

Freddie Mac

Document Custody Procedures Handbook

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Preface

This Handbook supplements the requirements and information in Freddie Mac's Single-Family Seller/Servicer Guide, as it may be amended (the "Guide"). The Guide is one of each Seller/Servicer's Purchase Documents, and portions of it are incorporated by reference into each Tri-Party Agreement.

The Guide and the Tri-Party Agreement have priority over this Handbook, and any conflict between them, such as may occur when the Guide is updated or amended, must be resolved accordingly. Similarly, conflicts between the Guide and Tri-Party Agreement are resolved to favor the Guide, as changes to the Guide are automatically incorporated into Tri-Party Agreements.

Capitalized terms used in the Handbook are defined in the Guide - many in the Glossary. Certain terms and phrases, including the following, may be used differently in the Handbook as the context indicates:

"Assignment" refers to the Intervening Assignments and any instrument used to assign a Security Instrument to Freddie Mac. See [Guide Sections 2202.1](#) and [6304.1](#).

"Form 1034" may refer to all versions collectively or to a specific version. Because the Handbook assumes that Mortgages are delivered to Freddie Mac through Loan Selling Advisor®, most references will be to [Form 1034E](#), the version of Custodial Certification Schedule used for Loan Selling Advisor deliveries. [Form 1034T](#), *Document Custodial Certification Schedule for Transfer of Custody and Subsequent Transfers of Servicing*, is used for Mortgages as described in the title.

"Form 1036" refers to Freddie Mac's Request for Possession or Control of Documents or an alternative version document Servicers use to request physical or constructive possession of Notes and Note files from Document Custodians. See [Guide Section 8107.2](#).

"IE" refers to Freddie Mac's I&CM Counterparty Management Department's Institutional Eligibility team.

"LNA" is a lost note affidavit, which is a sworn statement that represents and substitutes for a promissory note (other than an e-Note) that is lost, missing, or has been destroyed.

"Mortgage file" refers to the Servicer's file. See [Guide Section 3301.1](#).

"Note" refers to the instrument evidencing a Borrower's indebtedness, and includes any POA or modifying instrument, such as a modification agreement, conversion

agreement, assumption of liability or release of liability agreement. References to 'Note' include, as the context requires:

- an LNA,
- an eNote, and
- all documents held for Freddie Mac, as the context requires.

“**Note file**” refers to the Document Custodian’s file and the documents retained in that file pursuant to the Tri-Party Agreement.

“**POA**” refers to a power of attorney. See Chapter 3 for information.

“**Seller/Servicer**” refers to the party selling Mortgages to, or servicing Mortgages for, Freddie Mac. We try to use either “Seller” or “Servicer” where that is more accurate, however, absent a Transfer of Servicing, the same entity may be both Seller and Servicer, although using different personnel. This convention should clarify the different roles.

“**SLE**” refers to any waiver of a Purchase Document requirement, or single loan exception, granted to a Seller/Servicer for a specific Mortgage or group of Mortgages that are identified in the SLE.

“**TOB**” refers to any special provision, or term of business, in a Seller/Servicer’s Purchase Documents that permits variance from a requirement of the Guide or another Purchase Document.

“**Tri-Party Agreement**” refers, as the context requires, to the Document Custodial Agreement by and between Freddie Mac, a Seller/Servicer, and a Document Custodian on [Form 1035](#), [1035DC](#), or [1035CS](#), including any Addendum on Form 1035A/1035CSA.

Throughout the Handbook, ‘**you**’ and ‘**your**’ refer to the Document Custodian.

Freddie Mac oversees and manages the document custody program and the certification, maintenance, and release processes and requirements. Freddie Mac does not provide direct document custodial services to Seller/Servicers for Notes delivered in paper format; however, it does provide certain direct custodial services for eNotes.

For each Seller/Servicer number, Seller/Servicers may contract with up to ten Document Custodians, each of which may be a Designated Custodian or another Freddie Mac-approved Document Custodian. Except as required by the context, references in this Handbook to “Document Custodian” include the Designated Custodians.

Acting as Document Custodian (Freddie Mac-approved third-party eCustodian) for Freddie Mac’s eNotes requires separate approval from Freddie Mac. The approval process and the special requirements for managing eNotes are described in Chapter 6, *Procedures Relating to eNotes and eMortgages*.

We hope that you find this Handbook helpful, and we welcome your comments and questions about your role as a Freddie Mac Document Custodian.

We will continue to update the handbook periodically.

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.

Document Custodial Options and Requirements

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](#).

Document Custodial Options and Requirements

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/Service providers 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 Service providers 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 Service providers, 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.

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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	See Guide Section 8107.2 and Chapter 4 for detailed information. You must have an electronic commerce agreement with a Servicer before you can process a release request delivered electronically if not using Form 1036 .
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.

Document Delivery and Processing

Chapter

3

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Document Delivery and Processing

Background

Before Freddie Mac commits to buy a loan, you must verify that information in the Note and related documents matches the information in Loan Selling Advisor and that the Note and certain other documents are original. We refer to this process as “certification,” or “certifying” the Note (and sometimes, the Mortgage).

This Chapter details our requirements for certifying Notes delivered to Freddie Mac, including those sold with Concurrent Transfers of Servicing. For information on Subsequent Transfers of Servicing, see [Guide Section 7101.1](#) and Chapter 5. See Chapter 6 for additional and varying requirements for eNotes.

Freddie Mac exercises independent business judgment when using loan delivery data and our standards for certification and other requirements may differ from others. You may not deviate from our requirements for certification until the Seller has provided you with evidence that Freddie Mac has approved an SLE or a TOB authorizing such a variance. The Seller must ask you to acknowledge receiving each TOB to indicate your awareness of the waiver of our stated requirements. See Chapter 2 for information on SLEs and TOBs.

This Handbook helps you fulfill your responsibilities as a Document Custodian. It is a reference tool that complements Freddie Mac’s Guide but does not replace the requirements of the Guide. In the event of a conflict and in the absence of a TOB or SLE, the Guide controls.

Before you accept Notes for certification, Freddie Mac must approve you as an eligible Document Custodian and you must have a signed Tri-Party Agreement with respect to the Servicer that will service the Mortgages. Refer to Chapter 1 for information on the approval process.

Sellers are required to transport Notes only by a nationally recognized commercial or bonded carrier or courier service. If an agent contacts you or you receive loan data from a third party, ask to see written evidence of its relationship with the Seller, such as a copy of the first and signature pages of their contract with the Seller or the paragraph in the Freddie Mac Pricing Identifier Terms acknowledging the agency arrangement. You may rely on the representations of an agent as if the Seller had made them – the Seller remains liable to Freddie Mac for the accuracy and completeness of all data. Contact Freddie Mac if you have any questions about delivery by an agent. See Guide Directory 9.

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Documents to be Verified

The Seller must deliver to you as Document Custodian the Note, any applicable assignments, and the related documents for each Mortgage it is selling to Freddie Mac. A [Form 1034E](#) or Note Delivery Cover Sheet will accompany each delivery. You may receive documents that provide additional Note terms, clarify terms, or complete the required documents, such as:

- Addendum to the Note
- Agreement to Convert
- Assumption Agreement
- Modification Agreement
- Power of Attorney (POA)
- Name Affidavit
- Signature Affidavit
- Documents unique to Cooperative Share Loans

References to a “Note” or to “Notes” in this Handbook, and as appropriate to the context, incorporate these documents.

Certain documents, such as affidavits and most POAs, must be notarized. See *Notarizations* below for more information.

Allonges are often used to endorse Notes. An allonge, which is physically and legally part of the Note, is not technically a supplemental document, and must be delivered as part of the Note.

Seller/Servicers must deliver all original assignments of Security Instruments as described in [Guide Section 6304.3\(a\)](#), unless the Mortgage is registered with MERS® and the Seller/Servicer elected to retain assignments for MERS-registered Mortgages. In the immediately preceding case, the Seller/Servicer must provide you with evidence to verify that the Seller/Servicer is holding the assignments for MERS-registered Mortgages. For paper documents that were originated on paper or electronically and recorded electronically, see [Guide Section 6304.3\(c\)](#). See *Assignments* below.

NY CEMA (New York Consolidation, Extension and Modification Agreement) Mortgages

A New York Consolidation, Extension and Modification Agreement (“NY CEMA”) (Form 3172) is often used to finance debt secured by property in New York state in lieu of canceling and releasing an existing lien. The NY CEMA process permits borrowers to avoid a portion of the mortgage recordation tax due for a transaction; because the tax on the outstanding mortgage balance has already been paid, tax is due only on the amount of money borrowed that exceeds the original principal balance of the existing mortgage. The result is that the Borrower has a single, consolidated loan obligation evidenced by a Consolidated Note that is payable in accordance with the terms of the NY CEMA.

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Documents required to certify a Mortgage originated with a NY CEMA include a new original Consolidated Note and the NY CEMA with all Exhibits and assignments:

- For a current financing evidenced by a NY CEMA, the Borrower must execute a new original Note (the “Consolidated Note”), that consolidates, extends, and modifies the Original Old Money Note and an Original New Money (Gap) Note, if any. A Consolidated Note was *not* required with NY CEMA Form 3172 7/86, although one may have been executed.
- For a NY CEMA Mortgage that refinanced a NY CEMA Mortgage that was owned by Freddie Mac, you may receive the Note and assignments that you released along with a new original Consolidated Note, a new NY CEMA, and a new assignment. The new NY CEMA Mortgage will have a new Freddie Mac loan number, and you must track it using this new number.

Note: The NY CEMA, Form 3172, is a Fannie Mae/Freddie Mac Uniform Instrument, and may be used only for Mortgaged Premises located in New York State.

Sellers are not required to deliver Original Old Money Notes or Original New Money (Gap) Notes to you. See [Guide Sections 4101.5](#) and [6301.8](#) for further information on certifying NY CEMA Mortgages for Freddie Mac.

If the recorded NY CEMA is not delivered for certification, the Seller must provide a copy of the document (or the NY CEMA) that was sent for recordation, certified by a corporate officer of the Seller or the title insurer as a true and complete copy. When it is returned by the recording office, Servicer will forward you the original recorded NY CEMA to maintain in the Note file.

If the Seller delivering the NY CEMA is not named in the prior mortgages listed in the NY CEMA, you should receive a recorded Intervening Assignment for each change in mortgage ownership. (Refer to “MERS Registered Mortgages” below for information on assignments for those Mortgages.)

Cooperative Share Loans

Freddie Mac purchases Cooperative Share Loans secured by ownership interests in cooperative projects, which are personal property, and not residential real estate. Despite that legal distinction, the term “Mortgage” includes, for our purposes and as the context requires, “Cooperative Share Loan,” and Shareholders for Cooperative Share Loans are “Borrowers.” Capitalized terms not defined in this section are defined in the Guide Glossary or in [Guide Chapter 5705](#), Cooperative Share Loans.

Our requirements for certifying Notes apply to Cooperative Share Loans, and Sellers must deliver the following additional documents:

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- **original stock certificate**, membership certificate, or other instrument or agreement of similar import that evidences the Borrower's ownership interest in the Cooperative Corporation;
- **original stock power**, executed in blank;
- **original Proprietary Lease**, occupancy agreement, or similar agreement;
- **original assignment of Proprietary Lease**, executed in the name of the Seller or blank;
- copy of **recorded UCC-1 financing statements** and renewal assignment statements, if any, each with the original filing stamp;
- **original Form UCC-3** assigning interest to Freddie Mac in a form suitable for filing but unfiled;
- **original security agreement**; and
- **original Recognition Agreement**.

There are no Mortgage assignments for Cooperative Share Loans, and none need be verified. Contact Freddie Mac if you are uncertain about whether submitted documents satisfy these special requirements. See also [Guide Section 6304.3\(a\) and \(b\)](#).

Other than these additional items required to verify Notes for Cooperative Share Loans, after certification, you should manage and maintain them as you do any other Notes and Note files.

Verification Requirements

Upon receiving a Note from a Seller, you must verify:

- that the information on the Note matches the loan information in Loan Selling Advisor;
- that the Note is original, complete, and originated on a Fannie Mae/Freddie Mac, Freddie Mac, or Fannie Mae Uniform Instrument (for ARMS with Note Dates on or after 6/1/20, the version of the Uniform Instrument must be after 2019);
- the chain of endorsements on the Note; and
- the chain of assignments including, if the Security Instrument has been assigned due to a Transfer of Servicing or otherwise, a copy of the recorded assignment(s).

After you confirm the accuracy of the data and that the documents comply with our requirements, you may certify the Mortgage. Certification is complete in Loan Selling Advisor when you have:

- indicated that you have certified individual loans or loans in batch; or
- submitted proposed data corrections to the Seller, and the Seller has accepted the proposed changes.

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Data Verification

The Uniform Loan Delivery Dataset (ULDD) table in this section lists the data elements to be verified for all Mortgages. You must compare these data elements in Loan Selling Advisor to the information contained on each Note.

Note: Freddie Mac's systems and publications are not always consistent in their terminology. The ULDD table lists the various terms for the same data elements.

Note: The parenthetical numbers in the data elements column correspond to the numbered boxes on the Job Aids 1-3 in Appendix A.

