized employee of Servicer, I hereby agree that: (i) I am duly authorized by Servicer to identify and assign employees to the roles above and sign this User Setup Form; (ii) Servicer will comply with all requirements herein and in the Guide; (iii) Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Guide; and (iv) A faxed or scanned copy of this User Setup Form with a copy or representation of my written signature attached thereto or associated therewith, is as binding, valid and enforceable as an original User Setup Form signed by me in writing.

Officer must sign and submit this User Setup Form to add, delete, or change the System Administrator or Billing Contact.

Authorized Signature: _____ **Printed Name:** _____

Title: _____ **Date:** _____

Please return completed information to Reimbursement_System_Setup@Freddiemac.com or fax it to 571-382-4919.

Freddie Mac
We make home possible®

Form 1205

Post-Settlement Adjustment Request

Instructions for completing this form are on page 2.

Complete this section for all requests.						Complete this section for Liquidations.						Complete this section for Modifications.											
Provide this information:						Provide this Information:		Specify the correct value(s):				Provide this information:					Specify the correct value(s):						
Line	Freddie Mac 9-Digit Loan #	Servicer Loan #	Transaction Type Charge Off, Short Sale, Third Party Sale, Modification	Accounting Cycle Freddie Mac Settled the Workout	Servicer's Analysis: Cause of Error	$ Total Amount Posted in Detail Adjustment Report	$ Amount Reflected in Servicer's Record	Actual DDLPI	Unpaid Balance	Adjusted Net Yield (ANY)	Exception Date	Loan Modification Capitalized Interest Adjustment Posted To DAR	Misc. Interest Adjustment Posted In DAR	Capitalized Amount Based On Servicer's Records	Misc. Interest Calculation Based On Servicer's Records	Maturity Date	Modification Note Rate	Adjusted Net Yield (ANY)	Gross UPB	Interest Bearing UPB	Deferred UPB	Super ARC Payments to be Capitalized	Attachment(s)
	Required	Optional	Required	Required	Required	Required	Required	Required	Required	Required	Required	Required	Required	Required	If applicable	Required	Required	Required	Required	Required	Required	If applicable	
1																							
2																							
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INSTRUCTIONS FOR COMPLETING FORM 1205, POST-SETTLEMENT ADJUSTMENT REQUEST

Instructions	
Field Name	**Data Comments**
Complete this section for **all** requests.	
Freddie Mac Loan # **(Required)**	The 9-digit loan number assigned by Freddie Mac
Servicer Loan # **(Optional)**	The number associated with the loan assigned in the Servicer's system. The Servicer loan number is not needed by Freddie Mac in order to research DAR discrepancy.
Transaction Type	Enter C (Charge-off), S (Short Sale), T (Third Party Sale), or M (Modification)
Accounting Cycle Freddie Mac Settled the Workout	
Servicer's Analysis: Cause of Error **(Required)**	Explanation of the root cause of the error. **Examples:** * What is the Due Date of Last Paid Installment (DDLPI) report date? * Were there incorrect proceeds on the HUD-1? Provide any necessary supporting documentation and ensure the documents are marked 'Post Settlement Research Request'.
Complete the next 6 fields only for **Liquidations**-related requests.	
$ Total Amount Posted in Detail Adjustment Report	Record exactly as the amount is posted in the DAR, including ( ) for negative amounts
$ Amount Reflected in Servicer's Records	Record dollar amount due as reflected in your records, including ( ) for negative amounts
Actual Due Date of Last Paid Installment (DDLPI)	Provide the correct DDLPI.
Unpaid Balance (UPB)	Provide the correct UPB.
Adjusted Net Yield (ANY)	Provide the correct ANY.
Actual Exception Date	Provide the correct date; this could also be the payoff date or foreclosure sale date for third party sales.
Complete the next 11 fields only for **Modification**-related requests.	
Loan Modification Capitalized Interest Adjustment Posted To DAR	Provide the correct amount as reflected on the DAR report.
Misc. Interest Adjustment Posted In DAR	Provide the correct amount as reflected on the DAR report.
Capitalized Amount Based On Servicer's Records	Provide correct amount as reflected on the post-settlement LMTW.
Misc. Interest Calculation Amount Based On Servicer's Records	Provide correct amount. Required, if request concerns a Super ARC.
Gross UPB	Provide the correct amount based on the post-settlment LMTW.
Interest Bearing UPB	Provide the correct amount based on the post-settlment LMTW.
Non Interest Bearing UPB	Provide the correct amount based on the post-settlment LMTW.
Maturity Date	Provide the correct date as reflected on the post-settlement LMTW.
Modification Note Rate	Provide the correct rate as reflected on the post-settlement LMTW.
Adjusted Net Yield (ANY)	Provide the correct ANY as reflected on the post-settlement LMTW.
Super ARC Payments to be Capitalized	If request concerns a Super ARC: provide the correct amount of payments to be capitalized.
Additonal Instructions	

Attachments	**Provide the following documentation to support each requested item:** **All Liquidations:** - Copy of proceeds check or wire - HUD-1 (for Short Sales) **Modifications:** - Copy of the post-settlement LMTW labeled "LMTW for Post-Settlement Research Request" - Optional: copy of the Modification agreement

Freddie Mac
We make home possible®

Form 1206
Freddie Mac Extended Unemployment Forbearance Request

INSTRUCTIONS

Pursuant to Guide Section A65.28, Servicers must submit a completed Form 1206 along with required documentation listed in Guide Section A65.28(f) to Freddie Mac for review of an extended unemployment forbearance. Servicers may e-mail the information to **npl_rcs@freddiemac.com** or fax it to (703) 880-0113.

PART A: SERVICER INFORMATION	
Servicer	
Preparer's Name	
Preparer's Phone Number	
Preparer's Fax Number	
Preparer's E-mail Address	
PART B: LOAN INFORMATION	
Freddie Mac Loan Number	
Servicer Loan Number	
Borrower Name	
Co-Borrower Name	
Property Address	
Property Type (owner-occupied, non-owner occupied, vacant)	
Borrower's Previous Monthly Income	$0.00
Borrower's Current Monthly Income (excluding unemployment benefits)	$0.00
Co-Borrower's Previous Monthly Income	$0.00
Co-Borrower's Current Monthly Income	$0.00
Date Response Package Received	MM/DD/YYYY
Short-term Forbearance Payment (if applicable)	$0.00
PART C: LOAN TERMS	
Interest Bearing Unpaid Principal Balance (UPB)	$0.00
Non-interest Bearing UPB (if applicable)	$0.00
Delinquent Interest	$0.00
Escrow Advances	$0.00
Interest Rate	0.000
Monthly Principal & Interest Payment	$0.00
Monthly Taxes & Insurance (pro rata regardless of whether escrowed or non-escrowed, include mortgage insurance, if applicable)	$0.00
Monthly Escrow Shortage Payment (if applicable)	$0.00
Monthly Homeowners Association Dues, Condominium Unit or Cooperative Maintenance Fees and Ground Rent,(if applicable)	$0.00
Due Date of Last Paid Installment (DDLPI)	MM/DD/YYYY
DDLPI at the End of Proposed Forbearance	MM/DD/YYYY
Current Monthly Housing Expense-to-Income Ratio (Refer to Guide Section A65.28(a) for components of the monthly housing expense.)	0.00%
Is the Mortgage Currently in a Trial Period?	☐ Yes ☐ No
Foreclosure Sale Date (if applicable)	MM/DD/YYYY
PART D: APPROVED/REJECTED FORBEARANCE TERMS (INTERNAL USE ONLY)	
Approved/Rejected	☐ Approved ☐ Rejected
Monthly Forbearance Payment Amount (if applicable)	☐ Approved ☐ Rejected
Forbearance Term	
Date	

Form 1207

Mortgage Insurance Information Disclosure Agreement

DATE: _____
TO: [Insert Mortgage Insurance Company Name] _____
ADDRESS: _____

The undersigned Seller and/or Servicer ("Seller/Servicer") of Mortgages now or hereafter sold to and/or serviced on behalf of Freddie Mac, on behalf of itself and its subsidiaries, affiliates and their respective successors (including any Servicer to whom Servicing of such Mortgages may be transferred), hereby instructs the mortgage guaranty insurance company identified above and its affiliated insurance companies (collectively and individually, "MI") to provide to Freddie Mac any and all information, data and materials concerning any or all Freddie Mac Mortgages insured by, or that may be insured by, MI and sold to and/or serviced by Seller/Servicer, upon request by Freddie Mac. Such information may include, without limitation, information, data and materials regarding the origination and Servicing of such Mortgages, Borrowers, properties, mortgage insurance coverage and claim information and any other information related to such Freddie Mac Mortgages as Freddie Mac may request in writing, regardless of whether the MI generated such information itself or obtained it from the Seller/Servicer or from a third party (collectively, "Information").

These instructions are being made in accordance with the requirements of Freddie Mac's *Single-Family Seller/Servicer Guide* and shall be effective as of the date set forth above or, if left blank, the date that these instructions are received by MI. These instructions are irrevocable for so long as such Freddie Mac Mortgages are insured by MI and serviced on behalf of Freddie Mac.

