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Doing Business with Freddie Mac

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## Learning Center Glossary

### Single-Family

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### A

#### ABANDONMENT OF PROPERTY

Servicing: Default Management

Either,

- The borrower has voluntarily and intentionally relinquished ownership, claim, and control, or
- As otherwise defined under local laws.

Factors evidencing abandonment include vacancy, waste, deterioration, and lack of utilities.

#### ABILITY TO PAY RATE

Servicing: Balloon/Resets

The maximum interest rate the borrower can afford at the current level of income and expenses and the new term maturity of the modified mortgage.

#### ACCELERATED REMITTANCE CYCLE (ARC)

Servicing: Investor Accounting

A remittance option where funds are due to Freddie Mac on a contract specified business day. If the date is not specified, use the third business day following the accounting cutoff.

#### ACCELERATION

Servicing: Default Management

The exercise of the clause in the mortgage which gives the lender the right to declare the entire amount of the mortgage due prior to the maturity date under certain specified conditions, typically payment default or due-on-transfer violation.

#### ACCEPT MORTGAGE

The Guide glossary

A [Loan Prospector](#)® Mortgage that receives a [Risk Class](#) of Accept.

#### ACCEPTABLE NET WORTH

The Guide glossary

Generally defined as [GAAP](#) capital but Freddie Mac may make adjustments to GAAP net worth when Freddie Mac deems it appropriate.

#### ACCOUNTING CYCLE

Servicing: Investor Accounting

A one-month period that begins on the 16th of each month, and ends at the close of business on the 15th of the following month, or the previous [business day](#) if the 15th falls on a non-business day. The last day of the accounting cycle is the accounting cutoff.

Example:

If the March cycle starts on February 16th, it will cutoff, or end on March 15th. The 15th is commonly referred to as the "cutoff," but the actual cutoff date for a given month is different if the 15th is a non-business day. If the 15th happens to be a non-business day then the actual cutoff is the previous business day.

#### ACCOUNTING METHODS

Servicing: Investor Accounting

The four accounting methods are:

- [Net yield](#)
- [Alternative](#)
- [Scheduled/Scheduled](#)
- [Guaranteed timely principal and interest](#)

The amount of principal and interest reported and remitted for mortgage activity is determined by the contract-specified accounting method selected at the time the mortgage was sold to Freddie Mac.

#### ACCOUNTING NET YIELD (ANY)

The Guide glossary

The ANY is the net yield rate that the Servicer uses to report and remit interest to Freddie Mac each month. The ANY for each Mortgage is equal to Note Rate less the Servicing Spread of the Mortgage.

The ANY for Mortgages purchased through RNY Cash or ARM Cash equals the [Required Net Yield \(RNY\)](#) except for Mortgages sold to Freddie Mac at a discount.

#### ACCRUED INTEREST

Servicing: Investor Accounting

Interest earned, but not yet paid, for the period of time that has elapsed since the borrower made the last payment.

#### ACKNOWLEDGEMENT AGREEMENT

**The Guide glossary**

An agreement between Freddie Mac, a Servicer and a third party designated by the Servicer in which Freddie Mac consents to and acknowledges a Servicer's grant to a third party of a security interest in the Servicer's conditional, nondelegable contract right to service Home Mortgages for Freddie Mac.

**ADDITIONAL SUPPLEMENT****The Guide glossary**

An Additional Supplement is a disclosure document containing information solely provided by the Seller that supplements the information contained in the PC Offering Circular or the Pool Supplement concerning the Mortgages in a PC Pool as of Settlement Date.

**ADJUSTED BANK BALANCE****Servicing: Investor Accounting**

The bank balance from the principal and interest Custodial Account bank statement, as of the accounting cutoff date (usually the 15th of the month), minus any outstanding drafts and plus deposits in transit.

**ADVANCES****Servicing: Default Management**

Monies paid from the Servicer's funds for real estate taxes, property insurance premiums, and other expenses necessary to protect the mortgagee's interest under the mortgage.

**AFFILIATE****The Guide glossary**

Any entity related to a Seller that is subject to common operating control and that is operated as part of the same system or enterprise. The Seller typically owns less than a majority of the voting stock or the Seller and the entity are subsidiaries of a third party.

For purposes of the definitions of Correspondent, Mortgage Broker, Retail Mortgage and Wholesale Mortgage, Affiliate means: Any entity that is related to another party as a consequence of the entity, directly or indirectly, controlling the other party, being controlled by the other party, or being under common control with the other party.

**AFFILIATED PERSONS****The Guide glossary**

Affiliated Persons of a Servicer include the following:

- The Servicer's directors, officers, employees and controlling persons
- Spouses of the Servicer's directors, officers and controlling persons
- Members of the immediate family of the Servicer's directors, officers and controlling persons who have the same home as such persons or who are directors or officers of any subsidiary or holding company affiliate of the Servicer
- Corporations or organizations (other than the Servicer or a corporation or organization through which the Servicer operates) of which a director, officer or controlling person of the Servicer is an officer or partner or is, directly or indirectly, either alone or with his or her spouse, the owner of 10% or more of any class of equity securities or the owner with other directors, officers and controlling persons of the Servicer and their spouses of 25% or more of any class of equity securities
- Trusts or other estates in which a director, officer or controlling person of the Servicer or the spouse of such person has a substantial beneficial interest or for which such person or spouse serves as trustee or in a similar fiduciary capacity

**AFFILIATES****The Guide glossary**

Freddie Mac's term "Affiliates" encompasses all of the following as defined in [GAAP FAS No. 57: Affiliates](#)

A party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the enterprise

**Management**

Persons who are responsible for achieving the objectives of the enterprise and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management normally includes:

- Members of the board of directors
- Chief executive officer
- Chief operating officer
- Vice presidents in charge of principal business functions (such as sales, administration or finance), and other persons who perform similar policy-making functions
- Persons without formal titles also may be members of management

**Principal owners**

Owners of record or known beneficial owners of more than 10% of the voting interests of the enterprise

**Related parties**

- Entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trust that are managed by or under the trusteeship of management
- Principal owners of the enterprise, its management, members of the immediate families of principal owners of the enterprise and its management, and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other, to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests
- Any party that can significantly influence the management or operating policies of the transacting parties or that has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests

**AFFORDABLE SECOND****The Guide glossary**

Subsidized secondary financing or other financial assistance, evidenced in the land records, that is provided by An Agency and that meets the requirements of Section 25.1(g):

An Affordable Second is not eligible for sale to Freddie Mac.

**AGED TRANSACTIONS IN ERROR****Servicing: Servicer Performance Profiles**

For Servicer Performance Profiles, the total number of all aged applied transactions in error (60, 90 or 90+ days) on the [Loan Reconciliation Difference Report](#) for each month in the most recent three-month period.

**AGENCY****The Guide glossary**

The sponsor or provider of financial assistance through an agency grant, Affordable Second<sup>®</sup>, IDA or unsecured loan, as applicable.

An agency must be one of the following:

- A municipality which includes any duly authorized authority or agency of the federal, State, local, or municipal government
- A nonprofit community or religious organization, other than a credit union
- The Borrower's employer, or
- A regional Federal Home Loan Bank under one of its affordable housing programs

**AGENCY-APPROVED CONVENTIONAL LENDER****Discover Gold Through Quality Best Practices**

An entity approved to sell conventional home mortgages to Freddie Mac or Fannie Mae.

**AGENT****The Guide glossary**

For Wholesale Home Mortgages, an Agent is an entity or individual that is not an employee of a Seller and that acts for and on behalf of the Seller in originating Mortgages or in taking or processing a Mortgage application or underwriting or funding a Mortgage.

**ALIMONY OBLIGATION**

Loan Prospector®

For FHA borrowers, the monthly amount of alimony that the lender chooses to treat as a reduction in the borrower's monthly gross income, rather than as a debt obligation, per the Liabilities section of HUD Handbook 4155.

**ALLONGE**

The Guide glossary

An addendum attached to a Note that can be used for endorsements.

**ALTERATIONS IMPROVEMENTS & REPAIRS**

Loan Prospector®

The cost of any alterations, improvements, repairs and rehabilitation to be made on the subject property.

**ALTERNATIVE ACCOUNTING METHOD (ACTUAL/ACTUAL)**

Servicing: Investor Accounting

An investor reporting accounting method used for partial reinstatements.

- Calculate interest based on the last reported ending Unpaid Principal Balance (UPB) and the Accounting Net Yield (ANY). The ANY equals the note rate less the servicing fee.
- Report and remit the interest only if you receive it from the borrower.
- Report and remit the actual principal collected from the borrower during the accounting cycle (16<sup>th</sup> - 15<sup>th</sup>).

**ALTERNATIVE FIRST NAME**

Loan Prospector®

An additional first name under which the borrower may have been granted credit.

**ALTERNATIVE LAST NAME**

Loan Prospector®

An additional last name under which the borrower may have been granted credit (e.g., maiden name).

**ALTERNATIVE TO FORECLOSURE**

Servicing: Default Management

Reinstatements, relief and workout options that, when used, result in the resolution of a mortgage delinquency without foreclosing on the property.

**A-MINUS MORTGAGE**

The Guide glossary

A Loan Prospector® Mortgage that:

- Has a [Risk Class](#) of Caution,
- Has assessment results of eligible for A-minus, and
- Meets the requirements of Chapter C33

**AMENITIES**

The Guide glossary

Amenities are a portion or type of Common Elements that enhance project attractiveness and owner enjoyment even though the feature is not essential to the project's use. Examples include, but are not limited to swimming pools, spas, gardens, beach access, golf courses or golf club memberships, and ski areas or ski passes.

**AMORTIZATION**

Servicing: Servicing System

Repayment of a mortgage debt with periodic payments of both principal and interest, calculated to retire the obligation at the end of a fixed period of time.

**AMORTIZATION MONTHS**

Loan Prospector®

Term of the loan in months.

**AMORTIZING PERIOD**

The Guide glossary

For Initial Interest<sup>SM</sup> Mortgages, the Amortizing Period is the period (expressed in months) when monthly payments are fully amortizing principal and interest payments; the Amortizing Period begins on the [First Amortizing Payment Date](#) and ends at the end of the Mortgage term. Initial Interest Mortgages are no longer eligible for sale to Freddie Mac.

**AMORTIZATION SCHEDULE**

Servicing: Servicing System

A schedule that shows the amount of principal and interest due at regular intervals and the unpaid principal balance of the mortgage after each payment is made.

**AMORTIZATION TYPE**

Loan Prospector®

An indication of whether the interest rate payable under the note is subject to change over the life of the loan.

**AMOUNT DUE**

Servicing: Investor Accounting

An institution's liability to Freddie Mac calculated and reported each accounting cycle. (A liability is a financial obligation for which one business owes another).

**AMOUNT EXISTING LIENS**

Loan Prospector®

Outstanding balance of the mortgage(s) to be paid off by this loan, including second trusts and Home Equity Lines of Credit, recorded against the subject property to be paid off by this loan.

For example, if the borrower's current first mortgage has an unpaid principal balance of \$90,000, and the current second mortgage on the same property has an unpaid principal balance of \$10,000, the amount existing liens would = 100,000.

**AMOUNT OF MORTGAGES AND LIENS**

Loan Prospector®

Total of all mortgages and liens against the individual property referenced in real estate owned (REO).

**AN AGENCY**

The Guide glossary

The sponsor or provider of financial assistance through an agency grant, Affordable Second, IDA or unsecured loan, as applicable.

An agency must be one of the following:

- A municipality which includes any duly authorized authority or agency of the federal, State, local or municipal government
- A nonprofit community or religious organization, other than a credit union
- The Borrower's employer, or
- A regional Federal Home Loan Bank under one of its affordable housing programs

**ANY**

[Accounting Net Yield](#).

**APPLICATION RECEIVED DATE**

<p><b>The Guide glossary</b> The date on which receipt of the Borrower's financial information first triggers federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.</p>
<p><b>APPRAISAL</b> Servicing: Default Management An opinion or estimate of value performed by a state-licensed or certified real estate appraiser in the state in which the property is located. Also refers to the process by which a value estimate (factual analysis) is obtained.</p>
<p><b>APPRAISAL IDENTIFIER</b> The Guide glossary The unique identifier assigned by the Uniform Collateral Data Portal® (UCDP®) to the appraisal data delivered to the UCDP for the subject Mortgage.</p>
<p><b>APPRAISAL TYPE/MAF (Minimum Assessment Feedback)</b> Loan Prospector® Indicates the minimum appraisal or inspection form required, if any, to meet Freddie Mac's purchase guidelines.</p>
<p><b>APPRAISED VALUE OF PROPERTY</b> Loan Prospector® A statement of the property's value from a valid property valuation source.</p>
<p><b>ARC</b> Servicing: Investor Accounting <a href="#">Accelerated Remittance Cycle</a>.</p>
<p><b>ARM</b> The Guide glossary An ARM is an adjustable-rate Mortgage.</p>
<p><b>ARM ADJUSTMENT TYPE</b> Loan Prospector® An indication of the type of ARM adjustment product.</p>
<p><b>ARM QUALIFYING PITI</b> Loan Prospector® For Adjustable Rate Mortgage (ARM) products, this is the principal, interest, taxes and insurance (PITI) based on the interest rate that must be used for qualifying the borrower per the ARM calculation rules as indicated in the product guidelines.</p>
<p><b>ARM QUALIFYING RATE</b> Loan Prospector® The interest rate used in calculating the borrower's PITI to qualify the borrower for the subject property mortgage.</p>
<p><b>ARM SUBSEQUENT ADJUSTMENT PERIOD</b> Loan Prospector® Number of months between subsequent rate or payment adjustments after the first initial change date.</p>
<p><b>ARREARAGE</b> Servicing: Default Management The amount past due on a mortgage, excluding any amounts that become due through acceleration.</p>
<p><b>ASSET AMOUNT</b> Loan Prospector® Total dollar value of a given <a href="#">asset category</a> for all borrower(s).</p>
<p><b>ASSET CATEGORY</b> Loan Prospector® Summary-level name given to an asset to distinguish it from other types of assets.</p>
<p><b>ASSET TYPE</b> Loan Prospector® Specifies the general names (type) of items commonly listed as financial assets of the borrower(s) in a mortgage loan transaction. Assets may be either liquid or fixed and are associated with a corresponding <a href="#">asset amount</a>.</p>
<p><b>ASSIGNED MSP</b> Loan Prospector® The <a href="#">mortgage service provider (MSP)</a> selected for loan data assignment.</p>
<p><b>ASSIGNED/RELEASED BY</b> Loan Prospector® The organization that assigned or released the loan data.</p>
<p><b>ASSIGNMENT STATUS</b> Loan Prospector® An indication of the assigned or released status for a specific loan transaction.</p>
<p><b>ASSUMPTION AGREEMENT</b> Servicing: Default Management A written agreement by a buyer to assume the obligation under an existing note, originally incurred by another.</p>
<p><b>AUS</b> Loan Prospector® Automated Underwriting System.</p>
<p><b>AUS RISK CLASS</b> Loan Prospector® Also Known As: <a href="#">Risk Class</a>. The category listed on the Full Feedback Certificate that defines the level of underwriting required, any special underwriting provisions and, if applicable, relief from certain representations and warranties.</p>
<p><b>AUS STATUS</b> Loan Prospector® Indicates if the data received for a loan application was adequate for Loan Prospector® risk assessment.</p>
<p><b>AUS TRANSACTION NUMBER</b> Loan Prospector® Also Known As: <a href="#">Transaction No.</a> A unique number assigned to a loan by Loan Prospector each time the loan is submitted for assessment. Use this number to identify the transaction when you contact Freddie Mac Customer Service.</p>
<p><b>AUTOMATED VALUATION MODEL (AVM)</b></p>

## The Guide glossary

An Automated Valuation Model (AVM) is a mathematically based software program that produces a value or value range for a subject property.

## AVERAGE DAYS, EXCLUDING DELAYS

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, foreclosure timeline criteria that measure and assess the Servicer's actual performance on average to the performance that has been capped for the "designated counsel credit." It captures all loans that have been acquired through foreclosure sale (reverted to REO) without delays and compares your performance to our state standards. The measurement captures the length of time from the [Due Date of the Last Paid Installment](#) until the foreclosure sale date.

## AVERAGE DAYS, INCLUDING DELAYS

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, foreclosure timeline criteria that measure and assess the Servicer's actual performance on average to the performance that has been capped for the "designated counsel credit." It captures all loans that have gone to foreclosure sale (reverted to REO), regardless of whether they were impacted by a delay and compares your performance to our state standards. The measurement captures the length of time from the [Due Date of the Last Paid Installment](#) until the foreclosure sale date.

## AVERAGE NUMBER OF DAYS TO REPORT PAYOFFS

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, a metric that calculates the average number of days in which a Servicer reports all of the payoffs per accounting cycle.

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## B

## BALLOON LOAN MODIFICATION

The Guide glossary

The Balloon Loan Modification is the Mortgage document executed by the Borrower to evidence the Borrower's election to reset and the terms of the Reset Mortgage. Two original Balloon Loan Modifications must be executed by the Borrower. The current version of this Mortgage document is the Freddie Mac Multistate Balloon Loan Modification — Single-Family (Form 3293). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON MATURITY DATE

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Balloon Maturity Date is the maturity date of the Balloon Note.

- The Balloon Maturity Date for a 5-year Balloon/Reset Mortgage is the date that is 59 months after the scheduled Due Date of the first monthly principal and interest payment.
- The Balloon Maturity Date for a 7-year Balloon/Reset Mortgage is the date that is 83 months after the scheduled Due Date of the first monthly principal and interest payment.

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON NOTE

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Balloon Note is the Note executed by the Borrower which provides for a Balloon Payment on the [Balloon Maturity Date](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON NOTE ADDENDUM

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Balloon Note Addendum is an addendum to the Balloon Note that sets forth the terms of the Reset Option. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON PAYMENT

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Balloon Payment is the sum of the unpaid principal balance (UPB), accrued but unpaid interest through the [Balloon Maturity Date](#), and all other sums required to pay the Balloon/Reset Mortgage in full on the Balloon Maturity Date. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON/RESET MORTGAGE

The Guide glossary

A Balloon/Reset Mortgage is a fixed-rate, level-payment Home Mortgage with the following characteristics:

- The monthly principal and interest payment is based on an amortization schedule calculated to pay the original principal balance in full in 360 months.
- The unpaid principal balance (UPB) of the Balloon Note is due as a lump sum on the Balloon Maturity Date.
- The Borrower has a Reset Option at the Balloon Maturity Date.

The term "Balloon/Reset Mortgage," as used in this Guide, refers to both

- A Balloon/Reset Mortgage that has a Balloon Note with an original term of five years ("5-year Balloon/Reset Mortgage")
- A Balloon/Reset Mortgage that has a Balloon Note with an original term of seven years ("7-year Balloon/Reset Mortgage")

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON RIDER

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Balloon Rider is the rider to the Security Instrument that sets forth the terms of the [Reset Option](#) and that must be recorded with the Security Instrument. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BALLOON TERM

Loan Prospector®

A field in LP for the month at which the balloon payment occurs. For instance, if the loan balloons after seven years, enter 84 in this field (7 years x 12 months). For non-balloon loans, leave this field blank. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## BANK STATEMENT

Servicing: Investor Accounting

A summary of all of the investors' share of cash receipts and cash disbursements.

