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# Quality Control Best Practices

**Available at:**

**[http://www.freddiemac.com/singlefamily/quality\\_control.html](http://www.freddiemac.com/singlefamily/quality_control.html)**

## QUALITY CONTROL BEST PRACTICES

### Quality Control Best Practices Contents

The chapters in the Quality Control Best Practices cover the following:

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In addition, you will find the following:

- Exhibit QC1, *Sample Origination and Closing Documents Checklists*, provides helpful checklists on documents to review in the loan file.
- Exhibit QC2, *Sample Document Review and Red Flag Checklists*, provides helpful checklists on a variety of topics, including mortgage application, credit reports, sales contract, etc.
- Freddie Mac Contact Information

Keep in mind that the best practices noted here are provided to assist you in establishing a new, or improving your existing, quality control program. This information is not a substitute for Freddie Mac's *Single-Family Seller/Servicer Guide* requirements and may not address all of the circumstances or meet all of the needs of your organization.

## Chapter 1 – Introduction

### Overview

Our extensive research into the practices of successful mortgage lenders has strengthened our belief that reliable and effective quality control programs are essential to the mortgage industry. 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 loan originations. This publication provides you with requirements and best practices for designing, administering and documenting an effective quality control program for Loan Prospector<sup>®</sup> mortgages, non-Loan Prospector mortgages and mortgages that are manually underwritten.

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### General Requirements

You must meet all of the quality control requirements found in Freddie Mac's *Single-Family Seller/Servicer Guide* (Guide) as a condition to selling home mortgages to Freddie Mac. We have included Guide requirements for reference in this booklet and have indicated the Guide section where you will find the requirement. To verify that you are in compliance with all of our requirements, please refer to Chapter 48 of the Guide titled "Seller's In-House Quality Control Program." The best practices noted in this document are based on our experience and on controls currently being used in the industry. Although you are not required to implement these best practices, we encourage you to refer to them and customize your quality control program to reflect your company's organization, circumstances and needs.

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## Chapter 2 – Establishing and Managing an In-House Quality Control Program

### Overview

While no single quality control program can meet the needs of all Sellers, certain characteristics are found in all effective quality control programs. These characteristics are the foundation of our requirements.

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### General Requirements (see Guide Section 48.1)

To comply with the Guide, you must operate a quality control program for home mortgages that is acceptable to Freddie Mac. Your quality control program should take into account the individual characteristics of your organization and reflect:

- The size and structure of your organization
- The experience and expertise of the staff
- The geographic areas of operation
- The branch structure
- The volume and types of mortgages originated
- The origination sources used (for example, from mortgage brokers or correspondents or via the internet)
- Any significant changes in the product lines, origination sources or production process
- Controls in place to ensure that internal policies and procedures are followed

Your quality control program must:

- Be in writing
- Provide for standard operating procedures for all employees who will be involved with or affected by the quality control process
- Be capable of evaluating and monitoring the overall quality of your mortgage production on a regular and timely basis
- Include preclosing and postclosing quality control reviews
- Include procedures to ensure that sample selection mortgage file reviews and the reporting of findings to senior management are conducted in a timely manner

You may use any combination of preclosing or postclosing quality control reviews based on your specific operations and needs. Your postclosing in-house quality control program **must** operate independently of the mortgage origination and underwriting departments. Your preclosing in-house quality control process **should**

operate independently of the mortgage origination and underwriting departments when operationally possible.

You must also comply with the requirement of Guide Section 7.2 (c) relating to fraud prevention and detection in your quality control program, as well as other applicable requirements of Guide Chapter 7 relating to fraud prevention, detection and reporting.

Your review of the mortgage file and reverifications must:

- Determine compliance with the requirements of the purchase documents for mortgages sold to Freddie Mac
- Assess whether the mortgage was properly underwritten based on prudent underwriting practices and sound underwriting judgment
- Assess the data integrity -- this is important whether you are transmitting loan data to investors or using an automated underwriting system

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## Responsibilities of a Quality Control Representative

When establishing a quality control program, you should designate one individual in your company to be the quality control representative. This representative will have overall responsibility for implementing and coordinating activities under your quality control program.

Depending on the size of your company, the quality control representative may have other responsibilities. However, this individual must not be responsible for mortgage origination, processing or underwriting functions.

Typical responsibilities of the quality control representative may include:

- Maintaining and disseminating up-to-date information on your requirements as well as the requirements of mortgage insurers, applicable government entities and your investors, including Freddie Mac
- Ensuring that your reviewers have the appropriate skills and experience to perform quality control reviews
- Having the authority to modify the program when necessary to meet the objectives of the program
- Reporting quality control findings to senior management
- Working with the appropriate areas to develop recommended solutions to problems uncovered in quality control reviews
- Developing and implementing employee education and training
- Following up with management on quality control findings

## Third-party Quality Control Services (see Guide Section 48.2)

You may find it necessary or desirable to hire third-party quality control services for all or part of your quality control program.

A Seller using third-party quality control services must:

- Ensure that the work performed by third-party quality control services comply with Freddie Mac requirements
- Monitor and evaluate the performance of third-party quality control services on a regular basis

You must review third-party quality control findings and take the same corrective actions as you would with respect to quality control findings made by your own staff.

If you choose to use these services, you can find information on establishing and maintaining best practices for monitoring mortgage service providers in Chapter 7 of the Wholesale Originations Best Practices.