Note: The Freddie Mac loan number does not need to appear on the face of the Note in most circumstances. See [Guide Sections 2202.4](#) and [8107.2\(a\)](#).

For a Living Trust Note, the Seller's loan data includes the Primary and any Secondary Non-Individual Borrower Type and the Primary and any Secondary Non-Individual Name. You must confirm that Living Trust loan data imported from Loan Selling Advisor is recognized and matches the loan data in your system. For additional information on Living Trust Notes, see below or contact Freddie Mac. See Guide [Directory 9](#).

Uniform Loan Delivery Dataset (ULDD)

At the direction of the Federal Housing Finance Agency, Freddie Mac coordinates with Fannie Mae on the Uniform Mortgage Data Project to enhance the accuracy and quality of loan delivery data. The ULDD, based on the MISMO® Version 3.0 Reference Model (MISMO v3.0), defines the loan data points for each Mortgage and for delivery in the MISMO v3.0 format.

In 2012, Freddie Mac's systems were updated with the new ULDD data field names and layout. The following ULDD table lists each data element required to certify Notes, expressed by the:

- Certification data element as it appeared in Loan Selling Advisor and Form 1034 prior to April 23, 2012;
- Corresponding Loan Selling Advisor screen ULDD name as it now appears; and
- Corresponding MISMO data point name.

For each data element, we have included our verification instructions. The parenthetical numbers in the first column of the table correspond to the numbered boxes on Job Aids 1-3 of Appendix A. See [Guide Sections 2202.4](#), [6301.3](#), and [8107.2\(a\)](#).

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Old Certification Data Element Name	Loan Selling Advisor Screen Name	MISMO v3.0 Data Point Name	Compare to Information on the Note
Freddie Mac loan number (1)	Freddie Mac loan number	InvestorLoanIdentifier	<p>Nine-digit loan number provided by Freddie Mac. If the Freddie Mac loan number appears on the Note, it must be verified.</p> <p>Note: <i>Interest Rate</i> may be used interchangeably with <i>Note Rate</i>.</p> <p>Note: Freddie Mac does not usually require the Freddie Mac loan number to appear on the face of the Note.</p>
Note Date (2)	Note Date	NoteDate	The original Note Date that appears on the Note's first page
Property street (3)	Street Address	AddressLineText	<p>Street address for the Mortgaged Premises may include:</p> <ul style="list-style-type: none"> • Street type (e.g., Circle; Court; Avenue; Road; Boulevard) • Unit number, if applicable, and • Direction, if applicable (e.g., 123 <u>East</u> Main Street, 1000 Connecticut Avenue, <u>NW</u>) <p>Standard or obvious abbreviations for street type and direction are acceptable.</p> <p>Note: Misspelled street designations are acceptable, provided that the intended word is still apparent.</p> <p>For example:</p> <ul style="list-style-type: none"> • "Road" spelled as "8oad"; • "Street" spelled as "Street"; or • "Circle" spelled as "Cricle"

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Old Certification Data Element Name	Loan Selling Advisor Screen Name	MISMO v3.0 Data Point Name	Compare to Information on the Note
Property street (3) <i>(continued)</i>	Street Address	AddressLineText	Note: Occasionally, as with Construction to Permanent Mortgages, the street address on the Note may not be complete. Enter the discrepancy in Loan Selling Advisor and contact the Seller for documents confirming the address to certify the Note.
Property city (4)	City Name	CityName	City or town in which the Mortgaged Premises is located
Property state (5)	State Code	StateCode	State in which the Mortgaged Premises is located
Property zip code (6)	Postal Code	PostalCode	Postal Zip Code of the Mortgaged Premises Note: Zip Codes may change. If a Zip Code has been altered on the Note, it is not necessary for a Borrower to initial that change. If the Zip Code in Loan Selling Advisor does not match the one on the Note, certify the Note if the U.S. Postal Service website (http://zip4.usps.com/zip4/welcome.jsp) confirms that the Zip Code delivered is correct, and retain a print of the web page in the Note file

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Old Certification Data Element Name	Loan Selling Advisor Screen Name	MISMO v3.0 Data Point Name	Compare to Information on Note
Original Loan Amount (7)	Note Amount	NoteAmount	Original principal amount. For Mortgages modified or converted before delivery, the loan amount as of the modification or conversion. Our systems do not permit delivery of cents in this field, the loan amount on the Note may not differ from the loan amount on the Form 1034 by more than a dollar. Amounts in Loan Selling Advisor may be rounded up to the next dollar.
Original Interest Rate (8)	Note Rate Percent	NoteRatePercent	The original interest rate
Original P&I Payment Date (9)	Scheduled First Payment Date	ScheduledFirstPaymentDate	The Due Date of the first full principal and interest (P&I) payment indicated on the Note. For Mortgages modified or converted before delivery, the Due Date of the first P&I payment of the modified Mortgage stated in the modification or conversion agreement.
Original Maturity Date (10)	Loan Maturity Date	LoanMaturityDate	The Due Date of the final P&I payment
Original P&I Payment (11)	Initial Principal and Interest Payment Amount	InitialPrincipalAndInterestPaymentAmount	The full monthly P&I payment. For modified or converted Mortgages, the monthly P&I payment stated in the modification or conversion agreement.
Borrower name (12)	First Name	FirstName	First name, last name, middle name or initial of the first Borrower indicated on the Note.
	Last Name	LastName	
	Middle Name	MiddleName	
		BorrowerClassificationType	'Primary' indicates the primary Borrower
Co-Borrower name (13)	First Name	FirstName	First name, last name, middle name or initial of Co-Borrower(s) indicated on the Note.
	Last Name	LastName	
	Middle Name	MiddleName	

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Old Certification Data Element Name	Loan Selling Advisor Screen Name	MISMO v3.0 Data Point Name	Compare to Information on Note
Co-Borrower name (13) (continued)		BorrowerClassificationType	Note: Certification of the first five Borrowers is mandatory. “Secondary” for up to four Borrowers, indicates that they are not the Primary Borrower
Modification/ Conversion Date (22)	Loan Modification Effective Date	LoanModification EffectiveDate	For Seller/Owned Modified Mortgages, the effective date of the modification agreement (Guide Section 6302.27) For Construction Conversion and renovation Mortgages with Modification Documentation, the effective date of the modification agreement (the Effective Date of Permanent Financing) For modifications made using a new Note rather than a modification agreement, the Note Date of the new Note (Guide Section 6302.28)
	Latest Conversion Effective Date	LatestConversion EffectiveDate	Applicable only to Seller/Owned Converted Mortgages: the most recent date on which a change in the loan terms became effective (the Conversion Date, defined in the Guide Glossary)
Convertible (21)	Convertible Indicator	ConvertibleIndicator	Freddie Mac does not currently purchase convertible ARMs.
First rate adjustment date (14)	First Rate Adjustment Effective Date	PerChangeRate AdjustmentEffectiveDate	The First Change Date indicated on the Note.
Index Source (15)	Index Source Type	IndexSourceType (Sort ID 110) IndexSourceTypeOtherDescription (Sort ID 111)	The source of the fluctuating economic indicator specified in the Note, the value of which is used to adjust the Note Rate periodically. Effective 11/9/20, IndexSourceTypeOtherDescription is available for SOFR-indexed ARMs.

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Old Certification Data Element Name	Loan Selling Advisor Screen Name	MISMO v3.0 Data Point Name	Compare to Information on Note
Index Lookback Days (16)	Interest and Payment Adjustment Index Lead Days Count	InterestAndPayment AdjustmentIndexLead DaysCount	The number of days between the Interest Change Date and the date the Index value is determined, expressed in the Note as the number of days before the Interest Change Date. Note: For most ARMs, the Lookback Period is 45 days.
Note Margin (17)	Margin Rate Percent	MarginRatePercent	The percentage added to the Index value to determine the new interest rate at each adjustment
Interest Rate Rounded (18)	Interest Rate Rounding Percent	InterestRateRounding Percent	The percentage to which the interest rate will be rounded on each Interest Change Date: 0.125% for all ARMs, unless a Freddie Mac has authorized another percentage or calculation
Periodic Interest Rate Cap (19)	Subsequent Rate Adjustment Maximum Increase Rate Percent	PerChangeMaximum IncreaseRatePercent	The maximum increase in the interest rate on any Interest Change Date after the first Interest Change Date, expressed as a percentage
		AdjustmentRuleType	
	Subsequent Rate Adjustment Maximum Decrease Rate Percent	PerChangeMaximum DecreaseRatePercent	The maximum decrease in the interest rate on any Interest Change Date after the first Interest Change Date, expressed as a percentage
		AdjustmentRuleType	
Life-of-loan max rate (20)	Ceiling Rate Percent	CeilingRatePercent	The maximum interest rate to which an ARM may adjust over the life of the loan, expressed as a percentage
Life-of-loan min rate (21)	Floor Rate Percent	FloorRatePercent	Lifetime Floor, which must equal the Margin, expressed as a percentage

Note: The “Certify Loan: Report Discrepancy” screen may indicate a value for the Lifetime Floor that does not appear in the Note. If a value is stated in the Note and it does not equal the Margin value, you must not certify the Note and must report the discrepancy to the Seller.

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Additional information and resources regarding the ULDD are on Freddie Mac's corporate website at: <https://sf.freddiemac.com/tools-learning/uniform-mortgage-data-program/ulad>.

If you discover discrepancies between any data element in Loan Selling Advisor and the Note or another document, do not certify the Note. Enter the data discrepancy in Loan Selling Advisor or, if the Seller agrees, you may use an alternate method to report discrepancies, even though references in this Chapter direct you to enter the discrepancy in Loan Selling Advisor.

If you have proposed changes, the Seller may receive an email notice or monitor outstanding certification issues through Loan Selling Advisor. If the Seller:

- accepts all proposed changes and no document discrepancies are outstanding, the Note will be automatically certified, and no further action is necessary to complete certification; or
- rejects a proposed change or fails to resolve a documentary discrepancy, you must work with Seller to resolve the issues.

Issue	Resolution
Borrower Name in Loan Selling Advisor differs from Note	<p>Enter the discrepancy in Loan Selling Advisor. The Seller must send you evidence of a name change or a Name Affidavit.</p> <p>Note: See "Borrower's Signature" for allowable variances.</p>
Note data elements do not agree with the data in Loan Selling Advisor	<p>Enter the proposed changes to the data in Loan Selling Advisor. If the Seller:</p> <ul style="list-style-type: none"> • Accepts the changes, no further action on your part is necessary; or • Rejects the changes, do not certify the Note.
Changes on Note; white-outs and cross-outs are not initialed by Borrowers	<p>Enter the discrepancy in Loan Selling Advisor and return Note to the Seller to have the Borrower initial all changes.</p> <p>Changes to Freddie Mac loan number, closing location, typed name under signature, and Zip Code do not require Borrower initials.</p>
Freddie Mac loan number is changed on the Note	<p>No action is required if the Freddie Mac loan number on the Note matches the Freddie Mac loan number in Loan Selling Advisor</p>

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Issue	Resolution
FHA case number is changed or incorrect on the Note	No action required: this is not a certified field
The Seller reports experiencing a “fail” after you certified the Note	“Fails” may occur for reasons not related to certification. Refer the Seller to 800-FREDDIE.

Refer to the [Document Custodian and Certification](#) section of the LSA Online Help system to view the process for proposed data changes.

Verifying the Note

Each Note must be originated on a Fannie Mae/Freddie Mac, Freddie Mac, or Fannie Mae Uniform Instrument.

Each Note must be original and complete. **Freddie Mac will not accept Notes marked as “duplicate original,” “corrected copy,” or similar**, even if there is an original signature, or if the words “duplicate original” or “corrected copy” are crossed through with or without initials. If you receive such a Note, contact Freddie Mac immediately at loan_delivery_funding_ops@freddiemac.com.

There may be only one Note associated with each Mortgage: if one or more Borrowers cannot execute the Note in person, they should use a POA as described in [Guide Section 6301.4](#) and below. Freddie Mac will not accept Mortgages with two Notes or a single Note with more than one signature page. Contact Freddie Mac at loan_delivery_funding_ops@freddiemac.com should you encounter this situation.

A Seller may have a TOB or an SLE that permits certain variances from the Guide’s requirements. See Chapter 2 regarding TOBs and SLEs. A Seller must inform you of a TOB or deliver an SLE that waives or supplements our standards to certify a non-conforming Note.

Uniform Instruments

The Guide requires that all Notes be executed on the Uniform Instrument (1-4 Family) for the jurisdiction where the Mortgaged Premises are located. You need not verify the printed or standard text of the Note if the agency tagline identifies it as a Uniform Instrument. See [Guide Section 4101.2](#); the Forms are listed in Exhibit 4 “Single-Family Uniform Instruments,” and at Uniform Instruments. Please note mandatory use of instruments from Exhibit 4A began January 1, 2023. Forms from Exhibit 4 may no longer be used.

With respect to the Uniform Instruments:

1. The agency identifier tagline must appear on *each page* of the Note; a Note without the agency tagline is non-standard.