## BANKRUPTCY

Servicing: Default Management

A judicial proceeding whereby a person's creditors are allowed to have his or her estate administered for their benefit. This action affects the borrower's personal liability for the debt, but does not affect the lien or the mortgage.

## BASE EMPLOYMENT INCOME

Loan Prospector®

Borrower's gross monthly income from all verifiable sources that can reasonably be expected to continue for at least the next three years. Can also include secondary income as described in Guide Section 37.13.

## BASE LOAN AMOUNT

Loan Prospector®

Amount to be financed by the borrower excluding financed [PMI](#), [MIP](#) or [Funding Fee](#) financed.

## BEST EFFORTS CONTRACT

The Guide glossary

A Best Efforts Contract is an agreement between the Seller and Freddie Mac for the purchase of a specified Mortgage with respect to which the Seller's obligation to deliver the

Mortgage becomes mandatory only when and if the Mortgage is closed and funded.

#### BIDDING INSTRUCTIONS

Servicing: Default Management

The opening price for a property at the foreclosure sale, which could also be the closing price if there is no competitive bidding.

#### BIF

The Guide glossary

BIF is the abbreviation for the Bank Insurance Fund.

#### BIWEEKLY MORTGAGE

Servicing: Investor Accounting

A mortgage where the borrower makes a principal and interest payment every two weeks pursuant to either the terms of the note, a rider, or a separate agreement. Each payment received is applied as a P&I payment. The biweekly payment schedule cannot be changed.

#### BIWEEKLY PAYMENT PLAN

Servicing: Investor Accounting

A plan where the borrower's account is debited every two weeks, but a principal and interest payment is applied once a month pursuant to the terms of the note. The biweekly payments may be stopped at any time.

#### BONUSES

Loan Prospector®

The income derived from optional compensation paid out by the employer that is linked to the employers overall performance and/or individual employee performance.

#### BOOK-ENTRY FORM

The Guide glossary

A PC or Giant PC that is issued in Book-Entry Form is:

- Issued by means of an entry on the books and records of a Federal Reserve Bank. The entry includes the name of the security investor, the original principal balance owned by the security investor, the CUSIP Number, the PC Coupon, the PC Pool Number and the security description code. The security description code is a four-character code used by the Federal Reserve Bank book-entry system to describe the issuer and the type of security.
- Evidenced only by that entry and not by a certificated security

#### BOOK-ENTRY RULES

The Guide glossary

The Book-Entry Rules are provisions in effect from time to time that:

- Set forth the terms and conditions under which Freddie Mac may issue PCs and Giant PCs in Book-Entry Form
- Authorize the Federal Reserve Banks to act as Freddie Mac's agents in connection with PCs and Giant PCs issued by entries on the books and records of Federal Reserve Banks

These rules are contained in Title 1, Part 462 of the Code of Federal Regulations.

#### BORROWER

The Guide glossary

The Borrower is the party obligated to repay the indebtedness secured by the Mortgaged Premises.

For a Home Mortgage, the Borrower must be one of the following:

- An individual or individuals (not a corporation or partnership)
- A Living Trust, subject to the conditions in Section 22.10(a)

#### BORROWER CONTRIBUTION

The Guide glossary

The total amount contributed by the Borrower to the down payment, Closing Costs, Financing Costs and Prepays/Escrows.

#### BORROWER EVALUATION NOTICE

The Guide glossary

The notice a Servicer must send to a Borrower once the Servicer completes its evaluation of the Borrower for an alternative to foreclosure.

#### BORROWER FINANCIAL STATEMENT (Form 1126)

Servicing: Default Management

A form containing information supplied by the borrower about his or her assets, liabilities, income and expenses. The form also includes a section for you to document servicing information about the mortgage and property.

#### BORROWER FUNDS

The Guide glossary

All funds paid by the Borrower in connection with the property purchase or Mortgage financing, comprised of Borrower Personal Funds and Other Borrower Funds.

#### BORROWER INTENTION/REQUEST STATEMENT

Servicing: Balloon/Resets

The sample statement designed by Freddie Mac for a Servicer to use with a [Required Notice](#) to a Borrower whose [Balloon/Reset Mortgage](#) is maturing. The statement is used to help determine if the Borrower:

- Will be paying off the Balloon/Reset Mortgage at maturity
- Elects to exercise the [Reset Option](#)
- Wants to Reset, but does not meet one or more of the Reset Conditions

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

#### BORROWER'S LETTER

Servicing: Default Management

A letter signed by the borrower containing a description of the circumstances preventing the borrower from making mortgage payments (involuntary inability to pay). The letter also reveals whether the borrower wants to retain ownership of the property and whether he or she has a course of action to resolve the delinquency.

#### BORROWER PERSONAL FUNDS

The Guide glossary

Funds derived from eligible sources, as described in Section 26.2(a), and paid by the Borrower in connection with the property purchase or Mortgage financing.

#### BORROWER RESPONSE PACKAGE

The Guide glossary

The documents that must be submitted by a Borrower in order to be evaluated for certain alternatives to foreclosure.

#### BORROWER SOLICITATION PACKAGE

The Guide glossary

The documents that must be sent to a delinquent Borrower informing him or her of alternatives to foreclosure and the process and documentation required to be submitted to a Servicer in order to be evaluated for an alternative to foreclosure.

#### BPO

Last Viewed by First Circuit Library on 10/01/2014

**Servicing: Default Management**

The abbreviation for [Broker's Price Opinion](#) (BPO).

**BRANCH NUMBER**

Loan Prospector®

The lenders' branch identification code for the branch associated with the loan.

Loan Prospector AUS does not validate. Change this field if you assign to a different Seller/MSP requiring a different branch number.

**BROKER/TPO NAME**

Loan Prospector®

Name of the Broker's Company. Also Known As: Broker Company Name, Broker Name.

**BROKER/TPO NUMBER**

Loan Prospector®

Freddie Mac-assigned Third-Party Originator (TPO) number for TPOs (e.g., brokers) accessing Loan Prospector® directly.

**BROKER'S PRICE OPINION (BPO)**

The Guide glossary

A Broker's Price Opinion (BPO) is a broker's written estimate of the probable sale price of the property.

**Servicing: Default Management**

A written estimate of the probable sales price of the property, including front, rear, and street scene photographs, completed by a Freddie Mac-approved broker/vendor. The BPO must be ordered from our vendor network, must be completed on Form 1092, and must identify any known hazardous substances or conditions that affect the habitability, safety, value, or occupancy of the property.

**BUILDING STATUS**

Loan Prospector®

Physical status of the structure.

**BULLETIN**

The Guide glossary

A publication that is issued by Freddie Mac and amends, supplements, revises or terminates a provision of the Guide.

**BUSINESS DAY**

The Guide glossary

A Business Day is a day other than:

- A Saturday or Sunday
- A day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed
- A day on which the offices of Freddie Mac are closed

In the Guide, the word "day" without the modifier "business" refers to a calendar day.

**BUYDOWN CUSTODIAL ACCOUNT**

A Buydown Custodial Account is a Custodial Account into which the Servicer deposits buydown funds.

**BUYDOWN TERM (months)**

Loan Prospector®

Total number of months over which the buydown applies. For instance, if the interest rate changes over a period of two years, the buydown term is 24 (12 months in a year x 2 years).

**BUYER CLOSING COSTS**

Loan Prospector®

Dollar amount of closing costs paid by the borrower on the subject property excluding discount points and prepaid items. Identifies buyer-paid closing costs that will be counted toward the Statutory Investment Requirement.

[Back to Index](#)

**C****CALCULATED REMAINING MATURITY**

Servicing: Servicing System

The calculation that determines the number of months remaining to maturity for a mortgage based on the unpaid principal balance divided by the principal and interest payment.

**CANCELLATION RATE**

Discover Gold Through Quality Best Practices

The percentage of wholesale mortgage applications submitted by a mortgage broker or correspondent to a Seller that are subsequently canceled by the mortgage broker or correspondent.

**CAPITALIZATION**

Servicing: Default Management

The addition of certain allowable amounts to the outstanding principal balance (applicable in completing loan modifications).

**CAR (CUSTODIAL ACCOUNT RECONCILIATION) REVIEW**

Servicing: Investor Accounting

For Servicer Performance Profiles, an analysis Freddie Mac performs on your principal and interest and escrow custodial account reconciliations to determine compliance with our requirements. The process not only ensures our funds are safeguarded but can also help you better manage cash flow activities.

**CASH (or Market Value)**

Loan Prospector®

The dollar amount of the cash or market value of the borrower's applicable asset type.

The market value is the price at which an asset is transferred between a willing buyer and a willing seller, each of whom has a reasonable knowledge of all pertinent facts and neither being under any compulsion to buy or sell. Market value and cash value tend to be equal.

**CASH ADJUSTMENT**

Servicing: Investor Accounting

Adjustments that clear only after you make an adjustment (deposit or withdrawal) to your bank account.

**CASH DISBURSEMENT**

Servicing: Investor Accounting

Anything that reduces your bank balance and may be individually designated as a debit, journal entry (JE), manual adjustment, check transfer GPI EFT/ACH debit, reversal or something similar.

**CASH DISBURSEMENT VARIANCE**

Servicing: Investor Accounting

Variances that occur during the accounting cycle when the amount of funds withdrawn from the principal and interest custodial account are different from the amount of cash made

available to us as stated on the Remittances Made line of the [Monthly Account Statement](#).

#### CASH MANAGEMENT

Servicing: Investor Accounting

The process of:

- Collecting borrowers' payments
- Posting payments, reversals and adjustments to borrowers' loan histories
- Depositing borrowers' payments into the appropriate accounts (i.e., custodial, principal and interest, and escrow accounts)

#### CASH MANAGEMENT REPORTS

Servicing: Investor Accounting

Outputs of the cash management process that help you when completing your custodial account reconciliation process, including the following:

- [Loan History](#)
- [Daily Collections Report](#)
- [Bank Statement](#)

#### CASH OUT AMOUNT

Loan Prospector®

For a cash-out refinance mortgage, the amount of the proceeds that:

- Exceeds the total of the money needed to repay the existing first mortgage, closing cost, financing cost, prepaid items, and
- Allows for a cash disbursement to the borrower (or any other payee) exceeding 2% of the new loan amount or \$2,000, whichever is less, or
- Satisfies any outstanding junior liens where their entirety was not used to acquire the subject property, or
- A mortgage placed on a property previously owned free and clear by the borrower is always considered a cash-out refinance mortgage

#### CASH PURCHASE CONTRACT

The Guide glossary

A Cash Purchase Contract may be any one of the following Purchase Contracts:

- Form 1, Fixed-Rate Mortgage Purchase Contract Confirmation (RNY Cash)
- Form 2, Adjustable-Rate Mortgage Purchase Contract Confirmation
- Form 9, Fixed-Rate Mortgage Purchase Contract Confirmation (Gold Cash®)
- Mandatory Cash Contract
- Best Efforts Contract
- WAC ARM Cash Contract

#### CASH RECEIPT

Servicing: Investor Accounting

Any transaction that increases your bank balance, and may include:

- Collections
- Deposits
- Bank credits
- Journal entries

Most cash receipts will be for amounts collected in the payment processing area (i.e., borrower payments and payoff proceeds). Cash receipts should have a specific transaction type or designation on your bank statement to make them readily identifiable.

#### CASH RECEIPTS VARIANCE

Servicing: Investor Accounting

Variances that occur when your deposits do not equal the [Amount Due](#) that Freddie Mac processed as shown on the [MAS](#). The total amount due us is comprised of loan-level transactions and other billings we processed.

#### CASH STATEMENT (or the Seller/Servicer Remittance Analysis)

Servicing: Investor Accounting

A summary report Freddie Mac sends you that can help you manage and monitor your remittance process. The report summarizes:

- Daily remittances via Global Payments, Inc. (GPI) and the dates your remittances are available to us
- Total amounts due based on what we process for your loan level transactions and any adjustments
- Beginning and ending cumulative balances, and your cumulative overage/shortage balance

#### CAUTION MORTGAGE

The Guide glossary

A Loan Prospector® Mortgage that receives a Risk Class of Caution.

#### CHARGEOFF

Servicing: Default Management

Cessation of collection efforts on a mortgage when the debt is deemed to be uncollectable. A chargeoff does not cancel the note or release the lien on the property.

#### CITIZENSHIP STATUS

Loan Prospector®

Specifies the borrower's current Immigration and Naturalization Service (INS) status.

#### CLOSELY HELD CORPORATION

Discover Gold Through Quality Best Practices

A corporation whose ownership of common stock is by a single individual, a family, or a few holders. The stock is not publicly traded.

#### CLOSING COSTS

The Guide glossary

Application fees, appraisal and credit report fees, transfer taxes, tax stamps, attorney fees, survey costs or fees, title insurance and any other fees associated with the Mortgage closing.

#### COFI (COST OF FUNDS INDEX)

Servicing: Default Management

The monthly average cost of savings, borrowings and advances made available by 11th District members of the Federal Home Loan Bank of San Francisco (applies to adjustable rate mortgages).

#### COLLATERAL

Servicing: Default Management

Any property that serves as security for the discharge of a debt (for example, the real estate pledged as security for a mortgage).

#### COMMISSIONS

Loan Prospector®

Borrower income that is based upon a percentage of the goods or services the borrower sells.

#### COMMON ELEMENTS

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**The Guide glossary**

Common Elements are any portion of a project not included in the units and are used by unit owners who share in their expense, maintenance and operation. Common Elements are defined in the Project Documents, and may include but are not limited to parking, walkways, lighting, elevators, boilers, hallways, foyers, and legal ingress and egress to individual units. The term includes reference to any Amenities and to Limited Common Elements.

**COMMUNITY SAVINGS SYSTEM****The Guide glossary**

A savings system to which members of a community make regular contributions and from which members are entitled to a distribution of funds in accordance with a specified plan. A nonprofit community organization must administer the savings system.

**COMPLETE LOAN PROSPECTOR® EVALUATION****The Guide glossary**

A Loan Prospector evaluation is complete if Loan Prospector returns a Risk Class of Accept or Caution and a Documentation Level of Streamlined Accept Documentation or Standard Documentation.

**CONCURRENT TRANSFER OF SERVICING****The Guide glossary**

A Concurrent Transfer of Servicing means Servicing is transferred at the same time Freddie Mac purchases the transferring Mortgages.

**CONDOMINIUM CONSTITUENT DOCUMENTS****The Guide glossary**

The declaration of condominium, master deed or similar instrument, the bylaws and regulations, and other documents pertaining to a particular Condominium Project.

**CONDOMINIUM HOTEL****The Guide glossary**

See [Hotel/Resort Project](#)

**CONDOMINIUM PROJECT****The Guide glossary**

A Condominium Project is a project that is legally established as a Condominium Project in compliance with the applicable State law in which the project is located.

**CONDOMINIUM UNIT****The Guide glossary**

A Condominium Unit is a one-unit dwelling located in a Condominium Project.

**CONDOMINIUM UNIT MORTGAGE****The Guide glossary**

A Mortgage secured by a unit in a Condominium Project.

**CONFIDENCE LEVEL****Discover Gold Through Quality Best Practices**

A statistical term that indicates the reliability of the result of a sample review. It is usually expressed as a percentage. If a result were said to be "at a 95 percent confidence level," the same result would be found in 95 out of 100 samples of the same size selected from the same population.

**CONSTANT MATURITY TREASURY (CMT) INDEX****The Guide glossary**

For adjustable-rate Mortgages (ARMs), the CMT Index is the weekly average yield on United States Treasury securities adjusted to a specified constant maturity, such as one, three or five years, as made available by the Federal Reserve Board.

**CONSTRUCTION CONVERSION MODIFICATION AGREEMENT****The Guide glossary**

The agreement executed by the Borrower that modifies the terms of the [Interim Construction Financing](#) (the Note and/or Security Instrument) to state the terms of the [Permanent Financing](#).

**CONSTRUCTION CONVERSION MORTGAGE****The Guide glossary**

A Mortgage, the proceeds from which are used for [Permanent Financing](#) that replaces the [Interim Construction Financing](#) obtained by the Borrower to:

- Purchase or refinance, as applicable, the land on which the site-built home or Manufactured Home will be constructed or affixed, and
- Construct a new site-built home, or
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home.

The related ULDD valid value is *Construction to Permanent*.

**CONTAMINATED SITES****The Guide glossary**

A Contaminated Site is any real property that has been identified:

- By any federal, State or local government entity as containing one or more Hazardous Substances, or
- In any media report as possibly being subject to investigation or review by any federal, State or local government entity as a source of contamination by one or more Hazardous Substances

**CONTRACT**

See [Purchase Contract](#).

**CONTRACT COMMITMENT AMOUNT****The Guide glossary**

For the Guarantor and MultiLender Swap programs, the Contract Commitment Amount is the dollar amount of Mortgages that Freddie Mac agrees to purchase, as specified in the applicable Purchase Contract.

**CONTRACT NON-COMPLIANCE FEE or CHANGE FEE****Servicing: Investor Accounting**

An amount Freddie Mac assesses based on the following circumstances:

(a) \$100 per mortgage per occurrence when you request us to:

1. Perform database changes to correct your error
2. Produce reports to reconstruct your records
3. Process the database changes necessary to complete an approved waiver to the Guide or contract terms

If Freddie Mac processes the same contract noncompliance change for 100 or more loans in your portfolio, we will limit your fee for the particular occurrence to \$10,000. We exempt mortgages included in a Subsequent Transfer of Servicing from contract noncompliance fee for 90 days following the effective date of the transfer to allow you time to complete your due diligence efforts.

(b) \$100 per mortgage or transaction up to \$10,000 maximum per occurrence if:

1. You fail to report a disposition code on a Balloon/Reset Mortgage by 4:30pm EST on the 44th day prior to the Balloon Maturity Date. If the 44th day prior to the Balloon Maturity Date is a non-Business Day, then the disposition codes are due the next Business Day, or
2. Form 1034b, Custodial Certification Schedule (and the unrecorded Balloon Loan Modification, Form 3293, if you use Freddie Mac's Document Custodial Services (DCS) as your note holder) is received by DCS later than 10 calendar days after the Balloon Maturity Date.

If the 11th calendar day is a non-Business Day, then the documents must be received by DCS the last Business Day prior to the 11th calendar day, or Form 1034b, Custodial Certification Schedule (and the unrecorded Balloon Loan Modification, Form 3293, if you use Freddie Mac's Document Custodial Services (DCS) as your note holder) is not received and certified by DCS by the second Business Day prior to the accounting cycle cutoff in the month following the Balloon Maturity Date.

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

#### CONTRIBUTOR

Loan Prospector®

Specifies the source of the temporary subsidy buydown funds.

#### CONTROLS

Discover Gold Through Quality Best Practices

Standards and procedures adopted within a seller's organization to manage risk.

#### CONVERSION DATE

The Guide glossary

The Conversion Date is the date on which the interest rate applicable to a [Convertible ARM](#) changes from an adjustable interest rate to a fixed interest rate. The Conversion Date is the first day of the second month after the month in which the Borrower exercises the option to convert. For example, if the option to convert is exercised at any time during the month of January, then March 1 is the Conversion Date. Convertible ARMs are not eligible for sale to Freddie Mac.

#### CONVERSION FORMULA

The Guide glossary

For [Convertible ARMs](#), the Conversion Formula is the methodology, set forth in the Note, for establishing the Note Rate upon conversion of the adjustable interest rate to a fixed interest rate. The Conversion Formula refers to a published required net yield plus a specified number of basis points. Convertible ARMs are not eligible for sale to Freddie Mac.

