

DOCUMENT CUSTODY PROCEDURE OVERVIEW

Document Custody Procedure Overview

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GENERAL REQUIREMENTS FOR ALL CUSTODIANS

MANDATORY REQUIREMENTS	EXPLANATION
1. Meet and maintain all eligibility Requirements to be Custodian	<ul style="list-style-type: none"> ☒ Chapter 18.2 of the <i>Single-Family Seller/Servicer Guide</i> (“Guide”) provides details
2. Execute a FORM 1035 	<ul style="list-style-type: none"> ☒ The Form 1035 (Tri-Party agreement between the Seller/Servicer (S/S), Custodian and Freddie Mac) must be fully executed before you may begin to hold Freddie Mac’s assets ☒ The Tri-party agreement governs the custody of Notes and assignments for Mortgages serviced for Freddie Mac when the S/S elects to use a Custodian ☒ The Custodian must have a Form 1035 for EACH Freddie Mac Seller/Servicer number for which they hold notes ☒ Notes may be sent to Freddie Mac’s DCS at anytime, even if a Seller/Servicer has elected to use a Custodian <p>NOTE: You may not release Notes to a Custodian without receiving a copy of their fully executed Form 1035. No Form 1035 is required when transferring Notes to Freddie Mac’s DCS.</p>
3. Prepare and maintain detailed Custodial Procedures	<ul style="list-style-type: none"> ☒ Examples of what procedures must include: ☒ Detailed steps which you perform to receive, reconcile errors, certify, maintain, transfer, release and track notes ☒ Identification of controls which ensure compliance with procedures
4. Prepare and maintain detailed Disaster Recovery procedures	<p>Examples of what Disaster Recovery procedures must include:</p> <ul style="list-style-type: none"> ☒ Identification of controls and measures to ensure safety and recovery of Freddie Mac Assets ☒ Include a step to notify Freddie Mac within 24 hours of a disaster (Manager CIPA, 703-724-3000 or email: fmmdm@freddiemac.com)
5. Subscribe and be familiar with Freddie Mac’s <i>Single-Family Seller/Servicer Guide</i>	<p>Call 1-800-Freddie to order the Guide or contact ALL REGS to and subscribe to its online publication</p> <ul style="list-style-type: none"> ☒ The main chapters are relevant to Custody 2, 16, 17, 18, 19, 22, 39, 53, 56
6. Obtain and use the Document Custody Procedure Handbook	<p>The Handbook is found on our Website www.freddiemac.com/cim</p> <ul style="list-style-type: none"> ☒ The handbook defines Freddie Mac rules for Document custodians ☒ The Seller/Servicer Guide is frequently updated and will include some changes which have not yet made it to the Handbook
7. Maintain an Independent Note Tracking System	<p>All notes held by you for Freddie Mac MUST be entered in your Independent Note Tracking system</p> <ul style="list-style-type: none"> ☒ This system must be totally independent from the Seller/Servicer’s system ☒ The system must track: <ul style="list-style-type: none"> ☐ Freddie Mac Loan Number ☐ Release of Notes for other than payoff, prepayment, repurchase ☐ Outstanding recorded assignments when you have only received the certified & true copy
8. Upon request, provide CIPA electronic list of Freddie Mac Loan Numbers	<ul style="list-style-type: none"> ☒ Periodically, we may request that you send an electronic file listing only the Freddie Mac loan numbers, sorted by Seller/Servicer number ☒ The data must come from your Independent Note Tracking system

PROCESS OVERVIEW

	CUSTODIAN	SELLER/SERVICER (S/S)	FREDDIE MAC (FM)
CONTRACT REQUIREMENTS	<ul style="list-style-type: none"> ☒ Receive FM approval to be a Custodian ☒ Execute Form 1035 ☒ Comply with the Form 1035, S/S Guide and Custodian Handbook requirements 	<ul style="list-style-type: none"> ☒ Receive FM approval ☒ Execute Form 1035 when received from FM, ensure selected Custodian executes Form 1035, return fully executed Form 1035 to Freddie Mac ☒ Ensure Custodian's compliance with eligibility, S/S Guide, & Handbook 	Mortgage Asset Acquisition and Custody (MAA&C): <ul style="list-style-type: none"> ☒ Approve Custodian ☒ Execute Form 1035 ☒ Provide a copy of the Form 1035 to the S/S and to Custodian ☒ Retain one original
CERTIFICATION AND DOCUMENT REQUIREMENTS 	<ul style="list-style-type: none"> ☒ Receive & verify data on Notes to Forms 1034/1034A ☒ Reconcile conflicting data ☒ Verify supplemental documentation and assignments ☒ Sign and retain Form 1034/1034A and send copy to S/S ☒ Email or Fax Form 1034S or Form 1034S with any corrections to DCS ☒ Retain the Form 1034S ☒ Track FM loan numbers in your independent system 	<ul style="list-style-type: none"> ☒ Send Form 1034/1034A & 1034S, Notes, supplemental documentation and assignments to Custodian ☒ Reconcile data and document conflicts ☒ Receive Form 1034 or 1034/A & 1034S from Custodian and retain for one month after Funding 	CIPA (Collateral Instrument Program Administration): <ul style="list-style-type: none"> ☒ Provide assistance as required CIM (Collateral Instrument Management) : <ul style="list-style-type: none"> ☒ Receive Fax of Form 1034S ☒ Set certification field to notify Mortgage Purchase of certification
SUBSEQUENT TRANSFER OF SERVICING REQUIREMENTS 	<p>Transferor (T/or) Custodian:</p> <ul style="list-style-type: none"> ☒ Obtain copy of T/ee Custodian's executed Form 1035 before releasing Notes (If Notes go to Freddie Mac's DCS the Form 1035 is not applicable) ☒ Release Notes within 30 days after TOS effective date ☒ Reconcile all TOS issues with T/ee Custodian & S/S <p>Transferee (T/ee) Custodian:</p> <ul style="list-style-type: none"> ☒ Accept Notes only if you have an original executed Form 1035 for this S/S ☒ Verify all Notes, documentation and assignments ☒ Reconcile issues with S/S, T/or Custodian & T/or S/S ☒ Contact CIPA as necessary ☒ Send executed Form 1034T to CIPA within 180 days of TOS effective date ☒ Request extension if you are unable to complete recertification within the 180 days. The request must provide detail of the issues which are holding up the recertification 	<p>Transferor S/S (T/or S/S):</p> <ul style="list-style-type: none"> ☒ Receive list of approved TOS Notes from CIPA ☒ Provide 1034T to T/or Custodian ☒ Resolve problems with T/or and T/ee Custodians to ensure that recertification is complete by 180 days after the TOS effective date <p>Transferee S/S (T/ee S/S):</p> <ul style="list-style-type: none"> ☒ Send copy of executed 1035 to T/or Custodian ☒ Work with T/ee Custodian & T/or S/S to resolve problems ☒ Verify with T/ee Custodian that Notes, documentation and assignments are recertified within 180 days of TOS effective date 	<p>FM Servicing:</p> <ul style="list-style-type: none"> ☒ Receive TOS request from Transferor S/S ☒ Approve or reject TOS <p>CIPA:</p> <ul style="list-style-type: none"> ☒ Send list of TOS Notes to T/or S/S as courtesy ☒ Track compliance - receipt of Form 1034T ☒ Provide assistance when requested ☒ Receive executed Forms 1034T ☒ Track both T/or and T/ee Custodian performance ☒ Review request for extension and determine if the request will be approved

