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Custodial Functions

The Document Custodian must verify the Notes and assignments delivered by a Seller/Servicer for purchase by or recertification to Freddie Mac, safeguard and release them as required by the Guide, the Tri-Party Agreement, and this Handbook, and adhere to the highest professional and ethical standards.

To protect Borrower privacy, **you must not release any original documents, copies of documents, or information about a Borrower or a Note held in custody for Freddie Mac to anyone except Freddie Mac or the Servicer**, even if the person asking is the Borrower or someone claiming to be the Borrower. You should direct anyone claiming to be the Borrower or their representative to the Mortgage's current Servicer. Because of periodic reporting requirements relating to certain mortgage-backed securities, the Seller or a previous Servicer of a Mortgage may request loan-level information; you must direct all such inquiries to the current Servicer.

Document Custodians may vary from the requirements and procedures set forth in the Guide, the Tri-Party Agreement, or this Handbook that relate to custodial functions only after receiving evidence that Freddie Mac has granted the Seller/Servicer either a single loan exception (SLE) that applies to a specific loan or group of loans by Freddie Mac loan number, or a term of business (TOB) that amends the Seller/Servicer's Purchase Documents.

The SLE is a short document from Freddie Mac (which may be a copy) that must be delivered and maintained with the Note(s).

A TOB may apply to all loans that a Seller/Servicer delivers to or services for Freddie Mac or only to a specific class or population of those loans. Because of its broader applicability, a copy of the TOB need not accompany a Note, *but* the Seller/Servicer must deliver each TOB that impacts document custody to you, and you must acknowledge receiving it to the Seller/Servicer. This may be done by exchange of hard copy documents or electronically, using PDFs of the TOB. The Seller/Servicer must retain evidence that you acknowledged the TOB and notify you promptly when a TOB is modified or terminated. You must maintain a database or library of each Seller/Servicer's TOBs to use in certifying and managing the Notes and update it as appropriate.

Contact Settlement Operations at loan_delivery_funding_ops@freddiemac.com with questions regarding either the processes or specific SLEs or TOBs.

Compliance and Controls

The chart below identifies several compliance controls; it is not all-inclusive.

Custodial Functions	Compliance Controls
Hold Notes and assignments in trust for the sole benefit of Freddie Mac	Do not enter into any understanding, agreement, or relationship with any party to obtain, retain, or claim any interest, including ownership or security, in Mortgages owned by Freddie Mac unless specifically approved in writing in advance by us.
Maintain custody and control of the Notes and assignments	<ul style="list-style-type: none"> ▪ Track Notes and trailing documents held for Freddie Mac in accordance with the requirements of the Guide and this Handbook. ▪ Affix the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. ▪ Physically segregate Freddie Mac Notes from those held for other investors, if advised by Freddie Mac to do so. <p>See Guide Sections 2202.2, 2202.4, 6304.1, 6304.3, and 8107.2.</p> <p>Note: If you cannot find a Note in the vault after you have received and certified it, contact Freddie Mac for instructions. See Guide Directory 9.</p>
Verify and certify Notes, supplemental documents, and assignments	See Chapter 3 for detailed information.
Release physical possession, or transfer constructive possession, of documents to Servicer	<p>See Guide Section 8107.2 and Chapter 4 for detailed information.</p> <p>You must have an electronic commerce agreement with a Servicer before you can process a release request delivered electronically if not using Form 1036.</p>
Release documents to Transferee Document Custodian	See Chapter 5 for detailed information.
Custodial Functions	Compliance Controls

<p>Provide periodic reconciliations of collateral held for Freddie Mac</p>	<p>In the format as requested by Freddie Mac, provide a list by Freddie Mac loan number and Servicer name:</p> <ul style="list-style-type: none"> ▪ Quarterly, on a date to be provided, all Notes held for Freddie Mac; and, ▪ Semi-annually, Notes that have been released to Servicers for over 180 days - including constructive releases, although Note file contents remain in your vault. <p>You must work with Freddie Mac and Servicers to resolve any anomalies.</p>
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The chart below identifies the minimum standards to qualify as a Document Custodian and properly certify and safeguard the Notes. See [Guide Sections 2202.2, 6304.1](#), and other sections referenced in the chart.

Standard	Activity or Requirement
<p>Employ internal controls and use prudent business practices to safeguard and maintain our Notes and assignments.</p>	<ul style="list-style-type: none"> ▪ Provide fire-resistant storage with a minimum of two hours' protection. Document custodians will be required to certify on its annual certification that vault is in compliance. Changes to vault integrity will require additional documentation. ▪ Provide fire extinguishers or other flame retardant equipment or devices in vaults. ▪ Restrict access to the vault to persons with appropriate credentials, i.e., Secure ID, PIN, etc., and those escorted by persons with appropriate credentials. ▪ Maintain a visitors' log of everyone accessing the vault or other areas of the building where custodial activities are conducted.