Disclosure of Information by MI to Freddie Mac pursuant to these instructions shall not require any notice to or further consent of Seller/Servicer and shall be deemed to be made in compliance with and permitted by the terms of any confidentiality obligations, mortgage guaranty insurance policies, or other agreements now or hereafter in effect between Seller/Servicer and MI. In addition, the MI need not confirm with Seller/Servicer that mortgages for which Freddie Mac requests data are Freddie Mac Mortgages.

Seller/Servicer agrees to hold harmless and indemnify MI, its successors and assigns, against any and all claims, and related costs and expenses, resulting from the MI's disclosure of information to Freddie Mac pursuant to these instructions.

Pursuant to Section 61.9, Seller/Servicers must return a copy of this form, fully executed by both the applicable MI and the Seller/Servicer, to Freddie Mac at **MI_Questions@Freddiemac.com**.

Seller/Servicer Name	
Seller/Servicer's Master Policy Number (issued by MI)	
Authorized Seller/Servicer Signature	
Officer/Principal Name	
Officer/Principal Title	
Seller/Servicer Address	

Acknowledged by MI:

_____

(Authorized Signature)

_____

(Print Name)

Title: _____

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 $.

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 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

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

Exterior-Only Inspection 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 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.

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 _____

Freddie Mac
We make home possible®

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 analysis.

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.)

Directory (11/09/12)

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; the bold directory numbers in the Guide text match the numbers associated with the various Freddie Mac offices identified in 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 (09/24/13)

***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	policy_communications@freddiemac.com
***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

Guide Reference	Attention Line	Telephone, Fax Numbers and E-mail Addresses
**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
***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
*50.2(b)	Attn SF Seller/Servicer Guide Copyright	policy_communications@freddiemac.com
***53.8(b)	Attn Corporate Compliance	privacy_inquires@freddiemac.com
53.8(c)	Notice of OFAC SDN List Match	corporate_compliance@freddiemac.com
***53.9	Attn Legal, MS 210	(not applicable)
***53.14	Attn Legal	(not applicable)
***57.3	Attn Institutional Investigations, MS 263	T: (800) 437-2838 Fraud Hotline F: (571) 382-4883 mortgage_fraud_reporting@freddiemac.com
69.3(b)	Attn Legal	Legal_SSF_Support@freddiemac.com
69.12(a) 69.13(a)	Attn Legal	Legal_Escalations@freddiemac.com
***72.2	Attn Repurchase	F: (571) 382-4877 repurchase@freddiemac.com
**77.12	Attn Counterparty	T: (571) 382-3434

Guide Reference	Attention Line	Telephone, Fax Numbers and E-mail Addresses
**79.14	Credit Risk Management	Option 2 F: (866) 743-0087

Directory 2: All Customers (12/01/11)

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) 903-2036
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: (312) 407-7475

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

Guide Reference	Attention Line	Telephone and Fax Numbers
48.6	Attn Quality Control	(see above)
48.10		

Directory 3: All Customers (09/24/13)

***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
***51.4	Attn Investor Reporting Department Single-Family Transfers of Servicing, MS B13	T: (703) 714-4324 or (703) 714-3205 F: (571) 382-4886 TOS@freddiemac.com
***55.3	Attn Corporate Tax / Form 1065, MS B2B	T: (703) 714-3601
***55.3.1		
***56.3	Attn Investor Reporting Department Single-Family Transfers of Servicing, MS B3F	T: (703) 714-3018 or (703) 714-3205 F: (571) 382-4886 TOS@freddiemac.com
77.22	Attn Investor Reporting Specialist, MS B13	Call your investor reporting specialist or T: (800) FREDDIE
**77.31	Attn (800) FREDDIE / Customer Support, MS A2B	T: (800) FREDDIE

Guide Reference	Attention Line	Telephone, Fax Numbers and E-mail Addresses
***78.22.1 (Form 1071)	Attn Investor Reporting Specialist, MS B13	Call your investor reporting specialist or T: (800) FREDDIE
***78.33 (Form 1071 and Form 105)		
***82.4 (Form 1066 and Form 1071)		
***82.7 (Form 1071)		
***82.9		
***82.10 (Form 1071)		

Directory 4: All Customers (03/19/12)

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	

Directory 5: All Customers (10/18/13)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
8200 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
51.3	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
51.7	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
58.9	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
58.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
59.1	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
60.1	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
60.5	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
64.8	Attn Nonperforming Loans	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
64.10	Attn EDR Reporting	EDR@freddiemac.com	
65.26	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
A65.1 A65.4 A65.9 A65.17 A65.25 A65.28 B65.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.25	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.30	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.33	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.36	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
B65.41	Attn Settlement Attn Charge-off Recovery Attn JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn Freddie Mac / 93434	NPL_Settlement@freddiemac.com Charge-off_DAR_Reconciliation@freddiemac.com	F: (571) 382-4910 F: (571) 382-4791
B65.43	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.48	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.50	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
B65.51	Attn File Preparation	Distressed_Property@freddiemac.com	F: (571) 382-4933
B65.53	Attn Special Asset Unit, MS B3G Attn Charge-off Recovery	NPL_Recovery@freddiemac.com (to send documentation related to the approved charge-off) NPL_Recovery@freddiemac.com (to send a copy of the recorded assignment of the Security Instrument) Charge-off_DAR_Reconciliation@freddiemac.com (for reporting any discrepancies between the Servicer's records and the amount on the DAR)	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
66.12	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.12.1 66.13	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.14	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.16	Attn Foreclosure	Foreclosures@freddiemac.com	
66.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
66.28	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.29	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.33	Attn Foreclosure	NPL_Invoices@freddiemac.com	
66.39	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.42	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.45	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.48 66.49 66.52.1	Attn Deficiency Recovery	NPL_Recovery@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
66.56	Attn Default Data Reporting Attn Loss Mitigation	Reo_Rollback_Request@freddiemac.com (to inform Freddie Mac of situations where the Servicer has reported the foreclosure sale results to Freddie Mac and later learned that the sale is void or invalid, or that an alternative to foreclosure was approved prior to the foreclosure sale date)	
66.58	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.60	Attn Foreclosure	Foreclosures@freddiemac.com	
66.61	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.62	Attn Charge-off Recovery	Charge-off_DAR_Reconciliation@freddiemac.com	
A66.8	Attn Foreclosure	Frefcl_data@freddiemac.com	
67.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.13	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.18	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.19	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
67.21	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.22		Distressed_Property@freddiemac.com	
67.23		Distressed_Property@freddiemac.com	
67.24		Distressed_Property@freddiemac.com	
67.25		Distressed_Property@freddiemac.com	
67.27	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
68.2	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	
68.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	
70.5	Attn FHA/VA/RHS Expense Reimbursement MS 384	government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	F: (703) 738-2422
71.28	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
71.29	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
82.2 82.4	Attn Nonperforming Loans Military Relief		F: (571) 382-4791
	Attn Foreclosure	Foreclosures@freddiemac.com (for approval to initiate foreclosure against a service member who has been released from active duty)	F: (703) 714-4856

Directory 5: All Customers (Future effective date 01/10/14)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
8200 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
51.3	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
51.7	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
58.9	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
58.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
59.1	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
60.1	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
60.5	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
64.8	Attn Nonperforming Loans	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
64.10	Attn EDR Reporting	EDR@freddiemac.com	
65.26	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
A65.1 A65.4 A65.9 A65.17 A65.25 A65.28 B65.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.25	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.30	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
B65.33	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.36	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.41	Attn Settlement Attn Charge-off Recovery Attn JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn Freddie Mac / 93434	NPL_Settlement@freddiemac.com Charge-off_DAR_Reconciliation@freddiemac.com	F: (571) 382-4910 F: (571) 382-4791
B65.43	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.48	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.50	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
B65.51	Attn File Preparation	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
B65.53	Attn Special Asset Unit, MS B3G Attn Charge-off Recovery	NPL_Recovery@freddiemac.com (to send documentation related to the approved charge-off) NPL_Recovery@freddiemac.com (to send a copy of the recorded assignment of the Security Instrument) Charge-off_DAR_Reconciliation@freddiemac.com (for reporting any discrepancies between the Servicer's records and the amount on the DAR)	F: (571) 382-4933
66.9.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.12	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.12.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.14	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.16	Attn Foreclosure	Foreclosures@freddiemac.com	
66.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
66.28	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.29	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.33	Attn Foreclosure	NPL_Invoices@freddiemac.com	

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
66.39	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.42	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.45	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.48 66.49 66.52.1	Attn Deficiency Recovery	NPL_Recovery@freddiemac.com	F: (571) 382-4933
66.56	Attn Default Data Reporting Attn Loss Mitigation	Reo_Rollback_Request@freddiemac.com (to inform Freddie Mac of situations where the Servicer has reported the foreclosure sale results to Freddie Mac and later learned that the sale is void or invalid, or that an alternative to foreclosure was approved prior to the foreclosure sale date)	
66.58	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.60	Attn Foreclosure	Foreclosures@freddiemac.com	
66.61	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.62	Attn Charge-off Recovery	Charge-off_DAR_Reconciliation@freddiemac.com	
A66.8	Attn Foreclosure	Frefcl_data@freddiemac.com	
67.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.13	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
67.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.18	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.19	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.21	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.22		Distressed_Property@freddiemac.com	
67.23		Distressed_Property@freddiemac.com	
67.24		Distressed_Property@freddiemac.com	
67.25		Distressed_Property@freddiemac.com	
67.27	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
68.2	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	
68.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	
70.5	Attn FHA/VA/RHS Expense Reimbursement MS 384	government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	F: (703) 738-2422

