

Case No. 83214

IN THE SUPREME COURT OF NEVADA

SFR INVESTMENTS POOL 1, LLC, A
NEVADA LIMITED LIABILITY
COMPANY,

Appellant,

vs.

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION, A
NATIONAL ASSOCIATION,
Respondent.

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Elizabeth A. Brown
Clerk of Supreme Court

APPEAL

from the Eighth Judicial District Court, Clark County
The Honorable JESSICA PETERSEN, District Judge
District Court Case No. A-13-692304-C

APPELLANT APPENDIX VOLUME 7

Respectfully submitted by:

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The undersigned does hereby affirm that this document submitted for recording does not contain personal information about any person.

Parcel #: 177-24-514-043

When Recorded Mail To:
JPMorgan Chase Bank, NA
C/O NTC 2100 Alt. 19 North
Palm Harbor, FL 34683

Loan #: 5303775687

Inst #: 201308230002507
Fees: \$18.00
N/C Fee: \$0.00
08/23/2013 01:16:00 PM
Receipt #: 1745305
Requestor:
NATIONWIDE TITLE CLEARING
Recorded By: MJM Pgs: 2
DEBBIE CONWAY
CLARK COUNTY RECORDER



CORPORATE ASSIGNMENT OF DEED OF TRUST

Contact JPMORGAN CHASE BANK, N.A. for this instrument 780 Kansas Lane, Suite A, Monroe, LA 71203, telephone # (866) 756-8747, which is responsible for receiving payments.

FOR GOOD AND VALUABLE CONSIDERATION, the sufficiency of which is hereby acknowledged, the undersigned, MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., ITS SUCCESSORS AND ASSIGNS, WHOSE ADDRESS IS PO BOX 2026, FLINT, MI, 48501, (ASSIGNOR), by these presents does convey, grant, assign, transfer and set over the described Deed of Trust with all interest secured thereby, all liens, and any rights due or to become due thereon to JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, WHOSE ADDRESS IS 700 Kansas Lane, MC 8000, MONROE, LA 71203 (866)756-8747, ITS SUCCESSORS OR ASSIGNS, (ASSIGNEE).

Said Deed of Trust made by ROBERT M. HAWKINS AND CHRISTINE V. HAWKINS, and recorded on 06/12/2006 as Instrument # 20060612-0003526, and/or Book n/a, Page n/a, in the Recorder's office of CLARK County, Nevada.

Dated on 08 / 08 / 2013 (MM/DD/YYYY)

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC. AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., ITS SUCCESSORS AND ASSIGNS

By:

Joshua J. Brazil
Joshua J. Brazil
ASST. SECRETARY

JPCAS 21206909 -- WAMU CJ5316992 MIN 100013800898380072 MERS PHONE 1-888-679-6377
T0613082215 [C] FRMNV1



D0002806519

Parcel #: 177-24-514-043

Loan #: 5303775687



STATE OF LOUISIANA
PARISH OF OUACHITA

On 08 / 08 / 2013 (MM/DD/YYYY), before me appeared Latochia S Brazil
to me personally known, who did say that he/she/they is/are the ASST. SECRETARY of MORTGAGE
ELECTRONIC REGISTRATION SYSTEMS, INC. AS NOMINEE FOR GREENPOINT MORTGAGE
FUNDING, INC., ITS SUCCESSORS AND ASSIGNS and that the instrument was signed on behalf of the
corporation (or association), by authority from its board of directors, and that he/she/they acknowledged the
instrument to be the free act and deed of the corporation (or association).

Signed: Heleen P. Tubbs
Heleen P. Tubbs
Notary Public - State of LOUISIANA
Commission expires: Upon My Death

HELEN P. TUBBS
OUACHITA PARISH, LOUISIANA
LIFETIME COMMISSION
NOTARY ID# 40382

Prepared By: E.Lance/NTC, 2100 Alt. 19 North, Palm Harbor, FL 34683 (800)346-9152
JPCAS 21206909 - WAMU CJ5316992 MIN 100013800898380072 MERS PHONE 1-888-679-6377
T0613082215 [C] FRMNV1



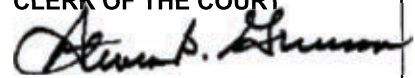
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Ex. B

EXHIBIT B

Judge Bell - Decision and
Order

Ex. B



1 DAO

2 EIGHTH JUDICIAL DISTRICT COURT

3 CLARK COUNTY, NEVADA

4 RIVER GLIDER AVENUE TRUST,

5 Plaintiff,

6 vs.

7 CITIMORTGAGE, INC.; CAL-WESTERN RECONVEYANCE
8 CORPORATION; AND ERIK M. DUNCAN.

9 Defendants.

Case No. A-13-680532-C

Dept. No. VII

10 CITIMORTGAGE, INC.,

11 Counterclaimant,

12 vs.

13 RIVER GLIDER AVENUE TRUST,

14 Cross/Counter-defendants.
15

16 **DECISION AND ORDER**

17 This case involves a dispute concerning title priority to the real property located at 336 River
18 Glider Ave., North Las Vegas, NV 89084, under a non-judicial homeowners association foreclosure.
19 Plaintiff River Glider Avenue Trust filed a complaint asserting quiet title and declaratory relief
20 claims against Defendants Citimortgage, Inc., Cal-Western Reconveyance Corporation, and Erik M.
21 Duncan. Citimortgage brought counterclaims for quiet title, declaratory relief, and unjust enrichment
22 against River Glider. This matter came before the Court for a bench trial on November 29, 2017.
23 The Court finds that CitiMortgage failed to tender the superpriority lien amount to The Parks
24 Homeowners Association to preserve Citimortgage's interest in the property. Accordingly, the NRS
25 116 foreclosure sale extinguished Citimortgage's interest in the property. The Court finds in favor of
26 Plaintiff River Glider Avenue Trust.
27
28

LINDA MARIE BELL
DISTRICT JUDGE
DEPARTMENT VII

JAN 29 2018

I. Findings of Fact

Erik Duncan is the former owner of 336 River Glider Avenue, North Las Vegas, NV 89084. Mr. Duncan obtained a home loan refinance for \$149,700.00 in January 2004. The refinance was secured by a deed of trust recorded on January 22, 2004. The deed of trust stated that Mortgage Electronic Registration System, Inc. ("MERS") was the beneficiary and nominee for the lender, Home Loan Center, Inc. The trustee was listed as Nevada Title Company.

Mr. Duncan failed to pay the homeowners' association monthly assessments. On April 25, 2011, Fuller Jenkins, as an agent for the HOA, recorded a lien notice against the property. Fuller stated in the lien notice that the total amount due was \$1,088.66, which included assessments, costs, fees, expenses, and advances. The lien notice did not specify the superpriority amount. Fuller on behalf of the HOA recorded a notice of default stating the amount due was \$1,948.35, including assessments, costs, fees, expenses, and advances. On November 1, 2011, Fuller recorded a notice of sale stating that the amount due to the HOA was \$3,573.09, including assessments, costs, fees, expenses, and advances. Every notice included an amount equal to at least nine months of homeowner monthly assessments without applicable additional amounts. The notice of sale stated that the HOA foreclosure sale was set for November 28, 2011. Fuller stated in the foreclosure deed that the November 28, 2011 sales price to River Glider was \$3,574.00.

The buyer at the sale was River Glider Avenue Trust. River Glider represented that it had no knowledge of the property prior to the sale other than what was recorded. Citimortgage received the notice of default and notice of sale prior to the sale. Citimortgage did not contact the HOA or Fuller to determine the superpriority lie amount and that it did not attend the sale. The foreclosure deed was recorded on January 4, 2012. This current action results from Citimortgage recording a notice of default and election to sell in contradiction to River Glider's position that Citimortgage's deed of trust was extinguished in the HOA foreclosure sale.

II. Conclusions of Law

River Glider brought claims for quiet title and declaratory relief. Citimortgage brought counterclaims for quiet title, declaratory relief, and unjust enrichment against River Glider. Each party's claims primarily center on the Court's determination of whether the HOA's foreclosure sale

1 was validly conducted and whether the deed of trust survived the foreclosure sale. Each party's
2 claims are dispositive on whether Fannie Mae had a valid interest in the property and if so if the
3 federal foreclosure bar preserves the deed of trust.

4 The deed of trust did not survive foreclosure sale. Citimortgage failed to protect its interest in
5 the property by failing to tender the superpriority lien amount on the property to the HOA.
6 Moreover, the HOA lawfully exercised its right to foreclose on the property under NRS 116 and
7 properly conducted the sale to extinguish the Citimortgage's interest in the property. There is no
8 evidence demonstrative that River Glider was not a bona fide purchaser. River Glider lawfully
9 purchased the property at the foreclosure sale subject to no prior interest. Further, Citimortgage did
10 not establish that Frannie Mae had a valid cognizable property interest in the Property.
11 Consequently, there is no application of the federal foreclosure bar that would preserve the deed of
12 trust. This Court quiets title in River Glider's favor.

13 **A. The Sale Complied with NRS Chapter 116**

14 Nevada Revised Statute 116.31162 provides the procedural requirements regarding
15 notices for HOAs seeking to secure a lien for unpaid assessments and fees. These requirements
16 include who must receive notice, method of notice, timing and recording requirements that put the
17 owner and any subsequent parties on notice that the property is subject to a homeowner association
18 lien. The HOA properly recorded a lien notice against the property; a notice of default; a notice of
19 sale; and a foreclosure deed. The HOA timely mailed, posted the required notices on the property
20 and in public places, and published in the Nevada Legal News. Every notice included an amount
21 equal to at least nine months of homeowner monthly assessments without applicable additional
22 amounts.
23
24

25 **i. The Default and Sale was Noticed Properly Pursuant to NRS Chapter**
26 **116**

27 Citimortgage admits that it received the notice of default and sale. The Clark
28 County Recorder records also show that all required recording requirements were met. Testimony by

Fuller Jenkins's sales trustee, Adam Clarkson, evidenced that the notices were mailed to the owner and other statutorily prescribed parties, including MERS, the beneficiary under the deed of trust. Citimortgage did not present any evidence contrary to River Glider's assertion that the notice provisions under NRS Chapter 116 were met.

ii. A Superpriority Lien Amount is Not Required to Be Specified in the Default and Sale Notices

The Nevada Supreme Court found that when an HOA sends notices regarding its lien to the homeowner and junior lienholds, it is "appropriate to state the total amount of the lien." SFR Investments Pool 1 v. U.S. Bank, 334 P.3d 408, 418 (2014), reh'g denied (Oct. 16, 2014). There is no requirement that homeowners association itemize the superpriority amount. Chapter 116 provides that provisions may be varied by agreement and, but that rights provided by Chapter 116 cannot be waived. The Nevada Supreme Court specifically rejected that the CC&R's can vary a statutory scheme. SFR at 419. These findings are especially true in cases where "nothing appears to have stopped [the holder of a deed of trust] from determining the precise superpriority amount in advance of the sale." SFR at 418.

Here, the HOA's notices state the total amount of the total lien without a breakdown of the superpriority lien. This is appropriate under Nevada law. The Court finds that Citimortgage's argument that the superpriority portion must be listed specifically is incorrect. The notices put Citimortgage on notice that Citimortgage's interest could be extinguished and is makes Citimortgatge's lack of attempt to contact the HOA or tender the superpriority amount more indicative of a finding that Citimortgage's interest was extinguished in the HOA foreclosure sale.

C. Citimortgage Did Not Make a Tender

Nevada Revised Statute Chapter 116 provides that a deed of trust can be extinguished under an HOA foreclosure for superpriority lien amount consisting of the last nine months of unpaid HOA dues and maintenance and nuisance-abatement charges, is 'prior to' a first deed of trust." SFR Investments Pool 1 v. U.S. Bank, 334 P.3d 408, 411, 419 (Nev. 2014). Specifically, "[t]he sale of a unit pursuant to NRS 116.31162, 116.31163 and 116.31164 vests in the purchaser the title of the unit's owner without equity or right of redemption." NRS 116.31166(3); see also SFR v. U.S. Bank,

334 P.3d 408, 412 (Nev. 2014). The deed of trust can be preserved if an unconditional tender offer for nine months of homeowner monthly assessments is made, even if unjustly rejected by the homeowners association.

A junior lienholder can pay off a homeowner association's lien to avoid the loss of its security. Id. at 414. Tender is "an offer of payment that is coupled either with no conditions or only with conditions upon which the tendering party has a right to insist." Fresk v. Kraemer, 99 P.3d 282, 286-7 (Or. 2004). Tender is satisfied where there is "an offer to perform a condition or obligation, coupled with the present ability of immediate performance, so that if it were not for the refusal of cooperation by the party to whom tender is made, the condition or obligation would be immediately satisfied." 15 Williston, A Treatise on the Law of Contracts, § 1808 (3d. ed. 1972). Tender extinguishes a superpriority lien, even if the tender is unjustifiably rejected. After tender of the superpriority amount, sale of the property is subject to any prior-recorded deed of trust. Stone Hollow Avenue Trust v. Bank of America Nat'l Ass'n, 382 P.3d 911 (Nev. 2016).

Citimortgage received notice that failing to satisfy the superpriority lien could result in a foreclosure sale that would extinguish the deed of trust. Citimortgage never contacted Fuller or the HOA to inquire about satisfaction and failed to tender the superpriority portion of the lien amount to the HOA. Without a valid offer to tender, the deed of trust was consequently extinguished upon the HOA's foreclosure sale.

D. Citimortgage Failed to Exhaust Legal Remedies

Although Citimortgage was on notice that it could have its deed of trust extinguished, nothing further was done to prevent that result. The Nevada Supreme Court has held that a bank must suffer having its interest extinguished when a bank failed to avail itself of its legal remedies prior to a homeowner association's sale. SFR at 414. The Nevada Supreme Court has also held that there are remedies that are available to a bank during and up to the conclusion of the sale, including attending the sale, requesting arbitration, and seeking to enjoin the sale. Shadow Wood HOA v. N.Y. Cmty. Bancorp., 366 P.3d 1105, 1114 (Nev. 2016). Citimortgage did not attend the sale, request arbitration, or otherwise do anything to avail itself to legal remedies available to it.

E. River Glider is a Bona Fide Purchaser

Citimortgage argues that River Glider is not a bona fide purchaser. A bona fide purchaser is a subsequent purchaser “for a valuable consideration and without notice of the prior equity, and without notice of facts which upon diligent inquiry would be indicated and from which notice would be imputed to him, if he failed to make such inquiry.” Shadow Wood at 1115. Citimortgage only disputes River Glider’s bona fide purchaser status in regards to notice because River Glider paid \$3,574.00 as valuable consideration.

Even finding of bona fide purchaser status, the Court must balance competing equities. Id. at 1114, 1116. The Court considers the actions and inactions of the parties when considering the potential harm an order will cause to bona fide purchasers. Id. A party can “demonstrate that the equities swayed so far in its favor as to support setting aside [the HOA] foreclosure sale,” even if it will negatively impact a bona fide purchaser. Id. at 1116.

i. A Homeowners’ Association’s CC&Rs Cannot Vary a State Statute

Citimortgage argues that River Glider is not a bona fide purchaser because the CC&Rs placed River Glider on notice. The CC&Rs stated that a foreclosure sale would not extinguish a first deed of trust. A homeowners’ association’s CC&Rs cannot waive NRS Chapter 116’s statutory rights. SFR at 419.

ii. River Glider was Only On Notice of Citimortgage’s Interest

A first deed of trust is extinguished in a homeowner association foreclosure sale unless the deed holder tenders the superpriority lien. The superpriority lien was not tendered and consequently Citimortgage’s interest was extinguished. It is the bank’s burden to show that a purchaser was on notice that there was a possible dispute regarding the deed of trust. Shadow Wood HOA v. N.Y. Cmty. Bancorp., 366 P.3d 1105, 1112 (Nev. 2016). The deed of trust being recorded does not put River Glider on notice that a dispute has arisen regarding Citimortgage and the HOA because Citimortgage did not avail itself of any legal remedies prior to the sale. Further, Citimortgage did not establish that River Glider’s bankruptcy proceedings evidenced that it was on notice that it would not take the property free and clear.

1 **iii. River Glider's Bankruptcy Proceedings Does Not Preclude River Glider**
2 **from Exercising Its Rights Under NRS Chapter 116**

3 Citimortgage asserts that River Glider is precluded from its rights as a bona
4 fide purchaser under NRS Chapter 116 because of River Glider's bankruptcy proceedings.
5 Citimortgage asserts that River Glider admits that it was not a bona fide purchaser because it listed
6 the property as an asset that may have another claimant. Citimortgage also argues that the
7 bankruptcy dismissal results in the instant matter triggering judicial estoppel.

8 **a. River Glider's Listing of a Potential Claim in Bankruptcy is not**
9 **an Admission**

10 To receive the protections of bankruptcy, a debtor must list any and all
11 potential claims to the assets of the bankruptcy estate in its schedules. A debtor is required to do so
12 to put any potential claimants on notice that their interests may be extinguished in a bankruptcy
13 proceeding and gives opportunity for a claimant to raise an adversary complaint. Here, River Glider
14 listed Citimortgage as a potential claimant because they had been on the deed of trust. Listing a
15 claimant is not an admission, but merely a mechanism to put potential parties on notice.

16 **b. Judicial Estoppel is Not Applicable**

17 Citimortgage further argues that the Court is precluded from
18 adjudicating the property under judicial estoppel but the factors for judicial estoppel are not
19 established. Judicial estoppel requires: 1) the same parties taking two positions; 2) the positions
20 taken in judicial or quasi-judicial administrative proceedings; 3) the party successful in asserting the
21 first position; 4) the positions are inconsistent; and 5) the first position was not taken as a result of
22 ignorance, fraud, or mistake. Marcuse v. Del Webb Communities, Inc., 163 P. 3d at 468-469 (Nev.
23 2007). Here, judicial estoppel does not apply because River Glider was under an obligation to list
24 any potential claim on its bankruptcy schedules. The bankruptcy court did not make a finding as to
25 the property as River Glider's bankruptcy was dismissed, not discharged. Consequently, River
26 Glider nor Citimortgage was successful in asserting their position and the issue is ripe for this Court
27 to adjudicate under NRS Chapter 116.

28 ///

F. Commercial Unreasonableness is Not a Reason for Inquiry

Foreclosure sales conducted pursuant to NRS Chapter 116 have a rebuttable presumption of validity. For a sale to be set aside, Nevada requires a showing of fraud, oppression, or unfairness to set aside a sale. Golden v. Tomiyasu, 387 P.2d 989, 995 (Nev. 1963).

i. Citimortgage Does Not Establish the Sale as Invalid Because there is No Evidence of Fraud, Oppression, or Unfairness

Citimortgage argues that the foreclosure sale for the property was commercially unreasonable because the property was only sold for \$3,574.00 when Citimortgage presented expert testimony that the fair market value at the time of the foreclosure was \$72,500.00. The Nevada Supreme Court has held that commercial unreasonableness is not an inquiry because HOA real property foreclosure sales are not evaluated under Article 9's standard. Nationstar Mortgage, LLC. v. Saticoy Bay LLC Series 2227 Shadow Canyon, 405 P.3d 641, 646 (Nev. 2017). Rather, Nevada requires evidence of fraud, oppression, or unfairness to set aside a sale. Golden, 995. The Nevada Supreme Court has additionally clarified that a low sales price alone is not evidence of fraud, oppression, or unfairness. Shadow Wood at 1112 (Nev. 2016). It appears that the HOA sale was a customary sale in accordance with the statute. As Citimortgage did not otherwise present any evident supporting allegations of fraud, oppression or unfairness it is concluded that the sale conducted fairly and properly. Consequently, the foreclosure sale extinguished Citimortgages's interest in the property was validly conducted.

G. The Federal Foreclosure Bar Cannot Be Invoked to Protect an Unknown Interest

Citmortgage alleges that the federal foreclosure bar prevents the extinguishment of the deed of trust because of preemption. The federal foreclosure bar under 12 U.S.C. Sec. 4617(b)(2) acts to bar any nonconsensual limitation or extinguishment through foreclosure of any interest in property held by Fannie Mae while in conservatorship. The federal foreclosure bar preempts the state foreclosure statute that would otherwise permit the HOA's foreclosure of its superpriority lien to extinguish the Enterprises' interest in property while the Enterprises are under

1 FHFA's conservatorship. Berezovsky v. Moniz, 869 F.3d 923, 930-31 (9th Cir. 2017).
2 Citimortgage's arguments fail primarily because it is not able to demonstrate that Fannie Mae owned
3 the property at the time of the sale.

4 **i. A Transfer of Property Ownership Must Satisfy the Statute of**
5 **Frauds**

6 Citimortgage alleges Fannie Mae's ownership prevents extinguishment of
7 Citimortgage's interest. The federal foreclosure bar operates when a federal interest is established.
8 12 U.S.C. Sec. 4617(j)(3). Under the federal foreclosure bar, "No property of the agency shall be
9 subject shall be subject to levy, attachment, garnishment, foreclosure, or sale without the consent of
10 the Agency, nor shall any involuntary lien attach to the property of the Agency." 12 U.S.C. Sec.
11 4617(j)(3). Without evidence sufficient to support a finding of Fannie Mae's property interest, state
12 law is used to establish property interests. "The existence of property rights is an issue controlled by
13 state law." Peoples National Bank of Washington v. Unites States, 777 F.2d 459, 461 (9th Cir.
14 1985). Here, no evidence exists to support a finding that Fannie Mae had an established interest.
15 Fannie Mae's expert, Graham Babbin testified Fannie Mae's ownership proof resides in a computer
16 database maintained solely by Fannie Mae. Mr. Babbin explained that Fannie Mae's interest data is
17 not entered by Fannie Mae employees, but that this data is entered by third-parties. There is no
18 writing signed by Fannie Mae evidencing Fannie Mae's ownership. Nevada law requires that
19 property interest be recorded. NRS 111.315. Pursuant to Nevada law, unrecorded conveyances are
20 void against bona fide purchasers. NRS 111.315 and 111.325. Fannie Mae never recorded an
21 interest in this property. Additionally, at the time of trial Fannie Mae failed to provide sufficient
22 evidence to support a finding that Fannie Mae owned the property.

23 **ii. Fannie Mae/FHFA Fail to Establish a Property Interest**

24 Fannie Mae's expert, Graham Babbin, testified that Fannie Mae purchases
25 hundreds of thousands of single family mortgages. Fannie Mae assists in stabilizing the housing
26 market by providing government back security to loans. Some of the loans are packaged and sold in
27 a pool to investors. The loan however is between the lending institution and borrower, with Fannie
28 Mae owning the note and the deed of trust. Citimortgage presented evidence consisting of a signed

1 transfer to an unstated person/entity that was not signed by Fannie Mae. This blank endorsement
2 does not evidence Fannie Mae's interest. Fannie Mae's interest is not listed anywhere in a writing.
3 Any indication of Fannie Mae's interest rests on third-party data entry entered by approved sellers
4 and resides in a computer application. The accuracy of the data on this computer application rests
5 solely with the entry of an approved seller who does not work within Fannie Mae. This data is not
6 accessible or searchable to any potential buyers that would put third-parties on notice, such as River
7 Glider. Pursuant to Fannie Mae/FHFA's servicing guideline in the year the sale occurred, the
8 remedy available to Fannie Mae/FHFA is against Citimortgage as the loan servicer for failing to act
9 to protect Fannie Mae/FHFA's interest. Consequently, when a bona fide purchaser buys a property
10 where Fannie Mae/FHFA's interest is not recorded and the sale complies with NRS Chapter 116, it
11 leaves Fannie Mae/FHFA with a remedy against Citimortgage, not the bona fide purchaser.

12 **H. Federal Foreclosure Bar Claims Raised by Citimortgage are Barred by the**
13 **Statute of Limitations**

14 River Glider contends any claim arising from the federal foreclosure bar is time
15 barred. Federal foreclosure bar claims have an applicable statute of limitations of either six years or
16 three years, depending on how the claim originates. 12 U.S.C. Sec. 4617(b)(12). A six year statute
17 of limitations applies to action arising from a contract claim and a three year statute of limitations
18 for actions arising from a tort claim. As there is no contract between HERA, Fannie Mae, or
19 Citimortgage and River Glider, the three year statute of limitation applies. Here, the sale date was
20 November 11, 2011. No assertion of a federal foreclosure bar was raised until May 15, 2015.
21 Consequently, the allegation of a federal foreclosure bar action under 12 U.S.C. Sec. 4617(j)(3) is
22 time barred.

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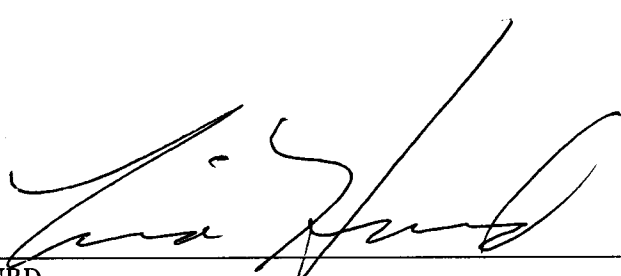
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LINDA MARIE BELL
DISTRICT JUDGE
DEPARTMENT VII

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the date of filing, a copy of this Order was electronically served through the Eighth Judicial District Court EFP system or, if no e-mail was provided, by facsimile, U.S. Mail and/or placed in the Clerk's Office attorney folder(s) for:

Name	Party
Richard J. Vilkin, Esq. Geisendorf & Vilkin, PLLC	Counsel for Plaintiff/Counterdefendant River Glider Avenue Trust
Ariel E. Stern, Esq. Natalie Winslow, Esq. Akerman LLP	Counsel for Defendants CitiMortgage, Inc., Cal-Western Reconveyance Corporation


TINA HURD
JUDICIAL EXECUTIVE ASSISTANT, DEPARTMENT VII

AFFIRMATION

Pursuant to NRS 239B.030

The undersigned does hereby affirm that the preceding Decision and Order filed in District Court case number A680532 DOES NOT contain the social security number of any person.

/s/ Linda Marie Bell Date 12/6/2018
District Court Judge

Ex. C

EXHIBIT C

Stipulation to Remand

Ex. C

IN THE SUPREME COURT OF NEVADA

JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION, a
national association,

Appellant,

v.

SFR INVESTMENTS POOL 1, LLC, a
Nevada limited liability company,

Respondent.

Supreme Court No. 71337

Electronically Filed
Sep 19 2017 11:10 a.m.
Elizabeth A. Brown
Clerk of Supreme Court

STIPULATION TO REMAND

Appellant JPMorgan Chase Bank, National Association (“Chase”) and respondent SFR Investments Pool 1, LLC (“SFR” and together with Chase, the “Parties”) stipulate as follows:

1. This appeal arises from a quiet title action involving property at 3263 Morning Springs Drive, Henderson, Nevada 89074 (the “Property”).
2. The Pebble Canyon Homeowners Association purportedly foreclosed against the Property on March 1, 2013 pursuant to a lien for delinquent assessments.
3. Chase seeks a declaration that a Deed of Trust recorded against the Property survived the foreclosure sale. SFR seeks a declaration that the Deed of Trust was extinguished.

4. Before the district court, Chase argued (among other things) that it was servicing the loan secured by the Deed of Trust on behalf of the Federal Home Loan Mortgage Corporation (“Freddie Mac”), which owned the loan. Chase further argued that 12 U.S.C. § 4617(j)(3) preempted Nevada law to the extent that Nevada law would allow an HOA foreclosure sale to extinguish a Deed of Trust securing a loan owned by Freddie Mac.

5. SFR argued (among other things) that Chase lacked standing to assert that § 4617(j)(3) preempted Nevada law. The district court entered summary judgment for SFR, and Chase appealed to this Court.

6. The district did not consider whether 12 U.S.C. § 4617(j)(3) preempts Nevada law, whether Freddie Mac owned the loan at the time of the sale, or whether Chase was servicing the loan at the time of the sale.

7. On June 22, 2017, this Court issued its opinion in Nationstar Mortg., LLC v. SFR Invs. Pool 1, LLC, 133 Nev. Adv. Op. 34, 396 P.3d 754 (2017), holding that a loan servicer has standing to argue that 12 U.S.C. § 4617(j)(3) preempts Nevada law.

8. Although Chase’s appeal divested the district court of jurisdiction over the summary judgment order, the district court may certify its intent to vacate the order. Thereafter, this Court may remand the case to allow the district court to

vacate the order. See Foster v. Dingwall, 126 Nev. 56, 228 P.3d 453 (2010); Huneycutt v. Huneycutt, 94 Nev. 79, 575 P.2d 585 (1978).

9. Attached hereto as Exhibit A is a *Stipulation Requesting Reconsideration and Certification* that the Parties filed with the district court, together with the district court's *Certification of Intent to Vacate Order Granting SFR Investments Pool 1, LLC's Motion for Summary Judgment*.

10. The Parties agree that this appeal should be dismissed without prejudice and that the case should be remanded for proceedings consistent with the district court's certification.

11. The Parties further agree that Chase may reinstate this appeal if the district court fails to vacate the summary judgment order.

12. The Parties further agree they will each bear their own fees and costs for this appeal.

Dated: September 19, 2017.

Dated: September 19, 2017.

BALLARD SPAHR LLP

KIM GILBERT EBRON

By: /s/ Matthew D. Lamb
Abran E. Vigil
Nevada Bar No. 7548
Matthew D. Lamb
Nevada Bar No. 12991
100 N. City Pkwy., Ste. 1750
Las Vegas, Nevada 89106

By: /s/ Jacqueline A. Gilbert
Jacqueline A. Gilbert
Nevada Bar No. 10593
7625 Dean Martin Drive, Ste. 110
Las Vegas, Nevada 89139

Attorneys for Respondent

Attorneys for Appellant

CERTIFICATE OF SERVICE

I certify that on September 19, 2017, I filed the foregoing *Stipulation to Remand*. The following participants will be served electronically:

Jacqueline A. Gilbert
KIM GILBERT EBRON
7625 Dean Martin Drive, Suite 110
Las Vegas, NV 89139

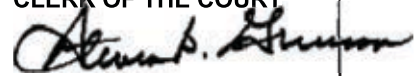
Counsel for Respondent

/s/ Sarah Walton

An employee of Ballard Spahr LLP

EXHIBIT A

EXHIBIT A



1 **SAO**

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8 priesth@ballardspahr.com

9 *Attorneys for Plaintiff/Counter-*
10 *Defendant JPMorgan Chase Bank,*
N.A.

11 **DISTRICT COURT**

12 **CLARK COUNTY, NEVADA**

13 JPMORGAN CHASE BANK, NATIONAL
14 ASSOCIATION, a national association,

15 Plaintiff,

16 vs.

17 SFR INVESTMENTS POOL 1, LLC, a
18 Nevada Limited Liability company; DOES
19 1 through 10; and ROE BUSINESS
20 ENTITIES 1 through 10, inclusive;

21 Defendants.

22 SFR INVESTMENTS POOL 1, LLC a
23 Nevada limited liability company,

24 Counter-Claimant,

25 vs.

26 JPMORGAN CHASE BANK N.A.,
27 NATIONAL ASSOCIATION, a national
28 association; ROBERT M. HAWKINS, an
individual; CHRISTINE V. HAWKINS, an
individual; DOES 1 10; and ROE
BUSINESS ENTITIES 1 through 10,
inclusive;

Counter-Defendants.

CASE NO. A-13-692304-C

DEPT. NO. XXIV

1 **STIPULATION REQUESTING RECONSIDERATION AND CERTIFICATION**

2 Plaintiff/Counter-Defendant JPMorgan Chase Bank, National Association
3 ("Chase") and Defendant/Counter-Claimant SFR Investments Pool 1, LLC ("SFR" and
4 together with Chase, the "Parties") stipulate as follows:

5 1. This is a quiet title action arising from a foreclosure sale of a residential
6 property at 3263 Morning Springs Drive, Henderson, Nevada 89074 (the "Property").

7 2. Chase seeks a declaration that a Deed of Trust recorded against the
8 Property as Instrument 20060612-0003526 survived an HOA foreclosure sale of the
9 Property held on March 1, 2013. SFR seeks a declaration that the Deed of Trust was
10 extinguished.

11 3. SFR filed a Motion for Summary Judgment on July 7, 2016. Chase filed
12 an opposition on July 26, 2016 and SFR filed a reply on August 1, 2016.

13 4. Chase argued that, at the time of the foreclosure sale, it was servicing
14 the loan secured by the Deed of Trust on behalf of the Federal Home Loan Mortgage
15 Corporation ("Freddie Mac"), which owned the loan. Chase further argued that
16 U.S.C. § 4617(j)(3) preempted Nevada law to the extent that Nevada law would allow
17 an HOA foreclosure sale to extinguish a Deed of Trust securing a loan owned by
18 Freddie Mac or the Federal National Mortgage Association ("Fannie Mae").

19 5. SFR argued, among other things, that Chase lacked standing to assert
20 that 12 U.S.C. § 4617(j)(3) preempted Nevada law.

21 6. The Court granted SFR's Motion for Summary Judgment in an order
22 filed August 23, 2016.

23 7. Chase filed a notice of appeal on September 16, 2016. The appeal
24 remains pending before the Nevada Supreme Court.

25 8. On June 22, 2017, the Nevada Supreme Court issued its opinion in
26 Nationstar Mortg., LLC v. SFR Invs. Pool 1, LLC, 133 Nev. Adv. Op. 34, 396 P.3d 754
27 (2017), holding that a loan servicer has standing to argue that 12 U.S.C. § 4617(j)(3)
28 preempts Nevada law. The Supreme Court remanded the matter without addressing

1 whether 12 U.S.C. § 4617(j)(3) preempts Nevada law, as the district court in
2 Nationstar had not considered the issue.

3 9. The Supreme Court remanded the Nationstar case to allow the district
4 court to consider whether 12 U.S.C. § 4617(j)(3) preempts Nevada law, whether
5 Freddie Mac owned the loan in question, and whether the servicer in Nationstar was
6 servicing the loan at the time of the sale.

7 10. The Parties agree that the summary judgment in this case should also
8 be vacated so the Court may determine (1) whether 12 U.S.C. § 4617(j)(3) preempts
9 Nevada law when the Federal Housing Finance Administration ("FHFA") is acting as
10 conservator over Freddie Mac, (2) whether, at the time of the HOA foreclosure sale,
11 Freddie Mac had a valid and enforceable property interest; and (3) whether Chase
12 had a servicing agreement with Freddie Mac or FHFA with regard to the subject loan
13 at the time of the sale.

14 11. The Parties agree that the other aspects of the Court's summary
15 judgment will remain in place, provided that the Parties will retain the right to
16 challenge all aspects of the summary judgment in any future appeal.

17 12. The Parties agree that, if the Nevada Supreme Court remands the case,
18 the Parties will submit a stipulation to this Court within 7 days of the Nevada
19 Supreme Court's remand order with proposed deadlines for dispositive motions
20 addressing the issues listed in Paragraph 10.

21 13. Although Chase's appeal divested the Court of jurisdiction over the
22 summary judgment, the Court may certify its intent to vacate the summary judgment
23 to the Nevada Supreme Court. Thereafter, the Supreme Court may remand the case
24 to allow this Court to vacate the summary judgment. See Foster v. Dingwall, 126
25 Nev. Adv. Op. 5, 228 P.3d 453, 454-55 (2010); Huneycutt v. Huneycutt, 94 Nev. 79,
26 575 P.2d 585 (1978).

27 ///

28 ///

1 14. Accordingly, the Parties ask the Court to certify its intent to vacate the
2 August 23, 2016 summary judgment for the purpose of deciding the issues listed in
3 Paragraph 10.

4 Dated: September 8, 2017

Dated: September 8, 2017

5 BALLARD SPAHR LLP

KIM GILBERT EBRON

6 By: [Signature] for 14124
7 Abran E. Vigil
8 Nevada Bar No. 7548
9 Matthew D. Lamb
10 Nevada Bar No. 12991
11 Holly Ann Priest
12 Nevada Bar No. 13226
13 100 N. City Parkway, Suite 1750
14 Las Vegas, Nevada 89106

By: [Signature]
Diana Cline Ebron
Nevada Bar No. 10580
Jacqueline A. Gilbert
Nevada Bar No. 10593
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Las Vegas, Nevada 89139

*Attorneys for Plaintiff/Counter-
Defendant JPMorgan Chase Bank,
National Association*

*Attorneys for Defendant/Counter-
Claimant SFR Investments Pool 1,
LLC*

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CERTIFICATION OF INTENT TO VACATE ORDER GRANTING SFR INVESTMENTS POOL 1, LLC'S MOTION FOR SUMMARY JUDGMENT

Based on the foregoing stipulation between plaintiff/counter-defendant JPMorgan Chase Bank, National Association ("Chase") and defendant/counter-claimant SFR Investments Pool 1, LLC ("SFR"), and good cause appearing,

THE COURT CERTIFIES that if the case on appeal is remanded, it will vacate the August 23, 2016 *Order Granting SFR Investments Pool 1, LLC's Motion for Summary Judgment* for the purpose of deciding the following issues:

- 1) Whether 12 U.S.C. § 4617(j)(3) preempts Nevada law to the extent that Nevada law would permit an HOA foreclosure sale to extinguish a deed of trust securing a loan owned by the Federal Home Loan Mortgage Corporation ("Freddie Mac") while the Federal Housing Finance Administration ("FHFA") is acting as conservator of Freddie Mac;
- 2) Whether, at the time of the HOA foreclosure sale, Freddie Mac had a valid and enforceable property interest; and
- 3) Whether Chase had a servicing agreement with Freddie Mac or FHFA with respect to the subject loan at the time of the sale.

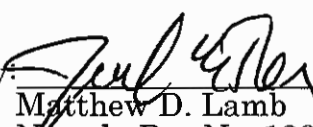
Dated September 14, 2017.


DISTRICT COURT JUDGE

Submitted by:

BALLARD SPAHR LLP

By:

 for 14124
Matthew D. Lamb
Nevada Bar No. 12991
100 N. City Parkway, Suite 1750
Las Vegas, Nevada 89106

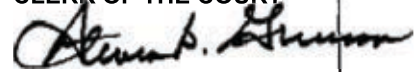
Attorneys for Plaintiff/Counter-Defendant JPMorgan Chase Bank, National Association

Ex. D

EXHIBIT D

Stipulation and Order Requesting
Reconsideration and Certification

Ex. D



1 **SAO**

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Matthew D. Lamb

3 Nevada Bar No. 12991

Holly Ann Priest

4 Nevada Bar No. 13226

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7 vigila@ballardspahr.com

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8 priesth@ballardspahr.com

9 *Attorneys for Plaintiff/Counter-*
10 *Defendant JPMorgan Chase Bank,*
N.A.

11 **DISTRICT COURT**

12 **CLARK COUNTY, NEVADA**

13 JPMORGAN CHASE BANK, NATIONAL
14 ASSOCIATION, a national association,

15 Plaintiff,

16 vs.