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## Fair Lending Reviews

### Overview

We support your commitment to employ business practices that promote fair lending in all geographic areas and for all borrowers. For some lenders, the fair lending review will be part of a compliance review program. We believe your quality control program should contribute to your efforts to:

- Support and promote fair lending policies and compliance with anti-predatory lending requirements.
- Monitor your employees' understanding of, and adherence to, fair lending policies
- Determine that fair lending policies are being consistently applied throughout your company
- Apply our underwriting guidelines consistently to each borrower when originating mortgages

### Requirements (see Guide Section 6.2)

As a Freddie Mac Seller, you must comply with all applicable laws, ordinances, regulations and orders, including the following laws and their implementing regulations:

- Title VI of the Civil Rights Act of 1964
- Title VIII of the Civil Rights Act of 1968, as amended
- Section 527 of the National Housing Act
- The Equal Credit Opportunity Act
- The Fair Credit Reporting Act

- Executive Order 11063, Equal Opportunity in Housing
- The foreign assets control regulations, 31 C.F.R. Part 500, as amended
- The Bank Secrecy Act, the Money Laundering Control Act and Title III of the USA PATRIOT Act
- Section 5 of the Federal Trade Commission Act and similar laws that prohibit unfair or deceptive acts or practices
- The Real Estate Settlement Procedures Act
- The Fair Debt Collections Practices Act
- The Homeowners Protection Act 1998
- The U.S. Bankruptcy Code
- All other applicable federal and state laws, regulations and orders

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## Documenting Your Quality Control Program

### Overview

All preclosing and postclosing quality control activities must be fully documented in writing and reviewed by management on a regular basis. Your findings must also be:

- Communicated to management on a regular basis
- Communicated to the origination areas of your company as feedback on their operations
- Provided to Freddie Mac upon request

### General Requirements

Your policies and procedures must document your processes for:

- Postclosing sample selection, including methodology, frequency and responsibility (see Guide Section 48.4)
- Reverifications, including verbal reverifications (see Guide Section 48.5),
- Loan reviews (see Guide Section 48.5 and 48.6)
- Transfers of servicing (see Guide Section 48.3)
- File documentation review (see Guide Section 48.7)
- Preclosing quality control reviews (see Guide Section 48.8)
- Documenting reviews of mortgages selected for a preclosing or postclosing quality control review (see Guide Section 48.9)
- Reporting and follow-up, such as reporting on review results and implementing any corrective actions (see Guide Section 48.10)
- Document retention (see Guide Section 48.11)

## Reverification Process Documentation

In addition to the required reverifications stated in Guide Section 48.5, many Sellers develop reverification procedures for:

- Mortgage applications
- Title searches
- Sales contracts

When shipping documents containing a borrower's personal information, we recommend several practices to protect information against accidental disclosure to unauthorized recipients. See them in the "Protection of Borrower's Personal Information" section in the next chapter.

## File Review Process Documentation (see Guide Section 48.7)

Your postclosing quality control review procedures must include a review of:

- The existence and accuracy of documentation required by law
- Compliance with your guidelines, eligibility and underwriting requirements and those of the mortgage insurer and Freddie Mac, as applicable
- Compliance with Guide Section 2.24 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
- Loan Prospector<sup>®</sup> data as entered into the data fields in the last transmission to Loan Prospector, prior to sale to Freddie Mac (Refer to the *Loan Prospector Functionality Guide*)

## Documenting Reviews (see Guide Section 48.9)

In documenting your quality control file review results, you 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 your requirements or those of the mortgage insurer or Freddie Mac

## Timely Revisions

You should revise your quality control program on a timely basis when there are:

- Significant changes in your origination process or products
- Changes in your eligibility or underwriting requirements
- Changes in your investor's or mortgage insurer's eligibility or underwriting requirements

## Retention of Records (see Guide Section 48.11)

For at least three years from the date of the preclosing or postclosing quality control review, you are required to retain all records related to:

- Your quality control findings
- Corrective actions taken

Your quality control records must be provided to us upon request and included in the information provided to the new servicer upon a transfer of servicing.

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## Postclosing Sample Selection (see Guide Section 48.4)

### Overview

It is usually not feasible to review every mortgage that your company originates. However, by carefully selecting a sample of cases to review, you should be able to effectively monitor the overall quality of your total mortgage production.

How often you select your quality control sample will depend on your origination volume and what works best in your company. Many Sellers prefer to select a quality control sample at least once a month, which provides timely results, and corrective actions may be started earlier if necessary.

Your postclosing quality control sample must consist of at least these three sample types:

- Random
- Targeted
- Discretionary

### Random Sample

Random samples let you obtain an unfiltered view of your total mortgage population. In a random sample, every mortgage has an equal chance of being selected. **Except as provided under the last paragraph of this section, you must:**

- Select at least 10 percent of one of the following production populations for quality control review:
  - Your total annual home mortgage production
  - Your total annual secondary market home mortgage production
  - Your total annual Freddie Mac home mortgage production
- Design your sampling procedures so there is a chance that each mortgage within the chosen population will be selected within 90 days of the note date
- Over the course of each 12-month period, select samples that are representative of the full scope of your product line and production process within the selected population. A full scope of your product line and origination process includes:

- Home mortgages from all product lines
- Home mortgages from all States of operation
- Home mortgages from each branch office
- Home mortgages from each third-party involved in the origination process
- Home mortgages with high-risk characteristics (for example, high loan-to-value ratios, adjustable-rate mortgages, 3- to 4-unit properties, manufactured homes, cash-out-refinance mortgages, investment property mortgages and Caution mortgages)
- Ensure that Loan Prospector mortgages make up a representative portion of your quality control sample
- Assign to quality control personnel the authority to conduct additional reviews at their discretion

**NOTE:** Mortgages excluded from your quality control sample selection process are not eligible for sale to Freddie Mac.

Sellers 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.