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2. Unless specified in an SLE or TOB, you may not certify a Note that is not executed on a Uniform Instrument. Contact the Seller.
3. Sellers may reprint Uniform Instruments on their own letterhead, by computer, or otherwise, but the text of the Uniform Instruments must remain unchanged and the tagline identifying the instrument as a Uniform Instrument must appear on the Note – either “Fannie Mae/Freddie Mac,” “Freddie Mac” or “Fannie Mae.”
4. Supplemental tag line information by forms companies or the lender is acceptable, but the original tag line of the Uniform Instrument may not be changed.
5. Form numbers do not change when Guide Exhibit 4A is updated. As new instruments are developed, and electronic format replaces hard copy forms.

Note: The Spanish translations of certain Uniform Instruments available on Freddie Mac’s website are for borrower education and reference only and are *not* acceptable as original, signed mortgage documents. They may be found at Spanish Translation – Freddie Mac Single-Family.

Borrower Signature

You must verify that the signature on the Note for each Borrower is an original handwritten ink signature. Signatures in pencil are not acceptable. Stamped or other non-traditional methods of signing may be acceptable in certain circumstances, such as the Borrower’s physical impairment. In these cases, a Signature Affidavit or other supporting documentation, such as a court order, must accompany the Note. A Note that contains the signature of a Borrower who is not listed as a Borrower or Co-Borrower in Loan Selling Advisor, is not eligible for sale and may not be certified.

Borrower names may appear on the Note first name first or last name first, if the last name is followed by a comma. Reversed first and last names on the Note may be certified if they are consistent with the names shown in the delivery data.

Except for Living Trusts, the Borrower’s name does not need to be typed or printed under the Note’s signature line, however, the name as signed must not conflict with the typed or printed name. If the Borrower’s name on the Note does not match the data in Loan Selling Advisor, it may be treated as oversigned or undersigned as described below.

If a Borrower initials one page of the Note, then those initials must appear on every page except the signature page. While there is no requirement that the Borrower initial the Note, you may not certify a Note if some pages of the Note are initialed and others are not.

Oversigning/Undersigning

Borrowers may “oversign” or “undersign” their names.

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- *Oversigning* occurs when something included in the Borrower’s signature does not appear in the typed or printed name on the Note or in Loan Selling Advisor. Prefixes and suffixes such as “Mr.”, “Mrs.”, “Ms.”, “Dr.”, and “MD”, “PhD”, “Sr.”, “Jr.” are not required to be certified, and may be considered oversigning.
- *Undersigning* occurs when the Borrower’s signature does not contain an element such as a middle name or initial that is included in the typed or printed name on the Note or in Loan Selling Advisor.

Oversigning and undersigning may be acceptable so long as there is no conflict among the signed name, the typed or printed name on the Note or Loan Selling Advisor.

You may encounter the following situations:

Acceptable		Unacceptable	
Signature	<u>John Q. Public</u>	Signature	<u>John Z. Public</u>
Typed Name	John Quincy Public	Typed Name	John Quincy Public
Loan Selling Advisor	John Quincy Public	Loan Selling Advisor	John Quincy Public
Signature is undersigned because it only contains the initial “Q” but does not conflict with “Quincy” appearing in the typed name and Loan Selling Advisor. Lack of a middle name or middle initial in the Signature treated the same so long as there is no conflict in the typed name and Loan Selling Advisor.		Signature contains a “Z” that conflicts with the full middle name that “Quincy” appearing in the typed name and Loan Selling Advisor. This is acceptable only if a Signature Affidavit is provided showing that John Quincy Public signs his name as John Z. Public.	
Acceptable		Unacceptable	
Signature	<u>John Quincy Public</u>	Signature	<u>John Quinn Public</u>
Typed Name	John Q. Public	Typed Name	John Quincy Public
Signature is oversigned because the middle name is spelled out, but does not conflict with the typed name or Loan Selling Advisor that contain a “Q”.		Signature conflicts with typed name and Loan Selling Advisor. This is acceptable only if a Signature Affidavit is provided showing that John Quincy Public signs documents as John Quinn Public.	

Illegible Signature and Signature Contradictions

A Signature Affidavit or Name Affidavit is a notarized document that is required when the Borrower’s signature conflicts with a typed or printed name on the Note or in Loan Selling Advisor. We prefer an original affidavit; however, a copy is acceptable.



If a Signature Affidavit is used, the signature on the affidavit must closely resemble the signature on the Note and must be dated before the Note Date.

A Borrower’s illegible signature is acceptable if the typed or printed name on the Note and the Borrower’s name in Loan Selling Advisor match.

If the Borrower’s signature is illegible and there is no typed or printed name on the Note, enter a document discrepancy in Loan Selling Advisor. You must obtain

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copies of another document, such as a Name Affidavit or Signature Affidavit (which must be notarized), that contains the Borrower's name and signature to compare. If they closely resemble each other, the Note is acceptable.

May be Acceptable	May be Acceptable
Signature X Typed Name John Quincy Public A Signature Affidavit or Name Affidavit must accompany the Note, showing that John Q. Public's legal signature is "X".	Signature ☐ Typed Name John Quincy Public A Signature Affidavit or Name Affidavit must accompany the Note, showing that John Q. Public's legal signature is "☐".
May be Acceptable	May be Acceptable
Signature is illegible and name is NOT typed under signature  Compare the signature to the signature on a Signature Affidavit or another notarized document and match the typed name on that document to the name in Loan Selling Advisor.	Signature is illegible  Typed Name John Quincy Public Acceptable if the typed or printed name on Note matches the Borrower name in Loan Selling Advisor.

Signatures for Living Trusts

A Note secured by Mortgaged Premises held in a Living Trust (also referred to as an inter vivos or revocable trust) must be signed by the Settlor(s) and by one or more Trustees on behalf of the trust as Borrower; the same person may sign in each role, or different people may sign. Only Settlers who are Underwritten Settlers (that is, qualified as a Borrower) are required to sign the Note, but all Settlers must sign the Security Instrument. See [Guide Section 5103.5](#).

The Note must clearly indicate the complete legal name of the Living Trust on the signature page(s).

Note: The Living Trust should be identified using the following format: "the [Name of Settlor(s)] Trust under Trust Agreement dated [MM/DD/YYYY]." The name may include additional language, such as "for the benefit of [Settlor name(s)]."

You may certify a Note with a Living Trust as the Borrower with a signature addendum (a form of allonge) for the signature of the Trustee(s) *only if*:

1. There is not enough space on the Note for all the signatures;
2. Each Settlor (regardless of whether that person also signed as a Trustee) signed the Note in an individual capacity on the Borrower's signature line--*only Trustees' signatures may appear on the signature addendum*;
3. The Note clearly references the existence of the signature addendum;
4. The signature addendum is permanently affixed to the Note (taping or pasting the signature addendum to the Note are not acceptable); and
5. The signature addendum references the Borrower, Note Date, address of the Mortgaged Premises, and original principal balance of the Note.

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See [Guide Section 5103.5\(5\)](#) regarding signature addenda.

Note: For Living Trusts, the “Settlor” is the person who creates the trust, who may also be referred to as the “Grantor.”

Note: You may ask to see the Security Instrument, or its first and signature pages, or trust documents to verify the name of the Living Trust.

Acceptable	Acceptable
Signature <u>Jane A. Doe</u> Typed Name Jane Ann Doe, Individually and as Trustee of the Jane Ann Doe Trust dated MM/DD/YYYY One signature used to indicate that the signatory is executing the document both individually as Settlor and as trustee.	Signature <u>Jane A. Doe</u> Typed Name Jane Ann Doe Signature <u>Jane A. Doe</u> Typed Name Jane Ann Doe, as Trustee of the Jane Ann Doe Trust dated MM/DD/YYYY Borrower executed the Note with one signature individually as Settlor plus a second signature as trustee.

In addition to the requirements in [Guide Section 6302.9\(a\)](#) for all borrowers, Sellers must deliver a Living Trust Note using the Non-individual Borrower Type of "Living Trust," including the non-individual Borrower data per [Section 6302.9\(c\)](#) of the Guide. The Borrower name (e.g., "John Q. Public") is entered as unparsed (no spaces between words) text in the Non-individual Borrower Name field. In the Loan Selling Advisor certification screen view, the Borrower name appears in the Primary Borrower Name field exactly as entered, which may differ from the normal view of Last, First, Middle. The borrower name entered must match either the Borrower, Trustee or Settlor name(s) in the signature(s).

Unacceptable	Unacceptable
Signature <u>John Q. Public</u> Typed Name John Q. Public, Individually and as Trustee of the Jane A. Doe Trust dated MM/DD/YYYY Jane A. Doe, as the borrower listed in Loan Selling Advisor, must be listed both individually as Settlor and as trustee.	Signature <u>John Q. Public</u> Typed Name Jane Ann Doe Signature <u>Jane A. Doe</u> Typed Name Jane Ann Doe, as Trustee of the Jane Ann Doe Trust dated MM/DD/YYYY Jane A Doe, as the borrower listed in Loan Selling Advisor would also need to execute individually in this format.

Only use the “Enter Discrepancy” button if there is a discrepancy between the names on the Note and the name in Loan Selling Advisor. For any other issue, contact Freddie Mac.”

If there is a discrepancy between the Borrower, Trustee or Settlor name(s) on the Note and the information in Loan Selling Advisor, click the "Enter Discrepancy" button, enter the full name of the person who signed as the Borrower on the Note in the Primary Non-individual Borrower Name field, and remove any entries in the

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First, Middle, and Last name fields. The same protocol applies to discrepancies relating to Secondary Borrowers that are Living Trusts.

Land Trusts differ from Living Trusts. You have no special duties in certifying Notes when title is held by a Land Trust, and you may not even be aware that is the case. See [Guide Section 5103.7](#).

Guidance on Powers of Attorney

See special information under Notarizations when reviewing POAs.

When a Note is executed on behalf of the Borrower by an attorney-in-fact pursuant to a POA, the Note must be signed by the attorney-in-fact using their own name. Freddie Mac requires that a POA be notarized even if state law or local customs do not. **You must verify that the POA is dated on or before the Note Date.** See [Guide Section 6301.4](#) for additional information.

Note: A general POA may be used by an attorney-in-fact to execute the Note if permitted under the law of the State in which the Mortgaged Premises is located.

When a Seller delivers the Note with a written statement that a POA must be accepted under applicable law, you need not validate any aspect of that statement, which you must retain with the Note. Delivery of such a statement is not required for every Note executed by POA, and you have no responsibility to ask for one if it is not delivered.

Acceptable	May be Acceptable
<p>Signature <u>Samuel Signatory, Attorney-in-Fact for John Quincy Public</u></p> <p>Typed Name John Quincy Public</p> <p>The signature indicates that Samuel Signatory is executing the document as attorney-in-fact under a POA from John Quincy Public.</p> <p>The POA designating Samuel Signatory as John Quincy Public's attorney-in-fact to execute Mortgage documents that is in effect on the date the documents were signed must delivered with the Note.</p> <p>Note: The attorney-in-fact must sign their own name: you may not certify a Note when the attorney-in-fact has signed the Borrower's name.</p>	<p>Signature <u>Samuel Signatory</u></p> <p>Typed Name John Quincy Public</p> <p>This is not acceptable unless the Seller provides clear documentation to support Samuel Signatory's authority to execute the Note on the Borrower's behalf.</p> <p>Note: This manner of signature does not make clear why or under what authority Samuel Signatory executed the document.</p>

Freddie Mac will accept a POA notarized by certain Department of Defense, military, or military tribunal personnel if the notarization is made pursuant to either 10 U.S.C. § 1044a, *authority to act as a notary*, or the Servicemember's Civil Relief Act §506(b), which permits a servicemember during military service to make an affidavit "before... any superior commissioned officer." See also [Guide Section 8503.1](#).

The Seller must deliver one of the following with the Note:

- The original POA (signed in ink by the Borrower);

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- A copy of the POA;
- A copy of the POA showing the recordation information; or

NOTE: If applicable law requires an original POA (signed in ink by the Borrower) for enforcement or foreclosure purposes, the Seller must deliver an original POA (signed in ink by the Borrower) to the Document Custodian.

- If the POA is recorded, whether or not it is required, and the copy of the POA with the recordation information is not delivered to the Document Custodian along with the Note, the Seller must deliver the copy of the POA with the recordation information received from the recording office to the Document Custodian within 30 days of receipt.

If the Note, Security Instrument and other closing documents are executed under an Electronic POA, the following requirements apply:

- The Seller must deliver the Electronic POA along with the Note.
- If the POA is recorded, whether or not it is required, and the copy of the Electronic POA with recordation information is not delivered to the Document Custodian along with the Note, the Seller must deliver the copy of the Electronic POA with recordation information received from the recording office to the Document Custodian within 30 days of receipt.

Note: If Document Custodian is not able to accept electronic documents, the Seller must send a paper copy of the POA to the Document Custodian.

See [Guide Section 6301.4](#). Please see [Guide Section 1402.8](#) and Chapter 6 for additional requirements on electronic POAs or eNotes.

Signature by a Conservator or Guardian

A conservator (referred to in some States as a guardian or personal representative) is someone with legal authority over the affairs of a person who is legally incompetent--that is, physically or mentally incapacitated. If a conservator signs a Note on behalf of the Borrower, a copy of the court decree or similar document appointing that person as conservator for the Borrower must be dated before the Note Date and included with the Note. As with an attorney-in-fact pursuant to a POA, the conservator should sign their own name and the capacity in which they sign. See the examples for POA signatures above.