PROCESS OVERVIEW, continued

	CUSTODIAN	SELLER/SERVICER (S/S)	FREDDIE MAC (FM)
<p>CONCURRENT OR CO-ISSUE TRANSFER OF SERVICING CERTIFICATION AND DOCUMENT REQUIREMENTS</p> 	<ul style="list-style-type: none"> ☒ Receive the Notes, documentation and Forms 1034, or 1034A and Form 1034S from Seller of the Notes to Freddie Mac for certification for the transferee Servicer ☒ Receive & verify data on Notes to Forms 1034/1034A ☒ Reconcile conflicting data ☒ Verify supplemental documentation and assignments ☒ Sign and retain Form 1034/1034A and send copy to S/S ☒ Fax Form 1034S with any corrections to DCS ☒ Retain the Form 1034S ☒ Track FM loan numbers in your independent system <i>(See section of workbook which provides Concurrent transfer of servicing detail)</i> 	<ul style="list-style-type: none"> ☒ Send Form 1034/1034A & 1034S, Notes, supplemental documentation and assignments to the co-issue Servicer's Custodian ☒ Reconcile data and document conflicts with the Servicer's Custodian to ensure that certification will occur ☒ Servicer is to receive Form 1034 or 1034A and 1034S from Servicer's Custodian and retain for one month after Funding 	<p>CIPA:</p> <ul style="list-style-type: none"> ☒ Provide assistance as required <p>CIM:</p> <ul style="list-style-type: none"> ☒ Receive Fax of Form 1034S ☒ Resolve issues with the Servicer's Custodian ☒ Set certification field to notify Mortgage Purchase of certifications
<p>TRANSFER OF CUSTODY REQUIREMENTS (Change in Custodian - No change in S/S)</p>	<p>Transferor (Old) Custodian</p> <ul style="list-style-type: none"> ☒ Follow steps in Transfer above <p>Transferee (New) Custodian</p> <ul style="list-style-type: none"> ☒ Receive 3 original Form 1035s from Seller/Servicer ☒ Execute all 3 and mail to S/S ☒ Receive 1 fully executed original and retain ☒ Follow steps in Transfer above 	<p>Transferor S/S (T/or S/S):</p> <ul style="list-style-type: none"> ☒ Request approval from Mortgage Asset Acquisition and Custody (MAA&C) to change Custodians ☒ Receive Form 1035 ☒ Execute 3 originals and send to new Custodian to execute ☒ Receive 3 executed originals from new Custodian ☒ Forward all originals to MAA&C ☒ Receive 2 originals executed by MAA&C ☒ Keep 1 original and send the other to new Custodian 	<p>Mortgage Asset Acquisition and Custody (MAA&C):</p> <ul style="list-style-type: none"> ☒ Receive Change of Custodian Request from S/S ☒ Approve or reject ☒ If approved, send 3 original Form 1035s to S/S ☒ Receive 3 executed originals ☒ Execute, retain 1, send 2 originals to S/S
<p>NOTE RELEASE REQUIREMENTS</p> 	<ul style="list-style-type: none"> ☒ Receive from S/S Form 1036 (Release Request) in hard copy or electronic version ☒ Verify that Form 1036 is complete and release note ☒ Track release in Tracking System ☒ Sign Form 1036 and retain ☒ Track return of Notes other than paid off, prepayment, repurchase ☒ Periodically remind S/S to return Notes which are no longer necessary for them to hold 	<ul style="list-style-type: none"> ☒ Prepare, sign and send hard copy or electronic version of Form 1036 to Custodian ☒ Receive Note and copy of Form 1036 signed by Custodian ☒ Track and return Note to Custodian when it is no longer needed. This includes all Notes released for other than pay off, prepayment, repurchase 	

REMEMBER: FREDDIE MAC OWNS THE LOANS; THE SELLER/SERVICER DOES NOT.

Abbreviations:
S/S = Seller/Servicer

DCS = Document Custodial Services
CIM = Collateral Instrument Management

CIPA = Collateral Instrument Program Administration

T/or = Transferor
T/ee = Transferee

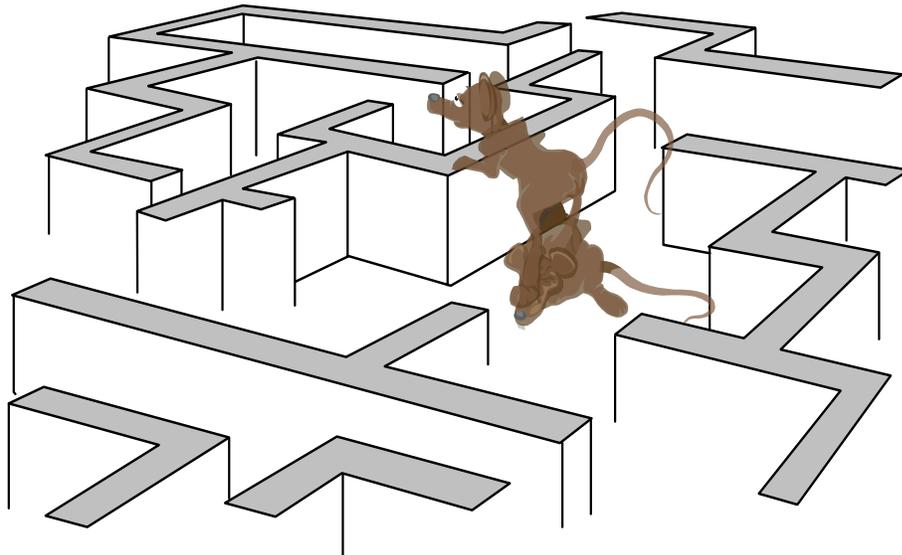
TOS = Transfer of Servicing

CERTIFICATION

Overview

This chapter covers

- ✎ What is Certification?
- ✎ Who Performs Certification?
- ✎ What are the Certification Forms?
- ✎ What Fields must be Certified for Both Fixed Rate and Adjustable Rate Mortgages?
- ✎ What are the Additional Fields Which Must be Certified for Adjustable-Rate Mortgages?
- ✎ Why are the Lookback and Index Fields Important?
- ✎ What Fields are Certified for MERS?
- ✎ What if Data does not Match the Form 1034 or 1034A?
- ✎ What are the Tools to Help Resolve Discrepancies?
- ✎ What Documents Must be Sent to Freddie Mac?



WHAT IS CERTIFICATION?

Certification begins with

- ✎ *Comparing* the data on individual Notes to the data on the Form 1034/1034A (list of loans submitted to Freddie Mac for funding) to ensure they match
- ✎ *Reviewing* assignment and endorsement chains and other supplemental documentation
- ✎ *Reviewing* the accuracy of signatures
- ✎ *Working* with the Seller/Servicer to resolve issues and *preparing* a correction sheet to send to Freddie Mac, if applicable

And concludes with

- ✎ *Executing* the Form 1034/1034A and sending a copy to the Seller/Servicer to retain for one month following funding
- ✎ *Faxing* the Form 1034S to CIM (Form 1034S is the Custodian's testimony in writing that they have verified the information and reviewed the documentation and that it is accurate and conforms to Freddie Mac policy. Form 1034S is faxed only for MIDANET® deliveries.)
- ✎ *Retaining* the original Form 1034/1034A and a copy of the Form 1034S along with correction sheets



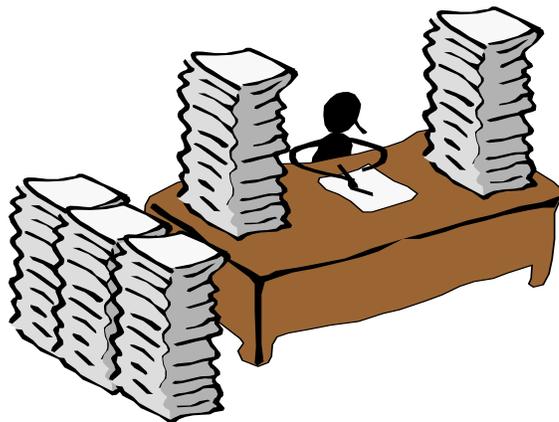
WHO PERFORMS CERTIFICATION?

Certification of Notes for Freddie Mac is performed by either

- ✎ Freddie Mac's Document Custodial Services (DCS) or
- ✎ You, as Custodian
- ✎ You must have an executed Form 1035 - Tri Party Agreement Contract for each Seller/Servicer number prior to certification or storage of Freddie Mac's assets.

WHAT ARE THE CERTIFICATION FORMS?