### **Selection Processes for Random Samples**

You select mortgages by using numbers randomly generated through one of the following selection processes:

- A random number table
- A computer-generated program of random numbers
- A calculator capable of generating random numbers

Using randomly selected numbers, rather than simply starting with the 10th mortgage of the review period, will help to prevent bias that can result when employees know in advance which files will be reviewed.

### **Random Sample Types**

Starting with the random numbers, you may use any of the following types of random samples:

- Simple random sample
- Systematic random sample
- Stratified random sample

**Simple Random Sample** - To establish a simple random sample, determine how many mortgages you want in your sample, select enough random numbers and pick the mortgages with the corresponding numbers.

**Systematic Random Sample** - To establish a systematic random sample, select one random number, pick the mortgage with the corresponding number and choose every 10th consecutive mortgage.

**Stratified Random Sample** - To establish a stratified random sample, first stratify the entire mortgage population into groups and subgroups. For example, groups may consist of mortgages sold to different investors. Subgroups may consist of fixed-rate mortgages, balloon/reset mortgages and adjustable rate mortgages. Then you select either a simple random sample or systematic random sample from each of these subgroups. One advantage of using a stratified random sampling technique is that you can more effectively select mortgages that represent the full scope of your business.

## Targeted Samples

Each month you 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.

## Discretionary Samples

A discretionary sample includes mortgages selected on a non-random basis from a specific population. By using discretionary samples, you will gain knowledge on a desired topic much more quickly than if you were to rely only on random sampling.

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

## Chapter 3 – Implementing an In-House Quality Control Program

### Quality Control Loan Reviews

#### Overview

The review of the original mortgage file documentation and reverifications should:

- Verify the existence and accuracy of the documents associated with your mortgage files
- Evaluate the underwriting decisions associated with the mortgages
- Determine where additional training for your staff may be needed
- Discover errors and omissions as well as intentional violations of rules
- Identify necessary changes in your company's processes and procedures
- Assess whether mortgages conform to the underwriting requirements and guidelines of your company, the insurer and investor
- Determine that regulatory requirements are met
- Determine that specific Freddie Mac representations and requirements are met
- Monitor the overall quality of mortgage production

#### Prudent Lending Practices

The concept of prudent lending practices should be incorporated in your quality control program. In other words, if your regulator, the mortgage insurer or your investors, including Freddie Mac, have no specific rule to govern a particular topic or situation, you should review the practices of the mortgage banking industry and strive to adopt a practice that is both customary and prudent.

#### Checklists

Your quality control program should include the use of checklists to promote consistency and efficiency in your reviews. Checklists should be designed to assist the reviewer in:

- Verifying the accuracy and completeness of the origination documents
- Evaluating the underwriting decisions and the acceptability of the mortgage
- Verifying the existence of required legal documentation
- Determining that your company policies are met

Your checklist should:

- Promote a thorough analysis of the information by the quality control reviewer
- Take into account the skill level and experience of your reviewers

- Confirm that requirements of your regulator, the mortgage insurer and Freddie Mac have been met
- Be easily executed in a "Yes/No" format (such as "Is the information in the new credit report essentially the same as the information in the original credit report?") or in a directive format (such as "Compare the original credit report to the new credit report.")
- Be updated in a timely fashion to concentrate on identified areas in your operations or policies needing a more intensive review

## Documentation Review

You must include in your postclosing quality control review a comparison of the original documents with the reverifications you receive. You must also include a review of the closing documents. (See Exhibit QC1, *Sample Origination and Closing Documents Checklists*)

## Reviews of Declined Loan Applications

You should also include a random sample of your declined loan applications in your quality control program and review for:

- Documentation supporting the decision to decline
- Exceptions in lending treatment
- Evidence that fair lending policies are understood and consistently applied throughout the company

## Purchase Document Compliance Reviews

To ensure that the mortgages meet the terms of the purchase documents, you should provide your quality control staff and/or mortgage service provider easy access to copies of your contracts. You should also determine that your mortgage service provider or quality control staff has the most recent Guide bulletins and has received training on the new requirements. Also, your quality control staff must be informed when changes to our standard purchase programs have occurred and/or when requirements have been negotiated with your company.

## Fraud Detection

As indicated in Guide Section 7.2, your organization 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. You are encouraged to use your quality control program to complement your other efforts to prevent and detect fraud in your operations. Your quality control program can also be designed to provide valuable feedback to prevent problems before they occur by checking for red flags and reverifying data.

You can find information on fraud prevention and detection in Guide Chapter 7 and in the Fraud Prevention Best Practices reference located on [Freddie Mac's Quality Control and Fraud Prevention Resources webpage](#).

## Red Flags

To assist your origination staff in identifying attempts to misrepresent information or commit fraud, we developed lists of "red flags." (See Exhibit QC2, *Sample Document Review and Red Flag Checklists*).

These red flags represent typical inconsistencies often found in fraudulently obtained mortgages.

The presence of one or more red flags in a mortgage file does not necessarily mean there was fraud or fraudulent intent. However, the discovery of several red flags during the quality control review may signal the need for a more detailed review of the mortgage.

These red flags are useful tools for your quality control staff to identify the types of documentation or lack of documentation that may lead to the discovery of fraud in a mortgage file. This information should then be used by management to modify your company's origination policies or procedures when appropriate to prevent fraud.

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## Quality Control Reverifications

### Overview

Reverification is the centerpiece of your quality control program. The success of your quality control program will depend directly on the resources and planning you devote to this area. You should initiate reverifications as soon as possible after sample selection to facilitate the review discussed later in this chapter.

### General Reverification Requirements (see Guide Section 48.5)

You must make certain reverifications on Loan Prospector<sup>®</sup> 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 you against fraud and misrepresentation

You 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.

