



November 10, 2011

## Freddie Mac Updates Electronic Transaction Requirements

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On October 1, 2011, Freddie Mac amended its requirements for servicing mortgages. The Single Family Seller/Service Guide, Volume 2, Section 50.3.1: Acknowledgment and consent to electronic transactions.

Requirements will become effective on January 1, 2012. Key points to the amendments are summarized below:

### Electronic transactions conducted between Servicer and Borrower:

In lieu of having the Servicer or Borrower, as applicable, prepare, sign and send, return, or submit paper documents, such as Form 710, Uniform Borrower Assistance Form, explanation letters, solicitation letters, evaluation notices and other forms and documents in connection with consideration for a reinstatement, relief or workout option the Servicer may either:

- Mail, fax or electronically transmit copies of the

loss mitigation documents (excluding letters a Borrower must provide) to a Borrower or permit a Borrower to copy, print or download a copy of the loss mitigation documents via a secure Servicer-provided Internet web site and permit the Borrower to complete, sign and fax copies (or e-mail copies) of the signed loss mitigation documents to the Servicer (Note: Under some State laws, an individual may not be required to transmit his/her Social Security number over an unsecured electronic channel), or

- Give the Borrower a secure means of access through which a Borrower may prepare and electronically sign loss mitigation documents (including letters a Borrower must provide) and submit them to Servicer.

### In the event the Servicer permits Borrowers to provide any of the loss mitigation documents as Electronic Records, the Servicer:

1. May create an electronic substitute for Form 710 and any other required forms, provided that the information requested is the same information requested on Form 710 and the other required forms
2. Must comply with all applicable requirements in the Guide and other Purchase Documents, including, but not limited to, Section 1.3

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3. Must consult with its legal counsel to determine that the Servicer's use of fax and/or electronic copies of loss mitigation documents, complies with the requirements of the federal Electronic Signatures in Global and National Commerce Act (E-Sign) and/or the Uniform Electronic Transaction Act (UETA), as enacted in the jurisdiction in which the property securing each Mortgage is located, as applicable, and all other applicable laws

4. Must use security measures, processes and procedures that protect the confidentiality and privacy of the Borrowers' personal and financial information in accordance with all applicable laws, including, without limitation, the Gramm-Leach-Bliley Act and its implementing regulation

5. Must securely store and maintain all such Electronic Records for the same period of time as required by the Guide and other applicable Purchase Documents for paper forms and other loss mitigation document

6. Represents and warrants to Freddie Mac that the loss mitigation documents prepared, signed and submitted by a Borrower electronically are authentic and enforceable against the Borrower

7. Must provide Borrowers with fax numbers, e-mail addresses, web site addresses and/or other electronic destinations specifically dedicated to the secure receipt and, if applicable, storage of such Electronic Records

The Servicer must acknowledge and agree that Freddie Mac's above consent to the Servicer's engaging in electronic transactions with Borrowers is limited to electronic transactions and communications between the Servicer and Borrowers in connection with the preparation, execution and submission of loss mitigation documents. The Servicer must continue to provide loss mitigation documents and information to Freddie Mac in the manner required by the Guide and other Purchase

Documents. The Servicer may not permit Borrowers to submit any loss mitigation documents directly to Freddie Mac electronically without Freddie Mac's express written consent.

Servicers must obtain a Borrower's express consent in accordance with E-Sign before permitting a Borrower to use Electronic Records and Electronic Signatures in connection with the execution and/or delivery of any loss mitigation documents, communications or other servicing documents.

In addition, Servicers must continue to provide and accept all loss mitigation documents on paper for Borrowers who choose not to use Electronic Records and Electronic Signatures. Under no circumstances may a Borrower be required to use Electronic Records and Electronic Signatures.

**The announcement may viewed at the following link in AllRegs:**

<http://www.allregs.com/ao/main.aspx?did2=0057e46f-6ef0-497d-ad45-29e8b37a56d6>

Form 710, Uniform Borrower Assistance Form may be viewed at the following link in AllRegs: <http://www.allregs.com/ao/main.aspx?did2=a6c586de6aa84889b85da76202c8140f>