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
71.28	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
71.29	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
82.2 82.4	Attn Nonperforming Loans Military Relief Attn Foreclosure	 Foreclosures@freddiemac.com (for approval to initiate foreclosure against a service member who has been released from active duty)	F: (571) 382-4791 F: (703) 714-4856

Directory 5: All Customers (Future effective date 03/17/14)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
8200 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**
51.3	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
51.7	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
58.9	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
58.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
59.1	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
60.1	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
60.5	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
64.8	Attn Nonperforming Loans	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
64.10	Attn EDR Reporting	EDR@freddiemac.com	
65.26	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
A65.1 A65.4 A65.9 A65.17 A65.25 A65.28 B65.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.25	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.30	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.33	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.36	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.41	Attn Settlement Attn Charge-off Recovery Attn JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn Freddie Mac / 93434	NPL_Settlement@freddiemac.com Charge-off_DAR_Reconciliation@freddiemac.com	F: (571) 382-4910 F: (571) 382-4791
B65.43	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.48	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.50	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
B65.51	Attn File Preparation	Distressed_Property@freddiemac.com	F: (571) 382-4933
B65.53	Attn Special Asset Unit, MS B3G Attn Charge-off Recovery	NPL_Recovery@freddiemac.com (to send documentation related to the approved charge-off) NPL_Recovery@freddiemac.com (to send a copy of the recorded assignment of the Security Instrument) Charge-off_DAR_Reconciliation@freddiemac.com (for reporting any discrepancies between the Servicer's records and the amount on the DAR)	F: (571) 382-4933
66.9.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.12	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.12.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.14	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.16	Attn Foreclosure	Foreclosures@freddiemac.com	
66.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
66.28	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
66.29	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.33	Attn Foreclosure	NPL_Invoices@freddiemac.com	
66.45	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.48 66.49 66.52.1	Attn Deficiency Recovery	NPL_Recovery@freddiemac.com	F: (571) 382-4933
66.56	Attn Default Data Reporting Attn Loss Mitigation	Reo_Rollback_Request@freddiemac.com (to inform Freddie Mac of situations where the Servicer has reported the foreclosure sale results to Freddie Mac and later learned that the sale is void or invalid, or that an alternative to foreclosure was approved prior to the foreclosure sale date)	
66.58	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.60	Attn Foreclosure	Foreclosures@freddiemac.com	
66.61	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.62	Attn Charge-off Recovery	Charge-off_DAR_Reconciliation@freddiemac.com	
A66.8	Attn Foreclosure	Frefcl_data@freddiemac.com	
67.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
67.13	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.18	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.19	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.21	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.22		Distressed_Property@freddiemac.com	
67.23		Distressed_Property@freddiemac.com	
67.24		Distressed_Property@freddiemac.com	
67.25		Distressed_Property@freddiemac.com	
67.27	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
68.2	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	
68.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	
70.5	Attn FHA/VA/RHS Expense Reimbursement MS 384	government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	F: (703) 738-2422

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
71.28	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
71.29	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
82.2 82.4	Attn Nonperforming Loans Military Relief Attn Foreclosure	 Foreclosures@freddiemac.com (for approval to initiate foreclosure against a service member who has been released from active duty)	F: (571) 382-4791 F: (703) 714-4856

Directory 5: All Customers (Future effective date 06/01/14)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
8200 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**
51.3	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
51.7	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
58.9	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
58.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
58.12	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
59.1	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
60.1	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
60.5	Attn Mortgaged Premises Issues	NPL_Mortgaged_Premises@freddiemac.com	F: (571) 382-4916
64.8	Attn Nonperforming Loans	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
64.10	Attn EDR Reporting	EDR@freddiemac.com	
65.26	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
A65.1 A65.4 A65.9 A65.17 A65.25 A65.28 B65.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.25	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.30	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.33	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.36	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.41	Attn Settlement Attn Charge-off Recovery Attn JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn Freddie Mac / 93434	NPL_Settlement@freddiemac.com Charge-off_DAR_Reconciliation@freddiemac.com	F: (571) 382-4910 F: (571) 382-4791
B65.43	Attn File Preparation	NPL_File_Prep@freddiemac.com	F: (571) 382-4914
B65.48	Attn Settlement	NPL_Settlement@freddiemac.com	F: (571) 382-4910
B65.50	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
B65.51	Attn File Preparation	Distressed_Property@freddiemac.com	F: (571) 382-4933
B65.53	Attn Special Asset Unit, MS B3G Attn Charge-off Recovery	NPL_Recovery@freddiemac.com (to send documentation related to the approved charge-off) NPL_Recovery@freddiemac.com (to send a copy of the recorded assignment of the Security Instrument) Charge-off_DAR_Reconciliation@freddiemac.com (for reporting any discrepancies between the Servicer's records and the amount on the DAR)	F: (571) 382-4933
66.9.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.12	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.12.1	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.14	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.16	Attn Foreclosure	Foreclosures@freddiemac.com	
66.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
66.28	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
66.29	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
66.33	Attn Foreclosure	NPL_Invoices@freddiemac.com	
66.45	Attn Foreclosure	Foreclosures@freddiemac.com	F: (703) 714-4856
66.48 66.49 66.52.1	Attn Deficiency Recovery	NPL_Recovery@freddiemac.com	F: (571) 382-4933
66.56	Attn Default Data Reporting Attn Loss Mitigation	Reo_Rollback_Request@freddiemac.com (to inform Freddie Mac of situations where the Servicer has reported the foreclosure sale results to Freddie Mac and later learned that the sale is void or invalid, or that an alternative to foreclosure was approved prior to the foreclosure sale date)	
66.58	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.60	Attn Foreclosure	Foreclosures@freddiemac.com	
66.61	Attn Third Party Sales	NPL_Third_Party_Sales@freddiemac.com	F: (571) 382-4913
66.62	Attn Charge-off Recovery	Charge-off_DAR_Reconciliation@freddiemac.com	
A66.8	Attn Foreclosure	Frefcl_data@freddiemac.com	
67.10	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
67.13	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.17	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.18	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.19	Attn Legal Division, MS 202	Nonroutine_litigation@freddiemac.com	F: (703) 903-2252
67.21	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
67.22		Distressed_Property@freddiemac.com	
67.23		Distressed_Property@freddiemac.com	
67.24		Distressed_Property@freddiemac.com	
67.25		Distressed_Property@freddiemac.com	
67.27	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	F: (571) 382-4933
68.2	Attn Special Asset Unit, MS C1J	Distressed_Property@freddiemac.com	
68.4	Attn File Preparation	NPL_File_Prep@freddiemac.com	
70.5	Attn FHA/VA/RHS Expense Reimbursement MS 384	government_loans@freddiemac.com (FHA/VA/RHS Mortgages)	F: (703) 738-2422

Guide Reference	Attention Line	Freddie Mac E-mail Address	Fax Number
71.28	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
71.29	JP Morgan Chase 131 S. Dearborn – 6th Floor Chicago, IL 60603 Attn: Freddie Mac / 93434		
82.2 82.4	Attn Nonperforming Loans Military Relief Attn Foreclosure	 Foreclosures@freddiemac.com (for approval to initiate foreclosure against a service member who has been released from active duty)	F: (571) 382-4791 F: (703) 714-4856

Directory 6: 1- to 4-Unit REO Properties (09/24/13)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac
5000 Plano Parkway
Carrollton, TX 75010-4902

All remittances must be sent directly to our lockbox or via wire transfer:

Lockbox mailing address
Attn (*see chart below*)
Freddie Mac

PO Box 730453
Dallas, TX 75373-0453

Wire transfer instructions

Bank Name	JPMorgan Chase Bank, NA
Location	McLean, Virginia
Routing Number	021000021
Account Number	9102418887

Telephone number: (see chart below)
Fax number: (see chart below)

Guide Reference	**Attention Line**	**Telephone and Fax Numbers and E-mail Addresses**
65.38	Attn BPOdirect Valuations	E-mail: bpoquestion@freddiemac.com
65.39 65.39.1	Attn BPOdirect Valuations	bpoquestion@freddiemac.com
B65.48	Attn Title Department	T: (800) 972-7555
66.57	Attn Property Redemptions	E-mail: Redemption@freddiemac.com
66.58	Attn Property Redemptions	E-mail: Redemption@freddiemac.com
70.4	Attn REO Sales	T: (800) 972-7555
70.5	Attn USDA/Rural Housing	MI_Questions@freddiemac.com
70.9	Attn MI Specialist	MI_Questions@freddiemac.com
70.13	Attn MI Specialist	MI_Questions@freddiemac.com
70.14	Attn Property Tax Specialist	homestepsservicerrelations@freddiemac.com
70.19	Attn Eviction	homestepsservicerrelations@freddiemac.com

Guide Reference	Attention Line	Telephone and Fax Numbers and E-mail Addresses
70.21	Attn Final Settlement	T: (972) 395-4091 F: (214) 731-2174
71.14	Attn Property Tax Specialist	homestepsservicerrelations@freddiemac.com
71.29 77.21 78.20	Attn Cash Remittances	hmsteps_cash_rcpts@freddiemac.com