Lost Note Affidavits

In certain instances, you may receive a Lost Note Affidavit (LNA) instead of the original Note. If the LNA meets these requirements, you may verify loan data on the Note copy attached to the LNA. The LNA must be placed in the Note file in lieu of the Note and treated as if it were the original Note.

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1. The LNA must be an original document, signed in ink by an officer of the Seller: contact Freddie Mac if the LNA is executed by a party other than the Seller.
2. The signature of the officer on the LNA must be notarized.
3. The LNA must include:
 - The name of each Borrower on the Note,
 - The original principal amount of the Note,
 - Recordation information for the Security Instrument; and
 - The Note Date.
4. A complete copy of the entire missing Note must be attached to the LNA, showing all required signatures and endorsements complete to the Seller.
5. The Seller must provide a document from Freddie Mac that approves use of the LNA, either copy of an email from Freddie Mac, a TOB, or an SLE that identifies the specific Mortgage or Mortgages to which it applies.

If the LNA meets these requirements, verify the loan data from the LNA Note copy. File the LNA and Note copy in the Note file in lieu of the Note.

Note: If the copy of the Note does not include a complete endorsement chain, the LNA must state that the photocopy of the Note was made in the ordinary course of business prior to the Note's endorsement. Original endorsements on the Note copy are not acceptable.

See Chapter 4 for instructions on dealing with an original Note that is recovered after an LNA has been created and certified.

Endorsements

When a Note is sold to Freddie Mac, the Seller must endorse the Note: "Pay to the order of," leaving a blank for the payee's name. Contact Freddie Mac (Guide [Directory 9](#)) if you receive an endorsement in another form or with alternate language. While you may certify a Note endorsed "Payable to", we will ask the Seller to change their practice. The name of the institution making the endorsement ("Seller-endorser") and the name and title of the individual authorized to sign must be clearly typed or printed on the endorsement.

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The following are examples of blank endorsements:

Without Recourse

PAY TO THE ORDER OF	_____ (Leave Blank) _____
WITHOUT RECOURSE	
	_____ (Name of Seller-endorser) _____
	_____ (Signature of duly authorized representative) _____
	_____ (Typed name and title of signatory) _____

With Recourse

PAY TO THE ORDER OF	_____ (Leave Blank) _____
	_____ (Name of Seller-endorser) _____
	_____ (Signature of duly authorized representative) _____
	_____ (Typed name and title of signatory) _____

Note: Most Mortgages are sold to Freddie Mac without recourse; however, you are not required to check the recourse status of the Notes, and you have no way to do so.

1. Endorsement must be made directly on the Note with an ink signature or with a facsimile stamped signature, as described in [Guide Section 6301.3](#). An allonge that meets the conditions in [Guide Section 6301.3](#) may be used to endorse a Note (see below). Use of stickers to affix signatures does not satisfy Freddie Mac's requirements for endorsing a Note.
2. An endorser that signs a fictitious or "doing business as" name must provide both the formal, legal entity name and the alternative name.
3. Endorsements must be complete from the original payee on the Note to the Seller of the Note. See "Endorsement Chains" below. There may be no further endorsements.
4. Attorneys-in-fact pursuant to POAs may not endorse for our Sellers. In addition, Document Custodians cannot act as a Seller's agent or delegatee to endorse Notes.
5. [Guide Section 6301.3](#) contains our requirements for Note endorsement.

Allonges

Allonges provide additional space for endorsements. You may certify a Note that has an allonge if:

- The allonge is permanently affixed to the Note (taping or pasting the allonge to the Note are not acceptable); and
- The allonge references the Borrower's name, the address of the Mortgaged Premises, and the original principal balance of the Note.

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If you receive a non-conforming allonge, enter the discrepancy in Loan Selling Advisor and await corrective action by the Seller. See [Guide Section 6301.3\(e\)](#).

Note: If you receive an allonge that is dated, you may certify the Note *only* if the date is on or after the Note Date.

Endorsement Chains

Sellers must endorse each Note in blank. When a Seller is not the original payee on the Note, you must verify that the chain of endorsements on the Note is proper and complete from the original payee to the Seller.

After Freddie Mac purchases the Note, no other endorsements or changes to endorsements on the Notes are permitted without Freddie Mac's prior written consent. A Transferee Servicer may not endorse or change any endorsement on a Note owned by Freddie Mac.

Note: You may certify Notes endorsed to Freddie Mac rather than endorsed in blank, but if you frequently receive Notes from a Seller endorsed this way, please contact Freddie Mac so that we can remind the Seller of our requirements.

Endorsements may indicate that the endorsing entity is the "successor in interest to" or "successor by merger to" the preceding endorser--this is acceptable. If there is a break in the endorsement chain due to a name change, merger, acquisition, or other event not identified in the endorsement itself, the Seller must provide documentation for the Note file, such as a letter or notice from the regulator, state corporation commission, or similar authority.

An endorsement must match the name of the payee as it appears on the Note, but it might not match the formal legal name of the entity. For example, for a company named "Standard Federal Mortgage Bank Incorporated," the following abbreviations are acceptable if the Document Custodian has a document signed by the Seller's attorneys stating that those abbreviations are acceptable:

- STD FED MTG BK INC
- STANDARD FEDERAL MTG
- THE STANDARD FEDERAL MORTGAGE BANK
- STND FED MTG INC

The following chart identifies several endorsement issues and our conditions for acceptance.

Issue	Resolution
Endorsement is missing a signature	Enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller. If the endorsing institution is no longer in business and the Seller cannot obtain the signature, do not certify the Note.

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Issue	Resolution
Endorsement is a facsimile signature	Acceptable if: <ul style="list-style-type: none"> • The Seller’s documents support using facsimile signatures (you need not verify); and • The facsimile signature was applied in ink by an employee of the Seller using a stamp: we do not accept endorsements generated by machine, such as those used to sign letters or checks.
Endorsement does not include title of signatory	Enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller.
Endorsement errors or missing endorsements	Enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller.
Date has been inserted on blank endorsement	Contact Freddie Mac so that we may remind the Seller not to date endorsements.
Endorsement has been voided	Acceptable, if an authorized signatory of the endorsing institution initialed the “voided” endorsement. Note: Verify that only the <u>erroneous endorsement</u> was marked through or marked “void”; or it may appear that the entire Note is voided.
Endorsement is by an attorney-in-fact pursuant to a POA	Not acceptable for endorsements from the Seller: enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller.

Assignments

MERS-Registered Mortgages

Most of the Mortgages that Freddie Mac purchases are registered with MERS, the Mortgage Electronic Registry System, Inc. MERS is an accessible on-line database that contains real property and ownership information commonly found in closing documents, public land records, and Security Instrument assignments. Mortgages registered with MERS appear in the public land records with MERS as the Mortgagee of Record.

Mortgages may be closed with MERS as the Original Mortgagee of Record or closed with MERS as the assignee. MERS-registered Mortgages are subject to

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the same purchase requirements and standards as the other mortgages that we purchase.

Each MERS-registered Mortgage must either have a recorded assignment to MERS or be closed on a Security Instrument naming MERS as the nominee. The Seller must include the MIN, the 18-digit Mortgage Identification Number assigned to each Mortgage registered with MERS, which remains with the Mortgage for its term. Document Custodians are not required to verify the MIN.

If the Mortgage was closed with MERS as the original mortgagee (a 'MOM' loan), Sellers must inform you that the Mortgage was closed on a Security Instrument that names MERS as the Mortgagee of Record and transmit the MIN with the delivery data. Servicers may elect to hold the assignments for MERS-registered Mortgages; in this case, the Servicer certifies the MERS assignment chain.

Due to court rulings, Mortgages secured by property in Maine must be assigned to MERS, that is, they cannot be MOM loans.

For general questions about MERS or MERS-registered mortgages, please contact MERS directly. Information on contacting MERS is available on the MERS website: <https://explore.icemortgage.com/mers-contact-us>.

Mortgages Not Registered with MERS

An officer of the Transferor Servicer must sign the assignment, and the assignment must contain that person's name and title.

See NY CEMA Mortgages above for information on assignments.

There are no assignments for Cooperative Share Loans, they are secured by UCC-1 financing statements.

There may be no gap in the assignment chain: assignments of the Security Instrument must begin with the original mortgagee and continue unbroken to: (i) the Seller, (ii) the current Servicer, if there is a Concurrent Transfer of Servicing, or (iii) MERS. You must hold all assignments with the related Note, unless the Mortgage is registered with MERS or Servicer has provided evidence that it holds all assignments for Freddie Mac's Notes. See [Guide Section 3301.4](#).

Note: **We do not accept assignments to "blank"**. Assignments must include the legal name of the entity to which the beneficial interest is being assigned, which is in most instances the Servicer.

The following chart identifies different assignment issues and the conditions for Freddie Mac acceptance.

Issue	Resolution
Blanket assignments are delivered	Freddie Mac does not accept mortgages assigned using blanket assignments.

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Issue	Resolution
	Enter the discrepancy in Loan Selling Advisor and return assignment to the Seller.
The recorder's office does not record assignments	This is not common, however; pursuant to Guide Sections 6301.6 and 6301.8 , if the Seller indicates this in an affidavit, retain the affidavit in the Note file and certify the loan.
The recorder's office does not return the recorded documents	A Seller-certified copy of the document that was sent for recording is acceptable.
The assignment does not have a notary stamp or seal	Enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller.
The assignment does not have a corporate seal	If the assignment is otherwise acceptable, you may certify the Note.
The assignment contains a facsimile signature	Assignments must contain original signatures. Enter the discrepancy in Loan Selling Advisor and wait for corrective action from the Seller.
The certified copy of the assignment is missing the date or the recordation information, or the recordation information is illegible	Enter the discrepancy in Loan Selling Advisor; the Seller must provide this.
Assignment is made to Freddie Mac	Return to the Seller to destroy. See Guide Sections 6301.6 and 6301.8 .
Servicer wishes to assign Freddie Mac's interest in a Mortgage to a new lender in a Texas refinance	This is not permitted. The Mortgage must not be assigned to the new lender for the refinance.
Document Custodian holds a certified true copy of the assignment, but later receives the original recorded assignment	File the recorded assignment with the original Note and destroy the copy or return it to the Seller/Servicer as determined by your agreement.
Intervening Assignment(s) not included with affidavit stating that	Enter the discrepancy in Loan Selling Advisor and notify the Seller to provide

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Issue	Resolution
the jurisdiction does not require that assignments be recorded	Intervening Assignment(s). Do not certify until resolved.
Intervening Assignments were not included with delivery	Enter the discrepancy in Loan Selling Advisor and ask the Seller to provide Intervening Assignment(s). Do not certify until resolved.
Intervening Assignments sent for recordation, but only a copy is received	Enter the discrepancy in Loan Selling Advisor and ask the Seller to certify and deliver to you a copy (a “Seller-certified copy”) of the Intervening Assignment that was sent for recordation.
Assignment chain is broken	Enter the discrepancy in Loan Selling Advisor and notify the Seller. Do not certify until corrected.
Assignment is to “blank”	Return to the Seller; Freddie Mac does not accept assignments to “blank”. You may not certify. See Guide Sections 6301.6 and 6301.8 .

Note: See [Guide Sections 6301.6](#) and [6301.8](#) for additional requirements and for the requirements for Mortgages that have been registered with MERS.

For Mortgages registered with MERS after our purchase, Servicer will inform MERS that Freddie Mac is the investor and give MERS the Freddie Mac loan number; MERS will then notify Freddie Mac. You and the Servicer must agree as to how Servicer will notify you of the change in status of these Mortgages.

Reviewing Supplemental Documentation

Sellers must deliver the original assignments and related documents to you. Sometimes an original is not available because it has been sent for recordation and has not been returned to the Seller for delivery to you. In such cases, you may certify the Note based on a Seller-certified copy of the assignment or related documentation.

The chart below indicates when original documents are required for certification and when Seller-certified copies of documents may be used in lieu of originals. Sellers must deliver the original documents to you as trailing document promptly after they are received from the recorder’s office.

Document Delivery and Processing

Document	What is Acceptable
Note	Original or an LNA meeting the requirements above
Note Addendum (for example, Balloon Note Addendum)	Original only
Assumption Agreement	Original only
Power of Attorney (POA)	Original, or a copy with recordation information, unless the original was sent to the recorder's office with the Security Instrument. See Guide Section 6301.4 . Note: Our requirements for POAs are evolving rapidly; please consult recent Seller/Service Bulletins for current information.
Recorded assignment	Notarized original;
Multistate Agreement to Convert (Form 3180)	<ul style="list-style-type: none"> If original was sent for recordation, a Seller-certified copy is acceptable until original is received, or Copy certified by clerk of court or recorder's office if the original recorded document is not available.
NY CEMA (Form 3172)	
Modification	
Name Affidavit or Signature Affidavit	Original or copy—must be notarized

You may receive documents from Seller/Service after certification is complete, as when a Seller submits a certified copy of a document at delivery and then submits the original or a copy of the recorded document.

