

Performing Loan Repurchase Alternative Pilot

Scenario examples, timing, and eligibility information

December 2024



Performing Loan Repurchase Alternative Pilot: Transfer of Servicing



Excepting operational bifurcation* (e.g., *CorrAdvantage* or *Easy D*), the Not Acceptable Quality (NAQ) rate is assessed for the Seller that sold the loan to Freddie Mac.

- Loan level eligibility for the performing loan repurchase alternative pilot is based on who holds the **Selling representation and warranty** (R&W) which are available for review in Loan Coverage Advisor®
- The Selling R&W holder will receive the remedy letter (i.e., repurchase request or repurchase alternative letter) if quality control (QC) finds a significant defect
- Transfer of Servicing may impact an individual loan's eligibility for this alternative depending on Seller pilot participation

For all scenarios, assume Sellers A and B are in the pilot, Seller C is not in the pilot, all loans are performing, all loans have significant defects and all defects are not pilot exclusions.

Scenario	Affected NAQ Rate	Remedy Letter Recipient	Remedy Letter Type
A transfers Selling R&W to B before sale to Freddie Mac. B then sells the loan to Freddie Mac	Seller B	Seller B	Pilot letter
A transfers Selling R&W to C before sale to Freddie Mac. C then sells the loan to Freddie Mac	Seller C	Seller C	Repurchase/other alternative
C transfers Selling R&W to B before sale to Freddie Mac. B then sells the loan to Freddie Mac	Seller B	Seller B	Pilot letter
A sells loan to Freddie Mac and then transfers Selling R&W to Seller B before QC	Seller A	Seller B	Pilot letter
A sells loan to Freddie Mac and then transfers Selling R&W to C before QC	Seller A	Seller C	Repurchase/other alternative
C sells loan to Freddie Mac and then transfers Selling R&W to B before QC	Seller C	Seller B	Pilot letter
A sells loan to Freddie Mac before QC; after Remedy issuance, A transfers Selling R&W to B	Seller A	Re-sent to B	Pilot letter
A sells loan to Freddie Mac before QC; after Remedy issuance, A transfers Selling R&W to C	Seller A	Re-sent to C	Converted from pilot letter to repurchase/other alternative
C sells loan to Freddie Mac before QC; after Remedy issuance, C transfers Selling R&W to B	Seller C	Re-sent to B	Remains repurchase/other alternative (no conversion)