### Protection of Borrower's Personal Information

When shipping documents containing a borrower's personal information, you must protect the information against disclosure to unauthorized recipients. Try to limit the personal information shipped to what is needed for the intended purpose; for example, you may require only the last four digits of a Social Security Number.

For personal information that needs to be mailed, we recommend that:

- The shipper confirms the correct address and contents of the shipment
- The envelope or package is not marked "confidential"
- Unless necessary, the information is not sent to a residential address
- The shipper confirms pick-up and receipt
- An inventory of the sent material is maintained, in order to know the potential impact of a lost shipment

Before you fax or mail documents containing a borrower's personal information, we suggest that you confirm the accuracy of the fax number or mailing address.

### **Verification of Employment, Income and Sources of Funds (see Guide Section 48.5(a))**

For postclosing quality control review, you must reverify all employment, income and sources of funds used in the original underwriting process and based on the minimum documentation required for origination. Copies of the original verifications should be submitted to the issuers with a request that they confirm the accuracy of the documents.

Although we strongly encourage written reverifications, you may obtain verbal reverifications on employment, income and sources of funds.

Any verbal reverification must be documented in writing and retained in the mortgage file. 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 of 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.)

You must obtain the Internal Revenue Service (IRS) income information using Form 4506-T (or an alternate form acceptable to the IRS that collects comparables 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.

You may need to reverify documents in addition to those required by Freddie Mac to:

- Meet the requirements of your regulator, other investors or mortgage insurers
- Investigate cases of suspected misrepresentation or fraud
- More fully document the overall conclusion of acceptability in a file that appears marginal after the required reverifications are reviewed

The original verification of employment, income, sources of funds and payment history should be:

- Photocopied
- Attached to a letter requesting confirmation of the accuracy of the documentation
- Mailed to the issuer of the original verification with a self-addressed stamped envelope (Add "Do Not Forward" on the front of your envelope)

#### **Reverification of Employment and Income**

You must reverify all verifications of employment and income used in the original underwriting process based on required minimum documentation.

The original documentation verifying employment and income may include:

- Verification of employment and income forms
- Paystubs
- Salary vouchers
- W-2 forms
- Tax returns
- Financial statements
- Compensation award letters
- Other documentation verifying income

A Seller must obtain the Internal Revenue Service (IRS) income information using Form 4506-T (or an alternate form acceptable to the IRS that collects comparable information) for each mortgage selected for quality control review. The IRS form does not need to be resubmitted to the IRS if a response was received during the origination process.

#### **Reverification of Self-Employment**

You must reverify information related to the borrower's self-employment.

The original verifications may have included:

- Tax returns
- Financial statements

You should contact the appropriate person or organization to reverify the information. For example:

- Ask the IRS for copies of the borrower's personal and business tax returns with the IRS Form 4506 (Request for Copy of Tax Form), Form 4506-T (Request for Transcript of Tax Return), IRS Form 8821 (Tax Information Authorization) or any similar form acceptable to the IRS
- If an accountant prepared the financial statements, ask the accountant to confirm the authenticity of the financial statements

#### **Reverification of Source of Funds**

You must reverify all original documentation verifying sources of funds for:

- Down payment
- Closing costs
- Prepaid items

The original documentation may include

- Verification of deposit forms
- Depository account statements
- Stock and securities account statements
- Gift funds
- A signed settlement statement or other evidence of conveyance and transfer of funds if a sale of assets was involved

#### **Borrower's Social Security number (see Guide Section 48.5(b))**

For mortgages included in postclosing quality control samples, you must validate the Social Security Number provided by each borrower.

#### **Credit Reports (see Guide Section 48.5(c))**

For Loan Prospector mortgages, you are not required to obtain a new credit report. However, any credit information obtained from sources other than Loan Prospector must be reviewed. You 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 one out of every 10 non-Loan Prospector mortgages selected for postclosing quality control review, you 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, you must obtain a new in-file credit report containing information from one or more of the national repositories.

You should obtain the new report from a source other than the original reporting agency. You must compare the new credit report with the credit report used when the mortgage was originated.

For Loan Prospector Accept Mortgages and A-minus Mortgages, you are 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, you must verify that the Loan Prospector-provided credit reports are for the correct borrower
- For A-minus Mortgages, you must review the Loan Prospector-provided credit reports to determine compliance with Sections C33.3 and 37.11(c).

For manually underwritten mortgages, you must re-underwrite the credit and continue to review the mortgage file documents in accordance with Guide Section 48.7 to determine that the mortgage was underwritten to Freddie Mac's requirements.

For all mortgages selected for postclosing quality control review, you 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.

If the mortgage requires an Indicator score to establish eligibility of the mortgage for the product offering, you must confirm that the score listed on Form 1077, Uniform Underwriting and Transmittal Summary, and the method used to select the score are correctly identified.

### **Reverification of Payment History**

You should reverify all mortgage payment histories, rental payment histories and other large liabilities used in the original underwriting process based on the required minimum documentation.

The original payment history documentation may include:

- Direct written references from the mortgagee, landlord or creditor
- Mortgage payment history
- References contained in the credit report (You should review the new quality control credit report.)
- Canceled checks to cover the most recent 12-month period (Note generally, these will not be reverified, provided you have evidence that the checking account is valid.)

### **Owner-Occupancy (see Guide Section 48.5(d))**

For all mortgages secured by primary residences that are selected for postclosing quality control review, you must verify that the borrower is occupying the mortgages premises as a primary residence.