FORM NUMBER	FORM NAME	PURPOSE
Form 1034	<i>Fixed Rate Custodial Certification Schedule</i>	Used for fixed-rate Mortgages only at the time of purchase, including Concurrent Transfers of Servicing, which require certification.
Form 1034A	<i>ARM Custodial Certification Schedule</i>	Used for adjustable-rate Mortgages only at the time of purchase, including Concurrent Transfers of Servicing, which require certification.
Form 1034S	<i>Certification Schedule Summary</i>	Used to signify that you have certified all the loans in the delivery. This form is to be sent to CIM by the Custodian prior to the applicable delivery date.
Form 1034T	<i>Subsequent Transfer Custodial Certification Schedule</i> <i>and</i> <i>Transfer of Custody</i>	Used for all Mortgages <ul style="list-style-type: none"> ✗ Owned by Freddie Mac ✗ When servicing rights are sold by the current Servicer to another approved Servicer ✗ When custody rights have been transferred to a new Document Custodian or DCS



WHAT FIELDS MUST BE CERTIFIED FOR BOTH FIXED RATE AND ADJUSTABLE RATE MORTGAGES?



FIXED RATE & ARM DATA ELEMENTS	DESCRIPTION
Freddie Mac Loan Number	Nine (9) digit loan number, provided to the Seller by Freddie Mac (must appear in the upper right-hand corner of each Note)
Borrower Name	First name, middle name, and last name of the Borrower
Co-Borrower Name	First name, middle name, and last name of the Co-Borrower
Property Address	Street address
Property City	City
Property State	State
Property Zip Code	Postal Zip Code
Original Note Date	Note Date
Loan Amount	Original loan amount
Interest Rate	Interest rate
First P&I Date	Due Date of the first Principal and Interest Payment
Maturity Date	Maturity date on which payment of an obligation is due in full
P& I Amount	Principal and interest amount

WHAT ARE THE ADDITIONAL FIELDS, WHICH MUST BE CERTIFIED FOR ADJUSTABLE-RATE MORTGAGES?

ARM DATA ELEMENTS	DESCRIPTION
First Rate Adjustment	The first "Change Date"
Mortgage Margin	Percentage added to the current index to establish new coupon/interest rate
Percent Rounded	Expressed as a percentage
Periodic Cap	Expressed as a percentage
Life Rate Cap	Expressed as a percentage
1 st Adjustment minimum rate	Expressed as a percentage
1 st Adjustment maximum rate	Expressed as a percentage
Convertibility	Indicated on convertible adjustable-rate Notes only
Index	Expressed as a published Interest Rate as indicated in the Note
Lookback Period	The number of days before the Interest Change Date as indicated in the Note

Remember to check 
each data field for accuracy!

WHY ARE THE LOOKBACK AND INDEX FIELDS IMPORTANT?

- ☒ As of January 1, 2004, The Lookback and Index fields are on the Note and will be printed on the Form 1034A
- ☒ All loans listed on the Form 1034A must have the same Index Type and Lookback Period. You must review each Note in the contract and ensure that they all have the same Index Type and Lookback Period as referenced on the Form 1034A at the loan-level.



Note

Remember:

YOU are responsible for verifying the Index Type and the Lookback Period on the Form 1034A are the same on each Note. As of January 1, 2004, the information no longer is to be written at the top of the 1034A.

WHAT FIELDS ARE CERTIFIED FOR MERS?

- ✎ *None!!* However, the MIN (Mortgage Identification Number) will appear on the Form 1034, Form 1034A, Form 1034G, or Form 1034E for those loans where the Seller/Servicer provided Freddie Mac with a MIN (see the table below)
- ✎ When selling Freddie Mac a mortgage already registered on MERS, the Seller/Servicer must include the MIN with their delivery information (via MIDANET® or Gold Connection® for Delivery [GCD] or the Selling System (Enterprise Cash))

DELIVERY METHOD	HOW TO KNOW IF THE NOTE IS MERS-REGISTERED
MIDANET®	<ul style="list-style-type: none"> ✎ The MIN must be on Form 1034, 1034A, 1034G, 1034E (Forms 1034) under the Loan number. ✎ If the MIN is not on Forms 1034, you must not certify the loan without intervening assignments <p>NOTE: The Seller is required to provide the MIN to Freddie Mac upon delivery (this is what triggers the MIN on the Forms 1034).</p>
<p>NOTES:</p> <ul style="list-style-type: none"> ✎ MERS AS ORIGINAL MORTGAGEE - The Seller/Servicer must notify you if any of the Notes in the delivery are for mortgages originated with MERS as Original Mortgagee. These mortgages will not have assignments. ✎ MERS MEMBER - If you are a MERS member you will receive reports and have access to the MERS database which will help you determine MERS status for loans. 	



WHAT IF DATA DOES NOT MATCH FORM 1034 OR 1034A?

If you find a discrepancy between the Form 1034 and the Note Data, you must do the following:

VERIFY ORIGINAL NOTE DATA MATCHES FORM 1034	IF A DISCREPANCY...
Signature for each Borrower is: <input type="checkbox"/> Original <input type="checkbox"/> Complete <input type="checkbox"/> Correct	
Freddie Mac nine (9) digit loan number is on the right-hand corner of Note and on all supplemental documentation	Does not exist: <input type="checkbox"/> Certify the Note
Property Address (City, State, Zip)	Does exist: <input type="checkbox"/> Notify the Seller/Service immediately and request they verify the data <input type="checkbox"/> Return the documentation to the Seller/Service for correction and wait for the replacement <input type="checkbox"/> Document all corrections on Form 1034S and fax to Freddie Mac: Please use the fax numbers or email addresses below. <input type="checkbox"/> Postpone execution of Form 1034 or Form 1034A until you receive the new or corrected documentation
Original Note Date	
Loan Amount	
Interest Rate	
First P&I Due Date	
Maturity Date	
P & I Amount	
First Rate Adjustment (ARM only)	
Mortgage Margin (ARM only)	
Percent Rounded (ARM only)	
Periodic Cap (ARM only)	
1 st Adjustment Minimum Rate (ARM Only)	
1 st Adjustment Maximum Rate (ARM Only)	
Life Rate Cap (ARM only)	
Convertibility (ARM only)	
Index (ARM only)	
Lookback Period (ARM only)	





Note: Do not certify a Loan until you have the original correct Note and the documentation.

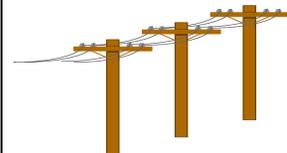
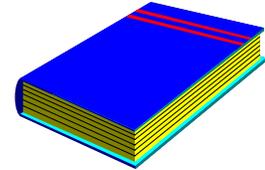
REMEMBER: You must fax your Form 1034S and correction sheets, if needed, to Freddie Mac at the fax numbers below.

WHERE TO EMAIL OR FAX FORM 1034S OR FORM 1034S MULTIPLE CONTRACTS

Location	Email Address	Fax Number
Pacific	FMPacific@freddiemac.com	703/738-2160 or (571) 382-5453
Mountain	FMMountain@freddiemac.com	703/738-2150 or (571) 382-5452
Central	FMCentral@freddiemac.com	703/738-2144 or (571) 382-5451
Eastern	FMEastern@freddiemac.com	703/738-2140 or (571) 5450

WHAT ARE THE TOOLS YOU USE TO HELP RESOLVE DISCREPANCIES?