#### CONVERSION WINDOW

The Guide glossary

For [Convertible ARMs](#), the Conversion Window is either a specified period of time or specific dates, as stated in the Note, during which the Borrower can exercise the option to convert the adjustable interest rate to a fixed interest rate. Convertible ARMs are not eligible for sale to Freddie Mac.

#### CONVERTED MORTGAGE

The Guide glossary

A [Converted Mortgage](#) is a conventional, fully amortizing, level payment, fixed-rate Mortgage, originated as a [Convertible ARM](#), that had an adjustable interest rate until the Borrower exercised the option to convert to a fixed interest rate. See also [Freddie Mac-Owned Converted Mortgage](#) and [Seller-Owned Converted Mortgage](#). Convertible ARMs are not eligible for sale to Freddie Mac.

#### CONVERTIBLE ARM

The Guide glossary

A [Convertible ARM](#) is an adjustable-rate Mortgage (ARM) as to which the Borrower has the option, exercisable during a [Conversion Window](#), to convert the adjustable interest rate to a fixed interest rate pursuant to a [Conversion Formula](#). Convertible ARMs are not eligible for sale to Freddie Mac.

#### CORPORATION

Discover Gold Through Quality Best Practices

A legally defined form of business ownership. The business entity is owned by a group of stockholders who share in the profits but may or may not share in the liabilities. A corporation is legally defined as a person and must file corporate tax returns.

#### CORRESPONDENT

The Guide glossary

An entity that typically sells the Mortgages it originates to other lenders. The Correspondent performs some or all of the loan processing functions such as taking the Mortgage application; ordering credit reports, appraisals, and title reports; and verifying the Borrower's income and employment. The Correspondent may or may not have delegated underwriting and typically funds the loans at settlement. The Mortgage is closed in the Correspondent's name and the Correspondent may or may not service the Mortgage. The Correspondent may use a Mortgage Broker to perform some of the processing functions or even to fund the Mortgage on its behalf; however under such circumstances, such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage and not as a Correspondent third party origination Mortgage. (See the definition of [Affiliate](#) and [Mortgage Broker](#).)

#### CREDIT ENHANCEMENT

Servicing: Default Management

An agreement between Freddie Mac and a Seller/Servicer and/or a third party, defining risk sharing responsibility for covering losses, usually resulting from a borrower defaulting on a mortgage obligation and/or a Seller/Servicer's institutional practices.

#### CREDIT SCORE

The Guide glossary

A number summarizing an individual's credit profile that indicates the likelihood that a Borrower will repay future obligations.

#### CS/LTV FEE LEVEL

Loan Prospector®

A delivery fee based on credit score and loan-to-value as identified on Exhibit 19 and paid in accordance with the provisions in Section 17.2 of the Guide.

#### CUMULATIVE BALANCE

Servicing: Investor Accounting

The cumulative difference between what you have remitted to Freddie Mac and what we are posting due (or how well you are managing your remittance process). Your goal is to maintain a zero balance by remitting amounts due in a timely manner and maximizing your float.

#### CUMULATIVE VARIANCE LOG

Servicing: Investor Accounting

A record of all variances outstanding (i.e. unresolved) as of the accounting cutoff regardless of the cycle it originated. Take corrective action to remedy all outstanding variances to manage your principal and interest custodial account(s).

#### CURRENT CYCLE VARIANCE LOG

Servicing: Investor Accounting

A record of all causes of variances. Complete a separate log for each type of variance (cash receipts and cash disbursements). Identify and record all causes of a variance identified at each step of the process, including any variances which are offset by cash receipts or disbursements variances.

#### CUSIP NUMBER

The Guide glossary

A [CUSIP Number](#) is a unique nine-digit alphanumeric designation assigned by the CUSIP Service Bureau to each PC Pool and Giant PC Pool. The CUSIP Number is used to identify the PC Pool or Giant PC Pool on the books and records of the Federal Reserve Bank's book-entry system. All PCs in Book-Entry Form and all Giant PCs are identified by a CUSIP Number.

#### CUSTODIAL ACCOUNT

The Guide glossary

A [Custodial Account](#) is a Demand Deposit Account or Interest-Bearing Deposit Account established and maintained by a Servicer at an Eligible Depository, into which Principal and Interest Payments, Escrow Funds and other monies due to Freddie Mac or held on behalf of Freddie Mac Mortgages are deposited. The types of Custodial Accounts are:

- Principal and Interest Custodial Accounts
- Principal and Interest Disbursement Clearing Custodial Accounts
- Escrow Custodial Accounts

## ■ Buydown Custodial Accounts

### CUSTODIAL ACCOUNT REVIEW SCORE

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that measure compliance with our custodial account reconciliation requirements.

### CUSTODIAL RECONCILIATION

Servicing: Investor Accounting

The process of ensuring that your cash management and investor reporting systems are in balance with our loan-level accounting records.

### CUSTODIAN

The Guide glossary

The Custodian is an institution that verifies and maintains the original Notes and assignments of the Security Instruments.

A Custodian must satisfy the eligibility requirements described in Section 18.2 and must enter into the Form 1035, Custodial Agreement, described in Section 18.3.

The definition of Custodian includes both a third-party Custodian and a Seller/Servicer acting as its own Custodian, as described in Section 18.2.

### CUT-OFF DATE

Servicing: Default Management

The date up to which loan collections are included in reports and remittances to Freddie Mac.

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## D

### DAILY COLLECTIONS REPORT

Servicing: Investor Accounting

A report that summarizes the investors' share of collections received on a given day.

### DAILY EDIT REPORT

Servicing: Investor Accounting

A report that Freddie Mac sends to notify you of any discrepancies or "edits" with your loan-level transactions.

### DATE & TIME (Assigned, Assessed or Requested)

Loan Prospector®

The date and time the following action occurred:

- Assigned - date and time the loan was assigned.
- Assessed - date and time the loan was assessed by Loan Prospector®.
- Requested - date and time the loan was received by Loan Prospector®.

### DATE OF SELLER'S OFFER

The Guide glossary

The Date of Seller's Offer is the date the Seller accepts the applicable Purchase Contract in the Freddie Mac Selling System.

### DEBT RATIO

Loan Prospector®

Borrower's monthly debt payment-to-income ratio (Total Debt/Total Income).

### DEED OF TRUST

Servicing: Default Management

A type of security instrument in which the borrower conveys a trust to hold property to a third party (trustee) as security for the lender, with the condition that the trustee will reconvey the title upon payment of the debt and conversely, will sell the property and pay the debt in the event of a default by the owner.

### DEED

Servicing: Default Management

A written document (signed, delivered and usually recorded) conveying (transferring) title to real estate from one owner to another.

### DEFECT RATE

Discover Gold Through Quality Best Practices

The portion of mortgages from an entire portfolio that are not of investment quality and would not meet the requirements of the Seller, investor or mortgage insurer. When referring to Freddie Mac, this rate would be the proportion of mortgages which we would require to be repurchased due to contract violations.

### DEFICIENCY

Servicing: Default Management

The difference between the balance outstanding on a loan and proceeds from the foreclosure sale of the property.

### DEFICIENCY JUDGMENT

Servicing: Default Management

A court order obtained by a lender to pay the balance owed on a loan when the proceeds from the foreclosure sale are insufficient to pay off the loan.

### DEFICIENCY RIGHTS

Servicing: Default Management

The rights of the note holder to recover from the borrower through subsequent legal action the portion of the total debt secured by a mortgage that is not satisfied by the proceeds from the foreclosure sale.

### DELINQUENCY

The Guide glossary

Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Escrow is unpaid after the due date.

If the due date is	The Mortgage is 30 days delinquent
The 1st day of the month	When all or part of one or more payment(s) remain unpaid as of close of business on the last <b>Business Day</b> of the month
Not the 1st day of the month (from the second through the 31st day of the month)	When all or part of one or more payment(s) remain unpaid 30 or more actual calendar days as of close of business on the last Business Day of the month

### DELINQUENT

Servicing: Default Management

The borrower has failed to make timely payments of principal, interest, or escrow in accordance with the terms of the mortgage agreement.

### DELINQUENT INTEREST AMOUNTS

Servicing: Investor Accounting

Aggregate figures consisting of uncollected interest reported to us for the current cycle, and uncollected interest reported to us in previous cycles that remains uncollected as of the current cutoff.

#### DELINQUENT INTEREST PAYMENT

Servicing: Default Management

The portion of scheduled interest payments that contractually past due on the existing mortgage (with interest being accrued at the existing note rate).

#### DELIVERY DATE

The Guide glossary

With respect to the sale of Mortgages to Freddie Mac, "Delivery Date" means the date when all of the following have been completed:

- The delivery to, and acceptance by, Freddie Mac of all loan data and other information and documentation required by the [Purchase Documents](#) to Freddie Mac, and
- The delivery and certification of the Notes and delivery of all other required documentation to Freddie Mac or a Custodian approved by Freddie Mac, as applicable, and
- Freddie Mac has taken possession of all documentation required for submission to Freddie Mac.

#### DEMAND DEPOSIT ACCOUNT

The Guide glossary

For [Custodial Accounts](#), a Demand Deposit Account is a deposit account from which funds may be withdrawn by the Servicer/depositor immediately and without any advance notice of intended withdrawal or any restrictions on the frequency of withdrawals.

#### DETACHED CONDOMINIUM PROJECT

The Guide glossary

A Condominium Project comprised solely of detached, 1-unit dwellings.

#### DESIGNATED CUSTODIAN

The Guide glossary

The Document Custodian with which Freddie Mac has contracted to provide custodial services for Seller/Servicers that do not have a Form 1035 Custodial Agreement executed with another Document Custodian, or for Seller/Servicers selling Mortgages to Freddie Mac under the Servicing Released Sales Process. The Designated Custodian is The Bank of New York Mellon Trust Company, N.A. Freddie Mac has verified that the Designated Custodian meets the eligibility requirements for Document Custodians described in Section 18.2.

#### DETAILED ADJUSTMENT REPORT

Servicing: Investor Accounting

Examples of other billings: RTC minority principal interest billings; [SCRA](#); chargeoffs. You will not receive this report if you did not incur adjustments or other billings this accounting cycle.

#### DISASTER, MAN-MADE

Servicing: Default Management

A catastrophe of man-made origin, such as a flood caused by a broken dam, a nuclear power plant accident or toxic waste spill.

#### DISASTER, NATURAL

Servicing: Default Management

A catastrophe of natural origin, such as an earthquake, hurricane, tornado, or flood.

#### DISCREPANCY

Discover Gold Through Quality Best Practices

The state when information in a file or set of documents does not show internal consistency or some information is lacking.

#### DISTRIBUTED SOFTWARE

The Guide glossary

Distributed Software is software or software-related documentation that is not specifically covered by the terms of a separate agreement between Freddie Mac and the Seller/Servicer.

#### DIVIDENDS/INTEREST

Loan Prospector®

Funds paid to owners of stocks or bonds by issuer of stock or bond.

#### DOCUMENT CHECKLIST

Loan Prospector®

Checklist that lists the minimum documents to be included in the loan file. This list is specific to the loan data. If you change the loan data, the Doc. Checklist may change after you resubmit.

#### DOCUMENT CUSTODIAN

An institution that accepts delivery of, verifies and maintains the original Notes and assignments of the Security Instruments.

A Document Custodian must satisfy the eligibility requirements described in Section 18.2 and must enter into the Form 1035, Custodial Agreement: Single-Family Mortgages, described in Section 18.3 with the Seller/Servicer and Freddie Mac.

A Seller/Servicer may act as its own Document Custodian, as described in Section 18.2, or a Document Custodian may be an Affiliate of the Seller/Servicer or an independent third-party entity, including the Designated Custodian.

#### DOCUMENT PREPARATION

Quality Control and Fraud Best Practices

The process of creating documents that will be used to legally transfer title and/or perfect a lien position.

#### DOCUMENTATION LEVEL

Loan Prospector®

The category listed on the Full Feedback Certificate that defines the minimum level of documentation that must be obtained for the mortgage. Documentation Levels are:

- Streamlined Accept (Conventional loans)
- Standard Accept (Conventional loans)
- Accept (FHA and VA loans)
- Refer (FHA and VA loans)

#### DOCUMENTATION LEVEL

The Guide glossary

The Documentation Level shown on the [Feedback Certificate](#) indicates the minimum level of documentation acceptable for a Loan Prospector® Mortgage.

#### DOWN PAYMENT

Loan Prospector®

Cash paid at the time of purchase towards the full purchase price of the property.

#### DUE DATE

The Guide glossary

The Due Date is the date on which the Borrower's monthly installment of principal, interest and where applicable, Escrow, is due as stated in the Note. For Initial Interest<sup>SM</sup> Mortgages during the Interest Only Period, it is the date on which the Borrower's monthly installment of interest and where applicable, Escrow, is due. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

#### DUE DATE OF LAST PAID INSTALLMENT (DDLPI)

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## The Guide glossary

The Due Date of Last Paid Installment (DDLPI) is the Due Date of the last fully paid monthly installment of principal, interest and Escrow (if any) (not the date on which such payment was credited or the date of the next scheduled installment). The related ULDD Data Point name is *Last Paid Installment Due Date*.

## DUE-DILIGENCE REVIEW

Discover Gold Through Quality Best Practices

A type of review in which the quality of a mortgage portfolio is assessed.

## DUE-ON-SALE CLAUSE

Servicing: Default Management

A type of acceleration clause calling for a debt under a mortgage or deed of trust to be due in its entirety upon an unauthorized transfer of ownership of the security property.

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## E

## EARLY COLLECTIONS

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that measure the percentage of your active and 30-day delinquent loans that become 60 days delinquent at any point over a six month period.

## EARLY DELINQUENCY COUNSELING

The Guide glossary

Counseling provided to a delinquent Borrower by a nonprofit third-party homeownership-counseling agency or eligible Servicer, that involves identifying the reason(s) a Borrower did not make a Mortgage payment on time and working with the Borrower to resolve any financial problems so that future Mortgage payments can be made on a timely basis. The counseling includes a personal and interactive relationship with the Borrower that deals with money management, budgeting and debt management counseling.

## EFFECTIVE DATE FOR DELIVERY

The Guide glossary

The date identified in either a [Master Agreement](#) or [Master Commitment](#) upon or after which a Seller may begin delivery of Mortgages to Freddie Mac under the terms of the Master Agreement or Master Commitment.

## EFFECTIVE DATE OF PERMANENT FINANCING

The Guide glossary

The date of the closing on the [Permanent Financing](#) and the date the term of the Permanent Financing begins; or, for [Construction Conversion Mortgages](#) and [Renovation Mortgages](#), the date when the [Interim Construction Financing](#) is deemed to be paid off or converted or modified to, and replaced by the Permanent Financing.

The Effective Date of Permanent Financing is as follows:

## Construction Conversion and Renovation Mortgages

Integrated Construction Conversion Documentation	Due Date of the first monthly payment of principal and interest on the Permanent Financing
Separate Construction Conversion Documentation	Note Date of the Note and Security Instrument for the Permanent Financing
Modification Construction Conversion Documentation	Date on which the Construction Conversion Modification Agreement is effective or the date of the new Note for the Permanent Financing if a new Note is required.

## EFFECTIVE DATE OF TRANSFER

The Guide glossary

For a [Concurrent Transfer of Servicing](#), the Effective Date of Transfer is the applicable [Funding Date](#) or [Settlement Date](#)

For a [Subsequent Transfer of Servicing](#), the Effective Date of Transfer is the requested transfer date set forth on Form 981, Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages, unless the Transferor and Transferee are otherwise advised by Freddie Mac. This date must be the first [Business Day](#) following the cutoff date for a Freddie Mac accounting cycle.

## ELIGIBLE DEPOSITORY

The Guide glossary

An Eligible Depository is a depository institution in which a Servicer must establish a Custodial Account or invest monies deposited into a [Custodial Account](#), that meets the institutional requirements and rating requirements as found in [Sections 77.9 and 77.10](#).

## ELIGIBLE BORROWER

The Guide glossary

For a [Balloon/Reset Mortgage](#), an Eligible Borrower is a Borrower who meets all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider and who has elected to exercise the Reset Option. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## ELIGIBLE VETERAN

Loan Prospector®

An indication if any borrower qualifies as Veteran under VA guidelines.

## EMINENT DOMAIN

Servicing: Default Management

The taking of real estate, generally through condemnation proceedings, for the public's use.

## EMPLOYER ASSISTED HOMEOWNERSHIP (EAH) BENEFIT

The Guide glossary

Financial assistance provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided (i) the employer is not an interested party (as described in [Section 25.3](#)) and (ii) the funds were not obtained from an interested party either directly or through a third party. See [Section 26.6.2](#) for additional requirements.

## EQUITY

The Guide glossary

The difference between the value of the [Mortgaged Premises](#) and the total dollar amount of all Mortgages and other liens secured by the Mortgaged Premises.

## ERRORS AND OMISSIONS INSURANCE (E&amp;O INSURANCE)

Discover Gold Through Quality Best Practices

A liability insurance coverage for loss caused by errors, omissions and negligence committed by persons covered by the policy in the usual activities of a lender. Fraudulent behavior is not included.

## ESCROW

The Guide glossary

Escrow includes all funds collected to cover expenses to be paid under the Mortgage including, but not limited to, taxes, special assessments, ground rents and other charges that are or may become First Liens on the [Mortgaged Premises](#), as well as property insurance premiums and mortgage insurance premiums.

#### ESCROW AGENTS

Discover Gold Through Quality Best Practices

The person or organization having a fiduciary responsibility to both the buyer and property seller (or lender and borrower) to see that the terms of the purchase/sale (or mortgage) are carried out. Also called escrow company or escrow depository.

#### ESCROW CUSTODIAL ACCOUNT

The Guide glossary

An Escrow Custodial Account is a [Custodial Account](#) into which the Servicer deposits Escrow Funds.

#### ESCROW DISBURSEMENT CLEARING ACCOUNT

The Guide glossary

An Escrow Disbursement Clearing Account is a deposit account established by a Servicer, at its option, specifically for the payment of all expenses payable from Escrow Funds with respect to Mortgages serviced for Freddie Mac and for others.

#### ESCROW FUNDS

The Guide glossary

For [Custodial Accounts](#), Escrow Funds are any and all funds deposited by a Servicer on a Borrower's behalf (such as buydown funds) or any and all funds remitted by a Borrower to a Servicer, to be used by the Servicer to pay, with respect to a Mortgage in which Freddie Mac has an ownership interest (either a whole loan or a participation interest), such expenses as property insurance premiums, mortgage insurance premiums, property taxes, special assessments, ground rents and any other charge that is or may become a prior lien on the [Mortgaged Premises](#).

#### ESTABLISHED CONDOMINIUM PROJECT

The Guide glossary

An Established Condominium Project is a Condominium Project in which:

- The Condominium Project (all Condominium Units and Common Elements owned by any Master Association) is complete and not subject to any additional phasing or additions, and
- At least 90 percent of the total units in the project have been conveyed to the unit purchasers other than the developer, and
- The unit owners control the homeowners association.

#### ESTIMATED CLOSING COSTS

Loan Prospector®

The dollar amount of the estimated loan fees, title fees, appraisal fees and other closing costs associated with the subject transaction excluding discount points and prepaids.

#### ESTIMATED PREPAID ITEMS

Loan Prospector®

The dollar amount of the escrow/impound that is to be held by the lender and is to be collected at closing for future payment of taxes, insurance or other obligations on the subject property.

