

## **Endorsements (01/10)**

When a Note is sold to Freddie Mac, the Seller must endorse the Note in blank "Pay to the order of .....", Please contact DCO if you receive an endorsement in another form or with alternate language. While you may certify a Note endorsed "Payable to ...", we will ask the Seller to change their practice for the future. The following must be clearly typed or printed:

- The name of the institution making the endorsement ("Seller-endorser")
- The name and title of the individual authorized to sign.
- Document Custodians cannot act as Attorney-in-Fact, Agent or Delegatee to endorse Notes for the Seller

Note If the endorser is "doing business as," it **must** provide both the formal corporate name and the "dba" name

Note Endorsements must be complete from the payee on the Note to the Seller of the Mortgage to Freddie Mac. There may not be further endorsements as long as Freddie Mac owns the Mortgage

The following are examples of blank endorsements:

### **Without Recourse**

PAY TO THE ORDER OF	<u>(Leave Blank)</u>
WITHOUT RECOURSE	<u>(Name of Seller-endorser)</u> <u>(Signature of duly authorized officer)</u> <u>(Typed name and title of signatory)</u>

### **With Recourse**

PAY TO THE ORDER OF	<u>(Leave Blank)</u>
	<u>(Name of Seller-endorser)</u> <u>(Signature of duly authorized officer)</u> <u>(Typed name and title of signatory)</u>

Note Most Notes are sold to Freddie Mac without recourse; however, Document Custodians are not required to check recourse status of the Notes and have no way of doing so

### **Allonges**

Allonges are often used to provide additional space for endorsements. You may certify a Note that has an Allonge attached if

- The Allonge is permanently affixed to the Note (taping or pasting the Allonge to the Note are not acceptable), and
- The Allonge references the Borrower's name, the address of the Mortgaged Premises, and the original principal balance of the Note.

If you receive a non-conforming Allonge, enter the discrepancy in the Selling System and await corrective action by the Seller. See Guide Section 16.4(f).

**Note** If you receive an Allonge that is dated, you may certify only if the date is on or after the Note date.

If you frequently receive Notes from a Seller endorsed this way, please contact DCO so that we can remind the Seller of our requirements

### **Endorsement Chains**

The Seller must endorse each Note in blank. When the Seller of the Mortgage is not the original payee on the Note, you must verify that the chain of endorsements on the Note is proper and complete from the original payee to the Seller.

After Freddie Mac purchases the Mortgage, no other endorsements or changes to endorsements on the Notes are permitted without Freddie Mac's prior written consent. In particular, a Transferee Servicer may not endorse or change any endorsement on a Note owned by Freddie Mac.

**Note** You may certify Notes endorsed to Freddie Mac rather than endorsed in blank, but if you frequently receive Notes from a Seller endorsed this way, please contact DCO so that we can remind the Seller of our requirements

Endorsements may indicate that the endorsing entity is the "successor in interest to" or "successor by merger to" the preceding endorser; this is acceptable. If, however, there is a break in the endorsement chain and the Seller indicates that it is due to a name change or a merger, acquisition or other event that is not indicated in the endorsements themselves, the Seller **must** deliver documentation (such as an explanatory letter) to substantiate that event. Such documentation might consist of a regulator's documentation from the state corporation commission (or similar authority) of the state in which the mortgaged premises is located.

In certain circumstances, the endorsement may not match the formal legal name of the entity. For example, for a company named "Standard Federal Mortgage Bank Incorporated," the following abbreviations are acceptable if the **Document** Custodian has a document signed by the Seller's attorneys stating that those abbreviations are acceptable:

- STD FED MTG BK INC
- STANDARD FEDERAL MTG
- THE STANDARD FEDERAL MORTGAGE BANK
- STND FED MTG INC

Issue	Resolution
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Endorsement is missing a signature	<p>Enter the discrepancy in the Selling System and wait for corrective action from the Seller</p> <p>If the Seller advises you that the institution is no longer in business and it is unable to obtain the signature, you must not certify the Note</p>
Endorsement is a facsimile signature	Acceptable (the Seller must retain documentation in its files to support use of facsimile signatures but the Document Custodian need not verify)
Endorsement does not include title of signatory	Enter the discrepancy in the Selling System and wait for corrective action from the Seller
Endorsement errors or missing endorsements	Enter the discrepancy in the Selling System and wait for corrective action from the Seller
Date has been inserted on blank endorsement	Contact DCO so that we may remind the Seller of our requirements
Endorsement has been voided	<p>Acceptable, <b>provided that</b> an authorized signatory of the <b>endorsing institution has initialed the "voided" endorsement</b></p> <p>Note: When voiding errors on endorsements, be certain that only the <u>erroneous endorsement</u> is marked through or marked "void"; otherwise, it may appear that the entire Note is voided</p>