

Customer Integration Testing Strategy

Investor Reporting Change Initiative



Updated: November 2017

Background

As part of the Investor Reporting Change Initiative (IRCI), Freddie Mac is making updates to investor reporting systems and processes that will change how Servicers and vendors report loan data to Freddie Mac.

Freddie Mac will create an environment to allow Servicers and vendors to test the investor reporting changes prior to implementation.

Document Purpose

This document outlines our approach and provides details on the customer testing activities.

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Participation

Freddie Mac Customer Integration Testing (CIT) will be available to all Servicers and their vendors. **All Servicers are strongly encouraged to conduct testing with Freddie Mac.**

At a minimum, Servicers must ensure their vendors participate in testing with Freddie Mac and comply with the following requirements:

By participating, you'll be able to...



Validate your systems are ready for investor reporting changes.



Confirm your systems and processes will work during the cutover transition prior to production.



Have an opportunity to test your business processes for IRCI changes.

Servicers who use vendors or Sub-Servicers

Review the Freddie Mac recommended CIT scenarios that apply to the Servicer's portfolio and their vendor/Sub-Servicer's plan for testing those scenarios.

Determine whether the Servicer or its vendor/Sub-Servicer should develop and test additional CIT scenarios.

Ensure the selected Servicer's portfolio is reflected in the vendor's testing plan.

Review testing outcomes with its vendor, including mitigation plans for resolving the defects.

Servicers who report through:

Proprietary systems

Freddie Mac Service Loans application

Review the Freddie Mac recommended CIT scenarios that apply to the Servicer's portfolio and develop a plan for testing those scenarios with Freddie Mac.

Determine whether the Servicer should develop and test additional CIT scenarios.

Review testing outcomes, develop and test mitigation plans for resolving defects.

Systems & Functionality

CIT is focused on Freddie Mac's Servicer-facing applications and corresponding functionality. The following are in scope for CIT:

Business Function	Transmission Methods
Investor Reporting	Loan Level Reporting using Service Loans application (SLA) & Business-to-Business (B2B)
Delinquency Reporting	Electronic Default Reporting (EDR) using SLA & B2B
Workout Settlement	Workout Prospector (WP2)
Foreclosure Sale Reporting	Foreclosure Sale/Deed in Lieu Reporting using SLA



Registration

All Servicers and vendors will be invited to participate in testing.

Servicers and vendors who wish to test will complete a test registration form.

Test credentials to access the test environment will be sent to Servicers and vendors who complete registration.



Communication

Freddie Mac Testing support team will be the central communication point for all testing activities, questions and defects.

Servicers and vendors will also continue to have the assistance of the designated Freddie Mac IRCI Vendor Integration project manager to assist with testing activities.

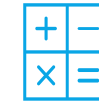


Data Management

Freddie Mac and Servicers and/or vendors will use the same starting data point prior to test execution.

Each Servicer/vendor may submit loan numbers to Freddie Mac for testing up to **10% of the Servicer's portfolio** volume. For Servicers who register to test but do not provide Freddie Mac loan numbers, Freddie Mac will select 10% of their portfolio that fits the minimum test scenarios.

It is recommended that Servicers pick a wide range of products, terms and delinquency statuses for testing.



Testing Artifacts

Testing documentation and artifacts will be stored by Servicers/vendors in the Freddie Mac Test Document Repository (TDR).

Servicers/vendors will upload test scenarios to TDR prior to CIT.

Servicers/vendors will update and maintain results of test execution in the TDR.

TDR will be used for defect tracking.

Credentials to access TDR will be sent to Servicers and vendors who plan to test.

Test Planning & Preparation Activities

Freddie Mac will coordinate the following test planning and preparation activities with Servicers and vendors:

Activity	Description
Test Preparation Plan	Freddie Mac will support Servicers/vendors to develop a test preparation plan that outlines the test data, testing resources, assumptions, constraints, dependencies and other testing information.
Test Scenarios	<p>Review and create test scenarios:</p> <ul style="list-style-type: none"> Freddie Mac has provided the recommended minimum CIT scenarios for IRCI changes. Servicers, in conjunction with their vendor/Sub-Servicer, will identify any additional CIT scenarios to be included based on their portfolio. If requested, Freddie Mac will review the additional CIT scenarios that Servicers create.
Test Registration	<ul style="list-style-type: none"> All Servicers are invited to participate in testing. A test registration form will be made available to all Servicers and vendors. Servicers and vendors who wish to test will complete and return the test registration form to confirm participation. Servicers and vendors are required to provide contact information for their testing Points of Contact (POCs) and escalation POCs.
Test Data Preparation	<p>Servicers/vendors will identify Seller/Servicer numbers and corresponding loan numbers to be included in CIT.</p> <ul style="list-style-type: none"> Servicers/vendors will provide their final list of Freddie Mac loan numbers (up to 10% of the Servicer's portfolio) for the selected CIT scenarios. It is recommended that Servicers pick a wide range of products, terms and delinquency statuses to meet the testing scenarios. For Servicers who register to test but do not provide loan numbers, Freddie Mac will select 10% of the Servicer's portfolio that fits the recommended test scenarios. Freddie Mac and Servicers will use the same starting data point (ending UPB and corresponding data) for test execution.
Test Execution	Freddie Mac testing will occur from August 2018 to March 2019. Please view "Testing Approach" section for additional details.

Testing Approach

Freddie Mac CIT will occur in three waves

CIT Wave 1



Participation

Freddie Mac will be performing testing with Black Knight and Fiserv (LoanServ)



Scope

Cutover Testing* and Functional Testing**



Data

Black Knight and Fiserv (LoanServ) to use July 2018 ending balance (investor balance) and corresponding loan data from production to begin CIT in August 2018 with Freddie Mac



**Cutover Testing: Testing of the transition month in which Freddie Mac and Servicers/vendors transition from the current, pre-IRCI monthly accounting and reporting cycle to daily reporting using a monthly accounting cycle.*

***Functional Testing: Refers to testing the non-Cutover changes associated with the IRCI program.*

CIT Wave 2



Participation

This wave is open to all Servicers and vendors



Scope

Three consecutive cycles of Functional Testing (Cutover will not be tested in this wave)



Data

Servicers/vendors to use September 2018 ending balance (investor balance) and corresponding loan data from production to begin CIT in October 2018 with Freddie Mac

NOTE: Testing for participants from Wave 1 will be uninterrupted and data will not be refreshed.

<p>OCTOBER 2018 CIT Cycle 1 (Functional Testing) October Accounting Cycle</p>	<p>NOVEMBER 2018 CIT Cycle 2 (Functional Testing) November Accounting Cycle</p>	<p>DECEMBER 2018 CIT Cycle 3 (Functional Testing) December Accounting Cycle</p>
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CIT Wave 3



Participation

This wave is open to all Servicers and vendors



Scope

Cutover Testing and Functional Testing



Data

Servicers/vendors to use December 2018 ending balance (investor balance) and corresponding loan data from production to begin Cutover testing in January 2019 with Freddie Mac

NOTE: Data will be refreshed for all participants, including the participants from Wave 1 & Wave 2.

<p>JANUARY 2019 CIT Cycle 1 (CUTOVER Testing) January Accounting Cycle</p>	<p>FEBRUARY 2019 CIT Cycle 2 (Functional Testing) February Accounting Cycle</p>	<p>MARCH 2019 CIT Cycle 3 (Functional Testing) March Accounting Cycle</p>
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Entry & Exit Checklist

Entry Checklist



Test Registration and Resources (Jan-Feb 2018)

- 1 Servicers and vendors complete the test registration form to obtain access to test environment and the TDR.
- 2 Servicers and vendors to provide any testing-related assumptions, constraints and dependencies to Freddie Mac.
- 3 Servicers and vendors provide Freddie Mac with the names and contact information of testers.



Test Environment (Mar-May 2018)

- 4 Servicers and vendors validate their connectivity to the Freddie Mac customer test environment.
- 5 Servicers and vendors validate access credentials in the customer test environment.
- 6 Servicers'/vendors' environment is ready for testing with Freddie Mac.



Testing Support Training (Begins June 2018)

- 7 Servicers/vendors participate in the testing support training for an overview of the testing process and communication procedures.



Test Data (15th June 2018)

- 8 Servicers/vendors provide final list of loan numbers for the CIT scenarios within each identified Seller/Servicer number.
- 9 Freddie Mac defines the starting data point prior to test execution. Servicers/vendors sync up production data reported to Freddie Mac the month prior to test execution to ensure the ending UPBs and corresponding data match in the test environment.