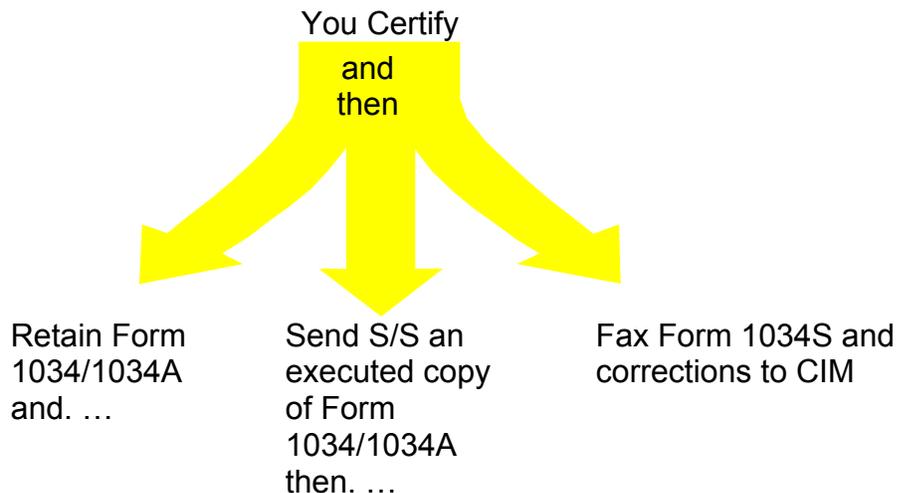
CHECK IN THIS ORDER:	TOOLS
1	<ul style="list-style-type: none"> ✎ FREDDIE MAC SELLER/SERVICER GUIDE ✎ LATEST FREDDIE MAC SELLER/SERVICER BULLETINS
2	FREDDIE MAC DOCUMENT CUSTODY PROCEDURE HANDBOOK
3	FREDDIE MAC'S LATEST CUSTODIAN QUESTION AND ANSWER DOCUMENT
	<p>When you have exhausted all the above resources,</p> <p>CALL OR EMAIL DAVE OR CIPA</p> <ul style="list-style-type: none"> ✎ David_Wilson@freddiemac.com 703-724-3061 ✎ fmmdm@freddiemac.com <p>Fax number: 703-724-3075</p>



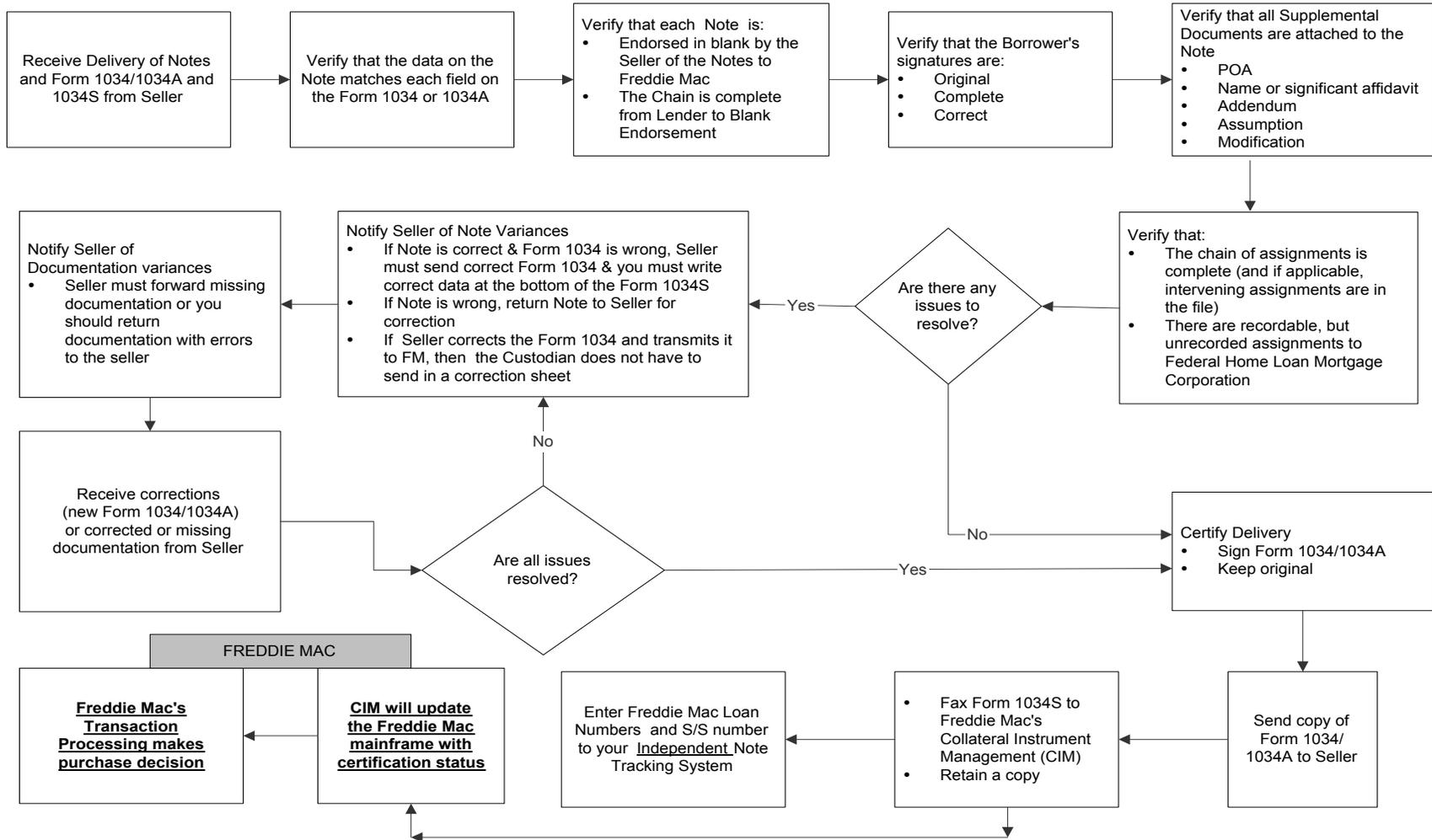
WHAT CERTIFICATION DOCUMENTS MUST BE SENT TO FREDDIE MAC OR RETAINED?

- ✘ Form 1034S and any data corrections must be faxed to Freddie Mac's Collateral Instrument Management (CIM) Unit
- ✘ A copy of Form 1034S must be retained in your file
- ✘ Upon receipt of Form 1034S, CIM will insert a certification code into the Freddie Mac system
- ✘ A copy of the executed Form 1034 or Form 1034A must be sent to your Seller/Servicer
- ✘ The Seller/Servicer will retain the Form for a minimum of 30 days following the funding by Freddie Mac of the loans

PATH FOR CERTIFICATION DOCUMENTS



NOTE CERTIFICATION



Note: If there is a Concurrent Transfer (co-issue), where Seller (A) sells the loans to Freddie Mac and the servicing to a Servicer (B), then the Notes must be sent to the Servicer's (B) Custodian for certification.

TRANSFERS OF SERVICING

Overview

This chapter covers

- ✘ What are the Types of Transfers?
- ✘ What are the Basic Transfer Requirements?

WHAT ARE THE TYPES OF TRANSFERS?

TRANSFER OF	MAY BE INITIATED BY	WITH
Servicing – <i>Concurrent or Co-Issue</i>	Seller/Servicer or Freddie Mac	<ul style="list-style-type: none"> ✘ Prior approval from Freddie Mac’s TOS Department ✘ All Notes and assignments delivered by the Seller to the Transferee Custodian to certify prior to the funding date.
Servicing - <i>Subsequent</i>	Seller/Servicer or Freddie Mac	<ul style="list-style-type: none"> ✘ Prior approval from Freddie Mac’s TOS Department ✘ All Notes and assignments must be moved to the Transferee Custodian within 30 days of the Effective Date of Transfer
Note Custody	Custodian	<ul style="list-style-type: none"> ✘ 30 days advance written notice to the Seller/Servicer and Freddie Mac
	Seller/Servicer	<ul style="list-style-type: none"> ✘ Sufficient notice to the original Custodian to move the Notes and assignments to the new Custodian or to us within the required 30 days
	Freddie Mac	<ul style="list-style-type: none"> ✘ 30 days notice to the Seller/Servicer before the Transfer of Custody Effective Date ✘ No notice if Freddie Mac determines an urgent need to Transfer Custody of the Notes



WHAT ARE THE BASIC TRANSFER REQUIREMENTS?