#### ESTIMATED VALUE OF PROPERTY

Loan Prospector®

Borrower's statement of the subject property's value or appraised amount if available.

#### EXCEPTION ACTIVITY

Servicing: Investor Accounting

Any exception to the regular monthly principal and interest payments that changes the status of the mortgage.

Example: A borrower paying off their loan or a borrower reinstating their loan to an active status from foreclosure.

#### EXCEPTION INTEREST

Servicing: Investor Accounting

Interest calculated at the ANY based on the current accounting cycle's beginning [UPB](#). Exception Interest is due for exception activity (reinstatements, payoffs, REOs and third-party foreclosure sales). There are two types of exception interest: daily and monthly.

#### EXISTING CONDOMINIUM PROJECT

The Guide glossary

A Condominium Project that has been completed, and at least 90% of the total number of units have been conveyed or are under contract to the unit purchasers. "Project completed" means that all units and common elements in the project and any master association are complete, and the project is not subject to additional phasing or annexation.

#### EXTENDED BUYDOWN MORTGAGE

The Guide glossary

A Mortgage with a temporary subsidy buydown plan for which:

- The buydown plan extends for more than two years after the first scheduled payment date, or
- The effective interest rate during the buydown period is more than two percentage points below the Note Rate of the Mortgage regardless of the duration of the buydown period.

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## F

#### FACE VALUE

Loan Prospector®

The dollar amount of the face value of the applicable borrower's [Asset Type](#). The face value is the par value or actual selling price of the asset or the amount the issuer contracts to repay.

#### FAIR MARKET VALUE

Servicing: Default Management

The estimated market value of the mortgaged premises as determined by a [Broker's Price Opinion](#) (BPO, Form 1092) or by an appraisal report that meets the standards and requirements of the Guide.

#### FDIC; FDIC-INSURED DEPOSITORY

The Guide glossary

FDIC is the abbreviation for the Federal Deposit Insurance Corporation. The FDIC administers the BIF and the SAIF. An FDIC-Insured Depository is a depository institution whose deposits are insured by the FDIC.

#### FEDERAL RESERVE BANK

The Guide glossary

The Federal Reserve Bank means the Federal Reserve Bank of New York and/or such other Federal Reserve Bank(s) as may from time to time maintain Freddie Mac PCs and Giant PCs on their books and records.

#### FEEDBACK CERTIFICATE

The Guide glossary

The printed or printable document returned by Loan Prospector® that details the results of the Loan Prospector submission. The Feedback Certificate may include, but is not limited to:

- Key Number (Loan Prospector AUS Key Number)

- Transaction Number (AUS Transaction Number)
- Borrower, property and loan information
- Transaction processing issues
- Risk Class/Classification
- Documentation Level/Classification
- Loan Prospector Version
- Minimum Assessment Feedback (MAF)
- Mortgage insurance decision
- Purchase restrictions
- Waiver and warrant messages
- Processing messages

The in-file and merged credit reports printed by Loan Prospector are not part of the Feedback Certificate.

#### FEES

Servicing: Investor Accounting

Fees occur when there is:

- Late reported payoff noncompliance
- Late remittance interest reimbursement
- Contract noncompliance and contract change

The pricing of products is based on receiving funds by their due date. Fees and penalties help Freddie Mac offset additional costs incurred when we do not have accurate and timely information or cash. Each month, approximately the 10th business day of the month, we send you a Servicer Billing Statement for fees and penalties you may have incurred for performing loans. The funds are automatically drafted from the account you designated for the Automated Clearing House (ACH) draft the last business day of the month. This account is separate from your P&I custodial account. If you do not owe any fees in a particular month you will not receive a Servicer Billing Statement.

#### FEMA

Servicing: Default Management

The Federal Emergency Management Agency.

#### FHA CASE NUMBER

Loan Prospector®

The FHA-assigned case number for [FHA mortgages](#). FHA uses the number to identify the mortgage. It must be entered by the last submission to be included on the Feedback Certificate and accepted by FHA.

#### FHA; FHA MORTGAGE

The Guide glossary

FHA is the Federal Housing Administration. An FHA Mortgage is a Home Mortgage that is fully insured by the FHA under Sections 203(b), 203(h) or 203(i) [Home Unsubsidized], 222 [Servicemen] or 234 [Individual Condominium Unit] of the National Housing Act, as amended.

#### FHA LENDER ID

Loan Prospector®

Number assigned by FHA to lender or broker when approved to originate [FHA mortgages](#).

#### FHA SPONSOR ID

Loan Prospector®

The FHA Lender ID of the lender who is acting as the sponsoring wholesaler of the mortgage.

#### FHA/VA FORECLOSURE/CONVEYANCE (exception code 72)

Servicing: Investor Accounting

A property with an FHA or VA mortgage goes into foreclosure and is not sold to a third party at the foreclosure sale.

#### FIDELITY INSURANCE

Discover Gold Through Quality Best Practices

A liability insurance coverage for loss caused by dishonest or fraudulent acts committed by persons covered by the policy.

#### FINAL ASSIGNMENT

Loan Prospector®

Assignor (usually a broker, but sometimes a lender) selects a wholesaler or wholesaler/MSP pair to receive exclusive Modify access on the current loan transaction. The assignor's Modify access is changed to View capability for the current and all future versions of the loan transaction.

#### FINAL DELIVERY DATE

The Guide glossary

For Mortgages sold to Freddie Mac using the Freddie Mac Selling System ([Selling System](#)) under the fixed-rate Guarantor, WAC ARM Guarantor and MultiLender programs, Final Delivery Date is the date set forth in the Selling System by which all of the following must be completed:

- The loan data and applicable documentation required by the Selling System must be provided to Freddie Mac
- All of the purchase edits and allocation errors identified by the Selling System with respect to the Mortgages must be resolved in accordance with Freddie Mac requirements
- The Notes for all Mortgages in the applicable Contract must be delivered to and certified by the Document Custodian
- Seller must provide wire transfer instructions in the Selling System that account for the entire UPB associated with the Contract
- And, for Mortgages allocated to a contract that are subject to a Mortgage Warehousing Agreement, the Warehouse Lender must submit a complete and fully executed [Form 996E \[PDF\]](#), Warehouse Provider Release and Transfer, to Freddie Mac in accordance with the requirements of Section 19.4 (Cash) and 19.5 (Guarantor or MultiLender Swap), as applicable.

All of the foregoing must be completed by 8:00 p.m. Eastern time on the Final Delivery Date. The Final Delivery Date shall be the Business Day immediately preceding the date that the selected Settlement Cycle begins.

See Section B15.11, C15.11 or D15.11 regarding additional instructions and requirements for wire transfer instructions and delivery of the Form 996E, Warehouse Provider Release and Transfer (for use only through the Selling System), when applicable.

The Final Delivery Date is also referred to as the Final Delivery Due Date in the Selling System, and the two terms can be used interchangeably.

#### FINAL LTV

Loan Prospector®

The final loan-to-value (LTV) ratio is provided by Loan Prospector by dividing the [First Lien](#) Mortgage amount by the lesser of the property's purchase price or appraised value.

#### FINALING THE ACCOUNTING CYCLE

Servicing: Investor Accounting

The time period when Freddie Mac "closes its books" (or finalizes the accounting cycle), approximately two to three business days before the end of the month after processing a loan-level transaction for every mortgage you service for us. After we "final," we send you monthly reconciliation reports that summarize the activity processed at Freddie Mac for your portfolio.

#### FINANCED DISCOUNT POINTS

Loan Prospector®

The dollar amount of discount points to be financed on [FHA](#) no cash-out refinance.

**FINANCED FUNDING FEE (Also Known As: VA Funding Fee Financed)**

Loan Prospector®

Dollar amount of the [VA Funding Fee](#) that is financed as part of the loan amount.**FINANCED MIP (Also Known As: MIP Funding Fee Financed)**

Loan Prospector

Dollar amount of the [FHA](#) up-front Mortgage Insurance Premium that is financed as part of the loan amount.**FINANCED PERMANENT BUYDOWN MORTGAGE**

The Guide glossary

A Mortgage for which the Borrower has permanently reduced the interest rate by financing discount points in the loan amount.

**FINANCING COSTS**

The Guide glossary

Discount points, loan fees, commitment fees, origination fees and/or similar fees associated with a Mortgage transaction.

**FIRST AMORTIZING PAYMENT DATE**

The Guide glossary

For [Initial Interest](#)<sup>SM</sup> Mortgages, the First Amortizing Payment Date is the date stated in the Initial Interest Note of the first monthly amortizing principal and interest payment. It is determined by adding the number of months of the Interest Only Period to the Due Date of the first monthly payment stated in the Initial Interest Note. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

**FIRST COMPLETE BORROWER RESPONSE PACKAGE**

The Guide glossary

The first complete Borrower Response Package received in connection with a Mortgage secured by a Primary Residence on or after January 10, 2014.

**FIRST LIEN**

The Guide glossary

A First Lien is any lien that meets both of the following requirements:

- The lien is acceptable to private institutional first-mortgage investors in the area where the [Mortgaged Premises](#) are located.
- The lien grants to the lienholder a claim against the property that, under the law of the jurisdiction where the Mortgaged Premises are located, is prior to the rights of all others, subject only to prior liens and encumbrances expressly waived by Freddie Mac pursuant to Section 39.4.

**FIRST MORTGAGE P&I**

Loan Prospector®

Amount of the periodic principal and interest payment (P&amp;I) for the first mortgage on real estate. Principal is the monthly payment that reduces the remaining balance of the mortgage, and interest is the fee charged for borrowing the money.

**FIRST-OF-THE-MONTH DUE DATE**

Servicing: Investor Accounting

A mortgage with payments that are due on the first day of the month. The majority of mortgages originated have a payment due date on the first of the month.

**FIRST PAYMENT DUE DATE**

Servicing: Investor Accounting

Usually the first payment due is on the first day of the calendar month two months after the origination month. The maximum number of days allowed between mortgage origination and the first payment due date is 62.

- Mortgages that originate in April have the first payment due on June 1.
- Mortgages that originate in May have the first payment due on July 1.

**FIRST-TIME HOMEBUYER**

The Guide glossary

An individual who meets all of the following requirements:

- Is purchasing the [Mortgaged Premises](#)
- Will reside in the Mortgaged Premises
- Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the Mortgaged Premises

The related ULDD Data Point name is *Borrower First Time Homebuyer Indicator*.

In addition, a displaced homemaker or a single parent may also be considered a First-Time Homebuyer if the individual had no ownership interest in a residential property during the preceding three-year period other than an ownership interest in the marital residence with a spouse. If a displaced homemaker or a single parent solely owned the marital residence, or solely or jointly owned a second home or [Investment Property](#), the individual may not be considered a First-Time Homebuyer.

**FIXED-RATE GUARANTOR CONTRACT**

The Guide glossary

A Fixed-Rate Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible Mortgages to Freddie Mac under the fixed-rate Guarantor program.

**FLOOR RATE**

Servicing: Balloon/Resets

For Balloon/Resets, the lowest Note Rate acceptable to Freddie Mac. The floor rate is utilized when analyzing a borrower's eligibility for a [Loan Modification](#) or a [Step Rate Balloon Loan Modification](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.**FORECASTED MONTHLY PRINCIPAL AND INTEREST**

Servicing: Servicing System

For loans serviced through the Freddie Mac Servicing application, Freddie Mac's forecast or estimate of the next monthly principal and interest payment due based on the Mortgage's unpaid principal balance and amortization schedule.

**FORECLOSURE**

Servicing: Default Management

A legal procedure in which collateral property is sold in an attempt to satisfy the outstanding debt of a mortgage.

**FRAUD**

Discover Gold Through Quality Best Practices

Intentional misrepresentation of the truth to deceive another person or entity.

**FREDDIE MAC-OWNED CONVERTED MORTGAGE**

The Guide glossary

A Convertible ARM that is owned by Freddie Mac and that was converted to a fixed interest rate after Freddie Mac purchased the Mortgage. See also [Converted Mortgage](#).

Convertible ARMs are not eligible for sale to Freddie Mac.

**FULL PAYMENT**

The Guide glossary

Full Payment if the monthly payment of principal and interest sufficient to amortize fully the remaining principal balance of the adjustable-rate Mortgage (ARM) at the then applicable Note Rate over the remaining Mortgage term.

**FULL RELEASE**

®

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**Loan Prospector**

Final Assigned wholesaler or **MSP** relinquishes the ability to View or Modify the loan data. Assignor (usually a broker) receives the loan data as originally assigned and can assign to another wholesaler or wholesaler/MSP pair.

**FUNDING DATE**

The Guide glossary

The Funding Date is the date when Freddie Mac disburses payment to the Seller for a Mortgage Freddie Mac purchased.

For warehouse lending arrangements, the Funding Date is the date when Freddie Mac disburses payment to the **Warehouse Lender** or the Seller for a Mortgage purchased by Freddie Mac.

**FUNDING DETAIL REPORT**

Servicing: Investor Accounting

A loan-level backup record of the purchase summaries. For each sale you receive one or more Funding Detail report(s).

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**G****GAAP**

Servicing: Investor Accounting

Abbreviation for Generally Accepted Accounting Principles.

**GENERAL PARTNER**

Discover Gold Through Quality Best Practices

The co-owner of a venture who is liable for all debts and other obligations of the venture and/or the management and operation of the partnership. The general partner controls the business and can take actions that are binding on other partners.

**GIANT OFFERING CIRCULAR SUPPLEMENT**

The Guide glossary

A Giant Offering Circular Supplement is a disclosure document that supplements the Giant PC Offering Circular and contains information about the PCs and/or Giant PCs in a Giant PC Pool as of its **Settlement Date**.

**GIANT PC**

The Guide glossary

A Giant PC is a single-class security issued pursuant to the Giant PC Agreement that receives principal and interest from its underlying assets, which are PCs or other Giant PCs.

**GIANT PC OFFERING CIRCULAR**

The Guide glossary

The Giant PC Offering Circular is the offering circular in effect on the Date of Seller's Offer that relates to the Mortgage being purchased and the Giant PC being sold in the MultiLender Swap. The Giant PC Offering Circular is the Offering Circular for Giant and other Other Pass-Through Certificates.

Each Giant PC Offering Circular incorporates any supplements to that offering circular, as well as supplements to the PC Offering Circular for each underlying PC, in effect on the Date of Seller's Offer.

**GIANT PC POOL**

The Guide glossary

A Giant PC Pool is a discrete group of PCs, backed by Mortgages and/or other Giant PCs, that is identified by a **CUSIP** Number and a PC Pool Number in the records maintained by Freddie Mac.

**GOLD PC®**

The Guide glossary

A Gold PC is a PC security, with an investor payment delay of 45 days, that is backed by fixed-rate Mortgages or Balloon/Reset Mortgages. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**GPI**

Servicing: Investor Accounting

Global Payments Incorporated.

**GROSS MORTGAGE MARGIN (Also Known As: Margin)**

Loan Prospector®

The number of percentage points added to the current index value to establish the new note rate at each interest change date.

**GUARANTEE FEE (Required Spread, Guarantee Fee)**

Servicing: Investor Accounting

The fee Freddie Mac keeps for guaranteeing payment to our investors. It is the difference between the **ANY** due and the PC rate we pay out. The required spread will be stated in your contract. The required spread is only used in calculating the new ANY for mortgages in the ARM Guarantor Program.

**GUARANTEED TIMELY PRINCIPAL AND INTEREST ACCOUNTING METHOD**

Servicing: Investor Accounting

An accounting method where remittances are due either on the ARC day specified in the purchase contract, or on the First Tuesday of the month. Interest and principal is calculated the same using either the **Scheduled/Scheduled** or the Guaranteed Timely P& I method.

- Calculate interest in arrears based on the ending Unpaid Principal Balance (UPB) last reported and the Accounting Net Yield (ANY). The ANY equals the note rate less the servicing fee.
- Report and remit the scheduled interest and principal regardless of what you receive from the borrower. The only reporting difference between these methods is the scheduled/scheduled loans can be inactivated and Guaranteed Timely Principal and Interest loans cannot.

**GUIDE PLUS ADDITIONAL PROVISIONS**

The Guide glossary

Written amendments or supplements to the Guide provided to Seller by Freddie Mac through AllRegs® and amended by Freddie Mac from time to time.

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**H****HAZARD DISTRESSED BPO**

The Guide glossary

A Hazard Distressed BPO is conducted to determine the value of a damaged property.

**HAZARD INSURANCE (for Current or Proposed)**

Loan Prospector®

Insurance coverage that provides compensation to insured in case of property damage or loss (e.g., renters, homeowners, fire, earthquake, flood, etc. insurance).

**HAZARDOUS SUBSTANCE**

## The Guide glossary

A Hazardous Substance is any hazardous or toxic substance, pollutant, waste or contaminant, designated as such under any federal, State or local law.

## HELOC ACTUAL CURRENT BALANCE

## Loan Prospector®

The dollar amount, if any, of any outstanding balance as a result of proceeds drawn from a Home Equity Line Of Credit (HELOC). The HELOC current balance must be included in the Subordinate Amount field.

## HELOC HIGH CREDIT AMOUNT

## Loan Prospector®

The maximum dollar amount of the total Home Equity Line of Credit (HELOC) on the subject property, regardless of whether or not the borrower has accessed the amount.

## HIGHER-PRICED MORTGAGE LOAN (HPML)

## The Guide glossary

A first-lien Mortgage secured by a Primary Residence that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders.

## HOME EQUITY LINE OF CREDIT (HELOC)

## The Guide glossary

Secondary financing that consists of a revolving line of credit secured by a junior lien to a Mortgage delivered to Freddie Mac.

## HOME IMPROVEMENT LOAN (HIL)

## The Guide glossary

A Home Improvement Loan (HIL) is a Home Mortgage to finance permanent improvements for energy conservation, solar installation, rehabilitation, modernization or addition.

## HOME INSPECTION

## Servicing: Default Management

An inspection of the property conducted by a certified member of the American Society of Home Inspectors to determine the interior and exterior condition of the property.

## HOME MORTGAGE

## The Guide glossary

A Home Mortgage is a Mortgage secured by a First Lien on real estate on which there is located a structure designed principally for residential use by one to four families.

A conventional Mortgage is a Home Mortgage other than a Home Mortgage guaranteed or insured by the federal government.

A conforming Mortgage is a Home Mortgage with an original loan amount that does not exceed the applicable loan limits specified in the Guide.

## HOMEOWNERS ASSOCIATION

## The Guide glossary

An association comprised of unit owners that maintains the Common Elements in a Condominium Project or a Planned Unit Development (PUD) for the benefit of the unit owners. In a Condominium Project, the association has no ownership interest in the Common Elements. In a PUD, the association owns the Common Elements.

## HOME POSSIBLE® MORTGAGE

## The Guide glossary

A Mortgage that offers underserved qualified Borrowers flexible underwriting, low down payment options and other special underwriting features. Home Possible Mortgages must be originated in accordance with Chapter A34.

## HOME POSSIBLE NEIGHBORHOOD SOLUTION® MORTGAGE

## The Guide glossary

A Home Possible Mortgage that:

- Is originated to a Borrower who is a teacher, school administrator, law enforcement officer, fire fighter or health care worker (as described in Section A34.7(c))
- Has special underwriting flexibilities described in Sections A34.5, A34.9(d) and A34.10(b) and
- Meets the requirements for a Home Possible Neighborhood Solution Mortgage in Chapter A34

## HOME VALUE MODELS

## The Guide glossary

Proprietary statistical property valuation models developed by Freddie Mac.

