

# Notice Letter - Alternative CE Bond Billing Procedure



## Notice Letter

Dear Borrower,

This letter pertains to the timing of your monthly billing statement for your existing credit enhanced bond loan. As you may be aware, the Reimbursement and Security Agreement (the "Reimbursement Agreement") that you entered into with the Federal Home Loan Mortgage Corporation ("Freddie Mac") stipulates that when the last interest rate of the seven-day interest period is not known by the payment due date (which is [two/three] Business Days before the first Business Day of the next month), that interest rate is to be estimated at [200] basis points over the last known weekly rate. (All capitalized terms used but not defined in this letter shall have the meanings set forth in the Reimbursement Agreement.) These estimates would typically result in excess funds being collected from you and held by us to be credited against your next month's payment.

To alleviate this financial burden for our customers and to minimize the administrative work involved in estimating the interest rates, Freddie Mac has agreed to waive the estimated billing requirements set forth in the Reimbursement Agreement, provided that you, as the Borrower, agree to the following proposed modification in billing practices. The proposal is as follows: We will prepare monthly billing statements based only on actual known interest rates, and not on estimated rates. In this regard, please be aware that due to the publication timing of the interest rates, in some cases the billing statement will not be available prior to the normal due date set forth in the Reimbursement Agreement ([two/three] Business Days prior to the first Business Day of the following month) and may not be available until as late as the date on which actual payment to Freddie Mac is due (the first Business Day of the month). In those instances, you would be required to wire transfer your payment to \_\_\_\_\_<sup>1</sup> for receipt not later than 1:00 p.m., [New York] time, on the date on which the billing statement was received in order to allow \_\_\_\_\_<sup>1</sup> to wire to Freddie Mac the full amount of reimbursement due on such date.

Borrowers who agree to receive a billing statement based on the actual known interest rates, then, must agree to promptly wire payment upon receipt of the statement in those months where the rate is not available in advance of the payment due date. Again, in some cases this may require that the wire be sent on the same day that the statement is received. Additionally, an e-mail address must be provided to us in order to expedite and document the transmission of the billing statement.

To ensure that we fully honor your wishes regarding your choice of billing statement, a written response indicating your billing preference must be returned to us. Please indicate that preference, and execute this letter in the space provided below, and kindly return it to us in the envelope provided.

Should you have any questions regarding this matter or regarding any other aspects of your loan, please feel free to contact your Mortgage Analyst, \_\_\_\_\_, at \_\_\_\_\_. Thank you for doing business with \_\_\_\_\_<sup>1</sup>.

<sup>1</sup>Name of Servicer

Sincerely,

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Billing Preference**

Loan Name: \_\_\_\_\_  
 Loan Number: \_\_\_\_\_  
 Management Company: \_\_\_\_\_

The undersigned Borrower hereby elects to receive monthly billing statements based on the interest calculation selected below:

**Actual Interest**

I elect for the Servicer to prepare my monthly billing statements based on actual known interest rates. Due to the timing of interest rate publication, I understand that in some cases I may not receive the billing statement on the normal billing date set forth in the Freddie Mac Reimbursement Agreement, and that I may receive such statement as late as the date on which my payment to the Servicer is required to be received by Freddie Mac. I further agree to promptly remit payment to the Servicer via wire transfer, in some cases on the same day that the billing statement is received, in order to comply with the terms of the Reimbursement Agreement. Billing statements should be sent to the following e-mail address(es).

**Estimated Interest**

I elect for the Servicer to prepare my monthly billing statements based on the terms set forth in the Freddie Mac Reimbursement Agreement, which states that for days where the weekly interest rate is unpublished prior to the billing date, the Servicer will prepare its billing statement by estimating that rate, which estimate will be equal to the last known rate plus the number of additional basis points set forth in the Reimbursement Agreement. Any resulting excess funds paid by me and collected by the Servicer will be held by the Servicer and will be credited toward my payment obligations set forth in the following month's statement.

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_