TRANSFER OF	TRANSFEROR SELLER	TRANSFEEE CUSTODIAN
Servicing – <i>Concurrent or Co-Issue</i>	<ul style="list-style-type: none"> ✘ Receive prior approval from Freddie Mac ✘ Obtain a copy of the Concurrent Transferee’s executed Form 1035 ✘ Deliver all Notes and assignments to the Concurrent Transferee’s Custodian to certify 	<ul style="list-style-type: none"> ✘ Receive Notes and assignments from the Seller ✘ Follow all Freddie Mac certification requirements ✘ Fax Form 1034S to CIM by the applicable Delivery Due Date  <p>Note: Seller’s Custodian does NOT perform the certification.</p>
Servicing - <i>Subsequent</i>	<ul style="list-style-type: none"> ✘ Receive prior approval from our TOS Department ✘ Obtain a copy of the Subsequent Transferee’s executed Form 1035 ✘ Receive a Form 1034T from FM ✘ Ensure that all Notes and assignments are moved to the Transferee Custodian within 30 days of the Effective Date of Transfer 	<ul style="list-style-type: none"> ✘ Receive all Notes and assignments from the Transferee Custodian within 30 days of the Effective Date of Transfer ✘ Receive a Form 1034T from FM ✘ Re-certify the documents and send the executed Form 1034T to FM within 180 days of the Effective Date of Transfer  <p>Note: Deliver assignments to the Transferee Servicer when DCS holds the Notes.</p>
Note Custody	<ul style="list-style-type: none"> ✘ Receive prior approval from Institutional Eligibility ✘ Receive a copy of the new Custodian’s Form 1035 ✘ Receive a Form 1034T from FM ✘ Ensure that Notes are moved to the new Custodian within 30 days of the Effective Date of the Custody Change. 	<ul style="list-style-type: none"> ✘ Receive all Notes and assignments from the Transferee Custodian within 30 days of the Effective Date of Transfer ✘ Receive a Form 1034T from FM ✘ Re-certify the documents and send the executed Form 1034T to FM within 180 days of the Effective Date of Transfer  <p>Note: Deliver assignments to the Transferee Servicer when DCS holds the Notes.</p>



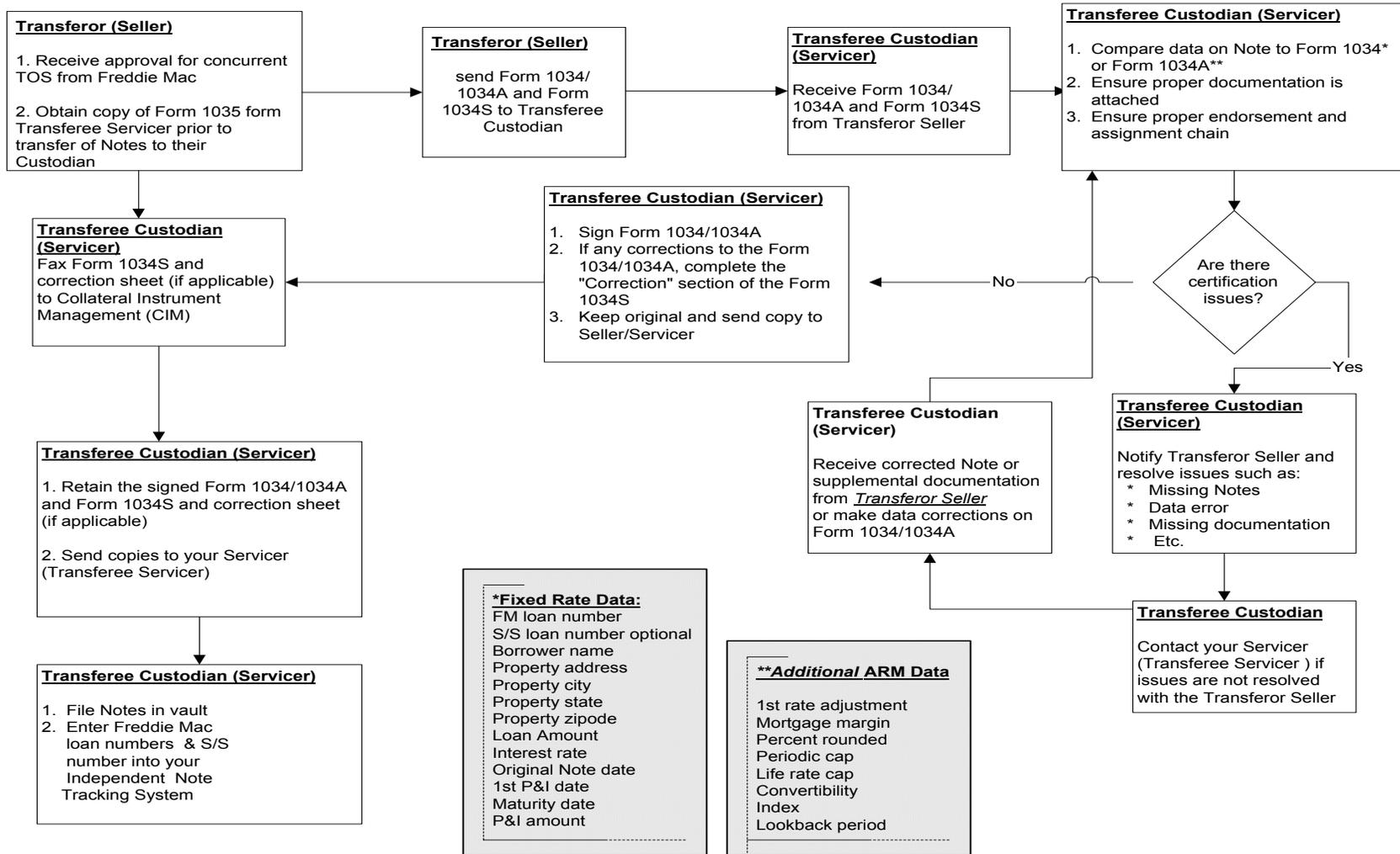
Notes:

Remember:

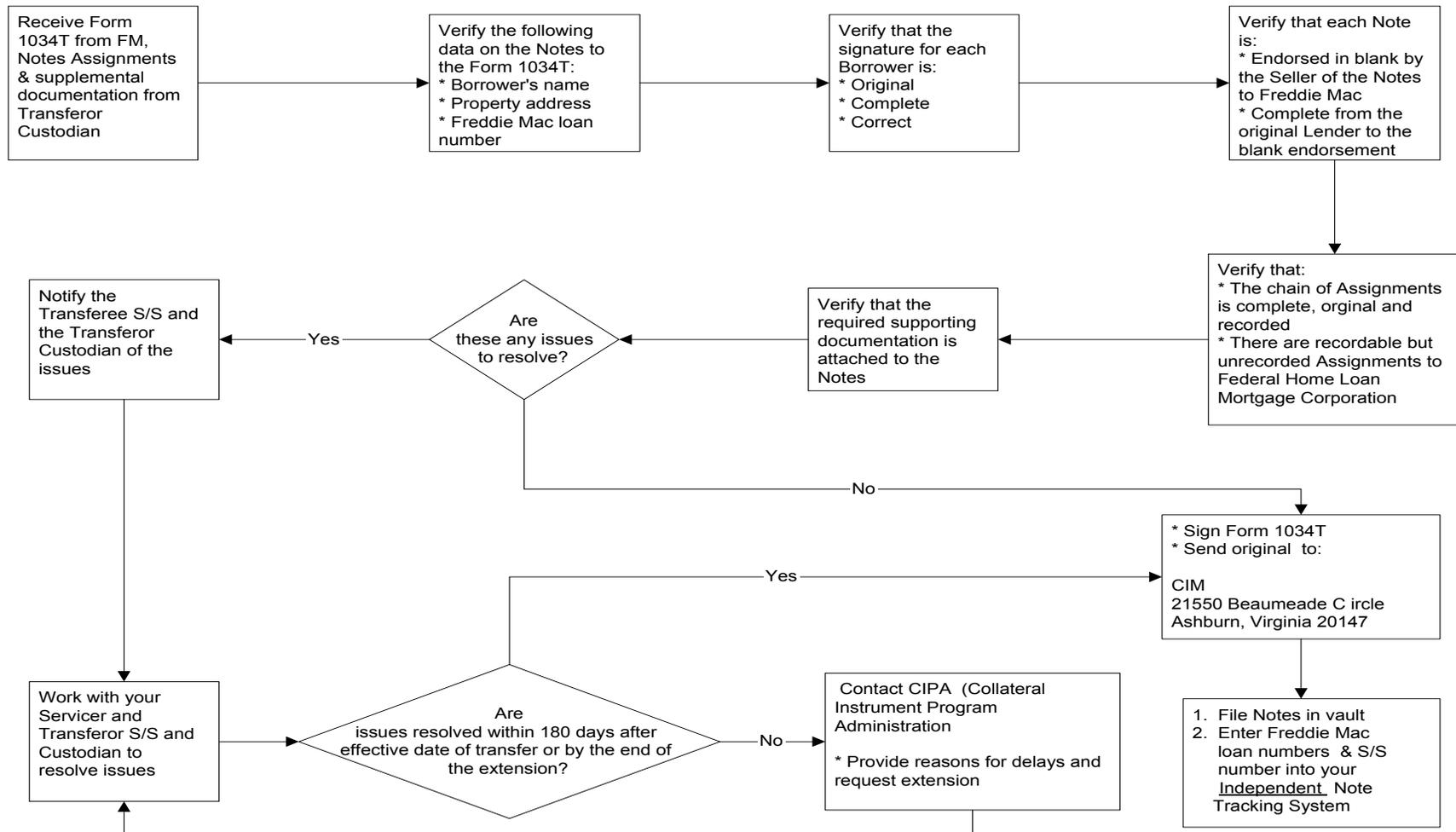
1. When endorsing Notes, the endorsements must remain blank until the Notes are paid off or until we give you special instructions. In the case of a Transfer of Servicing, the Note endorsement is not adjusted; it remains blank until the Note is paid off. At time of payoff, the current Servicer of record inserts their name and the date so they can mark the Note paid and cancel the Note.

2. The Transferor and Transferee Seller/Servicer have a responsibility to work with each other to remedy any unresolved document problems during the Transfer of Servicing prior to the Transferee Custodian’s certification.

CONCURRENT TRANSFER OF SERVICING CERTIFICATION



SUBSEQUENT TRANSFER OF SERVICING NOTE RECERTIFICATION



SIGNATURES

Overview

This chapter covers

- ✗ What is Over-signing and Under-signing and when is it acceptable?
- ✗ When is a Signature/Name Affidavit required?
- ✗ When is a Signature of a Trustee required?
- ✗ When is a Power of Attorney required?

WHAT IS OVER-SIGNING AND UNDER-SIGNING AND WHEN IS IT ACCEPTABLE?

SIGNATURE AND TYPED NAME ON NOTE	EXAMPLES OF OVER-SIGNING AND UNDER-SIGNING AND DEFINITIONS:
<i>George Andrew Smith</i> George A. Smith	Over <ul style="list-style-type: none">✗ Something additional (Andrew instead of just the initial A) is included in the signature that is not in the typed name✗ The signature is acceptable because it does not contradict the typed name
<i>Glenda B. Cooper</i> Glenda Byrne Cooper	Under <ul style="list-style-type: none">✗ Something additional (Byrne) is included in the typed name, but it is not included in the signature✗ The signature is acceptable because it does not contradict the typed name



WHEN IS A SIGNATURE OR NAME AFFIDAVIT REQUIRED?

SIGNATURE AND TYPED NAME ON NOTE	EXAMPLES OF WHEN AFFIDAVITS ARE REQUIRED:
 Shana J. Wagner	<ul style="list-style-type: none"> ✗ Signature Affidavit is required ✗ The signature is illegible and there is no way to compare it to the Typed Name on the Note
Hamilton Michael Taylor	<ul style="list-style-type: none"> ✗ Name Affidavit or Signature Affidavit is required ✗ The signature contradicts the Typed Name and there is no way to determine that this is his Name and Signature



WHEN IS A SIGNATURE BY A TRUSTEE REQUIRED?

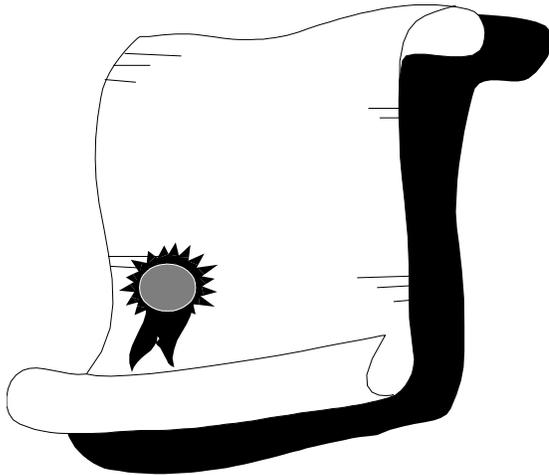
When a Security Interest in real property held in trust secures the Note, the Note must be signed by both the Borrower and the trustee - as trustee for the trust.

SIGNATURE AND TYPED NAME ON NOTE	ACCEPTABLE OR UNACCEPTABLE?
Ben Albertson Ben Albertson Ben Albertson as Trustee for the Donald Family Trust	Acceptable <ul style="list-style-type: none"> ✗ The trustee signed as the borrower and the trustee
 Janet Miller Janet Miller as Trustee for John Chandler Family Trust	Unacceptable <ul style="list-style-type: none"> ✗ Janet Miller only signed as the trustee; there is no borrower signature

WHEN IS A POWER OF ATTORNEY REQUIRED?

The Borrower may elect to have an attorney-in-fact execute the Note in his/her absence. The signature must include the words attorney-in-fact as part of the signature.

SIGNATURE AND TYPED NAME ON NOTE	ACCEPTABLE OR UNACCEPTABLE?
Walter Sawyer by Dan Joiner, his attorney-in- fact Walter Sawyer	Acceptable ☒ The attorney-in-fact included his title
Barbara Weaver by Jane Shepard Barbara Weaver	Unacceptable ☒ The attorney-in-fact is not included in the title



Note: The original Power of Attorney is required unless it has been sent for recordation, in which case you may certify using a certified copy of the power of attorney.

ENDORSEMENTS

Overview



This chapter covers

- ✎ What is a Blank Endorsement?
- ✎ What is a proper Chain of Endorsement?
- ✎ How are Endorsement Issues Resolved?

WHAT IS A BLANK ENDORSEMENT AND WHERE IS IT TO BE PLACED?

An endorsement is a method of transferring title to a negotiable instrument, in this case the Note, by inserting “Pay to the order of,” and signing the previous owner’s name, title, and institution name on the reverse side of the Note.

The following are the two types of endorsements that you may certify:

Examples of Correct Endorsements:

WITHOUT
RECOURSE

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

WITH
RECOURSE

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

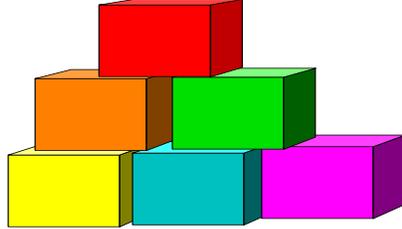


Note

- ✎ The endorsement must be blank
- ✎ The endorsement must not be dated

WHAT IS THE PROPER ENDORSEMENT CHAIN?

You must verify that the chain of endorsements on Notes is proper and complete from the original payee to each successive owner of the Loan (holder-in-due course).



NOTE HISTORY	PROPER ENDORSEMENT CHAIN
State Mortgage originates the Loan and sells it to Blue Bank	State Mortgage endorses the original Note to Blue Bank
Blue Bank sells the Loan to Field Bank	Blue Bank endorses the original Note to Field Bank
Field Bank sells the Loan to Freddie Mac	Field Bank endorses the original Note to blank
Field Bank transfers servicing to Lucky Bank	No additional endorsement



Note

Remember to check the Note endorsement and assignment chains separately for completeness.