When Seller/Service submits documents to the recorder's office and:

- The Seller/Service receives back an Electronic copy of (i) an electronically recorded original paper document ("OPD") with recording information or (ii) a recording confirmation with recording information,
 - If the Guide required the OPD be delivered to you, you must receive the OPD and an Electronic copy of it or a recording confirmation with recording information.
- The Seller/Service receives back a paper copy or an Electronic copy of an electronically recorded document ("ECD") with recording information,

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- If the Guide requires the ECD be delivered to you, you must receive the ECD and an Electronic copy of it with recording information.
- The Seller/Servicer receives back a paper copy or Electronic copy of the recording confirmation with recording information for an ECD,
 - If the Guide requires the ECD be delivered to you, you must receive an Electronic copy of it and an Electronic copy of the related recording confirmation with recording information.

See [Guide Sections 1401.14](#) and [1401.15](#) for additional information requirements for electronically recorded documents.

Upon receiving a trailing document, you must:

- Verify the documentation as you would for any document delivery.
- If the document is an addendum to or modification to the Note, attach it to the Note. Otherwise, place the document in the Note file.
- If the document is an original, destroy the copy after you replace the original, unless you have an agreement with Servicer to return it to them.
- If you receive an original Note for a Mortgage that you certified based on an LNA, follow the procedure for Found Notes described in Chapter 4.

Resolving Discrepancies

You must enter any data or document discrepancies for a Note in Loan Selling Advisor. The Seller will receive notice through the system and may accept or reject the proposed data change. If the Seller:

- accepts all proposed data changes and there are no discrepancies outstanding, the Note will be automatically certified, and you need perform no further action, or
- rejects the proposed change or does not cure a discrepancy, you must work with the Seller to resolve the issue.

Refer to the Document Custodian and Certification section of the LSA Online Help system after you have entered proposed changes or documentation discrepancies in Loan Selling Advisor.

You must not certify a Mortgage for which you have identified data or document discrepancies until all exceptions have been corrected.

Post-Certification Corrections to Notes

On occasion, a Servicer will ask to correct or change a Note after it has been certified. Immediately direct them to Freddie Mac.

Under no circumstances may you return a Note to a Servicer for correction or permit a Servicer to 'substitute' a replacement Note for a Note that has been certified for purchase by or purchased by Freddie Mac.

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Notarizations

NOTE: At the time of this revision, State and other requirements for valid notarizations such as remote ink or 'wet-signed' notarization, as well as remote online and other forms of electronic notarization are evolving. Because not all our updated requirements are permanent, you must refer to Freddie Mac's Bulletins and Guide updates for our standards for notarization. Please contact your legal counsel or Freddie Mac with specific questions.

A notary public is a 'ministerial' official appointed by State government to serve the public as an impartial witness to 'notarize' certain documents when they are signed, that is, to perform fraud-detering acts. Notaries screen persons signing to validate their identity, their willingness to sign without duress or intimidation, and their awareness of the contents of the document or transaction. Signature and Name Affidavits and powers of attorney (POAs) are among the documents that Freddie Mac requires to be notarized.

Persons requiring notarial acts outside of the United States can have documents notarized by qualified U.S. embassy and consulate personnel and may be able to have them notarized remotely (see note above). Freddie Mac will not accept documents notarized by foreign notaries, apostilles, or notarios. Notarization by a military officer is acceptable if performed pursuant to the Servicemember's Civil Relief Act §506(b), which permits servicemembers during military service to make an affidavit "before... any superior commissioned officer." See [Guide Section 8503.1](#). In addition, signatures of certain military, Department of Defense, and other persons can be notarized by military personnel, judge advocates, adjutants, certain civilians performing legal functions for the military, and others pursuant to 10 U.S.C. § 1044a, authority to act as a notary, and such notarizations are acceptable.

Document Release Procedures

Chapter 4

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Document Release Procedures

Introduction

Document Custodians safeguard Freddie Mac's Notes. Servicers may need physical or constructive possession of Notes or other documents that are in your custody to service the related Mortgages for Freddie Mac. This Chapter addresses those requests for release and returns. Chapter 5 addresses releases of Note files in Transfers of Servicing and Transfers of Custody, and Chapter 6 details requirements specific to eNotes.

When you receive a completed [Form 1036](#) from a Servicer, you must release the physical Note file or indicate in your tracking system that the Servicer has constructive possession of the Note file. Servicers will hold in trust, for Freddie Mac's benefit, all Notes and assignments that you release to them.

You must track the release and, as appropriate, return of Note file documents in accordance with the requirements in the Tri-Party Agreement, the Guide (in particular, Guide Chapter 8107), and this Handbook.

As stated in Chapter 2, you must periodically identify and report to Freddie Mac Note files released for servicing for longer than 180 days.

Form 1036 Requirements

Servicers may develop their own versions of [Form 1036](#), but it must contain, and you must verify, that it contains the following information:

- Name of Document Custodian
- Document Custodial Agreement number (from Form 1035)
- Document Custodian Number
- Mortgage information, including:
 - Freddie Mac loan number
 - Primary Borrower's last name
 - Original Note Date
 - Servicer loan number
 - Property (Mortgaged Premises) address
- Type of possession requested (physical or constructive)
- Reason for request
- Servicer name and Servicer number
- Authorized signature of Servicer, including name, title, and date signed
- Phone number and email address of individual at the Servicer making the request
- For requests involving eNotes:

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- Identification that eNotes are included
- MERS MIN number
- Control and location

If the form is incomplete or inconsistent with your records, contact the Servicer to resolve the issue. If the request includes eNotes and you are *not* a Freddie Mac eCustodian, please contact Freddie Mac immediately at loan_delivery_funding_ops@freddiemac.com.

Once you verify that the [Form 1036](#) is complete, you must (i) sign and date it, indicating the name and title of the signer and if the request was for physical release, (ii) return the form to the Servicer with the *entire* Note file, and (iii) update your tracking system to indicate, at a minimum, the date and reason for the release.

Note: If a requested Note is badly damaged or is missing and there is no LNA in the Note file, contact Freddie Mac.

If the Servicer requests constructive possession of a Note, you must so indicate on your tracking system and retain physical custody of the Note in trust for the benefit of the Servicer until the Servicer (i) delivers [Form 1036](#) requesting you to release and deliver the physical Note file or (ii) no longer requires constructive possession of the Note, in which case you must update your tracking system to indicate again that you hold the documents in trust for the sole benefit of Freddie Mac.

Electronic Release Requests

An **Electronic or system-generated [Form 1036](#)** is any document that is delivered to the Document Custodian other than in hard copy, such as through a web-based system, and includes PDFs of paper documents delivered as attachments in emails. See [Guide Section 1401.2](#).

Each Electronic [Form 1036](#) must contain all the data elements indicated above, including an Electronic Signature. A single Electronic [Form 1036](#) can be used to request multiple Notes if the release type for each Note is indicated on the form and a Note list is attached. You must record and file the [Form 1036](#) with the returned documents.

Document Custodians must retain Electronic [Forms 1036](#) as described below and must maintain the list of individuals designated by the Servicer to request document release electronically. **See [Guide Section 8107.2\(b\)](#) for details on alternative versions of the [Form 1036](#) and the required agreement for electronic commerce between the Document Custodian and the Servicer.**

Note: [Form 1036](#) contains terms for electronic commerce and when used fulfills [Guide Section 8107.2\(b\)](#) requirements, including for PDFs of paper documents delivered as attachments in emails.

Document Release Procedures

Document Release Types

Upon receipt of a properly completed and executed [Form 1036](#), you must release the requested Note file to the Servicer and retain the original or an imaged copy of the form as required by [Guide Sections 2202.4, 6304.3](#), and [8107.2](#).

Below are examples of release types:

Maturity	Prepayment
Repurchase	Foreclosure
Substitution	Assumption
Modification	Conversion
NY CEMA	Other--must include an explanation
Other Legal Action—must include a brief explanation of the circumstances	

“Legal Action” is defined in [Guide Section 8107.1\(b\)](#).

If the release type is ‘Other’, the form should indicate redemption, deed-in-lieu, or short sale--*not* ‘correction’ or similar. Contact Freddie Mac with any questions.

Upon release, update your tracking system to reflect (i) the reason for release of Note files (other than maturity, prepayment, or repurchase), and (ii) whether any released document required to be original is *not* an original document (such as an LNA released in lieu of an original Note).

NY CEMA Releases

Servicers may request original Notes and assignments to facilitate refinances. To consolidate, extend and modify a Mortgage secured by Mortgaged Premises in New York State, a Borrower must notify the Servicer of their intention to use a NY CEMA. The Servicer must receive the related Note file to prepare documents needed for the NY CEMA refinance.

We strongly recommend that you make a complete copy of the Notes and assignments that you release for a NY CEMA refinancing, and we require both you and the Servicer to track all released documents. The Servicer must notify you when the Note is paid in full or return the released documents if the refinance is cancelled or closing does not occur within 60 days of their release. Please prompt the Servicer if you do not receive the Note file or notice of payment in full within 45 days after document release. If the Servicer does not respond within 60 days after the document release, contact Freddie Mac with the Freddie Mac loan number of the released Note so that we may engage the Servicer.

Paid-in-Full Notes

Notes for Mortgages that have been paid-in-full (e.g., loans that matured or been prepaid or refinanced) must be returned to the Servicer promptly upon receipt of [Form 1036](#) to comply with [Guide Section 8103.6](#). In many States, Servicers are required by law to record the lien satisfaction in the land records within 30 days, and may need the original Note to release the lien.

Document Release Procedures

Return of Released Documents

Servicers should include the [Form 1036](#) with a Note file that was physically released when it is returned to you. You must review the documents to verify that the Servicer has returned everything that you released: a complete photocopied set helps with this verification. If everything is satisfactory, update your tracking system to reflect return of the documents and retain the [Form 1036](#) as described below.

For Servicers in constructive possession of a Note, you must receive the [Form 1036](#) with a request to terminate the constructive possession and update your tracking system to reflect its termination.

Lost Notes

Under no circumstances should you accept a 'substitute,' corrected, or replacement Note instead of a released original. If any data element has been altered, or if any document released *with* the Note (such as a POA, modification, or allonge) is not returned, contact Freddie Mac promptly at loan_delivery_funding_ops@freddiemac.com.

If you receive an LNA rather than the original Note: (i) verify that you released an LNA and not the original Note to the Servicer, and **(ii) if you released the original Note, do not accept the Note file;** contact Freddie Mac and advise the Servicer to review [Guide Section 8107.1\(d\)](#).

A Servicer that recovers an original Note associated with a loan that is represented by an LNA should deliver the original Note to you with a signed "Found Note Certification" form (see Appendix B) that identifies the related Mortgage and contains representations about the original Note. Review the Note to verify that it is an original document that matches precisely the copy of the Note attached to the LNA. If it does, place the original Note in the Note file, execute the Found Note Certification form where indicated, and return the form, together with the LNA from the Note file, to the Servicer. The Servicer will contact Freddie Mac, and your duties and responsibilities with respect to the original Note are the same as if it had been delivered to you initially. Please direct Servicers unfamiliar with this process to contact Freddie Mac ([Guide Directory 9](#)) directly.

If the item lost or missing from a Note file is other than the original Note, the same general processes and requirements apply, but the name of the affidavit may be something other than "Lost Note."

Form 1036 Retention

You must retain a copy of the [Form 1036](#), together with information on the party to whom the Note file was released if it was not the Servicer, for our inspection in your tracking system or the related Note file for at least three months after the Mortgage is paid-in-full, the Note is returned, constructive possession is terminated, or custody of the Note is transferred.

Document Release Procedures

As with all documents that contain Borrower private personal information, you must maintain and dispose of [Form 1036](#) in a manner that ensures Borrower confidentiality and privacy. See Guide [Section 8107.2\(d\)](#).

Transfers of Servicing and Custody Procedures

Chapter 5

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Transfers of Servicing and Custody Procedures

Introduction

This Chapter provides the requirements and guidance necessary to move or recertify Freddie Mac Notes and assignments as part of a Subsequent Transfer of Servicing (TOS) or a transfer of custody. It also describes the roles and responsibilities of Freddie Mac and the:

Transferor Servicer

Transferor Document Custodian

Transferee Servicer

Transferee Document Custodian

Please refer to [Guide Chapters 2202](#), [6304](#), [7101](#), and [8107](#); and [Section 7101.9](#) or consult with the Servicer, as appropriate, for more information. See Chapter 6 for instructions for transfers of eNotes.

Note: A TOS or transfer of custody requiring Freddie Mac's approval may occur as a result of an organization change to, or merger or acquisition of, a Servicer or Document Custodian. See [Guide Section 2101.14](#) and Chapter 2 for additional information.

Note: See below for specific handling of MERS-Registered Mortgages.

General Responsibilities

Within 30 days following the Effective Date of Transfer, the Transferor Servicer must deliver:

- an executed [Form 1034T](#), Subsequent Transfer Custodial Certification Schedule, with a loan list to the Transferee Document Custodian, and direct the Transferor Document Custodian to deliver the Notes, together with any documentation regarding MERS-registered Mortgages and those closed with MERS as the original Mortgagee of record, to the Transferee Document Custodian; and
- a list identifying all Mortgages represented by an LNA to the Transferee Servicer.

