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**TO: Freddie Mac Sellers and Servicers**

October 28, 2014

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**SUBJECT: REMINDER OF REQUIREMENTS FOR NOTIFICATION OF CERTAIN SELLER/SERVICER ACTIVITIES AND CHANGES**

With increased merger and acquisition activity in the past few years among banks, mortgage bankers and other companies that originate and service Mortgages, it is even more important that Freddie Mac understand proposed ownership and organizational changes impacting its Seller/Servicers. In addition, with the growing number of regulatory obligations imposed on Seller/Servicers, it is crucial that Freddie Mac be made aware of regulatory and other actions.

We require advanced notification of ownership and organizational changes to manage our risks and to meet our Seller/Servicers' needs in their continued business with us. If applicable law prevents a Seller/Servicer from providing Freddie Mac with prior notification, the Seller/Servicer must notify Freddie Mac of such changes as soon as legally permitted.

**Ownership and organizational changes**

As stated in Guide Section 4.11, *Changes in Seller/Servicer's Organization or Status Reporting*, a Seller/Servicer must notify Freddie Mac at least 14 Business Days prior to undergoing a major change in its ownership or organization, such as a:

- Merger
- Consolidation (including a regulatory agency-assisted transaction)
- 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
- Charter change (such as a State-chartered bank becoming federally chartered)
- Conversion (such as a thrift institution converting from mutual to stock form)
- Change in the Seller/Servicer's senior management
- Transfer of all of the Seller/Servicer's assets or assets of a Mortgage-related function, without the transfer of accompanying liabilities
- A change in the Seller/Servicer's name
- Changes concerning affiliate relationships, external auditors, fiscal year-end, and Servicing relationships

**Regulatory actions**

Section 4.11 also requires that if a Seller/Servicer 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, the Seller/Servicer must notify Freddie Mac within seven Business Days.

**Transfers of assets**

Section 4.12, *Transfer of Assets to an Entity that is Not a Freddie Mac-Approved Seller/Servicer*, requires a Seller/Servicer to provide Freddie Mac with notice 75 days prior to a proposed transfer to an entity that is not a Freddie Mac-approved Seller/Servicer of:

- All of the Seller/Servicer's assets without the transfer of accompanying liabilities, or
  - The assets of a Mortgage-related function (for example, originations or Servicing) without the transfer of accompanying liabilities
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Seller/Servicers are reminded that, in these instances, the proposed transferee must obtain Freddie Mac's approval as a Seller/Servicer *prior* to the effective date of the asset transfer.

### Contact information and other changes

Additionally, Seller/Servicers must notify Freddie Mac of changes or additions in contact information, including updates to division heads or equivalents in key mortgage-related functions and primary Freddie Mac business contacts. Having current contact information facilitates our communication of important notices and information to the appropriate individuals.

Seller/Servicers should review Sections 4.8.1, *Seller/Servicer Insurance Reporting Requirements*, 4.11 and 4.12 in their entirety for all activities and changes that require notification to Freddie Mac.

### Form of notification

To give notice to Freddie Mac of any of the activities or changes referenced above, a Seller/Servicer must complete the applicable sections of Guide Form 1107SF, *Seller/Servicer Change Notification Form*, including any required supplemental materials, and submit them by one of the following methods:

- **Electronic Record** (as defined in Guide Chapter 3, *Special Requirements for Electronic Transactions*) – Visit <http://www.freddiemac.com/singlefamily/doingbusiness/acctmaintain.html> and complete, sign and submit Form 1107SF electronically
- **E-mail copy** – Complete a paper Form 1107SF, sign it in ink, scan it into a standard document format (PDF, TIF, JPEG, etc.), attach it to an e-mail and send the e-mail to Freddie Mac at [institutional\\_eligibility@freddiemac.com](mailto:institutional_eligibility@freddiemac.com)
- **Fax copy** – Complete, sign and submit a paper Form 1107SF via fax to Freddie Mac at (866) 743-0087
- **Paper original** – Complete a paper Form 1107SF, sign it in ink, and deliver it to Freddie Mac at 1551 Park Run Drive, MS D3A, McLean, VA 22102-3110 to the attention of Counterparty Credit Risk Management

### CONCLUSION

If you have questions or concerns about the ability to provide notice prior to applicable changes, contact Counterparty Credit Risk Management at (571) 382-3434 or [institutional\\_eligibility@freddiemac.com](mailto:institutional_eligibility@freddiemac.com).

Please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE with any other questions about this Industry Letter.

Sincerely,



Laurie Redmond  
Vice President  
Offerings Effectiveness