17 SFR INVESTMENTS POOL 1, LLC, a
18 Nevada Limited Liability company; DOES
19 1 through 10; and ROE BUSINESS
20 ENTITIES 1 through 10, inclusive;

21 Defendants.

22 SFR INVESTMENTS POOL 1, LLC a
23 Nevada limited liability company,

24 Counter-Claimant,

25 vs.

26 JPMORGAN CHASE BANK N.A.,
27 NATIONAL ASSOCIATION, a national
28 association; ROBERT M. HAWKINS, an
individual; CHRISTINE V. HAWKINS, an
individual; DOES 1 10; and ROE
BUSINESS ENTITIES 1 through 10,
inclusive;

Counter-Defendants.

CASE NO. A-13-692304-C

DEPT. NO. XXIV

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5. SFR argued, among other things, that Chase lacked standing to assert that 12 U.S.C. § 4617(j)(3) preempted Nevada law.

6. The Court granted SFR's Motion for Summary Judgment in an order filed August 23, 2016.

7. Chase filed a notice of appeal on September 16, 2016. The appeal remains pending before the Nevada Supreme Court.

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2 Nationstar had not considered the issue.

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22 summary judgment, the Court may certify its intent to vacate the summary judgment
23 to the Nevada Supreme Court. Thereafter, the Supreme Court may remand the case
24 to allow this Court to vacate the summary judgment. See Foster v. Dingwall, 126
25 Nev. Adv. Op. 5, 228 P.3d 453, 454-55 (2010); Huneycutt v. Huneycutt, 94 Nev. 79,
26 575 P.2d 585 (1978).

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28 ///

1 14. Accordingly, the Parties ask the Court to certify its intent to vacate the
2 August 23, 2016 summary judgment for the purpose of deciding the issues listed in
3 Paragraph 10.

4 Dated: September 8, 2017

Dated: September 8, 2017

5 BALLARD SPAHR LLP

KIM GILBERT EBRON

6 By: Jul 4 K for 14124

By: Jul 4 K for 14124

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LLC*

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CERTIFICATION OF INTENT TO VACATE ORDER GRANTING SFR INVESTMENTS POOL 1, LLC'S MOTION FOR SUMMARY JUDGMENT

Based on the foregoing stipulation between plaintiff/counter-defendant JPMorgan Chase Bank, National Association ("Chase") and defendant/counter-claimant SFR Investments Pool 1, LLC ("SFR"), and good cause appearing,

THE COURT CERTIFIES that if the case on appeal is remanded, it will vacate the August 23, 2016 *Order Granting SFR Investments Pool 1, LLC's Motion for Summary Judgment* for the purpose of deciding the following issues:

- 1) Whether 12 U.S.C. § 4617(j)(3) preempts Nevada law to the extent that Nevada law would permit an HOA foreclosure sale to extinguish a deed of trust securing a loan owned by the Federal Home Loan Mortgage Corporation ("Freddie Mac") while the Federal Housing Finance Administration ("FHFA") is acting as conservator of Freddie Mac;
- 2) Whether, at the time of the HOA foreclosure sale, Freddie Mac had a valid and enforceable property interest; and
- 3) Whether Chase had a servicing agreement with Freddie Mac or FHFA with respect to the subject loan at the time of the sale.

Dated September 14, 2017.


DISTRICT COURT JUDGE

Submitted by:

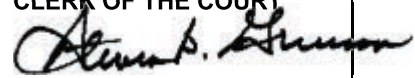
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TAB 26



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DISTRICT COURT
CLARK COUNTY, NEVADA

JPMORGAN CHASE BANK, N.A.,)	
)	CASE NO. A-13-692304-C
Plaintiff,)	
)	DEPT NO. XXIV
vs.)	
)	
SFR INVESTMENTS POOL 1, LLC, a)	
Nevada limited liability company; DOES 1)	
through 10, ROE BUSINESS ENTITIES 1)	
through 10, inclusive,)	
)	
Defendants.)	
<hr/>		
SFR INVESTMENTS POOL 1, LLC a)	
Nevada limited liability company,)	
)	
Counter-Claimant,)	
)	
vs.)	
)	
JP MORGAN CHASE BANK N.A.;)	
ROBERT M. HAWKINS, an individual;)	
CHRISTINE V. HAWKINS, an individual;)	
DOES 1-10 and ROE BUSINESS)	
ENTITIES 1 through 10, inclusive,)	
)	
Counter-Defendant/Cross)	
Defendants.)	

JPMORGAN CHASE BANK, N.A.'S MOTION FOR SUMMARY JUDGMENT

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DATED this 13th day of April, 2018.

By: /s/ Sylvia O. Semper
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BACKGROUND

I. The Secondary Mortgage Market

In 1970, Congress chartered Freddie Mac to facilitate the nationwide secondary mortgage market, and thereby to enhance the equitable distribution of mortgage credit throughout the nation. *See City of Spokane v. Fannie Mae*, 775 F.3d 1113, 1114 (9th Cir. 2014). Congress has confirmed that “the continued ability of [Fannie Mae] and [Freddie Mac] to accomplish their public missions is important to providing housing in the United States and the health of the Nation’s economy.” 12 U.S.C. § 4501. Freddie Mac’s federal statutory charter authorizes it to purchase and deal only in secured “mortgages,” not unsecured loans. *See* 12 U.S.C. §§ 1451(d), 1454; *see also Lightfoot v. Cendant Mortg. Corp.*, 137 S. Ct. 553, 557 (2017) (discussing similarly situated Fannie Mae’s role as a purchaser of mortgages); *Perry Capital LLC v. Mnuchin*, 864 F.3d 591, 599-600 (D.C. Cir. 2017) (same); *FHFA v. Nomura Holding Am., Inc.*, 873 F.3d 85, 105 (2d Cir. 2017) (same); *Perry Capital LLC v. Mnuchin*, 864 F.3d 591, 599-600 (D.C. Cir. 2017) (same).

Freddie Mac has purchased millions of mortgages nationwide, including hundreds of thousands in Nevada. In 2012, “the value of the combined debt and mortgage-related assets of [Fannie Mae and Freddie Mac] along with the Federal Home Loan Banks . . . exceed[ed] \$5.9 trillion” nationwide. *Town of Babylon v. FHFA*, 699 F.3d 221, 225 (2d Cir. 2012). Indeed, “[t]he position held in the home mortgage business by Fannie Mae and Freddie Mac make[s] them the dominant force in the market.” *Id.* Their dominant position continues to today. *See Nomura*, 873 F.3d at 105; *Perry*, 864 F.3d at 599.

Although Freddie Mac owns a large number of mortgage loans through its purchases on the secondary market, it is not in the business of managing the mortgages themselves, such as handling day-to-day borrower communications. Rather, like other investors in loans, Freddie Mac contracts with servicers to act on its behalf, and these servicers often are assigned deeds of trust as record beneficiary to facilitate their efficient management of those loans. *See Cervantes v.*

1 *Countrywide Home Loans, Inc.*, 656 F.3d 1034, 1038-39 (9th Cir. 2011) (describing
2 how loan owners contract with servicers and the servicers' role); Restatement
3 (Third) of Prop.: Mortgages § 5.4 cmt. c ("Restatement") (discussing the common
4 practice where investors in the secondary mortgage market designate their servicer
5 to be assignee of the mortgage); Freddie Mac's Single-Family Seller/Servicer Guide
6 ("Guide") at 1101.2(a) (discussing Freddie Mac's relationship with servicers to
7 manage the loans Freddie Mac purchases).¹ The Nevada Supreme Court has
8 recognized the importance of these relationships by adopting the Restatement
9 approach. *See In re Montierth*, 354 P.3d 648, 650-51 (Nev. 2015). *Montierth* holds
10 that when a loan owner has an agent or contractual relationship with an entity who
11 acts as the beneficiary of record of a deed of trust, the loan owner (though not the
12 recorded beneficiary) maintains a secured property interest. *Id.*

13 Freddie Mac and its servicers also work with Mortgage Electronic
14 Registration System ("MERS"). The Ninth Circuit has noted that while "MERS, as
15 the 'nominee' of the lender and of any assignee of the lender, is designated . . . as
16 the 'beneficiary' . . . under the deed of trust," a "lender *owns* the home loan
17 borrower's . . . promissory note." *In re Mortg. Elec. Registration Sys., Inc.*, 754 F.3d
18 772, 776 (9th Cir. 2014) (emphasis added). The "obvious advantage" of the system
19 is that "it allows residential lenders to avoid the bother and expense of recording
20 every change of *ownership* of promissory notes." *Id.* at 776-77 (emphasis added); *see*
21 *also Higgins v. BAC Home Loans Servicing, LP*, 793 F.3d 688, 689 (6th Cir. 2015)
22 (holding that sale of note to new owner while MERS remains beneficiary of record of

23 ¹ The Guide is publicly available on Freddie Mac's website. An interactive
24 version is available at www.freddiemac.com/singlefamily/guide, and archived prior
25 versions of the Guide are available at [www.freddiemac.com/singlefamily/guide/
bulletins/snapshot.html](http://www.freddiemac.com/singlefamily/guide/bulletins/snapshot.html). While the cited sections of the Guide have been amended
26 over the course of Freddie Mac's ownership of the Loan, none of these amendments
27 have materially changed the relevant sections. A static, PDF copy of the most
28 recent version of the Guide is available at [http://www.allregs.com/tpl/
Viewform.aspx?formid=00051757&formtype=agency](http://www.allregs.com/tpl/Viewform.aspx?formid=00051757&formtype=agency). The Court may take judicial
notice of the Guide. *See, e.g., Berezovsky*, 869 F.3d at 932, n.9 (taking judicial
notice of Freddie Mac's servicing guide); *Charest v. Fannie Mae*, 9 F. Supp. 3d 114,
118 & n.1 (D. Mass. 2014); *Cirino v. Bank of Am., N.A.*, No. CV 13-8829, 2014 WL
9894432, at *7 (C.D. Cal. Oct. 1, 2014).

1 a mortgage does not trigger Kentucky recordation requirement). The true owner of
2 the loan is the lender, its successor, or its assignee—not MERS. *See Cervantes*, 656
3 F.3d at 1039.

4 **II. FHFA and Freddie Mac in Conservatorship**

5 In July 2008, Congress passed the Housing and Economic Recovery Act of
6 2008 (“HERA”), Pub. L. No. 110-289, 122 Stat. 2654 (codified as 12 U.S.C. § 4511 *et*
7 *seq.*), which established FHFA as an independent federal agency with regulatory
8 and oversight authority over Freddie Mac, the Federal National Mortgage
9 Association (“Fannie Mae”), and the Federal Home Loan Banks. In September
10 2008, FHFA placed Freddie Mac and Fannie Mae (together, “the Enterprises”) into
11 conservatorships “for the purpose of reorganizing, rehabilitating, or winding up
12 [their] affairs.” 12 U.S.C. § 4617(a)(2). Congress had authorized the Conservator
13 “to undertake extraordinary economic measures” out of a concern that “a default by
14 Fannie and Freddie would imperil the already fragile national economy.” *Perry*,
15 864 F.3d at 599. Accordingly, Congress granted FHFA an array of powers,
16 privileges, and exemptions from otherwise applicable laws when acting as
17 Conservator. Among these is a section providing that “[n]o property” of FHFA
18 conservatorships “shall be subject to . . . foreclosure . . . without the consent of
19 [FHFA].” 12 U.S.C. § 4617(j)(3).

20 The Conservator has stated that it supports invocation of the Federal
21 Foreclosure Bar by “authorized servicers” such as Chase in litigation such as this
22 one: “FHFA supports the reliance on Title 12 United States Code Section 4617(j)(3)
23 in litigation by authorized servicers of [Freddie Mac] to preclude the purported
24 involuntary extinguishment of [Freddie Mac’s] property interest by an HOA
25 foreclosure sale.” *See* FHFA, Statement on Servicer Reliance on the Housing and
26 Economic Recovery Act of 2008 in Foreclosures Involving Homeownership
27 Associations (Aug. 28, 2015), [http://www.fhfa.gov/Media/PublicAffairs/
28 PublicAffairsDocuments/Authorized-Enterprise-Servicers-Reliance.pdf](http://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Authorized-Enterprise-Servicers-Reliance.pdf).

1 **III. Undisputed Facts Specific to this Case**

2 **A. The Subject Property, Note, and Deed of Trust**

- 3 1. A deed of trust listing Robert M. and Christine V. Hawkins as the borrowers
4 (“Borrowers”); Green Point Mortgage Funding, Inc. as the lender (“Lender”);
5 and MERS, as beneficiary solely as nominee for Lender and Lender’s
6 successors and assigns, was recorded on June 12, 2006 (“Deed of Trust”). *See*
7 Ex. 5, Deed of Trust.² The Deed of Trust granted Lender a security interest in
8 real property known as 3263 Morning Springs Drive, Henderson, Nevada,
9 89074 (the “Property”), to secure the repayment of a loan in the original
10 amount of \$240,000 to the Borrowers (the “Loan”). *Id.*; *See* Ex. 6, Note.
- 11 2. On September 27, 2006, Freddie Mac purchased the Loan thereby becoming
12 successor to the Lender and acquiring ownership of the Deed of Trust and the
13 Note. *See* Ex. 7, Freddie Mac Decl. ¶ 5. Freddie Mac maintained that ownership
14 at the time of the HOA Sale on March 1, 2013. *Id.*
- 15 3. On October 27, 2009, MERS, as nominee for Lender and Lenders successors
16 and assigns, recorded an assignment of the Deed of Trust to Chase. *See* Ex.
17 8, Assignment of Deed of Trust.
- 18 4. At the time of the HOA Sale on March 1, 2013, Chase was the servicer of the
19 Loan for Freddie Mac. *See* Ex. 7, Freddie Mac Decl. ¶ 5; *See* Ex. 4, Chase
20 Declaration ¶ 5d.

21 **B. Freddie Mac’s Contract with Its Servicers, Including Chase**

- 22 5. The relationship between Chase, as the servicer of the Loan, and Freddie
23 Mac, as owner of the Loan, is governed by the Guide, a document central to
24 Freddie Mac’s relationship with servicers nationwide. Among other things,
25 the Guide provides that Freddie Mac’s servicers may act as record
26 beneficiaries for the deeds of trust Freddie Mac owns and requires that

27 ² Chase requests, pursuant to NRS 47.130, that the Court take judicial notice of all recorded documents
28 provided as evidence in this motion, as they are capable of accurate and ready verification based on the
records of the Clark County Recorder, a source whose accuracy cannot reasonably be questioned. *See*
also NRS 52.015. In addition, Chase has provided certified copies of the recorded documents which are
presumed to be true and correct pursuant to NRS 52.125.

servicers assign these deeds of trust to Freddie Mac upon Freddie Mac's demand. *See* Exs. 7-4, 7-5 and 9 (Guides at 1101.2(a); [2012 and 2016 corresponding sections of Guide];

6. Specifically, the Guide provides that:

For each Mortgage purchased by Freddie Mac, the Seller and the Servicer agree that Freddie Mac may, at any time and without limitation, require the Seller or the Servicer, at the Seller's or the Servicer's expense, to make such endorsements to and assignments and recordations of any of the Mortgage documents so as to reflect the interests of Freddie Mac.

Exs. 7-4, 7-5 and 9, (Guide at 1301.10).

7. The Guide also provides that:

The Seller/Servicer is not required to prepare an assignment of the Security Instrument to Freddie Mac. However, *Freddie Mac may, at its sole discretion and at any time, require a Seller/Servicer, at the Seller/Servicer's expense, to prepare, execute and/or record assignments of the Security Instrument to Freddie Mac.*

Exs. 7-4, 7-5 and 9, (Guide at 6301.6) (emphasis added).

8. The Guide authorizes servicers to foreclose on the Deed of Trust on behalf of Freddie Mac. *See, e.g.,* Exs. 7-4, 7-5 and 9, (Guide at 8105.3, 9301.1, 9301.12, 9401.1).

9. Accordingly, the Guide also provides for a temporary transfer of possession of the note when necessary for servicing, including foreclosure. *See* Exs. 7-4, 7-5 and 9 (Guide at 8107.1, 8107.2, 9301.11). However, when in "physical or constructive possession of a Note," the Servicer must "follow prudent business practices" to ensure that the note is "identif[ied] as a Freddie Mac asset." *Id.* at 8107.1(b). Furthermore, when transferring documents in a mortgage file, including a note, the servicer must ensure the receiver acknowledges that the note is "Freddie Mac's property." Exs. 7-4, 7-5 and 9 (Guide at 3302.5).

1 10. The Guide also includes chapters regarding how and when servicers should
2 appear as parties to litigation involving Freddie Mac loans. *See* Guide at
3 9402.2 (“Routine and non-routine litigation”), 9501 (“Selection, Retention and
4 Management of Law Firms for Freddie Mac Default Legal Matters.”).
5 Included among the types of “non-routine” litigation in which servicers may
6 appear as a party to represent loan interests of Freddie Mac is that
7 concerning “[a]ny issue involving Freddie Mac’s conservatorship.” Guide at
8 9402.2.

9 11. The Guide provides that:

10 All documents in the Mortgage file, . . . and all other
11 documents and records related to the Mortgage of whatever
12 kind or description . . . will be, and will remain at all times,
13 the property of Freddie Mac. All of these records and
Mortgage data in the possession of the Servicer are retained
by the Servicer in a custodial capacity only.

14 Exs. 7-4, 7-5 and 9 (Guide at 1201.9).

15 12. The Guide provides that a transferee servicer undertakes all responsibilities
16 under the Guide. *See* Exs. 7-4, 7-5 and 9 Guide at 7101.15(c)).

17 13. Finally, the Guide provides that:

18 When a Transfer of Servicing occurs, the Transferor Servicer
19 may not . . . further endorse the Note, but must prepare and
complete assignments

20 To prepare and complete an assignment of a Security
21 Instrument for a Subsequent Transfer of Servicing for a
22 Mortgage not registered with MERS, the Transferor Servicer
must . . . [a]ssign the Security Instrument to the Transferee
Servicer and record the assignment.

23 Exs. 7-4, 7-5 and 9 (Guide at 7101.6).

24 **C. The HOA Foreclosure Sale and SFR’s Purported Acquisition of the**
25 **Property**

26 14. From August 3, 2012 through September 20, 2012, the HOA recorded a
27 Notice of Delinquent Assessment Lien concerning past-due assessments,
28 followed by a Notice of Default and Election to Sell, and a Notice of

1 Foreclosure Sale against the Property. Exs. 14, 16, 17. Then, on March 1,
2 2013, the HOA foreclosed on its lien and sold the Property to SFR, which paid
3 \$3,700 according to the Foreclosure Deed recorded on March 6, 2013. Ex. 18.
4 15. At no time did the Conservator consent to the HOA Sale extinguishing or
5 foreclosing Freddie Mac's interest in the Property. See Ex. 22 (FHFA's
6 Statement on HOA Super-Priority Lien Foreclosures (Apr. 21, 2015),
7 www.fhfa.gov/Media/PublicAffairs/Pages/Statement-on-HOA-Super-Priority-
8 Lien-Foreclosures.aspx).

9 LEGAL STANDARD

10 "Summary judgment is appropriate . . . when the pleadings, depositions,
11 answers to interrogatories, admissions, and affidavits, if any, that are properly
12 before the court demonstrate that no genuine issue of material fact exists, and that
13 the moving party is entitled to judgment as a matter of law." *Wood v. Safeway, Inc.*,
14 121 P.3d 1026, 1031 (Nev. 2005). "While the pleadings and other evidence must be
15 construed in the light most favorable to the nonmoving party, that party has the
16 burden to 'do more than simply show that there is some metaphysical doubt' as to
17 the operative facts to defeat a motion for summary judgment." *Id.* at 1031 (quoting
18 *Matsushita Elec. Indus. Co. v. Zenith Radio*, 475 U.S. 574, 586 (1986)). The
19 governing law determines which "factual disputes are material and will preclude
20 summary judgment; other factual disputes are irrelevant." *Id.* Accordingly, Nevada
21 courts follow the federal summary judgment standard, not the "slightest doubt"
22 standard previously applicable before *Wood*. *Id.* at 1031, 1037.

23 ARGUMENT

24 **I. The Federal Foreclosure Bar Defeats SFR's Claim to an Interest in the** 25 **Property Free and Clear of the Deed of Trust**

26 **A. The Federal Foreclosure Bar Preempts Contrary State Law**

27 As the Nevada Supreme Court and the Ninth Circuit recently held, the
28 Federal Foreclosure Bar preempts the State Foreclosure Statute that would

1 otherwise permit the HOA's foreclosure of its superpriority lien to extinguish the
2 Enterprises' interest in property while the Enterprises are under FHFA's
3 conservatorship. *Christine View*, 2018 WL 1448731, at *3; *Berezovsky*, 869 F.3d at
4 930-31; *Elmer*, 707 F. App'x at 427-28; *Flagstar*, 699 F. App'x at 658-59. Indeed,
5 nearly thirty related cases in the U.S. District Court of Nevada agree.³ Similarly,
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8

9 ³ See *Skylights v. Byron*, 112 F. Supp. 3d 1145, 1153 (D. Nev. 2015); *Premier*
10 *One Holdings, Inc. v. Fannie Mae*, No. 2:14-cv-02128-GMN-NJK, 2015 WL 4276169
11 (D. Nev. July 14, 2015); *Williston Inv. Grp., LLC v. JP Morgan Chase Bank, NA*,
12 No. 2:14-cv-02038-GMN-PAL, 2015 WL 4276144 (D. Nev. July 14, 2015); *My Glob.*
13 *Vill., LLC v. Fannie Mae*, No. 2:15-cv-00211-RCJ-NJK, 2015 WL 4523501 (D. Nev.
14 July 27, 2015); *1597 Ashfield Valley Trust v. Fannie Mae*, No. 2:14-cv-02123-JCM,
15 2015 WL 4581220 (D. Nev. July 28, 2015); *Fannie Mae v. SFR Invs. Pool 1, LLC*,
16 No. 2:14-CV-2046-JAD-PAL, 2015 WL 5723647 (D. Nev. Sept. 29, 2015); *Saticoy*
17 *Bay, LLC Series 1702 Empire Mine v. Fannie Mae*, No. 2:14-CV-01975-KJD-NJK,
18 2015 WL 5709484 (D. Nev. Sept. 29, 2015); *Opportunity Homes, LLC v. Freddie*
19 *Mac*, 169 F. Supp. 3d 1073 (D. Nev. 2016); *FHFA v. SFR Investments Pool 1, LLC*,
20 No. 2:15-cv-1338-GMN-CWH, 2016 WL 2350121 (D. Nev. May 2, 2016); *G & P Inv.*
21 *Enters., LLC v. Wells Fargo Bank, N.A.*, No. 2:15-cv-0907-JCM-NJK, 2016 WL
22 4370055 (D. Nev. Aug. 4, 2016); *Saticoy Bay LLC, Series 2714 Snapdragon v.*
23 *Flagstar Bank, FSB*, No. 2:13-CV-1589-JCM-VCF, 2016 WL 1064463 (D. Nev. Mar.
24 17, 2016); *Koronik v. Nationstar Mortg. LLC*, No. 2:13-CV-2060-GMN-GWF, 2016
25 WL 7493961 (D. Nev. Dec. 30, 2016); *Nevada Sand Castles, LLC v. Green Tree*
26 *Servicing LLC*, No. 2:15-CV-0588-GMN-VCF, 2017 WL 701361 (D. Nev. Feb. 22,
27 2017); *Alessi & Koenig, LLC v. Dolan, Jr.*, No. 2:15-cv-00805-JCM-CWH, 2017 WL
28 773872 (D. Nev. Feb. 27, 2017); *FHFA v. Nevada New Builds, LLC*, No. 2:16-cv-
1188-GMN-CWH, 2017 WL 888480 (D. Nev. Mar. 6, 2017); *LN Mgmt. LLC v.*
Pfeiffer, No. 2:13-cv-1934-JCM-PAL, 2017 WL 955184 (D. Nev. Mar. 9, 2017); *Vita*
Bella Homeowners Ass'n v. Fannie Mae, No. 2:15-cv-00515-JCM-VCF, 2017 WL
6055667 (D. Nev. Mar. 9, 2017); *JP Morgan Chase Bank, N.A. v. Las Vegas Dev't*
Grp., LLC, No. 2:15-cv-1701-JCM-VCF, 2017 WL 937722 (D. Nev. Mar. 9, 2017);
Freddie Mac v. Donel, No. 2:16-cv-176, 2017 WL 2692403 (D. Nev. June 21, 2017);
Cohen v. Bank of America, N.A., No. 2:15-cv-01393-GMN-GWF, 2017 WL 4185464
(D. Nev. Sept. 21, 2017); *Fannie Mae v. Canyon Willow Owners Ass'n*, No. 2:16-cv-
00203-JCM-CWH, 2018 WL 297575 (D. Nev. Jan. 4, 2018); *Springland Vill.*
Homeowners Ass'n v. Pearman, No. 3:16-cv-00423-MMD-WGC, 2018 WL 357853 (D.
Nev. Jan. 10, 2018); *Freddie Mac v. T-Shack, Inc.*, No. 2:16-cv-02664-JCM-PAL,
2018 WL 456878 (D. Nev. Jan. 17, 2018); *Green Tree Servicing LLC v. Valencia*
Mgt. LLC, No. 2:15-cv-725-JCM-PAL, 2018 WL 505070 (D. Nev. Jan. 22, 2018);
Fannie Mae v. KK Real Est. Inv. Fund, LLC, No. 2:17-cv-1289-JCM-CWH, 2018 WL
525297 (D. Nev. Jan. 23, 2018); *JP Morgan Chase Bank, N.A. v. Res. Grp., LLC*, No.
2:17-cv-00225-JCM-NJK, 2018 WL 894612, at *5 (D. Nev. Feb. 13, 2018); *MRT*
Assets LLC v. Nationstar Mortg., LLC, No. 2:17-cv-0070-JCM-CWH, 2018 WL
1245501 (D. Nev. Mar. 9, 2018); *Collegium Fund Series 32 v. Snyder*, No. 2:16-cv-
1640-JCM-PAL, 2018 WL 1368263 (D. Nev. Mar. 16, 2018); *FLP-Vervain Ct. LLC v.*
DHI Mortg. Co., No. 2:13-cv-1517-GMN-CWH, 2018 WL 1413371 (D. Nev. Mar. 21,
2018).

1 Nevada state courts have resolved similar claims in favor of Freddie Mac, Fannie
2 Mae, and their servicers in at least another thirty cases.⁴

3 The State Foreclosure Statute is preempted either through express or conflict
4 preemption. A federal statute expressly preempts contrary law when it “explicitly
5 manifests Congress’s intent to displace state law.” *Valle del Sol Inc. v. Whiting*, 732
6 F.3d 1006, 1022 (9th Cir. 2013). This is the case here: the text of HERA declares
7 that “[n]o property of the Agency shall be subject to levy, attachment, garnishment,
8 foreclosure, or sale.” 12 U.S.C. § 4617(j)(3). The Federal Foreclosure Bar

9 ⁴ *Saticoy Bay LLC Series 9641 Christine View vs. Fannie Mae*, No. A-13-
10 690924-C (Nev. Dist. Ct. Dec. 8, 2015); *5312 La Quinta Hills LLC, vs. BAC Home*
11 *Loans Serv’g LP*, No. A-13-693427-C (Nev. Dist. Ct. Jan. 6, 2016); *NV West*
12 *Servicing LLC v. Bank of America, N.A.*, No. A-14-705996-C (Nev. Dist. Ct. Jan. 25,
13 2016); *Fort Apache Homes, Inc. vs. JPMorgan Chase Bank, N.A.*, No. A-13-691166-
14 C (Nev. Dist. Ct. Feb. 5, 2016); *RLP-Buckwood Court, LLC, v. GMAC Mortg., LLC*,
15 No. A-13-686438-C, (Nev. Dist. Ct. May 24, 2016); *A&I LLC Series 3 v. Lowry*, No.
16 A-13-691529-C (Nev. Dist. Ct. May 31, 2016); *Gavirati v. Washington Mutual Bank,*
17 *FA*, No. A-13-690263-C (Nev. Dist. Ct. Sept. 1, 2016); *Nevada New Builds, LLC v.*
18 *Nationstar Mortg. LLC*, No. A-14-704924-C (Nev. Dist. Ct. Sept. 27, 2016); *Daisy*
19 *Trust v. Wells Fargo*, No. A-13-679095-C (Oct. 14, 2016); *SFR Inv. Pool 1, LLC v.*
20 *Green Tree Servicing, LLC*, No. A-13-680704 (Nev. Dist. Ct. Nov. 17, 2016); *Summit*
21 *Canyon Resources LLC v. Kraemer*, No. A-15-714882-C (Nev. Dist. Ct. Nov. 22,
22 2016); *Nevada Sandcastles, LLC, v. Nationstar Mortg., LLC*, No. A-14-701775-C
23 (Nev. Dist. Ct. Dec. 21, 2016); *Saticoy Bay LLC Series 338 Flying Colt v. Nationstar*
24 *Mortg., LLC*, No. A-13-684192-C (Nev. Dist. Ct. Dec. 21, 2016); *Honeybadgers*
25 *Holdings LLC v. Karimi*, No. A-15-718824-C (Nev. Dist. Ct. Mar. 22, 2017); *Choctaw*
26 *Avenue Trust v. JPMorgan Chase Bank N.A.*, No. A-12-667762-C (Nev. Dist. Ct.
27 June 12, 2017); *Saticoy Bay LLC Series 4930 Miners Ridge v. JPMorgan Chase*
28 *Bank N.A.*, No. A-13-681090-C (Nev. Dist. Ct. June 27, 2017); *RJRN Holdings, LLC*
v. Green Tree Servicing LLC, A-14-704682-C (Nev. Dist. Ct. July 21, 2017); *Nevada*
Sandcastles LLC v. Green Tree Servicing LLC, A-13-691521-C (Nev. Dist. Ct. Aug.
14, 2017); *Hampton & Hampton Collections, LLC v. Pan*, No. 14-A-706519-C, 2017
WL 5660707 (Nev. Dist. Ct. Oct. 6, 2017); *Magden v. Nationstar Mortgage, LLC*, No.
A-15-718839, 2017 WL 5904448 (Nev. Dist. Ct. Oct. 25, 2017); *S&J Investments,*
LLC v. Nationstar Mortg., LLC, No. 14-A-706229-C, 2017 WL 5900522 (Nev. Dist.
Ct. Oct. 27, 2017); *Saticoy Bay LLC Series 529 Quail Bird v. Green Tree Servicing*
LLC, No. 14-A-704414, 2017 WL 5900521 (Nev. Dist. Ct. Nov. 8, 2017); *Nationstar*
Mortg., LLC v. Kincer, No. 14-A-698443-C, 2017 WL 6940444 (Nev. Dist. Ct. Nov.
27, 2017); *Nevada New Builds, LLC v. JPMorgan Chase Bank*, No. 13-A-690954,
2017 WL 7058170 (Nev. Dist. Ct. Dec. 14, 2017); Minute Order, *NV Eagles LLC v.*
Bank of New York Mellon, No. A-16-733337-C (Nev. Dist. Ct. Dec. 15, 2017); *Nevada*
New Builds LLC v. JPMorgan Chase Bank, N.A., No. A-13-690954-C (Nev. Dist. Ct.
Dec. 15, 2017); Minute Order, *Chao Ma v. JPMorgan Chase Bank, N.A.*, No. A-14-
701426-C (Nev. Dist. Ct. Dec. 29, 2017); *3426 Death Valley Drive Trust v.*
JPMorgan Chase Bank, N.A., No. A-13-687081-C (Nev. Dist. Ct. Jan. 5, 2018); *First*
100 LLC v. Bank of Am., N.A., No. A-13-677352-C (Nev. Dist. Ct. Jan. 25, 2018);
First 100 LLC v. Citimortgage Inc., No. A-14-705078-C (Nev. Dist. Ct. Jan. 25,
2018). Chase does not cite these cases as precedential authority but rather,
consistent with Nev. R. App. P. 36(c)(3), cites them for their persuasive value.

1 automatically bars any nonconsensual limitation or extinguishment through
2 foreclosure of any interest in property held by Freddie Mac while in
3 conservatorship. All of these “adverse actions . . . could otherwise be imposed on
4 FHFA’s property under state law. Accordingly, Congress’s creation of these
5 protections clearly manifests its intent to displace state law.” *Skylights*, 112 F.
6 Supp. 3d at 1153.

7 The Federal Foreclosure Bar also preempts the State Foreclosure Statute
8 under a theory of conflict preemption because “state law is naturally preempted to
9 the extent of any conflict with a federal statute.” *Valle del Sol*, 732 F.3d at 1023
10 (quoting *Crosby v. Nat’l Foreign Trade Council*, 530 U.S. 363, 372 (2000)).
11 Congress’s clear and manifest purpose in enacting Section 4617(j)(3) was to protect
12 FHFA conservatorships from actions, such as the HOA Sale, that otherwise would
13 deprive them of their property interests. Accordingly, “the [State Foreclosure
14 Statute] is in direct conflict with Congress’s clear and manifest goal to protect
15 [Freddie Mac]’s property interest while under the FHFA’s conservatorship from
16 threats arising from state foreclosure law.” *Christine View*, 2018 WL 1448731, at
17 *3; *see also Berezovsky*, 869 F.3d at 930 (“[T]he Federal Foreclosure Bar implicitly
18 demonstrates a clear intent to preempt [the State Foreclosure Statute].”); *Elmer*,
19 707 F. App’x at 427-28 (following *Berezovsky*); *Flagstar*, 699 F. App’x at 658-59
20 (same).

21 **B. The Federal Foreclosure Bar Protected Freddie Mac’s Property**
22 **Interest**

23 To successfully invoke the Federal Foreclosure Bar’s protection, Chase needs
24 to establish two things: First, that Freddie Mac owned the Loan at the time of the
25 HOA Sale, and second, that ownership of the Loan was a property interest covered
26 by the Federal Foreclosure Bar’s protection. Chase satisfies both here.

1 **1. Freddie Mac Had a Property Interest at the Time of the HOA**
2 **Sale**

3 *Berezovsky* and *Elmer* confirm that Freddie Mac's property interest may be
4 established by Freddie Mac's business records and a declaration from a Freddie Mac
5 employee explaining that the records show when Freddie Mac owned the Loan.
6 *Berezovsky*, 869 F.3d at 933; *Elmer*, 707 F. App'x at 428. Here, Chase has
7 submitted materially identical evidence to that found sufficient for summary
8 judgment in those Ninth Circuit decisions. This Ninth Circuit precedent should be
9 highly persuasive here, as federal courts and Nevada courts have adopted the same
10 standard for what evidence is sufficient for summary judgment. *See Wood v.*
11 *Safeway, Inc.*, 121 P.3d 1026, 1031 (Nev. 2005) (citing *Matsushita Elec. Indus. Co.*
12 *v. Zenith Radio Corp.*, 475 U.S. 574 (1986) for Nevada's standard for summary
13 judgment). In fact, Chase has gone beyond what was required by the Ninth Circuit,
14 also submitting business records of Chase, derived from a database Chase uses to
15 track the loans that it services, and a declaration of Chase employee.

16 These business records and employee declarations support the fact that
17 Freddie Mac acquired the Loan in September 2006 and continued to own the Loan
18 at the time of the HOA Sale in March 2013. *See* Ex. 7, Freddie Mac Decl. ¶ 5e; Ex.
19 7-1. As explained in Dean Meyer's declaration, Freddie Mac maintains its business
20 records in its MIDAS system, which Freddie Mac uses in the course of its everyday
21 business to manage and record information about the mortgage loans it owns. *See*
22 Ex. 7, Freddie Mac Decl. ¶ 3. The mortgage payment history, among other elements
23 in Freddie Mac's records, shows that the servicer continued to report monthly to
24 Freddie Mac about the Loan in March 2013, demonstrating Freddie Mac's
25 ownership of the Loan at the time of the HOA Sale. *See* Ex. 7, Freddie Mac Decl. ¶
26 5k; Ex. 7-7.

27 The business records and declarations also show that Chase was the servicer
28 of the Loan for Freddie Mac at the time of the HOA Sale. The declarations explain

1 how the business records identify the servicer for the Loan and how one can
2 determine that Chase, the current servicer, was also the servicer at the time of the
3 HOA Sale in March 2013. *See* Ex. 7, Freddie Mac Decl. ¶ 5j.

4 Under the applicable rules of evidence, business records are, by their nature,
5 admissible to prove the truth of their contents when introduced by a qualified
6 witness, as they are here. *See* NRS 51.135; Fed. R. Evid. 803 (advisory committee's
7 note to 1972 proposed rules) (noting that business records, including electronic
8 database records, have "unusual reliability"). *Berezovsky* and *Elmer* held that the
9 business records of Freddie Mac are admissible. *Berezovsky*, 869 F.3d at 932 & n.8
10 (holding that Freddie Mac "database printouts" were sufficient to support a "valid
11 and enforceable" property interest under Nevada law); *Elmer*, 707 F. App'x at 428
12 (finding that a declaration from a Freddie Mac employee and records from Freddie
13 Mac's database were "reliable and uncontroverted evidence of its interest in the
14 property on the date of the foreclosure"). The same analysis applies to the evidence
15 here.

16 **a. Freddie Mac Owned the Note and Deed of Trust Under Nevada Law**

17 **(i) Nevada Adopts the Restatement Approach that Acknowledges the Loan Owner-Servicer Relationship**

18
19 Under Nevada law, when Freddie Mac purchased the Loan on or about
20 September 2006, Freddie Mac acquired ownership of the note and Deed of Trust.
21 Nevada law incorporates the Restatement, which describes the typical arrangement
22 between investors in mortgages, such as Freddie Mac, and their servicers:

23 Institutional purchasers of loans in the secondary mortgage
24 market often designate a third party, not the originating
25 mortgagee, to collect payments on and otherwise "service" the
26 loan for the investor. In such cases the promissory note is
27 typically transferred to the purchaser, but an assignment of the
28 mortgage from the originating mortgagee *to the servicer* may be
executed and recorded. This assignment is convenient because
it facilitates actions that the servicer might take, such as
releasing the mortgage, at the instruction of the purchaser.

1 Restatement § 5.4 cmt. c (emphasis added). The Restatement then emphasizes that
2 this arrangement preserves the investor’s ownership interest: “*It is clear in this*
3 *situation that the owner of both the note and mortgage is the investor and not the*
4 *servicer.*” *Id.* (emphasis added). Thus, the Restatement acknowledges that the
5 assignment of a deed of trust to a servicer does not alter the fact that the loan
6 purchaser remains the owner of the note and deed of trust. The Restatement
7 approach also is a recognition of the realities of the mortgage industry: Freddie
8 Mac and Fannie Mae can more efficiently support the national secondary mortgage
9 market if they can contract with servicers to manage loans without relinquishing
10 ownership of deeds of trust.