Within 180 days following:

- the Effective Date of Transfer for a TOS, or
- written notice of a transfer of custody,

the Transferee Document Custodian must deliver the Form 1034T to Freddie Mac on behalf of itself and the Transferee Servicer. By executing and submitting Form 1034T, Transferor Servicer and Transferor Document Custodian each represent and warrant to Freddie Mac that the information regarding the Notes is accurate and that the required certifications have been made.

Note: For a TOS where there is no change in Document Custodian, Note recertification is not required, but you must receive and review applicable assignments from the Transferor Servicer by the recertification due date.

Transfers of Servicing and Custody Procedures

For transfers of custody, the Transferor Servicer must deliver the signed Form 1034T and a loan list to the Transferee Document Custodian within 30 days following the transfer.

Please direct questions regarding your role in the transfer process to the Servicer or to Freddie Mac, and questions regarding the approval of a Transferee Document Custodian to receive Notes to IE (Guide Directory 1) at:

Attn: Institutional Eligibility
Freddie Mac
1551 Park Run Drive
McLean, VA 22102-3110
Phone: (571) 382-3434 Opt. 2

Note: The Transferee and Transferor Document Custodian must receive at least 30 days prior notice from the Servicer or Freddie Mac of a transfer of custody. Freddie Mac can require an immediate transfer.

Transferor Document Custodian Responsibilities

Within 30 days after the Effective Date of Transfer for a TOS, the Transferor Document Custodian must receive from the Transferor Servicer:

- a copy of the TOS approval letter;
- for a transfer of custody, a copy of the first page and the signature page of a fully executed Tri-Party Agreement for the Transferee Document Custodian;
- Form 1034T listing all Notes included in the TOS; and
- a properly prepared and recorded assignment for each Note, if applicable.

The Transferor Document Custodian must:

- For a TOS, verify that Freddie Mac has approved the TOS and that there is an executed Tri-Party Agreement with that Transferee Document Custodian (you may review the fully executed Tri-Party Agreement or the first and signature pages), and
- Forward the Form 1034T, the loan list and the Notes (with the newly prepared assignments, when applicable), to the Transferee Document Custodian.

You may not move Note files to a Document Custodian without first verifying that the documents are covered by a Tri-Party Agreement with the Transferee Servicer.

Transfers of Servicing and Custody Procedures

Transferee Document Custodian Responsibilities

Within 30-days of the Effective Date of Transfer, the Transferee Document Custodian must receive from the Transferor Custodian the original Form 1034T listing all Notes included in the TOS, the Notes and all Note file contents, including all assignments.

The Transferee Document Custodian must:

1. Verify the data on the listing provided with the Form 1034T:
 - Borrower's Name
 - Property address (number and street, city, state)
 - Freddie Mac loan number, if present on the face of the Note; otherwise, validate the Freddie Mac loan number against data in electronic files or records provided by the Transferee Servicer.
2. Review Note file contents. You may not recertify the loan if the original Note is not present. You may require evidence of an SLE or TOB for documents that do not conform to our requirements. For an LNA in lieu of the original Note, acceptable evidence is a copy of an email from Freddie Mac confirming our acceptance of the LNA in place of the Note.
3. Verify that the chain of Note endorsements is unbroken, begins with the original payee and ends with an endorsement in blank.
4. Verify that the loan is registered with MERS or that the chain of assignments is unbroken, begins with the original payee of the loan and ends with an assignment to the Transferee Servicer. See Guide Chapter 4201 for details.
5. Notify the Transferee Servicer of any discrepancies with the Notes and assignments: do not certify until resolved by the Transferee Servicer.
6. Once all issues are resolved and recertification is complete, forward the original [Form 1034T](#) to Freddie Mac within 180 days of the Effective Date of Transfer for a TOS or 180 days of receipt of written notice from the Servicer or Freddie Mac of a transfer of custody. See [Guide Section 7101.9](#) and Chapter 3.

For a TOS that does *not* involve a transfer of custody, the Document Custodian may omit items 2 and 3.

Note: The Transferor Document Custodian must cooperate with the Transferee Document Custodian for a smooth and orderly transfer and work with all parties, as necessary, to cure any document deficiencies prior to recertifying the Notes.

Transfers of Servicing and Custody Procedures

Transfers of Servicing of MERS-Registered Mortgages

If the TOS is ...	And the Mortgage was ...	Then the Transferee Document Custodian Needs ...
MERS member to MERS member	Recorded in MERS' name via a standard assignment	<ul style="list-style-type: none"> ▪ The original assignments to MERS ▪ Intervening Assignments from transfers occurring before the Mortgage was registered on MERS ▪ Notice that the Transferee Servicer will hold the assignments for its MERS-Registered Mortgages (no Assignments required)
	Originated on a security instrument that named MERS as Mortgagee of Record	<ul style="list-style-type: none"> ▪ Notice from the Transferee Servicer that the Mortgage was closed with MERS as Mortgagee of Record ▪ Intervening Assignments from transfers that involved Servicers that were not members of MERS
Non-MERS member to MERS member	Recorded in MERS' name via a standard assignment	<ul style="list-style-type: none"> ▪ The recorded assignment to MERS (usually from Transferor Servicer to MERS, if the Transferor and Transferee Servicers agree to forego assignment from the Transferor to the Transferee Servicer and assignment from the Transferee Servicer to MERS) ▪ Any Intervening Assignments
	Closed on a security instrument that named MERS as original Mortgagee of Record	This scenario would not happen for recently originated mortgages

Transfers of Servicing and Custody Procedures

If the TOS is ...	And the Mortgage was ...	Then the Transferee Document Custodian Needs ...
To MERS member that holds the Assignments for MERS-registered Mortgages	Originated on a security instrument that named MERS as original Mortgagee of Record or Recorded in MERS' name via a standard assignment	<ul style="list-style-type: none"> ▪ Notice that the Transferee Servicer will hold Assignments for its MERS-registered mortgages (no Assignments required)
MERS member to non-MERS member	Recorded in MERS' name via a standard assignment or Closed on a Security Instrument naming MERS as Mortgagee of Record	<ul style="list-style-type: none"> ▪ Recorded Assignment from MERS to the Transferee Servicer ▪ Intervening Assignments from servicing transfers before the Mortgage was MERS-registered

Recertification Extension Requests

If recertification of Notes cannot be completed by the 180-day deadline, the Transferee Document Custodian must notify Freddie Mac in advance to request an extension. The request must include a detailed description of the issues outstanding for each Note and actions taken to resolve them and the Seller/Servicer's number, contact name, address, phone number, and email address. The Servicer is ultimately responsible for delivering the [Form 1034T](#) to us.

Document Custodians must submit a loan listing with each Extension Request form, indicating loan *exceptions* only. The loan file must include the following:

- Freddie Mac loan number
- Borrower's name
- Property address number and street
- Property address city
- Property address state
- Effective date of transfer
- Issue type
- Reviewed (Yes/No)
- Transferee Document Custodian comments
- Status provided by Servicer
- Freddie Mac comments

The Transfer of Servicing Extension Request and Issues Log is available at https://sf.freddiemac.com/content/assets/resources/doc/forms/tos_extension-request-form.doc. Send it with the loan file to Loan_Delivery_Funding_Ops@freddiemac.com.

Transfers of Servicing and Custody Procedures

Termination of Tri-Party Agreements

If you receive notice that your Tri-Party Agreement is being terminated, forward the Notes files and Assignments you hold to a Transferee Document Custodian as instructed by the Servicer or Freddie Mac. [Form 1036](#), Request for Release of Documents, is not used for this type of release. You will receive written notice from Freddie Mac about the termination and where the Notes should be delivered.

You are not released from your obligations pursuant to Tri-Party Agreement until recertification of the transferred Notes is complete, which may be up to 180 days following physical transfer of the Notes.

Procedures relating to eNotes and eMortgages

Chapter

6

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Introduction

This Chapter focuses on the requirements that a Freddie Mac-approved third party eNote custodian (eCustodian) must provide for the acceptance, verification, certification, on-going maintenance, transferring, and release of eNotes. Because an eCustodian must also be able to accept and manage trailing documents for eNotes in paper form, this Chapter leverages and builds on the prior Chapters in the Handbook to address the processes unique to eNotes. The eCustodian must track and cross-reference Electronic documents stored in the eNote Vault System or eStorage System to paper documents stored and maintained in their Vault.

Except as modified below, the terms from Chapters 1-5 apply to eNotes.

To become an eCustodian, in addition to the requirements to become a Document Custodian, you must be approved for eNote custody and execute a special addendum to the Tri-Party Agreement ([Form 1035A](#)) with the Seller/Servicer and Freddie Mac. Certain capitalized terms are used differently in this Chapter as the context indicates:

“Addendum” refers to the document amending the Tri-Party Agreement on [Form 1035A](#) to enable Seller/Servicer, using certain specified Seller/Servicer numbers, to deliver and service eNotes and eCustodian to manage custody for eMortgages to be sold to Freddie Mac.

“eCustodian” refers to a Document Custodian that Freddie Mac has specifically approved to certify and maintain eNotes and assignments of the Security Instruments as described in the Guide and herein.

“Note” refers to the Electronic Note (also sometimes referred to in this Chapter 6 as an “eNote”) and any other Electronic instruments evidencing the indebtedness secured by the Security Instrument, with the original riders, and other modifying instruments to the original Electronic Note that meet the requirements of [Guide Section 1402.7](#); provided, however, that the term “eNote” shall not include any Assignments or supplemental or additional documents maintained in paper format. In this Chapter, the term “Note” shall be deemed to include “eNote”, and the term “Mortgage” shall be deemed to include “eMortgage” unless otherwise identified.

“Tri-Party Agreement” refers, as the context requires, to the Tri-Party Agreement by and among Freddie Mac, a Seller/Servicer, and a Document Custodian, including the Addendum on [Form 1035A/1035CSA](#).

Freddie Mac provides certain direct document custodial services for eNotes (described below) that it does not provide for Notes in paper format.

For additional information on certification and custody of eMortgages, please refer to the Guide, including Guide Chapters 1401 and 1402.

eNotes/eMortgages

Document Custodial Options and Requirements

Seller/Servicers selling eNotes to or servicing them for Freddie Mac must select at least one eCustodian which may be Freddie Mac or a third-party Document Custodian. Each relationship between a Seller/Servicer and an eCustodian requires a separate Tri-Party Agreement, unless the Seller/Servicer uses Freddie Mac as its eCustodian, in which case no independent agreement is necessary.

An eCustodian's eNote Vault System is assigned the Document Custodian number assigned with a traditional vault, regardless of the number of Seller/Servicer numbers for which it holds eNotes.

Eligibility; Application and Approval Process

Introduction

An eMortgage is a Mortgage that is originated using an eNote. The Security Instrument and other mortgage documents may be paper or Electronic Records.

Eligibility Requirements

To be approved as an eCustodian, you must be a Freddie Mac approved Document Custodian and meet the additional requirements of [Guide Section 1402.18](#).

eNote Vault System security and system requirements:

An eCustodian's eNote Vault System must:

- meet the Freddie Mac's requirements of the eNote Vault system specified in [Guide Sections 1402.5](#) and [1402.6](#);
- be able to accept the eDelivery and Transfer of Control and Location of eNotes on individual and batch transactions;
- enable the eCustodian to initiate Transfers of Control and Location on individual and batch transactions;
- be able to conduct MERS eRegistry transactions and receive the notifications from MERS eRegistry

To apply for approval, contact Freddie Mac at eMortgage_team@freddiemac.com and copy IE for information on the process and requirements. The eMortgage Team will work with you to complete the approval process and notify the applicant of its decision.

Upon approval, to establish a relationship with a Seller/Servicer, the eMortgage Team will send the Tri-Party Agreement (if one has not already been signed) and the Addendum to you to execute and forward to the Seller/Servicer. See [Guide Sections 2202.2](#) and [2202.3](#). You must receive a copy of the fully executed Tri-Party Agreement and Addendum before accepting any documents from a Seller/Servicer for certification or custody. The chart below identifies the standards to qualify as an eCustodian and properly certify and safeguard the

eNotes/eMortgages

eNotes. See [Guide Sections 1402.18](#), [2202.2](#), [6304.1](#), and other Sections referenced in the chart.