Directory 7: All Customers (09/24/13)

For all mail and messenger packages:
*Attn (*see chart below*)
Freddie Mac
8100 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 *76.6 *76.18	Attn (name of investor reporting specialist) Investor Reporting Department MS B13	Call your investor reporting specialist or T: (800) FREDDIE

Guide Reference	Attention Line	Telephone and Fax Numbers
***77.19	Attn Freddie Mac #93458 Note: Seller/Servicer number must be included on the check.	
*78.8	Attn (name of investor reporting specialist) Investor Reporting Department MS B13	Call your investor reporting specialist or T: (800) FREDDIE
***78.10	Attn Freddie Mac #93458 Note: Seller/Servicer number must be included on the check.	
*78.12	To correct an over-remittance on the same day it occurred. For subsequent day corrections Attn (name of investor reporting specialist) Investor Reporting Department	GPI: (800) 944-2020 Call your investor reporting specialist or T: (800) FREDDIE
*78.29 *78.33 *78.40 *78.46 *79.18 *80.2	Attn (name of investor reporting specialist) Investor Reporting Department MS B13	Call your investor reporting specialist or T: (800) FREDDIE

Directory 8: All Customers (09/24/13)

***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)

Directory 9: All Customers (05/15/13)

For all mail and messenger packages:
Attn (*see chart below*)
Freddie Mac, Mortgage Purchase Operations
1551 Park Run Drive, Mailstop D5D
McLean, VA 22102

Guide Reference	Attention Line	Telephone, Fax Numbers and E-mail Addresses
16.8	Attn: Mortgage Purchase 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: Mortgage Purchase 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: Mortgage Purchase Operations For delivery of Form 1034T	FMMDM@Freddiemac.com Fax: (703) 738-2141
18.9	Attn: Mortgage Purchase Operations For delivery of Form 1034B	FMMDM@Freddiemac.com Fax: (703) 738-2141
56.9(b)	Attn: Mortgage Purchase Operations For delivery of Form 1034T	FMMDM@Freddiemac.com Fax: (703) 738-2141
59.4	Attn: Mortgage Purchase Operations	FMMDM@Freddiemac.com
66.17	Attn: Mortgage Purchase Operations	FMMDM@Freddiemac.com
A83.60	Attn: Mortgage Purchase Operations For delivery of Form 1034B	FMMDM@Freddiemac.com Fax: (703) 738-2141

Glossary (09/24/13)

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 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. 11th District COFI ARMs are not eligible for sale to Freddie Mac.

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.

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

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 Gold 97 Mortgages are no longer eligible for sale to Freddie Mac.

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. Alt 97 Mortgages are no longer eligible for sale to Freddie Mac.

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.

Application Received Date
The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.

Appraisal Identifier
The unique identifier assigned by the Uniform Collateral Data Portal® (UCDP®) to the appraisal data delivered to the UCDP for the subject Mortgage.

ARM
An ARM is an adjustable-rate Mortgage.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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 Mortgages are no longer eligible for sale to Freddie Mac.

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")

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Best Efforts Contract
A Best Efforts Contract is an agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage with respect to which the Seller's obligation to deliver the Mortgage becomes mandatory only when and if the Mortgage is closed and funded.

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)

Borrower Contribution
The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepaids/Escrows.

Borrower Evaluation Notice
The notice a Servicer must send to a Borrower once the Servicer completes its evaluation of the Borrower for an alternative to foreclosure.

Borrower Funds
All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of Borrower Personal Funds and Other Borrower Funds.

Borrower Personal Funds
Funds derived from eligible sources, as described in Section 26.2(a), and paid by the Borrower in connection with the property purchase or Mortgage financing.

Borrower Response Package
The documents that must be submitted by a Borrower in order to be evaluated for certain alternatives to foreclosure.

Borrower Solicitation Package
The documents that must be sent to a delinquent Borrower informing him or her of alternatives to foreclosure and the process and documentation required to be submitted to a Servicer in order to be evaluated for an alternative to foreclosure.

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.

Bulletin
A publication that is issued by Freddie Mac and amends, supplements, revises or terminates a provision of the Guide.

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:
- 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 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 Amenities and 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.

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 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.

The related ULDD valid value is *Construction to Permanent*.

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 in the applicable Purchase Contract.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 ARMs are not eligible for sale to Freddie Mac.

Convertible ARM
A Convertible ARM is an 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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 accepts the applicable Purchase Contract in the Freddie Mac Selling System.

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.

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.

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.

Detached Condominium Project
A Condominium Project comprised solely of detached, 1-unit dwellings.

Disabled-Owned Business Enterprise
A business:
(i) Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
(ii) More than 50% of the ownership or control of which is held by one or more persons with a disability; and
(iii) More than 50% of the net profit or loss of which accrues to one or more persons with a disability.

Disability has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 - Interpretive Guidance on Title I of the Americans with Disabilities Act.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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). The related ULDD Data Point name is *Last Paid Installment Due Date.*

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 upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment.

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:

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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.

Eligible Disaster
A disaster, either man-made or natural, which results in an area being designated as an Eligible Disaster Area.

Eligible Disaster Area
An area comprised of counties or municipalities that have 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.

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, 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 Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is complete and not subject to any additional phasing
- 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 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 subject to a Mortgage Warehousing Agreement, the Warehouse Lender must submit a complete and fully executed Form 996E, Warehouse Provider Release and Transfer, 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 Provider Release and Transfer (for use 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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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

The related ULDD Data Point name is *Borrower First Time Homebuyer Indicator*.

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.

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.

Freddie Mac 100 Mortgage
A Mortgage eligible for Freddie Mac's 100% LTV offering and delivered as a Freddie Mac 100 Mortgage. Freddie Mac 100 Mortgages are no longer eligible for sale to Freddie Mac.

Freddie Mac Default Legal Matters
Freddie Mac Default Legal Matters include bankruptcies and default-related legal matters, which include foreclosures, loss mitigation (e.g., deed-in-lieu of foreclosure) and related litigation involving Freddie Mac-owned or guaranteed Mortgages.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

Full Payment
Full Payment is the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the 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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Guide Plus Additional Provisions
Written amendments or supplements to the Guide provided to Seller by Freddie Mac through AllRegs® and amended by Freddie Mac from time to time.

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.

A conventional Mortgage is a Home Mortgage other than a Home Mortgage guaranteed or insured by the federal government.

A conforming Mortgage is a Home Mortgage with an original loan amount that does not exceed the applicable loan limits specified in the Guide.

Home Possible® Mortgage
A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

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

Home Value Models
Proprietary statistical property valuation models developed by Freddie Mac.

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, with respect to any Pledged Mortgage, the amount or obligation under the Mortgage Warehousing Agreement to be paid to the Warehouse Lender by or on behalf of the Seller.

Index
For 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. The related ULDD Data Point names are *Loan Level Credit Score Selection Method Type* and *Loan Level Credit Score Value*.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Initial Cap
For ARMs, the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points. The related ULDD Data Point names are *Per Change Maximum Decrease Rate Percent* and *Per Change Maximum Increase Rate Percent*.

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 Interest Mortgages are not eligible for sale to Freddie Mac.

Initial Period
For ARMs, the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months. The related ULDD Data Point name is *Initial Fixed Period Effective Months Count*.

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 ARMs, the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective. The related ULDD Data Point names are *Per Change Rate Adjustment Effective Date* and *Next Rate Adjustment Effective Date*.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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
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 Feedback Certificate returned from the last submission to Loan Prospector® prior to the Delivery Date that accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

LIBOR Index
For 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 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 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. The related ULDD Data Point name is *Ceiling Rate Percent*.

Lifetime Floor
For 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. The related ULDD Data Point name is *Floor Rate Percent*.

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 portions of Common Elements reserved for use 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, balconies or patios serving a single unit, assigned parking spaces or storage bins.

Living Trust
A Living Trust is an inter vivos revocable trust that meets all of the following requirements:

- The trust is created by one or more Settlors during his or her lifetime,
- The trust becomes effective during the lifetime of the Settlor(s), and
- Each Settlor retains the right during his or her lifetime to revoke or amend the trust

Living Trusts also may be referred to as “inter vivos trusts” or “inter vivos revocable trusts.”

Loan Originator
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and delivering the ULDD Data Point *Loan Originator Type* 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 at delivery, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

Loan Product
Loan Product as used in the Freddie Mac Selling System 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.

Lookback Period
For 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. The related ULDD Data Point names are *Interest And Payment Adjustment Index Lead Days Count* and *Interest Adjustment Index Lead Days Count*.

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 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. The related ULDD Data Point name is *Margin Rate Percent*.

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 Commitments 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 has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment.

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, if any, that can be delivered under the terms of a Master Commitment subject to any tolerances.

Master Commitment
A Master Commitment 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.

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, 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.

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
A business:
(i) More than 50% of the ownership or control of which is held by one or more minority individuals; and
(ii) More than 50% of the net profit or loss of which accrues to one or more minority individuals.

Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) or Asian 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.

Modification Effective Date
For purposes of a modification processed under Chapter B65 or C65, the Modification Effective Date is the first day of the month following the end of the 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, 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 Trial Period.

The effective date of the modification interest rate change occurs one month prior to the first payment due date, as 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 month prior to the first payment due date.