Test Scenarios (June 2018)

- 10 Servicers/vendors review the Freddie Mac recommended minimum CIT scenarios, published in November 2017.
- 11 Servicers/vendors identify the Freddie Mac recommended CIT scenarios that apply to the Servicer's portfolio and create additional CIT scenarios if needed. Servicers update scenarios to TDR by June 2018.

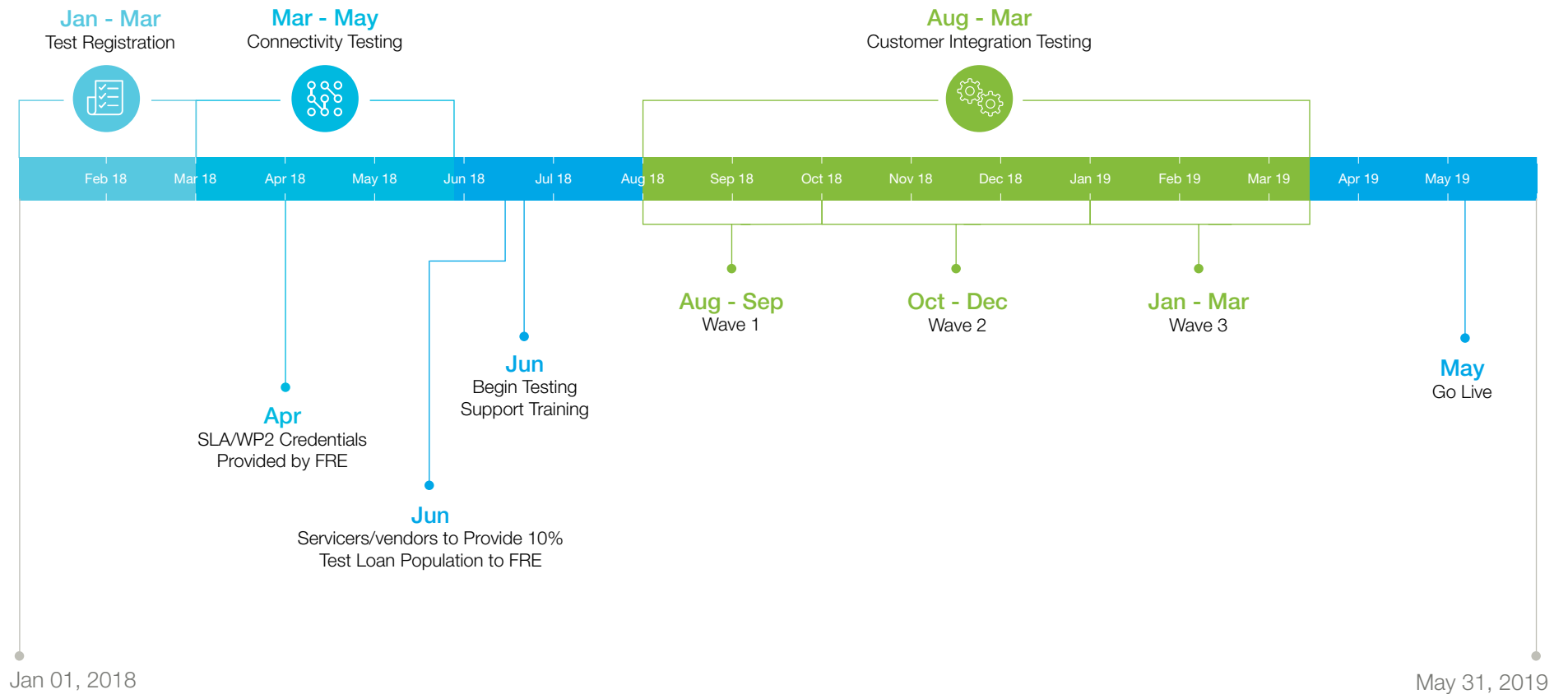
Exit Checklist



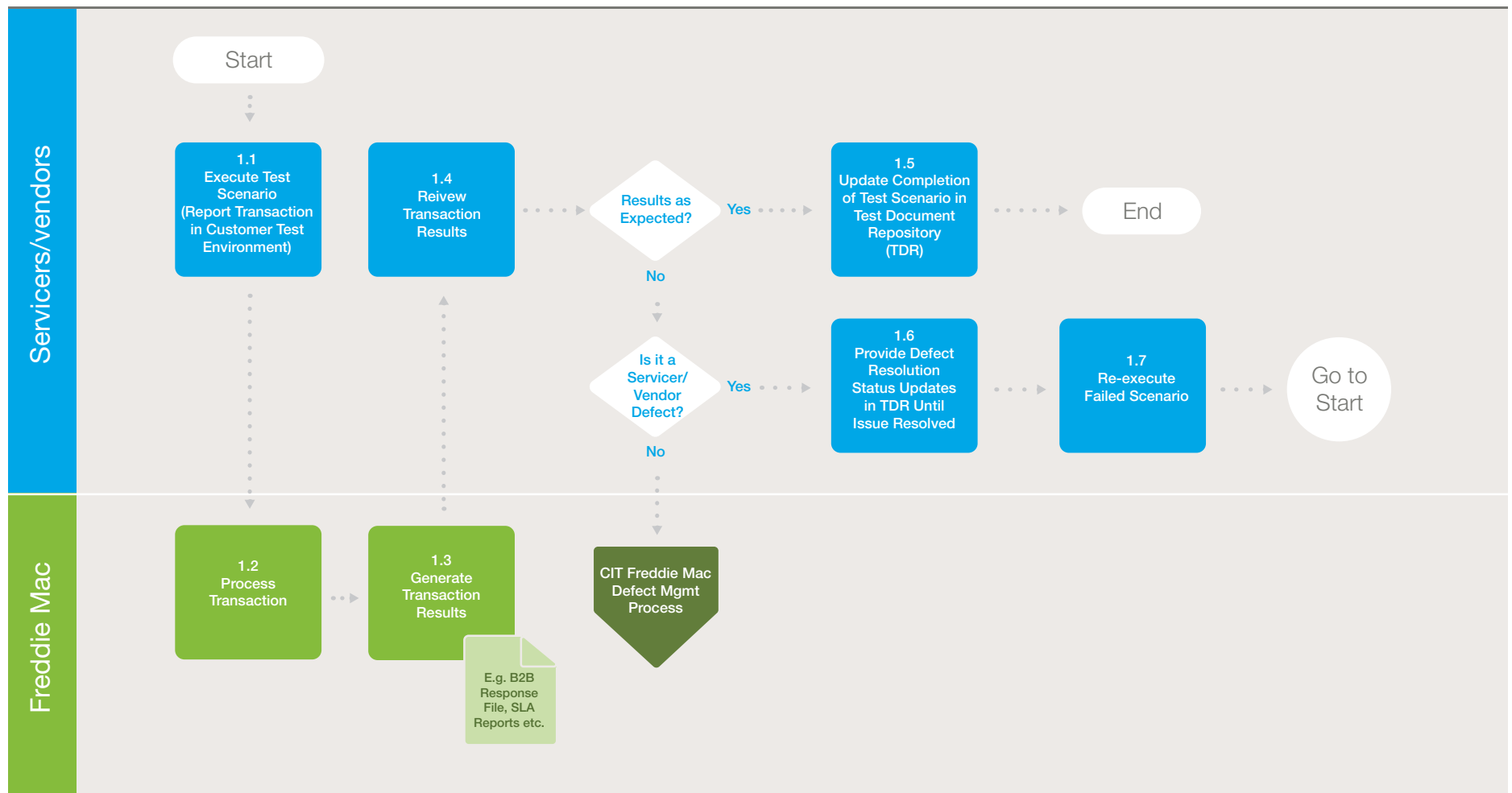
- 1 Servicers/vendors successfully execute all planned CIT scenarios.
- 2 Servicers/vendors have remediated or defined and reviewed a satisfactory mitigation plan with Freddie Mac.
- 3 Servicers/vendors have documented all scenarios and results in the TDR.