11 The Nevada Supreme Court reaffirmed that it adopted the entirety of the
12 Restatement approach, and specifically cited to the sections cited above. *See*
13 *Montierth*, 354 P.3d at 650-51. *Montierth* explained that where the record
14 beneficiary of the deed of trust has contractual or agency authority to foreclose on
15 the note owner’s behalf, the note owner maintains a property interest in the
16 collateral. *See id.*⁵ Indeed, the Nevada Supreme Court has recently characterized
17 *Montierth* as “recognizing that it is an acceptable practice for a loan servicer to
18 serve as the beneficiary of record for the actual deed of trust beneficiary.” *Ohfuji*
19 *Investments, LLC v. Nationstar Mortg., LLC*, No. 72676, 2018 WL 1448729, at *1
20 (Nev. Mar. 15, 2018) (unpublished disposition). *Ohfuji* referenced this holding of
21 *Montierth* in describing the relationship between Nationstar, a loan servicer, and
22 Fannie Mae, a loan owner—similar facts to those here.

23 *Montierth* applied the Restatement to a situation where MERS, as nominee
24 for the original lender and its successors and assigns, served as record beneficiary of

25 ⁵ Accordingly, *Montierth* clarified the earlier Nevada Supreme Court decision
26 in *Edelstein v. Bank of New York Mellon*, 286 P.3d 249, 257-58 (2012), which had
27 discussed a general rule about what happens when a note and deed of trust are split
28 without needing to consider the exception when a contractual or agency relationship
exists between the entity who owns the loan and the entity who serves as record
beneficiary of the deed of trust. *Montierth*, 354 P.3d at 651 (“Because it was not
pertinent to [the Nevada Supreme Court’s] analysis in *Edelstein*, [the court] did not
include the exceptions provided in the Restatement.”).

1 a deed of trust, while Deutsche Bank had acquired the related promissory note from
2 the original lender. *Id.* at 649. The Nevada Supreme Court concluded that the
3 relationship between MERS and Deutsche Bank, wherein MERS had authority to
4 foreclose on Deutsche Bank's behalf, ensured that Deutsche Bank remained a
5 "secured creditor" with a "fully-secured, first priority deed" that could be enforced.
6 *Id.* at 650-51. Deutsche Bank, like Freddie Mac here, accordingly retained a
7 property interest while another entity was beneficiary of record of the deed of trust.

8 The Ninth Circuit, in addition to various state and federal trial courts,
9 already has recognized that under the approach articulated by *Montierth* and the
10 Restatement, Freddie Mac need not have been beneficiary of record of a deed of
11 trust in order to have a protected property interest. *See, e.g., Berezovsky*, 869 F.3d
12 at 932; *Elmer*, 707 F. App'x at 427-28; *Flagstar*, 699 F. App'x at 658-59. The Ninth
13 Circuit rejected any argument that, under Nevada law, a loan owners' property
14 interest depends on its name appearing in the public property records: "[a]lthough
15 the recorded deed of trust here omitted Freddie Mac's name, Freddie Mac's property
16 interest is valid and enforceable under Nevada law" because Freddie Mac owned the
17 note and its servicer was beneficiary of record of the deed of trust. *Berezovsky*, 869
18 F.3d at 932. This Court should do the same here.

19 (ii) **Nevada Adopts the Uniform Commercial Code,
20 Which Is Consistent with the Restatement
Approach**

21 The Restatement approach, acknowledging that different entities might be
22 *owner or record beneficiary* of a Deed of Trust, is consistent with Nevada's adoption
23 of Uniform Commercial Code Article 3, which provides that "[a] person may be a
24 person entitled to enforce [a promissory note] even though the person is not the
25 owner of the [that note]." Nev. Rev. Stat. § 104.3301. A "person entitled to enforce"
26 a note may be a "holder" of the note or even a "nonholder in possession of the [note]
27 who has the rights of the holder." *Id.* Accordingly, "the status of holder merely
28 pertains to one who may enforce the debt and is a separate concept from that of

1 ownership.” *Thomas v. BAC Home Loans Servicing, LP*, No. 56587, 2011 WL
2 6743044, at *3 n.9 (Nev. Dec. 20, 2011). That is because “[o]wnership rights in
3 instruments may be determined by principles of the law of property . . . which do
4 not depend upon whether the instrument was transferred.” UCC § 3-203 cmt. 1.
5 For that reason, a transfer of a note has no bearing on ownership, but instead “vests
6 in the transferee any right of the transferor to enforce the instrument.” Nev. Rev.
7 Stat. § 104.3203.⁶

8 In fact, the Nevada Supreme Court has applied this principle in a similar
9 circumstance, where Freddie Mac claimed to own a note while BAC was the holder
10 of the note and the record beneficiary of the associated deed of trust. The court held
11 there was nothing inconsistent with this situation under Nevada law. *See Thomas*,
12 2011 WL 6743044, at *1, 3 & n.9. Here, too, there is nothing inconsistent with
13 Freddie Mac being the owner of the note and the Deed of Trust, while Chase, its
14 servicer, was beneficiary of record of the Deed of Trust.

15 **b. The Guide Confirms that Freddie Mac Retains Ownership**
16 **of the Deed of Trust While Chase Is Record Beneficiary**

17 The Guide serves as a central document governing the contractual
18 relationship between Freddie Mac and its servicers nationwide, including Chase.
19 *See Guide* at 1101.2(a) (Exs. 7-4, 7-5 and 9). The provisions of the Guide
20 demonstrate that Freddie Mac and its loan servicers maintain the type of
21 relationship described in the Restatement and *Montierth*. *See Berezovsky*, 869
22 F.3d at 932-33; *Montierth*, 354 P.3d at 651 (looking to whether a loan owner can
23 “compel an assignment of the deed of trust”).

24
25 ⁶ Similarly, Uniform Commercial Code Article 9 provides that “[t]he
26 attachment of a security interest in a right to payment or performance secured by a
27 security interest or other lien on personal or real property is also attachment of a
28 security interest in the security, mortgage or other lien.” NRS § 104.9203(7). Thus,
“a transferee of a mortgage note” such as Freddie Mac “whose property right in the
note has attached also automatically *has an attached property right in the*
mortgage that secures the note.” Report of the Permanent Editorial Board for the
UCC, Application of the UCC to Selected Issues Relating to Mortgage Notes at 14
(Nov. 14, 2011) (emphasis added).

1 For example, the Guide provides that “Freddie Mac may, at any time and
2 without limitation, require the Seller or the Servicer . . . to make such . . .
3 assignments and recordations of any of the Mortgage documents so as to reflect the
4 interests of Freddie Mac.” Guide at 1301.10; *see also* Guide at 6301.6 (similar). The
5 Guide also authorizes servicers to protect the interests of Freddie Mac in the Loan,
6 including in foreclosure proceedings. *See* Guide at 8107.1, 8107.2, 9301.11. Exs. 7-
7 4, 7-5 and 9. Nevertheless, the Guide is clear that ownership always lies with
8 Freddie Mac. For example, “[a]ll documents in the Mortgage file, . . . and all other
9 documents and records related to the Mortgage of whatever kind or description . . .
10 will be, and will remain at all times, the property of Freddie Mac.” Guide at 1201.9,
11 Exs. 7-4, 7-5 and 9, *see also id.* at 3302.5, 8107.1(b).

12 Thus, the fact that Freddie Mac’s servicer, Chase, was the beneficiary of
13 record of the Deed of Trust at the time of the HOA Sale does not negate the fact
14 that Freddie Mac remained the owner of the note and the Deed of Trust at that
15 time. Accordingly, the Federal Foreclosure Bar, which protects Freddie Mac’s
16 property interests, protected the Deed of Trust from extinguishment, and Freddie
17 Mac continued to own both the Deed of Trust and the note after the HOA Sale.

18 **2. The Federal Foreclosure Bar’s Protection Extends to Freddie** 19 **Mac’s Property Interest Here**

20 **a. The Federal Foreclosure Bar Provides Broad Protection to** 21 **Freddie Mac’s Lien Interests**

22 Federal law defines the scope of property interests protected by statutes such
23 as the Federal Foreclosure Bar broadly. *See Matagorda Cty. v. Russell Law*, 19
24 F.3d 215, 221 (5th Cir. 1994). Courts have repeatedly held that mortgage liens
25 constitute property for purposes of the analogous FDIC statute, 12 U.S.C.
26 § 1825(b)(2).⁷ “[T]he term ‘property’ in § 1825(b)(2) encompasses all forms of

27 ⁷ When analyzing HERA’s provisions, courts have frequently turned to
28 precedent interpreting FDIC’s analogous receivership authority. *See, e.g., Cty. of*
Sonoma v. FHFA, 710 F.3d 987, 993 (9th Cir. 2013); *In re Fed. Home Loan Mortg.*
Corp. Derivative Litig., 643 F. Supp. 2d 790, 795 (E.D. Va. 2009), *aff’d sub nom. La.*
Mun. Police Emps. Ret. Sys. v. FHFA, 434 F. App’x 188 (4th Cir. 2011).

1 interest in property, including mortgages and other liens.” *Simon v. Cebrick*, 53
2 F.3d 17, 20 (3d Cir. 1995). This reflects Congress’s intent to provide the greatest
3 possible scope of protection to Freddie Mac and Fannie Mae in the midst of a severe
4 housing crisis. *Cf. Cambridge Capital Corp. v. Halcon Enters., Inc.*, 842 F. Supp.
5 499, 503 (S.D. Fla. 1993) (“This Court need look no further than [Section 1825(b)(2)]
6 itself to determine that Congress has expressed its intent that no property of the
7 FDIC—fee or lien—be subject to foreclosure without the FDIC’s consent.”);
8 *Trembling Prairie Land Co. v. Verspoor*, 145 F.3d 686, 691 (5th Cir. 1998) (“In
9 deference to the will of Congress, we hold that the tax sale at issue was conducted
10 without the consent of the FDIC . . . [and] violated 12 U.S.C. § 1825(b)(2).”).
11 Therefore, Freddie Mac’s interest here—ownership of both the Deed of Trust and
12 the note—was a protected property interest under the Federal Foreclosure Bar.

13 **b. The Federal Foreclosure Bar Extends to Freddie Mac**
14 **When It Is Under FHFA’s Conservatorship**

15 The Federal Foreclosure Bar necessarily protects the Deed of Trust because
16 the Conservator has succeeded by law to all of Freddie Mac’s “rights, titles, powers,
17 and privileges,” 12 U.S.C. § 4617(b)(2)(A)(i). Accordingly, “[Freddie Mac]’s property
18 interest effectively becomes the FHFA’s while the conservatorship exists.”
19 *Christine View*, 2018 WL 1448731, at *2 (citing 12 U.S.C. § 4617(b)(2)(A)(i)). This
20 interpretation is supported by the text and structure of HERA. *Skylights*, 112 F.
21 Supp. 3d at 1155. Section 4617 concerns FHFA’s “[a]uthority over” Freddie Mac
22 and Fannie Mae when they are “critically undercapitalized” and thus must be
23 placed into conservatorship or receivership. Furthermore, the protections of Section
24 4617(j)(3) apply in “any case in which [FHFA] is acting as a conservator or a
25 receiver.” 12 U.S.C. § 4617(j)(1).

26 Indeed, courts uniformly have rejected any argument that the immunities
27 provided by Section 4617(j) do not apply to the property of Freddie Mac or Fannie
28 Mae while in FHFA conservatorship. *See Skylights*, 112 F. Supp. 3d at 1155

1 (collecting cases); *Nevada v. Countrywide Home Loans Servicing, LP*, 812 F. Supp.
2 2d 1211, 1218 (D. Nev. 2011) (“[W]hile under the conservatorship with the FHFA,
3 Fannie Mae is statutorily exempt from taxes, penalties, and fines to the same
4 extent that the FHFA is.”); *FHFA v. City of Chicago*, 962 F. Supp. 2d 1044, 1064
5 (N.D. Ill. 2013) (argument is “meritless”). Courts have also rejected similar
6 arguments in the context of FDIC receiverships. *See, e.g., In re Cty. of Orange*, 262
7 F.3d 1014, 1020 (9th Cir. 2001); *Cty. of Fairfax v. FDIC*, Civ. A. No. 92-0858, 1993
8 WL 62247, at *4 (D.D.C. Feb. 26, 1993).

9 **C. FHFA Did Not Consent to the Extinguishment of the Deed of Trust**

10 While it is not Chase’s burden to establish this fact, it is undisputed that
11 FHFA has not consented to extinguish Freddie Mac’s property interest in this case.
12 Because Freddie Mac had a protected property interest at the time of the HOA
13 foreclosure sale, the Federal Foreclosure Bar precluded SFR from acquiring free-
14 and-clear title unless SFR obtained FHFA’s consent to extinguish Freddie Mac’s
15 interest. Indeed, “[t]he Federal Foreclosure Bar cloaks the FHFA’s ‘property with
16 Congressional protection unless or until the Agency affirmatively relinquishes it.’”
17 *Christine View*, 2018 WL 1448731, at *3 (quoting *Berezovsky*, 869 F.3d at 929).

18 SFR cannot show that it received such consent. To the contrary, the
19 Conservator has publicly announced that it “has not consented, and will not
20 consent in the future, to the foreclosure or other extinguishment of any Fannie Mae
21 or Freddie Mac lien or other property interest in connection with HOA foreclosures
22 of super-priority liens.” *See* Ex. 22, FHFA Statement.⁸ Thus, “it is clear that FHFA
23 did not consent to the extinguishment of [the Enterprise’s] property interest
24 through the HOA’s foreclosure sale.” *Alessi & Koenig*, 2017 WL 773872, at *3
25 (citing and relying on cases in which FHFA’s statement was sufficient to show
26 FHFA’s lack of consent).

27
28

⁸ This public statement on a government website is subject to judicial notice.
See Daniels-Hall v. Nat’l Educ. Ass’n, 629 F.3d 992, 998-99 (9th Cir. 2010).

1 **D. Chase May Assert the Federal Foreclosure Bar to Protect Its Interest**
2 **and Freddie Mac's Interest in the Deed of Trust**

3 The Federal Foreclosure Bar works automatically by operation of law,
4 protecting the Deed of Trust and thereby limiting the property rights SFR could
5 have acquired in the HOA Sale. When the Federal Foreclosure Bar prevented the
6 extinguishment of the Deed of Trust, it did not merely preserve Freddie Mac's
7 ownership interest; it also preserved Chase's parallel interests.⁹ Accordingly, Chase
8 has standing because (1) Chase's interest in the Deed of Trust as beneficiary of
9 record is preserved when the Federal Foreclosure Bar applies, and (2) Chase has a
10 contractual relationship as servicer to protect Freddie Mac's interest in litigation
11 relating to the Loan.

12 The Nevada Supreme Court recently adopted this position in *Nationstar*
13 *Mortgage, LLC v. SFR Investments Pool 1, LLC*, 396 P.3d 754 (Nev. 2017).
14 Similarly, the Ninth Circuit found *Nationstar* persuasive and held that servicers
15 may raise the Federal Foreclosure Bar to defend property interests of Fannie Mae
16 and Freddie Mac in litigation. *Flagstar*, 699 F. App'x at 658-59. *Nationstar* holds
17 that "the servicer of a loan owned by [an Enterprise] may argue that the Federal
18 Foreclosure Bar preempts NRS 116.3116, and that neither [the Enterprise] nor the
19 FHFA need be joined as a party." 396 P.3d at 758. The Nevada Supreme Court
20 cited *Montierth*, which recognizes that when a noteholder authorizes the beneficiary
21 of record of a deed of trust to enforce the deed of trust, the beneficiary of record may
22 do so. *See id.* at 757 (citing *Montierth*, 354 P.3d at 651).

23 *Nationstar* and *Flagstar* are consistent with the holdings of numerous other
24 courts recognizing that Article III standing may be conferred by contract and
25 assignment. *E.g., Sprint Comm'ns Co., L.P. v. APCC Servs., Inc.*, 554 U.S. 269, 271-

26 ⁹ For example, in a related case, a federal court granted Fannie Mae's servicer
27 summary judgment against an HOA sale purchaser's claims because, when the
28 "Court determined that Fannie Mae's interest in the Property was not
extinguished," this meant that the servicer's interest also "was not affected" by the
HOA Sale. *See Order, Saticoy Bay, LLC Series 1702 Empire Mine v. Fannie Mae*,
No. 2:14-CV-01975-KJD-NJK, slip op. at 3 (D. Nev. Sept. 29, 2015) (ECF No. 129).

1 72 (2008); *CWCapital Asset Mgmt., LLC v. Chicago Props.*, 610 F.3d 497, 501 (7th
2 Cir. 2010). Indeed, courts routinely recognize that servicers like Chase have
3 constitutional and prudential standing to bring an action regarding the loan. *See*,
4 *e.g.*, *Greer v. O'Dell*, 305 F.3d 1297, 1299 (11th Cir. 2002) (“[A] loan servicer is a
5 ‘real party in interest’ with standing to conduct, through licensed counsel, the legal
6 affairs of the investor relating to the debt that it services.”).

7 The evidence in this case confirms that Freddie Mac is the owner of the Loan
8 and that Chase is Freddie Mac’s contractually authorized servicer. *Supra* at
9 Section B.1. Pursuant to its contract with Freddie Mac, Chase has the authority to
10 represent Freddie Mac’s interests in litigation in which Chase is a party with
11 respect to the loans it services. *See, e.g., Exs. 7-4, 7-5 and 9*, Guide at 8105.3,
12 9301.1, 9301.12, 9401.1, 9402.2-4, Chapter 9500. Furthermore, the Conservator has
13 publicly supported invocation of the Federal Foreclosure Bar by servicers in
14 litigation such as this one. *See* FHFA Statement on Servicer Reliance on the
15 Housing and Economic Recovery Act of 2008 in Foreclosures Involving
16 Homeownership
17 Associations, [http://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Auth](http://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Authorized-Enterprise-Servicers-Reliance.pdf)
18 [orized-Enterprise-Servicers-Reliance.pdf](http://www.fhfa.gov/Media/PublicAffairs/PublicAffairsDocuments/Authorized-Enterprise-Servicers-Reliance.pdf). SFR can present no contrary evidence to
19 create a genuine dispute about these facts. Accordingly, Chase may invoke the
20 Federal Foreclosure Bar in this litigation without joining Freddie Mac or FHFA as a
21 party.

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CONCLUSION

For these reasons, the Court should grant Chase’s motion for summary judgment and enter a declaration that SFR’s interest in the Property, if any, is subject to the Deed of Trust.

Dated this 13th day of April, 2018.

BALLARD SPAHR LLP

By: /s/ Sylvia O. Semper
Abran E. Vigil
Nevada Bar No. 7548
Sylvia O. Semper
Nevada Bar No. 12863
1980 Festival Plaza Drive, Suite 900
Las Vegas, Nevada 89135

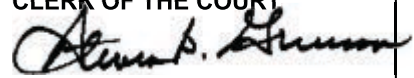
*Attorneys for Plaintiff and Counter-
Defendant JPMorgan Chase Bank, N.A.*

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/s/ Anne Marie Landis
An employee of BALLARD SPAHR LLP

TAB 27



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8 E-Mail: priesth@ballardspahr.com

9 *Attorneys for JPMorgan Chase Bank N.A.*

10 DISTRICT COURT
CLARK COUNTY, NEVADA

11 JPMORGAN CHASE BANK, NATIONAL)
12 ASSOCIATION, a national association,)

CASE NO. A-13-692304-C

13 Plaintiff,)

DEPT NO. XXIV

14 vs.)

15 SFR INVESTMENTS POOL 1, LLC, a Nevada)
16 limited liability company; DOES 1 through 10,)
ROE BUSINESS ENTITIES 1 through 10,)
17 inclusive,)

18 Defendants.)

19 SFR INVESTMENTS POOL 1, LLC a Nevada)
limited liability company,)

20 Counter-Claimant,)

21 vs.)

22 JPMORGAN CHASE BANK NATIONAL)
ASSOCIATION, a national association;)
23 ROBERT M. HAWKINS, an individual;)
CHRISTINE V. HAWKINS, an individual;)
24 DOES 1-10 and ROE BUSINESS ENTITIES 1)
through 10, inclusive,)

25 Counter-Defendant/Cross-Defendants.)
26)
27)
28)

BALLARD SPAHR LLP
1980 FESTIVAL PLAZA DR., SUITE 900
LAS VEGAS, NEVADA 89135
(702) 471-7000 FAX (702) 471-7070

**JPMORGAN CHASE BANK, N.A.'S APPENDIX OF EXHIBITS TO
MOTION FOR SUMMARY JUDGMENT**

Exhibit	Document	Appendix Page
1.	Loan Transfer History	001
2.	MAS1/AQN1	002-005
3.	Residential Broker Price Opinion dated February 13, 2011	006-015
4.	JPMorgan Chase Bank, Nation Association's Declaration In Support of Motion for Summary Judgment	016-019
5.	Deed of Trust, Recorded Instrument No. 200606120003526 (certified copy)	020-040
6.	Note	041-044
7.	Declaration of Dean Meyer in Support of JPMorgan Chase Bank, N.A.'s Motion for Summary Judgment	045-50
7-1.	MIDAS system screenshot/print-out pertaining to Freddie Mac's purchase of the Loan	51
7-2.	MIDAS system screenshot/print-out identifying Washington Mutual by Seller No. 090803	52
7-3.	MIDAS system screenshot/print-out identifying Chase by Servicer No. 877903	53
7-4.	Relevant sections of Freddie Mac Servicing Guideline provisions in effect March 1, 2013 (available at www.freddiemac.com/singlefamily/guide/bulletins/snapshot.html)	54-135
7-5.	Relevant sections of the current Freddie Mac Servicing Guideline provisions (available at www.frediemac.com/singlefamily/guide)	136-187
7-6.	Loan StatusManager screenshot/print-out re. TOS Summary Report generated April 11, 2018, reflecting Chase as servicer	188
7-7.	Loan StatusManager screenshot/print-out re. Mortgage Payment History Report generated April 11, 2018	189-193
8.	Assignment of Deed of Trust, Recorded Instrument No. 200910270000618 (certified copy)	194-195
9.	Excerpts from Freddie Mac Single-Family Seller/Servicer Guide (available at www.freddiemac.com/singlefamily/guide/bulletins/pdf/063015Guide.pdf)	196-221
10.	Chapter 7 Bankruptcy Petition concerning Robert and Christine Hawkins	222-279
11.	Chapter 7 Discharge Order concerning Robert and Christine Hawkins	280-281
12.	Letter from Bankruptcy representation for Robert and Christine Hawkins to NAS – notification of discharge and order	282-283
13.	NAS letters to Robert and Christine Hawkins demanding payment	284-286
14.	Notice of Delinquent Assessment Lien, Recorded Instrument No. 201208030002972 (certified copy)	287
15.	Pebble Canyon Homeowners Association Declaration of Covenants, Conditions and Restrictions and Grant of Easement CC&Rs, Recorded Instrument No. 199111080001962 (certified copy)	288-320
16.	Notice of Default and Election to Sell Under Homeowners Association Lien, Recorded Instrument No. 201209200001446 (certified copy)	321-322

17.	Notice of Foreclosure Sale, Recorded Instrument No. 201302070000892 (certified copy)	323-324
18.	Foreclosure Deed, Recorded Instrument No. 201303060001648 (certified copy)	325-327
19.	Excerpts of 30(b)(6) deposition for Nevada Association Services	328-332
20.	NAS Statement of Assessments, Late Fees, Interest, Attorneys Fees & Collection Costs 01/01/2011 – 3/1/20136	333-334
21.	Pebble Canyon HOA account ledger	335-338
22.	FHFA's statement of April 21, 2015	339
23.	Expert Report of Craig Morley	340-375
24.	JPMorgan Chase Bank N.A. Escrow Activity and Corporate Advance Activity	376-385
25.	Clark County Assessor's Real Property Information dated February 1, 2013	386-388
26.	Excerpts of 30(b)(6) deposition for Pebble Creek	389-395
27.	Excerpts of deposition of Robert "Bob" Diamond	396-400
28.	Excerpts of 30(b)(6) deposition for SFR Investments Pool 1, LLC	401-412
29.	Substitution of Trustee, Recorded Instrument No. 201302220001500 (certified copy)	413

DATED this 13th day of April, 2018.

BALLARD SPAHR LLP

By: /s/ Sylvia O. Semper

Abran E. Vigil
Nevada Bar No. 7548
Sylvia O. Semper
Nevada Bar No. 12863
Holly Ann Priest
Nevada Bar No. 13226
1980 Festival Plaza Dr., Suite 900
Las Vegas, Nevada 89135

Attorneys for JPMorgan Chase Bank N.A.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 13th day of April, 2018, and pursuant to N.R.C.P. 5(b), a true and correct copy of the foregoing JPMORGAN CHASE BANK, N.A.'S APPENDIX OF EXHIBITS TO MOTION FOR SUMMARY JUDGMENT was served on the following counsel of record via the Court's electronic service system:

Kim Gilbert Ebron
Howard C. Kim, Esq.
Diana S. Cline, Esq.
Jacqueline A. Gilbert, Esq.
7625 Dean Martin Drive
Suite 110
Las Vegas, NV 89139

Attorneys for SFR Investments Pool, LLC

/s/ Anne Marie Landis
An employee of BALLARD SPAHR LLP

EXHIBIT 1

EXHIBIT 1

3270 Explorer: Loan Transfer History (LNTH)

156 - JPMORGAN CHASE BANK, N.A.

Loan Number: **Redacted**

Borrower Name: HAWKINS, ROBERT M

LNTH	Redacted	LOAN TRANSFER HISTORY				07/07/16 15:16:50			
TRAN DATE	OLD/INV	NEW/INV	HT	NM	S/R/M	ADDITIONAL TRANSFER INFORMATION			
DATE PAID	EFF DATE	EFF BALANCE	INV LOAN #	OLD S/F	NEW S/F	GF	AFT	B/B	
FRCD									
----- CLIENT 156 PRE 10-01-11 ----- CLIENT 908 PRE 09-01-09 -----									
09/02/09	W08/002	C33/002	1	N	MAINT	INVESTOR			
06/01/09	07/01/09	232031.22	Redacted	6084	.00425000	.00425000	+00.000000		
09/28/06	J35/009	227/002	1	N	SALE	TO FHLMO			
09/27/06	10/01/06	239585.56	Redacted	6084	.00250000	.00425000	+00.000000		
09/09/06	918/001	J35/009	1	N	MAINT	INVESTOR			
___/___/___	09/01/06	239793.36	Redacted	3532	.00250000	.00250000	+00.000000		

EXHIBIT 2

EXHIBIT 2

3270 Explorer: Loan Master Maint and Display (MAS1/AQN1)

156 - JPMORGAN CHASE BANK, N.A.

Loan Number: Redacted

Borrower Name: HAWKINS, ROBERT M

MAS1 LOAN	Redacted	MSP LOAN MASTER MAINT. & DISPLAY	07/07/16	15:33:10
NAME	RM HAWKINS	TYPE 13 1ST MTG, CONVEN W/O INS	GROUP	
-- AQN1 -- ACQUISITION AND SALES -----				
ACQN	ACQUISITION	OLD LOAN	ACQUISITION	OLD SVCR
DATE	PRIN BAL	NUMBER	ID	NUMBER
090106	239793.36	Redacted	GRPT0906S	480
(MMDDYY)				N
				(Y/N)

ACQUISITION OLD LN # INDEX
TYPE STOP DATE

3
1-ORIGINATED (MMDDYY) MERS ORIG ORG ID _____
2-PURCHASED
3-SERV TRANSFER SPEC CD: 500 RCRS CD: CUST CD: _____
ORIG NOTE HLD NM

	LOAN SERV	NEW SERV	CONTRACT LOAN	SERV
	SOLD ID	LOAN NUMBER	SERV SOLD DT	TRANS DT
1ST	_____	_____	MMDDYY	MMDDYY
2ND	_____	_____		

-----* ADDITIONAL MESSAGES *

PRESS PF14 FOR MEMOS
LIFE-OF-LOAN: LEGAL ACTION *COMPLEX*
DISCHARGED CH7 BANKRUPTCY

3270 Explorer: Loan Master Maint and Display (MAS1/INV1)

156 - JPMORGAN CHASE BANK, N.A.