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 applicable Purchase Documents 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 Agreement
The Mortgage Warehousing Agreement is a contract between the Warehouse Lender and the Seller pursuant to which the Warehouse Lender lends or advances funds to the Seller

in exchange for a continuing lien and security interest in, or conveyance of an ownership or other interest in, Mortgages.

Mortgaged Premises
The Mortgaged Premises are the land and improvements thereon subject to the lien of a 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.

MultiLender Swap Contract
A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate Mortgages to Freddie Mac under the MultiLender Swap program.

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.

New Condominium Project
A New Condominium Project is a Condominium Project in which:
- The Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is not complete, or is subject to additional phasing
- 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

Noncredit Payment Reference
A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly. The related ULDD Data Point name is *Credit Reference Type (Loan Level)*.

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 for the first time after the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1, or
- Submitted to Loan Prospector, but has a Settlement Date more than 12 months after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages (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 ARMs, the Note Rate may adjust from time to time in accordance with the terms of the Note.

The term 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 Note Date.

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 Borrower Funds
Funds derived from eligible sources, as described in Section 26.2(b), and paid by the Borrower in connection with the property purchase or Mortgage financing.

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 ARMs, the Payment Change Date is each date, as established in the Note, on which the monthly payment reflects any Note Rate adjustment. The related ULDD Data Point name is *First Rate Change Payment Effective Date*.

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 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.

The related ULDD Data Point names are:
- *Per Change Maximum Decrease Rate Percent*
- *Per Change Maximum Increase Rate Percent*
- *Per Change Maximum Principal And Interest Payment Decrease Percent*
- *Per Change Maximum Principal And Interest Payment Increase Percent*

Permanent Financing
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.

PITIAS Payment
When used in connection with a Home Affordable Modification Program (HAMP) modification or Freddie Mac Standard Modification, the PITIAS payment is the payment that reflects the monthly housing expense on a Mortgage and is the sum of the following:

- 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 Sections B65.23(b) and C65.6(d))

For HAMP, the PITIAS payment is the payment that must be used to calculate the Target Payment.

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 Mortgages, with respect to which the Seller has granted a continuing lien and security interest in, or conveyed an ownership or other interest to, the Warehouse Lender, in either case pursuant to a Mortgage Warehousing 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. The related ULDD valid value is *Premium Funds*.

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. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Date on or before July 31, 2014.

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 sale and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for other billings assessed by Freddie Mac
- 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 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
- mortgagee rights
- operation and governance of the homeowners association
- assessments, voting rights of unit owners and insurance coverage

The Project Documents include but are not limited to the condominium declaration or master deed, by-laws, articles of incorporation (if any), governing documents, covenants, conditions and restrictions, and other recorded agreements applicable to the project; as well as any documents of the Master Association or overall project, and applicable rules and regulations, public offering statement or offering plan, purchase agreement and similar documents. 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:

- Cash Purchase Contract
- Fixed-Rate Guarantor Contract
- WAC ARM Guarantor Contract
- MultiLender Swap Contract
- Master Commitment
- 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 Contract Expiration Date
The Purchase Contract Expiration Date is the date on which the Purchase Contract expires.

Purchase Documents
The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- The 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 Success Scorecard accessible at **http://www.freddiemac.com/singlefamily/service/tools.html**
- Any other document designated to be a Purchase Document by Freddie Mac
- Guide Plus Additional Provisions as amended from time to time
- Any other 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 financing arrangements, the Purchase Proceeds are the proceeds, which may be cash, PCs or Giant PCs, payable to a Warehouse Lender by Freddie Mac on behalf of the Seller for Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage.

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. The related ULDD valid value is *Construction to Permanent*.

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 specified in a Master Commitment is 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.

Required Net Yield (RNY)
The Required Net Yield (RNY) is the amount of interest Freddie Mac receives from each Mortgage that it purchases. Freddie Mac publishes RNYs for various programs and commitment periods. These RNYs represent the interest that Freddie Mac must receive if purchasing a Mortgage for cash under the specific program and commitment period at a par price.

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

Required Spread
For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified in the applicable Purchase Documents.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Reset Note Rate
The Reset Note Rate is the Note Rate of a Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. A Mortgage that received a Freddie Mac modification is not 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.

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 a Construction Conversion or Renovation Mortgage an Effective Date of Permanent Financing, more than 12 months prior to the Settlement Date
2. A Mortgage that was modified or converted pursuant to Chapter 32 is more than 12 months prior to the Settlement Date
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 Settlement Date
4. A Construction Conversion or Renovation Mortgage 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 Settlement Date

Seasoned Mortgages are eligible for sale under negotiated contracts only.

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 the Guide. The related ULDD Data Point name is *Public And Indian Housing.*

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 the Guide. The related ULDD valid value is *USDA Rural Housing*.

Security Coupon
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
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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 that is a federally regulated depository institution, 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.

Wholly owned subsidiaries of Seller/Servicers that are non-depository and/or non-regulated institutions (such as Mortgage Bankers) must obtain a separate Freddie Mac approval in order to do business with Freddie Mac.

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

The complete requirements for Seller/Servicer eligibility can be found in Chapter 4.

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 Success Scorecard
A confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management.

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 Released Sales Process
The Servicing Released Sales Process is a contract option under which a Seller sells fixed-rate 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 under this contract option may be referred to as "Mortgages sold servicing released."

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. 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.

Settlor
The Settlor is the individual who creates a Living Trust. A Living Trust may have one or more Settlors.

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.

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 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 Transfers 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.

Treasury
The United States Department of the Treasury.

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.

For Borrowers in bankruptcy, the Trial Period may be extended up to an additional two months.

Trial Period Plan
A temporary forbearance plan that sets forth in a written notice those terms and conditions with which the Borrower must comply during the Trial Period in order to obtain a permanent 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.

ULDD Data Point
ULDD Data Point refers to the MISMO® Data Point Name in Appendix A, XML Data Requirements, Version 1.04 ("Appendix A") of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD").

Underserved Area
An Underserved Area is either of the following:

- Census tracts or block numbering areas in which median income does not exceed 80% of the area median income; minority census tracts where families reside and have an income that does not exceed area median income at the time of loan origination; and census tracts designated as disaster areas where families reside and

have an income that does not exceed area median income at the time of loan origination; or

- Minority census tracts – census tracts that have a minority population of at least 30% and a median income of less than 100% of the area median income

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. The related ULDD Data Point name is *Credit Score Value*.

Underwritten Settlor
An Underwritten Settlor is a Settlor in the Settlor's individual capacity who is underwritten and qualified according to the requirements of the Guide and other Purchase Documents as if the Settlor were the 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 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.

WAC ARM PC
A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by ARMs.

Warehouse Lender
A Warehouse Lender (also referred to as a "Warehouse Provider" or "Interim Finance Provider") is the bank or other financial institution, including a Federal Home Loan Bank, that has entered into an agreement with the Seller to provide interim financing in exchange for a security interest in, or the receipt of ownership to, Mortgages that are thereafter offered 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 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
A business:
(i) More than 50% of the ownership or control of which is held by one or more women;
(ii) More than 50% of the net profit or loss of which accrues to one or more women; and
(iii) A significant percentage of senior management positions of which are held by women.

Workout Prospector®
A Freddie Mac-owned loss mitigation application that accesses specific Mortgage information from Freddie Mac's database as well as data input by the Servicers and assists Servicers in their analysis and structuring of workouts and other alternatives to foreclosure for Freddie Mac Mortgages.

Glossary (Future effective date 01/10/14)

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 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. 11th District COFI ARMs are not eligible for sale to Freddie Mac.

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.

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

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 Gold 97 Mortgages are no longer eligible for sale to Freddie Mac.

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. Alt 97 Mortgages are no longer eligible for sale to Freddie Mac.

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.

Application Received Date
The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.

Appraisal Identifier
The unique identifier assigned by the Uniform Collateral Data Portal® (UCDP®) to the appraisal data delivered to the UCDP for the subject Mortgage.

ARM
An ARM is an adjustable-rate Mortgage.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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 Mortgages are no longer eligible for sale to Freddie Mac.

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")

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Best Efforts Contract
A Best Efforts Contract is an agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage with respect to which the Seller's obligation to deliver the Mortgage becomes mandatory only when and if the Mortgage is closed and funded.

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)

Borrower Contribution
The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepaids/Escrows.

Borrower Evaluation Notice
The notice a Servicer must send to a Borrower once the Servicer completes its evaluation of the Borrower for an alternative to foreclosure.

Borrower Funds
All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of Borrower Personal Funds and Other Borrower Funds.

Borrower Personal Funds
Funds derived from eligible sources, as described in Section 26.2(a), and paid by the Borrower in connection with the property purchase or Mortgage financing.

Borrower Response Package
The documents that must be submitted by a Borrower in order to be evaluated for certain alternatives to foreclosure.

Borrower Solicitation Package
The documents that must be sent to a delinquent Borrower informing him or her of alternatives to foreclosure and the process and documentation required to be submitted to a Servicer in order to be evaluated for an alternative to foreclosure.

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.

Bulletin
A publication that is issued by Freddie Mac and amends, supplements, revises or terminates a provision of the Guide.

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:
- 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 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 Amenities and 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.

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 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.

The related ULDD valid value is *Construction to Permanent*.