## HOMEOWNERS ASSOCIATIONS DUES (for Current or Proposed)

## Loan Prospector®

Payments to a Homeowner's Association to maintain property and improvements within a planned unit development.

## HOMEOWNERSHIP EDUCATION CERTIFICATE

## The Guide glossary

A certificate that identifies the homeownership education program the Borrower attended and the dates and times the Borrower attended the program sessions. Seller may use the Homeownership Education Certificate form developed by Freddie Mac or any form that contains comparable information.

## HOTEL/RESORT PROJECT

## The Guide glossary

A project that is operated as a hotel, resort or other type of hospitality entity or that has any of the characteristics or services described in Section 42.10(b).

## HOUSING RATIO

## Loan Prospector®

The borrower's monthly primary housing expense-to-income ratio calculated by Loan Prospector by dividing primary housing expenses by total income.

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## I

## IAM

## Servicing: Investor Accounting

Abbreviation for [Investor Accounting Manager](#)

## IMMINENT DANGER OF DEFAULT

## Servicing: Default Management

A circumstance where if, based upon the facts and circumstances of the particular mortgage and using prudent business judgment, it appears more than likely than not that the borrower will default on his or her mortgage payments within the next 12 months.

## INACTIVATION

## Servicing: Investor Accounting

Discontinues reporting and remitting interest to Freddie Mac on mortgages in foreclosure.

## INDEBTEDNESS

## The Guide glossary

**Indebtedness** is, with respect to any Pledged Mortgage, the amount or obligation under the Mortgage Warehousing Agreement to be paid to the [Warehouse Lender](#) by or on behalf of the Seller.

#### INDEBTEDNESS-TO-VALUE RATIO (LTV)

The Guide glossary

The unpaid principal balance, accrued interest, escrow advances and expenses, divided by the probable sales price ("as-is" value with a 90-day marketing time frame) of the property as established by a broker's price opinion (BPO) from an approved Freddie Mac vendor.

#### INDEMNIFICATION PROVISIONS

The Guide glossary

Provisions that provide for the obligation or duty of one party to compensate the insured for any loss or damage a second party has incurred or may incur by acting at the request or for the benefit of the first party.

#### INDEX (Index Code)

The Guide glossary,

For adjustable-rate Mortgages (ARMs), an Index is a fluctuating economic indicator specified in the Note, the value of which is used to adjust the Note Rate periodically.

#### INDEX CODE (Also Known As: Index)

Loan Prospector®

For adjustable-rate Mortgages (ARMs), a fluctuating economic indicator specified in the Note, and the value of which is used to adjust the Note rate periodically.

#### INDICATOR SCORE

The Guide glossary

The one Underwriting Score identified to represent the eligibility of the Mortgage for the product offering. The related ULDD Data Point names are *Loan Level Credit Score Selection Method Type* and *Loan Level Credit Score Value*.

#### INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)

The Guide glossary

A savings account designated by the Borrower for the purpose of purchasing a residence and into which the Borrower has regularly deposited funds which are matched by funds from An Agency. If the Agency matching funds are to be used as a source of funds, the objective for which the IDA was established and the vesting requirements must be satisfied.

#### INELIGIBLE BORROWER

The Guide glossary

For a [Balloon/Reset Mortgage](#), an Ineligible Borrower is a Borrower who cannot meet all the Reset Conditions stated in the Balloon Note Addendum and Balloon Rider, and who cannot pay off the Balloon/Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

#### INFILE (Also Known as: Infile Credit Report)

Loan Prospector®

An infile credit report is issued by a credit repository and contains "as is" information, which is information that has not been updated or reverified as a result of a credit inquiry. [Loan Prospector®](#) AUS uses infile credit reports in its assessment.

The infile credit report is not stored by Loan Prospector® AUS. It is recommended that you print the infile credit report immediately after a credit assessment by selecting Credit Infiles from the results list. Then activate the screen for printing by clicking in the infile report area and selecting Print.

#### INITIAL ADJUSTMENT PERCENTAGE

Loan Prospector®

For Loan Prospector®, the percentage by which the temporary subsidy buydown rate adjusts at the initial payment adjustment. For instance, if the interest rate will increase one percent after the first year and a half, enter 1 in this field.

#### INITIAL ASSIGNMENT

Loan Prospector®

Assignor selects a wholesaler to receive View access to current loan data and future transactions. Assignor exclusively retains Modify access to the loan data.

#### INITIAL CAP

The Guide glossary

For adjustable-rate Mortgages (ARMs), the Initial Cap is the maximum increase or decrease in the Note Rate on the first Interest Change Date, expressed in percentage points. The related ULDD Data Point names are *Per Change Maximum Decrease Rate Percent* and *Per Change Maximum Increase Rate Percent*.

#### INITIAL INDEX VALUE

Loan Prospector®

Value of the applicable index as of the Note date or as of [Loan Prospector](#) AUS submission date if loan is not yet closed.

#### INITIAL INTEREST<sup>SM</sup> MORTGAGES

The Guide glossary

Initial Interest Mortgages are Mortgages that require (i) interest only payments for a specified period of time beginning with the first monthly payment after the Note Date, and (ii) principal and interest payments on a fully amortizing basis for the remainder of the Mortgage term. Initial Interest Mortgages are not eligible for sale to Freddie Mac.

#### INITIAL LTV

Loan Prospector®

The ratio of the First Lien Mortgage amount to the property's purchase price or appraised value as provided by Loan Prospector.

#### INITIAL PERIOD

The Guide glossary

For adjustable-rate Mortgages (ARMs), the Initial Period is the period from the Note Date of the Mortgage until the first Interest Change Date, expressed in months. The related ULDD Data Point name is *Initial Fixed Period Effective Months Count*.

#### INSURANCE, MAINTENANCE, TAXES and MISCELLANEOUS

Loan Prospector®

The total insurance, taxes, maintenance, and miscellaneous expenses for the referenced property in Real Estate Owned.

#### INTEGRATED CONSTRUCTION CONVERSION DOCUMENTATION (INTEGRATED DOCUMENTATION)

The Guide glossary

Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the [Permanent Financing](#) is the construction lender, the loan instruments stipulate the terms of the [Interim Construction Financing](#) and the Permanent Financing, and the Mortgage automatically converts to Permanent Financing upon completion of construction with no change in any of the terms of the financing (except that the principal balance may be reduced). A new Note, Security Instrument or Construction Modification Agreement is not executed.

#### INTEREST-BEARING DEPOSIT ACCOUNT

The Guide glossary

For Custodial Accounts, an Interest-Bearing Deposit Account is a deposit account that pays short-term interest rates on the deposited balance, such as savings accounts or money market deposit accounts. This definition does not include money market mutual fund accounts.

#### INTEREST CHANGE DATE

The Guide glossary

For adjustable-rate Mortgages (ARMs) the Interest Change Date is each date, as established in the Note, on which any adjustment in the Note Rate is effective. The related ULDD Data Point names are *Per Change Rate Adjustment Effective Date* and *Next Rate Adjustment Effective Date*.

**INTEREST ONLY PERIOD**

The Guide glossary

For Initial Interest<sup>SM</sup> Mortgages, the Interest Only Period is the period (expressed in months) for which the monthly payments are interest only. The Interest Only Period begins on the date of the first monthly (interest only) payment stated in the Initial Interest Note and ends on the last day of the month before the [First Amortizing Payment Date](#). Initial Interest Mortgages are not eligible for sale to Freddie Mac.

**INTEREST RATE (Also Known As: Initial Interest Rate)**Loan Prospector<sup>®</sup>

The initial interest rate payable under the Note.

**INTEREST RATE RANGE**

Selling System

The number of days between the date you take out a cash contract and the date you must completely fulfill the contract including delivery of all documentation as well as funding. You may enter any 51 basis point range as long as the beginning and ending interest rates are divisible by one-eighth.

**INTERIM CONSTRUCTION FINANCING**

The Guide glossary

For [Construction Conversion Mortgages](#) and [Renovation Mortgages](#), Interim Construction Financing is the short term financing that provides the Borrower with funds to:

- Build a new site-built home,
- Purchase and permanently affix to the site and convert to real property, a new Manufactured Home,
- Repair, restore, rehabilitate or renovate an existing site-built home, and/or
- Purchase or refinance the land on which the improvements, including the new Manufactured Home, will be situated.

Interim Construction Financing is replaced by [Permanent Financing](#) on the [Effective Date of the Permanent Financing](#). Freddie Mac does not purchase Interim Construction Financing.

**INTERIM PROCESSING**

Servicing: Investor Accounting

Event driven reporting and remitting that is completed throughout the month in response to certain mortgage activities, such as payoffs and third-party foreclosure sales.

**INTERVENING ASSIGNMENT**

The Guide glossary

An Intervening Assignment is an assignment of a [Security Instrument](#):

- That reflects transfer(s) of a Mortgage's ownership prior to the time the Mortgage is sold by a Seller/Servicer to Freddie Mac
- From a [Transferor](#) to a [Transferee](#) in conjunction with a [Concurrent Transfer of Servicing](#) or a [Subsequent Transfer of Servicing](#)
- To or from [MERS<sup>®</sup>](#), in conjunction with a Mortgage being registered or deregistered in MERS

**INVENTORY PAST STANDARD SEVERITY**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that measure the average aging of loans in your delinquency inventory in days (not by percentage) based on Freddie Mac standards.

**INVESTMENT PROPERTY**

The Guide glossary

A 1- to 4-unit residential property, other than a [Primary Residence](#) or second home, that is:

- Owned by an individual, who is also a Borrower, and
- Suitable for year-round rental and occupancy

**INVESTMENT PROPERTY MORTGAGE**

The Guide glossary

A Mortgage secured by an Investment Property.

**INVESTMENT-QUALITY MORTGAGE**

Discover Gold Through Quality Best Practices

A mortgage that is made to a borrower from whom repayment of the debt can be expected, is adequately secured by real property and is originated in accordance with the requirements of the purchase documents.

**INVESTOR**

Servicing: Investor Accounting

Someone who buys whole or part interest in a mortgage. The investor is entitled to their share of the cash flow over the life of the mortgage. Freddie Mac is the final investor if we purchase a mortgage and then hold it in our portfolio. However, the majority of our mortgages are packaged into securities and sold to outside investors. In this case, we are not the final investor.

**INVESTOR ACCOUNTING**

Servicing: Investor Accounting

The process of accounting for mortgages that you service for Freddie Mac. Investor accounting includes three major activities: cash management, investor reporting and custodial reconciliation.

**INVESTOR ACCOUNTING MANAGER (IAM)**

Servicing: Investor Accounting

A web-based investor accounting application available on [FreddieMac.com](#).

**INVESTOR REPORTING**

Servicing: Investor Accounting &amp; Custodial Accounting

The process of reporting to Freddie Mac on a monthly basis, all activity that has taken place in your cash management system. As part of your investor reporting process, report the [Amount Due](#) to Freddie Mac for each transaction using loan-level reporting. Freddie Mac sends you a report summarizing the portfolio-level Amount Due on the [Monthly Account Statement](#).

[Back to Index](#)**J****JUDICIAL FORECLOSURE**

Servicing: Default Management

Foreclosure process in which court action must be taken for the foreclosure to be accomplished.

**JUNIOR LIEN**

Servicing: Default Management

A lien or claim against real estate that is secondary or inferior to the first lien.

[Back to Index](#)**K****KEY NUMBER (Loan Prospector<sup>®</sup> (LP) AUS Key Number)**

## The Guide glossary

A unique number assigned to a Mortgage by [Loan Prospector](#) when the Mortgage is first submitted to Loan Prospector. The Key Number is returned to the Seller on the Feedback Certificate and is used by the Seller and Freddie Mac to identify an individual Mortgage. In addition to the Key Number, each Loan Prospector submission will receive a [Transaction Number](#).

[Back to Index](#)

## L

## LAND USE RESTRICTIONS

The Guide glossary

When used in connection with an Affordable Second, restrictions imposed by An Agency on the Borrower's use and/or sale of the Mortgaged Premises.

## LAST FEEDBACK CERTIFICATE

The Guide glossary

The last Feedback Certificate returned from the last submission to Loan Prospector® prior to the Delivery Date that accurately represents the terms of the Mortgage transaction delivered to Freddie Mac.

## LAST PAYMENT RECEIVED DATE (LPRD)

Servicing: Investor Accounting

The actual date you received the borrower's payment.

Example:

You received the borrower's May payment on May 8th. The note has a 1st of the month due date. Report a [DDLPI](#) of 5/1/xx and a LPRD of 5/8/xx for the May accounting cycle.

## LATE COLLECTIONS

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that measure the loans that inflow to 60 days delinquent at any point during a 12-month period and later produce a loss.

## LATE COLLECTIONS EARLY WARNING CHECK

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, a report that gives you a preview of your collections performance through a six month period. The report lists the loans that have no definite results recorded (indeterminates), and the loans that have failed.

## LATE REMITTANCE INTEREST REIMBURSEMENT FEE

Servicing: Investor Accounting

A fee assessed when you fail to comply with the required remittance procedures. If the remittance funds are not available to us by the remittance due date, we assess an interest reimbursement fee.

## LATE REPORTED NON-COMPLIANCE FEE

Servicing: Investor Accounting

A fee assessed when you fail to report a paid off mortgage by the 5th business day of the month following the month that the payoff date occurred in.

## LAWFUL PERMANENT RESIDENT ALIEN

The Guide glossary

A non-U.S. citizen holding acceptable evidence of permanent residency issued by the Immigration and Naturalization Service (INS).

## LEGAL DESCRIPTION

Loan Prospector®

Description of the subject property, including, lot block, and subdivision information.

## LIBOR INDEX

The Guide glossary

For adjustable-rate Mortgages (ARMs), the London Interbank Offered Rate (LIBOR) Index is the average of London interbank offered rates for six-month or one-year U.S. dollar-denominated deposits in the London market, as published in the print edition of The Wall Street Journal.

## LIEN

Servicing: Default Management

A claim of a creditor on the property as security for a debt.

## LIEN PRIORITY

Loan Prospector®

The lien on the property for which the loan applies.

## LIFE CAP

The Guide glossary

For adjustable-rate Mortgages (ARMs), the Life Cap is the number of percentage points, which when added to the initial Note Rate yields the Lifetime Ceiling.

## LIFETIME CEILING

The Guide glossary

For adjustable-rate Mortgages (ARMs), the Lifetime Ceiling is the maximum Note Rate to which an ARM may adjust over the life of the loan. The Lifetime Ceiling is determined by adding a [Life Cap](#) to the initial Note Rate. The related ULDD Data Point name is *Ceiling Rate Percent*.

## LIFETIME FLOOR

The Guide glossary

For adjustable-rate Mortgages (ARMs) with Lifetime Floors, the Lifetime Floor is the minimum Note Rate to which an ARM may adjust over the life of the loan. If the minimum Note Rate is equal to or less than the Margin, the ARM is deemed not to be subject to a Lifetime Floor. The related ULDD Data Point name is *Floor Rate Percent*.

## LIMITED BUYDOWN MORTGAGE

The Guide glossary

A Mortgage with a temporary subsidy buydown plan for which:

- The buydown plan extends for two years or less after the first scheduled payment date and
- The effective interest rate during the buydown period is two percentage points or less below the Note Rate of the Mortgage, regardless of the duration of the buydown period

## LIMITED COMMON ELEMENTS

The Guide glossary

Limited Common Elements are Common Elements used by one or more unit owners but not all unit owners. Limited Common Elements are defined in the Project Documents, and may include, but are not limited to, a dock for use by one unit owner or decks available for use by unit owners on the top two floors.

## LIVING TRUST

The Guide glossary

A Living Trust is an inter vivos revocable trust that meets all of the following requirements:

- The trust is created by one or more Settlers during his or her lifetime,
- The trust becomes effective during the lifetime of the Settlor(s), and
- Each Settlor retains the right during his or her lifetime to revoke or amend the trust

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Living Trusts also may be referred to as "inter vivos trusts" or "inter vivos revocable trusts."

#### LOAN AMOUNT

Loan Prospector®

Amount to be financed by the borrower including financed PMI. For conventional loans, this is the total amount of the mortgage being financed. For FHA/VA loans, this is the total amount of the mortgage being financed including, if applicable, any Mortgage Insurance Premium (MIP) or VA Funding Fee.

#### LOAN HISTORY

Servicing: Investor Accounting & Custodial Accounting

The record between you and the borrower. It reflects all payment activity for the mortgage.

#### LOAN LEVEL AMOUNT DUE

Servicing: Investor Accounting & Custodial Accounting

The liability owed to Freddie Mac for each loan. (Once a month you report the amount due for each loan you service for Freddie Mac. Amount Due = Principal due + Interest due).

#### LOAN LEVEL DISCREPANCIES

Servicing: Investor Accounting

A report of the discrepancies (referred to as "edits") resulting from comparison of your loan-level transactions to data in our database. Freddie Mac notifies you of any discrepancies (edits) on [Daily Edit Reports](#) the business day after we receive for any loan-level transaction.

#### LOAN LEVEL MISSING REPORT

Servicing: Investor Accounting

A report that lists mortgages you did not report to us this accounting cycle and mortgages with unresolved edits on the Edits To Be Cleared report. Once our system accepts a transaction for a mortgage, it drops off the report except for:

- 101 Invalid Freddie Mac loan number—stays on the Edits to be Cleared Report until our system has closed for the cycle
- 303 Partial Duplicate/Possible Correction—appears on the Edits to be Cleared Report the following business day only

"Zero (0) loans missing" message appears when you have no transactions for this report.

#### LOAN LEVEL TRANSACTION

Servicing: Default Management

A monthly accounting transaction sent to us, communicating the amount of principal and interest due to us for each mortgage in the Servicer's portfolio. The transaction is used to report normal monthly installments of principal and interest, as well as exception activity (mortgages paid-in-full, foreclosures, etc.)

#### LOAN MODIFICATION

Servicing: Default Management

A written agreement permanently changing one or more of the original terms of the note.

#### LOAN MODIFICATION AGREEMENT

Servicing: Default Management

The written agreement executed by the borrower and the Servicer which establishes the terms of a loan modification.

#### LOAN ORIGINATOR

The Guide glossary

For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and delivering the ULDD Data Point *Loan Originator Type* only, Loan Originator shall have the same meaning as the term defined in section 1503 of the Secure and Fair Enforcement for Mortgage Licensing Act (as may be amended from time to time).

The current SAFE Act defines a Loan Originator as an individual who:

- i. takes a residential mortgage loan application, and
- ii. offers or negotiates terms of a residential mortgage loan for compensation or gain.

The current SAFE Act excludes from the definition of Loan Originator the following:

- i. [an] individual who is not otherwise a Loan Originator as described above and who performs purely administrative or clerical tasks on behalf of such a person
- ii. a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with applicable State law, unless the person or entity is compensated by a lender, a mortgage broker, or other Loan Originator or by any agent of such lender, mortgage broker, or other Loan Originator; and
- iii. a person or entity solely involved in extensions of credit relating to timeshare plans, as that term is defined in section 101(53D) of title 11, United States Code.

#### LOAN ORIGATION COMPANY

The Guide glossary

For purposes of providing the Loan Originator information on the Uniform Residential Loan Application (Form 65) and at delivery, a Loan Origination Company is the company that employs the Loan Originator or that the Loan Originator represents as an independent contractor.