Loan Number: Redacted

Borrower Name: HAWKINS, ROBERT M

```

MAS1 LOAN Redacted MSP LOAN MASTER MAINT. & DISPLAY 07/07/16 15:32:11
NAME RM HAWKINS TYPE 13 1ST MTG, CONVEN W/O INS GROUP
-- INV1 -- INVESTOR, SERVICE FEES-----
INV CAT INV LOAN NO SALE/REPURCH --- FNMA LASER --- FNMA DEL
5CA 002 Redacted6084 FLAG DATE CD DATE CHANGED STATUS
S 092706 --- 0 (0-9)
INV FREDDIE MAC 877903 (MMDDYY) SSRI
HDR A3, PARC-5 GUAR FEE ----SERVICE FEE----
8200 JONES BRANCH DR. RATE RATE OR $ AMOUNT
MCLEAN VA 22102 00.00000 .425000 0.00
CSFB/WMMSC-S/S SC ACC CD INT IN ADV BAL
FRCD .00
CONTRACT/POOL NO INV SCHED DEF INT INV ACT DEF INT INV SCHED PRIN BAL
239,585.56 232,031.22
---THIRD PARTY SERVICE FEES--- FHLMC -----EXCESS SERVICE FEES-----
CORRESPONDENT PLAN 1ST REMIT INACT ORIG SERV FEE:
CODE CODE DATE I UNAMORT SERV FEE:
GSE R ORIGINAL TERM:
(MMY) HN O REMAINING TERM:
CORR/PLAN: OPTION: DOC CUST: DC999
-----* ADDITIONAL MESSAGES *----- (PF15: OWNER/ASSIGNEE)
PRESS PF14 FOR MEMOS
LIFE-OF-LOAN: LEGAL ACTION *COMPLEX*
DISCHARGED CH7 BANKRUPTCY
    
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3270 Explorer: Loan Master Maint and Display (MAS1/USR3)

156 - JPMORGAN CHASE BANK, N.A.

Loan Number: Redacted

Borrower Name: HAWKINS, ROBERT M

MAS1 LOAN Redacted MSP LOAN MASTER MAINT. & DISPLAY 07/07/16 15:33:52
NAME RM HAWKINS TYPE 13 1ST MTG, CONVEN W/O INS GROUP

-- USR3 -- EXPANDED USER FIELDS ----- 1

ORIGFC: ORIG TRAILER
NAME LN NUM FIVE

HWAMU LOANS PROJECT UNO

DEAL SL CHANN LNBRD STOP REG B NWCDT
ID DATE 2 ID TYPE REIT IND GRAD

X
(MMDDYY)

ACCT RECON ORIG
CHGS VENDOR OFFCD
F1332

ACQ RECON ORIG HAZ SPLT RECON DTI
ENTITY RESULT INV IND IDMI RES AMT RATIO

(MMDDYY)

-----* ADDITIONAL MESSAGES *----- PF8: PAGE TWO -----

PRESS PF14 FOR MEMOS
LIFE-OF-LOAN: LEGAL ACTION *COMPLEX*
DISCHARGED CH7 BANKRUPTCY

3270 Explorer: Customer Service Workstation (SER1/LOAN)

156 - JPMORGAN CHASE BANK, N.A.

Loan Number: Redacted

Borrower Name: HAWKINS, ROBERT M

SER1 Redacted CUSTOMER SERVICE INV 5CA/002 07/07/16 15:30:58
 ROBERT M HAWKINS Redacted 0 TYPE CONV. RES. MAN F
 CHRISTINE V HAWKINS Redacted IR 6,75000 BR 702-454-4228
 3263 MORNING SPRINGS HENDERSON NV 89074 000-000-0000
 LEGAL < * STRICTLY CONFIDENTIAL * LEGAL ACTION * >: 06/20/16

-----* LOAN INFORMATION *-----

07/01/09 PMT ---		LAST PAID	DATE	DUE	AMOUNT	(13 MONTHS)
1ST P&I	1556.64	PAYMENT				WU: P
*COUNTY	147.94	HAZARD	03/23/16	04/16	1744.00-	FOREMOST INS CO
*HAZ	57.23	COUNTY	02/08/16	02/16	311.26-	RCV: _
*OV/SH	22.63					
TOT PMT	1784.44					

ANALYZED COUP MO
 03/15/16 06

LC DUE		BALANCES		BILL PROD	
OTH FEES	75.95	PRINCIPAL	232,031.22		07/01/16
TOT DUE	154936.48	ESCROW	22,102.54-	YTD PRN	.00
-- PENDING PAYMENT --		SUSPENSE	.00	YTD TAX	311.26
01/12	1864.25	RES ESC	.00	YTD INT	.00

---* PF2 FOR ADDL MESSAGES *---

PRESS PF14 FOR MEMOS

LIFE-OF-LOAN: LEGAL ACTION *COMPLEX*

DISCHARGED CH7 BANKRUPTCY

SUSPENDED FORECLOSURE

EXHIBIT 3

EXHIBIT 3



RESIDENTIAL BROKER PRICE OPINION

Redacted
Redacted
File #

Loan #	Redacted	Relationship #	Integrated Asset Services LLC	
REO #	This BPO is the <input type="checkbox"/> Interior <input type="checkbox"/> 2nd Opinion <input type="checkbox"/> Updated <input checked="" type="checkbox"/> Exterior		DATE: 02/13/2011	
Property Address:	3263 MORNING SPRINGS DR	City: HENDERSON	State: NV Zip: 89074 County: Clark	
Subject Parcel #	177-24-514-043	Borrower's Name:	HAWKINS, ROBERT	
I. GENERAL MARKET CONDITIONS				
Current market condition: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining				
Employment conditions: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining				
Market price of this type property has: <input checked="" type="checkbox"/> Decreased 2 % in past 10 months				
<input type="checkbox"/> Increased % in past months				
<input type="checkbox"/> Remained Stable				
Estimated percentages of owner vs. tenants in neighborhood: 90.00 % Owner occupant: 10.00 % Tenant				
There is a <input checked="" type="checkbox"/> Normal Supply <input type="checkbox"/> Oversupply <input type="checkbox"/> Shortage of comparable listings in the neighborhood				
Approximate number of comparable units for sale in neighborhood: 3				
No. of competing listings in neighborhood that are REO or Corporate owned: 1				
No. of boarded or blocked-up homes: 0				
II. SUBJECT MARKETABILITY				
Neighborhood Boundaries defined				
3263 Morning Springs Dr				
Range of sales in the neighborhood is \$ 110000 to \$ 159000 Total # of Properties 3				
Range of listings in the neighborhood is \$ 110000 to \$ 159000 Total # of Properties 3				
The subject is an <input type="checkbox"/> Over improvement <input type="checkbox"/> Under improvement <input checked="" type="checkbox"/> Appropriate improvement for the neighborhood				
Normal marketing time in the area is: 57 days				
Are all types of financing available for the property? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, explain				
Has the property been on the market in the last 12 months? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, \$ 129000.0000 list price (include MLS printout)				
Is the subject currently listed for sale: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Current list price: \$ Listing Date:				
If listed, provide the brokers name: Firm Phone #				
Subjects total DOM for the past year: 0 Starting Listing Price: \$				
First price reduction: DOM Price: \$ Second price reduction: DOM Price: \$ Third price reduction: DOM Price: \$				
To the best of your knowledge, why did it not sell?				
Subjects Last Sale Price: \$ 300000 Sales Date: 06/12/2006				
Additional Prior Sale Price within past 24 months: \$ Sales Date:				
Unit Type: <input checked="" type="checkbox"/> Single family detached <input type="checkbox"/> Condo <input type="checkbox"/> Co-op <input type="checkbox"/> Units # seasons <input type="checkbox"/> Single family attached <input type="checkbox"/> Townhouse <input type="checkbox"/> Modular <input type="checkbox"/> Mobile home				
If condo or other association exists: Fee \$ 200 <input type="checkbox"/> Monthly <input checked="" type="checkbox"/> Annually Current? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Fee delinquent? \$ 0				
The fee includes: <input type="checkbox"/> Insurance <input checked="" type="checkbox"/> Landscape <input type="checkbox"/> Pool <input type="checkbox"/> Tennis Other				
Association Contact: seasons Name: manager Phone # 702-736-9450				
Project Name: seasons Total Number of units: 1 Legal action <input type="checkbox"/> Yes <input type="checkbox"/> No				
III. COMPETITIVE CLOSED SALES				
ITEM	SUBJECT	COMPARABLE NUMBER 1	COMPARABLE NUMBER 2	COMPARABLE NUMBER 3
Address	3263 MORNING SPRINGS DR HENDERSON NV 89074	9047 Trumpet Ct henderson NV 89074	3222 Hidden Falls way henderson NV 89074	9073 Radiance Ct henderson NV 89074
Unit #	1	1	1	1
Proximity to Subject		2.00 Blocks	2.00 Blocks	2.00 Blocks
Sale Price	\$ 300000	\$ 120000	\$ 159000	\$ 137500
Price / Gross Living Area	\$ sq. ft.	\$ 92.8793 sq. ft.	\$ 103.8537 sq. ft.	\$ 89.8106 sq. ft.
List Price at Sale		125000	159000	139900
# of Price Reductions		0	1	0
Sale Type (Red/Short Sale/Foreclosure)		SHORTSALE	REO	STANDARD
Sale Date & Days on Market	06/12/2006 0	11/23/2010 48	10/06/2010 97	09/30/2010 26
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment
Sale or Financing Concessions		0	5565 -5565	4800 -4800
Location (city/rural)	Suburban	Suburban	Suburban	Suburban
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Lot Size	0.12 Acres	4881.00 Sq Feet	4842.00 Sq Feet	6114.00 Sq Feet
# of units	1	1	1	1
View	Neighborhood	Neighborhood	Neighborhood	Neighborhood
Appeal & Quality	Good	Good	Good	Good
Year Built	1993	1993	1993	1994
Condition	GOOD	GOOD	GOOD	GOOD
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths
Room Count	5 3 2	6 3 1	6 3 2	6 3 2
Gross Living Area	1292 sq. ft.	1292 sq. ft.	1531 sq. ft.	1531 sq. ft.
Basement & Finished Rooms Below Grade	NO	NO	NO	NO
Heating / Cooling	central	central	central	central
Garage / Carport	2.00 Garage - Attached	2.00 Garage - Attached	2.00 Garage - Attached	2.00 Garage - Attached
Porch/Patio/Deck	patio and fireplace	patio and fireplace	fireplace and inground	patio and fireplace
Fireplaces				
Fence, Pool, etc				
Other / Functional Utility	alarm	none	block fence	none
Net Adj (Total)		<input type="checkbox"/> + <input type="checkbox"/> - \$ 0	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -11940	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -1575
Adjusted Sale Price of Comparables		\$ 120000	\$ 147060	\$ 135925

BPO CHASE 12/09



RESIDENTIAL BROKER PRICE OPINION

Redacted

Redacted!
File #

REO #	Loan #	Redacted	Relationship #	Integrated Asset Services LLC
IV. CURRENT OCCUPANCY STATUS				
Occupancy Status:		Owner <input checked="" type="checkbox"/>	Vacant <input type="checkbox"/>	Tenant <input type="checkbox"/>
Ownership Status:		Main residence <input checked="" type="checkbox"/>	Rented <input type="checkbox"/>	Other <input type="checkbox"/>
V. MARKETING OCCUPANCY STRATEGY				
Occupancy Status:		Owner <input checked="" type="checkbox"/>	Vacant <input type="checkbox"/>	Tenant <input type="checkbox"/>
Estimated Rent: \$ 1100		per month		
<input checked="" type="checkbox"/> As-is		<input type="checkbox"/> Minimal Lender Required Repairs <input type="checkbox"/> Repaired		
Most Likely Buyer:		<input checked="" type="checkbox"/> Owner occupant <input type="checkbox"/> Investor		
VI. REPAIRS				
Itemize ALL repairs needed to bring property from its present "as-is" condition to average marketable condition for the neighborhood. Check those repairs you recommend that we perform for most successful marketing of the property.				
<input type="checkbox"/>		\$		\$
<input type="checkbox"/>		\$		\$
<input type="checkbox"/>		\$		\$
<input type="checkbox"/>		\$		\$
<input type="checkbox"/>		\$		\$
<input type="checkbox"/>		\$		\$
GRAND TOTAL FOR ALL REPAIRS \$ 0				

VII. COMPETITIVE LISTINGS											
ITEM	SUBJECT		COMPARABLE NUMBER 1			COMPARABLE NUMBER 2			COMPARABLE NUMBER 3		
Address	3263 MORNING SPRINGS DR HENDERSON NV 89074		9090 harvest season ct henderson NV 89074			3214 hidden falls way henderson NV 89074			9084 Radiance Ct henderson NV 89074		
Unit #	1		1			1			1		
Proximity to Subject			2.00 Blocks			2.00 Blocks			2.00 Blocks		
List Price	\$		\$ 128000			\$ 117000			\$ 110900		
Price / Gross Living Area	\$ sq ft		\$ 84 sq ft			\$ 90.5573 sq ft			\$ 72.4363 sq ft		
Original List Price			128000			117000			110900		
# of Price Reductions			1			2			1		
Verification Sources	MLS		MLS			MLS			MLS		
VALUE ADJUSTMENTS	DESCRIPTION		DESCRIPTION			+ (-) \$ Adjustment			DESCRIPTION		
Sale or Financing			0						0		
Concessions											
Days on Market			42			12			12		
Location (city/rural)	Suburban		Suburban			Suburban			Suburban		
Leasehold/Fee Simple	Fee Simple		Fee Simple			Fee Simple			Fee Simple		
Lot Size	0.12 Acres		8190.00 Sq Feet			4842.00 Sq Feet			8521.00 Sq Feet		
View	Neighborhood		Neighborhood			Neighborhood			Neighborhood		
Appeal & Quality	Good		Good			Good			Good		
Year Built	1993		1995			1993			1994		
Condition	GOOD		GOOD			GOOD			GOOD		
Above Grade	Total	Bdrms. Baths	Total	Bdrms. Baths		Total	Bdrms. Baths		Total	Bdrms. Baths	
Room Count	5	3 2	6	3 2	-400	5	2 2		5	3 2	
Gross Living Area	1292	sq ft	1531	sq ft	-5975	1292	sq ft	0	1531	sq ft	
Basement & Finished	NO		NO			NO			NO		
Rooms Below Grade											
Heating / Cooling	central		central			central			central		
Garage / Carport	2.00 Garage - Attached		2.00 Garage -			2.00 Garage -			2.00 Garage -		
Porch/Patio/Deck	patio and fireplace		patio and fireplace			fireplace			patio and fireplace		
Fireplaces											
Fence, Pool, etc											
Other / Functional Utility	alarm		none			pantry			ceiling fans		
Net Adj (Total)			+ - \$ -6375			+ - \$ 0			+ - \$ -6775		
Adjusted Sale Price			\$ 121625			\$ 117000			\$ 104125		
Of Comparables											

VIII. THE MARKET VALUE (The value must fall within the indicated value of the Competitive Closed Sales)			
	Market Value	Suggested List Price	
AS IS 90 to 120 day value	\$ 120000	\$ 121000	
REPAIRED 90 to 120 day value	\$ 120000	\$ 121000	
Quick sale value	\$ 108000	\$ 109000	
Land Value	\$ 8750		
Last Sale of Subject, Price \$ 300000 Date 08/12/2006			

IX. COMMENTS (Include specific positives/negatives, special concerns, encroachments, easements, water rights, environmental concerns, flood zones, etc. Attach addendum if additional space is needed.)	
There are approximately 525 properties in the Neighborhood. The most recent sale in the subject Neighborhood was used in this report. It was the last sale in the subject Neighborhood of a property comparable to the subject. Subject most similar to CS1 which is the most recent sold COMP. Located near schools shopping parks and easy freeway access.	
Signature:	DATE: 02/13/2011
Firm Name: REALTY ONE GROUP	Completed By: TODD CARLSON
Phone No.: 702-210-4728	Fax No.: (702)446-8510
Email Address: toddcarlson@cox.net	Broker / Agent Lic #: 88760
Broker distance to subject Property: 8.65	Years of Experience: 5

SUBJECT PHOTOGRAPH ADDENDUM

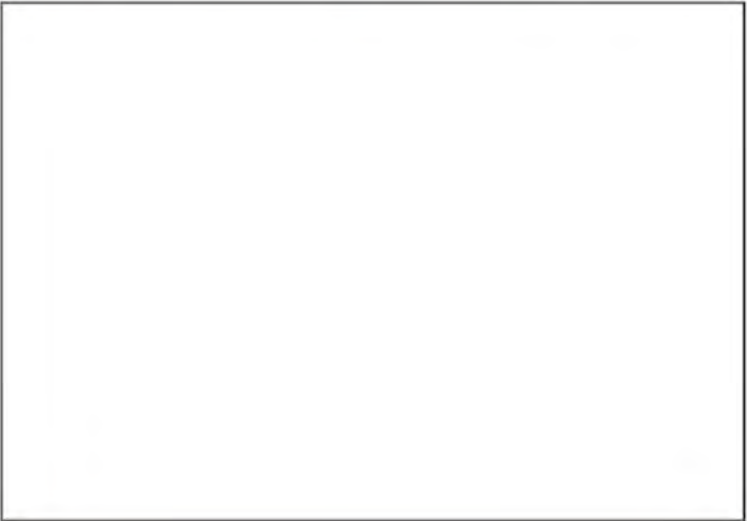
File No. _____

Borrower/Client	HAWKINS, ROBERT				
Property Address	3263 MORNING SPRINGS DR				
City	HENDERSON	County	Clark	State	NV
				Zip Code	89074
Lender					



FRONT OF
SUBJECT PROPERTY

Subject _____



REAR OF
SUBJECT PROPERTY



STREET SCENE

StreetView _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No.

Borrower/Client HAWKINS, ROBERT

Property Address 3263 MORNING SPRINGS DR

City HENDERSON

County Clark

State NV

Zip Code 89074

Lender Subject Misc notice Subject

ADDITIONAL PHOTOGRAPH ADDENDUM

Redacted

File No.

Borrower/Client	HAWKINS, ROBERT				
Property Address	3263 MORNING SPRINGS DR				
City	HENDERSON	County	Clark	State	NV
				Zip Code	89074
Lender	<input type="text"/>				



Subject

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>



Side View

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>



House Number Verification

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

ADDITIONAL PHOTOGRAPH ADDENDUM

Redacted

File No.

Borrower/Client	HAWKINS, ROBERT				
Property Address	3263 MORNING SPRINGS DR				
City	HENDERSON	County	Clark	State	NV
				Zip Code	89074
Lender	<input type="text"/>				



Subject

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>



Side View

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COMPARABLES PHOTOGRAPH ADDENDUM
(Comps 1-3)

Redacted

File No. _____

Borrower/Client	HAWKINS, ROBERT			
Property Address	3263 MORNING SPRINGS DR			
City	HENDERSON	County	Clark	State NV Zip Code 89074
Lender				



Comparable Sale 1

9047 Trumpet Ct		
henderson	NV	89074
Date of Sale:	11/23/2010	
Sale Price:	120000	
Sq. Ft.:	1292	
\$ / Sq. Ft.:	92.8793	



Comparable Sale 2

3222 Hidden Falls way		
henderson	NV	89074
Date of Sale:	10/06/2010	
Sale Price:	159000	
Sq. Ft.:	1531	
\$ / Sq. Ft.:	103.8537	



Comparable Sale 3

9073 Radiance Ct		
henderson	NV	89074
Date of Sale:	09/30/2010	
Sale Price:	137500	
Sq. Ft.:	1531	
\$ / Sq. Ft.:	89.8108	

LISTING COMPARABLE PHOTOGRAPH ADDENDUM

Redacted

File No.

Borrower/Client HAWKINS, ROBERT

Property Address 3263 MORNING SPRINGS DR

City HENDERSON

County Clark

State NV

Zip Code 89074

Lender



CompListing1



CompListing2



CompListing3

LOCATION MAP ADDENDUM

File No.

Borrower/Client: HAWKINS, ROBERT

Property Address: 3263 MORNING SPRINGS DR

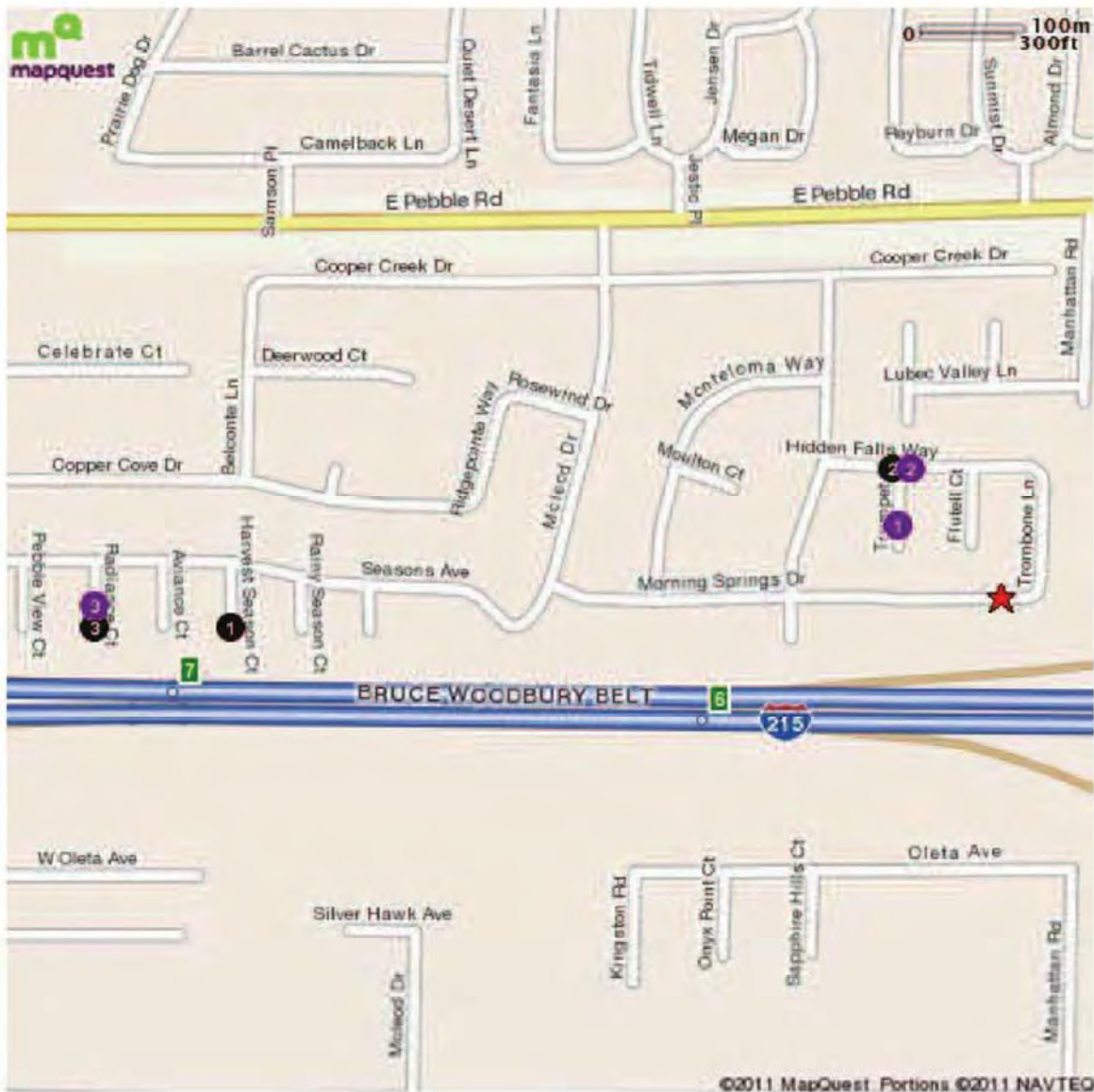
City: HENDERSON

County: Clark

State: NV

Zip Code: 89074

Lender:



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EXHIBIT 4

EXHIBIT 4

1 Abran E. Vigil
Nevada Bar No. 7548
2 Russell J. Burke
Nevada Bar No. 12710
3 Holly Ann Priest
Nevada Bar No. 13226
4 BALLARD SPAHR LLP
100 North City Parkway, Suite 1750
5 Las Vegas, Nevada 89106-4617
Telephone: (702) 471-7000
6 Facsimile: (702) 471-7070
E-Mail: vigila@ballardspahr.com
7 E-Mail: burker@ballardspahr.com
E-Mail: priesth@ballardspahr.com

8
9 *Attorneys for Plaintiff and Counter-Defendant*
JPMorgan Chase Bank, National Association

10 DISTRICT COURT
CLARK COUNTY, NEVADA

11 JPMORGAN CHASE BANK, NATIONAL)
12 ASSOCIATION, a national association,)

CASE NO. A-13-692304-C

13 Plaintiff,

DEPT NO. XXIV

14 vs.

15 SFR INVESTMENTS POOL 1, LLC, a)
Nevada limited liability company; DOES 1)
16 through 10, ROE BUSINESS ENTITIES 1)
through 10, inclusive,)

17 Defendants.

18 SFR INVESTMENTS POOL 1, LLC a)
19 Nevada limited liability company,)

20 Counter-Claimant,

21 vs.

22 JPMORGAN CHASE BANK NATIONAL)
ASSOCIATION, a national association;)
23 ROBERT M. HAWKINS, an individual;)
CHRISTINE V. HAWKINS, an individual;)
24 DOES 1-10 and ROE BUSINESS)
ENTITIES 1 through 10, inclusive,)

25 Counter-Defendant/Cross-)
26 Defendants.)
27)
28)

**JPMORGAN CHASE BANK, NATIONAL ASSOCIATION'S DECLARATION IN
SUPPORT OF MOTION FOR SUMMARY JUDGMENT**

I, Evan L. Grageda, declare under the penalty of perjury of the laws of the State of Nevada as follows:

1. My name is Evan L. Grageda. I have personal knowledge of and am competent to testify as to the facts stated herein by virtue of my position as Legal Specialist III for JPMorgan Chase Bank, National Association ("Chase").

2. As an authorized signer, I am familiar with certain systems and databases maintained by Chase that contain data regarding certain loans owned by the Federal Home Loan Mortgage Corporation ("Freddie Mac") and serviced by Chase. This declaration is based upon my review of Chase's systems and databases containing business and servicing records for the loan made to Counter-defendants Robert and Christine Hawkins.

3. Entries in Chase's systems and databases are made at or near the time of the events recorded by, or from information transmitted by, persons with knowledge. Chase maintains and keeps these systems and databases in the ordinary course of Chase's regularly conducted business activity, and it is the regular practice of Chase to keep and maintain information regarding loans owned by Freddie Mac and serviced by Chase in Chase's databases. Chase's systems and databases consist of records that were made and kept by Chase in the course of its regularly conducted activities pursuant to its regular business practice of creating such records. These systems and databases store Chase's business records.

4. I have reviewed the public documents identified in the following paragraphs. I have also reviewed Chase's business records.

5. Chase's business records and my review of the public documents reflect the following:

- a. On or about June 7, 2006, Robert and Christine Hawkins ("Borrowers") obtained a loan from GreenPoint Mortgage Funding,

1 Inc. in the amount of \$240,000.00 (the "Loan"). The Loan is secured
2 by a real property located at 3263 Morning Springs Drive,
3 Henderson, Nevada 89074 (the "Property"). Borrowers executed a
4 Deed of Trust (the "Deed of Trust") and a Note (the "Note") in
5 connection with the Loan.

- 6 b. The Deed of Trust was recorded on June 12, 2006 in Clark County as
7 Instrument No. 20060612-0003526 and identifies Mortgage
8 Electronic Registration Systems, Inc., acting solely as a nominee for
9 GreenPoint Mortgage Funding, Inc., its successors and assigns, as
10 the beneficiary under the Deed of Trust.
- 11 c. As indicated by Chase's business records, Freddie Mac acquired
12 ownership of the Loan on or about October 1, 2006 and still is the
13 current owner. A redacted but otherwise true and correct copy of
14 Loan Transfer History attesting to the date Freddie Mac acquired an
15 ownership interest is attached as Exhibit 1.
- 16 d. Washington Mutual Bank, FA became the servicer of the Loan on or
17 about September 1, 2006 and Chase has serviced the loan through
18 the present, including on March 1, 2013. A redacted but otherwise
19 true and correct copy of MAS1/AQN1 screenshot demonstrating
20 Washington Mutual Bank, FA and Chase's role as servicer from
21 September 1, 2006 to the present is attached as Exhibit 2.
- 22 e. Mortgage Electronic Registrations Systems, Inc., assigned the Deed
23 of Trust to Chase pursuant to the "Assignment of Deed of Trust"
24 recorded October 27, 2009 in Clark County Recorder's Office as
25 Instrument #. 200910270000618.

26 6. Chase's business records related to the Loan include a Residential
27 Broker Price Opinion, dated February 13, 2011. A redacted but otherwise true and
28 correct copy of the Residential Broker Price Opinion is attached as Exhibit 3.

BALLARD SPAHR LLP
100 NORTH CITY PARKWAY, SUITE 1750
LAS VEGAS, NEVADA 89106
(702) 471-7000 FAX (702) 471-7070

1
2 I declare under the penalty of perjury under the law of the State of the Nevada
3 that the foregoing facts are true and correct.
4

5 Executed on July 26, 2016.

6 JPMorgan Chase Bank, National
7 Association

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10 
11 Evan L. Grageda
12 Authorized Signer

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CASE #. A-13-C92304-C

EXHIBIT 5

EXHIBIT 5

20060612-0003526

Assessor's Parcel Number:
177-24-514-043
Return To: GreenPoint Mortgage Funding,
Inc.
981 Airway Court, Suite E
Santa Rosa, CA 95403-2049

Prepared By: GreenPoint Mortgage
Funding, Inc.
100 Wood Hollow Drive, Novato, CA
94945

~~Recording Requested By:~~ GreenPoint Mortgage
Funding, Inc.
981 Airway Court, Suite E
Santa Rosa, CA, 95403-2049

Fee: \$34.00
N/C Fee: \$0.00

06/12/2006 14:00:35
T20060102935

Requestor:
LAWYERS TITLE OF NEVADA

Frances Deane KGP
Clark County Recorder Pgs: 21

[Space Above This Line For Recording Data]

DEED OF TRUST MIN 80072

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated June 7, 2006 together with all Riders to this document.

(B) "Borrower" is Robert M. Hawkins and Christine V. Hawkins, Husband And Wife as joint tenants

Borrower is the trustor under this Security Instrument.

(C) "Lender" is GreenPoint Mortgage Funding, Inc.

Lender is a Corporation
organized and existing under the laws of the State of New York

NEVADA-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
WITH MERS

VMP-6A(NV) (0507)

Page 1 of 15

VMP Mortgage Solutions, Inc.
(800)521-7291

8007
Form 3029 1/01

AA_1528

Lender's address is 100 Wood Hollow Drive, Novato, CA 94945

(D) "Trustee" is Marin Conveyancing Corp.

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. **MERS is the beneficiary under this Security Instrument.** MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated **June 7, 2006**

The Note states that Borrower owes Lender **two hundred forty thousand and 00/100**

Dollars

(U.S. \$ **240,000.00**) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than **July 1, 2036**

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|--|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input checked="" type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |
| <input checked="" type="checkbox"/> Occupancy Rider | <input type="checkbox"/> Interim Interest Rider | |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to

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time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County [Type of Recording Jurisdiction] of Clark [Name of Recording Jurisdiction]:

As more particularly described in exhibit "A" attached hereto and made a part hereof.

Parcel ID Number: 177-24-514-043
3263 Morning Springs Drive
Henderson
("Property Address"):

which currently has the address of
[Street]
[City], Nevada 89074 [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right; to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances

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of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.

Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives

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Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the

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lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with

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the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

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attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

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(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

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12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the 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 Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

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16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. 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.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be

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one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

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NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option, and without further demand, may invoke the power of sale, including the right to accelerate full payment of the Note, and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender shall mail copies of the notice as prescribed by Applicable Law to Borrower and to the persons prescribed by Applicable Law. Trustee shall give public notice of sale to the persons and in the manner prescribed by Applicable Law. After the time required by Applicable Law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Lender may charge such person or persons a fee for reconveying the Property, but only if the fee is paid to a third party (such as the Trustee) for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee. Lender at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

25. Assumption Fee. If there is an assumption of this loan, Lender may charge an assumption fee of U.S. \$900.00

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

Robert M. Hawkins (Seal)
Robert M. Hawkins -Borrower

Christine V. Hawkins (Seal)
Christine V. Hawkins -Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

STATE OF NEVADA
COUNTY OF *Clark*

This instrument was acknowledged before me on *June 8, 2006*
Robert M. Hawkins, Christine V. Hawkins

by

Tracey Derrick

Mail Tax Statements To:
Robert M. Hawkins
3263 Morning Springs Drive, Henderson, NV 89074 USA

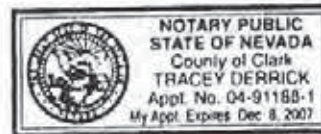


EXHIBIT "A"

All that certain real property situated in the County of Clark, State of Nevada, described as follows:

Lot Fifty (50) in Block Ten (10) of SEASONS AT PEBBLE CANYON, as shown by map thereof on file in Book 53 of Plats, Page 45, in the Office of the County Recorder of Clark County, Nevada.

Assessor's Parcel Number: **177-24-514-043**

PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 7th day of June, 2006, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to GreenPoint Mortgage Funding, Inc.

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 3263 Morning Springs Drive, Henderson, NV 89074

[Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in Declaration of Covenants, Conditions, and Restrictions

(the "Declaration"). The Property is a part of a planned unit development known as Seasons At Pebble Canyon

[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

PUD COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. PUD Obligations. Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

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MULTISTATE PUD RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3150 1/01

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VMP-7R (0411)

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B. Property Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and against loss by fire, hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes and floods, for which Lender requires insurance, then: (i) Lender waives the provision in Section 3 for the Periodic Payment to Lender of the yearly premium installments for property insurance on the Property; and (ii) Borrower's obligation under Section 5 to maintain property insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required property insurance coverage provided by the master or blanket policy.

In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Section 11.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8007

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this PUD Rider.

Robert M. Hawkins (Seal)
Robert M. Hawkins -Borrower

Christine V. Hawkins (Seal)
Christine V. Hawkins -Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

OCCUPANCY RIDER TO MORTGAGE/ DEED OF TRUST/SECURITY DEED

THE OCCUPANCY RIDER is made this 7th day of June, 2006, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note (the "Note") to **GreenPoint Mortgage Funding, Inc.** (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

3263 Morning Springs Drive, Henderson, NV 89074
("Property Address")

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

1. That the above-described property will be personally occupied by the Borrower as their principal residence within 60 days after the execution of the Security Instrument and Borrower shall continue to occupy the property as their principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld.
2. That if residency is not established as promised above as well as in the Security Instrument, the Lender may, without further notice, take any or all of the following actions:
 - a. increase the interest rate on the Note by one-half of one percent (0.500%) per annum on a fixed-rate loan or increase the Margin on an Adjustable Rate Note by one-half of one percent (0.500%) per annum and to adjust the principal and interest payments to the amount required to pay the loan in full within the remaining term; and/or
 - b. charge a non-owner occupancy rate adjustment fee of two percent (2.00%) of the original principal balance and/or
 - c. require payment to reduce the unpaid principal balance of the loan to the lesser of (1) 70% of the purchase price of the property or (2) 70% of the appraised value at the time the loan was made. The reduction of the unpaid principal balance shall be due and payable within thirty (30) days following receipt of a written demand for payment, and if not paid within thirty (30) days will constitute a default under the terms and provisions of the Note and Security Instrument, and/or
 - d. declare a default under the terms of the Note and Security Instrument and begin foreclosure proceedings, which may result in the sale of the above-described property; and/or
 - e. refer what is believed to be fraudulent acts to the proper authorities for prosecution. It is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements or reports for the purpose of influencing in any way the action of the Lender in granting a loan on the above property under the provisions of TITLE 18, UNITED STATES CODE, SECTIONS 1010 AND 1014.

It is further understood and agreed that any forbearance by the Lender in exercising any right or remedy given here, or by applicable law, shall not be a waiver of such right or remedy.

Should any clause, section or part of this Occupancy Rider be held or declared to be void or illegal for any reason, all other clauses, sections or parts of this Occupancy Rider which can be effected without such illegal clause, section or part shall nevertheless continue in full force and effect.

It is further specifically agreed that the Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies set forth above, including but not limited to, reasonable attorney's fees.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Occupancy Rider.

Robert M. Hawkins (Borrower)
Robert M. Hawkins

Christine V. Hawkins (Borrower)
Christine V. Hawkins

(Borrower)

(Borrower)

(Borrower)

(Borrower)

(Borrower)

(Borrower)

EXHIBIT 6

EXHIBIT 6

Redacted

NOTE

June 7, 2006
[Date]

Henderson
[City]

Nevada
[State]

3263 Morning Springs Drive, Henderson, NV 89074

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 240,000.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is GreenPoint Mortgage Funding, Inc.

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 6.750 %.

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 1st day of each month beginning on August 1, 2006. 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 July 1, 2036, 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 P.O. Box 79363, City of Industry, CA 91716-9363 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. \$ 1,556.64.

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.

8007

MULTISTATE FIXED RATE NOTE-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

VMP-5N (0207).01

Form 3200 1/01

VMP MORTGAGE FORMS - (800)521-7281

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 15 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 5.000 % 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.

3007

Form 3200 1/01

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.

Robert M. Hawkins

Robert M. Hawkins

(Seal)

-Borrower

_____(Seal)

Christine V. Hawkins

-Borrower

Christine V. Hawkins

(Seal)

-Borrower

_____(Seal)

-Borrower

(Seal)

-Borrower

_____(Seal)

-Borrower

(Seal)

-Borrower

_____(Seal)

-Borrower

[Sign Original Only]

WITHOUT RECOURSE
PAY TO THE ORDER OF:

WASHINGTON MUTUAL Bank, F.A.
GreenPoint Mortgage Funding, Inc.

TC
Thomas K. Mitchell
Vice President

EXHIBIT 7

EXHIBIT 7

1 Abran E. Vigil
Nevada Bar No. 7548
2 Sylvia O. Semper
Nevada Bar No. 12863
3 Holly Ann Priest
Nevada Bar No. 13226
4 BALLARD SPAHR LLP
1980 Festival Plaza Dr., Suite 900
5 Las Vegas, Nevada 89135
Telephone: (702) 471-7000
6 Facsimile: (702) 471-7070
E-Mail: vigila@ballardspahr.com
7 E-Mail: sempers@ballardspahr.com
E-Mail: priesth@ballardspahr.com

8 *Attorneys for JP Morgan Chase Bank N.A.*

9
10 DISTRICT COURT
11 CLARK COUNTY, NEVADA

12 JPMORGAN CHASE BANK, NATIONAL)
ASSOCIATION, a national association,)

CASE NO. A-13-692304-C

13 Plaintiff,)

DEPT NO. XXIV

14 vs.)

15 SFR INVESTMENTS POOL 1, LLC, a)
Nevada limited liability company; DOES 1)
16 through 10, ROE BUSINESS ENTITIES 1)
through 10, inclusive,)

17 Defendants.)

18 SFR INVESTMENTS POOL 1, LLC a)
19 Nevada limited liability company,)

20 Counter-Claimant,)

21 vs.)

22 JP MORGAN CHASE BANK National)
Association, a national association;)
23 ROBERT M. HAWKINS, an individual;)
CHRISTINE V. HAWKINS, an individual;)
24 DOES 1-10 and ROE BUSINESS)
ENTITIES 1 through 10, inclusive,)

25 Counter-Defendant/Cross)
26 Defendants.)

27
28 I, Dean Meyer, under penalty of perjury, declare as follows:

1. My name is Dean Meyer. I have personal knowledge of and am competent to testify as to the matters stated herein by virtue of my position as Director, Loss Mitigation for the Federal Home Loan Mortgage Corporation ("Freddie Mac"), a corporation organized and existing under the laws of the United States.
2. As Director, Loss Mitigation for Freddie Mac, I am familiar with certain Freddie Mac systems and databases that contain data regarding loans acquired and owned by Freddie Mac. The systems and databases include Freddie Mac's Loan Status Manager and MIDAS system, which includes and stores information concerning Freddie Mac's servicers and the purchase of loans. I also am familiar with Freddie Mac's Single-Family Seller/Servicer Guide (the "Guide"). This declaration is based upon my review of Freddie Mac's systems, databases containing loan information and data, and the Guide.
3. Entries in Freddie Mac's systems and corresponding databases are made at or near the time of the events recorded by, or from information transmitted by, persons with knowledge. Freddie Mac's systems and databases are maintained and kept in the course of Freddie Mac's regularly conducted business activity, and it is the regular practice of Freddie Mac to keep and maintain information regarding loans owned by Freddie Mac in Freddie Mac's databases. Freddie Mac's systems and databases consist of records that were made and kept by Freddie Mac in the course of its regularly conducted activities pursuant to its regular business practice of creating such records. These systems and databases are Freddie Mac's business records.
4. I have reviewed JPMorgan Chase Bank N.A.'s ("Chase") Motion for Summary Judgment and accompanying exhibits (collectively, the "Documents"). I have also reviewed Freddie Mac's systems and corresponding databases, including the documents referenced below, which are print-outs from Freddie Mac

(c) Transit insurance requirements

If the Seller/Servicer has not contractually agreed with the Document Custodian to have the Document Custodian assume liability for Notes and assignments while in transit, the Seller/Servicer must obtain insurance covering physical damage or destruction to, or loss of, any Notes and assignments while such documents are in transit between the Document Custodian's vault and anywhere, regardless of the means by which they are transported. For the purpose of this insurance, Mortgage Notes are to be defined as "Negotiable Instruments" per Section 3-104 of the Uniform Commercial Code (UCC).

At a minimum, the required insurance coverage must:

- Be underwritten by an insurer that has an A- (A minus) or better rating according to the A.M. Best Company
- Be maintained in amounts that are deemed adequate for the number of Notes and assignments held in custody and that are deemed appropriate based on prudent business practice
- Each have a deductible amount no more than the greater of 5% of the Seller/Servicer's GAAP net worth or \$100,000, but in no case greater than \$10,000,000

In the event that a Seller/Servicer is covered under its parent's insurance program rather than by its own insurance:

- The acceptable deductible amount for each insurance coverage may be no more than the greater of 5% of the parent's GAAP net worth or \$100,000, but in no case greater than \$10,000,000
- The Seller/Servicer must be a named insured
- The parent's insurance policy(ies) must meet requirements as stated in this subsection

In the event of cancellation or non-renewal of any of the required insurance coverages, the Seller/Servicer or the Seller/Servicer's insurer, insurance broker or agent must provide Freddie Mac (**see Directory 1**) a minimum of 30 days advance written notice thereof.

Freddie Mac's insurance requirements as stated in this subsection do not diminish, restrict or otherwise limit the Seller/Servicer's responsibilities and obligations as stated in the Form 1035, Form 1035DC, or otherwise in the Purchase Documents.

(d) Transfers of Servicing

For Transfers of Servicing pursuant to Chapter 56, the Seller/Servicer must meet the document custody requirements of Section 18.7 and Section 56.9, including the transfer of the Notes from the Transferor Servicer's Document Custodian to the Transferee Servicer's Document Custodian.

(e) Obtaining documents

Seller/Servicers may need to request the Note or other documents held by a Document Custodian to take appropriate action in conjunction with the payoff, foreclosure, repurchase substitution, conversion, modification or assumption of a Mortgage or the recordation of the assignment of a Security Instrument to Freddie Mac.

- To obtain a Note and/or other documents from the Designated Custodian, the Seller/Servicer must make an electronic request ("Web Release Request") using the Designated Custodian's Web portal. Contact the Designated Custodian for further information (**see Directory 4**). Unless the related Mortgage was repurchased or paid in full, the Seller/Servicer must promptly return the Note and documents when they are no longer required for servicing to the Designated Custodian. Seller/Servicers using the Designated Custodian's internet website Asset Repository and Collateral System (ARK) to request release of Notes and other documents must include a copy of the 1036 Release Receipt Report when returning such items to the Designated Custodian. The Release Receipt Report can be electronically generated from the Designated Custodian's ARK web site.
- To obtain a Note and/or other documents from a Document Custodian other than the Designated Custodian, the Seller/Servicer must complete Form 1036, Request for Release of Documents, and send the form to the Document Custodian. Unless the related Mortgage was repurchased or paid in full, the Seller/Servicer must promptly return the Notes and documents and Form 1036 when they are no longer required for servicing to the Document Custodian.

Seller/Servicers must follow prudent business practices in protecting and safeguarding all Notes and documents released to them by the Document Custodian until these documents are returned to the Document Custodian. These practices include protection from external elements, such as fire, and identification as a Freddie Mac asset and segregation from other non-related documents.

Freddie Mac Single Family / Archive of Single-Family Seller/Service Guide / Archive of Single-Family Seller/Service Guide Published as of the Date of the Last 2013 Bulletin / Single-Family Seller/Service Guide, Volume 1 / Chs. 16-21: Delivery / Chapter 18: Document Custody / 18.6: Document Custodian's functions and duties (06/01/13)

REVISION HISTORY 07/20/12 [HIDE]**REVISION NUMBER:** 07202012**DATE:** 07/20/2012**REVISION REMARKS:** THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.**18.6: Document Custodian's functions and duties (Effective: 07/20/12)****ARCHIVED VERSION**

(a) General duties

Each Document Custodian is responsible for:

1. Maintaining custody and control of the original Notes and assignments on behalf of Freddie Mac. If the Seller/Servicer delivers supplemental documents, such as original modifying instruments, the Document Custodian must place the supplemental documents with the related original Notes.
2. Holding the Notes and assignments in secure, fire-resistant facilities as described in Section 18.2(b)
3. Affixing the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. If the Note for a Mortgage contains the Freddie Mac loan number, changing the Freddie Mac loan number on a Note if advised in writing by the Seller/Servicer that Freddie Mac has changed the Freddie Mac loan number for the related Mortgage.
4. Making available for review by Freddie Mac (or its designee), at any time during normal business hours, with or without prior notice, the Notes and assignments and related storage facilities, maintenance and release procedures, and control and tracking mechanisms, and other evidence of compliance with eligibility requirements as requested
5. Making the custodial staff available for interview by Freddie Mac or its designee, at any time during normal business hours, with or without prior notice, for an assessment of the staff's familiarity with and adherence to Freddie Mac's custodial requirements and the Document Custodian's internal controls
6. Indemnifying Freddie Mac for such losses as may occur as a result of any negligence by the Document Custodian in the performance of its duties under the Guide pertaining to Notes and assignments held for Freddie Mac and Form 1035, Custodial Agreement: Single-Family Mortgages, and Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages
7. Providing, in an electronic format acceptable to Freddie Mac, an accounting of all Notes held for Freddie Mac as described in Section 18.2 (b)

Freddie Mac may, at any time, and in its sole discretion, require a Document Custodian to segregate the Notes it holds for Freddie Mac from those held for other investors.

(b) Verifications

Upon receiving the Notes from the Seller/Servicer, the Document Custodian must verify that the following requirements have been met:

- Note: The information on each Note matches all corresponding information for the related Mortgage contained in the Freddie Mac Selling System ("Selling System"). The Document Custodian is not required to verify the Seller/Servicer number.
- Note endorsement: Each Note is endorsed as required by Section 16.4. If the Seller/Servicer delivering the Note is not the original payee on a Note, the Document Custodian must verify that the chain of endorsements is proper and complete from the original payee on the Note to the Seller delivering the Note to Freddie Mac — not to the Servicer.
- Assignments: The assignments of the Security Instruments from the original Mortgagee to the Seller/Servicer or to MERS® are prepared, executed and recorded where required, in accordance with Sections 22.14 and 56.7. The Seller/Servicer must provide its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments for Mortgages registered with MERS in the Mortgage files, as provided in Section 22.14.

(c) Certification

The Document Custodian must comply with the applicable requirements of the Purchase Documents whenever the Document Custodian is completing the certification process for Mortgages sold to Freddie Mac.

The Document Custodian consents to conduct Electronic Transactions, as defined in Chapter 3, with the Seller/Servicer and Freddie Mac in connection with its functions, duties and obligations under this Section 18.6 and Form 1035. In accordance with Form 1035, the Document Custodian adopts as its signature its Freddie Mac Document Custodian number. The Document Custodian must comply with the requirements of Chapter 3 as if each reference to the word "Seller/Servicer" were a reference to the "Document Custodian."

The Document Custodian must not execute the Custodian Certification if any of the information or documentation required to be verified does not match the specifications in Section 18.6(b) or if any discrepancy is not sufficiently justified. The Document Custodian must inform the delivering Seller/Servicer of any discrepancy for corrective action.

(d) Duties to Freddie Mac

Upon certification of the Notes and assignments, the Document Custodian must hold the Notes and assignments in trust for the sole benefit of Freddie Mac. The Document Custodian may not enter into any understanding, agreement, or relationship with any party by which any such party would obtain, retain or claim any interest (including an ownership or security interest) in such documents or the underlying Mortgages, unless otherwise specifically approved by Freddie Mac.

If the Document Custodian's facilities are affected by a disaster, the Document Custodian must notify Freddie Mac (**see Directory 9**) within 24 hours of the disaster.

(e) Release of documents to the Seller/Servicer

The Seller/Servicer may require Notes and related documents in conjunction with the maturity, prepayment, foreclosure, repurchase, substitution, conversion, modification or assumption of a Mortgage or the recordation of the assignment of a Security Instrument to Freddie Mac.

The Document Custodian will release to the Seller/Servicer any Note and related documents in the Document Custodian's custody upon receiving from the Seller/Servicer a properly completed and executed Form 1036, Request for Release of Documents, (or its equivalent, each such form, a "Request for Release"), (or in the case of the Designated Custodian, a request via its web portal (see section 18.4(e)). To use an electronic or system-generated version of the Form 1036, the Seller/Servicer must enter into an agreement with the Document Custodian that:

- Defines electronic signatures and the type of electronic transmission permitted
- States the Document Custodian's requirements for accepting electronic signatures
- States the Seller/Servicer's requirements for maintaining and controlling access to electronic signature information
- Clearly assigns liability when the terms of the agreement are violated

In addition, the Seller/Servicer must provide, and the Document Custodian must retain, a list of the individuals designated to request the release of documents electronically. The list must be signed by an authorized officer of the Seller/Servicer and contain the notarized signatures of the designees.

An electronic or system-generated Form 1036 must contain all of the information required on the paper form. A single electronic form can be used to request multiple Notes provided that the Note list is attached.

