

**March 2019**

## **Process Overview: Financing Freddie Mac Servicing Contract Rights**

This document provides an overview of the process for obtaining the required Freddie Mac written consent for financing transactions that use Freddie Mac Servicing Contract Rights as collateral.

The Freddie Mac Servicing Capital Markets group (SCM), under Single-Family Servicing Portfolio Management, is responsible for reviewing and processing all requests for consent. SCM works closely with the Freddie Mac legal division and the counterparty credit risk management group to analyze proposed transactions, arrive at acceptable terms, and document and close the transaction.

Standard transactions, if approved, typically take 30-45 days to close. More complex, and/or unique transactions can take more time as they often require more extensive negotiation and documentation.

### **To Submit a Request**

To submit a request for Freddie Mac's approval for a financing transaction, a Servicer may contact any one of the following:

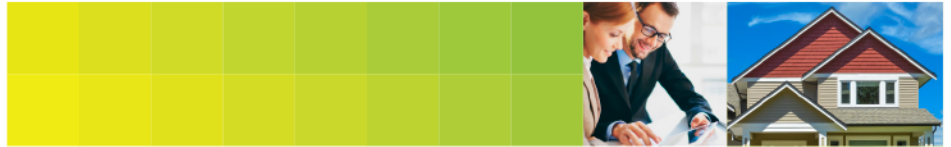
- Their primary Freddie Mac account representative
- Their Freddie Mac Servicer Account Manager
- The SCM mailbox at [MSRFinancing@FreddieMac.com](mailto:MSRFinancing@FreddieMac.com)

**Note:** The subject line of the email request must include "Request for Consent to Conveyance to [description of financing and lender name]".

### **Information to Include in a Request**

To request Freddie Mac consent, the Servicer must provide all the following information in its request:

- Purpose of the financing
- A term sheet or draft financing documents
- Identification of the covered mortgages, such as:
  - All loans serviced by the Servicer,
  - All loans serviced under one or more Seller/Servicer number(s), or
  - A list that includes the Freddie Mac loan number, the Servicer loan number, and the Seller/Servicer number for each loan in either CSV format or as an Excel spreadsheet
- The expected servicing volume within the next twelve months



## After a Request is Submitted

Once a request for approval is received, SCM will contact the Servicer to discuss the specifics of the deal, request additional information/documentation as needed, and discuss timing. Examples of the information/documentation that may be requested include:

- Structure diagram
- Organizational documents for all counterparties
- Use of funds and pro forma projections, if appropriate
- Proposed closing date
- Contact information for the Servicer's representative, its lender and for their respective legal counsel

## Information/Documentation Freddie Mac will Review

Freddie Mac will use the information/documentation gathered to analyze:

- The Seller/Servicer's credit position.
- Freddie Mac's current exposure to the Seller/Servicer.
- Expected claims against that exposure.
- Servicer's performance rating.
- Transaction terms and financing structure.
- Secured party's relationship with Freddie Mac.
- A realistic closing date.

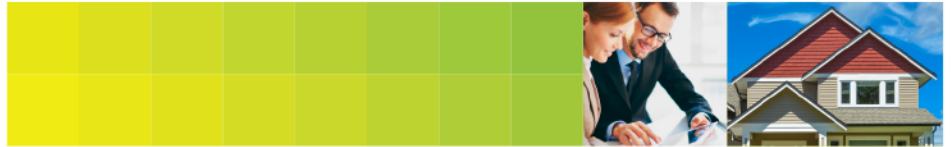
**Note:** Additional documentation (and revisions to the draft financing documents provided) may be required as a result of business, credit risk, and legal reviews.

## After the Freddie Mac Review

Once the analysis of the request is complete, Freddie Mac will, in its sole discretion, determine whether to grant consent to the financing. Freddie Mac may require that certain changes be made to the financing documents and financing structure. If Freddie Mac consents to the financing, it will draft an Acknowledgment Agreement and distribute it to all parties for review. The Acknowledgment Agreement will incorporate Guide Section 1101.2(c)(iii) and Guide Exhibit 33 by reference.

## Completion of Negotiations

Once all parties agree on the deal structure and contractual terms, Freddie Mac will prepare a final Acknowledgment Agreement for execution and request final executed versions of the financing documents.



## Closing

To close the transaction Freddie Mac will need to receive:

- Fully executed financing documents.
- An email with the final loan list documenting the portfolio of mortgages covered by the Acknowledgment Agreement.

**Note:** The email with the final loan list will be attached to the Acknowledgment Agreement as an exhibit.

Once Freddie Mac receives the documentation listed above, the SCM group will:

- Send an email confirming the receipt of the loan list, and
- Send all parties a PDF of the fully executed Acknowledgment Agreement.

Servicer's receipt of the fully executed Acknowledgment Agreement will represent Freddie Mac's consent to the financing transaction.