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 in the applicable Purchase Contract.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 ARMs are not eligible for sale to Freddie Mac.

Convertible ARM
A Convertible ARM is an 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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 accepts the applicable Purchase Contract in the Freddie Mac Selling System.

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.

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.

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.

Detached Condominium Project
A Condominium Project comprised solely of detached, 1-unit dwellings.

Disabled-Owned Business Enterprise
A business:
(i) Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
(ii) More than 50% of the ownership or control of which is held by one or more persons with a disability; and
(iii) More than 50% of the net profit or loss of which accrues to one or more persons with a disability.

Disability has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 - Interpretive Guidance on Title I of the Americans with Disabilities Act.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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). The related ULDD Data Point name is *Last Paid Installment Due Date.*

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 upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment.

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:

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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.

Eligible Disaster
A disaster, either man-made or natural, which results in an area being designated as an Eligible Disaster Area.

Eligible Disaster Area
An area comprised of counties or municipalities that have 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.

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, 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 Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is complete and not subject to any additional phasing
- 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 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 subject to a Mortgage Warehousing Agreement, the Warehouse Lender must submit a complete and fully executed Form 996E, Warehouse Provider Release and Transfer, 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 Provider Release and Transfer (for use 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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

First Complete Borrower Response Package
The first complete Borrower Response Package received in connection with a Mortgage secured by a Primary Residence on or after January 10, 2014.

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

The related ULDD Data Point name is *Borrower First Time Homebuyer Indicator*.

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.

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.

Freddie Mac 100 Mortgage
A Mortgage eligible for Freddie Mac's 100% LTV offering and delivered as a Freddie Mac 100 Mortgage. Freddie Mac 100 Mortgages are no longer eligible for sale to Freddie Mac.

Freddie Mac Default Legal Matters
Freddie Mac Default Legal Matters include bankruptcies and default-related legal matters, which include foreclosures, loss mitigation (e.g., deed-in-lieu of foreclosure) and related litigation involving Freddie Mac-owned or guaranteed Mortgages.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

Full Payment
Full Payment is the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the 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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Guide Plus Additional Provisions
Written amendments or supplements to the Guide provided to Seller by Freddie Mac through AllRegs® and amended by Freddie Mac from time to time.

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.

A conventional Mortgage is a Home Mortgage other than a Home Mortgage guaranteed or insured by the federal government.

A conforming Mortgage is a Home Mortgage with an original loan amount that does not exceed the applicable loan limits specified in the Guide.

Home Possible® Mortgage
A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

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

Home Value Models
Proprietary statistical property valuation models developed by Freddie Mac.

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, with respect to any Pledged Mortgage, the amount or obligation under the Mortgage Warehousing Agreement to be paid to the Warehouse Lender by or on behalf of the Seller.

Index
For 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. The related ULDD Data Point names are *Loan Level Credit Score Selection Method Type* and *Loan Level Credit Score Value*.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Initial Cap
For ARMs, the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points. The related ULDD Data Point names are *Per Change Maximum Decrease Rate Percent* and *Per Change Maximum Increase Rate Percent*.

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 Interest Mortgages are not eligible for sale to Freddie Mac.

Initial Period
For ARMs, the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months. The related ULDD Data Point name is *Initial Fixed Period Effective Months Count*.

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 ARMs, the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective. The related ULDD Data Point names are *Per Change Rate Adjustment Effective Date* and *Next Rate Adjustment Effective Date*.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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
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 Feedback Certificate returned from the last submission to Loan Prospector® prior to the Delivery Date that accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

LIBOR Index
For 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 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 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. The related ULDD Data Point name is *Ceiling Rate Percent*.

Lifetime Floor
For 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. The related ULDD Data Point name is *Floor Rate Percent*.

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 portions of Common Elements reserved for use 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, balconies or patios serving a single unit, assigned parking spaces or storage bins.

Living Trust
A Living Trust is an inter vivos revocable trust that meets all of the following requirements:

- The trust is created by one or more Settlors during his or her lifetime,
- The trust becomes effective during the lifetime of the Settlor(s), and
- Each Settlor retains the right during his or her lifetime to revoke or amend the trust

Living Trusts also may be referred to as “inter vivos trusts” or “inter vivos revocable trusts.”

Loan Originator
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and delivering the ULDD Data Point *Loan Originator Type* 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 at delivery, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

Loan Product
Loan Product as used in the Freddie Mac Selling System 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.

Lookback Period
For 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. The related ULDD Data Point names are *Interest And Payment Adjustment Index Lead Days Count* and *Interest Adjustment Index Lead Days Count*.

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 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. The related ULDD Data Point name is *Margin Rate Percent*.

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 Commitments 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 has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment.

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, if any, that can be delivered under the terms of a Master Commitment subject to any tolerances.

Master Commitment
A Master Commitment 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.

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, 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.

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
A business:
(i) More than 50% of the ownership or control of which is held by one or more minority individuals; and
(ii) More than 50% of the net profit or loss of which accrues to one or more minority individuals.

Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) or Asian 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.

Modification Effective Date
For purposes of a modification processed under Chapter B65 or C65, the Modification Effective Date is the first day of the month following the end of the 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, 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 Trial Period.

The effective date of the modification interest rate change occurs one month prior to the first payment due date, as 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 month prior to the first payment due date.

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 applicable Purchase Documents 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 Agreement
The Mortgage Warehousing Agreement is a contract between the Warehouse Lender and the Seller pursuant to which the Warehouse Lender lends or advances funds to the Seller

in exchange for a continuing lien and security interest in, or conveyance of an ownership or other interest in, Mortgages.

Mortgaged Premises
The Mortgaged Premises are the land and improvements thereon subject to the lien of a 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.

MultiLender Swap Contract
A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate Mortgages to Freddie Mac under the MultiLender Swap program.

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.

New Condominium Project
A New Condominium Project is a Condominium Project in which:
- The Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is not complete, or is subject to additional phasing
- 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

Noncredit Payment Reference
A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly. The related ULDD Data Point name is *Credit Reference Type (Loan Level)*.

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 for the first time after the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1, or
- Submitted to Loan Prospector, but has a Settlement Date more than 12 months after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages (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 ARMs, the Note Rate may adjust from time to time in accordance with the terms of the Note.

The term 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 Note Date.

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 Borrower Funds
Funds derived from eligible sources, as described in Section 26.2(b), and paid by the Borrower in connection with the property purchase or Mortgage financing.

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 ARMs, the Payment Change Date is each date, as established in the Note, on which the monthly payment reflects any Note Rate adjustment. The related ULDD Data Point name is *First Rate Change Payment Effective Date*.

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 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.

The related ULDD Data Point names are:
- *Per Change Maximum Decrease Rate Percent*
- *Per Change Maximum Increase Rate Percent*
- *Per Change Maximum Principal And Interest Payment Decrease Percent*
- *Per Change Maximum Principal And Interest Payment Increase Percent*

Permanent Financing
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.

PITIAS Payment
When used in connection with a Home Affordable Modification Program (HAMP) modification or Freddie Mac Standard Modification, the PITIAS payment is the payment that reflects the monthly housing expense on a Mortgage and is the sum of the following:

- 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 Sections B65.23(b) and C65.6(d))

For HAMP, the PITIAS payment is the payment that must be used to calculate the Target Payment.

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 Mortgages, with respect to which the Seller has granted a continuing lien and security interest in, or conveyed an ownership or other interest to, the Warehouse Lender, in either case pursuant to a Mortgage Warehousing 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. The related ULDD valid value is *Premium Funds*.

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. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Date on or before July 31, 2014.

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 sale and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for other billings assessed by Freddie Mac
- 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 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
- mortgagee rights
- operation and governance of the homeowners association
- assessments, voting rights of unit owners and insurance coverage

The Project Documents include but are not limited to the condominium declaration or master deed, by-laws, articles of incorporation (if any), governing documents, covenants, conditions and restrictions, and other recorded agreements applicable to the project; as well as any documents of the Master Association or overall project, and applicable rules and regulations, public offering statement or offering plan, purchase agreement and similar documents. 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:

- Cash Purchase Contract
- Fixed-Rate Guarantor Contract
- WAC ARM Guarantor Contract
- MultiLender Swap Contract
- Master Commitment
- 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 Contract Expiration Date
The Purchase Contract Expiration Date is the date on which the Purchase Contract expires.

Purchase Documents
The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- The 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 Success Scorecard accessible at **http://www.freddiemac.com/singlefamily/service/tools.html**
- Any other document designated to be a Purchase Document by Freddie Mac
- Guide Plus Additional Provisions as amended from time to time
- Any other 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 financing arrangements, the Purchase Proceeds are the proceeds, which may be cash, PCs or Giant PCs, payable to a Warehouse Lender by Freddie Mac on behalf of the Seller for Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage.

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. The related ULDD valid value is *Construction to Permanent*.

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 specified in a Master Commitment is 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.

Required Net Yield (RNY)
The Required Net Yield (RNY) is the amount of interest Freddie Mac receives from each Mortgage that it purchases. Freddie Mac publishes RNYs for various programs and commitment periods. These RNYs represent the interest that Freddie Mac must receive if purchasing a Mortgage for cash under the specific program and commitment period at a par price.