See Section 18.6(g) for additional information on imaging and retention requirements. If a document is no longer needed for the reason originally cited on the request, the Seller/Servicer must return the Note and related documents and a copy of the Form 1036 to the Document Custodian, or return the Note and any other documentation required by the Designated Custodian, which will resume its custody and update its note tracking system to reflect receipt of the documents.

See Section 18.4(e) for additional information on returning documents to the Document Custodian or Designated Custodian. Seller/Servicers must follow prudent business practices in protecting and safeguarding all documents released to them while those documents are in their possession. These practices include protection from destructive elements, such as fire, identification as Freddie Mac assets, and segregation from other non-related documents.

(f) Release of documents to designated counsel

Designated counsel may require Notes in conjunction with the foreclosure of a Mortgage. The Document Custodian must release to the designated counsel any Note in the Document Custodian's custody upon receipt of a properly completed and executed Form 1036DC, Designated Counsel's Request for Release of Documents, from the designated counsel.

Prior to releasing the documents, the Document Custodian must:

- Verify that the designated counsel requesting the documents using Form 1036DC is in fact Freddie Mac's designated counsel by using the list (Guide Exhibit 79, Designated Counsel/Trustee) on our web site at http://www.freddiemac.com/service/msp/design_counsel.html, or by calling (800) FREDDIE.
- Verify that the information provided for each Mortgage is correct, for example, that the named Borrower corresponds to the Freddie Mac loan number. If the Document Custodian has reason to believe the information provided is incorrect, contact the Servicer or Freddie Mac's Settlement Operations at fmmdm@freddiemac.com, and do not release the documents.
- Fax or e-mail a copy of the Form 1036DC that accompanies any documents that are released to designated counsel to the Servicer indicated on the form and obtain "in transit" insurance coverage for the documents released to the designated counsel.
- Retain the Form 1036DC as required by Form 1035.

The Seller/Servicer will be responsible for any release fees and delivery expenses with respect to documents that the Document Custodian releases to the designated counsel.

If the foreclosure is not completed, the designated counsel will return the Note with a copy of the Form 1036DC to the Document Custodian, which will resume its custody and update its note tracking system to reflect receipt of the documents.

(g) Imaging and retention requirements

The Document Custodian must retain either the original or an imaged copy of each Form 1036 (or its equivalent, each such form, a "Request for Release") for at least three months after the date the Mortgage is paid off or the Note is returned to the Document Custodian. The Document Custodian need not retain a Form 1034E, or Note Delivery Cover Sheet, after the related Mortgages have been certified.

Imaged copies of the forms are permitted, provided that:

- Such copies were made in the regular course of business pursuant to Document Custodian's written policy
- Each imaged copy accurately reproduces or forms a durable medium for reproducing the original document
- There is equipment to view or read and to reproduce the imaged copies into legible documents at the location where the imaged copies are maintained

The Document Custodian may destroy:

- Original Certification Schedules after making imaged copies that meet the above criteria
- Requests for Release after making imaged copies that meet the above criteria and updating Document Custodian's note tracking system to indicate the date of release of the related documents and the reason for their release
- All original or imaged copies of Certification Schedules and Requests for Release after expiration of the retention period

In disposing of such documents, Document Custodian must have in place and follow procedures to ensure the confidentiality of Borrowers' private personal information and must use disposal methods that safeguard such confidentiality.

18.6: Document Custodian's functions and duties (06/01/13)**ARCHIVED VERSION**

(a) General duties

Each Document Custodian is responsible for:

1. Maintaining custody and control of the original Notes and assignments on behalf of Freddie Mac. If the Seller/Servicer delivers supplemental documents, such as original modifying instruments, the Document Custodian must place the supplemental documents with the related original Notes.
2. Holding the Notes and assignments in secure, fire-resistant facilities as described in Section 18.2(b)
3. Affixing the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. If the Note for a Mortgage contains the Freddie Mac loan number, changing the Freddie Mac loan number on a Note if advised in writing by the Seller/Servicer that Freddie Mac has changed the Freddie Mac loan number for the related Mortgage.
4. Making available for review by Freddie Mac (or its designee), at any time during normal business hours, with or without prior notice, the Notes and assignments and related storage facilities, maintenance and release procedures, and control and tracking mechanisms, and other evidence of compliance with eligibility requirements as requested
5. Making the custodial staff available for interview by Freddie Mac or its designee, at any time during normal business hours, with or without prior notice, for an assessment of the staff's familiarity with and adherence to Freddie Mac's custodial requirements and the Document Custodian's internal controls
6. Indemnifying Freddie Mac for such losses as may occur as a result of any negligence by the Document Custodian in the performance of its duties under the Guide pertaining to Notes and assignments held for Freddie Mac and Form 1035, Custodial Agreement: Single-Family Mortgages, and Form 1035DC, Designated Custodial Agreement: Single-Family Mortgages
7. Providing, in an electronic format acceptable to Freddie Mac, an accounting of all Notes held for Freddie Mac as described in Section 18.2(b)

Freddie Mac may, at any time, and in its sole discretion, require a Document Custodian to segregate the Notes it holds for Freddie Mac from those held for other investors.

(b) Verifications

Upon receiving the Notes from the Seller/Servicer, the Document Custodian must verify that the following requirements have been met:

- **Note:** The information on each Note matches all corresponding information for the related Mortgage contained in the Freddie Mac Selling System ("Selling System"). The Document Custodian is not required to verify the Seller/Servicer number.
- **Note endorsement:** Each Note is endorsed as required by Section 16.4. If the Seller/Servicer delivering the Note is not the original payee on a Note, the Document Custodian must verify that the chain of endorsements is proper and complete from the original payee on the Note to the Seller delivering the Note to Freddie Mac — not to the Servicer.
- **Assignments:** The assignments of the Security Instruments from the original Mortgagee to the Seller/Servicer or to MERS® are prepared, executed and recorded where required, in accordance with Sections 22.14 and 56.7. The Seller/Servicer must provide its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments for Mortgages registered with MERS in the Mortgage files, as provided in Section 22.14.

(c) Certification

The Document Custodian must comply with the applicable requirements of the Purchase Documents whenever the Document Custodian is completing the certification process for Mortgages sold to Freddie Mac.

The Document Custodian consents to conduct Electronic Transactions, as defined in Chapter 3, with the Seller/Servicer and Freddie Mac in connection with its functions, duties and obligations under this Section 18.6 and Form 1035. In accordance with Form 1035, the Document Custodian adopts as its signature its Freddie Mac Document Custodian number. The Document Custodian must comply with the requirements of Chapter 3 as if each reference to the word "Seller/Servicer" were a reference to the "Document Custodian."

The Document Custodian must not execute the Custodian Certification if any of the information or documentation required to be verified does not match the specifications in Section 18.6(b) or if any discrepancy is not sufficiently justified. The Document Custodian must inform the delivering Seller/Servicer of any discrepancy for corrective action.

(d) Duties to Freddie Mac

Upon certification of the Notes and assignments, the Document Custodian must hold the Notes and assignments in trust for the sole benefit of Freddie Mac. The Document Custodian may not enter into any understanding, agreement, or relationship with any party by which any such party would obtain, retain or claim any interest (including an ownership or security interest) in such documents or the underlying Mortgages, unless otherwise specifically approved by Freddie Mac.

If the Document Custodian's facilities are affected by a disaster, the Document Custodian must notify Freddie Mac (**see Directory 9**) within 24 hours of the disaster.

(e) Release of documents to the Seller/Servicer

The Seller/Servicer may require Notes and related documents in conjunction with the maturity, prepayment, foreclosure, repurchase, substitution, conversion, modification or assumption of a Mortgage or the recordation of the assignment of a Security Instrument to Freddie Mac.

The Document Custodian will release to the Seller/Servicer any Note and related documents in the Document Custodian's custody upon receiving from the Seller/Servicer a properly completed and executed Form 1036, Request for Release of Documents, (or its equivalent, each such form, a "Request for Release"), (or in the case of the Designated Custodian, a request via its web portal (see section 18.4(e)). To use an electronic or system-generated version of the Form 1036, the Seller/Servicer must enter into an agreement with the Document Custodian that:

- Defines electronic signatures and the type of electronic transmission permitted
- States the Document Custodian's requirements for accepting electronic signatures
- States the Seller/Servicer's requirements for maintaining and controlling access to electronic signature information
- Clearly assigns liability when the terms of the agreement are violated

In addition, the Seller/Servicer must provide, and the Document Custodian must retain, a list of the individuals designated to request the release of documents electronically. The list must be signed by an authorized officer of the Seller/Servicer and contain the notarized signatures of the designees.

An electronic or system-generated Form 1036 must contain all of the information required on the paper form. A single electronic form can be used to request multiple Notes provided that the Note list is attached.

See Section 18.6(g) for additional information on imaging and retention requirements. If a document is no longer needed for the reason originally cited on the request, the Seller/Servicer must return the Note and related documents and a copy of the Form 1036 to the Document Custodian, or return the Note and any other documentation required by the Designated Custodian, which will resume its custody and update its note tracking system to reflect receipt of the documents.

See Section 18.4(e) for additional information on returning documents to the Document Custodian or Designated Custodian. Seller/Servicers must follow prudent business practices in protecting and safeguarding all documents released to them while those documents are in their possession. These practices include protection from destructive elements, such as fire, identification as Freddie Mac assets, and segregation from other non-related documents.

(f) Imaging and retention requirements

The Document Custodian must retain either the original or an imaged copy of each Form 1036 (or its equivalent, each such form, a "Request for Release") for at least three months after the date the Mortgage is paid off or the Note is returned to the Document Custodian. The Document Custodian need not retain a Form 1034E, or Note Delivery Cover Sheet, after the related Mortgages have been certified.

Imaged copies of the forms are permitted, provided that:

- Such copies were made in the regular course of business pursuant to Document Custodian's written policy
- Each imaged copy accurately reproduces or forms a durable medium for reproducing the original document
- There is equipment to view or read and to reproduce the imaged copies into legible documents at the location where the imaged copies are maintained

The Document Custodian may destroy:

- Original Certification Schedules after making imaged copies that meet the above criteria
- Requests for Release after making imaged copies that meet the above criteria and updating Document Custodian's note tracking system to indicate the date of release of the related documents and the reason for their release
- All original or imaged copies of Certification Schedules and Requests for Release after expiration of the retention period

In disposing of such documents, Document Custodian must have in place and follow procedures to ensure the confidentiality of Borrowers' private personal information and must use disposal methods that safeguard such confidentiality.

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FUTURE REVISION 01/10/14 [SHOW]

66.1: Introduction (10/01/11)

ARCHIVED VERSION

The Servicer must initiate foreclosure in accordance with this chapter only when there is no viable alternative to foreclosure. Additionally, Freddie Mac requires the Servicer to manage the foreclosure process to acquire clear and marketable title to the property in a cost-effective, expeditious and efficient manner.

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66.20: Obtaining the original Note (11/09/12)

ARCHIVED VERSION

If the original Note is needed to perform the foreclosure, the Servicer must request the Note from the Document Custodian holding the Note by submitting to the Document Custodian a completed Form 1036, Request for Release of Documents, or an electronic or system-generated version of the form (or, in the case of the Designated Custodian, a copy of the electronically generated 1036 Release Receipt Report) in accordance with the requirements of Section 18.4 (e).

If there is a full or partial reinstatement of the Mortgage, the Servicer must return the Note to the Document Custodian with either the original Form 1036 or a copy.

Before June 1, 2013, the designated counsel may request the Note from the Document Custodian holding the Note by submitting to the Document Custodian a completed Form 1036DC, Designated Counsel's Request for Release of Documents. The designated counsel may contact the Servicer to identify the Document Custodian holding the Note, and the Servicer must cooperate in providing the necessary information. In addition, the Servicer must pay any release fees and expenses required by the Document Custodian.

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REVISION HISTORY 06/14/13 [SHOW]

REVISION HISTORY 06/01/13 [SHOW]

REVISION HISTORY 06/13/12 [HIDE]

REVISION NUMBER: 06132012

DATE: 06/13/2012

REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.

66.17: Foreclosing in the Servicer's name (Effective: 06/13/12)

ARCHIVED VERSION

The Servicer must instruct the foreclosure counsel or trustee to process the foreclosure in the Servicer's name.

If an assignment of the Security Instrument to Freddie Mac has been recorded, then the Security Instrument must be assigned back to the Servicer before the foreclosure counsel or trustee files the first legal action. Refer to Section 66.18 for an explanation of first legal action.

To have the Security Instrument assigned back to the Servicer, the Servicer must submit a completed assignment with Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac (**see Directory 9**). Freddie Mac will execute the assignment and return it to the Servicer within seven Business Days of receiving the documents.

If the Servicer is foreclosing on a Mortgage registered with MERS®, the Servicer must prepare and execute (using the Servicer's employee who is a MERS authorized "signing officer") an assignment of the Security Instrument from MERS to the Servicer and instruct the foreclosure counsel or trustee to foreclose in the Servicer's name and take title in Freddie Mac's name according to the requirements of Section 66.54. The Servicer must record the prepared assignment where required by State law. State mandated recordings are non-reimbursable by Freddie Mac, are not considered part of the Freddie Mac allowable attorney fees and must not be billed to the Borrower.

If the Mortgage is an FHA, Section 502 GRH or VA Mortgage, then the Servicer must follow FHA, Rural Housing Service (RHS) or VA guidelines to determine in whose name the foreclosure action should be brought.

If the Servicer is foreclosing on a property in the State of Oregon, the Servicer must destroy any unrecorded assignment to Freddie Mac no later than 10 days after the date the Servicer refers the foreclosure to its foreclosure attorney or trustee. If the Borrower subsequently reinstates his or her Mortgage, the Servicer does not need to prepare a new assignment to Freddie Mac. Refer to Section 22.14 for additional information on Freddie Mac's requirements for assignments of the Security Instrument.

66.17: Foreclosing in the Servicer's name (10/18/13)**ARCHIVED VERSION**

The Servicer must instruct the foreclosure counsel to process the foreclosure in the Servicer's name. However, if applicable law precludes the Servicer from conducting the foreclosure in its name because it owns or services a subordinate Mortgage on the Mortgaged Premises, then the Servicer may instruct foreclosure counsel to conduct the foreclosure in Freddie Mac's name. Servicers do not need to obtain written approval (refer to Section 67.17 regarding initiating legal actions on Freddie Mac's behalf) but must notify Freddie Mac within two Business Days of the Servicer's determination to foreclose in Freddie Mac's name and record the basis of the decision in the Mortgage file. All notifications must be sent via e-mail (**see Directory 5**). When processing the foreclosure in Freddie Mac's name, all pleadings and related documents must comply with Section 67.17(c). The Servicer remains obligated to notify Freddie Mac pursuant to Section 69.12(a) in the event that any foreclosure conducted in Freddie Mac's name evolves into a non-routine litigation matter (see Section 67.17).

When a Servicer conducts the foreclosure in Freddie Mac's name, the Servicer is not permitted to have the same foreclosure counsel represent the Servicer or another lien holder in the same proceeding. Freddie Mac does not consent to dual representation of Freddie Mac and another lien holder on the same property.

If an assignment of the Security Instrument to Freddie Mac has been recorded, then the Security Instrument must be assigned back to the Servicer before the foreclosure counsel files the first legal action. Refer to Section 66.18 for an explanation of first legal action.

To have the Security Instrument assigned back to the Servicer, the Servicer must submit a completed assignment with a Request for Assistance Form (available at: <http://www.freddiemac.com/cim/docex.html>), to Freddie Mac (**see Directory 9**). Freddie Mac will endeavor to execute the assignment and return it to the Servicer within 10-12 Business Days of receiving the documents.

If the Servicer is foreclosing on a Mortgage registered with MERS®, the Servicer must prepare and execute (using the Servicer's employee who is a MERS authorized "signing officer") an assignment of the Security Instrument from MERS to the Servicer. The Servicer must record the prepared assignment where required by State law. State mandated recordings are non-reimbursable by Freddie Mac, are not considered part of the Freddie Mac allowable foreclosure counsel fees and must not be billed to the Borrower.

If the Mortgage is an FHA, Section 502 GRH or VA Mortgage, then the Servicer must follow FHA, Rural Housing Service (RHS) or VA guidelines to determine in whose name the foreclosure action should be brought.

Refer to Section 22.14 for additional information on Freddie Mac's requirements for assignments of the Security Instrument.

Related Guide Bulletins	Issue Date
Bulletin 2013-22	October 18, 2013
Bulletin 2013-10	June 14, 2013

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67.6: Introduction (11/09/12)

ARCHIVED VERSION

This part of the chapter provides Servicers with Freddie Mac's requirements for Servicing Mortgages subject to bankruptcy proceedings or litigation. The Servicer must take appropriate action to protect Freddie Mac's interest during bankruptcy proceedings in which the Borrower is the debtor or when there is litigation of either a routine or non-routine nature (Refer to Section 67.17 for information regarding routine and non-routine litigation).

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Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters

ARCHIVED VERSION

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.1: Overview (06/01/13)

69.1: Overview (06/01/13)

ARCHIVED VERSION

This chapter sets forth requirements for the Servicer's review and evaluation, selection, retention and management of law firms (referred to throughout this chapter as "firms") for Freddie Mac Default Legal Matters.

Effective June 1, 2013, all referrals of Freddie Mac Default Legal Matters must be conducted in accordance with the requirements of either Chapter 69 or A69. Chapter 69 governs the referral of Freddie Mac Default Legal Matters to law firms selected by the Servicer under the requirements of Section 69.7.

During the period of June 1, 2013 through July 31, 2013, Servicers may also refer Freddie Mac Default Legal Matters to law firms selected by Servicers pursuant to the new requirements of Chapter A69 and must comply with the requirements of Sections 69.10 through 69.14.

Effective August 1, 2013, Servicers must comply with all requirements of this chapter in order to refer Freddie Mac Default Legal Matters to law firms.

Each Servicer is responsible for retaining firms for Freddie Mac Default Legal Matters. Freddie Mac will continue to retain firms directly for REO-related legal services: eviction, REO closing, and related litigation (refer to Chapter 67 for more information relating to litigation).

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.2: Review and evaluation of firms (06/01/13)

69.2: Review and evaluation of firms (06/01/13)

ARCHIVED VERSION

(a) Due diligence

As part of its selection process, each Servicer is responsible for obtaining and evaluating documentation and information from firms, and conducting due diligence to ensure that selected firms meet the requirements set forth in Section 69.3. As part of the process, each Servicer must:

- Obtain and review all required documentation and information submitted by each firm;
- Ensure that it selects from a pool of potentially acceptable firms that is diverse, and includes minority and women-owned firms and other diverse firms when feasible; and
- Ensure that the firm or any entity or individual performing work for the firm is not on the Freddie Mac Exclusionary List in accordance with Section 2.24

(b) Due diligence documentation

The Servicer must provide to Freddie Mac upon request a copy of each firm's application information and related due diligence documentation. Freddie Mac reserves the right to review the process, procedures and due diligence used by the Servicer to evaluate and select a firm.

(c) Document retention requirements

The Servicer must retain all information submitted by a firm in support of the firm's application and all information otherwise gathered by the Servicer regarding the firm. The Servicer must maintain any information relating to firms that are selected and retained by the Servicer for as long as the firm is providing legal services with respect to Freddie Mac-owned or guaranteed Mortgages and, thereafter, for the longer of any retention period applicable to the Servicer or seven years. The Servicer must maintain any information relating to firms that are not selected and retained by the Servicer for the longer of any retention period applicable to the Servicer or seven years.

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69.3: Firm Minimum Requirements (06/01/13)**ARCHIVED VERSION**

The Servicer must ensure that all firms selected and retained to handle Freddie Mac Default Legal Matters meet the firm minimum requirements specified in this section ("Firm Minimum Requirements"), and all other applicable Freddie Mac requirements. The Firm Minimum Requirements are as follows:

(a) Firm practice

The firm's practice areas must include end-to-end default-related legal services: foreclosure, bankruptcy, loss mitigation (e.g., deeds-in-lieu of foreclosure), default-related litigation and Real Estate Owned (REO)-related legal services: eviction, REO closing and related litigation.

The firm must:

- Be familiar with industry standards in the State in which it practices;
- Understand the State legal processes and requirements in default-related and REO-related legal services; and
- Understand the substantive legal issues in the State (e.g., standing)

Additionally, the Servicer must consider firm experience in the following areas: foreclosure mediation, the Fair Debt Collection Practices Act, title curative issues, and general housing-related issues (e.g., rent control, Section 8, lead paint liability, health code violations, foreclosure redemption, confirmation and ratification, homeowners association, mobile home matters, and cooperative loans). The firm should also have some experience with delegation for loss mitigation.

The Servicer must also consider the firm's membership in default-related and REO-related trade and industry groups, attendance or participation in State bar associations, seminar and lecture participation and attendance, and any other activities relevant to default-related and REO-related law practice.

(b) Presence in State

Firms generally must have a staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

In addition:

- The legal work must be performed by the attorneys licensed in the State where the Mortgaged Premises is located;
- The firm must be registered, as necessary, with appropriate State authorities;
- For the States in which an appropriately staffed office is required, the firm must disclose to the Servicer the extent, if any, to which work will be performed by an office of the firm in another State;
- The Servicer must require the firm to disclose to the Servicer where the staff handling the work in the particular State is located, and to whom the staff in that office regularly reports; and
- The Servicer must obtain office addresses for each firm it seeks to retain

1. Judicial foreclosure States

In judicial foreclosure States, the firm must have an appropriately staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

2. Non-Judicial foreclosure States

In non-judicial foreclosure States, a firm must have an appropriately staffed office located in the State in which the firm is retained, except in the following non-judicial foreclosure States: Alaska, District of Columbia, Idaho, New Hampshire, Rhode Island, Montana, West Virginia and Wyoming. In those States, Servicers should give preference to firms that have staffed offices in those States. However, out-of-State firms may be used to handle Freddie Mac Default Legal Matters, provided that the firm is located in the same region of the country and is able to demonstrate that it has policies, procedures and processes in place to handle cases from out of State.

Servicers may use firms outside of Puerto Rico, the U.S. Virgin Islands and Guam to handle foreclosure and bankruptcy matters in those States. Servicers should give preference to firms that have staffed offices in the State, but out-of-State firms may be used, provided that they are able to demonstrate that they have policies, procedures and processes in place to handle cases from outside the State.

If a Servicer has difficulty finding a sufficient number of firms with appropriately staffed offices in States other than those listed in the exceptions above, the Servicer may contact Freddie Mac to request an exception to the requirement that a firm have an appropriately staffed office located in the State. Requests should be sent to Freddie Mac (**see Directory 1**).

(c) State-specific industry references

The Servicer must obtain from the firm at least two State-specific mortgage servicers or default-related references, or if the firm has been in existence less than one year, the partners or shareholders of the firm must provide at least two Servicer or default-related references in connection with work performed in the particular State.

(d) Statewide coverage and use of local counsel

The Servicer must ensure that the firm has the ability to cover foreclosure, bankruptcy, eviction, REO closing matters and default-related litigation throughout the State.

If the firm has partnerships or relationships with third parties (e.g., local counsel, trustee companies or title companies) that will perform or complete some aspect of the default-related and REO-related work, the Servicer must require the firm to: (i) obtain disclosure from the firm regarding such relationships and the extent to which third parties will be relied upon and (ii) determine whether the firm has a reasonable contingency plan for the loss of any of those relationships or operational processes. In evaluating any such third-party relationship, the Servicer must consider the length of time the relationship has existed and the adequacy of the firm's written policies to mitigate third-party risk.

If a firm uses local counsel to handle matters within the State, the Servicer must ensure that the firm has a process to select, manage, and review the local counsel and their work product. The process must be designed to ensure that local attorneys are qualified and adequately trained and have a satisfactory history with respect to bar complaints, sanctions and similar matters.

For a firm's contested caseload (e.g., contested foreclosures and litigated cases), the firm's reliance on local counsel must be minimal. Any use of local counsel for these matters must be structured so that the retained firm will direct and manage the local counsel on those matters.

(e) Prior volume experience

Servicers must confirm the firm and/or managing attorney(s) has completed a sufficient number of foreclosure, bankruptcy, loss mitigation, eviction and REO matters within the past 24 months to demonstrate that the firm has experience in representing creditors in default-related matters.

For the 24-month period, the Servicer must review the total number of matters referred, the total number of matters completed and the number of matters currently pending for each of the following areas: foreclosure, bankruptcy, loss mitigation, eviction and REO closing.

What constitutes a sufficient number of completed default-related and REO-related legal services will vary depending upon the State at issue, the volume the Servicer expects to refer to the firm, and the relative size of the firm. Servicers must consider these factors when making this determination.

(f) Firm has adequate, relevant State-specific experience

The Servicer must confirm that the firm has one or more managing attorney(s) or partner(s) with no less than 8 years of relevant, State-specific experience in foreclosure (including where applicable, confirmation, redemption and ratification matters), bankruptcy, loss mitigation, eviction, and REO closings and litigation. Servicers may make exceptions to this requirement for documented reasons in the event a firm is otherwise qualified.

The Servicer must obtain the names and the years of experience in each area (foreclosure, bankruptcy, eviction, REO closings and related litigation) for the firm's managing attorney(s) or partner(s) and associates.

If the principals or partners of the firm are not actively involved in the management of the firm, the Servicer must consider the level of experience of those actively involved in managing the firm.

(g) One or more of the firm's lead attorneys has adequate, relevant litigation experience in the State

The Servicer must determine whether the firm has at least one lead attorney to handle Freddie Mac Default Legal Matters with a minimum of five years of experience in default-related and REO-related litigation in the State. The firm's partner(s) or managing attorney(s) may act as the lead attorney for Freddie Mac Default Legal Matters. If the firm will utilize staff attorneys for Freddie Mac Default Legal Matters, one or more staff attorneys must have at least three years of experience in handling default-related and REO-related litigation in the State.

(h) Attorney licensing

The Servicer must confirm that the firm's attorneys who will handle Freddie Mac Default Legal Matters are licensed to practice, and in good standing, in the State in which the firm is being retained. Legal work must be performed by attorneys licensed in the State.

(i) Staff experience

The Servicer must determine whether the firm's non-attorney staff has reasonable experience. In determining what constitutes reasonable experience, the Servicer must consider the average years of experience, education, qualifications and demonstrated ability of the non-attorney staff in relation to their respective levels of responsibility.

(j) Staff oversight

The Servicer must confirm that the firm has appropriate attorney-to-staff ratios to ensure appropriate staff oversight given the size of the firm and the firm's operational structure. The Servicer must consider whether the firm practices in a judicial or a non-judicial State, the firm's case management practices, the State-specific process, attorney and staff experience, firm technology and firm infrastructure.

(k) File oversight

The Servicer must confirm that the firm has appropriate (i) attorney-to-file and (ii) staff-to-file ratios, given the size of the firm and the firm's operational structure. The Servicer must take into consideration whether the firm practices in a judicial or a non-judicial foreclosure State, the firm's case management practices, the State-specific processes, attorney and staff experience, firm technology and firm infrastructure.

(l) Firm capacity

As of the date of the submission of the Servicer Selection Form via <https://freddiemacsats.com>, the Servicer must confirm that the firm has the ability to accept additional referrals. Additionally, the Servicer must confirm that the firm is not operating at full capacity, given the existing facilities, personnel, and technology or, alternatively, the firm must outline to the Servicer's satisfaction the steps and time frame necessary to be in a position to handle additional referrals while still maintaining appropriate firm-to-file and staff-to-file ratios. The Servicer must confirm that the firm has contingency plans to deal with a contraction in the market.

(m) Ethics and professional standards

The firm must demonstrate a history of legal practice that comports with applicable legal and ethical standards, reflecting high professional standards. The Servicer must conclude that the firm does not, in the totality of the circumstances, pose a legal and/or reputational risk or exhibit systematic issues that may lead to reputational and/or legal risk to Freddie Mac.

The Servicer must obtain the following information from the firm in order to evaluate the sufficiency of the firm's professional standards:

- Any sanctions against the firm or any of its present or former attorneys in the past five years, including the nature of the sanctions and if they relate to a loan-level matter or systemic firm practice, and if related to firm practice, any corrective actions taken by the firm;
- Any bar complaints/reprimands against present and former firm attorneys in the past ten years and whether the complaints were closed, pending or resulted in some form of adverse action;
- Any government investigations involving firm practices in the past ten years and whether the investigations involved firm practices or are related to client investigations;
- Any damages or settlement of claims as a result of an allegation of professional negligence against the firm or its attorneys in the past five years (i) in excess of \$20,000 in any single occurrence, \$50,000 in the aggregate, or (ii) reflect a possible pattern of professional negligence, regardless of amount; and
- Any significant litigation asserting systemic issues with firm processes or legal work, such as any class action lawsuit against the firm

If the Servicer is aware of any of the above items that involve the firm's professional standards but which were not disclosed by the firm, the Servicer must disclose them to Freddie Mac in the Servicer Selection Form.

The Servicer must obtain a disclosure from the firm regarding whether the firm (or any of its partners, shareholders, or employees while acting as a partner, shareholder, or principal at another firm) has been previously terminated by Freddie Mac or Fannie Mae or had referrals suspended by Freddie Mac or Fannie Mae.

The Servicer must obtain a certification from the firm that, to the best of the firm's knowledge, the firm's documents have been and continue to be prepared, executed and/or notarized in compliance with applicable law. If the firm reports that the firm, its attorneys, notaries or third-parties that the firm relies on to perform any aspect of default-related or REO-related services have previously prepared, executed or notarized documents that have not been in compliance with applicable law, the Servicer must conclude that the firm has instituted controls, procedures, and processes to address the contributing cause(s) of the firm's failure to comply with applicable law in order to execute the Servicer Selection Form.

Freddie Mac expects Servicers to exercise sound judgment and consider the totality of the circumstances in evaluating the potential legal and reputational risks posed by a firm to Freddie Mac. The items for consideration outlined above are not intended to be exhaustive or to disqualify a firm from retention if the Servicer concludes that the firm is acceptable considering the totality of the circumstances.

(n) Time lines

The Servicer must review the firm's completion time lines, and confirm that the firm is able to track, monitor and complete foreclosure and bankruptcy matters in compliance with applicable law and Freddie Mac time line requirements, taking into consideration outside factors that impact compliance with Freddie Mac time lines such as new foreclosure requirements and court delays.

(o) Information privacy

The firm must maintain physical, technical and procedural controls and effective information security and data management to:

- Ensure the security and confidentiality of personally identifiable information (PII) and confidential information, whether in paper, electronic or other form;
- Protect against any threats or hazards to the security or integrity of such information; and
- Protect against unauthorized access to or use of such information

The firm must implement controls meeting or exceeding industry standards, including, as applicable, standards promulgated by the International Office for Standardization (ISO) or National Institute for Standards and Technology (NIST). The firm must ensure that PII that is stored on the firm's systems and workstations is encrypted at rest at all times. The firm must have secured storage for promissory notes and other original documents to prevent theft and to ensure protection against fire, flood or other damage. The firm may not perform, outsource, or send to any affiliate outside of the United States or its territories, any legal work on Freddie Mac-owned or guaranteed Mortgages, including any storage of Freddie Mac data. The firm may not send any PII underlying Freddie Mac-owned or guaranteed Mortgages, outside the United States. The firm must have written policies, procedures, and processes in place by the date of the submission of the Servicer Selection Form, related to protection of PII and fraud prevention, including policies, procedures and processes related to: background checks of all employees; protection of PII; fraud prevention and identification; and incident response and notification protocols for data breaches and other security incidents. The Servicer must review and confirm that the firm meets these requirements for information security, data management, protection of PII and fraud prevention.

(p) Daily reporting to Freddie Mac

The Servicer must confirm that the firm has the capability to provide daily reporting to Freddie Mac via a web-based attorney reporting system, which includes reporting of key metrics (i.e., volume, time lines, delays, loss mitigation successes, etc.). The Servicer must also ensure that the firm has staff responsible for reporting data directly to Freddie Mac.

(q) Technology

The Servicer must confirm that the firm has adequate technology in place or technological capabilities to provide reporting, communication and tracking of key events and milestones, including access to PACER/ECF or other similar systems to obtain case and docket information from federal appellate, district and bankruptcy court records.

Additionally, the Servicer must confirm that the firm is able to provide status reports and track significant dates and events for foreclosure, bankruptcy, evictions and REO closings and has the capability to measure the duration between various process stages, to identify process impediments (e.g., holds) and to parse holds into different categories.

If a firm is multi-jurisdictional or has partnerships or relationships with third parties (e.g., local counsel, trustee companies or title companies) that will perform or complete some aspect of the default-related or REO-related work or if the firm relies on other offices to perform some aspect of the work or provide operational support, the Servicer must confirm that the firm maintains a reliable and secure means of exchanging matter information between each office and any third party the firm relies upon.

The Servicer must require the firm to describe whether the firm currently uses a universal translation technology to communicate information between their technological system and the various Servicers' systems, or explain its method for transmitting information efficiently, accurately and securely to Servicers.

(r) Technology staffing

The Servicer must confirm that the firm has adequate in-house technical expertise or readily available vendor support to ensure compliance with Freddie Mac's automated reporting requirements.

(s) Insurance requirements

The Servicer must confirm that the firm has an appropriate level of malpractice and errors and omissions insurance coverage in place or be able to obtain an appropriate amount of insurance by the date of the submission of the Servicer Selection Form. The appropriate level of insurance coverage will depend upon the total number of Freddie Mac and Fannie Mae files the firm is managing or expects to manage when being evaluated by the Servicer. The firm must have the ability to obtain the appropriate amount of insurance coverage under the new requirements as follows:

- Tier I, volume of 0-4,499 foreclosure matters, coverage of not less than \$1 million per occurrence with an aggregate of not less than \$3 million;
- Tier II, volume of 4,500-19,999 foreclosure matters, coverage of not less than \$5 million per occurrence with an aggregate of not less than \$5 million; and
- Tier III, volume of 20,000 or more foreclosure matters, coverage of not less than \$8 million per occurrence with an aggregate of not less than \$8 million.

The required level of insurance is determined by the higher of the Freddie Mac or Fannie Mae pending foreclosure volume. By way of example, if a firm had 2,000 Freddie Mac foreclosure matters and 4,501 Fannie Mae foreclosure matters, the firm would fall within Tier II and the required coverage would be not less than \$5 million per occurrence with an aggregate of not less than \$5 million. Beginning in 2014, Servicers must conduct an updated coverage analysis annually, with the appropriate level of insurance to be determined by the number of matters being handled as of June 1 of each year. When an annual review reveals a need to increase a firm's coverage, firms will have until December 31 of each year to obtain any required increased coverage. Servicers may grant firms additional time to obtain increased coverage if necessary to reach the routine renewal date for the firm's policy, but may not grant extensions beyond June 1 of the following year.

(t) Financial resources

The Servicer must confirm that the firm has adequate financial resources and the financial ability to make required advances in connection with filing fees and costs necessary to process default-related and REO-related matters.

The Servicer must review the firm's financial statements and/or other firm financial documents in order to confirm that the firm has sufficient reserves or credit lines to manage operating expenses.

(u) Business continuity

The Servicer must confirm that the firm has business continuity and/or disaster recovery plans in place to recover critical business functions. The firm must have a documented succession/continuity plan in the event of loss of the firm owners/partners.

(v) Quality control

The Servicer must confirm that the firm has written policies, procedures and/or processes in place by the date of the submission of the Servicer Selection Form, to ensure the proper management and supervision of staff and the proper preparation, review, execution and notarization of default-related documents and REO-related documents. The Servicer must also confirm the firm has an escalation process for employees to raise document execution and other quality control issues to firm management.

The Servicer must obtain documentation and information related to the firm's process for ensuring compliance with its policies, procedures, processes and training, such as an internal compliance program and/or quality control reviews.

(w) Employee training

The Servicer must confirm that the firm has written policies for employee training, including privacy training. When determining whether a firm's employee training is adequate, the Servicer must review the frequency of training, the presence of policies and procedures and firm handbooks, manuals and job aids.

(x) Adverse matters

No substantial part of the firm's practice can include matters that are adverse to financial institutions, including Freddie Mac or Fannie Mae. Adverse matters to financial institutions include:

- Homeowners or condominium association foreclosures;
- Consumer debtor or mortgagor representation;
- Bankruptcy trustee representation; or
- Any other client(s) that may create a potential conflict of interest

(y) Conflicts of interest

Attorneys must not be affected by a conflict of interest or a potential conflict of interest when handling Freddie Mac Default Legal matters. The Servicer must retain the most qualified attorneys in compliance with Freddie Mac requirements to assist with processing Freddie Mac Default Legal Matters without regard to arrangements that could provide a financial or personal benefit directly or indirectly to the Servicer, its employees, outsource companies or third party vendors utilized by the Servicer to assist in Servicing defaulted Mortgages.

On the Servicer Selection Form, the Servicer must disclose to Freddie Mac any current, past (within the last five years), or pending personal and/or financial relationships between (i) the Servicer and the firm, including its partners and shareholders (as applicable) and (ii) the firm, including its partners and shareholders (as applicable), and any outsourcing company or other third-party vendor utilized by the Servicer to assist in Servicing defaulted Mortgages.

