

Document Custodial Options and Requirements

Chapter 1

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Document Custodial Options and Requirements

Introduction

This chapter describes the standards and processes required to qualify as a Freddie Mac Document Custodian and the relationships, duties, and responsibilities among the Document Custodian, Seller/Servicers, and Freddie Mac for certifying and safeguarding our Notes. In this chapter, Designated Custodians are referred to only as a custodial option, and references to “Document Custodian” include the Designated Custodians as appropriate. For information on eCustodians and eNotes, see Chapter 6.

Document Custodian Options

Seller/Servicers must select at least one Document Custodian (but may select up to ten), which may include the Designated Custodians, for each Seller/Servicer number. Each relationship between a Seller/Servicer (by Seller/Servicer number) and a Document Custodian requires a separate Tri-Party Agreement. Mortgages sold under a particular Seller/Servicer number will automatically be associated with the Document Custodian that certifies the Note. See [Guide Sections 2202.1, 2202.3, and 6304.1](#).

The following chart identifies the general requirements for each option.

Document Custodian	Tri-Party Agreement Form	Special Requirements
Designated Custodian	Designated Custodial Agreement: Single-Family Mortgages (Form 1035DC or Form 1035CS)	<ul style="list-style-type: none">▪ Form 1035DC for The Bank of New York Mellon Trust Company, N.A. (“BNYM”)▪ Form 1035CS for Computershare Trust Company, N.A. (“Computershare”)
Third-Party Document Custodian	Document Custodial Agreement: Single-Family Mortgages (Form 1035)	A third-party Document Custodian may be a Seller/Servicer affiliate.
Self-Custodian	Document Custodial Agreement: Single-Family Mortgages (Form 1035)	Seller/Servicer “contracts” with its trust department, which has trust powers granted by its primary regulator.

Except for Interim Servicers, payment for document custodial services (including document shipping expenses) is the sole responsibility of the Seller/Servicer. See [Guide Sections 2202.1](#) and [6304.1](#) (Freddie Mac pays the bills for Interim Servicers directly). A Document Custodian cannot act in a manner that might

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adversely affect Freddie Mac or its interests, or fail to perform its custodial duties, because of non-payment for its services or expenses. See the Tri-Party Agreement for complete terms.

A Document Custodian's vault will be assigned a Document Custodian number, regardless of the number of Seller/Servicer numbers for which it holds Notes.

Note: Document Custodians with more than one vault will receive a separate Freddie Mac Document Custodian number for each vault. Accordingly, a separate Tri-Party Agreement will be required for each vault.

In a Tri-Party Agreement, the Seller/Servicer and Document Custodian represent and warrant to each other and to Freddie Mac that the Document Custodian satisfies our eligibility requirements, found in the Tri-Party Agreement, this Handbook, and the Guide, as they may be amended. See [Guide Section 2202.3](#). A Seller/Servicer that becomes aware that a Document Custodian fails to maintain or comply with the eligibility requirements must contact IE immediately (see [Guide Sections 2202.5](#) and [8107.1\(b\)](#)) by providing notification at:

Attn: Freddie Mac IE
1551 Park Run Drive, McLean, VA 22102-3110
Phone: (571) 382-3434 Opt. 2
institutional_eligibility@freddiemac.com

Eligibility; Application and Approval Process

An institution must meet the requirements of [Guide Section 2202.2](#) for Freddie Mac to approve it as a Document Custodian. Each Document Custodian, among other items, must (i) be a financial institution that is supervised and regulated; (ii) maintain an acceptable risk threshold based upon Freddie Mac's confidential tolerance standards calculated using various key metrics or have an Acceptable Net Worth of at least \$500,000,000 if it is one of the following: (1) an entity applying to be a Document Custodian or (2) a Document Custodian with existing custodial relationship(s) or entering into new custodial relationships with Freddie Mac Seller/Servicers; (iii) maintain specified minimum insurance coverages; and (iv) perform the document custody function in a trust department established and operated under trust powers from the Document Custodian's primary regulator. A Seller/Servicer acting as a Self-Custodian must have the custodian function independent and separately managed from any functional area that performs mortgage origination, selling or servicing.

At this time, Freddie Mac is not accepting applications from or approving new Document Custodians. Freddie Mac will make a public announcement if this policy changes. For information on becoming an eCustodian, see Chapter 6.

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To apply for approval, an institution must contact IE for information on the process and requirements. IE will review the application and notify the Seller/Servicer and the applicant of its decision regarding approval.

A Seller/Servicer electing to use a Document Custodian other than a Designated Custodian must contact IE at Institutional_Eligibility@freddiemac.com. Upon approval of the relationship, IE will deliver the Tri-Party Agreement to you by email or other electronic means to execute using an established platform for electronic signatures that creates an audit record, including a completion or similar certificate for each signatory. You must receive a copy of the fully executed Tri-Party Agreement before accepting Notes from a Seller/Servicer for certification and custody. See [Guide Sections 2202.2](#) and [2202.3](#).