#### LOAN PROCESSING STAGE

Loan Prospector®

Description of the point in the loan origination process at which the loan is being submitted to Loan Prospector. If a loan's status is between two points, the value for the Loan Processing Stage is the point that most recently occurred.

#### LOAN PRODUCT

The Guide glossary

Loan Product as used in the Freddie Mac Selling System means Mortgage Product as that term is defined in the Glossary.

#### LOAN PROSPECTOR®

The Guide glossary

Freddie Mac's automated Mortgage evaluation system.

#### LOAN PROSPECTOR® ID

Loan Prospector®

The unique identifier used for the loan throughout its duration in LoanProspector.com.

#### LOAN PROSPECTOR® MORTGAGE

The Guide glossary

A Mortgage that is submitted to Loan Prospector and complies with all of the requirements of Section 2.2.1 of the Guide.

#### LOAN PURCHASE STATEMENT

Servicing: Investor Accounting

A summary record of the total sale. For each sale you receive one or more Loan Purchase Statement(s).

#### LOAN RECONCILIATION DIFFERENCE REPORT (LRDR)

Servicing: Investor Accounting

A summary of every transaction our system did not immediately accept during the cycle due to a reporting discrepancy or simulation of a transaction. "No data in error" message appears when you have no transactions for this report. You should already be aware of each discrepancy on this report from your Daily Edit reports.

#### LOAN REGISTRATION NUMBER

Loan Prospector

A tracking number assigned by a lender to identify the loan for pipeline management.

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**LOAN-TO-VALUE RATIO (LTV)**

Loan Prospector®

The loan-to-value (LTV) ratio is obtained by dividing the First Lien Mortgage amount by the lesser of the property's purchase price or appraised value of the mortgaged premises. (First Lien Mortgage Amount / (the lesser of the Purchase Price or Appraised Value)).

**LONG-TERM FORBEARANCE AGREEMENT**

Servicing: Default Management

A written agreement between you and the borrower (or his or her estate) to reduce or suspend monthly payments for a period up to 12 months from the date of the agreement. Long-term forbearance is intended for situations where the property has been damaged from a natural or man-made disaster, a lawsuit is pending which may jeopardize our lien position, the borrower is deceased and the estate is in probate, or the borrower is experiencing an involuntary inability to pay due to an outstanding major medical claim.

**LOOKBACK PERIOD**

Servicing: Investor Accounting

The number of calendar days you count back from the interest change date to determine the current index.

The Guide glossary

For adjustable-rate Mortgages (ARM), the Lookback Period is the date on which the Index value used to calculate the new Note Rate is determined. The Lookback Period is stated in the Note and is generally expressed as the number of days preceding the Interest Change Date or as the first Business Day of the month immediately preceding the Interest Change Date. The related ULDD Data Point names are *Interest And Payment Adjustment Index Lead Days Count* and *Interest Adjustment Index Lead Days Count*.

**LP ASSESSMENT EXPIRATION DATE**

Loan Prospector®

Specifies the date the credit will expire (120 days from the date credit information was first requested for conventional, FHA and VA Mortgages - including Construction Conversion/Renovation Mortgages; or 180 days from the date credit information was first requested for FHA and VA new construction Mortgages).

**LP AUS KEY (Also Known as: Loan Prospector AUS Key, LP Key Number, and Loan Prospector Key)**

Loan Prospector®

A unique number assigned to a mortgage by Loan Prospector when the mortgage is first submitted to Loan Prospector. The LP AUS Key is returned to the Seller with Loan Prospector results.

**LTV**Abbreviation for [Loan to Value Ratio](#).

Loan Prospector®

The loan-to-value (LTV) ratio provided by Loan Prospector is obtained by dividing the First Lien Mortgage amount by the lesser of the property's purchase price or appraised value of the mortgaged premises.

[Back to Index](#)**M****MAKE AND MODEL**

Loan Prospector®

The make and model of the borrower's vehicle disclosed as an asset.

**MAKE-WHOLE PREFORECLOSURE SALE**

Servicing: Default Management

A sale in which the net sales proceeds plus the estimated mortgage insurance claim and/or borrower contribution (cash or certified funds) will satisfy the total indebtedness.

**MANUALLY UNDERWRITTEN MORTGAGE**

The Guide glossary

A Mortgage for which the Seller makes the determination regarding Borrower creditworthiness and excessive layering of risk that is one of the following:

- A Mortgage that was never submitted to Loan Prospector
- A Mortgage that was submitted to Loan Prospector and received an AUS status of invalid, ineligible or incomplete
- A Mortgage that was submitted to Loan Prospector and received a Risk Class of Caution and was not eligible for A-minus

**MANUFACTURED HOME**

The Guide glossary

A Manufactured Home is a one-unit dwelling built on a permanent chassis in accordance with the National Manufactured Construction and Safety Standards Act as promulgated by the Department of Housing and Urban Development (HUD) and affixed to a permanent foundation.

**MANUFACTURED HOME PURCHASE AGREEMENT**

The Guide glossary

An agreement between the Manufactured Home purchaser and the retailer or dealer from whom the Manufactured Home is purchased. The Manufactured Home Purchase Agreement must be either the manufactured housing purchase agreement required to be used under applicable State law or if none is required, the Jenkins Business Forms Manufactured Housing Form 500 or a State-specific Form 500 or a substantially equivalent form.

**MARGIN**

The Guide glossary

For adjustable-rate Mortgages (ARM), then Margin is the number of percentage points that is added to the current index value to establish the new Note Rate at each [Interest Change Date](#). The related ULDD Data Point name is *Margin Rate Percent*.

**MARKETABLE TITLE**

Servicing: Default Management

Title to property which is free from liens or other legal objections and is readily acceptable to local attorneys and knowledgeable real estate investors.

**MASTER AGREEMENT**

The Guide glossary

A Master Agreement is an agreement between Freddie Mac and the Seller providing the terms for origination, underwriting, delivery and any other relevant terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of time. In order to obtain pricing terms and to sell eligible Mortgages to Freddie Mac, the Seller will also need to enter into one or more [Master Commitments](#) under the Master Agreement. Nothing contained in a Master Agreement shall obligate Freddie Mac to purchase or Seller to sell Mortgages until a Master Commitment has been executed by the parties, if required by the terms of the Master Agreement, or if Freddie Mac has issued the Master Commitment.

**MASTER ASSOCIATION**

The Guide glossary

A homeowners association in a project that is comprised of representatives of the HOA from smaller, specific projects or areas within the overall project.

**MASTER COMMITMENT AMOUNT**

The Guide glossary

The Master Commitment Amount is the aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac Percentage of Participation, if any, that can be delivered under the terms of a [Master Commitment](#) subject to any tolerances.

**MASTER COMMITMENT**

The Guide glossary

The Master Commitment is an agreement between Freddie Mac and the Seller providing the terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of

time.

## MASTER COMMITMENT CONVERSION

The Guide glossary

A Master Commitment Conversion represents the Seller's selection of the dollar amount and type of Mortgages that it intends to deliver at a given time under a Master Commitment as well as the delivery program under which the Mortgages are to be delivered. Master Commitment Conversions refer to either Guarantor or MultiLender Swap conversions or, for Master Commitments that permit Mortgages to be sold under the Cash program, cash conversions represented by cash Purchase Contracts. When used in connection with Master Commitments, the term "conversion" will be synonymous with the term "Master Commitment Conversion."

## MATURITY DATE

Servicing: Servicing System

The date on which payment of an obligation is due in full.

## MAXIMUM ANNUAL MORTGAGE PURCHASE AMOUNT

The Guide glossary

The Maximum Annual Mortgage Purchase Amount is the maximum aggregate dollar amount of Home Mortgages that Freddie Mac will purchase from a Seller in any calendar year. The Maximum Annual Mortgage Purchase Amount applies only to those Sellers for whom such a limit has been established pursuant to Section 2.3. (The Maximum Annual Mortgage Purchase Amount does not apply to purchases Multifamily Mortgages by Freddie Mac.)

## MAXIMUM MASTER AGREEMENT AMOUNT

The Guide glossary

The Maximum Master Agreement Amount is the total aggregate unpaid principal balance (UPB) of all Home Mortgages multiplied by the Freddie Mac [Percentage of Participation](#), if any, that can be delivered under the terms of the Master Agreement.

## MERGED CREDIT TYPE (Single/Joint Merged with)

Loan Prospector®

Indicates the type of credit report requested. Changing from two single to one joint borrower report is considered a new request with an additional charge.

## MERS®

The Guide glossary

MERS (Mortgage Electronic Registration System, Inc.), is a cooperative undertaking by and for the entire mortgage industry. This system is an electronic registry specifically created for tracking the ownership of individual Mortgages, Servicing rights and security interests and used by MERS Members.

## MERS® MEMBER

The Guide glossary

A MERS Member is a Seller/Servicer who has executed the [MERS Membership Agreement](#) with MERS.

## MI

The Guide glossary

An MI is a mortgage insurer approved by Freddie Mac.

## MI PREMIUM TERM COVERAGE

Loan Prospector®

An indication that the initial premium is paid monthly, annually in one lump sum, or is not applicable.

## MIN

The Guide glossary

A MIN is the Mortgage Identification Number that is assigned to a Mortgage that is registered in [MERS®](#). This number remains with the Mortgage throughout its life.

## MINIMUM ASSESSMENT FEEDBACK (MAF)

The Guide glossary

A type of feedback message included on the Feedback Certificate. MAF includes all messages that reference:

- Whether an appraisal or inspection is required
- The minimum level of inspection required, if any
- Any other feedback messages that relate to the collateral for the Mortgage

## MINIMUM CONTRACT SERVICING SPREAD

The Guide glossary

The Minimum Contract Servicing Spread is selected by the Seller at time of commitment or [Master Commitment Conversion](#), and is the least amount of interest income that must be retained by the Servicer as compensation for Servicing all the Mortgages delivered pursuant to a specific [Purchase Contract](#). The amount selected by the Seller must be no less than the Minimum Servicing Spread. The [Servicing Spread](#) applicable to any individual Mortgage delivered pursuant to a specific Purchase Contract may be greater than or equal to, but not less than, the Minimum Contract Servicing Spread selected by the Seller for that Purchase Contract.

## MINIMUM GROSS YIELD

The Guide glossary

The Minimum Gross Yield is the sum of the [Required Net Yield](#) plus the [Minimum Contract Servicing Spread](#).

## MINIMUM SERVICING SPREAD

The Guide glossary

The Minimum Servicing Spread is the least amount of interest income, as established by Freddie Mac for the applicable Mortgage product, that must be retained by the Servicer as compensation for Servicing.

## General Servicing—Balloon/Resets

For Reset Mortgages, the [Minimum Contract Servicing Spread](#) is the Servicing Spread on the [Balloon/Reset Mortgage](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

## MINORITY-OWNED BUSINESS ENTERPRISE

The Guide glossary

An enterprise that is more than 50% owned, controlled and operated by one or more members of one or more of the following groups: (i) African-American, (ii) Hispanic American, (iii) Native American, (iv) Asian-Pacific American, or (v) Asian-Indian American.

## MODIFICATION CONSTRUCTION CONVERSION DOCUMENTATION (MODIFICATION DOCUMENTATION)

The Guide glossary

Documentation of the Construction Conversion Mortgage or Renovation Mortgage when the lender providing the [Permanent Financing](#) uses a Construction Conversion Modification Agreement to modify one or more of the terms (other than a reduction in the principal balance) of [Interim Construction Financing](#) to the terms of the Permanent Financing. A [Construction Conversion Modification Agreement](#) is executed and a new Note is executed in certain circumstances; the Security Instrument may be modified, but a new Security Instrument is not executed.

## MODIFICATION EFFECTIVE DATE

The Guide glossary

For purposes of a modification processed under Chapter B65 or C65, the Modification Effective Date is the first day of the month following the end of the Trial Period, which is also the first payment due date of the modified Mortgage. In the event the Servicer utilizes the option to include an interim month following the Trial Period, then the Modification Effective Date and the due date of the first modified payment will be the first day of the second month following the end of the Trial Period.

The effective date of the modification interest rate change occurs one month prior to the first payment due date, as the terms of the modified Mortgage are established so that the first payment due under the modified Mortgage pays interest in arrears that accrued during the month prior to the first payment due date.

**MODIFIED LOAN-TO-VALUE (LTV) RATIO**

Servicing: Default Management

The current unpaid principal balance of the existing mortgage plus any capitalized amounts (when allowed) divided by the current market value.

**MODIFY RELEASE**

Loan Prospector®

Final Assigned wholesaler or MSP returns Modify capability on the loan transaction to the assignor, but maintains the ability to View the loan data. The assignor can only assign the loan back to the releasing wholesaler or wholesaler/MSP pair.

**MONTHLY ACCOUNT STATEMENT (MAS)**

Servicing: Investor Accounting

A representation of the balance for your investor reporting system. The ending balance represents your liability due Freddie Mac as of the accounting cutoff. The MAS lists for the accounting cycle:

- Beginning and ending amounts due to us
- The total amount due for each transaction type
- Total remittances you made to us during the accounting cycle
- Adjustments we made to your account including other billings

**MONTHLY INCOME**

Loan Prospector®

Total stable monthly income for the borrower that can reasonably be expected to continue for at least the next three years.

Stable monthly income includes the following:

- Primary employment base earnings
- Recognizable secondary income such as bonuses, commissions, overtime, part-time employment, or unemployment compensation

Self-employed income should be included in this field, or in the Monthly Income Breakdown fields, if considered for qualification purposes.

**MONTHLY INTEREST**

Servicing: Investor Accounting

One full month of interest calculated at the ANY, based on the current accounting cycle's beginning UPB. It is due for all mortgages that were active at the beginning of the current accounting cycle.

**MONTHLY OPERATING INCOME (MOI)**

The Guide glossary

As shown on Form 998, Operating Income Statement, the effective gross income minus total operating expenses divided by 12.

**MONTHLY PROCESSING**

Servicing: Investor Accounting

Cyclical reporting and remitting completed every month at the same time. The accounting cycle determines the timing for monthly reporting. The timing for monthly remittances is determined by the remittance option selected when the mortgage was sold to Freddie Mac.

**MONTHLY RECONCILIATION REPORT**

Servicing: Investor Accounting

A summary report of the various activity processed during the accounting cycle on your Freddie Mac portfolio.

**MONTHS LEFT TO PAY**

Loan Prospector®

The number of months the borrower must make payments in order to satisfy the identified liability.

**MORTGAGE**

The Guide glossary

A Mortgage is a loan secured by a lien on real estate held in fee simple or on an acceptable leasehold estate.

**MORTGAGE BROKER**

The Guide glossary

A person or entity that specializes in loan originations, receiving a commission (from a Correspondent or other lender) to match Borrowers and lenders. The Mortgage Broker performs some or most of the loan processing functions such as taking loan applications, or ordering credit reports, appraisals and title reports. Typically the Mortgage Broker does not underwrite or service the loan and generally does not use its own funds for closing; however a Mortgage Broker could fund a Mortgage on a lender's behalf and such a Mortgage will be considered, and should be delivered as, a Mortgage Broker third party origination Mortgage. The Mortgage is generally closed in the name of the lender who commissioned the Mortgage Broker's services.

**MORTGAGE CREDIT CERTIFICATE (MCC)**

The Guide glossary

A certificate issued by an authorized State or local housing finance agency that documents a federal income tax credit awarded to a qualified First-Time Homebuyer and/or low- or moderate-income homebuyer.

**MORTGAGE INSURANCE**

Loan Prospector®

Insurance which protects mortgage lenders against loss in the event of default by the borrower.

Investor Accounting—Investor Reporting

Federal or private insurance that protects mortgage lenders against default risk. Private carriers provide mortgage insurance to protect lenders against full or partial losses in the event of a foreclosure and deficiency. The carrier must be a Freddie Mac-approved mortgage insurer.

**MORTGAGE INSURER (MI)**

Servicing: Balloon/Resets

A corporation that issues private mortgage insurance and is approved by Freddie Mac to insure Mortgages owned in whole or in part by Freddie Mac.

**MORTGAGE PAYMENTS**

Loan Prospector®

Total monthly payment for all mortgages and liens secured by the real estate owned.

**MORTGAGE PRODUCT**

The Guide glossary

A Mortgage Product is any one of the specific types of Mortgages for which the applicable Purchase Documents may provide specific eligibility, Required Spreads and other terms.

**MORTGAGE SERVICE PROVIDER**

The Guide glossary

An entity or individual engaged to handle or perform, for a Seller or Correspondent, part of the mortgage application processing, underwriting, funding or post closing functions, but not any activities related to obtaining an application for a wholesale origination. This entity or individual is typically paid on a fee basis for services performed, with the payment of fees not being contingent on Mortgage approval or closing. Mortgage Service Providers include:

- Contract underwriters
- Contract processing firms
- Contract quality control services
- Escrow companies and settlement agents

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- Contract document preparation companies

## MORTGAGE TYPE

Loan Prospector®  
Indicates if this loan is conventional, [FHA](#) or [VA](#).

## MORTGAGE WAREHOUSING AGREEMENT

The Guide glossary  
The Mortgage Warehousing Agreement is a contract between the [Warehouse Lender](#) and the Seller pursuant to which the [Warehouse Lender](#) lends or advances funds to the Seller in exchange for a continuing lien and security interest in, or conveyance of an ownership or other interest in, Mortgages.

## MORTGAGED PREMISES

The Guide glossary  
The Mortgage Premises are the land and improvements thereon subject to the lien of a Mortgage.

## MORTGAGES PURCHASED IN WHOLE OR IN PART

The Guide glossary  
Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac. Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

## MSP ASSIGNMENT

Loan Prospector®  
Assignor (always a Lender) selects a Mortgage Service Provider ([MSP](#)) to share "Modify" access on the loan data.

## MSP/NOTP NAME

Loan Prospector®  
A mortgage service provider (MSP), entity, or individual who provides contract underwriting, contract processing, and data integrity services for lenders. (NOTP is a non-originating third party.)

## MSP/NOTP NUMBER

Loan Prospector®  
Freddie Mac-assigned number for non-originating third parties (NOTPs), Mortgage Service Providers (MSPs) that access Loan Prospector directly.

## MULTIFAMILY MORTGAGE

The Guide glossary  
A Multifamily Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by more than four families.

## MULTILENDER SWAP CONTRACT

The Guide glossary  
A MultiLender Swap Contract is an optional Purchase Contract entered into by the Seller to sell certain conventional fixed-rate Mortgages to Freddie Mac under the MultiLender Swap program.

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## N

## NCUSIF; NCUSIF-INSURED DEPOSITORY

The Guide glossary  
NCUSIF is the abbreviation for the National Credit Union Share Insurance Fund. An NCUSIF-Insured Depository is a depository institution whose deposits are insured by the NCUSIF.

## NEGATIVE ADJUSTMENTS

Servicing: Investor Accounting  
Deducted (shown as negative) amounts that need to be withdrawn from the bank account, or that you are waiting for Freddie Mac to process a debit on the [Monthly Account Statement](#). Following are examples of transactions that you would carry as a negative adjustment:

- Payments deposited for loans not sold to us
- Interest on new fundings due in future cycles, and not included on the prepaid report
- Amortization differences when your prepaids are greater than your delinquents from the prepaid report
- Servicing fees deposited into the custodial account
- Minority participation loans not owned by us

## NEGATIVE AMORTIZATION

The Guide glossary  
Negative Amortization is the amount (i) by which the monthly interest calculated at the Note Rate exceeds the Borrower's scheduled monthly interest payment to the Servicer, and (ii) which is added to the unpaid principal balance ([UPB](#)) of the Mortgage.