(z) Disclosure of third-party service providers

The Servicer must require the firm to disclose the identity of, and relationship with, any entities the firm relies upon to provide third-party support functions performed on the Servicer's behalf, including, but not limited to, title searches, title insurance, posting, publication, and process services.

The Servicer must also require the firm to disclose whether the firm has a process to select and regularly review costs and performance of vendors of related sources to ensure competitive pricing and high quality.

(aa)**Referrals**

The Servicer is responsible for ensuring that the firm complies with Freddie Mac requirements and applicable laws regarding referrals and payment of related fees and benefits, as further described in Sections 69.7 and 69.8.

The Servicer must not require the firm to use vendors, outsource companies or other third-parties specified by the Servicer as a condition of receiving a referral of a Freddie Mac Default Legal Matter.

(bb)**Diversity data**

The Servicer must confirm that the firm has the capability to report diversity data to the Servicer and Freddie Mac, if necessary.

Related Guide Bulletins	Issue Date
Bulletin 2013-3	February 15, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.4: Selection of firm (06/01/13)

69.4: Selection of firm (06/01/13)**ARCHIVED VERSION**

(a) Servicer selects firm

If the Servicer determines that a firm meets the Firm Minimum Requirements specified in Section 69.3 and all other Guide requirements, then the Servicer must complete and submit a Servicer Selection Form to Freddie Mac, via <https://freddiemacsats.com> and receive Freddie Mac's "no objection" determination before entering into an agreement with a firm to handle Freddie Mac Default Legal Matters. If Freddie Mac requests additional information from the Servicer as part of this process, the Servicer must provide the requested information within the time frame requested by Freddie Mac. Servicers may not rely upon a previous submission of a Servicer Selection Form with respect to a firm by another Servicer that received a "no objection" determination. Each Servicer must conduct its own due diligence, submit a Servicer Selection Form and receive a "no objection" determination for each firm that the Servicer wishes to retain to handle Freddie Mac Default Legal Matters.

If a firm practices in multiple States, the Servicer must submit a Servicer Selection Form for each State office for which the Servicer wishes to retain the firm.

Servicer Attorney Tracking System (SATS) registration

Servicers must use the Servicer Attorney Tracking System (SATS), an online process, to submit a Servicer Selection Form to Freddie Mac for each law firm selected to handle Freddie Mac Default Legal Matters. To establish access to SATS, Servicers must first register to create a user ID and password at <https://freddiemacsats.com>. After completing the registration process, SATS will allow users to submit the information required in the Servicer Selection Form to Freddie Mac for review. SATS will also allow Servicers to respond to Freddie Mac's requests for additional information, as necessary, and will allow Servicers to track each submission's status during the review process.

Freddie Mac will not review any Servicer Selection Form completed and submitted to any Freddie Mac e-mail address. Guide Exhibit 99, Servicer Selection Form, is included for illustrative purposes only. Servicers must complete and submit the Servicer Selection Form via <https://freddiemacsats.com>.

(b) Freddie Mac review of Servicer Selection Form

After Freddie Mac receives the Servicer Selection Form, Freddie Mac will notify the Servicer via the Servicer's registered e-mail address with SATS whether Freddie Mac:

- Objects to the Servicer's retention of the firm to handle Freddie Mac Default Legal Matters;
- Has no objection to Servicer's retention of the firm to handle Freddie Mac Default Legal Matters; or
- Needs additional information or documentation, or due diligence to be conducted before deciding whether the firm may be retained. If requested, the Servicer must provide any additional information or documentation to Freddie Mac via <https://freddiemacsats.com>, and must conduct any further due diligence requested by Freddie Mac within the time period stated in Freddie Mac's request.

(c) Freddie Mac's response to Servicer firm selection**Freddie Mac provides a "no objection" response**

The Servicer must enter into a contract with the firm (if a contract does not already exist) as further specified in Section 69.5(a), to handle Freddie Mac Default Legal Matters.

Freddie Mac provides an "objection" response

If the Servicer determines not to retain a particular firm, or if Freddie Mac objects to the retention of a particular firm, the Servicer must notify the firm that the firm cannot be hired for Freddie Mac Default Legal Matters.

(d) The Servicer decides not to retain firm

The Servicer is not obligated to inform Freddie Mac:

- If the Servicer determines that a firm does not meet the Firm Minimum Requirements; or
- If the Servicer decides not to retain a firm

(e) Diversity

Servicers are reminded that they must be aware of, and comply with, Freddie Mac's requirements in Sections 2.19 and 53.8. The Servicer must commit to practice the principles of equal employment opportunity and non-discrimination in all its business activities, including the retention and hiring of firms retained pursuant to this section.

Related Guide Bulletins	Issue Date
Bulletin 2013-3	February 15, 2013

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69.5: Retention of firm (06/01/13)**ARCHIVED VERSION****(a) Servicer contract with firm**

If the Servicer has not already entered into a contract with a selected firm and Freddie Mac has provided a "no objection" determination, then the Servicer must enter into a contract with the firm. The Servicer must notify Freddie Mac when the contract has been executed by updating the Servicer Attorney Tracking System (SATS) via <https://freddiemacsats.com>, and must provide a copy of the contract to Freddie Mac, upon request.

(b) Freddie Mac limited retention agreement with firm

Freddie Mac will enter into a limited retention agreement that sets forth certain key retention provisions with each selected firm for each State in which the firm has received a "no objection" determination.

(c) **Conflict between Servicer's contract and limited retention agreements; Servicer's respective consent**

The Servicer acknowledges that the limited retention agreement recognizes and reflects a joint attorney-client relationship between the law firm, Freddie Mac and the Servicer, and the Servicer consents to such joint representation. The Servicer consents, in advance, to the selected firm's representation of Freddie Mac in any Freddie Mac Default Legal Matter that is or might be adverse to the Servicer, and further agrees that the firm can use in such representation any information the firm gained in the course of jointly representing the Servicer and Freddie Mac. In the event of any inconsistency or conflict between the terms and conditions of the Servicer's contract with the selected firm and the terms and conditions of Freddie Mac's limited retention agreement with the firm, Freddie Mac's limited retention agreement shall control.

Related Guide Bulletins	Issue Date
Bulletin 2013-3	February 15, 2013

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69.6: Training of firms (06/01/13)

ARCHIVED VERSION

(a) **Training prior to referral**

The Servicer must not refer any Freddie Mac Default Legal Matters to a firm until the Servicer verifies that the firm has executed a limited retention agreement with Freddie Mac and has completed Freddie Mac's new firm training.

A firm is only required to attend Freddie Mac's new firm training once, regardless of the number of Servicers that select and retain the firm.

(b) **Ongoing training**

The Servicer must ensure that each firm obtains appropriate training to keep the firm apprised of updated Freddie Mac requirements. If the Servicer provides its own standard training and/or other communication materials to a firm, the Servicer must include information regarding Freddie Mac's requirements.

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69.7: Referral of Freddie Mac Default Legal Matters to firm (06/01/13)

ARCHIVED VERSION

(a) Requirements prior to referral

Prior to referring a Freddie Mac Default Legal Matter to a firm, the Servicer must confirm that the firm is eligible to receive a referral by ensuring that:

- The firm meets the Firm Minimum Requirements, as specified in Section 69.3;
- Freddie Mac has provided a "no objection" determination, as specified in Section 69.4;
- The firm has executed a contract with the Servicer requiring the firm to comply with all applicable Freddie Mac requirements, as specified in Section 69.5(a);
- The firm has executed a limited retention agreement with Freddie Mac, as specified in Section 69.5(b);
- The firm has completed Freddie Mac training and any additional Servicer training, as specified in Section 69.6; and
- There are no conflicts of interest with respect to the retention of the firm and referral of Freddie Mac Default Legal Matters to the firm

(b) Diversification of referrals

The Servicer must diversify its referrals of Freddie Mac Default Legal Matters to an appropriate number of firms in each State to protect the interests of Freddie Mac and to mitigate the risks related to a high concentration of Freddie Mac files. In selecting firms for referrals, the Servicer must consider firm capacity and management of staff to file ratios.

(c) Bankruptcy and foreclosure matters

The Servicer must not refer foreclosure matters directly to trustees.

Refer to Section 67.15(b) for additional referral requirements.

(d) Providing documentation to firm

The Servicer must identify a file as a Freddie Mac Default Legal Matter when sending the file to a firm. When referring a file to a firm, the Servicer must provide all documentation required to initiate a foreclosure. If the firm requests any additional information and/or documentation upon the initial referral of the file, or at any time after such referral, the Servicer must provide such requested information and/or documents within three Business Days after receipt of the request, or such earlier time frame, if necessary to comply with timing requirements under applicable law or court rules and procedures.

For any Mortgage that the Servicer refers for foreclosure, but the Mortgage is subsequently repurchased by the Servicer, whether voluntarily or involuntarily, the Servicer must notify foreclosure and/or bankruptcy counsel within two Business Days of the completed repurchase. (See Chapter 72 for additional information about repurchases.)

(e) Contingency plan

All Servicers must have a contingency plan in place, either in the form of a stand-alone document or incorporated into policies and procedures, to redirect new foreclosure and bankruptcy referrals.

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**Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.8:
Prohibitions related to Freddie Mac Default Legal Matters (06/01/13)**

69.8: Prohibitions related to Freddie Mac Default Legal Matters (06/01/13)

ARCHIVED VERSION

Servicers must not require the firm to perform any foreclosure or bankruptcy-related services on any Freddie Mac Default Legal Matter without compensation.

(a) Prohibition against charging for, contracting for, or making arrangements to receive benefits for Servicing obligations

A Servicer, whether acting directly or through an affiliate, service provider, vendor or outsourcing company, must not directly or indirectly:

- Charge Freddie Mac or the firm for any foreclosure or bankruptcy-related Servicing obligations, including expenses covered by the Servicing Spread; or
- Contract or make any arrangements with the firm whereby the Servicer (or its affiliate, service provider, vendor or outsourcing company) receives, directly or indirectly, any financial or other benefits (including, but not limited to, payments, the provision of employees or free or discounted services or products) from the firm in connection with any Freddie Mac Default Legal Matter or Freddie Mac-owned or guaranteed Mortgage

Refer to Section 54.4 for additional information on Servicing obligations.

(b) Prohibitions with respect to use of specific vendors, services and/or products

The Servicer, and not a service provider, vendor or outsourcing company assisting the Servicer in Servicing defaulted Mortgages, must select the firm to handle Freddie Mac Default Legal Matters, and Servicers must not permit service providers, vendors, outsourcing companies, or others to participate in or influence, in any way, the Servicer's referral process.

A Servicer must not, whether acting directly or through an affiliate, service provider, vendor or outsourcing company:

- Require the firm to contract with or use a particular service provider, vendor or outsourcing company, or to use, or pay for, a particular service or product;
- Refuse to refer a file to the firm because the firm chooses not to contract with or use a particular service provider, vendor or outsourcing company, or chooses not to use, or pay for, a particular service or product; or
- Charge the firm for any aspect of the file referral or management process, including, but not limited to, the use of connectivity or invoice processing systems (e.g., licensing or subscription fees, "click" charges, or any other payment) in order for the firm to provide services necessary to handle Freddie Mac Default Legal Matters (e.g., to prosecute the foreclosure or bankruptcy case)

However, a Servicer may require the firm to use certain connectivity or invoice processing systems, provided that the firm is not required to pay for the use of, or access to, such systems.

Refer to Section 69.9 for information about use of, and reimbursement for, connectivity and invoice processing systems.

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Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.9:
Servicer use of connectivity and invoice processing system (06/01/13)

69.9: Servicer use of connectivity and invoice processing system (06/01/13)

ARCHIVED VERSION

A Servicer, whether acting directly or through any vendor, service provider or outsourcing company, may employ electronic monitoring, management, reporting or information and document delivery processes technology, referred to in this section as a "Connectivity System," and an invoice processing system as outlined below.

(a) Connectivity System

A Servicer may employ a Connectivity System to assist with fulfilling Servicing obligations such as

- Packaging and referring foreclosure and bankruptcy cases to the firm;
- Communicating information and delivering documents between the Servicer and the firm as well as any other third parties requiring access to the Connectivity System; and
- Managing and monitoring foreclosure and bankruptcy cases

If a Servicer uses a Connectivity System:

- Freddie Mac will reimburse the Servicer for the actual cost of the connectivity fee up to the maximum expense limit specified in Exhibit 57, 1- to 4-Unit Property Approved Expense Amounts;
- The Servicer must provide the firm with use of and access to the identical Connectivity System;
- The Servicer must permit, or continue to permit, the firm to integrate its own technology systems with the Connectivity System at no cost to the firm; and
- The Servicer must not pass on any Connectivity System related charges to the Borrower or the firm

(b) Invoice processing system

A Servicer may employ an invoice processing system for managing the submission and payment of invoices.

If a Servicer, whether acting directly or through a vendor or outsourcing company, processes firm invoices electronically:

- Freddie Mac will reimburse the Servicer for the actual cost of the invoicing fee up to the maximum expense limits specified in Exhibit 57; and
- The Servicer must not pass on any invoice processing related charges to the Borrower or the firm

The amounts specified in Exhibit 57 for connectivity and invoice processing systems are the maximum amounts for which a Servicer may seek reimbursement for the life of the default (i.e., the duration of the foreclosure, including any Freddie Mac Default Legal Matter such as bankruptcy).

For example, if a Servicer has already referred a Mortgage to foreclosure and it then becomes necessary to take action with respect to a bankruptcy related to such Mortgage, or if a Servicer has already referred a file for bankruptcy and foreclosure has commenced following the bankruptcy referral, the Servicer may be reimbursed only for one connectivity fee. Likewise in this scenario, if the Servicer is using an invoice processing system, then the Servicer may only seek reimbursement for one invoicing fee associated with the foreclosure and for one invoicing fee associated with the bankruptcy during the life of the default.

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69.10: Reporting (06/01/13)**ARCHIVED VERSION**

The Servicer must provide reports related to firm performance, management of foreclosure and bankruptcy processes, oversight of firm compliance and performance and other related matters as required by Freddie Mac. Servicers must ensure that all firms retained for Freddie Mac Default Legal Matters report data required by Freddie Mac directly to Freddie Mac.

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69.11: Servicer monitoring and management of firm (06/01/13)**ARCHIVED VERSION**

The Servicer is responsible for managing and monitoring all aspects of the firm performance, providing necessary assistance to the firm relating to Freddie Mac Default Legal Matters, and for undertaking all activities required to protect Freddie Mac's interest in the Mortgage. The Servicer must also ensure that the firm is in compliance with applicable Freddie Mac requirements, and that the firm receives all training and documentation relating to

applicable Freddie Mac requirements, either separately or as part of the Servicer's standard training.

(a) Compliance processes

The Servicer must develop and have in place policies and procedures regarding oversight and compliance of firms handling Freddie Mac Default Legal Matters. The Servicer must have policies and procedures reasonably designed to ensure that firms handling Freddie Mac Default Legal Matters are in compliance with the limited retention agreement, the applicable provisions of the Guide, and applicable law.

The Servicer's ongoing compliance monitoring must address the following minimum elements:

- Ongoing eligibility under the Firm Minimum Requirements specified in Section 69.3;
- Compliance with the limited retention agreement, including the fee and cost guidelines; and
- Firm performance and processes necessary to ensure Servicer's compliance with applicable Guide requirements

The Servicer must conduct periodic compliance reviews and training as appropriate. In determining the frequency of firm compliance reviews, the Servicer must consider the overall risk posed to Freddie Mac by the firm (legal, reputational, and financial), firm file volume, performance, any changes in staffing ratios or levels, any litigation against the firm alleging systemic issues, any media coverage regarding the firm and the prior results of any firm compliance reviews.

(b) Freddie Mac review of compliance process

Freddie Mac reserves the right to review the Servicer's compliance process. Freddie Mac may require Servicers to conduct additional compliance activities related to firms handling Freddie Mac Default Legal Matters, such as additional firm compliance reviews.

The Servicer must make available to Freddie Mac upon request the materials relating to its performance and compliance monitoring of firms handling Freddie Mac Default Legal Matters, including:

- Information regarding the scope and methodology of the Servicer's compliance monitoring;
- The schedule of firm compliance reviews conducted;
- The identity of any vendors used in the firm compliance reviews;
- All documentation from the firm compliance reviews; and
- All findings, reports or remediation plans resulting from the firm compliance reviews

In addition, Freddie Mac may require a Servicer to change the scope of its compliance process used to monitor firms handling Freddie Mac Mortgages.

(c) Freddie Mac right to audit firm

Freddie Mac also reserves the right to directly conduct firm audits and firm on-site visits as Freddie Mac deems necessary. Freddie Mac audits and visits may focus on items such as fee and cost compliance, Servicer compliance with Freddie Mac requirements, and high-risk issues, including compliance with applicable laws, reputational risk, unsatisfactory results of Servicer firm compliance reviews and conflicts of interest involving Freddie Mac-owned or guaranteed Mortgages.

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69.12: Escalation of issues to Freddie Mac (06/01/13)

ARCHIVED VERSION

(a) Escalation of issues

The Servicer must notify Freddie Mac via e-mail (**see Directory 1**), within two Business Days of discovery or sooner if circumstances warrant, if the Servicer becomes aware of any issues or concerns relating to a firm (including a specific employee or vendor of a firm), or a Freddie Mac Default Legal Matter, including, but not limited to:

- Any information regarding a firm that may warrant a firm's suspension, termination or Servicer request to transfer Freddie Mac Default Legal Matters to another firm;
- Information suggesting legal or reputational risk posed by the firm such as bar complaints, sanctions, or litigation alleging systemic issues with the firm, firm attorney, or the firm's practices;
- Security incidents that compromise the security, confidentiality or integrity of "sensitive customer information" and that security incident is related to Freddie Mac-owned or guaranteed Mortgages (refer to Sections 6.2(c), and 53.8(b));
- Actual or alleged fraud on the part of the firm;
- Federal, State, or local governmental inquiries, including congressional inquiries, regarding a firm, Freddie Mac-owned or guaranteed Mortgages, or Freddie Mac or Servicer practices affecting Freddie Mac-owned or guaranteed Mortgages;
- Non-routine litigation (as described in Section 67.17);
- Media inquiries relating to Freddie Mac, a firm, or Freddie Mac-owned or guaranteed Mortgages;
- Volume or capacity issues with the firm;
- Breach of the limited retention agreement between the firm and Freddie Mac, or the contract between the firm and the Servicer;
- Legal matters such as regulatory updates and specific reporting on certain matters (e.g., transfer tax matters);
- Any systemic issues with the firm;
- Systemic Servicer issues related to file suspensions and foreclosure holds (e.g., failure to properly implement new statutory changes); and
- Any material change in the ownership, partnership, or organization of the firm after executing the limited retention agreement. Such notifications should include instances where a named partner leaves the firm or a major practice group separates from the firm.

(b) Procedures relating to issues and concerns

When a Servicer provides Freddie Mac notice of an issue requiring Freddie Mac's attention, the Servicer must designate in its e-mail one or more points of contact. Freddie Mac may request that the Servicer obtain additional information from the firm regarding the issue that was escalated to Freddie Mac, and the Servicer must promptly provide the requested information to Freddie Mac.

(c) Freddie Mac rights

Freddie Mac reserves the right to issue direction to Servicers and firms regarding escalated issues. Refer to Section 69.15 for more information about Freddie Mac's reservation of rights

(d) Escalated issue – confidential information

Any issue that is identified and escalated to or by Freddie Mac pursuant to this section (other than non-routine litigation) is considered to be "confidential information" as defined in Sections 2.16 and 53.3. The Servicer must comply with the requirements of such sections with respect to treatment of any escalated issue.

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.13: Termination and suspension of firms (06/01/13)

69.13: Termination and suspension of firms (06/01/13)**ARCHIVED VERSION****(a) Servicer-directed suspension of referrals, Freddie Mac Default Legal Matter transfers and terminations**

If a Servicer becomes aware of information regarding a firm's handling Freddie Mac Default Legal Matters that might warrant a suspension of referrals of new Freddie Mac Default Legal Matters, the transfer of Freddie Mac Default Legal Matters to another firm, and/or termination of the firm (such as for legal, reputational, or operational risk), the Servicer must:

- Notify Freddie Mac within two Business Days via e-mail (**see Directory 1**) or sooner if circumstances warrant, as set forth in Section 69.12; and
- Conduct due diligence with respect to the issue

If the Servicer intends to suspend referrals of new Freddie Mac Default Legal Matters, transfer Freddie Mac Default Legal Matters, and/or terminate a firm, the Servicer must provide Freddie Mac with at least five Business Days' notice (**see Directory 1**) prior to implementing the decision. In addition, the Servicer must:

- Provide Freddie Mac with the implementation plan for the course of action chosen by the Servicer;
- Upon request, provide Freddie Mac with the reason for the decision and the due diligence materials or other information supporting the decision;
- Inform the firm of the decision; and
- Keep Freddie Mac periodically updated with respect to the status of implementation of the decision

Refer to Section 69.14 for additional information relating to implementation of terminations, transfer of Freddie Mac Default Legal Matters and suspensions.

(b) Freddie Mac-directed suspension of referrals, matter transfers and terminations

Freddie Mac may direct the Servicer to initiate an investigation of a firm if Freddie Mac becomes aware of information that might warrant a suspension of referrals of new Freddie Mac Default Legal Matters, the transfer of Freddie Mac Default Legal Matters, or termination of the firm. Freddie Mac also may conduct due diligence and investigations as necessary. Freddie Mac may instruct Servicers to suspend some or all referrals of new Freddie Mac Default Legal Matters, to transfer some or all existing Freddie Mac Default Legal Matters, or to terminate a firm.

In the event of a decision by Freddie Mac to suspend referrals of new Freddie Mac Default Legal Matters, transfer Freddie Mac Default Legal Matters, or terminate a firm, Freddie Mac will:

- Inform the Servicer of the decision and provide direction with respect to required Servicer actions, including direction with respect to transfers of Freddie Mac Default Legal Matters;
- Inform the firm of the decision and provide direction to the firm with respect to required firm actions; and
- Terminate the limited retention agreement between Freddie Mac and the firm, as appropriate

(c) Documentation of due diligence review

The Servicer must maintain documentation of the due diligence review, the Servicer's decision, and all other information supporting the decision for a period of seven years after such decision.

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69.14: Implementing the termination and suspension of firms (06/01/13)

ARCHIVED VERSION

(a) Implementation plan

Prior to implementing any decision to terminate a contract with a firm, suspend referrals of new Freddie Mac Default Legal Matters and/or transfer Freddie Mac Default Legal Matters from a firm, the Servicer must develop an implementation plan which addresses:

- File transfers
- The capacity of other eligible firms in the State to handle additional Freddie Mac Default Legal Matters and/or transferred Freddie Mac Default Legal Matters
- Proration of fees and costs between the transferor and transferee firms
- Contract provisions during any transition period, including insurance; and
- Other issues as necessary

The implementation plan must take into account any legal, operational or reputational risks that may arise during the transition period, and must address these risks in the most cost-efficient and effective manner. Freddie Mac reserves the right to require the modification of the implementation plan, and provide additional Servicer requirements relating to the termination of any firm, the suspension of referrals of new Freddie Mac Default Legal Matters and the transfer of Freddie Mac Default Legal Matters.

(b) Servicer monitoring of implementation plan

The Servicer must take all necessary steps to ensure that the implementation plan proceeds in an orderly manner and that all Freddie Mac interests are protected during the implementation. Such steps include, but are not limited to:

- Transferring files relating to Freddie Mac Default Legal Matters to eligible firms;
- Addressing any issues arising from the transfer of files, the suspension of referrals and the termination of a firm;
- Reporting periodically to Freddie Mac on the status of the plan, including such details as how many files are transferred to each new firm, which new firms receive the files and the timing of transfers; and
- Such other details as requested by Freddie Mac

Servicers may not charge Freddie Mac or Borrowers for any fees or costs associated with transferring Freddie Mac Default Legal Matters, and such amounts may not be added to Borrower Mortgage balances.

(c) Freddie Mac's rights to manage termination, suspension and/or file transfers

Freddie Mac may decide, in its sole discretion, that the legal, operational or reputational risks necessitate Freddie Mac's management of the:

- Termination of any firm with respect to its handling of Freddie Mac Default Legal Matters;
- Suspension of referrals of Freddie Mac Default Legal Matters to a firm; and/or
- Transfers of files relating to Freddie Mac Default Legal Matters

In such case, the Servicer must cooperate with Freddie Mac in such management and provide all necessary documentation, files and information as requested by Freddie Mac.

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family

Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter 69: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/69.15: Reservation of Rights and remedies for non-compliance (06/01/13)

69.15: Reservation of Rights and remedies for non-compliance (06/01/13)

ARCHIVED VERSION

Freddie Mac reserves the right to direct and control all litigation involving a Freddie Mac loan. The Servicer and firm handling the litigation must cooperate fully with Freddie Mac in the prosecution, defense or handling of the matter.

In addition, Freddie Mac reserves the right to:

1. Select the foreclosure counsel for a particular case, whether the case is routine or non-routine litigation;
2. Direct and manage the actions taken by the foreclosure counsel, on a case-by-case or individual State basis;
3. Assess additional compensatory fees against the Servicer and/or seek repayment of losses, costs or damages from the Servicer sustained due to errors, omissions or delays by the Servicer or its agent; and
4. Direct and manage the actions taken by Servicers and firms relating to escalated issues specified in Section 69.12

Remedies for non-compliance

If a Servicer fails to comply with the provisions under Chapter 69, Freddie Mac, in its sole discretion, and in addition to any other remedies specified in the Guide or the Servicer's other Purchase Documents, reserves the right to:

- Refuse to reimburse the Servicer for any legal fees and costs;
- Offset the entire legal fee from future foreclosure expenses otherwise eligible for reimbursement from Freddie Mac or seek the Servicer's reimbursement of the entire legal fee with interest, if Freddie Mac has already reimbursed the Servicer for the costs involved in the particular foreclosure or bankruptcy;
- Require the Servicer to reimburse the firm or Freddie Mac for any prohibited payments or other financial benefits;
- Prohibit the Servicer from contracting, directly or through any service provider, vendor or outsourcing company, with a firm with respect to products or services ancillary to a foreclosure or bankruptcy case;
- Prohibit the Servicer from contracting with the service provider, vendor or outsourcing company involved in the prohibited activities with respect to Freddie Mac-owned or guaranteed Mortgages;
- Seek Servicer repayment of losses, costs or damages sustained by Freddie Mac due to errors by the Servicer or its agent; and/or
- Require repurchase of impacted Mortgages

Related Guide Bulletins	Issue Date
Bulletin 2013-3	February 15, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family

Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013

Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013

ARCHIVED VERSION

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.1: Overview (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]

REVISION NUMBER: 11092012 **DATE:** 11/09/2012
REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.

A69.1: Overview (Effective: 11/09/12)

ARCHIVED VERSION

If a Freddie Mac Default Legal Matter is referred to a law firm prior to June 1, 2013, the Servicer must comply with the requirements relating to the selection and retention of counsel as set forth in this chapter rather than the requirements of Chapter 69. However, Servicers must comply with the requirements in Chapter 69 related to the monitoring and management of a law firm, reporting, escalation of issues and termination and suspension of law firms for matters referred to counsel prior to June 1, 2013.

A69.1: Overview (06/01/13)

ARCHIVED VERSION

If a Freddie Mac Default Legal Matter is referred to a law firm prior to August 1, 2013, the Servicer must comply with the requirements relating to the selection and retention of counsel as set forth in this chapter rather than the requirements of Chapter 69. However, Servicers must comply with the requirements in Chapter 69 related to the monitoring and management of a law firm, reporting, escalation of issues and termination and suspension of law firms for matters referred to counsel on or after June 1, 2013.

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.2: Litigation counsel eligibility criteria (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]**REVISION NUMBER:** 11092012**DATE:** 11/09/2012**REVISION REMARKS:** THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.**A69.2: Litigation counsel eligibility criteria (Effective: 11/09/12)****ARCHIVED VERSION**

Having a single law firm handle a Mortgage from foreclosure through eviction, including bankruptcy, increases efficiency and effectiveness by eliminating learning curve problems and delays caused by hand-offs and duplicative title work. Therefore, Servicers are required to ensure that counsel retained for Freddie Mac's Mortgage foreclosures, evictions, deeds-in-lieu of foreclosure and bankruptcies meet the following criteria:

- The law firm retained as litigation counsel must have expertise in all four of the following areas: residential foreclosures, deeds-in-lieu of foreclosure, evictions and secured creditor representation in bankruptcy cases. For foreclosures or evictions on 2- to 4-unit properties, the law firm must also have experience in handling litigation matters on income-producing properties, including appointing receivers and enforcing assignment of rents.
- The attorneys at the law firm who are actually handling Freddie Mac's cases must have a minimum of three years' experience in their particular areas of expertise. For example, an attorney handling a bankruptcy case must have at least three years' experience representing secured creditors in bankruptcy cases. In the event that the attorney handling a matter for Freddie Mac is unavailable, the firm must have an attorney with similar relevant experience who can substitute for the absent attorney without causing a delay.

In addition, when selecting a law firm to handle foreclosures and bankruptcies, Servicers should consider the reputation of the firm as well as whether the firm's attorneys, principals, or managers are, or have been, subject to:

- Disciplinary action by any regulatory authority
- Sanctions imposed by a court or licensing authority
- Legal action by any governmental or regulatory authority resulting from the firm's involvement in single-family loan-level foreclosure, bankruptcy, eviction or property closing activities
- Legal action by consumers resulting from the firm's involvement in single-family loan-level foreclosure, bankruptcy, eviction or property closing activities

Freddie Mac may, at its option, designate counsel to perform specific duties. Refer to Section A69.3 regarding selecting foreclosure counsel.

Refer to Sections 67.10 through 67.15 regarding when to refer a bankruptcy case to counsel and our requirements for bankruptcy counsel, Sections 67.17 through 67.18 regarding litigation, and Exhibit 79, Designated Litigation Counsel/Trustee, which identifies our designated counsel.

A69.2: Litigation counsel eligibility criteria (06/01/13)

ARCHIVED VERSION

Having a single law firm handle a Mortgage from foreclosure through eviction, including bankruptcy, increases efficiency and effectiveness by eliminating learning curve problems and delays caused by hand-offs and duplicative title work. Therefore, Servicers are required to ensure that counsel retained for Freddie Mac's Mortgage foreclosures, evictions, deeds-in-lieu of foreclosure and bankruptcies meet the following criteria:

- The law firm retained as litigation counsel must have expertise in all four of the following areas: residential foreclosures, deeds-in-lieu of foreclosure, evictions and secured creditor representation in bankruptcy cases. For foreclosures or evictions on 2- to 4-unit properties, the law firm must also have experience in handling litigation matters on income-producing properties, including appointing receivers and enforcing assignment of rents.
- The attorneys at the law firm who are actually handling Freddie Mac's cases must have a minimum of three years' experience in their particular areas of expertise. For example, an attorney handling a bankruptcy case must have at least three years' experience representing secured creditors in bankruptcy cases. In the event that the attorney handling a matter for Freddie Mac is unavailable, the firm must have an attorney with similar relevant experience who can substitute for the absent attorney without causing a delay.

In addition, when selecting a law firm to handle foreclosures and bankruptcies, Servicers should consider the reputation of the firm as well as whether the firm's attorneys, principals, or managers are, or have been, subject to:

- Disciplinary action by any regulatory authority
- Sanctions imposed by a court or licensing authority
- Legal action by any governmental or regulatory authority resulting from the firm's involvement in single-family loan-level foreclosure, bankruptcy, eviction or property closing activities
- Legal action by consumers resulting from the firm's involvement in single-family loan-level foreclosure, bankruptcy, eviction or property closing activities

Refer to Sections 67.10 through 67.15 regarding when to refer a bankruptcy case to counsel and our requirements for bankruptcy counsel, Sections 67.17 through 67.18 regarding litigation.

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.3: How to select foreclosure counsel (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]

REVISION NUMBER: 11092012 DATE: 11/09/2012 REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.
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A69.3: How to select foreclosure counsel or trustee (Effective: 11/09/12)**ARCHIVED VERSION**

The Servicer is responsible for selecting attorneys and trustees, and its selection decisions must not be influenced by inappropriate considerations. Refer to Section A69.6 for additional information on prohibitions relating to foreclosure and bankruptcy referrals.

When making foreclosure and bankruptcy referrals, the Servicer must ensure that it is diversifying referrals by engaging in a relationship with at least two law firms, or trustees, in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year).

In higher-volume States, the Servicer must take one of the following approaches to diversifying foreclosure and bankruptcy referrals:

1. The Servicer must make foreclosure and bankruptcy referrals on Mortgages it services on behalf of Freddie Mac to at least two law firms or trustees, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals; or
2. The Servicer must make foreclosure and bankruptcy referrals to at least two law firms or trustees, with respect to its entire Servicing portfolio, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals

In addition, all Servicers must have a contingency plan in place, either in the form of a stand-alone document or incorporated into policies and procedures, to redirect new foreclosure and bankruptcy referrals in the event a law firm the Servicer is using is no longer able to accept new referrals.

The Servicer must use the same entity that it retains to represent it in a bankruptcy action on a Mortgage to process the foreclosure.

The foreclosure counsel or trustee must be free from any conflict of interest with the Borrower.

(a) Foreclosure on a property in a State where Freddie Mac has designated counsel

Freddie Mac has designated counsel in the following selected States:

1. Arizona
2. California
3. Connecticut
4. District of Columbia
5. Florida
6. Georgia
7. Illinois
8. Indiana
9. Kentucky

10. Maryland
11. Massachusetts
12. Michigan
13. Minnesota
14. Nevada
15. New Jersey
16. New York
17. North Carolina
18. Ohio
19. Pennsylvania
20. South Carolina
21. Texas
22. Virginia
23. Washington
24. West Virginia

The Servicer must use one of Freddie Mac's designated counsel for the foreclosure (unless the Mortgage on which the Servicer is foreclosing was sold to Freddie Mac with recourse or it is an FHA Mortgage, VA Mortgage, or Section 502 GRH Mortgage) if the Mortgage is secured by a:

1. 2- to 4-unit property in Arizona, California, Connecticut, the District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington or West Virginia
2. A Manufactured Home in Arizona, California, Connecticut, the District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington or West Virginia
3. 1- to 4-unit property in Texas and the Mortgage was a Texas Equity Section 50(a)(6) Mortgage

Additionally, Freddie Mac may require the Servicer to use Freddie Mac's designated counsel on 1-unit properties in one or more of the selected States based on Freddie Mac's evaluation of the Servicer's foreclosure performance. Freddie Mac will notify the Servicer in writing if the Servicer must use designated counsel in any of the selected States.

(b) Foreclosure on a property in a State where Freddie Mac does not have designated counsel or when the Servicer is not required to use designated counsel

Unless the Servicer uses Freddie Mac's designated counsel as required under this chapter, the Servicer must select either a foreclosure counsel or trustee, as appropriate under applicable law, to represent the Servicer in the foreclosure action.

The Servicer must use the same entity to conduct a foreclosure and any bankruptcy pertaining to a particular Mortgage. In those States where it may be common practice to use a trustee to conduct a foreclosure, the trustee must be associated with a bankruptcy law firm meeting the criteria specified in Section A69.2. Any bankruptcy filed on a Mortgage in foreclosure being processed by a trustee, must be handled by the trustee's associated bankruptcy law firm. The trustee and the associated bankruptcy law firm must transfer information regarding the case seamlessly and must not in any way increase the bankruptcy or State foreclosure time lines.

The foreclosure counsel or trustee the Servicer chooses must meet the eligibility requirements in Section A69.2.

When selecting the foreclosure counsel or trustee, the Servicer must base the selection on the prior performance of the foreclosure counsel or trustee in the following areas:

1. Completing foreclosures
2. Delivering clear and marketable title to Freddie Mac
3. Facilitating reinstatements and workouts with Borrowers
4. Resolving litigation delays (foreclosure counsel only)

The Servicer must communicate Freddie Mac's State foreclosure time line expectations and Freddie Mac's allowable fee schedule to the foreclosure counsel whom the Servicer selects. The Servicer must also communicate to the attorney or trustee that if they pay the Servicer or its vendor, either directly or indirectly, for any of the Servicing obligations covered by the Servicing Spread or any expenses itemized in Section 71.24, Freddie Mac may preclude the attorney or trustee who pays any such expenses on Freddie Mac Mortgages from processing future foreclosures or bankruptcies for Freddie Mac.

A69.3: How to select foreclosure counsel (06/01/13)

ARCHIVED VERSION

The Servicer is responsible for selecting **counsel**, and its selection decisions must not be influenced by inappropriate considerations. Refer to Section A69.6 for additional information on prohibitions relating to foreclosure and bankruptcy referrals.

When making foreclosure and bankruptcy referrals, the Servicer must ensure that it is diversifying referrals by engaging in a relationship with at least two law firms in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year).

In higher-volume States, the Servicer must take one of the following approaches to diversifying foreclosure and bankruptcy referrals:

1. The Servicer must make foreclosure and bankruptcy referrals on Mortgages it services on behalf of Freddie Mac to at least two law firms, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals; or
2. The Servicer must make foreclosure and bankruptcy referrals to at least two law firms, with respect to its entire Servicing portfolio, ensuring that at least a substantial minority of the referrals are made to the law firm that receives the fewest referrals

In addition, all Servicers must have a contingency plan in place, either in the form of a stand-alone document or incorporated into policies and procedures, to redirect new foreclosure and bankruptcy referrals in the event a law firm the Servicer is using is no longer able to accept new referrals.

The Servicer must use the same entity that it retains to represent it in a bankruptcy action on a Mortgage to process the foreclosure.

The foreclosure counsel must be free from any conflict of interest with the Borrower.

The foreclosure counsel the Servicer chooses must meet the eligibility requirements in Section A69.2.

When selecting the foreclosure counsel, the Servicer must base the selection on the prior performance of the foreclosure counsel in the following areas:

1. Completing foreclosures
2. Delivering clear and marketable title to Freddie Mac
3. Facilitating reinstatements and workouts with Borrowers
4. Resolving litigation delays (foreclosure counsel only)

The Servicer must communicate Freddie Mac's State foreclosure time line expectations and Freddie Mac's allowable fee schedule to the foreclosure counsel whom the Servicer selects. The Servicer must also communicate to the **counsel** that if they pay the Servicer or its vendor, either directly or indirectly, for any of the Servicing obligations covered by the Servicing Spread or any expenses itemized in Section 71.24, Freddie Mac may preclude the **counsel** who pays any such expenses on Freddie Mac Mortgages from processing future foreclosures or bankruptcies for Freddie Mac.

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.4: Selecting bankruptcy counsel (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]

