

# Going “e” with your Mortgage Business

## FREDDIE MAC ACCEPTS A COMBINATION OF PRINTED AND ELECTRONIC VERSIONS OF LOAN DOCUMENTS.

Not all mortgage lenders are ready to go “e” all the way. With Freddie Mac, you can choose how you integrate the use of electronic loan documents and electronic signatures into your business.

Look to Freddie Mac to help you ease into the world of electronic loan documents. Whether you’re interested in a hybrid or a fully electronic closing process, our flexible requirements make it easy to get started or support and expand your use of electronic loan documents. Freddie Mac approval is required only if eNotes are included in the electronic closing process.

## Initial Disclosures and eClosings eMortgages

- Use electronic documents and signatures for some or all of the initial and final loan documents (other than the note) and required disclosures.
- Take advantage of additional efficiencies electronic documents bring to the closing process.

### BENEFITS

- Allows you to provide your borrowers more time to review and understand their loan documents.
- Enhances the tracking and documentation of disclosure timelines for regulatory compliance.
- Streamlines document sharing, execution and storage and lowers associated costs.
- Eliminates post-closing follow-ups required for missing documents or signatures in the closing package and associated costs.
- Improves data quality as data can be extracted directly from loan documents. This reduces re-keying of data and potential for human error.
- Potential for automating post-closing review activities

- An eMortgage is a loan that is originated using an electronically-signed electronic note. The security instrument and other loan documents can be paper or electronic records.
- Systems used to originate, close and store eMortgages must go through a Freddie Mac review and approval process.
- System requirements and specs are based largely on the requirements of the Electronic Signatures in Global and National Commerce (ESIGN) Act and the Uniform Electronic Transactions Act (UETA).

### BENEFITS

- Instantaneous secure electronic delivery of Note to eNote custodian and automated certification, resulting in faster investor funding, and reduced custodian and warehouse line costs.
- Immediate receipt of collateral and recognition of security interest for warehouse lenders
- Reduces “lost note”-related delays in the investor/agggregator purchase process and loss mitigation activities.



# Originating & Closing with Electronic Loan Documents

The following documents may be created as electronic records and signed electronically, in connection with originating and closing mortgages to be sold to Freddie Mac. These electronic records must comply with Single-Family Seller/Servicer Guide (Guide) Chapter 1401.

## Eligible Electronic Initial Loan Documents

- Initial loan application.
- Real Estate Purchase and Sale Agreement. (See Guide Section 1410.13) Loan Estimate.
- Initial consumer mortgage product disclosures.
- Other initial federal and state consumer disclosures.
- Internal Revenue Service forms.
- Any other initial loan documents required by law or required by the Seller and permitted by law. Eligible Electronic Closing Documents
- Security instrument.
- Final loan application.
- Settlement/Closing Disclosure Statement.
- Consumer mortgage product disclosures.
- Other federal and state consumer disclosures.
- Internal Revenue Service forms.
- Any other closing documents required by law or required by the Seller and permitted by law. Electronic Versions are Permitted but with Restrictions
- Promissory note (The note may only be electronic if the Seller has been separately and expressly approved to sell eMortgages to Freddie Mac).
- Modification agreement.

The Seller is responsible for complying with all Freddie Mac requirements, federal, state and local laws, regulations, rules and ordinances (e.g. E-SIGN, UETA, Consumer Financial Protection Bureau, IRS, Office of the Comptroller of the Currency, etc.).

## DOCUMENTS PERMITTED AS ELECTRONIC RECORDS AND MAY BE SIGNED ELECTRONICALLY

## MORTGAGES NOT ELIGIBLE FOR DELIVERY AS AN EMORTGAGE

- Texas Equity Section 50(a)(6) Mortgages.
- Mortgages documented using a New York Consolidation, Extension & Modification Agreement ("NYCEMA").
- Mortgages in which the borrower is a trust (e.g., Living Trust or an Illinois Land Trust).
- Mortgages secured by mortgaged premises located in Puerto Rico.

# Servicing Requirements

Standard Freddie Mac servicing requirements apply to eMortgages. However, there are additional requirements that Servicers must comply with including, but not limited to:

- Identifying all Freddie Mac eMortgages in the servicing portfolio.
- Recording all status changes and required actions that occur during the life of the eMortgage in the MERS® eRegistry.
- Accepting an offer of "Change of Control" from Freddie Mac, in the event of a foreclosure or other servicing legal matter.
- Creating an offer of "Change of Control" to Freddie Mac, in the event of termination of a foreclosure or other servicing legal matter.
- Confirming that the MERS eRegistry accurately reflects Freddie Mac as the "Controller" and Freddie Mac or Freddie Mac approved eNote custodian as the "Location" at all pertinent times.
- Accepting a transfer of the Authoritative Copy of the eNote from Freddie Mac eNote vault using MERS eDelivery, in the event of an eMortgage repurchase by Seller/Servicer.

For additional details on servicing eMortgages, refer to [Single-Family Seller/Servicer Guide Chapter 1402](#)

## SERVICING EMORTGAGES

## LEARN MORE ABOUT FREDDIE MAC REQUIREMENTS FOR ELECTRONIC LOAN DOCUMENTS:

Call your Freddie Mac representative or the Freddie Mac eMortgage team (eMortgage\_Team@freddiemac.com).

Visit <https://sf.freddiemac.com/working-with-us/electronic-loan-documents/overview>