Note

- ✘ The endorsements stop with the blank endorsement from the institution selling the loan to Freddie Mac
- ✘ Freddie Mac is the owner (holder-in-due course) of the property
- ✘ The Servicer does not own the loan; therefore, they may not endorse the Note
- ✘ Since a servicing transfer does not transfer loan ownership, the transferor Servicer **must not** endorse the Note

HOW ARE ENDORSEMENT ISSUES RESOLVED?

The following chart identifies various endorsement issues and required action steps:

ISSUE	ACTION REQUIRED
Endorsement says "Pay to the order of (_____)"	None
Note has been endorsed "Pay to the order of <u>Freddie Mac</u> "	<p>Notify Seller/Servicer that endorsements on all future deliveries must be blank. Notify CIPA if Seller/Servicer does not comply</p> <ul style="list-style-type: none"> ☒ POA from Freddie Mac is required for you to be able to cancel Note, or ☒ At time of payoff, Note must be sent to Freddie Mac's Document Custodial Services (DCS) to be marked paid and canceled
Date on endorsement is completed	Notify Seller/Servicer that endorsements on all future deliveries must not be dated
Dateline is not included as part of endorsement	None. The approved <i>Guide</i> endorsement does not include a date
Endorsement is completed using a facsimile signature stamp	<ul style="list-style-type: none"> ☒ Ensure documentation supporting use of facsimile signature exists and is available to Freddie Mac upon request ☒ Ensure signature is a Seller/Servicer corporate official whose authority has been designated by Seller/Servicer Board of Directors and that the list of approved signatories has been received by the Custodian ☒ Ensure affidavit authenticating signature is available to Freddie Mac upon request ☒ Ensure Seller/Servicer legal counsel's opinion that a facsimile signature is valid has been provided to Freddie Mac
Endorsement not on the Note, but an allonge is used	<ul style="list-style-type: none"> ☒ Endorsements are to be on the Note unless there is no room on the front or the back of the Note. ☒ An allonge may be used, however, the allonge must reference the Note – Example: borrower's name, address, Freddie Mac loan number
Transferor Seller/Servicer endorsed Note to Transferee Seller/Servicer	Transferor Seller/Servicer must void endorsement to Transferee and have Seller re-endorse in blank
Signature of a corporate officer is missing from endorsement	Notify Seller/Servicer and return Note to Seller/Servicer for a corporate officer's signature
Endorsement from original payee to Seller is missing	<ul style="list-style-type: none"> ☒ Return to Seller/Servicer to complete chain of endorsement (Custodian's responsibility) ☒ Obtain endorsement from original payee to Seller/Servicer (Seller/Servicer's responsibility)
Blank endorsement is missing	Notify Seller/Servicer that Note will be returned for endorsement to be affixed

ASSIGNMENTS

Overview

This chapter covers

- ✎ What is an Assignment?
- ✎ What are the Types of Assignments?
- ✎ What is a proper Chain of Assignments?
- ✎ How are Assignment Issues Resolved?

WHAT IS AN ASSIGNMENT?



An assignment of Security Instrument is a document that transfers ownership of a Mortgage or Deed of Trust. The Seller/Servicer must execute assignments of the Security Instrument for all Mortgages sold to Freddie Mac. Assignments must be prepared in accordance with state and county/local requirements.

Mortgages registered on the MERS database appear in the public land records with MERS as mortgagee of record (“Mortgagee of Record” refers to the beneficiary named in the land records. For a non-MERS loan, Mortgagee of Record is usually the current Servicer). This is accomplished through one of two means:

- (1) The registering member assigns the existing security instrument to MERS as Assignee via a standard form of assignment that is recorded in the public land records.
- (2) The originator of the mortgage (must also be a MERS member) closes the loan on a security instrument that names MERS as a nominee for the lender and the security instrument is duly recorded in the public land records with MERS as Original Mortgagee. In this case, there is no assignment.

Effective January 1, 2003, Freddie Mac requires that Seller/Servicer no longer prepare and maintain unrecorded, but recordable Assignment to the Federal Home Loan Mortgage Corporation.

WHAT ARE THE TYPES OF ASSIGNMENTS?

ASSIGNMENT TYPE	EXPLANATION	WHAT HAPPENS WHEN SERVICING IS TRANSFERRED?
Intervening	<p>Intervening assignments are those that have been prepared and recorded from the original payee to each succeeding Seller/Servicer.</p> <ul style="list-style-type: none"> ⊗ If the original payee sells the loan to Freddie Mac there is no intervening assignment ⊗ You must compare the original payee on the face of the Note and the chain of endorsements to the assignments (see chart on next page) <p>You may accept “Certified and True” copies of these assignments while you wait for the original recorded assignment. However, you must track the receipt of the recorded original and file it with the Note.</p>	<p>If servicing is transferred, the transferor Servicer must prepare, execute and record an intervening assignment from themselves to the transferee Servicer.</p>
Unrecorded but Recordable 	<p>Effective January 1, 2003, Freddie Mac requires that Seller/Servicer no longer prepare and maintain unrecorded, but recordable Assignment to the Federal Home Loan Mortgage Corporation.</p>	<p>There should not be a recordable but unrecorded assignment to Federal Home Loan Mortgage Corporation.</p>
Assignments to MERS	<p>Freddie Mac’s policies regarding assignments support the MERS requirements.</p> <ul style="list-style-type: none"> ⊗ Each MERS-registered mortgage must have either a recorded assignment to MERS, or be closed on a security instrument that names MERS as nominee 	<p>If the transfer is from a MERS member to a Servicer that is not a MERS member, an assignment is necessary from MERS to the transferee Servicer.</p> <p>If the transfer is between two MERS members, no new assignment is needed.</p>

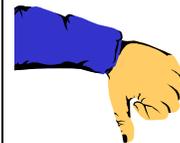
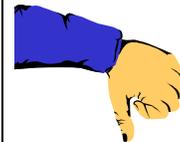
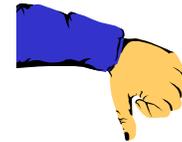
EXAMPLES OF VALID CHAIN OF ASSIGNMENTS AND ENDORSEMENTS

COMPARISON	VALID CHAINS AND REASONS
<p>Endorsements A to B B to D D to F F to Blank</p> <p>Assignments A to B B to D D to F F to G</p>	<p>Valid - endorsements and assignments</p> <p>Reasons:</p> <ul style="list-style-type: none"> ☒ No break in chain from original Lender A to current Seller/Servicer F who sold the Mortgage to Freddie Mac ☒ Chain progresses from A to F even though C and E did not endorse or record assignments ☒ Endorsement stops with F who sold the loan to Freddie Mac ☒ Assignment continues to G because each Servicer must continue to record the assignments
<p>Endorsements A to F F to Blank</p> <p>Assignments A to F</p>	<p>Valid - endorsements and assignments</p> <p>Reasons:</p> <ul style="list-style-type: none"> ☒ No break in chain from original Lender A to current Seller/Servicer F who sold the Mortgage to Freddie Mac ☒ Chain progresses from A to F even though B, C, D and E did not endorse or record assignments
<p>Endorsements A to B B to C C to Blank</p> <p>Assignments A to MERS</p>	<p>Valid - endorsements and assignments</p> <p>Reasons:</p> <ul style="list-style-type: none"> ☒ No break in endorsement chain from original Lender A to current Seller/Servicer C who sold the Mortgage to Freddie Mac ☒ Assignment was recorded by the Mortgagee of Record to MERS and no further assignments are necessary if the loan remains active on the MERS database
<p>Endorsements A to B B to C C to Blank</p> <p>Assignments A to B B to MERS</p>	<p>Valid - endorsements and assignments</p> <p>Reasons:</p> <ul style="list-style-type: none"> ☒ No break in endorsement chain from original Lender A to current Seller/Servicer C who sold the Mortgage to Freddie Mac ☒ Assignment is correct because the Mortgagee of Record recorded the assignment to the next Servicer (B) who is a MERS member and they recorded the assignment to MERS. No further assignments are necessary if the loan remains active on the MERS database