In addition to a Tri-Party Agreement, you and the Seller/Servicer must enter into a written agreement that:

- details your charges and the service levels for document custodial services (e.g., Note certification, storage, release, and copying) (see the Tri-Party Agreement), and
- governs your electronic commerce with Servicer and complies with [Guide Section 8107.2\(b\)](#) for Servicers that will deliver Requests for Release (see Chapter 4) in a format *other than* ink-signed delivered on paper, as by web-based portal or application or attaching pdfs of documents to emails if not using Freddie Mac [Form 1036](#).

These agreements may not contain any term that conflicts with the Tri-Party Agreement or this Handbook (e.g., limit Freddie Mac's ability to gain access to the Notes without the Seller/Servicer's consent). You do not need to use a special form of agreement for your Freddie Mac customers if you already have agreements in place that meet these criteria.

Information Security Requirements

Document Custodians are required to: (i) comply with [Guide Section 1302.2](#) as it relates to Freddie Mac's information security requirements, and (ii) certify its compliance annually on its Annual Document Custodian Eligibility Certification further described in Chapters 2 and 6.

Access to Loan Selling Advisor/User Roles

To use Loan Selling Advisor, the Document Custodian must provide information to Freddie Mac regarding Document Custodian's authorized Loan Selling Advisor users and their designated user roles as described in [Guide Section 2403.11](#), for each Seller/Servicer with which the Document Custodian has a Tri-Party Agreement. See [Guide Section 2202.3](#).

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Freddie Mac will assign user roles in Loan Selling Advisor and issue user IDs and passwords to authorized users. See [Guide Sections 2403.8](#) and [2402.1](#) for information on system security and user access.

Periodic Reports

In addition to the reports identified below, Freddie Mac may ask that you create other reports to target a specific loan population or Note file status or report on a different schedule. We will provide adequate notice of any such request.

Annual Reports

Each March 31, you must complete an *Annual Document Custodian Eligibility Certification* (Document Custodian annual report) and submit it to IE with any other information Freddie Mac may request (see the Tri-Party Agreement). Freddie Mac will provide a prepopulated form well in advance of the due date.

All Seller/Serviceicers submit an *Annual Certification Report* through Freddie Mac's UCountSM application and certify that their Document Custodians meet our eligibility requirements. See [Guide Section 2101.10](#).

Semi-Annual Reports: Aged Releases

Beginning with January 2021, Document Custodians must submit 'aged release' reports listing by Freddie Mac loan and Servicer name each Note that has been released to the Servicer (either physically or constructively) for more than 180 days and has not been reported as paid off. Freddie Mac will send you requests for these semi-annual reports, which will reflect the Notes' status as of the date indicated in the request. These reports must be delivered by the date stated in the request in the format as requested by Freddie to loan_delivery_funding_ops@freddiemac.com. This helps Freddie Mac manage our collateral more efficiently and engage Serviceicers when reports indicate that they may be retaining Notes beyond what is necessary or appropriate.

Quarterly Reports: Reconciliations

Document Custodians must create reports that list by Freddie Mac loan and Servicer name each Note that they hold, including Notes that have been released to Serviceicers, as of the end of each calendar quarter. Freddie Mac will send a request for each report, which is due by the date indicated in the request in Excel spreadsheet format to loan_delivery_funding_ops@freddiemac.com. These reports enable Freddie Mac to reconcile our records with yours. See [Guide Section 2202.4](#) item 6.

Terminating Tri-Party Agreements

Any party to a Tri-Party Agreement may terminate it upon proper written notice to

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the other parties. Upon such notice, all Freddie Mac Notes must be transferred to a new Document Custodian within 30 days as described in Chapter 5 and [Guide Sections 2202.6](#) and [7101.9](#). The Document Custodian being terminated must continue to fulfill its custodial duties until all Notes have been transferred to and recertified by the Transferee Document Custodian, at which time the document custodian relationship ends.

Freddie Mac may terminate any Tri-Party Agreement in our sole discretion upon 30 days' written notice or immediately if:

1. We modify our requirements for document custody;
2. The Seller/Servicer, in Freddie Mac's sole judgment:
 - Is suspended or disqualified;
 - Does not comply with our eligibility standards; or
 - Performs unsatisfactorily; or
3. The Document Custodian, in Freddie Mac's sole judgment:
 - Does not meet an eligibility requirement or criterion for custody;
 - Performs unsatisfactorily; or
 - If a circumstance occurs or exists that might adversely affect the Document Custodian, our Notes or assignments, or our interests.

See [Guide Sections 2202.1](#), [2202.6](#), [6304.1](#), and [7101.9](#), and the Tri-Party Agreement.