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

Required Spread
For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified in the applicable Purchase Documents.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Reset Note Rate
The Reset Note Rate is the Note Rate of a Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. A Mortgage that received a Freddie Mac modification is not 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.

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 a Construction Conversion or Renovation Mortgage an Effective Date of Permanent Financing, more than 12 months prior to the Settlement Date
2. A Mortgage that was modified or converted pursuant to Chapter 32 is more than 12 months prior to the Settlement Date
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 Settlement Date
4. A Construction Conversion or Renovation Mortgage 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 Settlement Date

Seasoned Mortgages are eligible for sale under negotiated contracts only.

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 the Guide. The related ULDD Data Point name is *Public And Indian Housing.*

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 the Guide. The related ULDD valid value is *USDA Rural Housing*.

Security Coupon
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
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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 that is a federally regulated depository institution, 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.

Wholly owned subsidiaries of Seller/Servicers that are non-depository and/or non-regulated institutions (such as Mortgage Bankers) must obtain a separate Freddie Mac approval in order to do business with Freddie Mac.

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

The complete requirements for Seller/Servicer eligibility can be found in Chapter 4.

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 Success Scorecard
A confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management.

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 Released Sales Process
The Servicing Released Sales Process is a contract option under which a Seller sells fixed-rate 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 under this contract option may be referred to as "Mortgages sold servicing released."

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. 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.

Settlor
The Settlor is the individual who creates a Living Trust. A Living Trust may have one or more Settlors.

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.

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 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 Transfers 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.

Treasury
The United States Department of the Treasury.

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.

For Borrowers in bankruptcy, the Trial Period may be extended up to an additional two months.

Trial Period Plan
A temporary forbearance plan that sets forth in a written notice those terms and conditions with which the Borrower must comply during the Trial Period in order to obtain a permanent 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.

ULDD Data Point
ULDD Data Point refers to the MISMO® Data Point Name in Appendix A, XML Data Requirements, Version 1.04 ("Appendix A") of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD").

Underserved Area
An Underserved Area is either of the following:

- Census tracts or block numbering areas in which median income does not exceed 80% of the area median income; minority census tracts where families reside and have an income that does not exceed area median income at the time of loan origination; and census tracts designated as disaster areas where families reside and

have an income that does not exceed area median income at the time of loan origination; or

- Minority census tracts – census tracts that have a minority population of at least 30% and a median income of less than 100% of the area median income

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. The related ULDD Data Point name is *Credit Score Value*.

Underwritten Settlor
An Underwritten Settlor is a Settlor in the Settlor's individual capacity who is underwritten and qualified according to the requirements of the Guide and other Purchase Documents as if the Settlor were the 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 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.

WAC ARM PC
A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by ARMs.

Warehouse Lender
A Warehouse Lender (also referred to as a "Warehouse Provider" or "Interim Finance Provider") is the bank or other financial institution, including a Federal Home Loan Bank, that has entered into an agreement with the Seller to provide interim financing in exchange for a security interest in, or the receipt of ownership to, Mortgages that are thereafter offered 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 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
A business:
(i) More than 50% of the ownership or control of which is held by one or more women;
(ii) More than 50% of the net profit or loss of which accrues to one or more women; and
(iii) A significant percentage of senior management positions of which are held by women.

Workout Prospector®
A Freddie Mac-owned loss mitigation application that accesses specific Mortgage information from Freddie Mac's database as well as data input by the Servicers and assists Servicers in their analysis and structuring of workouts and other alternatives to foreclosure for Freddie Mac Mortgages.

Glossary (Future effective date 06/01/14)

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 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. 11th District COFI ARMs are not eligible for sale to Freddie Mac.

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.

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

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 Gold 97 Mortgages are no longer eligible for sale to Freddie Mac.

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. Alt 97 Mortgages are no longer eligible for sale to Freddie Mac.

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.

Application Received Date
The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.

Appraisal Identifier
The unique identifier assigned by the Uniform Collateral Data Portal® (UCDP®) to the appraisal data delivered to the UCDP for the subject Mortgage.

ARM
An ARM is an adjustable-rate Mortgage.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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 Mortgages are no longer eligible for sale to Freddie Mac.

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")

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Best Efforts Contract
A Best Efforts Contract is an agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage with respect to which the Seller's obligation to deliver the Mortgage becomes mandatory only when and if the Mortgage is closed and funded.

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)

Borrower Contribution
The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepaids/Escrows.

Borrower Evaluation Notice
The notice a Servicer must send to a Borrower once the Servicer completes its evaluation of the Borrower for an alternative to foreclosure.

Borrower Funds
All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of Borrower Personal Funds and Other Borrower Funds.

Borrower Personal Funds
Funds derived from eligible sources, as described in Section 26.2(a), and paid by the Borrower in connection with the property purchase or Mortgage financing.

Borrower Response Package
The documents that must be submitted by a Borrower in order to be evaluated for certain alternatives to foreclosure.

Borrower Solicitation Package
The documents that must be sent to a delinquent Borrower informing him or her of alternatives to foreclosure and the process and documentation required to be submitted to a Servicer in order to be evaluated for an alternative to foreclosure.

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.

Bulletin
A publication that is issued by Freddie Mac and amends, supplements, revises or terminates a provision of the Guide.

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:
- 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 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 Amenities and 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.

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 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.

The related ULDD valid value is *Construction to Permanent*.

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 in the applicable Purchase Contract.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 ARMs are not eligible for sale to Freddie Mac.

Convertible ARM
A Convertible ARM is an 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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 accepts the applicable Purchase Contract in the Freddie Mac Selling System.

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.

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.

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.

Detached Condominium Project
A Condominium Project comprised solely of detached, 1-unit dwellings.

Disabled-Owned Business Enterprise
A business:
(i) Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
(ii) More than 50% of the ownership or control of which is held by one or more persons with a disability; and
(iii) More than 50% of the net profit or loss of which accrues to one or more persons with a disability.

Disability has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 - Interpretive Guidance on Title I of the Americans with Disabilities Act.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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). The related ULDD Data Point name is *Last Paid Installment Due Date.*

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 upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment.

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:

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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.

Eligible Disaster
A disaster, either man-made or natural, which results in an area being designated as an Eligible Disaster Area.

Eligible Disaster Area
An area comprised of counties or municipalities that have 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.

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, 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 Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is complete and not subject to any additional phasing
- 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 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 subject to a Mortgage Warehousing Agreement, the Warehouse Lender must submit a complete and fully executed Form 996E, Warehouse Provider Release and Transfer, 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 Provider Release and Transfer (for use 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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

First Complete Borrower Response Package
The first complete Borrower Response Package received in connection with a Mortgage secured by a Primary Residence on or after January 10, 2014.

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

The related ULDD Data Point name is *Borrower First Time Homebuyer Indicator*.

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.

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.

Freddie Mac 100 Mortgage
A Mortgage eligible for Freddie Mac's 100% LTV offering and delivered as a Freddie Mac 100 Mortgage. Freddie Mac 100 Mortgages are no longer eligible for sale to Freddie Mac.

Freddie Mac Default Legal Matters
Freddie Mac Default Legal Matters include bankruptcies and default-related legal matters, which include foreclosures, loss mitigation (e.g., deed-in-lieu of foreclosure) and related litigation involving Freddie Mac-owned or guaranteed Mortgages.

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. Convertible ARMs are not eligible for sale to Freddie Mac.

Full Payment
Full Payment is the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the 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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Guide Plus Additional Provisions
Written amendments or supplements to the Guide provided to Seller by Freddie Mac through AllRegs® and amended by Freddie Mac from time to time.

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.

A conventional Mortgage is a Home Mortgage other than a Home Mortgage guaranteed or insured by the federal government.

A conforming Mortgage is a Home Mortgage with an original loan amount that does not exceed the applicable loan limits specified in the Guide.

Home Possible® Mortgage
A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

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

Home Value Models
Proprietary statistical property valuation models developed by Freddie Mac.

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, with respect to any Pledged Mortgage, the amount or obligation under the Mortgage Warehousing Agreement to be paid to the Warehouse Lender by or on behalf of the Seller.

Index
For 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. The related ULDD Data Point names are *Loan Level Credit Score Selection Method Type* and *Loan Level Credit Score Value*.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Initial Cap
For ARMs, the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points. The related ULDD Data Point names are *Per Change Maximum Decrease Rate Percent* and *Per Change Maximum Increase Rate Percent*.

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 Interest Mortgages are not eligible for sale to Freddie Mac.

Initial Period
For ARMs, the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months. The related ULDD Data Point name is *Initial Fixed Period Effective Months Count*.

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 ARMs, the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective. The related ULDD Data Point names are *Per Change Rate Adjustment Effective Date* and *Next Rate Adjustment Effective Date*.

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. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

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
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 Feedback Certificate returned from the last submission to Loan Prospector® prior to the Delivery Date that accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

Lender-Placed Insurance (LPI)
Lender-Placed Insurance (LPI) shall have the same meaning as "forced-placed insurance" as defined in 12 C.F.R. Section 1024.37 by the Consumer Financial Protection Bureau.

LIBOR Index
For 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 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 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. The related ULDD Data Point name is *Ceiling Rate Percent*.

Lifetime Floor
For 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. The related ULDD Data Point name is *Floor Rate Percent*.

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 portions of Common Elements reserved for use 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, balconies or patios serving a single unit, assigned parking spaces or storage bins.

