

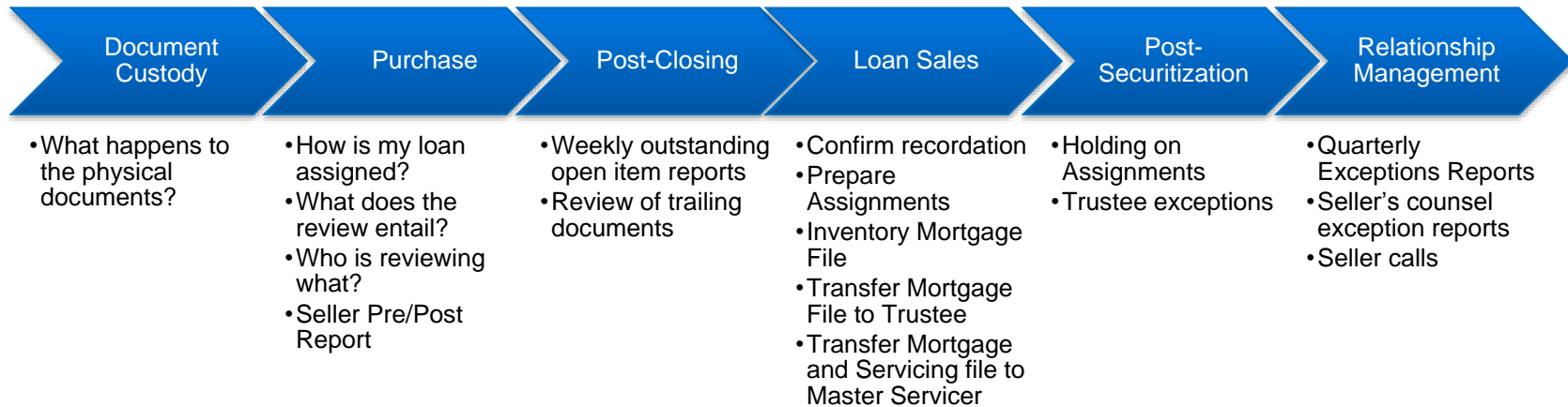


## Sealing the Deal: Delivery through Securitization

2018 Asset Management & Operations Servicer Workshop



## What's happening with the Final Delivery Package review?



## Package Delivery

- Packages (final delivery and trailing) are delivered to the Document Custody group for processing
- Package is opened, sorted
- Physical documents are validated against documents on DMS
- Documents are logged into Doc Custody system noting document condition, and identifying it with the delivery information

## Purchase Manager

- The Purchase Manager, Supervisor, or Team Leader reviews the deliveries and assigns them to members of the team in LAP
- Purchase analysts identify their assignments in LAP and begin their reviews

## Final Delivery Package (FDP) Review

FDP Review ensures that the terms in the commitment translate to the documents and are accurately reflected on our systems:

- Purchase Analyst reviews all documents, following the Purchase Review checklist
- Legal Analyst reviews title, survey and TESA
- All issues are captured in Document Custody
- Pre/Post report pulled from Document Custody and forwarded to Seller
- Seller clears pre-funding and any additional items if possible
- Purchase Analyst completes system work and forwards the package for approval
- Upon approval the loan is authorized to be purchased
- Authorization forwarded to the Cash Desk and Purchase Statement forwarded to Seller

# Where We See Issues – Pre-Purchase Flow (Cont'd)

## Package Delivery Process

- All deliveries are uploaded to DMS prior to any physical deliveries being sent
- Packages (final delivery and trailing) are delivered to the Document Custody group for processing
- Package is opened, sorted
- Physical documents are validated against documents on DMS
- Documents are logged into Doc Custody system noting document condition, and identifying it with the delivery information

## Common Issues

- Physical delivery arrives prior to documents being loaded to DMS – stops process
- Transmittal form or Table of Content (TOC) is missing – research needed
- TOC inconsistent (original vs. electronic)
- Number of pages of physical documents does not match to documents uploaded in DMS
- Package is lost in transit – research needed
- Signatures are stamped or copy

## Package Delivery Tips

- Documents can be bulk uploaded to DMS
- Docs converted to electronic (Doc Lite); no need to deliver
- Use 8"x11" redwell folder when delivering FDPs. Label should be placed on the top right corner of the accordion folder. The label size should be not bigger than 2"x4". Tabs and inserts are not required.
- Original, wet, signatures are required on physical docs – preferably signed with a blue ballpoint pen

# Where We See Issues – Pre-Purchase Flow (Cont'd)

## Final Delivery Package (FDP) Review

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- Seller clears pre-funding and any additional items if possible
- Purchase Analyst completes system work and forwards the package for approval
- Upon approval the loan is authorized to be purchased
- Authorization forwarded to the Cash Desk and Purchase Statement forwarded to Seller
- Cycle time from receipt of package to review complete (all issues identified) is 10 days

## Common Issues - Purchase

- Package submitted with outstanding items – incomplete
- Commitment amendments not uploaded to DMS prior to delivery – causing erroneous issues to be identified and researched on both sides
- Incorrect document type selected on DMS
- Seller response to issues identified not timely, which pushes out funding date.
- Wires sent to Seller are in bulk for any given day – not specific to a loan.