CIT Timeline

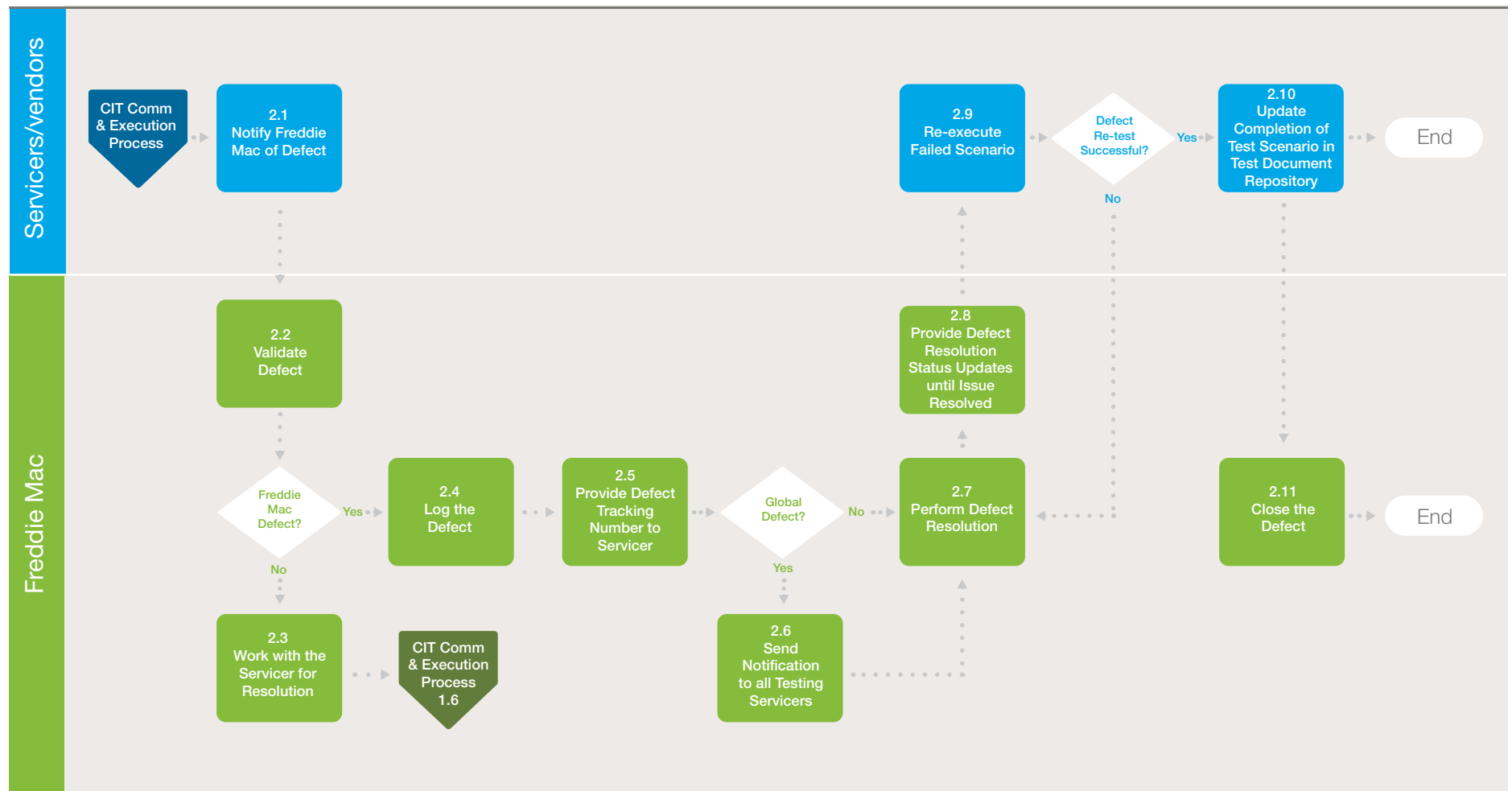
Timeline below provides key CIT milestones



How it Works - Communication & Execution Process



How it Works - Defect Management Process



Contact & Definitions

Contact our IRCI test team at: [Freddie Mac Customer & Vendor Integration](#)

Definitions

Customer Integration Testing (CIT): Testing conducted between and Servicers/vendors and Freddie Mac

Servicers/vendors: Servicers and/or their vendors who provide technology and/or reporting services

Testing Support Team: Freddie Mac contacts to support Servicers/vendors during CIT

Test Data: Loan numbers used to test CIT test scenarios

Test Document Repository (TDR): Central repository updated by Servicer/vendor for all Servicer testing artifacts – accessible by Servicers/vendors and Freddie Mac

Test Scenario: A written outline of a business functionality or process that can be tested