Living Trust
A Living Trust is an inter vivos revocable trust that meets all of the following requirements:

- The trust is created by one or more Settlors during his or her lifetime,
- The trust becomes effective during the lifetime of the Settlor(s), and
- Each Settlor retains the right during his or her lifetime to revoke or amend the trust

Living Trusts also may be referred to as “inter vivos trusts” or “inter vivos revocable trusts.”

Loan Originator
For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and delivering the ULDD Data Point *Loan Originator Type* 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 at delivery, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

Loan Product
Loan Product as used in the Freddie Mac Selling System 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.

Lookback Period
For 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. The related ULDD Data Point names are *Interest And Payment Adjustment Index Lead Days Count* and *Interest Adjustment Index Lead Days Count*.

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 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. The related ULDD Data Point name is *Margin Rate Percent*.

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 Commitments 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 has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment.

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, if any, that can be delivered under the terms of a Master Commitment subject to any tolerances.

Master Commitment
A Master Commitment 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.

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, 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.

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
A business:
(i) More than 50% of the ownership or control of which is held by one or more minority individuals; and
(ii) More than 50% of the net profit or loss of which accrues to one or more minority individuals.

Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) or Asian 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.

Modification Effective Date
For purposes of a modification processed under Chapter B65 or C65, the Modification Effective Date is the first day of the month following the end of the 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, 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 Trial Period.

The effective date of the modification interest rate change occurs one month prior to the first payment due date, as 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 month prior to the first payment due date.

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 applicable Purchase Documents 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 Agreement
The Mortgage Warehousing Agreement is a contract between the Warehouse Lender and the Seller pursuant to which the Warehouse Lender lends or advances funds to the Seller in exchange for a continuing lien and security interest in, or conveyance of an ownership or other interest in, Mortgages.

Mortgaged Premises
The Mortgaged Premises are the land and improvements thereon subject to the lien of a 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.

MultiLender Swap Contract
A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate Mortgages to Freddie Mac under the MultiLender Swap program.

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.

New Condominium Project
A New Condominium Project is a Condominium Project in which:

- The Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is not complete, or is subject to additional phasing
- 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

Noncredit Payment Reference
A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly. The related ULDD Data Point name is *Credit Reference Type (Loan Level)*.

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 for the first time after the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1, or
- Submitted to Loan Prospector, but has a Settlement Date more than 12 months after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages (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 ARMs, the Note Rate may adjust from time to time in accordance with the terms of the Note.

The term 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 Note Date.

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 Borrower Funds
Funds derived from eligible sources, as described in Section 26.2(b), and paid by the Borrower in connection with the property purchase or Mortgage financing.

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 ARMs, the Payment Change Date is each date, as established in the Note, on which the monthly payment reflects any Note Rate adjustment. The related ULDD Data Point name is *First Rate Change Payment Effective Date*.

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 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.

The related ULDD Data Point names are:
- *Per Change Maximum Decrease Rate Percent*
- *Per Change Maximum Increase Rate Percent*
- *Per Change Maximum Principal And Interest Payment Decrease Percent*
- *Per Change Maximum Principal And Interest Payment Increase Percent*

Permanent Financing
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.

PITIAS Payment
When used in connection with a Home Affordable Modification Program (HAMP) modification or Freddie Mac Standard Modification, the PITIAS payment is the payment that reflects the monthly housing expense on a Mortgage and is the sum of the following:

- 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 Sections B65.23(b) and C65.6(d))

For HAMP, the PITIAS payment is the payment that must be used to calculate the Target Payment.

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 Mortgages, with respect to which the Seller has granted a continuing lien and security interest in, or conveyed an ownership or other interest to, the Warehouse Lender, in either case pursuant to a Mortgage Warehousing 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. The related ULDD valid value is *Premium Funds*.

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. Effective for Mortgages with Application Received Dates on or after January 10, 2014, Prepayment Penalty Mortgages are not eligible for sale to Freddie Mac. Freddie Mac will continue to purchase Prepayment Penalty Mortgages with Application Received Dates prior to January 10, 2014, provided that they have Freddie Mac Settlement Date on or before July 31, 2014.

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 sale and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for other billings assessed by Freddie Mac
- 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 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
- mortgagee rights
- operation and governance of the homeowners association
- assessments, voting rights of unit owners and insurance coverage

The Project Documents include but are not limited to the condominium declaration or master deed, by-laws, articles of incorporation (if any), governing documents, covenants, conditions and restrictions, and other recorded agreements applicable to the project; as well as any documents of the Master Association or overall project, and applicable rules and regulations, public offering statement or offering plan, purchase agreement and similar documents. 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:

- Cash Purchase Contract
- Fixed-Rate Guarantor Contract
- WAC ARM Guarantor Contract
- MultiLender Swap Contract
- Master Commitment
- 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 Contract Expiration Date
The Purchase Contract Expiration Date is the date on which the Purchase Contract expires.

Purchase Documents
The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- The 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 Success Scorecard accessible at **http://www.freddiemac.com/singlefamily/service/tools.html**
- Any other document designated to be a Purchase Document by Freddie Mac
- Guide Plus Additional Provisions as amended from time to time
- Any other 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 financing arrangements, the Purchase Proceeds are the proceeds, which may be cash, PCs or Giant PCs, payable to a Warehouse Lender by Freddie Mac on behalf of the Seller for Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage.

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. The related ULDD valid value is *Construction to Permanent*.

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 specified in a Master Commitment is 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.

Required Net Yield (RNY)
The Required Net Yield (RNY) is the amount of interest Freddie Mac receives from each Mortgage that it purchases. Freddie Mac publishes RNYs for various programs and commitment periods. These RNYs represent the interest that Freddie Mac must receive if purchasing a Mortgage for cash under the specific program and commitment period at a par price.

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

Required Spread
For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified in the applicable Purchase Documents.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

Reset Note Rate
The Reset Note Rate is the Note Rate of a Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

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. A Mortgage that received a Freddie Mac modification is not 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.

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 a Construction Conversion or Renovation Mortgage an Effective Date of Permanent Financing, more than 12 months prior to the Settlement Date
2. A Mortgage that was modified or converted pursuant to Chapter 32 is more than 12 months prior to the Settlement Date
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 Settlement Date
4. A Construction Conversion or Renovation Mortgage 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 Settlement Date

Seasoned Mortgages are eligible for sale under negotiated contracts only.

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 the Guide. The related ULDD Data Point name is *Public And Indian Housing.*

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 the Guide. The related ULDD valid value is *USDA Rural Housing*.

Security Coupon
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
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. Convertible ARMs are not eligible for sale to Freddie Mac.

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 that is a federally regulated depository institution, 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.

Wholly owned subsidiaries of Seller/Servicers that are non-depository and/or non-regulated institutions (such as Mortgage Bankers) must obtain a separate Freddie Mac approval in order to do business with Freddie Mac.

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

The complete requirements for Seller/Servicer eligibility can be found in Chapter 4.

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 Success Scorecard
A confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management.

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 Released Sales Process
The Servicing Released Sales Process is a contract option under which a Seller sells fixed-rate 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 under this contract option may be referred to as "Mortgages sold servicing released."

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. 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.

Settlor
The Settlor is the individual who creates a Living Trust. A Living Trust may have one or more Settlors.

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.

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 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 Transfers 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.

Treasury
The United States Department of the Treasury.

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.

For Borrowers in bankruptcy, the Trial Period may be extended up to an additional two months.

Trial Period Plan
A temporary forbearance plan that sets forth in a written notice those terms and conditions with which the Borrower must comply during the Trial Period in order to obtain a permanent 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.

ULDD Data Point
ULDD Data Point refers to the MISMO® Data Point Name in Appendix A, XML Data Requirements, Version 1.04 ("Appendix A") of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD").

Underserved Area
An Underserved Area is either of the following:

- Census tracts or block numbering areas in which median income does not exceed 80% of the area median income; minority census tracts where families reside and have an income that does not exceed area median income at the time of loan origination; and census tracts designated as disaster areas where families reside and

have an income that does not exceed area median income at the time of loan origination; or

- Minority census tracts – census tracts that have a minority population of at least 30% and a median income of less than 100% of the area median income

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. The related ULDD Data Point name is *Credit Score Value*.

Underwritten Settlor
An Underwritten Settlor is a Settlor in the Settlor's individual capacity who is underwritten and qualified according to the requirements of the Guide and other Purchase Documents as if the Settlor were the 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 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.

WAC ARM PC
A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by ARMs.

Warehouse Lender
A Warehouse Lender (also referred to as a "Warehouse Provider" or "Interim Finance Provider") is the bank or other financial institution, including a Federal Home Loan Bank, that has entered into an agreement with the Seller to provide interim financing in exchange for a security interest in, or the receipt of ownership to, Mortgages that are thereafter offered 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 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
A business:
(i) More than 50% of the ownership or control of which is held by one or more women;
(ii) More than 50% of the net profit or loss of which accrues to one or more women; and
(iii) A significant percentage of senior management positions of which are held by women.

Workout Prospector®
A Freddie Mac-owned loss mitigation application that accesses specific Mortgage information from Freddie Mac's database as well as data input by the Servicers and assists Servicers in their analysis and structuring of workouts and other alternatives to foreclosure for Freddie Mac Mortgages.