## **Certification Prior to Allocation**



Certification of loans prior to allocation provides Sellers the option of certifying loans before they are allocated to a Cash, Guarantor, or MultiLender Swap contract; to certify loans well in advance of settlement; and to help Sellers leverage shorter delivery periods for improved pricing using certified loans through the cash execution.

**Note:** Sellers with Warehouse Lender relationships are not eligible for the certification prior to allocation option because Warehouse Lenders require an executed Form 996E (*Warehouse Provider Release and Transfer*), which can only be issued if there is an existing Investor Contract Identifier.

This document provides information on completing certification prior to allocation, as well as the steps to take after the loan is certified. To use this, the following must be true:

- Loan Selling Advisor<sup>®</sup> contains complete loan data.
- The Loan Reference Product is labeled.
- Critical edits are cleared.

The Seller can still request a certification review due date with this option. The FHLMC Ln # is automatically assigned when a Seller builds Form 1034E, *Custodial Certification Schedule – Detailed*.

## Steps to Complete Certification Prior to Allocation

To complete certification prior to allocation, first enter the settlement details, which is the process of selecting an unallocated loan or a group of unallocated loans to be tagged with a specific Servicer and Custodian. If you have a default Servicer Identifier number and a default Custodian (one Servicer Identifier and one Custodian) skip to step 5. Otherwise, begin with step 1 to enter your settlement details:

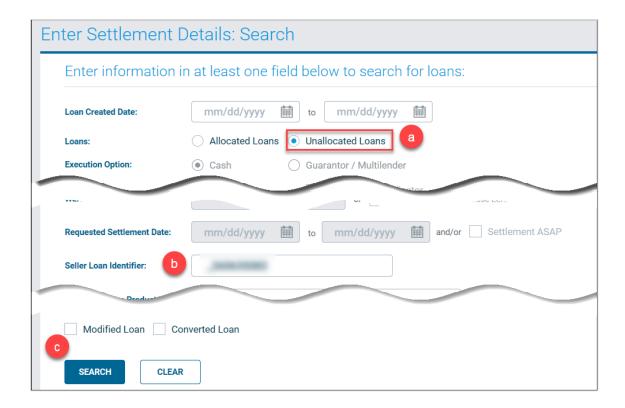
1. From the Loan Selling Advisor main menu, click **Settlements**, and then click **Enter Settlement Details**.



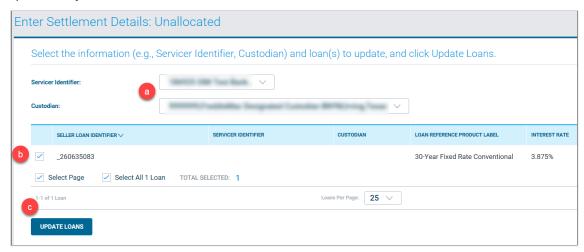
- 2. The Enter Settlement Details: Search screen displays. Perform the following steps:
  - a) Select Unallocated Loans.
  - b) Select one more of the following search criteria to locate loan(s): the **Seller Loan Identifier**, **Loan Reference Product Label**, or **Interest Rate**.
  - c) Click Search.

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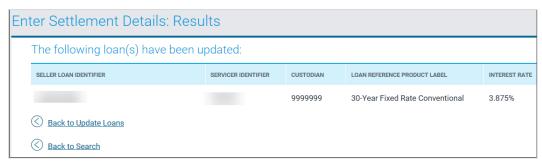
- 3. A list of loans matching the search criteria appears. Perform the following steps:
  - a) Enter a Servicer Identifier and a Custodian.
  - b) Select one or more loans to update (for certification).
  - c) Click Update Loans.







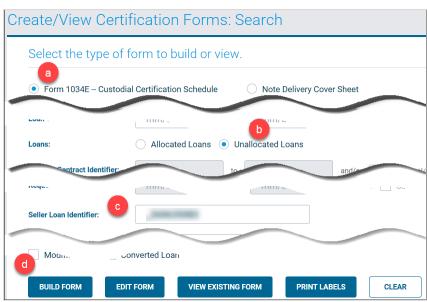
4. A message displays indicating which loans have been successfully updated.



5. From the main menu, click **Settlements**, and then click **Create/View Certification Forms**.



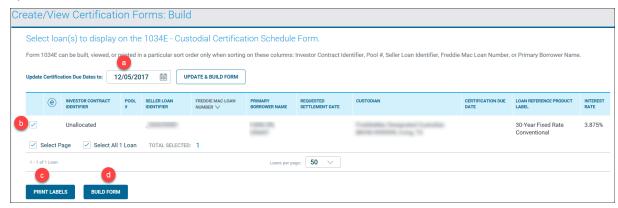
- 6. The Create/View Certification Forms: Search screen displays. Perform the following steps:
  - a) Select Form 1034E Custodial Certification Schedule.
  - b) Select Unallocated Loans.
  - c) Enter your Seller Loan Identifier.
  - d) Click Build Form





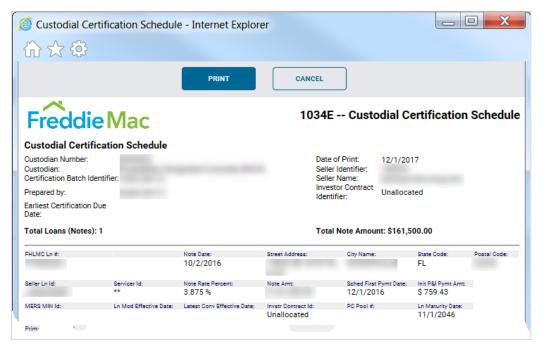
The screen now displays all eligible loans matching the search criteria. Perform the following steps:

- e) Enter a certification date.
- f) Select the loans to include on Form 1034E.
- g) Click **PRINT LABELS**. This opens a window with the labels, and you can then print them.
- h) Click Build Form.



**Note:** If you wish to print labels, do so *before* building the form (as in the previous instructions), because Loan Selling Advisor does not allow you to do so afterward building the form.

7. Form 1034E displays with the assigned **Certification Batch Identifier** and **FHLMC Ln #**(s). Print the form, attach all the applicable forms and documents, and forward it to the Custodian for certification.





## **Post-Certification Process**

After the loans are certified, do the following:

- 1. Take out a contract.
- 2. Allocate certified loans to that contract.
- 3. Re-assess the loans against the contract terms. If Loan Selling Advisor generates new edits, clear them.
- 4. Enter settlement details. If you have a cash contract and do not want ASAP funding, select a specific funding date and follow your normal funding process flow for the execution path selected (Cash or Guarantor) to complete the sale to Freddie Mac.

This information is not a replacement or substitute for the requirements in the Freddie Mac *Single-Family Seller/Servicer Guide* and your other Purchase Documents.

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