Standard	Activity or Requirement
<p>Staff must be trained and knowledgeable in handling Notes, performing other custodial duties, and using Loan Selling Advisor®. See Guide Section 2402.6.</p>	<p>Provide access to our reference materials and publications, including:</p> <ul style="list-style-type: none"> ▪ The Guide (available on AllRegs) ▪ Document Custody Procedures and Handbook ▪ Bulletins and Industry Letters ▪ Complete forms required to obtain access to Loan Selling Advisor
<p>For Document Custodians where a Seller/Servicer is acting as its own document custodian, operations must be separate from Mortgage origination, selling, or servicing.</p>	<ul style="list-style-type: none"> ▪ The document custody activities <i>and staff</i> must be independently and separately managed from any functional area that performs Mortgage origination, selling, or servicing, with separate record systems, files, and operations.
<p>Have an independent document tracking system to monitor Notes and assignments, releases, constructive possession and returns, and to identify physical location of Notes.</p>	<ul style="list-style-type: none"> ▪ Include the Freddie Mac loan number in the document tracking system and reference that number on all correspondence and related documents. Note: If the Freddie Mac loan number begins with a “0”, the “0” must be included in your tracking system. ▪ Cross-reference each Note’s Freddie Mac loan number with the Servicer’s loan number. ▪ Maintain a database or library of each Seller/Servicer’s TOBs to use in certifying and managing the Notes and update it as appropriate. ▪ Create periodic reports in a format acceptable to Freddie Mac.
<p>Maintain and regularly update written procedures.</p>	<ul style="list-style-type: none"> ▪ Regularly compare your processes and procedures to Freddie Mac’s requirements and all applicable Freddie Mac Forms. ▪ Train staff.

Activity	Requirement
Maintain and adhere to a disaster recovery (business continuity) plan.	<p>Your plan must provide for:</p> <ul style="list-style-type: none"> ▪ Notice to Freddie Mac at loan_delivery_funding_ops@freddiemac.com within twenty-four hours if a disaster affects, or is imminently likely to affect, your facility. ▪ A process to recover tracking system information, including electronic data, and restoration of documents. ▪ Relocation or restoration of facilities to ensure ability to perform custodial functions. ▪ Testing and updating the plan at least annually and notice to Freddie Mac when testing is completed at loan_delivery_funding_ops@freddiemac.com.
Submit Annual Document Custodian Eligibility Certification.	<p>Freddie Mac will forward the form in time for you to submit it by the date indicated on the request; contact: loan_delivery_funding_ops@freddiemac.com.</p>
Terminate the document custodial relationship. See Guide Section 2202.1(e) .	<p>See Chapter 1 and your Tri-Party Agreement for further information.</p> <p>Note: As Document Custodian, you must facilitate a smooth transfer of all Notes, assignments, and supplemental documents.</p>

Freddie Mac may permit a Document Custodian to perform certain certification or verification services at a location outside of the U.S. based on images of original documents in the Document Custodian’s U.S. based vault, subject to strict contractual obligations, particularly as to information security. Contact IE with any questions in this regard. Seller/Servicers have no obligation to Freddie Mac to monitor document custodial services conducted outside of the U.S.

Changes to Document Custodian Information

You must immediately notify Institutional_Eligibility@freddiemac.com about certain changes that impact your institution, such as:

- a new name or address for the Document Custodian or its vault(s);
- changes in key personnel or your contact persons and their contact information;
- mergers, organizational changes, consolidations, or any other event or situation that impact or might impact your organization, ownership, control,

structure, governance or its ability to perform custodian services for Freddie Mac;

- regulatory actions that might impact your ability to meet our eligibility criteria or perform to the highest standards as a document custodian

Certain changes necessitate a new Tri-Party Agreement. For instance, if you move Notes held for a Servicer to a new Freddie Mac-approved vault but continue to maintain Notes for other Servicers at the old vault, you need an additional Document Custodian number and a Tri-Party Agreement to document the new vault and the Seller/Servicer numbers supported there. See [Guide Section 2202.3](#).

Insurance Coverage

Document Custodians must maintain the following minimum insurance coverages:

- **Errors and Omissions Insurance** covering claims for Document Custodian's breach of duty, negligence, errors and omissions, misstatements, misleading statements, or other wrongful acts committed in the conduct of document custodial services.
- **Financial institution bond** or equivalent insurance covering losses from employee dishonesty, physical damage or destruction to, or loss of Notes while they are on the Document Custodian's premises.
- **Transit Insurance Coverage:** Notes that move between Document Custodians, between vaults, or between a Document Custodian and a Servicer or any other party must be covered by transit insurance. You must maintain insurance that covers physical damage to, and destruction or loss of, the Notes that are bearer paper (e.g., Notes with blank endorsements) with an endorsement that does not identify a payee. If there is no written agreement allocating liability, the Servicer is liable for the Notes and must obtain insurance as described in [Guide Sections 2202.5\(c\)](#) and [8107.1\(b\)](#).

For details, see Guide Sections [2202.2\(b\)](#), [2202.5\(c\)](#), and [8107.1\(b\)](#).

Freddie Mac Audits

Pursuant to the Tri-Party Agreement and [Guide Section 2202.4](#), Freddie Mac and its agents may, with or without prior notice, conduct an audit of the Document Custodian, its operations and facilities, including:

- all Notes, records, and documents held for Freddie Mac;
- your document tracking system, including screen prints and system demonstrations necessary to document system functionality;
- the physical plant, including loading docks, employee work areas, file receiving and sorting areas, and the vault (facilities, security, capacity, etc.);
- your compliance with Freddie Mac's qualification standards, including all insurance requirements (e.g., policies for coverage, including in transit coverage); and

- your policies, procedures, and activities relating to the custodial functions, business continuity plans and testing results, etc. — this review may include, for example, your:
 - ability to review SLEs and reference TOBs that authorize deviation from Freddie Mac requirements for certification and other Note processes, e.g.;
 - controls and records for authenticating and processing individual and bulk release requests;
 - electronic signature or other electronic commerce agreements with Seller/Service providers;
 - methodology and efficacy of searching for missing documents
 - record retention policies; and
 - Seller/Service provider customer service and compliance with service level expectations and standards.

Such an audit may be performed on-site, remotely, or in combination, and will typically involve review of relevant documents and extensive interviews with key Document Custodian personnel.