Standard	Activity or Requirement
Employ internal controls and use prudent business practices to safeguard and maintain our Notes and assignments.	You must re-validate (i) the Tamper Evident Seal for all eNotes held for Freddie Mac every June and December and (ii) that Freddie Mac is the Controller and you are the Location and Delegatee for Transfer (if applicable) in the MERS eRegistry.
Staff must be trained and knowledgeable in handling Notes, performing other custodial duties, using Loan Selling Advisor and eRegistry. See Guide Section 2202.2 .	Your staff must be proficient with use of eNote Vault System and eRegistry transactions.
Have an independent document tracking system to monitor Notes and assignments and releases. See Guide Sections 2202.2 , 1402.8(c)(iv) and 1402.12 .	You must be able to cross-reference the eNote and related paper documents
Maintain a disaster recovery (business continuity) plan.	<p>Your plan must provide for:</p> <ul style="list-style-type: none"> ▪ Disaster recovery, business continuity, redundancy, data back-up, archival, and retrieval capabilities and should be supported by well-documented plans and annual tests, ▪ Immediate notice to Freddie Mac at loan_delivery_funding_ops@freddiemac.com and the eMortgage Team eMortgage_team@freddiemac.com if a disaster affects or is likely to affect your eNote Vault or capabilities, ▪ If certification is automated, test back up-system for any automated certification process, and verify procedures and processes to transition to manual certification if needed, and

eNotes/eMortgages

Standard	Activity or Requirement
Maintain a disaster recovery (business continuity) plan (<i>continued</i>).	<ul style="list-style-type: none">▪ Test and update the plan at least annually and notify the eMortgage Team when testing is completed.
Submit Annual Document Custodian Eligibility Certification.	In addition to the process in Chapter 2, eCustodian must attest its compliance with Freddie Mac requirements provided in Guide Chapter 1402 , as part of completing the Annual Document Custodian Eligibility Certification.
Terminate the document custodial relationship. See Guide Section 2202.6 .	In addition to Chapter 1 terms, see the Termination Section below.

Insurance Coverage

In addition to meeting the Chapter 2 requirements, eCustodian must maintain at least the following insurance coverages:

- **Professional liability insurance** covering services and deliverables in the minimum amount of \$5,000,000 each claim and annual aggregate, which includes cyber liability coverage and insures against claims arising out of a failure of computer security, a wrongful release of private information, a failure to protect personally identifiable information from misappropriation, theft of data or records, virus, and other cyber-attacks, vandalism and mischief, denial or impairment of services, and infringements of copyright and patent, trademark, and privacy rights.
- **All-risk physical damage insurance** on building, personal property, income, hardware, and software based on replacement cost of the equipment and software, including coverage against damage caused by computer “viruses,” “worms,” “timebombs,” “trap doors,” and similarly destructive code.

Access to Loan Selling Advisor and Programmatic Certification

In addition to completing and submitting the Freddie Mac Access Manager Administrator Registration form (i.e. FAM Form) or the Loan Advisor Registration form (i.e. LAR Form) per [Guide Section 2403.11\(b\)](#), an eCustodian may choose to develop a programmatic certification option. An eCustodian seeking to provide an automatic certification process must contact the eMortgage Team to obtain access to Freddie Mac’s Developer Portal and obtain further information on the process and requirements.

eNotes/eMortgages

If an eCustodian is set up for programmatic certification:

- Loan Selling Advisor sends certification request with all the applicable eNote certification data to eNote custodian when a 1034 form is built for the loan with eNote Indicator = " true."
- eCustodian's Certification Engine must securely receive the certification request and programmatically compare the data extracted from the eNote to data received from Loan Selling Advisor and provide certification results back to the Loan Selling Advisor, reflecting that the eNote has been certified or citing any discrepancies.
- All the certification requests and responses must be transmitted through S2S ID assigned to the eCustodian.
- The following Loan level certification data elements are sent with certification request.

#	Certification Data Element	Loan Selling Advisor Screen Name	MISMO Data Point Name
1	Freddie Mac Loan Number	Freddie Mac loan number	InvestorLoanIdentifier
2	Note Date	Note Date	NoteDate
3	Property Street	Street Address	AddressLineText
4	Property City	City Name	CityName
5	Property State	State Code	StateCode
6	Property zip code	Postal Code	PostalCode
7	Original Loan Amount	Note Amount	NoteAmount
8	Original Interest Rate	Note Rate Percent	NoteRatePercent
9	Original P&I Payment Date	Scheduled First Payment Date	ScheduledFirstPaymentDate
10	Original Maturity Date	Loan Maturity Date	LoanMaturityDate
11	Original P&I Payment	Initial Principal and Interest Payment Amount	InitialprincipalAndInterestPayment Amount

eNotes/eMortgages

#	Certification Data Element	Loan Selling Advisor Screen Name	MISMO Data Point Name
12	Borrower Name	First Name Last Name Middle Name	FirstName LastName MiddleName BorrowerClassificationType
13	Co-Borrower Name	First Name Last Name Middle Name	FirstName LastName MiddleName BorrowerClassificationType
14	First rate adjustment date	First Rate Adjustment Effective Date	PerChangeRateAdjustmentEffectiveDate
15	Index Source	Index Source Type	IndexSourceType
16	Index Lookback Days	Interest and Payment Adjustment Index Lead Days Count	InterestAndPaymentAdjustmentIndexLeadDaysCount
17	Note Margin	Margin Rate Percent	MarginRatePercent
18	Interest Rate Rounded	Interest Rate Rounding Percent	InterestRateRoundingPercent
19	Periodic Interest Rate Cap	Subsequent Rate Adjustment Maximum Increase Rate Percent Subsequent Rate Adjustment Maximum Decrease Rate Percent	PerChangeMaximumIncreaseRatePercent PerChangeMaximumDecreaseRatePercent AdjustmentRuleType="Subsequent"
20	Life-of-loan max rate	Ceiling Rate Percent	CeilingRatePercent
21	Convertible	Convertible Indicator	ConvertibleIndicator
22	Conversion Effective Date	Latest Conversion Effective Date	LatestConversionEffectiveDate

eNotes/eMortgages

#	<i>Certification Data Element</i>	<i>Loan Selling Advisor Screen Name</i>	<i>MISMO Data Point Name</i>
23	Loan Modification Date	Loan Modification Effective Date	LoanModificationEffectiveDate
24	MERS MIN Identifier	MERS MIN Identifier	mersminIdentifier
25	Index Source Type Other Description	Index Source Type Other Description	Index Source Type Other Description
26	Life-of-loan min rate	Floor Rate Percent	FloorRatePercent

- The following attributes will be sent with the certification request in addition to loan level certification data.
 - Seller Identifier (Seller/Servicer number) and Name.
 - Certification Batch Identifier.
- Upon receiving the certification request from Loan Selling Advisor, eCustodian must locate the eNote for data provided using the MERS MIN Identifier.
- eCustodian must validate the following documentation errors:

Documentation Errors
eNote is not present or MERS MIN is missing/invalid
eNote is not MISMO compliant
MERSCORP Holdings is not listed as Registry Operator
eNote is not signed by Borrower
Freddie Mac is not the Controller
Freddie Mac or an eCustodian is not the Location
Tamper Evident Seal does not match the MERS eRegistry
eNote is not a Uniform Instrument
eNote is not an eligible product type (e.g. ARM data is delivered, but the eNote in the eNote Vault System is a Fixed).

eNotes/eMortgages

Documentation Errors
eNote has been modified and it is not reflected on the MERS eRegistry
Seller is not approved to deliver eNotes
The Lifetime Floor Percent is not matching with the Margin Rate Percent

For any of the documentation errors listed above, an error code associated with the error must be included in the response file sent to Loan Selling Advisor.

- In addition to the documentation requirements, eCustodian must validate the data elements stated in the table above and propose data changes if a data element fails validation.
- Certification response file from eCustodian should include these attributes:
 - Freddie Mac loan number
 - Seller/Servicer Number and Name
 - MERS MIN Identifier
 - Certification Batch Identifier
 - Certification Due Date
 - Custodian Note Received Date (transfer of Location date), if the MERS MIN is found
- Loan Selling Advisor updates the loan certification status as per the response sent from eCustodian.
- Documentation issues may require Seller to have the eNote re-executed and re-sent for programmatic certification. See [Guide Section 1402.8\(c\)](#) for requirements concerning major and minor corrections.
- If the Seller rejects the proposed changes and submits for manual Certification, you will have to manually certify the eNote by comparing the corrective affidavit and the loan data.

If an eCustodian is set up for manual certification, the eCustodian must login to their eNote Vault System to check for the documentation errors specified above. After confirming that there are no documentation errors, eCustodian must verify that the information on the eNote stored in their eNote Vault System matches the loan information in Loan Selling Advisor. If the Loan Selling Advisor information does not match eNote data, eCustodian must propose data changes in the Loan Selling Advisor for Seller review.

Reporting

In addition to reports due to Freddie Mac pursuant to Chapter 2, for eNotes, you must:

eNotes/eMortgages

- re-verify (i) the Tamper Evident Seal for all eNotes held for Freddie Mac every June and December and (ii) that Freddie Mac is the Controller and you are the Location and Delegatee for Transfer (if applicable) in the MERS eRegistry; and

Freddie Mac may require an audit of the eNote Vault System conducted in accordance with the Statement on Standards for Attestation Engagements (SSAE) 18 or other comparable type of audit acceptable to Freddie Mac, in its sole discretion. A copy of the audit must be provided to Freddie Mac within 30 days of its completion.

Termination of Tri-Party Agreement

For eCustodians, termination of the Addendum will cease the approval for all eNotes but does not impact the approval to certify paper notes. An eCustodian being terminated must continue to fulfill its custodial duties until all eNotes have been transferred to and recertified by the Transferee eCustodian, at which time the eCustodian relationship is ended.

Custodial Functions

See Chapter 2 for general information.

eNote Custody Requirements

An eCustodian shall:

- a. Accept the eDelivery and maintain the Authoritative Copy of each eNote in its eNote Vault system.
- b. Accept the Transfer of Control on behalf of Freddie Mac and be identified as the Location of the eNote.
- c. Act as a “vendor” or a “Delegatee for Transfer” for Freddie Mac and automatically (“auto-Accept”) accept the Transfer of Control of the eNotes to Freddie Mac from Seller/Serviceicers that have signed the Tri-Party Agreement Addendum.
- d. Reject eNotes delivered by ineligible Sellers.
- e. Handle the outgoing transfer of Control and Location requests on behalf of Freddie Mac.

Compliance and Controls

The chart below identifies several compliance controls for eNotes in addition to those described in the Handbook for Notes in paper format; it is not all-inclusive.

eNotes/eMortgages

Custodial Functions	Compliance Controls
Hold Notes and assignments in trust for the sole benefit of Freddie Mac	See Chapter 2 and verify within the eRegistry that: <ul style="list-style-type: none"> the Location and Delegatee for Transfer (if applicable) of the eNote is the eCustodian, and the Controller is Freddie Mac.
Maintain custody and tracking of Control and Location of the Notes and assignments Provide periodic re-verification of the Tamper Evident Seal for eNotes held for Freddie Mac	You must re-validate (i) the Tamper Evident Seal for all eNotes held for Freddie Mac every June and December and (ii) that Freddie Mac is the Controller and you are the Location and Delegatee for Transfer (if applicable) in the MERS eRegistry. If there is an issue, contact eMortgage_team@freddiemac.com or loan_delivery_funding_ops@freddiemac.com immediately.
Verify and certify Notes, supplemental documents, and assignments	See Chapter 3 and below for detailed information.
Transfer Location and/Control of Note to Servicer	See Guide Section 8107.2 , Chapter 4, and below for detailed information.
Release documents to Transferee Document Custodian	See Chapter 5 and below for detailed information.

Changes to eCustodian Information

For any changes that impact or may impact your role or function as an eCustodian, notify the eMortgage team at eMortgage_Team@freddiemac.com, IE at Institutional_Eligibility@freddiemac.com and the Loan Acquisition team at Loan_Delivery_Funding_Ops@freddiemac.com.

Documents to be Verified

Without an executed Tri-Party Agreement and Addendum, you cannot accept eNotes for certification or maintenance.

An eCustodian may receive documents that are part of the Note file in an Electronic or paper format. You must be able to process documents in either format and maintain cross-references between storage systems as necessary to track the entire Note file.

The Seller/Servicer must eDeliver the eNote and Custodial Certification Schedule [Form 1034E](#) and any other trailing documents whether in electronic or paper form that travel with the Note to you.

eNotes/eMortgages

If the certification is performed manually, eCustodian must verify that Loan Selling Advisor properly identifies eMortgages by confirming that the term “EMTG” is on the [Form 1034E](#) in Loan Selling Advisor or on a print version of [Form 1034E](#); or the “eNote Indicator” column in the data export from Loan Selling Advisor is “true” or a check mark in a column appears with a lower case “e” on the Loan Selling Advisor certification screen.

eCustodian must also validate that:

- The MIN in Loan Selling Advisor matches the MIN on the eNote;
- The eNote’s Tamper Evident Seal matches the Tamper Seal in the MERS eRegistry;
- Freddie Mac is the Controller of the eNote and eCustodian is the Location of the eNote in the MERS eRegistry;
- When the eNote is viewed in the eNote Vault System, there is a representation of the Borrower’s typed name and Electronic Signature (which may or may not include a time and date stamp), and the Borrower’s legal signing capacity, if signing other than in an individual capacity;
- When the eNote is viewed in the eNote Vault System, ‘MERSCORP Holdings, Inc., a Delaware corporation’ appears as the “Operator of the Registry” in the eNote Uniform Instrument;
- If the eNote has been modified, the MERS eRegistry reflects the modification;
- The eNote is a valid Version 1.02 MISMO Category 1 SMART Document;
- The eNote is a valid Uniform Instrument;
- The Lifetime Floor Percent is matching with the Margin Rate Percent;
- The Seller/Servicer number on the [Form 1034E](#) is included in Attachment 1 of the Addendum; and
- eNote is an eligible product type (e.g., ARM data is delivered, but the eNote in the Note Vault is a fixed rate note).

