

Agency Update

Carol Andrade

Operations Management Group

Freddie Mac



Freddie Mac Changes

- The Federal Housing Finance Agency (FHFA) has taken over as Conservator of the company, with full powers to conserve the assets of both Freddie Mac and Fannie Mae, and conduct the business of the companies.
- The purpose of appointing the Conservator is to preserve and conserve the company's assets and property and to put the company in a sound and solvent condition. The conservatorship process is designed to ensure that the GSEs continue to fulfill the critical role of providing affordable mortgages to homeowners and reliable liquidity to lenders.
- We are conducting our business in the normal course. Our business processes and procedures remain unchanged today.
- FHFA has designated David Moffett, former Vice Chairman and Chief Financial Officer of U.S. Bancorp, as Freddie Mac's new Chief Executive Officer.
- We encourage customers to review our September 7 letter to Freddie Mac Customers & Partners online at www.FreddieMac.com/singlefamily/20080907_cook-customer-letter.html. Customers seeking to learn more should review the information on the Treasury Department Web site at www.treasury.gov/
- As always, we will notify our customers of any changes as they develop.

Year in Review – Changes or Updates

- Document Custody Procedure Handbook updated
 - » December 2007 and September 2008
- *Freddie Mac Single-Family Seller/Service Guide* (Guide) update to clarify tagline requirement for uniform instruments – Bulletin 2008-4: Multiple Subjects (08/15/08)
- Revised *Form 1035 Custodial Agreement: Single-Family Mortgages*
- Selling System Release – April 2008
 - » Adds additional products
 - » Supports most bulk transactions
 - » Significantly reduce MIDANET® deliveries
- eMortgage purchases on negotiated basis

Custodian Reviews

- Common issues
 - » Data discrepancies
 - » Inadequate physical security controls
 - » Inadequate fire protection
- Best Practices
 - » Passcard protected building and vault entry
 - » Sign-in log for visitors
 - » Escorts for visitors
 - » Procedures to protect confidential information
 - » BCP Testing includes calling Freddie Mac

Custodian Roles and Responsibilities

- Comparison of note data to delivered data
- Review note
 - » Original
 - » Original Power of Attorney (POA)
 - » Uniform Instrument (tagline is present)
- Verify endorsement chain
- Physical security of note
 - » Controlled access
 - » Fire protection
- Annual reporting
- Note location reconciliation – follows audit schedule

Q&A Responses

- Use of Optical Character Recognition (OCR) or other custodian systems for data validation
 - » Call Freddie Mac's Document Custodial Operations to discuss
- Files have been received for an institution that is out of business, what do we do with the files?
 - » Who is the lien holder in the land records?
 - Servicer – forward files to Servicer or their successor
 - Freddie Mac – contact Document Custodial Operations

Looking forward

- Ongoing assessment of our custodial program to ensure requirements and policies best meet the needs of Freddie Mac and our customers
- Continue to review and refine requirements to ensure data integrity and physical security of our collateral
- Continue to rely on Document Custodians to perform data and documentation review and provide secure storage of mortgage notes and associated documents
- Document Custody Procedure Handbook to be posted on AllRegs (tentatively December 2008)

Document Custodial Operations Contacts

- » **Fred Lyne**
Director, Settlement Operations
frederick_lyne@freddiemac.com
(703) 918-5050

- » **Carol Andrade**
Manager, Document Custodial Operations (External)
carol_andrade@freddiemac.com
(703) 918-5697

- » **Sharon L. Novak**
Manager, Document Custodial Operations (Internal)
sharon_l_novak@freddiemac.com
(703) 724-3061

Customer Management & Technology Integration

- » **Philip Theis**
Customer Management Director
philip_theis@freddiemac.com
(703) 903-2441

Custodial Eligibility Contacts

- » **Pam Williams**
Director, Counterparty Credit Risk Management
pam_williams@freddiemac.com
(571) 382-3455
- » **Amy Odiorne**
Institutional Risk Analyst
amy_odiorne@freddiemac.com
(571) 382-3936

External Operational Risk Contacts

- » **Robert Cope**
Director, External Operational Risk Management
robert_cope@freddiemac.com
(703) 903-4305
- » **Michelle Baker**
Manager, External Operational Risk Management
michelle_baker@freddiemac.com
(865) 357-4784