## NEGATIVE AMORTIZATION % LIMIT

Loan Prospector®  
Maximum loan-to-value ([LTV](#)) allowed for a negatively amortizing mortgage.

## NEGATIVE AMORTIZATION TYPE

Loan Prospector®  
An indication if it is possible for the loan to have negative amortization on an Adjustable Rate Mortgage.

## NEGOTIATED PAYOFF

Servicing: Investor Accounting  
A common negotiated payoff remittance is an accelerated payoff remittance cycle (PARC) where payoff proceeds are due 2, 3 or 4 business days following the exception date. Payoff remittances are due within five business days following the exception date unless you have a negotiated payoff remittance due date allowed in your contract.

## NET LIFETIME CEILING

The Guide glossary  
For adjustable-rate Mortgages (ARM), the Net Lifetime Ceiling is the Lifetime Ceiling minus the [Minimum Contract Servicing Spread](#).

## NET MARGIN

The Guide glossary  
For adjustable-rate Mortgages (ARM), the Net Margin is the Margin minus the [Minimum Contract Servicing Spread](#).

## NET NOTE RATE

The Guide glossary  
For adjustable-rate Mortgages (ARM), the Net Note Rate is the Note Rate minus the [Minimum Contract Servicing Spread](#).

## NET PURCHASE PRICE

Loan Prospector®  
The Net Purchase price is equal to the Gross Purchase Price minus any Sales Concessions or excess Financing Concessions.

**NET RENTAL INCOME (Monthly Income)**

Loan Prospector®

Monthly rental income received on a property after the PITI and operating expenses have been deducted.

**NET RENTAL INCOME (REO Property)**

Loan Prospector®

The total net income received for the referenced property in Real Estate Owned (REO).

**NET YIELD ACCOUNTING METHOD (also known as Scheduled/Actual)**

Servicing: Investor Accounting

An accounting method used by most mortgages to:

- Calculate interest based on the last reported ending Unpaid Principal Balance (UPB) and the Accounting Net Yield (ANY). The ANY equals the note rate less the servicing fee.
- Report and remit one-month's interest regardless of what you receive from the borrower.
- Report and remit the actual principal collected from the borrower during the accounting cycle (16th –15th)

**NEW CONDOMINIUM PROJECT**

The Guide glossary

A New Condominium Project is a Condominium Project in which:

- The Condominium Project (all Condominium Units and Common Elements including Common Elements owned by any Master Association) is not complete, or is subject to additional phasing or annexation, or
- Fewer than 90 percent of the total number of units in the project have been conveyed to the unit purchasers other than the developer, or
- The developer has not turned control of the homeowners association over to the unit owners.

**NEWLY FUNDED MORTGAGE (also known as New Funding)**

Servicing: Investor Accounting

A mortgage mortgage you sold to Freddie Mac during the current accounting cycle.

**NEWLY-CONVERTED CONDOMINIUM PROJECT**

Servicing: Investor Accounting

A project with prior use for which the completion of the conversion is no more than three years before the date of the Mortgage application. The project typically also meets the definition of a New Condominium Project.

**NONCREDIT PAYMENT REFERENCE**

The Guide glossary

A continuing obligation, such as rent, utilities and insurance, that requires periodic payments at least quarterly. The related ULDD Data Point name is *Credit Reference Type (Loan Level)*.**NON-EXCEPTION ACTIVITY**

Servicing: Investor Accounting

Regular monthly activity of principal and interest payments made according to the terms and conditions of the security instrument executed by the borrower.

Examples:

- Newly funded mortgages
- Regular principal and interest payments on active mortgages
- Mortgages inactivated during a previous accounting cycle.

**NON-LOAN PROSPECTOR® MORTGAGE**

The Guide glossary

A Mortgage that was:

- Never submitted to Loan Prospector, or
- Submitted to Loan Prospector and received an AUS status of invalid, ineligible or incomplete, or
- Submitted to Loan Prospector for the first time after the Note Date, or for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing, or
- Submitted to Loan Prospector, but did not comply with Section 2.2.1, or
- Submitted to Loan Prospector, but has a Settlement Date more than 12 months after the Note Date or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages (i.e., the Mortgage is a Seasoned Mortgage), or
- Submitted to Loan Prospector, but was not eligible to be a Loan Prospector Mortgage under the Guide or the Seller's other Purchase Documents, or
- Submitted to Loan Prospector, but was delivered without the Key Number (Loan Prospector AUS Key Number)

**NON-OCCUPANT BORROWER HOUSING EXPENSE**

Loan Prospector®

Total monthly housing expenses for all non-occupant borrowers on the loan application. The monthly housing expense is the sum of the following monthly charges on the non-occupant borrowers' primary residence:

- Rent
- Monthly principal and interest payments
- Property hazard insurance premiums
- Real estate taxes
- Mortgage insurance premiums
- Homeowners association dues
- Payments on subordinate financing
- Other Housing Expense

**NON-OCCUPANT BORROWER NON-HOUSING DEBT**

Loan Prospector®

Total monthly non-housing debt for all non-occupant borrower(s) on the application. The monthly non-occupant, non-housing debt is the sum of the following:

- Monthly housing expense (see Guide Section 37.15)
- Payments on all installment debts with more than 10 months of payments remaining, including debts that are in a period of either deferment or forbearance. If the credit report does not contain a required monthly payment, the monthly payment used must be based on documentation in the file
- Alimony, child support, or maintenance payments, with more than 10 months of payments remaining
- Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment on the credit report or direct verification, 5% of the outstanding balance will be considered to be the required monthly payment. Open-end accounts do not have to be included in the monthly debt payment if the borrower has sufficient funds to pay off the outstanding account balance or provides verification that their employer is responsible for the payment
- Car lease payments, regardless of the number of payments remaining
- Aggregate net loss from all investment properties owned
- Monthly payment amounts for other properties, including principal and interest on the First Lien and any secondary financing, taxes and insurance and, when applicable, mortgage insurance premiums, leasehold payments, homeowners association dues (excluding unit utility charges)

**NOTE**

The Guide glossary

A Note is the instrument evidencing the indebtedness secured by a Security Instrument. In the context of document custody, the term "Note" may be construed to include any power of attorney or any applicable modifying instrument, such as a modification, a conversion agreement or an assumption of indebtedness and release of liability agreement.

**NOTE DATE**

The Guide glossary  
The Note Date is the date of the Note.

**NOTE RATE**

The Guide glossary  
The Note Rate is the interest rate payable under the Note. For adjustable-rate Mortgages (ARM), the Note Rate may adjust from time to time in accordance with the terms of the Note.  
The term Interest Rate may be used to refer to Note Rate.

**NOTICE OF ACCELERATION**

The Guide glossary  
A Notice of Acceleration is a written notice sent to the Borrower notifying the Borrower that:

- A default has not been cured, and
- The Servicer will accelerate the Mortgage and call all sums due and payable if the default is not cured within 30 days of the notice

**NOTICE OF DEFAULT**

The Guide glossary  
A Notice of Default is a written notice sent to the Borrower stating that the Borrower is in violation of the terms of the [Note](#) and/or [Security Instrument](#). The Notice contains a time limit within which the Borrower must cure or remedy the violation. When issued because of a delinquent monthly payment, this notice is usually sent out when the payment is 30 days delinquent.

**NUMBER OF SUBMISSIONS**

Loan Prospector®  
An indication the cumulative number of times the loan has been submitted to Loan Prospector AUS by both the originator and those assigned the loan.

**NUMBER OF UNITS**

Loan Prospector®  
Indicates the number of individual family dwelling units on the subject property.  
If the number of units is greater than one, make sure the property type coincides.

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**O****ODD DUE DATE**

Servicing: Investor Accounting  
A mortgage with payments that are due on any day other than the first day of the month is referred to as an odd due date mortgage.

**OFFER LETTER**

Servicing: Balloon/Resets  
The written offer you must send to a Borrower who has not responded to the Required Notice and whose [Balloon/Reset Mortgage](#) is covered by mortgage insurance. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**OFFERING IDENTIFIER**

Loan Prospector®  
Code used by Loan Prospector to identify the specific type of product offering.

**ORIGINAL COST**

Loan Prospector®  
Original cost of the property at the time of acquisition.

**ORIGINAL REMITTANCE CYCLE**

Servicing: Investor Accounting  
A remittance option where funds are due to Freddie Mac the first Tuesday of the calendar month following the accounting cutoff.

**ORIGINATION DATE**

The Guide glossary  
The Origination Date is the date of the Note Date.

**OTHER ASSETS**

The Guide glossary  
For use in Section 4.2, the "Other Assets" line items, less any other asset items that have previously been deducted. For example, if some of the "[Other Intangibles](#)" line items are included in "Other Assets," they must not be provided on the "Other Assets" line item.

**OTHER BORROWER FUNDS**

The Guide glossary  
Funds derived from eligible sources, as described in Section 26.2(b), and paid by the Borrower in connection with the property purchase or Mortgage financing.

**OTHER CREDIT AMOUNT**

Loan Prospector®  
The dollar amount of the Other Credit Type (Purchase Credit Type) related to the loan application.

**OTHER CREDIT TYPE**

Loan Prospector®  
Specifies the general categories of credit on the transaction exclusive of financing.

**OTHER FINANCING P&I (for Current or Proposed)**

Loan Prospector®  
Amount of a periodic principal and interest payment (P&I) of a first mortgage on real estate. Principal is the monthly payment that reduces the remaining balance of the mortgage, and interest is the fee charged for borrowing the money.

**OTHER INTANGIBLES**

The Guide glossary  
For use in Section 4.2, copyrights, trademarks, patents and all Other Intangibles included on the Seller/Servicer's balance sheet "Other Intangibles" line item.

**OTHER MORTGAGE DOCUMENTS**

The Guide glossary  
For warehouse lending arrangements, Other Mortgage Documents are the title insurance policies, property insurance policies, Escrow agreements and all other agreements and documents relating to the Servicing or sale of, or the granting of a security interest in, the Mortgage. Other Mortgage Documents do not include the [Note](#) and the [Security Instrument](#).

**OVERLAPPING CYCLES**

Servicing: Investor Accounting  
Cycles where during the last two weeks of each month, Freddie Mac processes transactions transmitted for two different cycles. Ensure you report the correct cycle date with your

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transmissions to avoid errors.

**Example:**

From March 16 until approximately March 27, Freddie Mac processes transactions for both the March and April cycles. The March cycle transactions are the monthly reporting for the March activity. The April cycle transactions are interim reporting, such as payoffs with an exception date of March 16 or later.

**OVERTIME**

Loan Prospector®

Additional hourly compensation paid for work beyond the usual and customary work period.

**OWN/RENT (for Current Address or Former Address)**

Loan Prospector®

An indication of whether the borrower owns or rents the current place of residence or former place of residence.

**OWNER-OCCUPANT**

The Guide glossary

An Owner-Occupant is an individual who meets all of the following requirements:

- Resides in the [Mortgaged Premises](#), using them as a [Primary Residence](#)
- Is listed as an owner of record (by deed)
- Has executed the [Note](#) and the [Security Instrument](#)

**OWNER OF RECORD**

The Guide glossary

The entity or individual that appears in the public records as the legal owner.

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**P**

**PAPER ADJUSTMENT**

Servicing: Investor Accounting

Adjustments that clear in the same cycle, or in a later cycle, after we process the corresponding transaction.

**PARTICIPATION LOAN**

Servicing: Investor Accounting

A mortgage where two or more investors (participants) own a partial interest.

Mortgages that are 100 percent participation are known as whole loans.

**PARTNERSHIP**

Discover Gold Through Quality Best Practices

A legally defined form of business ownership. A firm owned by two or more persons who agree to share, not necessarily equally, in the profits and losses of the business. No stock is issued. The individual partners pay personal income tax on their share of income from the partnership.

**PAYMENT CHANGE DATE**

The Guide glossary

For adjustable-rate Mortgages (ARM), the Payment Change Date each date, as established in the [Note](#), on which the monthly payment reflects any Note Rate adjustment. The related ULDD Data Point name is *First Rate Change Payment Effective Date*.

**PAYMENT DUE DATE**

Servicing: Investor Accounting

The effective date stated on the note on which the payment is due every month.

**PAYMENT RECEIVED DATE**

Servicing: Investor Accounting

The date on which the payment is actually received from the borrower.

**PAYOFF**

Servicing: Investor Accounting

The satisfaction of a mortgage due to:

- Note maturity: Exception Code 60
- Borrower prepayment: Exception Code 61
- Repurchase: Exception Code 65
- Borrower conversion of a convertible mortgage sold with repurchase option: Exception Code 66

**PAYOFF DATE**

The Guide glossary

The Payoff Date is the date the Servicer receives the amount necessary to pay off the Mortgage.

**PC**

The Guide glossary

A PC is a Mortgage Participation Certificate security issued pursuant to the PC Agreement, representing a beneficial ownership interest in a specified [PC Pool](#). The term "PC" includes a Gold PC® and a [WAC ARM PC](#), unless the context indicates otherwise.

**PC COUPON**

The Guide glossary

The PC Coupon is the interest rate, expressed as an annual percentage, which is passed through monthly to a security investor.

For [WAC ARM PCs](#), the PC Coupon is derived by calculating a weighted average of the [Note Rates](#) of the underlying Mortgages, and then subtracting the Required Spread and the [Minimum Contract Servicing Spread](#).

For Giant PCs, the PC Coupon is the same fixed interest rate as the underlying assets, and is generally in a multiple of 0.500%.

**PC ISSUE DATE**

The Guide glossary

The PC Issue Date is the first day of the month in which settlement for the related [PC Pool](#) or [Giant PC Pool](#) occurs.

**PC LIFETIME CEILING**

The Guide glossary

For [WAC ARM PCs](#), PC Lifetime Ceiling is the weighted average of the Lifetime Ceilings of the underlying Mortgages, minus the [Required Spread](#) and the [Minimum Contract Servicing Spread](#).

**PC MARGIN**

The Guide glossary

For [WAC ARM PCs](#), the weighted average of the Margins of the underlying Mortgages, minus the [Required Spread](#) and the [Minimum Contract Servicing Spread](#).

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**PC OFFERING CIRCULAR**

The Guide glossary

The PC Offering Circular is the offering circular, in effect on the Date of Seller's Offer, that relates to the Mortgages being purchased and the PCs being sold. The PC Offering Circular will be the Offering Circular for Mortgage Participation Certificates (Guaranteed).

Each PC Offering Circular incorporates any supplements to that offering circular in effect on the Date of Seller's Offer or sale.

**PC POOL**

The Guide glossary

The PC Pool is a discrete group of Mortgages identified by a [CUSIP Number](#) and a PC Pool Number in the records maintained by Freddie Mac.

**PC POOL NUMBER**

The Guide glossary

A PC Pool Number is a unique numeric or alphanumeric designation used to identify a [PC Pool](#) or a [Giant PC Pool](#). The first two characters of a PC Pool Number indicate the PC Prefix.

**PC PREFIX**

The Guide glossary

A PC Prefix is a two-character numeric or alphanumeric designation of the PC Pool Number that Freddie Mac uses to indicate terms and underlying Mortgage types of the [PC Pool](#) or the [Giant PC Pool](#).

**PENALTIES**

Servicing: Investor Accounting

Additional costs to be paid that occur when there is:

- Reporting noncompliance
- Data error

The pricing of products is based on receiving funds by their due date. Fees and penalties help Freddie Mac offset additional costs incurred when we do not have accurate and timely information or cash. Each month, approximately the 10th business day of the month, we send you a Servicer Billing Statement for fees and penalties you may have incurred for performing loans. The funds are automatically drafted from the account you designated for the Automated Clearing House (ACH) draft the last business day of the month. This account is separate from your P&I custodial account. If you do not owe any fees in a particular month you will not receive a Servicer Billing Statement.

**PERCENT OF COVERAGE**

Loan Prospector®

Percent of the loan amount to be insured.

**PERCENTAGE OF AGED APPLIED TRANSACTIONS IN ERROR**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that give you the percentage of erroneous transactions that appear on the [Loan Reconciliation Difference Report](#) (LRDR) for three consecutive cycles.

**PERCENTAGE OF APPLIED TRANSACTIONS IN ERROR**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that include all loans in sections 1, 3 and 4, and loans aged 30 days or greater in section 2 on the [Loan Reconciliation Difference Report](#) for three cycles

**PERCENTAGE OF PARTICIPATION**

The Guide glossary

The Percentage of Participation is the percentage that is stated on Form 381, Contract Delivery Summary, and Form 15A/C, Loan Purchase Statement, and represents the undivided interest in a Home Mortgage purchased by Freddie Mac under a Freddie Mac participation program.

**PERIODIC CAP**

The Guide Glossary

For adjustable-rate Mortgages (ARM), the Periodic Cap is the maximum increase or decrease in the Note Rate on any Interest Change Date after the first [Interest Change Date](#), expressed in percentage points.

The related ULDD Data Point names are:

- *Per Change Maximum Decrease Rate Percent*
- *Per Change Maximum Increase Rate Percent*
- *Per Change Maximum Principal And Interest Payment Decrease Percent*
- *Per Change Maximum Principal And Interest Payment Increase Percent*

**PERMANENT FINANCING**

The Guide glossary

For [Construction Conversion Mortgages](#) and [Renovation Mortgages](#), the Permanent Financing is the long term financing used to replace the [Interim Construction Financing](#) that becomes effective after construction or renovation is completed and the Interim Construction Financing has been paid off, converted or modified. Permanent Financing begins on the [Effective Date of the Permanent Financing](#).

**PITI**

Servicing: Default Management

The acronym for items included in the monthly mortgage payment: principal, interest, taxes, and insurance.

**PITI AS PAYMENT**

The Guide glossary

When used in connection with a Home Affordable Modification Program (HAMP) modification or Freddie Mac Standard Modification, the PITIAS payment is the payment that reflects the monthly housing expense on a Mortgage and is the sum of the following:

- A modified monthly principal and interest payment/Monthly pro rata amount for real estate taxes, plus applicable monthly Escrow cushion
- Monthly pro rata amount for property and flood insurance, if applicable, plus applicable monthly Escrow cushion
- Monthly pro rata amount of Homeowner's Association dues, Condominium Unit or cooperative unit maintenance fees, and ground rent, as applicable, and
- If applicable, the Projected Monthly Escrow Shortage Payment, if any (see Sections B65.23(b) and C65.6(d))

For HAMP, the PITIAS payment is the payment that must be used to calculate the Target Payment.

**PLANNED UNIT DEVELOPMENT (PUD)**

The Guide glossary

A Planned Unit Development (PUD) is a real estate project in which each unit owner holds title to a lot and the improvements on the lot, and the homeowners association holds title to the Common Elements. The unit owners have a right to the use of the Common Elements, and pay a fee to the HOA to maintain the Common Elements for their benefit.

For the purpose of this definition, a [Condominium Project](#) is not a PUD.

**PLEGDED MORTGAGES**

The Guide glossary

Pledged Mortgages are Mortgages, with respect to which the Seller has granted a continuing lien and security interest in, or conveyed an ownership or other interest to, the [Warehouse Lender](#), in either case pursuant to a Mortgage Warehousing Agreement.