### **Reverification of Owner-Occupancy**

The following are some examples of, but not limited to, ways you may verify occupancy:

- Send the borrower a certified letter to the subject property address
- Physically inspect the subject property
- Use directory assistance or cross-reference services
- Verify the name and address on checks submitted for housing payments
- Review homeowner's insurance records
- Check with utility companies
- Check with homeowners associations

### **Appraisal, Inspection and Property Inspection Alternatives (PIA) (see Guide Section 48.5(e))**

To evidence that the mortgaged premises is acceptable for the transaction, each mortgage file must contain one of the following Freddie Mac reports:

- Form 70, Uniform Residential Appraisal Report
- Form 2055, Exterior-Only Inspection Residential Appraisal Report
- Form 70B, Manufactured Home Appraisal Report
- Form 72, Small Residential Income Property Appraisal Report
- Form 465, Individual Condominium Unit Appraisal Report
- Form 466, Exterior-Only Inspection Individual Condominium Unit Appraisal Report
- Form 2070, Loan Prospector Condition and Marketability Report, or Fannie Mae Form 2075
- Home Value Models: A print out of the Last Feedback Certificate with a Minimum Assessment Feedback of Form 2070 or PIA, and may include Freddie Mac Form 2070 and Fannie Mae Form 2075

For postclosing quality control reviews you 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, you are not required to order an appraisal or a review appraisal. However, you are required to determine:

- The mortgage met all the eligibility requirements of Sections 44.9 and 44.10
- The subject property address information and all other information entered into Loan Prospector was true, complete and accurate

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- 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 2070 or Property Inspection Alternative, 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, you are not required to order an appraisal or an appraisal review report. However, you are required to determine:

- The mortgage met all the eligibility requirements of Sections 44.9 and 44.10
- The subject property address information and all other information entered into Loan Prospector was true, complete and accurate
- The property address used by Freddie Mac and returned on the Loan Prospector Feedback Certificate is the address of the mortgaged premises
- The mortgage met all the eligibility requirements for Form 2070 or 2075
- The Last Feedback Certificate returned a Minimum Assessment Feedback of 2070 or Property Inspection Alternative, 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:

1. If the mortgage is secured by a 1-unit property and was originated using an appraisal report, you must obtain a field review with the results reported on a field review report, such as a Freddie Mac Form 1032, One-Unit Residential Appraisal Field Review Report.
2. If the mortgage is secured by a 2- to 4-unit property, you must obtain a field review with the results reported on a field review report, such as Freddie Mac Form 1072, Two- to Four-Unit Residential Appraisal Field Review Report.
3. You do 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 (see Guide 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 your 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)

## Mortgage Application

A copy of the original, signed mortgage application should be mailed to the borrowers with a request to:

- Acknowledge their signatures
- Verify that the information shown was valid
- State whether they were asked to sign a blank or incomplete mortgage application
- State whether they were asked to omit any information requested on the mortgage application

We recommend that you confirm the accuracy of the fax number or mailing address before you fax or mail documents with sensitive or private borrower information. For additional guidelines for protecting borrower information, see "Protection of Borrower's Personal Information" on page QC3-3.

## Follow-Up Procedures

Your quality control program should include policies addressing reverification requests that are not returned in a reasonable amount of time. You may want to employ steps to reverify the existence of the sources of information before mailing a second request or attempt to verbally reverify the information. Effective follow-up procedures should be part of your program.

## Resource Recommendation

You should provide your staff with the necessary resources to confirm or reverify information in the mortgage file. The following is a list of resources and resource materials that you may use to confirm or reverify information and representations made in the mortgage file:

- Directory Assistance - confirm occupancy or addresses of individuals or entities on verification documents
- Cross-Reference Directories - obtain a telephone number for an address or obtain a name and address for a telephone number
- Credit Reports - discover undisclosed obligations, Social Security Number irregularities, aliases, employment histories and address histories or

discrepancies

- United States Postmaster - identify the registered owner of a post office box
- Secretary of State's Office - verify the existence of and to obtain information on corporations
- Social Security Number Verification - confirm the issuance and validity of a Social Security Number
- FICA Taxable Wage Tables - verify wages and taxes on paystubs and W-2 forms
- Mail Drops - obtain from either the local postmaster or directory and use to evaluate the information provided on verification documents
- State and County Licensing Offices - confirm employment information on licensed professions
- Online Databases - provide information regarding individuals, businesses and properties

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## Data Integrity Review (see Guide Section 48.6)

### Overview

Your postclosing quality control review procedures for all mortgages must include a review of the completeness and accuracy of the information you obtained in the origination process.

The data integrity review of the information must include a process for checking data fields entered in Loan Prospector and ensuring that all data submitted is valid. In order to assist in this process, the quality control reviewer must have access to documentation that lists the required codes and formats for all data fields.

### Procedures for Review

You 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:

- Form 65, Uniform Residential Loan Application(s)
- Employment and income verifications
- Sales contracts
- Tax returns
- Credit data
- Asset documentation
- Appraisal and inspection reports
- Mortgage delivery data, including the Loan Prospector Key Number when applicable

If you determine that the Key Number for a Loan Prospector mortgage is missing or is inaccurate, you must notify Freddie Mac in writing within 30 days of the finding.

You must also check the information provided to Loan Prospector, including the:

- Borrower's name
- Property address
- Property type
- Terms of the transaction (including financing)
- Capacity of the borrower to repay the mortgage

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## Preclosing Quality Control Reviews (see Guide Section 48.8)

### Overview

Your quality control program **must** include a process to perform quality control reviews on a sampling of your mortgages prior to closing. The goal of an effective preclosing review process is to monitor your 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.

Your in-house preclosing quality control process **should** operate independently of the mortgage origination and underwriting departments when operationally possible.