REVISION NUMBER: 11092012 DATE: 11/09/2012 REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.
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A69.4: Selecting bankruptcy counsel (Effective: 11/09/12)**ARCHIVED VERSION**

The Servicer must diversify foreclosure and bankruptcy referrals in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year). In addition, the Servicer must have a contingency plan to redirect new foreclosure and bankruptcy referrals in the event a law firm or trustee that the Servicer is using is no longer able to accept new referrals (see Section A69.3).

Bankruptcy counsel must be free from any conflict of interest with the Borrower.

Servicers must use the same entity retained in a foreclosure action on a Mortgage to represent the Servicer in a subsequent bankruptcy. (For example, if the Servicer retained foreclosure counsel that is not a designated counsel, then the Servicer must use that same law firm for any bankruptcy. Servicers must not refer the bankruptcy to one of Freddie Mac's designated counsel.) Likewise, if at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, the Servicer must use the same law firm to handle the foreclosure as it used for the bankruptcy.

If the Servicer does not use the same entity representing the Servicer in a foreclosure action to represent it in a subsequent bankruptcy, Freddie Mac may, in its sole discretion, elect not to reimburse the Servicer. See Chapter 71 for more details on reimbursement for bankruptcy costs and fees.

If a Servicer determines that special circumstances exist that require case management by counsel on a current Mortgage, then the Servicer must obtain Freddie Mac's prior written approval to obtain counsel in accordance with the requirements in Section A69.2 and incur the legal expense by submitting a request for pre-approval via the Reimbursement System.

(a) Selecting bankruptcy counsel in a State where Freddie Mac has designated counsel

Freddie Mac has designated counsel in the following selected States:

1. Arizona
2. California
3. Connecticut
4. District of Columbia
5. Florida
6. Georgia
7. Illinois
8. Indiana
9. Kentucky
10. Maryland
11. Massachusetts
12. Michigan
13. Minnesota

14. Nevada
15. New Jersey
16. New York
17. North Carolina
18. Ohio
19. Pennsylvania
20. South Carolina
21. Texas
22. Virginia
23. Washington
24. West Virginia

Servicers must use Freddie Mac's designated counsel for the bankruptcy (unless the Mortgage on which the bankruptcy was filed was sold with recourse or it is an FHA Mortgage, VA Mortgage, or Section 502 GRH Mortgage) if the Mortgage is secured by a:

1. 2- to 4-unit property in Arizona, California, Connecticut, the District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington or West Virginia
2. Manufactured Home in Arizona, California, Connecticut, the District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, Washington or West Virginia
3. 1- to 4-unit property in Texas and the Mortgage was a Texas Equity Section 50(a)(6) Mortgage
4. Servicers must also use designated bankruptcy counsel in a designated counsel State for a Mortgage regardless of property type if Freddie Mac has sent written notification to the Servicer of such a requirement

(b) Selecting bankruptcy counsel in a State where Freddie Mac does not have designated counsel

Servicers must choose bankruptcy counsel that meet the eligibility requirements in Section A69.2. In addition, Servicers must base the selection on the prior performance of the bankruptcy counsel in the following areas:

1. Timely filings of motion for relief
2. Length of time to obtain automatic stay or case dismissal
3. Facilitation of loss mitigation options where appropriate

If at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, the Servicer must use the same law firm to handle the foreclosure that was used for the bankruptcy. However, in those States where it may be common practice to use a trustee to conduct a foreclosure, the Servicer must use a trustee that is associated with the law firm that handled the bankruptcy.

A69.4: Selecting bankruptcy counsel (06/01/13)**ARCHIVED VERSION**

The Servicer must diversify foreclosure and bankruptcy referrals in higher-volume States (States in which the Servicer has 250 or more Freddie Mac foreclosure and bankruptcy referrals in a calendar year). In addition, the Servicer must have a contingency plan to redirect new foreclosure and bankruptcy referrals in the event a law firm that the Servicer is using is no longer able to accept new referrals (see Section A69.3).

Bankruptcy counsel must be free from any conflict of interest with the Borrower.

Servicers must use the same entity retained in a foreclosure action on a Mortgage to represent the Servicer in a subsequent bankruptcy. (For example, if the Servicer retained foreclosure counsel that is not a designated counsel, then the Servicer must use that same law firm for any bankruptcy. Servicers must not refer the bankruptcy to one of Freddie Mac's designated counsel.) Likewise, if at the dismissal or completion of the bankruptcy the Mortgage progresses to foreclosure, the Servicer must use the same law firm to handle the foreclosure as it used for the bankruptcy.

If the Servicer does not use the same entity representing the Servicer in a foreclosure action to represent it in a subsequent bankruptcy, Freddie Mac may, in its sole discretion, elect not to reimburse the Servicer. See Chapter 71 for more details on reimbursement for bankruptcy costs and fees.

If a Servicer determines that special circumstances exist that require case management by counsel on a current Mortgage, then the Servicer must obtain Freddie Mac's prior written approval to obtain counsel in accordance with the requirements in Section A69.2 and incur the legal expense by submitting a request for pre-approval via the Reimbursement System.

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69:

Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.5: Foreclosure time line compensatory fee protection for use of designated counsel when required (11/09/12)

A69.5: Foreclosure time line compensatory fee protection for use of designated counsel when required (11/09/12)

ARCHIVED VERSION

For Mortgages referred to foreclosure prior to October 1, 2011:

The Servicer will not be subject to compensatory fees for a foreclosure and/or bankruptcy handled by a designated counsel that is not completed within Freddie Mac's required time lines, as long as the delay was not caused by the Servicer's failure to refer the Mortgage to foreclosure in accordance with the Guide requirements and/or send all of the documentation, information, signatures and/or funds to the designated counsel as required.

If the Servicer elects to use Freddie Mac's designated counsel, and the Servicer does not use that same designated counsel for both foreclosure and bankruptcy, Freddie Mac will not give the Servicer credit for using designated counsel for purposes of foreclosure time line compensatory fee protection.

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69: Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.6: Prohibitions relating to foreclosure and bankruptcy referrals; Freddie Mac remedies for non-compliance (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]

REVISION NUMBER: 11092012

DATE: 11/09/2012

REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.

A69.6: Prohibitions relating to foreclosure and bankruptcy referrals; Freddie Mac remedies for non-compliance (Effective: 11/09/12)

ARCHIVED VERSION

Freddie Mac requires that all foreclosure and bankruptcy-related Servicing obligations, and all services and products purchased in connection with such Servicing obligations, be done in the most effective, efficient and cost-conscious manner. Servicers must not require the law firm to perform any foreclosure or bankruptcy-related services on any Freddie Mac Legal Matter without compensation.

(a) Prohibition against charging for, contracting for, or making arrangements to receive benefits for Servicing obligations

A Servicer, whether acting directly or through an affiliate, service provider, vendor or outsourcing company, must not directly or indirectly:

- Charge Freddie Mac, the trustee or attorney for any foreclosure or bankruptcy-related Servicing obligations, including expenses covered by the Servicing Spread; or
- Contract or make any arrangements with attorneys or trustees whereby the Servicer (or its affiliate, service provider, vendor or outsourcing company) receives, directly or indirectly, any financial or other benefits (including, but not limited to, payments, the provision of employees, or free or discounted services or products) from the attorneys or trustees in connection with any Freddie Mac Mortgage

Refer to Section 54.4 for additional information on Servicing obligations.

(b) Prohibition against Servicers requiring attorneys and trustees to use specific vendors, services and/or products

A Servicer must not, whether acting directly or through an affiliate, service provider, vendor or outsourcing company:

- Require an attorney or trustee to contract with or use a particular service provider, vendor or outsourcing company, or to use, or pay for, a particular service or product;
- Refuse to refer a file to an attorney or trustee because the attorney or trustee chooses not to contract with or use a particular service provider, vendor or outsourcing company, or chooses not to use, or pay for, a particular service or product; or
- Charge an attorney or trustee for any aspect of the file referral or management process, including, but not limited to, the use of connectivity or invoice processing systems (e.g., licensing or subscription fees, "click" charges, or any other payment) in order for an attorney or trustee to provide services necessary to prosecute the foreclosure or bankruptcy case

However, a Servicer may require an attorney or trustee to use certain connectivity or invoice processing systems provided that the attorney or trustee is not required to pay for the use of, or access to, such systems.

(c) Prohibition against service providers, vendors, outsourcing companies or others influencing selection of foreclosure counsel and trustees

The Servicer, and not a service provider, vendor or outsourcing company assisting the Servicer in Servicing defaulted Mortgages, must select the attorneys and trustees to work on Freddie Mac Mortgages, and Servicers must not permit service providers, vendors, outsourcing companies, or others to participate in or influence, in any way, the Servicer's selection process.

(d) Remedies for non-compliance

If a Servicer fails to comply with the provisions of Section A69.6(a), (b), or (c), Freddie Mac may, in its sole discretion and in addition to any other remedies specified in the Guide or the Servicer's other Purchase Documents:

- Refuse to reimburse the Servicer for any attorney or trustee fees and costs;
- Offset the entire legal fee from future foreclosure expenses or seek reimbursement of the entire legal fee with interest, if Freddie Mac has already reimbursed the Servicer for the costs involved in the particular foreclosure or bankruptcy;
- Require the Servicer to reimburse the attorney, trustee or Freddie Mac for any prohibited payments or other financial benefits;
- Prohibit the Servicer from contracting, directly or through any service provider, vendor or outsourcing company, with an attorney or trustee with respect to products or services ancillary to a foreclosure or bankruptcy case; and/or
- Prohibit the Servicer from contracting with the service provider, vendor or outsourcing company involved in the prohibited activities with respect to Freddie Mac Mortgages

A69.6: Prohibitions relating to foreclosure and bankruptcy referrals; Freddie Mac remedies for non-compliance (06/01/13)**ARCHIVED VERSION**

Freddie Mac requires that all foreclosure and bankruptcy-related Servicing obligations, and all services and products purchased in connection with such Servicing obligations, be done in the most effective, efficient and cost-conscious manner. Servicers must not require the law firm to perform any foreclosure or bankruptcy-related services on any Freddie Mac Legal Matter without compensation.

(a) Prohibition against charging for, contracting for, or making arrangements to receive benefits for Servicing obligations

A Servicer, whether acting directly or through an affiliate, service provider, vendor or outsourcing company, must not directly or indirectly:

- Charge Freddie Mac, the **counsel** for any foreclosure or bankruptcy-related Servicing obligations, including expenses covered by the Servicing Spread; or
- Contract or make any arrangements with **counsel** whereby the Servicer (or its affiliate, service provider, vendor or outsourcing company) receives, directly or indirectly, any financial or other benefits (including, but not limited to, payments, the provision of employees, or free or discounted services or products) from the **counsel** in connection with any Freddie Mac Mortgage

Refer to Section 54.4 for additional information on Servicing obligations.

(b) Prohibition against Servicers requiring firms to use specific vendors, services and/or products

A Servicer must not, whether acting directly or through an affiliate, service provider, vendor or outsourcing company:

- Require **counsel** to contract with or use a particular service provider, vendor or outsourcing company, or to use, or pay for, a particular service or product;
- Refuse to refer a file to **counsel** because the attorney chooses not to contract with or use a particular service provider, vendor or outsourcing company, or chooses not to use, or pay for, a particular service or product; or
- Charge **counsel** for any aspect of the file referral or management process, including, but not limited to, the use of connectivity or invoice processing systems (e.g., licensing or subscription fees, "click" charges, or any other payment) in order for an attorney to provide services necessary to prosecute the foreclosure or bankruptcy case

However, a Servicer may require **counsel** to use certain connectivity or invoice processing systems provided that the attorney is not required to pay for the use of, or access to, such systems.

(c) Prohibition against service providers, vendors, outsourcing companies or others influencing selection of foreclosure counsel

The Servicer, and not a service provider, vendor or outsourcing company assisting the Servicer in Servicing defaulted Mortgages, must select **counsel** to work on Freddie Mac Mortgages, and Servicers must not permit service providers, vendors, outsourcing companies, or others to participate in or influence, in any way, the Servicer's selection process.

(d) Remedies for non-compliance

If a Servicer fails to comply with the provisions of Section A69.6(a), (b), or (c), Freddie Mac may, in its sole discretion and in addition to any other remedies specified in the Guide or the Servicer's other Purchase Documents:

- Refuse to reimburse the Servicer for any **counsel** fees and costs;
- Offset the entire legal fee from future foreclosure expenses or seek reimbursement of the entire legal fee with interest, if Freddie Mac has already reimbursed the Servicer for the costs involved in the particular foreclosure or bankruptcy;
- Require the Servicer to reimburse the **counsel** or Freddie Mac for any prohibited payments or other financial benefits;
- Prohibit the Servicer from contracting, directly or through any service provider, vendor or outsourcing company, with **counsel** with respect to products or services ancillary to a foreclosure or bankruptcy case; and/or
- Prohibit the Servicer from contracting with the service provider, vendor or outsourcing company involved in the prohibited activities with respect to Freddie Mac Mortgages

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

Freddie Mac Single Family/Archive of Single-Family Seller/Servicer Guide/Archive of Single-Family Seller/Servicer Guide Published as of the Date of the Last 2013 Bulletin/Single-Family Seller/Servicer Guide, Volume 2/Chs. 63-A69: Servicing Nonperforming Mortgages/Chapter A69:

Retention of counsel for Freddie Mac Default Legal Matters Referred Prior to August 1, 2013/A69.7: Providing information to the foreclosure counsel; Servicer use of connectivity and invoice processing systems (06/01/13)

REVISION HISTORY 11/09/12 [HIDE]

REVISION NUMBER: 11092012

DATE: 11/09/2012

REVISION REMARKS: THIS CONTENT HAS CHANGED. CURRENT REQUIREMENTS APPEAR UNSHADED BELOW.

A69.7: Providing information to the foreclosure counsel or trustee; Servicer use of connectivity and invoice processing systems (Effective: 11/09/12)

ARCHIVED VERSION

(a) Responsibility to provide information to foreclosure counsel or trustee

For any Mortgage that the Servicer refers for foreclosure, the Servicer must provide complete written reinstatement or payoff figures to the attorney, trustee, workout specialist, or outsourcing vendor requesting the information. This information must be provided within two Business Days of the date on which a written request is received. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

If the foreclosure counsel requests additional documentation from the Servicer (such as certificates of judgment or proofs of claim) while a case is pending, the Servicer must provide the additional documentation within two Business Days of receiving the request.

For any Mortgage that the Servicer refers for foreclosure, but the Mortgage is subsequently repurchased by the Servicer, whether voluntarily or involuntarily, the Servicer must notify foreclosure and/or bankruptcy counsel within two Business Days of the completed repurchase. (See Chapter 72 for additional information about repurchases.)

(b) Connectivity and invoice processing systems

A Servicer, whether acting directly or through any vendor, service provider or outsourcing company, may employ electronic monitoring, management, reporting or information and document delivery processes technology, referred to here as a "Connectivity System," and an invoice processing system as outlined below.

i) Connectivity System

A Servicer may employ a Connectivity System to assist with fulfilling Servicing obligations such as:

- Packaging and referring foreclosure and bankruptcy cases to attorneys and trustees;
- Communicating information and delivering documents between the Servicer and its attorneys and trustees as well as any other third parties requiring access to the Connectivity System; and
- Managing and monitoring foreclosure and bankruptcy cases

If a Servicer uses a Connectivity System:

- Freddie Mac will reimburse a Servicer for the actual cost of the connectivity fee up to the maximum expense limit specified in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts;
- The Servicer must provide all attorneys and trustees the use of and access to the identical Connectivity System;
- The Servicer must permit, or continue to permit, attorneys and trustees to integrate their own technology systems with the Connectivity System at no cost to the attorneys or trustees; and
- The Servicer must not pass on any Connectivity System related charges to the Borrower or the attorney or trustee

ii) Invoice processing system

A Servicer may employ an invoice processing system for managing the submission and payment of invoices.

If a Servicer, whether acting directly or through a vendor or outsourcing company, processes attorney or trustee invoices electronically:

- Freddie Mac will reimburse the Servicer for the actual cost of the invoicing fee up to the maximum expense limits specified in Exhibit 57; and
- The Servicer must not pass on any invoice processing related charges to the Borrower or the attorney or trustee

The amounts specified in Exhibit 57 for connectivity and invoice processing systems are the maximum amounts for which a Servicer may seek reimbursement for the life of the default (i.e., the duration of the foreclosure, including any related bankruptcy referral).

For example, if a Servicer has already referred a file to foreclosure and it then becomes necessary to take action with respect to a bankruptcy related to such Mortgage, or if a Servicer has already referred a file for bankruptcy and foreclosure has commenced following the bankruptcy referral, the Servicer may be reimbursed only for one connectivity fee. Likewise in this scenario, if the Servicer is using an invoice processing system, then the Servicer may only seek reimbursement for one invoicing fee associated with the foreclosure and for one invoicing fee associated with the bankruptcy during the life of the default.

A69.7: Providing information to the foreclosure counsel; Servicer use of connectivity and invoice processing systems (06/01/13)**ARCHIVED VERSION****(a) Responsibility to provide information to foreclosure counsel**

For any Mortgage that the Servicer refers for foreclosure, the Servicer must provide complete written reinstatement or payoff figures to the **counsel** workout specialist, or outsourcing vendor requesting the information. This information must be provided within two Business Days of the date on which a written request is received. The Servicer may provide the written reinstatement or payoff figures via a paper document, facsimile or e-mail.

If the foreclosure counsel requests additional documentation from the Servicer (such as certificates of judgment or proofs of claim) while a case is pending, the Servicer must provide the additional documentation within two Business Days of receiving the request.

For any Mortgage that the Servicer refers for foreclosure, but the Mortgage is subsequently repurchased by the Servicer, whether voluntarily or involuntarily, the Servicer must notify foreclosure and/or bankruptcy counsel within two Business Days of the completed repurchase. (See Chapter 72 for additional information about repurchases.)

(b) Connectivity and invoice processing systems

A Servicer, whether acting directly or through any vendor, service provider or outsourcing company, may employ electronic monitoring, management, reporting or information and document delivery processes technology, referred to here as a "Connectivity System," and an invoice processing system as outlined below.

i) Connectivity System

A Servicer may employ a Connectivity System to assist with fulfilling Servicing obligations such as:

- Packaging and referring foreclosure and bankruptcy cases to **counsel**;
- Communicating information and delivering documents between the Servicer and its **counsel** as well as any other third parties requiring access to the Connectivity System; and
- Managing and monitoring foreclosure and bankruptcy cases

If a Servicer uses a Connectivity System:

- Freddie Mac will reimburse a Servicer for the actual cost of the connectivity fee up to the maximum expense limit specified in Exhibit 57, 1- to 4- Unit Property Approved Expense Amounts;
- The Servicer must provide all attorneys the use of and access to the identical Connectivity System;
- The Servicer must permit, or continue to permit, **counsel** to integrate their own technology systems with the Connectivity System at no cost to the **counsel**; and
- The Servicer must not pass on any Connectivity System related charges to the Borrower or the **counsel**

ii) Invoice processing system

A Servicer may employ an invoice processing system for managing the submission and payment of invoices.

If a Servicer, whether acting directly or through a vendor or outsourcing company, processes **counsel** invoices electronically:

- Freddie Mac will reimburse the Servicer for the actual cost of the invoicing fee up to the maximum expense limits specified in Exhibit 57; and
- The Servicer must not pass on any invoice processing related charges to the Borrower or the **counsel**

The amounts specified in Exhibit 57 for connectivity and invoice processing systems are the maximum amounts for which a Servicer may seek reimbursement for the life of the default (i.e., the duration of the foreclosure, including any related bankruptcy referral).

For example, if a Servicer has already referred a file to foreclosure and it then becomes necessary to take action with respect to a bankruptcy related to such Mortgage, or if a Servicer has already referred a file for bankruptcy and foreclosure has commenced following the bankruptcy referral, the Servicer may be reimbursed only for one connectivity fee. Likewise in this scenario, if the Servicer is using an invoice processing system, then the Servicer may only seek reimbursement for one invoicing fee associated with the foreclosure and for one invoicing fee associated with the bankruptcy during the life of the default.

Related Guide Bulletins	Issue Date
Bulletin 2013-9	May 28, 2013

EXHIBIT 7-5

EXHIBIT 7-5

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Freddie Mac - Seller/Servicer Relationship / Series 1000: General Contract Terms / Topic 1100: The Guide / Chapter 1101: The Guide / 1101.2: Legal effect of the Guide and other Purchase Documents (03/02/16)

1101.2: Legal effect of the Guide and other Purchase Documents (03/02/16)

(a) Status as a contract

(i) Effect of the Guide and other Purchase Documents

The Guide governs the business relationship between a Seller/Servicer and Freddie Mac relating to the sale and Servicing of Mortgages. Each Seller/Servicer must complete and submit a Form 16SF, Annual Eligibility Certification Report, that certifies that the Seller/Servicer has access to the Electronic version of the Guide as an Electronic Record, as those terms are defined in Chapter 1401, and is in compliance with all requirements of the Purchase Documents.

In connection with the sale of Mortgages to Freddie Mac, the Seller/Servicer agrees that each transaction is governed by the Guide, the applicable Purchase Contract and all other Purchase Documents.

A Seller/Servicer must service all Mortgages that the Seller/Servicer has sold to Freddie Mac and/or has agreed to service for Freddie Mac in accordance with the standards set forth in the Seller/Servicer's Purchase Documents. All of a Seller/Servicer's obligations to service Mortgages for Freddie Mac are considered to constitute, and must be performed pursuant to a unitary, indivisible master Servicing contract, and the Servicing obligations assumed pursuant to any contract to sell Mortgages to Freddie Mac are deemed to be merged into, and must be performed pursuant to, such unitary, indivisible master Servicing contract.

A Seller/Servicer acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller/Servicer pursuant to any individual Purchase Contract is based upon the Seller/Servicer's agreement that the Mortgages purchased will be serviced by the Seller/Servicer pursuant to the unitary, indivisible master Servicing contract. The Seller/Servicer agrees that any failure to service any Mortgage in accordance with the terms of the unitary, indivisible master Servicing contract, or any breach of any of the Seller/Servicer's obligations under any aspect of the unitary, indivisible master Servicing contract, shall be deemed to constitute a breach of the entire contract and shall entitle Freddie Mac to terminate all or a portion of the Servicing. The termination of a portion of the Servicing shall not alter the unitary, indivisible nature of the Servicing contract.

If a Servicer who services Mortgages for Freddie Mac is not also the Seller of the Mortgages to Freddie Mac, the Servicer must agree to service Mortgages for Freddie Mac by separate agreement, which incorporates the applicable Purchase Documents. In such case, the separate agreement shall be deemed to be one of the "Purchase Documents" that constitute the unitary, indivisible master Servicing contract.

In addition, in certain cases, a Seller and/or Servicer who uses certain Freddie Mac services will, by virtue of the provisions of the Guide, be deemed to have agreed upon certain terms and conditions related to such services and their use.

(ii) Amendments to the Guide

Freddie Mac may, in its sole discretion, amend or supplement the Guide from time to time. Amendments to the Guide may be a paper Record or an Electronic Record, as those terms are defined in Chapter 1401. The Guide may not be amended orally. Freddie Mac may amend the Guide by:

- Publishing Bulletins, which apply to all Sellers/Servicers, or
- Entering into a Purchase Contract or other written or Electronic agreement, which applies to the Seller/Servicer that is a party to the Purchase Contract or agreement

Bulletins expressly amend, supplement, revise or terminate specific provisions of the

Guide. An amendment, supplement, revision or termination of a provision in the Guide is effective as of the date specified by Freddie Mac in the applicable Bulletin.

A Purchase Contract or other written agreement or Electronic agreement amends or supplements specific provisions of the Guide for purposes of such Purchase Contract or other agreement, as applicable. Such amendments or supplements to the Guide are effective as of the date specified in the Purchase Contract or other agreement. See Section 1501.2(d) for information about how amendments and supplements to the Guide amend or otherwise apply to a Seller's Purchase Contracts and other Purchase Documents.

(iii) Publication of Guide and Bulletins

The Guide is posted on the AllRegs[®] web site of Ellie Mae, Inc., which operates the AllRegs brand ("AllRegs") and which posts the Guide under license from and with the express permission of Freddie Mac. AllRegs is the exclusive third-party electronic publisher of the Guide. Seller/Service providers also can access the Guide on the AllRegs web site by using the link on FreddieMac.com.

Freddie Mac makes no representation or warranty regarding availability, features or functionality of the AllRegs web site.

By using the web site, Seller/Service providers acknowledge and agree (individually and on behalf of the entity for which they access the Guide) neither Freddie Mac nor AllRegs shall be liable to them (or the entity for which they access the Guide) for any losses or damages whatsoever resulting directly or indirectly from Freddie Mac's designation of the Guide as found on the AllRegs web site as the official Electronic version, as an Electronic Record, and AllRegs expressly disclaims any warranty as to the results to be obtained by Seller/Service providers (and the entity for which Seller/Service providers access the Guide) from use of the AllRegs web site, and AllRegs shall not be liable to Seller/Service providers (and the entity for which Seller/Service providers access the Guide) for any damages arising directly or indirectly out of the use of the AllRegs web site by them (and the entity for which they access the Guide).

Bulletins are published on AllRegs and FreddieMac.com. A Seller/Service provider with an AllRegs subscription may receive notice of Bulletins directly from AllRegs. If a Seller/Service provider does not receive notice of Bulletins through AllRegs, the Seller/Service provider must take the steps necessary to receive the applicable Freddie Mac Single-Family Update e-mails, which will notify Seller/Service provider of Bulletin publications. A Seller/Service provider's failure to take the appropriate steps to receive notices of Bulletins does not relieve the Seller/Service provider of its legal obligations to comply with the terms of the Bulletins.

(iv) Effective Date

The effective date of each section of the Guide is located at the beginning of each section, to the right of the section number and name.

(b) Reliance

By entering into a Purchase Contract or into the unitary, indivisible master Servicing contract with Freddie Mac, the Seller/Service provider acknowledges that it is not relying upon Freddie Mac or any employee, agent or representative thereof, in making its decision to enter into the contract and that it has relied upon the advice and counsel of its own employees, agents and representatives as to the regulatory, business, corporate, tax, accounting and other consequences of entering into and performing its obligations under a Purchase Contract or the unitary, indivisible master Servicing contract.

(c) Assignments; security interests

A Seller/Servicer shall not, in whole or in part, assign, sell, convey, hypothecate, pledge or in any other way or transfer, conditionally or otherwise, or grant a security interest in, any of its obligations, rights or interest under any Purchase Contract or under the unitary, indivisible master Servicing contract, including any of its rights or obligations under this Guide or any of the Purchase Documents, without Freddie Mac's prior written consent. Any purported or attempted assignment or transfer of, or grant of a security interest in, any such obligations, rights or interest is prohibited and shall be null and void.

Freddie Mac has the unconditional right to sell, assign, convey, hypothecate, pledge or in any way transfer, in whole or in part, its rights and interest under the Purchase Documents with respect to any Mortgage it purchases. Freddie Mac has the right to direct the Servicer to send remittances, notices, reports and other communications to any party designated by Freddie Mac and may designate any such party to exercise any and all of Freddie Mac's rights hereunder.

(d) Notice**(i) Seller/Servicer notices to Freddie Mac**

Except as otherwise provided in the Guide or other Purchase Documents, any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by the Seller/Servicer pursuant to the Purchase Documents must be in writing and will be deemed to have been duly given to and received by Freddie Mac on the day such communication, advice, consent, document, notice or direction is actually received by Freddie Mac at the address specified below:

Address: In writing to Freddie Mac (**see Directory 1**) by first class mail

Other addresses may be substituted for the above upon notice of the substitution.

(ii) Freddie Mac notices to Seller/Servicer

Any communication, advice, consent, document, notice or direction given, made, sent or withdrawn by Freddie Mac pursuant to the Purchase Documents may be in writing or may be in electronic form in accordance with Chapter 1401. Such notice will be deemed to have been duly given to the Seller/Servicer on the date such communication, advice, consent, document, notice or direction is:

- Received in writing by first class mail by the Seller/Servicer at the address set forth in the Purchase Documents, or
- Received in electronic form (e-mail) as an Electronic Record by the Seller/Servicer's computer information processing system at its Internet e-mail address provided to Freddie Mac by the Seller/Servicer, or
- Received in electronic form (facsimile) as a Record or Electronic Record by the Seller/Servicer's electronic facsimile machine or system at the facsimile telephone number provided to Freddie Mac by the Seller/Servicer

Other addresses may be substituted for the above upon notice of the substitution.

(e) Severability

If any provision of this Guide shall be held invalid, the legality and enforceability of all remaining provisions shall not in any way be affected or impaired thereby, and this Guide shall be interpreted as if such invalid provision were not contained herein.

(f) Defined terms

Initial capitalization of words in the Guide generally denotes terms that are defined in (i) the Glossary, (ii) the chapter in which capitalized words appear, or (iii) an expressly referenced chapter.

(g) Construction of the Guide

This Guide shall not be construed against Freddie Mac as being the drafter hereof.

(h) Entire agreement

This Guide, including the exhibits attached to the Guide and all Purchase Documents incorporated by reference in the Guide, constitutes the entire understanding between Freddie Mac and the Seller/Servicer and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether oral or written or Electronic, with respect to the transactions contemplated by the Guide.

(i) Governing law

This Guide shall be construed, and the rights and obligations of Freddie Mac and the Seller/Servicer hereunder determined, in accordance with the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate any provision of this Guide or the transactions governed thereby, the laws of the State of New York shall be deemed reflective of the laws of the United States.

(j) Copyright

The Guide (including related supplements and Bulletins) and Industry Letters are copyrighted. Limited permission to reproduce the Guide is granted to Seller/Service providers strictly for their own use in originating and selling Mortgages to, and in Servicing Mortgages for, Freddie Mac. No part of the Guide may be reproduced for any other reason (in any form or by any means) without the express written permission of Freddie Mac. Requests for such permission to reproduce the Guide must be sent to Freddie Mac (**see Directory 1**).

Requests will be reviewed and answered by Freddie Mac in the ordinary course of business.

Freddie Mac reserves the right to revoke permission to reproduce the Guide upon 60 days' notice to any and all Seller/Service providers. Under no circumstances will Freddie Mac permit the Guide to be reproduced by any Electronic or mechanical means, including, but not limited to, reproduction in, or as a component of, any information storage and retrieval system.

(k) Headings and design features

Headings and design features are written for convenience of reference only and do not constitute a part of this Purchase Document.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Freddie Mac - Seller/Servicer Relationship / Series 1000: General Contract Terms / Topic 1200: General Freddie Mac Policies / Chapter 1201: General Freddie Mac Policies / 1201.9: The Mortgage file, Mortgage data and related records (03/02/16)

1201.9: The Mortgage file, Mortgage data and related records (03/02/16)

(a) Ownership

All documents in the Mortgage file, all data related to Mortgages owned or guaranteed by Freddie Mac to which the Servicer obtains access in connection with any agreement with Freddie Mac, including, without limitation, data in the documents in the Mortgage file (collectively, Mortgage data) and all other documents and records related to the Mortgage of whatever kind or description (whether prepared or originated by the Servicer or others, or whether prepared or maintained or held by the Servicer or others acting for and on behalf of the Servicer), including all current and historical computerized data files, will be, and will remain at all times, the property of Freddie Mac. All of these records and Mortgage data in the possession of the Servicer are retained by the Servicer in a custodial capacity only.

(b) Permitted use of Mortgage data

The Servicer may use these records and Mortgage data only for the following purposes:

- Servicing Mortgages (and, in compliance with the provisions of the Guide, retaining subservicers to service Mortgages) on behalf of, and in the interest of, Freddie Mac
- As background information for the Servicer's use related to marketing or cross-selling of the Servicer's own primary market products and services in compliance with applicable laws, provided that such marketing and cross-selling does not involve disclosure of these records or Mortgage data to any third parties, other than vendors assisting the Servicer in its marketing activities who are themselves bound by these requirements
- As necessary to enable a vendor to provide analytic services to the Servicer with respect to the Servicer's Servicing portfolio, for the Servicer's internal use only, provided the vendor is bound by these requirements, and
- As necessary to enable the Servicer to comply with its obligations under applicable law including, without limitation, any disclosures required in connection with audits by regulatory agencies with jurisdiction over the Servicer's operations

Except as expressly authorized by Freddie Mac in writing, Servicers may not use or disclose, or authorize or permit third parties to use or disclose, these records or Mortgage data for any other purpose, including, without limitation, resale or licensing of Mortgage data, either alone or with other data. See Section 8101.8, for additional requirements related to confidentiality.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Freddie Mac - Seller/Servicer Relationship / Series 1000: General Contract Terms / Topic 1300: General Responsibilities of the Seller/Servicer / Chapter 1301: General Responsibilities of the Seller/Servicer / 1301.10: Survival of warranties; remedies (03/02/16)

1301.10: Survival of warranties; remedies (03/02/16)

The warranties and representations in the Purchase Documents for any Mortgage purchased by Freddie Mac survive payment of the purchase price by Freddie Mac. The warranties and representations are not affected by any investigation made by, or on behalf of, Freddie Mac, except when expressly waived in writing by Freddie Mac.

When any party has purchased a Mortgage from Freddie Mac that Freddie Mac previously purchased from a Seller, Freddie Mac may exercise any rights or remedies at law or in equity on behalf of the party to the extent that the party does not affirmatively do so. Freddie Mac may also exercise its discretion to disqualify or suspend a Seller or a Servicer pursuant to Chapter 2301 or Section 9102.1.

For each Mortgage purchased by Freddie Mac, the Seller and the Servicer agree that Freddie Mac may, at any time and without limitation, require the Seller or the Servicer, at the Seller's or the Servicer's expense, to make such endorsements to and assignments and recordations of any of the Mortgage documents so as to reflect the interests of Freddie Mac and/or its successors and assigns.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Freddie Mac - Seller/Servicer Relationship / Series 3000: Risk Management and Remedies / Topic 3300: Mortgage File Contents and Retention / Chapter 3302: Mortgage File Retention / 3302.5: Transfer of file custody; security of file information (03/02/16)

3302.5: Transfer of file custody; security of file information (03/02/16)

Freddie Mac may at any time require the Servicer to deliver the following documents to a Document Custodian approved by Freddie Mac or a transferee designated by Freddie Mac:

- Any original Note, Security Instrument, assignment and modifying instrument still in the Servicer's custody
- Any Mortgage file, document within a Mortgage file or other related documents and records in the Servicer's or its Document Custodian's custody, whether maintained as originals or as copies in accordance with Section 3302.2

The Servicer may, without Freddie Mac's prior approval, entrust custody of all or part of the Mortgage file to the Document Custodian holding Notes and assignments under Section 2202.2. When requested, the Servicer must be able to identify to Freddie Mac those file items held by the Document Custodian and document to Freddie Mac the Document Custodian's acknowledgment that such file items:

- Are Freddie Mac's property
- Will be maintained by the Document Custodian according to standards at least equal to those set in this chapter
- Will be maintained in such a way as to ensure the security and confidentiality of the information; protect against anticipated threats or hazards to the security or integrity of the information; and protect against unauthorized access to or use of such information
- Will be surrendered to Freddie Mac at any time Freddie Mac may request them

The Servicer agrees to indemnify Freddie Mac and hold Freddie Mac harmless for any loss, damage or expense (including court costs and reasonable attorney fees) that Freddie Mac may incur as a result of the Document Custodian's holding all or part of the Mortgage file.

The Servicer must maintain a copy (in a form allowable under Section 3302.2) of any original document that has been entrusted to the Document Custodian for safekeeping. If all or part of the Mortgage file is held by the Servicer's Document Custodian, the Servicer agrees to recover from the Document Custodian (at the Servicer's expense) and provide to Freddie Mac (at the place and within the time frame specified by Freddie Mac) any Document Custodian-held original document requested by Freddie Mac for the postfunding quality control detailed in Chapter 3301 or in conjunction with a Freddie Mac desktop or on-site review of the Servicer's Servicing operations.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Selling / Series 6000: Selling and Delivery / Topic 6300: Delivery of All Mortgages / Chapter 6301: Documentation Delivery / 6301.6: Assignment of Security Instrument (10/09/17)

6301.6: Assignment of Security Instrument (10/09/17)

The Seller/Servicer is not required to prepare an assignment of the Security Instrument to Freddie Mac. However, Freddie Mac may, at its sole discretion and at any time, require a Seller/Servicer, at the Seller/Servicer's expense, to prepare, execute and/or record assignments of the Security Instrument to Freddie Mac.

If an assignment of the Security Instrument to Freddie Mac has been prepared, the Seller/Servicer must not record it unless directed to do so by Freddie Mac. Any statement in the assignment to the effect that the assignment is made without recourse will in no way affect the Seller/Servicer's repurchase obligations under the Purchase Documents.

For transfer or assignment of Freddie Mac's interest in the Mortgage, the Seller/Servicer shall prepare at its own expense any assignment necessary to transfer the Security Instrument to Freddie Mac's assignee, designee or transferee.

Intervening Assignments must be prepared in accordance with the requirements of this section.

NOTE: Special provisions for preparing assignments for Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title are set forth in Section 5703.7(c), paragraph 3. Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title may not be registered with MERS®.

(a) Mortgages not registered with MERS

For a Mortgage not registered with MERS, the Seller/Servicer must ensure that the chain of assignments is complete and recorded from the original mortgagee on the Security Instrument to the Seller. If the Seller concurrently or subsequently transfers the Servicing, an assignment to the new Servicer must be completed and recorded where required, thus keeping the chain complete.

If a State does not accept assignments for recordation, the Seller must so state in an affidavit maintained with the unrecorded assignment.

(b) Mortgages registered with MERS

For a Mortgage registered with MERS, if MERS is not the original mortgagee of record, the Seller/Servicer must ensure that:

- An assignment of the Security Instrument to MERS has been prepared, duly executed and recorded in all places necessary to perfect a First Lien security interest in the Mortgaged Premises in favor of MERS, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns. Mortgages subsequently assigned to MERS in the States of Montana, Oregon and Washington are not eligible for sale to Freddie Mac.
- The chain of assignments is complete and recorded from the original mortgagee to MERS

If the Seller/Servicer concurrently or subsequently transfers the Servicing of a Mortgage registered with MERS, no further assignments are required if the Transferee Servicer is a MERS Member. If the Transferee Servicer is not a MERS Member, or if the Mortgage has not been, or is no longer, registered with MERS, the Seller/Servicer must complete the assignments in accordance with the requirements in Section 6301.6(a).

(c) Mortgages registered with MERS naming MERS as original mortgagee of record

No assignments are required for a Mortgage registered with MERS if:

- The Mortgage is originated naming MERS as the original mortgagee of record, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns, and
- The Seller/Servicer has ensured that the Security Instrument is properly executed, acknowledged, delivered and recorded in all places necessary to perfect a First Lien security interest in the Mortgaged Premises in favor of MERS, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns

(d) Concurrent Transfers of Servicing

If the Mortgage is registered with MERS, and the Transferee Servicer is not a MERS Member, then the requirements for Mortgages not registered with MERS must be followed.

For a Concurrent Transfer of Servicing when a Mortgage is registered with MERS:

- The **Seller** must notify MERS of the Transfer of Servicing and reflect such Transfer of Servicing on the MERS System
- The Transferee Servicer must follow the document custodial procedures in Section 7101.9, and deliver the assignments to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 6304.2, unless the Transferee Servicer has elected to retain all assignments for MERS-registered Mortgages in the Mortgage files. The Transferee Servicer must also supply its Document Custodian with any documentation necessary for the Document Custodian to determine whether the Seller/Servicer has elected to hold all assignments in the Mortgage files.

For a Concurrent Transfer of Servicing when a Mortgage is not registered with MERS:

- The Seller must record any Intervening Assignments to complete the chain of assignments from the original mortgagee to the Seller, in accordance with Section 6301.6(a)
- The **Seller** must then assign the Security Instruments to the Transferee Servicer and record the assignments
- The Transferee Servicer must follow the document custodial procedures set forth in Section 7101.9, and deliver the assignments to the Transferee Document Custodian, to be verified and certified in accordance with the requirements of Section 6304.2

Special provisions for Concurrent Transfers of Servicing of Mortgages secured by Manufactured Homes located in certificate of title States where there is no provision for surrender and cancellation of the certificate of title are set forth in Section 5703.7 (c), paragraph 3.

Related Guide Bulletins	Issue Date
Bulletin 2017-10	July 12, 2017

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 7000: Transfers of Servicing / Topic 7100: Transfers of Servicing / Chapter 7101: Transfers of Servicing / 7101.6: Endorsement of Notes and assignment of Security Instruments related to Transfers of Servicing (03/02/16)

7101.6: Endorsement of Notes and assignment of Security Instruments related to Transfers of Servicing (03/02/16)

When a Mortgage is sold to Freddie Mac, the Seller must endorse the Note in blank in accordance with Section 6301.3. When a Transfer of Servicing occurs, the Transferor Servicer may not complete the blank endorsement or further endorse the Note, but must prepare and complete assignments according to the following requirements:

(a) Concurrent Transfer of Servicing for a Mortgage not registered with MERS®

To prepare and complete assignment of the Security Instrument for a Concurrent Transfer of Servicing for a Mortgage not registered with MERS, the Transferor Servicer must:

- Record any Intervening Assignments to complete the chain of assignments to it from the original mortgagee, in accordance with Section 6301.6(a)
- Assign the Security Instruments to the Transferee Servicer, and record the assignment
- Follow the document custodial procedures set forth in Section 7101.9 and deliver the assignment to the Transferee Document Custodian to be verified in accordance with the requirements of Section 6304.2

See Section 6301.6(a) for additional information.

(b) Concurrent Transfer of Servicing for a Mortgage registered with MERS

To prepare and complete an assignment of the Security Instrument for a Concurrent Transfer of Servicing of a Mortgage that is registered with MERS:

- If the **Transferee Servicer is a MERS Member**, no further assignment is needed. The Transferor Servicer must notify MERS of the Transfer of Servicing.
- If the **Transferee Servicer is not a MERS Member**, then for a Concurrent Transfer of Servicing:
 - The Transferor Servicer must prepare and record an assignment of the Security Instrument (on behalf of MERS) from MERS to the Transferee Servicer
 - The Transferor Servicer must follow the document custodial procedures set forth in Section 7101.9, and deliver the assignment to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 6304.2

See Section 6301.6(b) for additional information.

(c) Subsequent Transfer of Servicing for a Mortgage not registered with MERS

To prepare and complete an assignment of a Security Instrument for a Subsequent Transfer of Servicing for a Mortgage not registered with MERS, the Transferor Servicer must:

- Recover and destroy any original unrecorded assignments to Freddie Mac that may have been prepared
- Assign the Security Instrument to the Transferee Servicer and record the assignment
- Follow the document custody procedures set forth in Section 7101.9, and deliver assignment(s) to the Transferee Document Custodian to be verified and certified in accordance with the requirements of Section 6304.2

If an original assignment to Freddie Mac was recorded, no additional assignment need be made.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 7000: Transfers of Servicing / Topic 7100: Transfers of Servicing / Chapter 7101: Transfers of Servicing / 7101.15: Liabilities of the Transferor Servicer and Transferee Servicer (03/02/16)

7101.15: Liabilities of the Transferor Servicer and Transferee Servicer (03/02/16)

(a) Warranties

Except as stated in the following paragraph, for Transfer of Servicing requests received by Freddie Mac, the Transferee Servicer is liable to Freddie Mac for all sale and Servicing responsibilities, representations, covenants and warranties in the Purchase Documents with respect to the Mortgages and REO for which Servicing is transferred, whether or not the Transferor Servicer had such liability. The Transferee Servicer's assumption of responsibilities, representations, covenants and warranties upon transfer does not release the Transferor Servicer, any prior Servicer, or the original Seller of their responsibilities, representations, covenants and warranties with respect to the transferred Mortgages, their liability being joint and several with the Transferee Servicer. However, a Transferor Servicer does not assume such liability for Servicing violations occurring in all respects after the effective date of its transfer and based in all respects upon the actions or omissions of later Transferee Servicers.

For Mortgages sold through Gold Cash Xtra[®] and the Servicing Released Sales Process, the Seller remains solely liable to Freddie Mac for all sale representations, covenants and warranties in the Purchase Documents (sale representations and warranties) with respect to the Mortgages for which Servicing is transferred. The Transferee Servicer is liable to Freddie Mac for all servicing responsibilities, representations, covenants and warranties in the Purchase Documents with respect to the Mortgages for which Servicing is transferred. For subsequent Transfers of Servicing of such Mortgages:

- The Seller Transferor remains solely liable to Freddie Mac for all sale representations and warranties with respect to the Mortgages for which Servicing is transferred; and
- The subsequent Transferee Servicer is liable to Freddie Mac for all Servicing responsibilities, representations, covenants and warranties in the Purchase Documents with respect to the Mortgages and REO for which Servicing is transferred, but the Transferee Servicer's assumption of responsibilities, representations, covenants and warranties upon transfer does not release the subsequent Transferor Servicer or any prior Servicer of their responsibilities, representations, covenants and warranties with respect to Servicing of the transferred Mortgages, their liability being joint and several with the Transferee Servicer. However, a Transferor Servicer does not assume such liability for Servicing violations occurring in all respects after the effective date of its transfer and based in all respects upon the actions or omissions of later Transferee Servicers.

Note: For provisions applicable to the concurrent transfer of servicing rights of Mortgages sold to Freddie Mac through Gold Cash Xtra, see Exhibit 28, Loan Servicing Purchase and Sale Agreement.

(b) Hold harmless

The Transferor Servicer and the Transferee Servicer, jointly and severally, fully indemnify and agree to hold Freddie Mac, its successors and assigns, harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be made against or be incurred by Freddie Mac as a result of the Transferor Servicer's or the Transferee Servicer's failure to comply with applicable law or failure to comply with Freddie Mac's Servicing requirements as set forth in the Purchase Documents, including, but not limited to failure to provide the notices required by Section 7101.14, failure to make any payment to the appropriate parties for which Escrow is collected and failure to credit properly any payments received from Borrowers.

(c) Servicing

The Transferee Servicer hereby agrees to service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprising the Guide, applicable Bulletins, applicable users' guides and any other applicable Purchase Documents, all of which are fully incorporated herein by reference.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 8000: Servicing All Mortgages / Topic 8100: General Freddie Mac Servicing Policies / Chapter 8105: Servicing Compensation / 8105.3: Servicing obligations to be performed for the Servicing compensation (03/02/16)

8105.3: Servicing obligations to be performed for the Servicing compensation (03/02/16)

In consideration for the Servicing Spread, a Servicer is responsible for the performance of all of its Servicing obligations described in the Guide and other Purchase Documents for each of the Mortgages purchased by Freddie Mac. The Servicer's Servicing obligations compensated by the Servicing Spread include, among other things, undertaking all activities required to protect Freddie Mac's interest in the Mortgage in the event of a foreclosure of the property or a bankruptcy of the Borrower, such as:

- Preparing and delivering foreclosure and bankruptcy referrals to attorneys
- Providing all documents and information necessary for the attorneys to prosecute foreclosure or bankruptcy cases (including, but not limited to, missing documents such as Notes, title insurance policies, and Intervening Assignments)
- When necessary, paying for the preparation and recordation of missing documents, such as Intervening Assignments, necessary for the prosecution of foreclosure or bankruptcy cases
- Resolving any title issues that are the result of the Seller's or Servicer's action or inaction
- Managing attorneys, including but not limited to:
 - Collecting, receiving, processing, reviewing and paying attorneys' invoices
 - Supervising and providing necessary assistance to attorneys in the foreclosure and bankruptcy proceedings
 - Making available any monitoring, management, reporting, information and document delivery processes or systems, and paying the fees and costs for such processes or systems (refer to Section 9501.9 for information on connectivity and invoice processing systems)
- Continuing to work with the Borrower to resolve the delinquency through loss mitigation activities
- Handling the bankruptcy management activities specified in Chapter 9401

Nothing in the Guide is intended to prohibit a foreclosure or bankruptcy attorney from assisting a Servicer by working with a Borrower to facilitate a reinstatement of the Mortgage or loss mitigation activity.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 8000: Servicing All Mortgages / Topic 8100: General Freddie Mac Servicing Policies / Chapter 8107: Document Custody / 8107.1: Servicer responsibilities related to document custody (03/02/16)

8107.1: Servicer responsibilities related to document custody (03/02/16)

(a) Delivery of modifications to a Document Custodian

If a Note is subsequently modified, pursuant to the requirements of the Guide, the original modifying instrument must be delivered to the Document Custodian holding the original Note.

(b) Obtaining physical or constructive possession of documents

Seller/Servicers may need to obtain physical or constructive possession of a Note or other documents from a Document Custodian to take appropriate action in conjunction with the payoff, foreclosure, repurchase, substitution, conversion, modification or assumption of a Mortgage:

- To obtain physical or constructive possession of a Note and/or other documents from the Designated Custodian, the Seller/Servicer may complete and send the Form 1036, Request for Physical or Constructive Possession of Documents, or make an electronic request ("Web Release Request") using the Designated Custodian's specified Internet web site. Contact the Designated Custodian for further information (**see Directory 4**). The Seller/Servicer must promptly: (i) if physical possession was obtained by Seller/Servicer, return the Note and any other documents to the Designated Custodian when the reason for having physical possession is no longer required for Servicing the Mortgage (do not return the Note and any other documents to the Designated Custodian if the related Mortgage was repurchased or paid in full), or (ii) if constructive possession was obtained, send notice (a copy of the original Form 1036 with a notice of termination of constructive possession or otherwise as instructed by the Designated Custodian's specified Internet web site) to the Designated Custodian, when the reason for constructive possession is no longer required for Servicing the Mortgage. Seller/Servicers using the Designated Custodian's Internet web site Asset Repository and Collateral System (ARK) to request physical or constructive possession of Notes and other documents must include a copy of the 1036 Release Receipt Report when returning such items to the Designated Custodian. The Release Receipt Report can be electronically generated from the Designated Custodian's ARK web site.
- To obtain physical or constructive possession of a Note and/or other documents from a Document Custodian (excluding the Designated Custodian), the Seller/Servicer must complete Form 1036, and send the Form 1036 to the Document Custodian. The Seller/Servicer must promptly: (i) if physical possession was obtained by the Seller/Servicer, return the Note and any other documents to the Document Custodian when the reason for having physical possession is no longer required for Servicing the Mortgage (do not return the Note and any other documents to the Document Custodian if the related Mortgage was repurchased or paid in full), or (ii) if constructive possession was obtained by the Seller/Servicer, send notice (copy of the original Form 1036 with a request for termination of constructive possession) to the Document Custodian, when constructive possession is no longer required for Servicing the Mortgage.

Seller/Servicers must follow prudent business practices in protecting and safeguarding all Notes and documents physically transferred and delivered to them by the Document Custodian until these documents are returned to the Document Custodian. These practices include protection from external elements, such as fire, and identification as a Freddie Mac asset and segregation from other non-related documents.

See Section 8107.2(b) when Servicing a Mortgage with respect to which the Seller/Servicer is required to be in physical or constructive possession of the Note to take legal action, such as a Freddie Mac Default Legal Matter or other litigation (collectively, "Legal Action"), and the Document Custodian has physical custody of the Note.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 8000: Servicing All Mortgages / Topic 8100: General Freddie Mac Servicing Policies / Chapter 8107: Document Custody / 8107.2: Document Custodian's custodial functions (03/02/16)

8107.2: Document Custodian's custodial functions (03/02/16)

(a) General duties

Each Document Custodian is responsible for maintaining custody of the original Notes and assignments, in trust, for the benefit of Freddie Mac by:

- Storing the original Notes and assignments in secure, fire-resistant facilities as required by Section 2202.2(b). If the Seller/Servicer delivers supplemental documents, such as original modifying instruments, the Document Custodian must place the supplemental documents with the related Note.
- Affixing the Freddie Mac loan number to the Note, if advised by the Seller/Servicer that Freddie Mac requires it. If the Note for a Mortgage contains the Freddie Mac loan number, changing the Freddie Mac loan number on a Note if advised in writing by the Seller/Servicer that Freddie Mac has changed the Freddie Mac loan number for the related Mortgage.

(b) Physical or constructive possession to take legal action

The Seller/Servicer may be required to be in physical or constructive possession of the Note to take legal action, such as a Freddie Mac Default Legal Matter or other litigation (collectively, "Legal Action"), in connection with Servicing a Mortgage. If the Seller/Servicer concludes that constructive possession is the appropriate type of possession for the Legal Action, the Seller/Servicer shall automatically, immediately and conclusively be deemed to be in constructive possession of the Note upon the earlier of: (i) that date such Legal Action commences, or (ii) the date the Document Custodian receives the Seller/Servicer's Form 1036 requesting constructive possession of the Note, until the Legal Action is concluded.

When the Document Custodian, during any such Legal Action, maintains physical custody of the Note, it does so in trust for the benefit of the Seller/Servicer. For the duration of the Legal Action, the Seller/Servicer shall be: (i) in constructive possession of the Note, (ii) the holder of the Note, (iii) entitled to enforce the Note, and (iv) duly authorized by Freddie Mac to take Legal Action in connection with Servicing the related Mortgage. When the Legal Action is concluded, the Document Custodian shall automatically and immediately cease maintaining physical custody of the Note, in trust, for the benefit of the Seller/Servicer and resume maintaining physical custody of the Note, in trust, for the benefit of Freddie Mac.

The Seller/Servicer must complete, sign and submit a Form 1036, or its equivalent, including the Designated Custodian's Web Release Request described in Section 8107.1(b) (Form 1036 and such the Designated Custodian's Web Release Request, collectively referred to herein as "Form 1036") requesting constructive possession from the Document Custodian or Designated Custodian, as applicable. The date that the constructive possession commences shall be the earlier of the date: (i) the Document Custodian receives the Form 1036 from the Seller/Servicer requesting constructive possession, or (ii) the Seller/Servicer commences the Legal Action. A single Form 1036 may be used to request multiple Notes, provided that each Note is separately listed and identified.

(c) Delivery of possession of documents to the Seller/Servicer

The Seller/Servicer may require physical possession of a Note and other documents in connection with Servicing a Mortgage, including, but not limited to, bringing or defending a Legal Action or conducting a foreclosure or in connection with the maturity, prepayment, repurchase, substitution, conversion, modification or assumption of a Mortgage. In such circumstances, Freddie Mac will deliver physical possession of the Note to the Seller/Servicer as set forth in this Section 8107.2(c)

When Servicing a Mortgage with respect to which the Seller/Servicer is required to be in physical possession of the Note, the Seller/Servicer shall deliver a Form 1036 to the Document Custodian.

To use an Electronic, as defined in Chapter 1401 or system-generated version of the Form 1036, the Seller/Servicer must enter into an electronic transaction agreement with the Document Custodian that:

- Defines Electronic Signature and the type(s) of electronic transmission(s) permitted
- States the Document Custodian's requirements for accepting an Electronic Signature
- States the Seller/Servicer's requirements for maintaining and controlling access to Electronic Signature information
- Clearly assigns liability when the terms of the agreement are violated

In addition, the Seller/Servicer must provide, and the Document Custodian must retain, a list of the individuals designated by the Seller/Servicer to request the release of documents electronically. The list must be signed by an authorized officer of the Seller/Servicer and contain the notarized signatures of the Seller/Servicer's designated individuals.

An Electronic or system-generated Form 1036 must contain all of the information required on the paper Form 1036. A single electronic form may be used to request multiple Notes, provided that the Note is separately listed and identified.

Upon receipt of a signed Form 1036 from the Seller/Servicer, the Document Custodian maintaining physical custody of the Note, in trust, for the benefit of Freddie Mac, shall transfer and deliver physical possession of the Note to the Seller/Servicer. Upon receipt of the Note, the Seller/Servicer shall automatically, immediately and conclusively be deemed to be: (i) in physical possession of the Note, (ii) the holder of the Note, (iii) entitled to enforce the Note, and (iv) duly authorized by Freddie Mac to take Legal Action in connection with Servicing the related Mortgage.

If a document is no longer needed for the reason originally cited on the request, or when the Legal Action is concluded, the Seller/Servicer must promptly return the Note and related documents and a copy of the Form 1036 to the Document Custodian, or return the Note and related other documents required by the Designated Custodian. Upon receipt of the returned Note, the Document Custodian and/or Designated Custodian, as applicable, shall immediately resume maintaining physical custody of the Note, in trust, for the benefit of Freddie Mac, as set forth in the Custodial Agreement, and update its note tracking system to reflect receipt of the Note and any other documents.

Notes and related documents may be transported only by a nationally recognized commercial or bonded carrier or courier service.

See Section 8107.1(b) for additional information on returning Notes to the Document Custodian.

(d) Form imaging and retention requirements

The Document Custodian must retain either the original or an imaged copy of the Form 1036 or its equivalent for at least three months after the date the Mortgage is paid off. The Document Custodian need not retain a Form 1034E, or Note Delivery Cover Sheet, after the related Mortgages have been certified.

Imaged copies of the forms are permitted, provided that:

- Such copies were made in the regular course of business pursuant to Document Custodian's written policy
- Each imaged copy accurately reproduces or forms a durable medium for reproducing the original document
- There is equipment to view or read and to reproduce the imaged copies into legible documents at the location where the imaged copies are maintained

The Document Custodian may destroy:

- Original Certification Schedules after making imaged copies that meet the above criteria
- Requests for Release after making imaged copies that meet the above criteria and updating Document Custodian's Note tracking system to indicate the date of and reason for release of the related documents
- All original or imaged copies of Certification Schedules and Requests for Release after expiration of the retention period

In disposing of such documents, the Document Custodian must have in place and follow procedures to ensure the confidentiality of Borrowers' private personal information and must use disposal methods that safeguard such confidentiality.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 9000: Servicing Default Management / Topic 9300: Foreclosure / Chapter 9301: Foreclosure / 9301.1: Foreclosures on Freddie Mac Mortgages (03/02/16)

9301.1: Foreclosures on Freddie Mac Mortgages (03/02/16)

The Servicer must refer to, manage and complete foreclosure in accordance with this chapter when there is no available alternative to foreclosure. Additionally, Freddie Mac requires the Servicer to manage the foreclosure process to acquire clear and marketable title to the property in a cost-effective, expeditious and efficient manner.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 9000: Servicing Default Management / Topic 9300: Foreclosure / Chapter 9301: Foreclosure / 9301.11: Obtaining the original Note (03/02/16)

9301.11: Obtaining the original Note (03/02/16)

If physical or constructive possession of the original Note is needed to perform the foreclosure, the Servicer must request the Note from the Document Custodian maintaining the Note by submitting to the Document Custodian a completed Form 1036, Request for Physical or Constructive Possession of Documents, or an electronic or system-generated version of the form (or, in the case of the Designated Custodian, a copy of the electronically generated 1036 Release Receipt Report) in accordance with the requirements of Section 8107.1(b).

If there is a full or partial reinstatement of the Mortgage, the Servicer must return the Note to the Document Custodian with either the original Form 1036 or a copy.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 9000: Servicing Default Management / Topic 9300: Foreclosure / Chapter 9301: Foreclosure / 9301.12: Foreclosing in the Servicer's name (03/02/16)

9301.12: Foreclosing in the Servicer's name (03/02/16)

(a) Conducting the foreclosure

The Servicer must instruct the foreclosure counsel to process the foreclosure in the Servicer's name and in a manner that would avoid any obligation to pay a transfer tax. However, the Servicer may instruct foreclosure counsel to conduct the foreclosure in Freddie Mac's name if applicable law:

- Precludes the Servicer from conducting the foreclosure in its name because it owns or services a subordinate Mortgage on the Mortgaged Premises, or
- Requires the foreclosure to be processed in Freddie Mac's name to avoid any obligation to pay a transfer tax and foreclosure counsel could not otherwise process the foreclosure in a manner that would successfully avoid imposition of the transfer tax obligation

For these special circumstances, the Servicer does not need to obtain written approval but must notify Freddie Mac within two Business Days of the Servicer's determination to foreclose in Freddie Mac's name and record the basis of the decision in the Mortgage file. All notifications must be sent via e-mail (**see Directory 5**). For all other circumstances in which the Servicer may need to instruct foreclosure counsel to conduct the foreclosure in Freddie Mac's name, the Servicer must obtain written approval from Freddie Mac (refer to Section 9402.2 regarding initiating legal actions on Freddie Mac's behalf).

When processing the foreclosure in Freddie Mac's name, all pleadings and related documents must comply with Section 9402.2(c). The Servicer remains obligated to notify Freddie Mac pursuant to Section 9501.12 in the event that any foreclosure conducted in Freddie Mac's name evolves into a non-routine litigation matter (see Section 9402.2).

When a Servicer conducts the foreclosure in Freddie Mac's name, the Servicer is not permitted to have the same foreclosure counsel represent the Servicer or another lien holder in the same proceeding. Freddie Mac does not consent to dual representation of Freddie Mac and another lien holder on the same property.

(b) Executing documents

If Freddie Mac needs to execute a document for the Servicer to process the foreclosure, or execute a document related to a foreclosure sale, the Servicer must submit Form 105, Multipurpose Loan Servicing Transmittal, to Freddie Mac (**see Directory 5**) with all supporting documentation, which may include, but is not limited to, the last recorded document in the chain of title, and include the document Freddie Mac needs to execute.

If an assignment of the Security Instrument to Freddie Mac has been recorded and the Servicer is conducting the foreclosure in its name, then the Security Instrument must be assigned back to the Servicer before the foreclosure counsel files the first legal action. Refer to Section 9301.16 for an explanation of first legal action.

To have the Security Instrument assigned back to the Servicer, the Servicer must submit a completed assignment with a Request for Assistance Form (available at: <http://www.freddiemac.com/cim/docex.html>), to Freddie Mac (**see Directory 9**). Freddie Mac will endeavor to execute the assignment and return it to the Servicer within 10-12 Business Days of receiving the documents.

If the Servicer is foreclosing on a Mortgage registered with MERS®, the Servicer must prepare and execute (using the Servicer's employee who is a MERS authorized "signing officer") an assignment of the Security Instrument from MERS to the Servicer. The Servicer must record the prepared assignment where required by State law. State mandated recordings are non-reimbursable by Freddie Mac, are not considered part of the Freddie Mac allowable foreclosure counsel fees and must not be billed to the Borrower.

If the Mortgage is an FHA, Section 502 GRH or VA Mortgage, then the Servicer must follow FHA, RHS or VA guidelines to determine in whose name the foreclosure action should be brought.

Refer to Section 6301.6 for additional information on Freddie Mac's requirements for assignments of the Security Instrument.

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 9000: Servicing Default Management / Topic 9400: Bankruptcy and Other Litigation Involving Freddie Mac-Owned or Guaranteed Mortgages / Chapter 9401: Bankruptcy / 9401.1: Bankruptcy (10/12/16)

9401.1: Bankruptcy (10/12/16)

This chapter provides Servicers with Freddie Mac's requirements for Servicing Mortgages subject to bankruptcy proceedings or litigation. The Servicer must take appropriate action to protect Freddie Mac's interest during bankruptcy proceedings in which the Borrower is the debtor.

(Refer to Chapter 9402 for requirements **for Servicing Mortgages subject to other** litigation).

Related Guide Bulletins	Issue Date
Bulletin 2016-13	July 13, 2016

Freddie Mac Single Family / Single-Family Seller/Servicer Guide / Single-Family Seller/Servicer Guide / Servicing / Series 9000: Servicing Default Management / Topic 9400: Bankruptcy and Other Litigation Involving Freddie Mac-Owned or Guaranteed Mortgages / Chapter 9402: Other Litigation Involving Freddie Mac-Owned or Guaranteed Mortgages / 9402.2: Routine and non-routine litigation (07/13/16)

9402.2: Routine and non-routine litigation (07/13/16)

(a) Definition of routine and non-routine litigation

- **Routine litigation** generally is a contested action in which the Borrower alleges case-specific defenses or issues which, if successful, would not create negative legal precedent beyond the immediate case
- **Non-routine litigation** generally is a contested action in which the Borrower alleges case-specific defenses or issues, which, if successful, would create negative legal precedent beyond the immediate case

Examples of non-routine litigation that must be reported to Freddie Mac as non-routine litigation include, but are not limited to, the following:

- Actions that name Freddie Mac as a party
- Action that seeks monetary relief against Freddie Mac, including any claim (including counterclaims, cross-claims, or third-party claims in foreclosure or bankruptcy actions) for damages against Freddie Mac or its officers, directors, or employees
- Actions that challenge the validity, priority, or enforceability of a Freddie Mac-owned or guaranteed Mortgage or seek to impair Freddie Mac's interest in an REO including, by way of example:
 1. An action seeking to demolish a structure on the property or the property as a result of a code violation
 2. An action seeking to avoid a lien based on a failure to comply with a law or regulation
 3. An attempt by a junior lienholder to assert priority over a Freddie Mac-owned or guaranteed Mortgage or extinguish Freddie Mac's interests
 4. A quiet title action seeking to declare Freddie Mac's lien void; and
 5. An attempt by a Borrower to effect a cramdown of a Mortgage in bankruptcy as to which Freddie Mac has not delegated authority to the Servicer or law firm to address
- Actions that present an issue that may pose significant legal or reputational risk to Freddie Mac include, by way of example:
 1. Any issue involving Freddie Mac's conservatorship, its conservator, FHFA, Freddie Mac's status as a federal instrumentality, or an interpretation of Freddie Mac's charter
 2. Any assertion that Freddie Mac is a federal agency or otherwise part of the United States Government
 3. Any "due process" or other constitutional challenge
 4. Any challenge to the methods by which Freddie Mac does business
 5. Any putative class actions involving a Freddie Mac-owned or guaranteed Mortgage

6. Challenges to the standing of the Servicer to conduct foreclosures or bankruptcies which, if successful, could create negative legal precedent with an impact beyond the immediate case
7. Challenges to the methods by which MERS® does business or its ability to act as nominee under a Mortgage
8. Any "show cause orders" or motions for sanctions relating to a Freddie Mac-owned or guaranteed Mortgage, whether against Freddie Mac, the Servicer, a law firm, or a vendor of the Servicer or law firm
9. Any appellate or other action for post-judgment relief in any foreclosure, bankruptcy or legal action in which Freddie Mac is a named party
10. Foreclosures on HUD-Guaranteed Section 184 Native American Mortgages
11. Any environmental litigation relating to a Freddie Mac-owned or guaranteed Mortgage
12. A need to foreclose judicially in a State where non-judicial foreclosures predominate
13. Any claim invoking Home Affordable Modification Program (HAMP®) as a basis to challenge a foreclosure
14. Any claim brought by a governmental body
15. Cross-border insolvency proceedings under Chapter 15 of the Bankruptcy Code
16. Any claim of predatory lending or discrimination in Mortgage origination or Servicing; and
17. Any claim implicating the interpretation of the terms of the Fannie Mae/Freddie Mac Uniform Mortgage Instruments

Given the evolving nature of default-related litigation, it is not possible to provide an exhaustive list of non-routine litigation. Each contested action presents unique circumstances, and the Servicer should evaluate each action on a case-by-case basis to determine whether a contested action is routine or non-routine.

(b) Legal actions and strategies initiated by the Servicer

A Servicer **must** obtain written approval (**see Directory 5**) from the Freddie Mac Legal Division prior to initiating the following legal actions and strategies:

- Filing a new legal action, other than a Freddie Mac Default Legal Matter, on behalf of Freddie Mac
- Filing a motion to intervene in a pending legal action on behalf of Freddie Mac
- Appealing or otherwise challenging a judgment in any foreclosure or bankruptcy proceeding, or any legal action in which Freddie Mac is a named party
- Filing a notice of removal to federal district court for any legal action in which Freddie Mac is a named party
- Asserting any position in a legal action that relates to Freddie Mac's status as a Government Sponsored Enterprise (GSE), its conservatorship, or its conservator, FHFA
- Propounding discovery requests or otherwise serving or providing any discovery responses on behalf of Freddie Mac

(c) Referring to Freddie Mac in litigation

Freddie Mac must be described in legal proceedings as "Federal Home Loan Mortgage Corporation ("Freddie Mac"), a corporation organized and existing under the laws of the United States of America." Freddie Mac may not be referred to as a "government agency."

(d) MERS-registered Mortgages

See Section 8101.12(b) for additional requirements relating to notices from MERS and MERS-registered Mortgages.

Related Guide Bulletins	Issue Date
Bulletin 2016-13	July 13, 2016

Freddie Mac Single Family/Single-Family Seller/Servicer Guide/Single-Family Seller/Servicer Guide/Servicing/Series 9000: Servicing Default Management/Topic 9500: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/Chapter 9501: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/9501.1: Servicer's management of law firms for Freddie Mac Default Legal Matters (03/02/16)

9501.1: Servicer's management of law firms for Freddie Mac Default Legal Matters (03/02/16)

This chapter sets forth requirements for the Servicer's review and evaluation, selection, retention and management of law firms (referred to throughout this chapter as "firms") for Freddie Mac Default Legal Matters.

Effective June 1, 2013, all referrals of Freddie Mac Default Legal Matters must be conducted in accordance with the requirements of Chapter 9501. Chapter 9501 governs the referral of Freddie Mac Default Legal Matters to law firms selected by the Servicer under the requirements of Section 9501.7.

Effective August 1, 2013, Servicers must comply with all requirements of this chapter in order to refer Freddie Mac Default Legal Matters to law firms. Refer to Chapter 9502 for requirements related to Default Legal Matters referred prior to the August 1, 2013 effective date.

Each Servicer is responsible for retaining firms for Freddie Mac Default Legal Matters. Freddie Mac will continue to retain firms directly for REO-related legal services: eviction, REO closing, and related litigation (refer to Chapters 9401 and 9402 for more information relating to litigation).

Freddie Mac Single Family/Single-Family Seller/Servicer Guide/Single-Family Seller/Servicer Guide/Servicing/Series 9000: Servicing Default Management/Topic 9500: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/Chapter 9501: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/9501.2: Review and evaluation of firms (03/02/16)

9501.2: Review and evaluation of firms (03/02/16)

(a) Due diligence

As part of its selection process, each Servicer is responsible for obtaining and evaluating documentation and information from firms, and conducting due diligence to ensure that selected firms meet the requirements set forth in Section 9501.3. As part of the process, each Servicer must:

- Obtain and review all required documentation and information submitted by each firm
- Ensure that it selects from a pool of potentially acceptable firms that is diverse, and includes minority and women-owned firms and other diverse firms when feasible; and
- Ensure that the firm or any entity or individual performing work for the firm is not on the Freddie Mac Exclusionary List in accordance with Section 3101.1

(b) Due diligence documentation

The Servicer must provide to Freddie Mac upon request a copy of each firm's application information and related due diligence documentation. Freddie Mac reserves the right to review the process, procedures and due diligence used by the Servicer to evaluate and select a firm.

(c) Document retention requirements

The Servicer must retain all information submitted by a firm in support of the firm's application and all information otherwise gathered by the Servicer regarding the firm. The Servicer must maintain any information relating to firms that are selected and retained by the Servicer for as long as the firm is providing legal services with respect to Freddie Mac-owned or guaranteed Mortgages and, thereafter, for the longer of any retention period applicable to the Servicer or seven years. The Servicer must maintain any information relating to firms that are not selected and retained by the Servicer for the longer of any retention period applicable to the Servicer or seven years.

Freddie Mac Single Family/Single-Family Seller/Servicer Guide/Single-Family Seller/Servicer Guide/Servicing/Series 9000: Servicing Default Management/Topic 9500: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/Chapter 9501: Selection, Retention and Management of Law Firms for Freddie Mac Default Legal Matters/9501.3: Firm Minimum Requirements (06/29/16)

9501.3: Firm Minimum Requirements (06/29/16)

The Servicer must ensure that all firms selected and retained to handle Freddie Mac Default Legal Matters meet the firm minimum requirements specified in this section ("Firm Minimum Requirements"), and all other applicable Freddie Mac requirements. The Firm Minimum Requirements are as follows:

(a) Firm practice

The firm's practice areas must include end-to-end default-related legal services: foreclosure, bankruptcy, loss mitigation (e.g., deeds-in-lieu of foreclosure), default-related litigation and REO-related legal services: eviction, REO closing and related litigation.

The firm must:

- Be familiar with industry standards in the State in which it practices
- Understand the State legal processes and requirements in default-related and REO-related legal services; and
- Understand the substantive legal issues in the State (e.g., standing)

Additionally, the Servicer must consider firm experience in the following areas: foreclosure mediation, the Fair Debt Collection Practices Act, title curative issues, and general housing-related issues (e.g., rent control, Section 8, lead paint liability, health code violations, foreclosure redemption, confirmation and ratification, homeowners association, mobile home matters, and cooperative loans). The firm should also have some experience with delegation for loss mitigation.

The Servicer must also consider the firm's membership in default-related and REO-related trade and industry groups, attendance or participation in State bar associations, seminar and lecture participation and attendance, and any other activities relevant to default-related and REO-related law practice.

(b) Presence in State

Firms generally must have a staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

In addition:

- The legal work must be performed by the attorneys licensed in the State where the Mortgaged Premises is located
- The firm must be registered, as necessary, with appropriate State authorities
- For the States in which an appropriately staffed office is required, the firm must disclose to the Servicer the extent, if any, to which work will be performed by an office of the firm in another State
- The Servicer must require the firm to disclose to the Servicer where the staff handling the work in the particular State is located, and to whom the staff in that office regularly reports; and
- The Servicer must obtain office addresses for each firm it seeks to retain

1. Judicial foreclosure States

In judicial foreclosure States, the firm must have an appropriately staffed office in the State in which the firm is retained for Freddie Mac Default Legal Matters.

2. Non-Judicial foreclosure States

In non-judicial foreclosure States, a firm must have an appropriately staffed office located in the State in which the firm is retained, except in the following non-judicial foreclosure States: Alaska, District of Columbia, Idaho, New Hampshire, Rhode Island, Montana, West Virginia and Wyoming. In those States, Servicers should give preference to firms that have staffed offices in those States. However, out-of-State firms may be used to handle Freddie Mac Default Legal Matters, provided that the firm is located in the same region of the country and is able to demonstrate that it has policies, procedures and processes in place to handle cases from out of State.

Servicers may use firms outside of Puerto Rico, the U.S. Virgin Islands and Guam to handle foreclosure and bankruptcy matters in those States. Servicers should give preference to firms that have staffed offices in the State, but out-of-State firms may be used, provided that they are able to demonstrate that they have policies, procedures and processes in place to handle cases from outside the State.

If a Servicer has difficulty finding a sufficient number of firms with appropriately staffed offices in States other than those listed in the exceptions above, the Servicer may contact Freddie Mac to request an exception to the requirement that a firm have an appropriately staffed office located in the State. Requests should be sent to Freddie Mac (**see Directory 1**).

(c) State-specific industry references

The Servicer must obtain from the firm at least two State-specific mortgage servicers or default-related references, or if the firm has been in existence less than one year, the partners or shareholders of the firm must provide at least two Servicer or default-related references in connection with work performed in the particular State.

(d) Statewide coverage and use of local counsel

The Servicer must ensure that the firm has the ability to cover foreclosure, bankruptcy, eviction, REO closing matters and default-related litigation throughout the State.

If the firm has partnerships or relationships with third parties (e.g., local counsel, trustee companies or title companies) that will perform or complete some aspect of the default-related and REO-related work, the Servicer must require the firm to: (i) obtain disclosure from the firm regarding such relationships and the extent to which third parties will be relied upon and (ii) determine whether the firm has a reasonable contingency plan for the loss of any of those relationships or operational processes. In evaluating any such third-party relationship, the Servicer must consider the length of time the relationship has existed and the adequacy of the firm's written policies to mitigate third-party risk.

If a firm uses local counsel to handle matters within the State, the Servicer must ensure that the firm has a process to select, manage, and review the local counsel and their work product. The process must be designed to ensure that local attorneys are qualified and adequately trained and have a satisfactory history with respect to bar complaints, sanctions and similar matters.

For a firm's contested caseload (e.g., contested foreclosures and litigated cases), the firm's reliance on local counsel must be minimal. Any use of local counsel for these matters must be structured so that the retained firm will direct and manage the local counsel on those matters.

(e) Prior volume experience

Servicers must confirm the firm and/or managing attorney(s) has completed a sufficient number of foreclosure, bankruptcy, loss mitigation, eviction and REO matters within the past 24 months to demonstrate that the firm has experience in representing creditors in default-related matters.

For the 24-month period, the Servicer must review the total number of matters referred, the total number of matters completed and the number of matters currently pending for each of the following areas: foreclosure, bankruptcy, loss mitigation, eviction and REO closing.

What constitutes a sufficient number of completed default-related and REO-related legal services will vary depending upon the State at issue, the volume the Servicer expects to refer to the firm, and the relative size of the firm. Servicers must consider these factors when making this determination.

(f) Firm has adequate, relevant State-specific experience

The Servicer must confirm that the firm has one or more managing attorney(s) or partner(s) with no less than 8 years of relevant, State-specific experience in foreclosure (including where applicable, confirmation, redemption and ratification matters), bankruptcy, loss mitigation, eviction, and REO closings and litigation. Servicers may make exceptions to this requirement for documented reasons in the event a firm is otherwise qualified.

The Servicer must obtain the names and the years of experience in each area (foreclosure, bankruptcy, eviction, REO closings and related litigation) for the firm's managing attorney(s) or partner(s) and associates.

If the principals or partners of the firm are not actively involved in the management of the firm, the Servicer must consider the level of experience of those actively involved in managing the firm.