## Review Tips - Purchase

- Make sure all commitment amendments are uploaded to DMS prior to delivery
- Ensure prompt response to pre/post report to reduce time to funding.
- Utilize DMS filing key on TOC

## Common Issues - Legal

- Inaccuracies in Schedule A of the Title Policy
- Wrong Survey is delivered/ required Survey Certificate is not delivered.
- TESA is inaccurate. Timing issues / late delivery

## Review Tips - Legal

- Title: Confirm accuracy of recorded documents and loan level data
- Survey: Confirm Survey complies with all requirements set forth in Guide and/or Commitment
- TESA: TESA must reflect actual delivered title policy to include all Endorsements, updated Exception numbers and Loan Amount. TESAs must be approved by Legal **prior** to closing. TESA Approval email must be uploaded at delivery. Please allow **at least 2 business days** prior to closing for review and approval by Freddie Mac Legal

## Post-Purchase

- All post-funding items are given a due date
- Post-Purchase is on point once the loan has funded
- They produce weekly reports identifying outstanding past due items and may identify additional exceptions as they review the loans
- Once a month they include all outstanding items waiting on recordation information
- As items are submitted they are reviewed and, if acceptable, exceptions are cleared

## Prep for Securitization

- As pools of loans are designated for securitization by Capital Markets, responsibility for clearing outstanding items passes to Loan Sales
- Loan Sales is responsible for the preparation of assignments of the loans
- They prepare the Mortgage Files and the Servicing Files and forward them to the Trustee and Master Servicer as the deals settle
- Any outstanding items are identified for the Trustee

## Post-Securitization

- Once the security has settled, Loan Sales remains responsible for tracking and following up on any Trustee exceptions
- Any trailing documentation is forwarded to appropriate Trustee and/or Master Servicer

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## Common Issues

- Individual emails are sent to clear exceptions rather than using the comments section of the report
- Documents uploaded to a wrong loan in Document Management System (DMS)
- Recorded documents are missing pages, specifically page 2 of UCC-1
- Title Policy endorsement is uploaded by itself
- Instrument # is missing on the recorded UCC-3
- UCC-3 should be assigned to FHLMC – not a change to secured party

## Review Tips

- Review the dates and names of parties before uploading to DMS
- Check if the document belongs to the correct loan in DMS
- Revised documents (i.e., title policy) should be uploaded in their entirety
- Address of FreddieMac should be correct in UCC-1 and other docs
- Assignments are recorded after the Security Instrument

# Where We See Issues – Post-Purchase Flow (Cont'd)

## Prep for Securitization

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## Common Issues

- Duplicate/additional documents uploaded to DMS with no explanation
- Documents not uploaded to DMS in their entirety
- UCC3 Amendments not filed timely
- Notes, Guarantees and Loan Documents with stamped/electronic signatures instead of wet ink

## Review Tips

- Upload recorded documents to DMS in their entirety, regardless of the existence of a previously uploaded copies
- Exceptions found by Loan Sales close to the securitizations date are more critical and require urgency to resolve
- Loan Sales may send off-cycle email requests



# Where We See Issues – Post-Purchase Flow (Cont'd)

## Post-Securitization

- Once the security has settled, Loan Sales remains responsible for tracking and following up on any Trustee exceptions
- Any trailing documentation received is forwarded to appropriate Trustee and/or Master Servicer

## Common Issues

- Multiple duplicate copies of recorded documents continue to be received

## Review Tips

- Many of the older/aged items on the weekly/monthly reports are Trustee exceptions (post-securitization documentation the trustee has requested)

## Exception Reporting - Weekly

- Exception database populated for each loan
- Weekly Report generated and sent on Friday for all outstanding, past due items
- Three categories – pre-securitization, securitized and undesignated
- Responses provided within spreadsheet (comment section) and returned one time by Wednesday of the following week

## Exception Reporting - Monthly

- Monthly report same as above but includes a tab showing outstanding recordation information

## Exception Reporting - Quarterly

- Monthly report is a composite view of exceptions opened over the quarter
- Report is not actionable – used to analyze trends and hold management discussions

## Exceptions

- Exceptions may be identified throughout the cycle from receipt to securitization

- Please navigate to the link below to view the DMS FAQs
  - » [https://mf.freddiemac.com/docs/dms\\_faqs.pdf](https://mf.freddiemac.com/docs/dms_faqs.pdf)

# Loan Administration Contact List



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