### Recommendations for Preclosing Review Procedures (see Guide Section 48.8(a))

Your 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

### Recommendations for Preclosing Sample Selection (see Guide Section 48.8(b))

Your sampling process **should** include mortgages that are representative of the full scope of your product line and production process. You should regularly assess your sampling methodology to ensure that your preclosing quality control process is effective. Additionally, you 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 your policies and procedures
- Evaluate the work of a particular employee or mortgage transaction participant when there is a reason to suspect fraud

### **Recommendations for Preclosing Validation and Reverification (see Guide Section 48.8(c))**

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
- 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

## Chapter 4 – Quality Control Program Reporting Requirements

### Overview

Reporting is a crucial component of any quality control program. The effectiveness of your program will depend on all of your quality control activities being fully documented and results reported to senior management on a regular basis.

Management must receive and use these reports to:

- Monitor the overall quality of mortgage production
- Be able to respond to specific quality control findings and take steps to resolve identified problems
- Monitor the operation of the quality control program
- Document that the company complies with our eligibility requirement for a quality control program

Just as your quality control program should be adapted to the size and structure of your organization and origination process, your reporting policies and procedures should be adapted to your needs.

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### Reporting requirements (see Guide Section 48.10)

Your 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 your quality control reviews must be reported in writing to your senior management within 90 days of selection. We recommend reporting on a monthly or quarterly basis. You must thoroughly analyze findings affecting the acceptability or eligibility of mortgages and initiate necessary corrective actions.

You must notify us in writing within 30 days of your 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 Guide Section 7.3.

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### Developing Quality Control Reports

Your quality control program may need only a few reports, or your program may require numerous reports depending on your company's size, specific operations and needs.

You should ensure that your reports:

- Are timely
- Are provided to the proper areas of management. rContain useful information in the right amount of detail
- Elicit appropriate responses, including corrective action when appropriate
- Provide tracking and trending of results to monitor the quality of the originations

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## Types of Reports and Records

You should develop standard record keeping and reporting requirements tailored to meet the design of your quality control program. Some of the records and reports you may want to maintain are listed below:

- Mortgage sample selection documentation - shows which mortgage files were selected for quality control review and how they were selected
- Individual mortgage file report - written by the quality control reviewer and contains the findings of the quality control review of a specific mortgage
- Summary report of individual findings - prepared on a regular basis and summarizes the findings of the individual mortgage file reports, helping to identify trends, fraud or other problem areas. We recommend preparing the report weekly or monthly
- Reporting of quality control findings to affected areas in your organization - provided to the department heads of those areas directly concerned with the individual findings. The department heads should be asked to provide comments, recommendations or explanations
- Regular report of quality control findings to senior management - presented to management on a regular basis (monthly or quarterly). The report contains the summary report of individual findings plus the responses from the affected department heads
- Management's response to quality control findings - including recommendations and explanations of the steps the company intends to take to resolve any problems
- Special problems report - prepared and given to management immediately when fraud, willful misrepresentation or other serious origination problems are discovered during the quality control review. The report states the facts of the special problem and includes copies of any evidence that will assist management's understanding of the problem
- Corrective actions status report - tracks the company's progress in implementing management's plans for corrective actions
- Report to investors, mortgage insurers or government agencies - presents material findings to the investor, mortgage insurer or government agency. For example, we require that you notify us with such a report within 30 days of your

determination that a finding affects the eligibility of a mortgage sold to Freddie Mac

- Tracking and trending reports - tracks the historical quality of the originations
- Special reports - consider other reports for your quality control program, such as branch office reports, reports of targeted reviews, mortgage service provider reports and fair lending reports

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## Feedback Received

Feedback from your in-house program or from Freddie Mac quality control reviews is valuable information. Use this feedback to:

- Identify weaknesses in and develop plans to improve your origination, underwriting, delivery and quality control processes
- Complement your efforts to prevent and detect fraud in your operations
- Improve your training programs for staff involved in the loan origination process

## **Exhibit QC1 – Sample Origination and Closing Documents Checklists**

### **Origination Documents to Review (see Guide Section 48.7)**

You must include the following documents in your quality control review for comparison with the reverifications you receive:

- Form 65, Uniform Residential Loan Application
- Credit documentation
- Employment and income documentation
- Asset documentation
- Appraisal and inspection documentation
- Sales contract
- Form 1077, Uniform Underwriting and Transmittal Summary

### **Closing Documents to Review (see Guide Section 48.7)**

You must include the following closing documents in your postclosing quality control review to ensure the information is accurate, complete and consistent with other documents in the mortgage file:

- Notes and riders
- Security instruments and assignments
- Mortgage insurance certificate, or policy or mortgage guaranty certificate
- Modification or assumption agreement
- Title binder or final title insurance policy (both if available) or other evidence of title
- Plat or survey
- HUD-1 Settlement Statements or other closing statement
- Leasehold estate documents
- Hazard insurance policy or certificate
- Flood insurance policy or certificate or flood zone determination documents
- Underwriter's approval and any conditions of closing
- Closing instructions

## Exhibit QC2 – Sample Document Review and Red Flag Checklists

The following information is provided as a starting point in developing your checklists and lists of red flags. The suggestions we provide are not intended to be all-inclusive and do not necessarily mean fraud is present. However, they indicate the need for additional review and documentation. We encourage you to incorporate them into your quality control reviews.