Note: When the Borrower’s holographic signature is not consistent with a typed or printed name below the signature line on the Note or in Loan Selling Advisor, no Signature or Name Affidavit is required because the eClosing System authenticates the Borrower and has an associated audit trail.

Verification Requirements

You may verify and certify eNotes using an automated certification process that was reviewed and formally approved by Freddie Mac. See Access to Loan Selling Advisor and Programmatic Certification above for additional information.

You may validate eNotes manually in the same manner as paper Notes or use an automated certification process in which data is automatically compared the data in Loan Selling Advisor.

eNotes/eMortgages

eNotes must be originated on Uniform Instruments. The verification elements and ULDD requirements are the same as for paper Notes.

Borrower Signature

Because eNotes are executed using an Electronic Signature process, their signatures do not need to be verified as for paper Notes, but you must perform the verifications described in Chapter 3 for other documents originated on paper with Borrower signatures.

Reviewing Supplemental Documentation:

Guidance on POAs:

eCustodians must perform the actions described in Chapter 3.

If the eNote was executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under a POA the Seller/Servicer must meet the requirements in [Guide Section 1402.8](#).

Guidance on Modification Agreements

If the modification of an eMortgage is memorialized in a paper modification agreement, the Seller/Servicer must deliver the loan modification documents as required in [Guide Section 9206.17](#).

If the modification of an eMortgage is memorialized in an eModification Agreement, the Seller/Servicer must deliver following via MERS eDelivery to the eCustodian's eNote Vault System that contains the Authoritative Copy of the eNote:

- An Electronic copy of the executed eModification Agreement, within 25 days after receiving it from the Borrower; and
- If the eModification Agreement is recorded electronically, an Electronic copy of the recorded eModification Agreement, with recording information therein or Recording Confirmation, within five Business Days of receipt; or
- If the eModification agreement is not recorded electronically, an Electronic scanned copy of the recorded eModification Agreement, with recording information therein or Recording Confirmation, within five Business Days of receipt.

Note: If MERS eDelivery is not available for delivery of the Electronic documents, delivery by other electronic means (e.g., e-mail) is acceptable.

Transfers of Control

The MERS eRegistry, tracks the current Controller, and all transfers of Control and Location of the Note.

Assignments

If the Security Instrument associated with the eNote names MERS® as the original mortgagee of record, then Mortgage assignments associated with all such eNotes

eNotes/eMortgages

are tracked in the MERS System, a separate system from the MERS eRegistry
See generally [Guide Section 8101.12](#).

Resolving Discrepancies

See Chapter 3 for general information.

For eNotes, please see [Guide Section 1402.8\(c\)\(i\) and \(ii\)](#) to address major and minor corrections; however, all errors, omissions, and discrepancies must be resolved prior to Delivery to Freddie Mac.

Notarization

See Chapter 3 and [Guide Section 1401.16](#) for Electronically Notarized (In-Person or Remote Online) Electronic Documents.

Servicing-related Custodial Functions

Form 1036 Requirements

See Chapter 4 for general information. In requesting release of the Note file for an eNote, Servicers must include the following fields in addition to those required in Form 1036:

- the MERS MIN Number;
- MERS eRegistry Organization identifier; and
- the type of possession requested.

Document Release Types

See Chapter 4 for general information. Following the receipt of a [Form 1036](#) request for release for an eNote, you must:

- for a request of Control, initiate the Transfer of Control from Freddie Mac to the Servicer.
- for request of Location, initiate the Transfer of Location from you to the Servicer.

Paid-in-Full Notes

See Chapter 4 for general information

Return of Released Documents

Following receipt of a [Form 1036](#) from a Servicer returning an eNote, you must:

- accept Transfer of Control from Servicer to back to Freddie Mac, if applicable;
- accept Transfer of Location of the Authoritative Copy from Servicer to you
- verify that the Freddie Mac is listed as the Controller, and you are listed as the Location and Controller for Delegatee for Transfer of the eNote (if applicable).

Transfer of Servicing and Custody

See Chapter 5 for general information. For eNotes, changes to the Location of the Authoritative Copy are made in the eRegistry system. There should be no changes to Freddie Mac as the Controller in eRegistry unless there is a [Form 1036](#) request or the Note is sold.

Transferor Document Custodian Responsibilities

See Chapter 5 for general information. In addition to [Guide Chapters 2202, 6304, 7101](#), and [8107](#), see [Guide Section 1402.13](#) for Transfers of Servicing for eNotes.

Additionally, for eNotes, in accordance with [Guide Chapter 1402](#), the Transferor eCustodian must, for each eMortgage in a transfer of custody or in a Subsequent Transfer of Servicing with a change of eCustodian:

- deliver any related paper documents to the Transferee Servicer's eCustodian,
- create an offer of change in the MERS eRegistry of the Location to Transferee Servicer's eCustodian, and
- delivery of the Authoritative Copy to Transferee eCustodian's eNote Vault via MERS eDelivery.

For each eMortgage in a Subsequent Transfer of Servicing where the Document Custodian does not change – no additional tasks.

Transferee Document Custodian Responsibilities

See Chapter 5 for general information. For eNotes, in accordance with [Guide Chapter 1402](#), the Transferee eCustodian must, for each eMortgage in a transfer of custody or in a Subsequent Transfer of Servicing with a change of eCustodian:

- conduct the activities in [Guide Section 1402.8](#) in addition to [Guide Section 7101.9](#) and Chapter 5,
- accept an offer of change of Location in the MERS eRegistry to Transferee Servicer's eCustodian, and
- verify (i) delivery of the Authoritative Copy to Transferee Servicer's eCustodian's eNote Vault System via MERS eDelivery, (ii) the MIN number, (iii) Freddie Mac is the Controller, and (iv) the Tamper Evident Seal against the MERS eRegistry.

For each eMortgage in a Subsequent Transfer of Servicing where the Document Custodian remains the same – no additional tasks.

For Transfers of Servicing of MERS-registered eMortgages from MERS member to MERS member require no additional documents: such transfers are tracked within the eRegistry.

Job Aids

Uniform Loan Delivery Dataset (MISMO Data Labels)

Appendix

A

Contents

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Job Aid 1 – Fixed Rate Note

NOTE

Freddie Mac Loan Number (1)

Note Date (2)

[Date]

[City]

[State]

Street Address (3)

City Name (4)

State Code (5)

Postal Code (6)

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is _____ . I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of _____ %.

Note Rate Percent (8)

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the _____ day of each month beginning on _____ . I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on _____, 20____, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

Scheduled First Payment Date (9)

Loan Maturity Date (10)

I will make my monthly payments at _____ or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$

Initial Principal and Interest Payment Amount (11)

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of _____ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be _____% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

[First Name Middle Name Last Name (12)] (Seal)
- Borrower

[First Name Middle Name Last Name (13)] (Seal)
- Borrower

(Seal)
- Borrower

[Sign Original Only]

Job Aid 2 – Adjustable Rate Note

ADJUSTABLE RATE NOTE (5 Year Treasury Index - Rate Caps)

Freddie Mac Loan Number (1)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

Note Date (2)

[Date]

[City]

[State]

Street Address (3)

City Name (4)

State Code (5)

Postal Code (6)

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ Note Amount (7) (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is _____ . I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of _____ % ← Note Rate Percent (8). The interest rate I will pay will change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the first day of each month beginning on Scheduled First Payment Date (9). I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on _____, 20____, ← Loan Maturity Date (10) I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at _____ or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ Initial Principal and Interest Payment Amount (11) This amount may change.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

First Rate Adjustment Effective Date (14)

The interest rate I will pay may change on the first day of _____, and on that day every 60th month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Index Source Type (15)

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

Interest and Payment Adjustment Index Lead Days Count (16)

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Margin Rate Percent (17)

Before each Change Date, the Note Holder will calculate my new interest rate by adding _____ percentage points (_____%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

Interest Rate Rounding Percent (18)

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than

_____ % or less than _____ %.
Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 60 months. My

Subsequent Rate Adjustment Maximum Increase/Maximum Decrease Rate Percent (19)

Ceiling Rate Percent (20)

interest rate will never be greater than _____ %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

6. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of _____ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be _____% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

8. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

9. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

First Name Middle Name Last Name (12) _____(Seal)
- Borrower

First Name Middle Name Last Name (13) _____(Seal)
- Borrower

_____(Seal)
- Borrower

[Sign Original Only]

Job Aid 3 – Adjustable Rate Note (Convertible)

ADJUSTABLE RATE NOTE

Freddie Mac Loan Number (1)

(1-Year Treasury Index - Rate Caps - Fixed Rate Conversion Option)
(Assumable during Life of Loan unless Converted - Convertible 1st through 5th Change Date)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY. THIS NOTE ALSO CONTAINS AN OPTION TO CONVERT MY ADJUSTABLE INTEREST RATE TO A FIXED RATE.

Note Date (2) _____, _____, _____
[Date] [City] [State]
Street Address (3) _____ City Name (4) _____ State Code (5) _____ Postal Code (6) _____
[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ _____ Note Amount (7) (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is _____ I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of _____ % Note Rate Percent (8). The interest rate I will pay will change in accordance with Sections 4 or 5 of this Note.

The interest rate required by this Section 2 and Sections 4 or 5 of this Note is the rate I will pay both before and after any default described in Section 8(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the first day of each month beginning on _____ Scheduled First Payment Date (9). I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of _____

its scheduled due date and will be applied to interest before Principal. If, on _____ Loan Maturity Date (10), I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at _____ or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

Each of my initial monthly payments will be in the amount of U.S. \$ _____ Initial Principal and Interest Payment Amount (11). This amount may change.

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)---

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Sections 4 or 5 of this Note.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of _____, _____, and may change on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

First Rate Adjustment Effective Date (14)

Index Source Type (15)

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

Interest and Payment Adjustment Index Lead Days Count (16)

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding _____ percentage point(s) (_____ %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

Margin Rate Percent (17)

Interest Rate Rounding Percent (18)

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than

_____ % or less than _____ %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than

Subsequent Rate Adjustment Maximum Increase/Maximum Decrease Rate Percent (19)

Subsequent Rate Adjustment Maximum Increase/Minimum Decrease Rate Percent (19)

_____ percentage point(s) (_____ %) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than

Ceiling Rate Percent (20)

_____ % (the "Maximum Rate").

(E) Effective Date of Changes

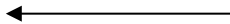
My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5. FIXED INTEREST RATE CONVERSION OPTION

Convertible (21)



(A) Option to Convert to Fixed Rate

I have a Conversion Option which I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$_____ ; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

(B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal Home Loan Mortgage Corporation's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus three-eighths of one percentage point (0.375%), or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus three-eighths of one percentage point (0.375%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

(C) New Payment Amount and Effective Date

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the Maturity Date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the Maturity Date.

6. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

7. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

8. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of _____ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be _____% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

9. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

10. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

11. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

12. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

(A) UNTIL I EXERCISE MY CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION 5 ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT IS DESCRIBED AS FOLLOWS:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)—

Single Family--Freddie Mac UNIFORM INSTRUMENT

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(B) IF I EXERCISE MY CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION 5 ABOVE, UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT DESCRIBED IN SECTION 12(A) ABOVE SHALL THEN CEASE TO BE IN EFFECT, AND UNIFORM COVENANT 18 OF THE SECURITY INSTRUMENT SHALL INSTEAD BE DESCRIBED AS FOLLOWS:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

First Name Middle Name Last Name (12)

____ (Seal)
- Borrower

First Name Middle Name Last Name (13)

____ (Seal)
- Borrower

____ (Seal)
- Borrower

[Sign Original Only]

MULTISTATE CONVERTIBLE/ADJUSTABLE RATE NOTE-1-Year Treasury (Assumable during Life of Loan) (Convertible 1st through 5th Change Date)—

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Form 1 – Found Note Certification

FOUND NOTE CERTIFICATION

By executing this Found Note Certification, Seller/Servicer represents and warrants to, and covenants with, Freddie Mac that the Note for the mortgage loan described below, which was not delivered to the Document Custodian because it was thought to be lost, missing, or destroyed, has been located and received by the Document Custodian. In place of the original Note, Seller/Servicer delivered a lost note affidavit to the Document Custodian.

By executing this Certification, Document Custodian represents and warrants to, and covenants with, Freddie Mac that:

- it received the original Note on or about _____ [date],
- it performed the verifications and certifications required by Freddie Mac's Single-Family Seller/Servicer Guide with respect to that Note, and
- the copy of the Note attached to the lost note affidavit matches the original Note in every respect.

Attached to this Certification is a true and correct copy of the Note.

- (a) Borrower(s): _____
- (b) Date of Note: _____
- (c) Secured by Deed of Trust or Mortgage recorded at [date, county, state, book and page]:

- (d) Freddie Mac Loan #: _____
- (e) Servicer Loan #: _____

Seller/Servicer Name and Freddie Mac S/S#

Signature on behalf of Seller/Servicer

Typed Name & Title of Signer

Date

Document Custodian Name and Freddie Mac #

Signature on behalf of Document Custodian

Typed Name & Title of Signer

Date