EXAMPLES OF INVALID CHAIN OF ASSIGNMENTS AND ENDORSEMENTS

COMPARISON	INVALID CHAINS, REASONS, AND RESOLUTIONS
<p>Endorsements A to B B to C E to F</p> <p>Recorded Assignments A to B B to C E to F</p> <p>Unrecorded but Recordable C to FM</p>	<p>Invalid - endorsements and assignments</p> <p>Reasons:</p> <ul style="list-style-type: none"> ✗ Break in both chains after the endorsement and assignment from Lender C ✗ Chain does not progress from A to F ✗ Lender C did not endorse or assign to Lender E, therefore E cannot endorse or assign to F <p>Resolution:</p> <ul style="list-style-type: none"> ✗ Current Seller/Servicer must obtain an endorsement and assignment from C to E ✗ Destroy unrecorded but recordable assignment from C. As of January 1, 2003, Freddie Mac does not allow unrecorded but recordable assignments.
<p>Endorsements A to B B to C C sold to FM C to D D to Blank</p> <p>Recorded Assignments A to B B to C C to D</p>	<p>Invalid - endorsements and assignment</p> <p>Reasons:</p> <ul style="list-style-type: none"> ✗ Endorsement must stop with C, because C sold the loan to Freddie Mac <p>Resolution:</p> <ul style="list-style-type: none"> ✗ Endorsement to D must be voided ✗ C must endorse in blank and no further endorsements are allowed because Freddie Mac is the Holder in Due Course
<p>Endorsements A to B B to C C sold to FM C to D</p> <p>Recorded Assignments A to B B to MERS C to D D to FM</p>	<p>Invalid - endorsements and assignment</p> <p>Reasons:</p> <ul style="list-style-type: none"> ✗ C sold loan to FM and must be the last endorser ✗ No assignment from MERS to C ✗ Assignment is recorded to Freddie Mac <p>Resolution:</p> <ul style="list-style-type: none"> ✗ Endorsement to D must be voided ✗ C must endorse in blank. No further endorsements are allowed because Freddie Mac is the Holder in Due Course ✗ C is not a member of MERS. There must be an assignment from MERS to C ✗ Recorded assignment to FM must remain, but this is a violation of Freddie Mac policy and Seller/Servicer must terminate this practice

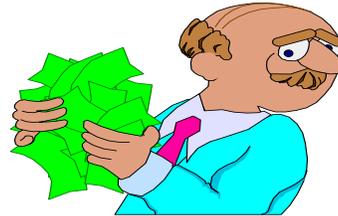


HOW ARE ASSIGNMENT ISSUES RESOLVED?

ISSUE:	ACCEPTABLE FOR CERTIFICATION?	REMEMBER:
Recorded Assignment has minor changes that were not initialed by Lender	YES, if State/County recorder's office accepts and records the assignment.	The assignment may be a certified and true copy if the original has been sent out for recordation. (NOTE: The copy must be certified as a true and complete copy of what was sent for recordation and be signed by a duly authorized officer of the Seller/Servicer.)
Unrecorded, but recordable to Freddie Mac contains errors that have been crossed out	Effective January 1, 2003, Freddie Mac requires that Seller/Servicer no longer prepare and maintain unrecorded, but recordable Assignment to the Federal Home Loan Mortgage Corporation.	
Blanket assignments are delivered	YES, if State/County recorder's office accepts and records the assignments. All assignments covered by a Blanket Assignment must be for the same State/County recorder's office. A list of the Notes must accompany the Blanket Assignment.	
Recordable but unrecorded assignment with missing recording information of the security interest	Effective January 1, 2003, Freddie Mac requires that Seller/Servicer no longer prepare and maintain unrecorded, but recordable Assignment to the Federal Home Loan Mortgage Corporation.	The Seller/Servicer must promptly deliver and Custodian must track receipt of the original recorded assignment.
Intervening assignments are not prepared because the previous Seller/Servicer is the same legal entity as the current Seller/Servicer	YES, if you have an affidavit from the Seller/Servicer indicating that the current Seller/Servicer is the Successor-in-Interest to the previous Seller.	
Recorded intervening assignment is a copy	YES, if the original recorded intervening assignment is lost and the copy contains the recording information and the book and page	Seller/Servicers must provide certified and true copy of all intervening assignments sent for recording.
Original Mortgage was re-recorded due to error, but the assignment was not recorded	YES, if the assignment properly references the Mortgage.	The Seller/ Servicer warrants the validity of the assignment and title coverage.
Recording Jurisdiction does not record assignments	YES, if Seller/Servicer provides an affidavit that is attached to the unrecorded assignment.	
Assignment to Freddie Mac is recorded	YES, but this violates Freddie Mac policy per the Seller/Servicer Guide. Loans purchased after 1995 must not be recorded to Freddie Mac. <ul style="list-style-type: none"> ⊗ No further assignments are allowed when Freddie Mac is "of record" ⊗ Contact the Seller/Servicer and tell them to STOP recording assignments to Freddie Mac and to contact CIPA, Manager (703) 724-3000 	Assignments must not be prepared and/or recorded to Federal Home Loan Mortgage Corporation.
No assignment is received for MERS registered Loans	YES, if the Loan number field on Form 1034 or 1034A also has MERS indicated AND the S/S has notified you that MERS is the Original Mortgagee. YES, if Gold Connection for Custodians is the certification system and the Seller/Servicer has provided information indicating that loans are MERS-Registered AND the S/S has notified you that MERS is the Original Mortgagee.	Assignments must not be prepared and/or recorded to Federal Home Loan Mortgage Corporation.
Assignment was recorded to Freddie Mac and afterwards an assignment was recorded to the Seller/Servicer	NO , contact Seller/Servicer and tell them to contact CIPA Manager (703) 724-3000.	
No assignment received for Non-MERS loans or Assignment chain is broken	NO , inform Seller/Servicer of the break and do not certify until it is corrected.	

SUPPLEMENTAL DOCUMENTATION

Overview



This chapter covers

- ✎ What is Supplemental Documentation?
- ✎ When are Originals or Certified Copies of Supplemental Documentation Required for Certification?

WHAT IS SUPPLEMENTAL DOCUMENTATION?

Supplemental Documentation relates to instruments other than the Note, which evidence the indebtedness secured by the Security Instrument, along with the originals that legally complete the Note.

Supplemental documentation includes

- ✎ Multi-state Agreement to Convert
- ✎ Addendum (Balloon, etc.)
- ✎ Name Affidavit
- ✎ Signature Affidavit
- ✎ Assumption Agreement
- ✎ Modification Agreement
- ✎ New York Consolidation, Extension and Modification Agreement
- ✎ Power of Attorney



WHEN ARE ORIGINALS OR CERTIFIED COPIES OF SUPPLEMENTAL DOCUMENTATION REQUIRED FOR CERTIFICATION?

DOCUMENT	REQUIREMENT? <i>ORIGINAL, CERTIFIED COPY, OR COPY?</i>
Addendum (example: Balloon addendum, agreement to convert)	ORIGINAL
Name affidavit or Signature affidavit	
Multi-state Agreement to Convert (Form 3180)	<p style="text-align: center;">ORIGINAL or CERTIFIED COPY</p> <p>✎ If the original is sent for recordation, the certified copy is acceptable</p> <p>✎ When the original recorded document is received it is to be put in the file</p> <p>✎ A copy of the recorded document is acceptable if it contains the book and page and recorder's stamp/date/signature</p>
Recorded Assignment	
Assumption Agreement	
New York Consolidation, Extension and Modification Agreement (Form 3172) for New York properties	
Modification	
Power of Attorney	ORIGINAL
	✎ But under certain circumstances - certified copy or copy