### Mortgage Loan Application Checklist

- Review the mortgage loan application for completeness and signatures
- Compare the initial (handwritten) and final (typed) applications for unexplained discrepancies
- Compare what is shown on the application with what was verified in the credit, income, employment and assets documentation
- Compare the borrower identifiers (name, address, Social Security Number) with other information in the mortgage file
- Compare the property description with that on the appraisal report or inspection report and legal documents

### Mortgage Loan Application Red Flags

- Significant or contradictory changes from handwritten-to-typed loan application
- Unsigned or undated loan application
- Invalid Social Security Number
- Number of years on the job/in that profession inconsistent with borrower's age
- Borrower is purchasing the property from their landlord or employer

### Credit Report Checklist

- Compare the original credit report to the new credit report for conflicting information
- Determine whether the date of the original credit report was within requirements
- Review the original credit report and payment histories for completeness and derogatory information
- Determine whether the original credit report indicates that public records information was checked
- Determine whether direct verifications were obtained for all significant debts not rated on the original credit report
- Compare the Borrower identifiers on the original credit with the mortgage application

- Determine whether inconsistencies and discrepancies were resolved before loan closing
- Determine whether the Indicator score and the method for selecting the score, if applicable, was indicated on the Form 1077

### **Credit Report Red Flags**

- No credit history (possible use of alias or different Social Security Number)
- Invalid Social Security Number or differs from that on other documents
- Personal data not consistent with handwritten mortgage loan application
- Unresolved significant differences between the original and new credit report
- Also Known As (AKA) or Doing Business As (DBA) indicated
- Employment information is different from mortgage loan application and verification of employment
- Recent inquiries from other mortgage lenders

### **Salaried Employment and Income Checklist**

- Compare original verifications of employment and income with reverifications
- Check to see whether two full years of employment and income were verified
- Determine if material discrepancies exist among the verifications, the mortgage loan application and credit report
- Determine whether all income used in qualifying the Borrower was verified
- Determine whether the dates of original verifications were within requirements
- Determine whether the verification documents used (verification of employment form, paystub, W-2 form) were complete and acceptable
- Determine whether employment and income documentation inconsistencies and discrepancies were resolved before loan closing

### **Salaried Employment and Income Red Flags**

- Evidence of “white-outs” or alterations
- “Squeezed-in” numbers
- Appearance that verification of employment form was hand carried
- Round dollar amounts
- Employer's address shown only as a post office box or mail drop service
- Handwritten paystubs or W-2 forms
- Income inconsistent with type of employment

## Self-Employment Checklist

- Review tax returns and financial statements for consistency and completeness
- Compare reverifications to the original documentation
- Consider whether there is consistency among the mortgage loan application, credit report and business documentation
- Assess whether the underwriter correctly analyzed the documentation required for a self-employed Borrower

## Self-Employment Red Flags if Dealing With a Self-Employed Borrower

- Tax returns not signed or dated by the Borrower
- No estimated tax payments by self-employed borrower (Schedule SE required)
- Evidence of “white-outs” or alterations on the tax returns
- Business expenses are inconsistent with type of business (for example, truck driver with no car and truck expense)

## Self-Employment Red Flags if Dealing With a Salaried Borrower

- Co-borrower's prior name is the same as the signature of employer (possibly self-employed)
- Self-employment tax claimed, but self-employment not disclosed
- Borrower listed as the “Manager” on the verification of employment (confirm Borrower is not the owner)
- Mortgage loan application reflects the same telephone number for Borrower and employer

## Assets Checklist

- Compare original verifications of assets with reverifications
- Determine whether sufficient funds were verified
- Determine whether the dates of the original verifications were within requirements
- Determine whether gift funds were verified
- Determine whether verification of deposit forms or depository account statements show unexplained recent large deposits or unreported debts
- Determine whether the source of significant sales contract deposits was verified and that the amount agrees with that shown on the settlement statement
- Determine whether assets documentation inconsistencies and discrepancies were resolved before closing
- Determine whether any new depositors were recently added to the Borrower’s account

## Assets Red Flags

- New bank account (verify previous bank account)
- Round dollar amounts (especially on interest bearing accounts)
- Evidence of “white-outs” or alterations
- “Squeezed-in” numbers
- Recent large deposits without acceptable explanation
- Illegible signatures with no further identification
- Assets consists of unverified gift, equity exchange, note, sale of residence or repayment of personal loan

## Appraisal Report and Inspection Report Checklist

- Determine whether an experienced state certified or licensed real estate appraiser from the state in which the property is located performed the appraisal
- Check to ensure all conditions on the appraisal report and all applicable upgrade requirements were met before closing
- Compare the original appraisal report or inspection report to the review appraisal report, if one was obtained, for conflicting information
- Review the original appraisal report or inspection report for consistency and completeness
- Assess whether the appraiser's conclusions and market value estimate were supported by the information contained in the original appraisal report
- Check the original appraisal report for mathematical errors
- Review the size of the gross and net adjustments for reasonableness
- Review the similarity of the comparable properties used
- Determine whether the date of the original appraisal report was within requirements
- Determine whether the flood zone information is correct
- Check the appraiser's name against the Freddie Mac Exclusionary List

## Appraisal Report and Inspection Report Red Flags

- Appraisal report or inspection report was ordered by any party to the transaction other than the lender (buyer, property seller, realtor)
- Comparable properties not verified as recorded

## Sales Contract Checklist

- Determine whether all parties signed the contract and addenda
- Determine whether the information in the contract is consistent with other file documentation
- Determine that the source of a large earnest money deposit was verified

## Sales Contract Red Flags

- Seller shown as a relative, realtor or employer
- No realtor involved
- Sales price substantially below market value
- Assignment of contract or Borrower not shown as purchaser

## Legal and Closing Document Checklist

- Determine that the correct legal instruments were used
- Determine that the legal documents are complete and consistent with the other information in the mortgage file
- Check the legal documents for proper signatures
- Determine that the title is properly vested and title exceptions are acceptable
- Determine whether underwriting conditions were met and closing instructions were followed
- Determine whether required insurance policies were obtained
- Review the settlement statements (HUD-1 or other forms) to ensure they were completed properly
- Determine that required disclosures were executed by the Borrower

## Legal and Closing Document Red Flags

- Terms of the closed mortgage differ from the terms approved by the underwriter
- Unusual credits or disbursements shown on settlement statements (HUD-1 or other forms)
- Power of attorney used without explanation
- Names and addresses of property seller and buyer vary from other loan documentation
- Evidence of “white-outs” or alterations without initials
- Reference to undisclosed secondary financing
- Reference to undisclosed double escrow

## Owner-Occupancy Checklist

- Ensure the Borrower certified an intention to occupy the property as a primary residence
- Compare the original verification of occupancy with the reverification
- Determine whether discrepancies or conflicting information concerning the Borrower's occupancy status were properly resolved before closing

## Owner-Occupancy Red Flags

- Significant or unrealistic commute distance from subject property to employment
- The Borrower is purchasing a smaller or less expensive home from their current primary residence without explanation
- The Borrower intends to rent or sell their current residence with no documentation
- Appraisal report reflects "Occupant" as a tenant or vacant on an owner-occupied refinance application
- The mortgage file contains postclosing documentation (transfer of property, returned mail or collection difficulties) that may indicate the property is not owner-occupied

## Underwriting Decision Checklist

- Assess whether the information required to make the underwriting decision was verified and documented
- If the loan is not an Accept mortgage, re-evaluate the creditworthiness of the borrower to determine whether the underwriter correctly evaluated the Borrower's credit reputation
- Re-evaluate the income stability of the Borrower to determine whether the underwriter correctly evaluated the Borrower's continuance of income
- Determine whether the loan decision was based on documentation in the Mortgage file and described on Form 1077 or another document
- Determine whether the Borrower's verified funds were sufficient and that the sources were properly verified
- Review the appraisal report or inspection report to determine the appropriateness of the comparables and whether they support the final estimated market value
- Determine whether the mortgaged premises is acceptable collateral for the transaction
- Determine whether the effect of large property seller contributions was properly considered
- Determine whether the requirements of your company, the mortgage insurer and your investors, including Freddie Mac, were met

## QUALITY CONTROL BEST PRACTICES

- Determine whether any significant discrepancies were resolved before loan closing
- Consider whether the underwriter's approval was
  - Supported by evidence in the file
  - Reasonable
  - Prudent

### Underwriting Decision Red Flags

- Approval clearly not supported by file documentation
- Unresolved material discrepancies contained in file documentation

### Loan Prospector<sup>®</sup> Loan Checklist

- Check that the most recent Loan Prospector Feedback Certificate is in the file
- Check the data fields entered in the last transmission to Loan Prospector to ensure the validity of the data
- Confirm the accuracy of the Special Characteristic Code (SCC)
- Check the Loan Prospector Key Number is accurately reflected in the delivery data
- Notify Freddie Mac of significant data discrepancies

### Exclusionary List Checklist

- Check all parties (individuals and companies) to the transaction against Freddie Mac's Exclusionary List

### Anti-predatory Lending Checklist

- For primary residences, ensure the APR or total points and fees thresholds established under the Home Ownership and Equity Protection Act of 1994 (HOEPA) are not exceeded
- For primary residences, ensure total points and fees charged in connection with the mortgage do not exceed 5% of the original loan amount
- Confirm the mortgage is not designated as a "high-cost" , high-risk" or similar mortgage from one of the States indicated in Guide Section 22.18.1
- Confirm the mortgage documents do not contain a mandatory arbitration clause

### Fraud Checklist

- Ensure the requirements of Guide Chapter 7 titled "Fraud, Prevention, Detection and Reporting" are met. If there's information indicating possible fraud from any source, ensure it is properly investigated, internally escalated and reported to Freddie Mac accordingly.

## Freddie Mac Contact Information

Please use this list to identify the Freddie Mac contact for your business needs. If you're unsure of the appropriate contact, or have general questions, please call our lender helpline, (800) FREDDIE or (800) 373-3343.

### Corporate Headquarters

8200 Jones Branch Drive  
McLean, VA 22102-3110  
(703) 903-2000

### Quality Control Offices

#### Corporate

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

#### North Central

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

#### Southeast/Southwest

Attn Southeast/Southwest Quality Control  
Freddie Mac  
2300 Windy Ridge Parkway  
Suite 200, North Tower  
Atlanta, GA 30339-5665  
Telephone number: (770) 857-8800

#### Northeast

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

### Wholesale Originations

Contact your account manager for questions or comments relating to wholesale originations.

## Additional Resources

- **Fraud Hotline** - (800) 4FRAUD8 *or* (800-437-2838)
- **Your Document Custodian**
- **"Document Custody Procedures Handbook"** -  
<http://www.freddiemac.com/cim/handbook.html>
- **Single-Family Seller/Service Guide (Guide) and Guide Glossary** -  
<http://www.FreddieMac.com/sell/guide/>
- **Responsible Lending and the Power of Quality web page** -  
<http://www.freddiemac.com/singlefamily/responsiblelending.html>
- **Fraud Prevention Resources web page** -  
<http://www.freddiemac.com/singlefamily/preventfraud/resources.html>
- **Single-Family News Center**- <http://www.FreddieMac.com/singlefamily/news>
- **Single-Family Business News Subscription Center** -  
<http://www.freddiemac.com/singlefamily/news/subscribe.html>

## Please contact our Lender Helpline...

(800) FREDDIE *or* (800) 373-3343

8 a.m. to 8 p.m. Eastern time every business day

## ...for information on the following topics:

- Underwriting
- Loan Prospector<sup>®</sup>
- Loan Delivery
- Loan Servicing (performing & non-performing loans)
- Technical Issues (Loan Prospector, selling system, Service Loans)
- Historical Rate Information
- Training Registrations
- Publications
- Billing