**PMI, MIP, FUNDING FEE**

®

**Loan Prospector**

Dollar amount paid for Private Mortgage Insurance, Mortgage Insurance Premium or VA funding fee.

**PMI, MIP, FUNDING FEE FINANCED****Loan Prospector®**

Dollar amount of the Private Mortgage Insurance, Mortgage Insurance Premium or VA funding fee that is financed as part of the loan amount. Enter 0 if this amount is not financed.

**POINT**

Servicing: Servicing System

An amount equal to one percent of the Principal Balance of a Mortgage.

**POOL SUPPLEMENT**

The Guide glossary

A Pool Supplement is a disclosure document that supplements the [PC Offering Circular](#) and contains information about the Mortgages in a [PC Pool](#) as of [Settlement Date](#).

**POSITIVE BALANCES**

Servicing: Investor Accounting

Add (show as positive) amounts that need to be deposited to the bank account, or that you are waiting for us to process a credit for on the [Monthly Account Statement](#). Following are examples of transactions you would carry as a positive adjustment:

- Payments received before the loan was designated as ours
- Corporate funds due for repurchases
- Interest due for new fundings for which a payment is not due for the current cycle
- Amortization differences

**POST-PETITION PAYMENTS**

Servicing: Default Management

Payments owed after the bankruptcy petition date are post-petition payments. Post-petition payments are the borrower's regular mortgage payments.

**PREMIUM FINANCING**

The Guide glossary

Funds the lender derives from an increase in the interest rate on the Mortgage and the corresponding sale of the Mortgage at a premium. These funds may be used by the lender to pay Borrower's Closing Costs, Financing Costs and Prepaid/Escrows but may not be used to fund a temporary subsidy buydown plan on a "no cash-out" refinance Mortgage. The related ULDD valid value is *Premium Funds*.

**PREMIUM SOURCE**

Loan Prospector®

Indicates if the mortgage insurance payments are to be paid by the borrower or the lender.

**PREPAIDS/ESCROWS**

The Guide glossary

Prepaid interest, prepaid real estate taxes and Escrows, initial or renewal mortgage insurance premiums and Escrows, hazard or other insurance premiums, homeowners association fees and Escrows associated with a Mortgage transaction.

**PREPAYMENT PENALTY MORTGAGE**

The Guide glossary

A Prepayment Penalty Mortgage is a Mortgage with respect to which the Borrower is, or at any time has been, obligated to pay a designated penalty in the event of certain prepayments of principal. Prepayment Penalty Mortgages include 3-year Prepayment Penalty Mortgages and various Prepayment Penalty Mortgages as described in Section B33.3.

**PRE-PETITION PAYMENTS**

Servicing: Default Management

Amounts owed prior to the bankruptcy petition date to bring the mortgage current, including, but not limited to, arrearages, late charges, escrow fees, and foreclosure expenses, are pre-petition payments, also referred to as plan payments.

**PRESENT HOUSING EXPENSE**

Loan Prospector®

The total monthly housing expense for all borrowers on the loan application. The monthly housing expense is the sum of the following monthly charges on the borrowers' primary residence:

- Rent
- Monthly principal and interest payments
- Property hazard insurance premiums
- Real estate taxes
- When applicable:
  - Mortgage insurance premiums
  - Leasehold payments
  - Homeowners association dues
  - Payments on subordinate financing
  - Other housing expense

**PRIMARY RESIDENCE**

The Guide glossary

A Primary Residence is the residential property physically occupied by an owner as the principal home domicile. Among the criteria the Seller should consider in evaluating whether a property is a principal home domicile are the following:

- It is occupied by the owner for the major portion of the year.
- It is in a location relatively convenient to the owner's principal place of employment.
- It is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing and similar functions.
- It possesses the physical characteristics to accommodate the owner's immediate dependent family. These characteristics are those traditional to both the owner and the neighborhood.
- The Borrower states an intention to occupy the property as a Primary Residence.

Freddie Mac may, in its discretion, determine that a property is not a Primary Residence.

**PRINCIPAL**

The Guide glossary

A Principal, for purposes of Freddie Mac's policy concerning the exclusion of certain persons from participating in transactions or doing business, directly or indirectly, with Freddie Mac, may be:

- A Seller/Servicer, or
- A person with management or supervisory responsibilities within a Seller/Servicer. This category includes, but is not limited to, officers, directors, owners, partners, key employees or other persons within a Seller/Servicer who have management or supervisory responsibilities. Suspended or excluded persons within this category are presumed to have influence on or control over the origination or Servicing of a Mortgage, or
- A person or entity with critical influence on or substantive control over the origination or Servicing of a Mortgage or any function related to the origination or Servicing of a Mortgage. This category includes, but is not limited to, an employee of a Seller/Servicer, a third-party provider of services to a Seller/Servicer, or an employee of such third party. Loan officers, underwriters, appraisers, inspectors, developers, real estate agents, brokers, sellers, and buyers are a few examples included within this category.

**PRINCIPAL AND INTEREST CUSTODIAL ACCOUNT**

The Guide glossary

A Principal and Interest Custodial Account is a Custodial Account, into which the Servicer deposits Principal and Interest Payments due to Freddie Mac.

**PRINCIPAL AND INTEREST CUSTODIAL ACCOUNT WORKSHEET**

Servicing: Investor Accounting

A worksheet (Form 59) used to reconcile your P&amp;I account. No line items can be added or deleted from Form 59, although you can transfer the form to a spreadsheet (Excel for example). The three sections of the worksheet are:

1. Adjusted Bank Balance
2. Total Liability
3. Total Variance

**PRINCIPAL AND INTEREST DISBURSEMENT CLEARING CUSTODIAL ACCOUNT**

The Guide glossary

A Principal and Interest Disbursement Clearing Custodial is a Custodial Account established by a Servicer, at its option, specifically for drafting remittance funds due to Freddie Mac. The Servicer must deposit Principal and Interest Payments into the account immediately before remitting them to Freddie Mac.

**PRINCIPAL AND INTEREST PAYMENTS**

The Guide glossary

For Custodial Accounts, Principal and Interest Payments include all of the following:

- Freddie Mac's share of Principal and Interest Payments on all of our Mortgages whether received from the Borrower, applied from the buydown account or advanced by the Servicer
- Principal curtailments
- Payoff proceeds including short sale and third-party foreclosure sale proceeds
- Prepayment premiums if applicable
- Amounts for fees and other billings assessed by Freddie Mac
- Biweekly payments that require biweekly amortization based on Note terms
- All monies owed as a result of Mortgage repurchases that are payable by the Servicer to Freddie Mac due to Freddie Mac's ownership interest (either a whole loan or a participation interest) in the Borrower's Mortgage

**PRINCIPAL BALANCE CORRECTION (often referred to as Negative PR)**

Servicing: Investor Accounting

A correction that occurs when the Ending Unpaid Principal Balance (EUPB) is higher than the Beginning Unpaid Principal Balance (BUPB) for reasons other than negative amortization or loan modification.

**PRINCIPAL DUE (also called Principal Reduction or PR)**

Servicing: Investor Accounting

The difference between the Beginning Unpaid Principal Balance (BUPB) and the Ending Unpaid Principal Balance (EUPB) for the current accounting cycle.

**PROCESSING**

Discover Gold Through Quality Best Practices

The preparation of a mortgage application and collection of supporting documents for underwriting.

**PROJECT DOCUMENTS**

The Guide glossary

The term Project Documents for a project and any Master Association refers to any and all documents that pertain to the following:

- formation of the project
- rights of the developer and limitations on the actions of the developer
- mortgagee rights
- operation and governance of the homeowners association
- assessments, voting rights of unit owners and insurance coverage

The Project Documents include but are not limited to the condominium declaration or master deed, by-laws, articles of incorporation (if any), governing documents, covenants, conditions and restrictions (CC&Rs), and other recorded agreements applicable to the project, as well as any documents of the Master Association or overall project. The provisions of the Project Documents are legally enforceable by the homeowners association. In addition, the term "Project Documents" may include rules and regulations, a public offering statement or offering plan, purchase agreement and similar documents applicable to the project.

**PROPERTY**

Servicing: Balloon/Resets

The mortgaged premises; the mortgaged premises are the land and improvements thereon subject to the lien of the Mortgage.

**PROPERTY DISPOSITION**

Loan Prospector®

The borrower's intended disposition of real estate owned.

**PROPERTY INSPECTION ALTERNATIVE (PIA)**

The Guide glossary

Loan Prospector Minimum Assessment Feedback (MAF) message specified on the Feedback Certificate indicating that a Mortgage may be originated without an appraisal or inspection of the Mortgaged Premises.

**PROPERTY TO BE HELD IN**

Loan Prospector®

Specifies the intended property ownership rights for the subject property.

**PROPERTY TYPE**

Loan Prospector®

Structure type of the subject property.

**PROPERTY VALUATION DISCLOSURE FORM**

Loan Prospector®

Printable document that is returned by Loan Prospector and provides proprietary property valuation information

The Property Valuation Disclosure Form includes:

- Borrower/Applicant Information
- LP AUS Key
- AUS Transaction Number
- Property Address
- Purchase Price
- Date/Time Assessed
- Estimated Value of Property (provided by Lender)
- Home Value Explorer® (HVE®) Model Results

**PROPOSED HOUSING (PITI--Principal, Interest, Taxes and Insurance)**

Loan Prospector®

Monthly housing expense for the subject property. Equal to the Proposed Monthly Housing Expense Total found on the loan application. Calculating **PITI** (Principal, Interest, Taxes, and Insurance): To calculate the PITI, add the following monthly housing expenses together for the property being financed:

- Principal and Interest (Conventional, [FHA](#), and [VA](#))
- Real estate taxes (Conventional, [FHA](#), and [VA](#))
- Property hazard insurance (Conventional, [FHA](#), and [VA](#))
- When applicable:
  - Mortgage insurance premiums (Conventional and [FHA](#))
  - Homeowner's association dues (Conventional, [FHA](#), and [VA](#))
  - Ground rent/leasehold payments
  - Payments on secondary financing (for Affordable Seconds, count if payments begin within five years of the subject mortgage)
  - Other housing expenses. For example, flood insurance, earthquake insurance, wind damage insurance, etc.

**PUBLICLY TRADED CORPORATIONS**

Discover Gold Through Quality Best Practices

A corporation whose stock is traded on a stock exchange and can be purchased by anyone. The Securities and Exchange Commission regulates publicly traded corporations.

**PURCHASE CONTRACT**

The Guide glossary

The Purchase Contract is an agreement between the Seller and Freddie Mac covering the purchase of a specific dollar amount of Mortgages, the Seller's obligation to deliver such Mortgages on a mandatory or optional basis, and the delivery period. The Purchase Contract may be a:

- Cash Purchase Contract
- Fixed-Rate Guarantor Contract
- WAC ARM Guarantor Contract
- MultiLender Swap Contract
- Master Commitment
- Master Agreement
- Any other agreement between the Seller and Freddie Mac, covering the purchase of a specific dollar amount of Mortgages and Seller's obligation to deliver such Mortgages within a delivery period, that is designated to be a Purchase Contract by Freddie Mac.

**PURCHASE CONTRACT DATE OF ACCEPTANCE**

The Guide glossary

The Purchase Contract Date of Acceptance is the date Freddie Mac accepts the Seller's offer as stated in a Purchase Contract. Freddie Mac inserts this date on the Purchase Contract.

**PURCHASE CONTRACT EXPIRATION DATE**

The Guide glossary

The Purchase Contract Expiration Date is the date on which the Purchase Contract expires.

**PURCHASE DOCUMENTS**

The Guide glossary

The Purchase Documents are the following:

- The Purchase Contract, including a Purchase Contract confirmation
- The Guide
- Bulletins
- Any agreement pursuant to which a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
- Servicer Success Scorecard accessible at <http://www.freddie.com/singlefamily/service>
- Any other document designated to be a Purchase Document by Freddie Mac
- Guide Plus Additional Provisions as amended from time to time
- Any other additional terms applicable to the sale of Mortgages, such as written waivers, amendments or supplements to the Guide that are made available to Seller by Freddie Mac through electronic means including sources designated by Freddie Mac for distribution of the Guide

**PURCHASE ELIGIBILITY**

Loan Prospector®

Indicates whether, and under what conditions, Freddie Mac will purchase the assessment as submitted to Loan Prospector.

**PURCHASE PROCEEDS**

The Guide glossary

For warehouse financing arrangements, the Purchase Proceeds are the proceeds, which may be cash, PCs or Giant PCs, payable to a [Warehouse Lender](#) by Freddie Mac on behalf of the Seller for Freddie Mac's purchase, in whole or in part, of a Pledged Mortgage.

**PURCHASE RESTRICTION**

Loan Prospector®

Message(s) returned on the Full [Feedback Certificate](#) that indicate(s) the reason(s) the transaction may be ineligible for purchase by Freddie Mac.

**PURPOSE OF LOAN**

Loan Prospector®

The purpose for which the borrower will use the loan.

**PURPOSE OF REFINANCE**

Loan Prospector®

Identifies the type of refinance mortgage.

[Back to Index](#)**Q**

No Entries

[Back to Index](#)**R****RATING AGENCIES**

Discover Gold Through Quality Best Practices

Companies that analyze the strength of other companies and assign a comparative rate to each company evaluated. Examples would include Moody's Investors Services, Standard and Poor's Financial Institution Rating Service, Cates Consulting Analysis, Sheshunoff Information Services, and IDC Financial Publishing, Inc.

**REAL ESTATE OWNED (REO)**

The Guide glossary

Real Estate Owned is property acquired through foreclosure or deed-in-lieu of foreclosure.

For use in Section 4.2, REO includes the following:

- REO held for investment
- REO acquired in the settlement of loans (e.g., foreclosed loans)

Investor Accounting: Investor Reporting

A transfer to REO (Real Estate Owned) occurs when a property is not sold at the foreclosure sale and we take title of the property. When we acquire the property we reimburse you for the interest you reported and remitted to us when the mortgage was delinquent.

**RECAPTURE**

The Guide glossary

A provision in certain IDA programs that requires repayment of the matched funds to the Agency providing the matching funds under certain specified circumstances.

**RECOURSE**

Servicing: Default Management

A condition of sale of a mortgage to Freddie Mac, by which a seller bears all risks and costs of a borrower default, including foreclosure costs.

**REDEMPTION PERIOD**

Servicing: Default Management

The time allowed by law, in some states, during which a borrower may reclaim foreclosed property by paying the full amount of the foreclosure sales price, including fees and interest. Some states further extend this right to the junior lienholder or other parties.

**REINSTATEMENT**

Servicing: Investor Accounting

The process of restoring an inactive mortgage to an active status. As part of the reinstatement, you must report and remit all interest due whether or not you received it from the borrower.

**REINSTATEMENT, FULL**

Servicing: Default Management

The borrower restores a delinquent mortgage to active status by paying, in one lump sum, the total amount delinquent, including advances, accrued interest, legal costs and other expenses.

**REINSTATEMENT, PARTIAL**

Servicing: Default Management

The borrower restores a delinquent mortgage to active status by paying an amount less than the total amount delinquent (including advances, legal costs and other expenses incurred), signing a repayment plan for the remaining arrearage, and completing the repayment plan.

**RELATED PERSON**

The Guide glossary

A person that is any of the following:

- The Borrower's spouse, child or dependent
- An individual related to the Borrower by blood, marriage or adoption
- A guardian of the Borrower
- A person for whom the Borrower is a guardian
- The Borrower's fiancée
- The Borrower's domestic partner

**RELIEF OPTION**

Servicing: Default Management

An alternative to foreclosure providing a borrower with temporary relief and the opportunity to cure a delinquency over a defined period of time.

**REMITTANCE ANALYSIS (Also known as: Cash Statement)**

Servicing: Investor Accounting

A summary report Freddie Mac sends you that can help you manage and monitor your remittance process. The report summarizes:

- Daily remittances via Global Payments, Inc. (GPI) and the dates your remittances are available to us
- Total amounts due based on what we process for your loan level transactions and any adjustments
- Beginning and ending cumulative balances, and your cumulative overage/shortage balance

**REMITTANCE OPTIONS**

Servicing: Investor Accounting

For monthly processing, the option you selected at the time the mortgage was sold to us. The remittance option is listed on the [Funding Detail Report](#) sent to you at the time of funding. You may select more than one remittance option in your portfolio. The five most commonly used remittance options are:

- [Accelerated Remittance Cycle \(ARC\)](#)
- Gold Remittance Cycle
- First Tuesday Remittance Cycle
- [Original Remittance Cycle](#)
- [Super Accelerated Remittance Cycle \(Super ARC\)](#)

**REMITTING**

Servicing: Investor Accounting

The process of initiating a transfer of funds due Freddie Mac from your Freddie Mac custodial account.

- Remit funds via Global Payments, Inc. (GPI).
- You may access GPI from a touch-tone phone or online via Investor Accounting Manager<sup>SM</sup> (IAM).

**RENEWAL OPTION**Loan Prospector<sup>®</sup>

An indication that the mortgage insurance renewal rate is based on the original loan amount (constant balance) or on the remaining amortized loan amount (declining balance).

**RENEWAL TYPE**Loan Prospector<sup>®</sup>

An indication of the type of mortgage insurance renewal.

**RENOVATION MORTGAGE**

The Guide glossary

A Mortgage, the proceeds from which are used for the [Permanent Financing](#) that replaces the [Interim Construction Financing](#) obtained by the Borrower to purchase or refinance the land and an existing site-built home and to repair, restore, rehabilitate or renovate the site-built home. The related ULDD valid value is *Construction to Permanent*.**REORDER CREDIT**Loan Prospector<sup>®</sup> Outreach

Optional service allowing the user to request fresh credit to be used in Loan Prospector Outreach for assessment within an existing client file. The assessment expiration date, reflecting the date the credit and assessment expires, will display on the Housing Counselor Results for each client.

Last viewed by First Circuit Library on 10/01/2014

**REPAYMENT PLAN**

Servicing: Default Management

An agreement between you and a borrower that gives the borrower a defined period of time to reinstate a delinquent mortgage by making payments in excess of the monthly payment.

**REPORTING**

Servicing: Investor Accounting

The process of transmitting information to Freddie Mac based on the accounting activity (or non-activity) for each mortgage in your Freddie Mac portfolio.

- Report a loan-level transaction for every Freddie Mac loan you service regardless of whether any activity occurred for the loan during the reporting period.
- Process only one transaction per loan. If there is more than one activity for a loan, you must summarize all activity for the cycle into one transaction.  
Example: If a borrower makes a payment on 8/3/XX and then pays off the mortgage on 8/7/XX, you must summarize both of these activities into one loan-level transaction.

**REPRESENTATION AND WARRANTY UNPAID PRINCIPAL BALANCE**

The Guide glossary

The aggregate unpaid principal balance (UPB) as of the last day of each calendar month of all Mortgages and Real Estate Owned (REO) for which the Seller/Servicer is currently liable to Freddie Mac for the sale and/or Servicing representations, covenants and warranties in the Purchase Documents with respect to such Mortgages and REO.

**REPURCHASE**

Servicing: Servicing System

The requirement that a Seller/Servicer must buy back a Mortgage previously sold to Freddie. The reasons for repurchase include, but not limited to, those specified in Sections 6.12 and 72.1 of the Single-Family Seller/Servicer Guide.

**REQUEST FOR RELEASE OF DOCUMENTS (Form 1036)**

Servicing: Default Management

A form that the Seller/Servicer must send to the custodian authorizing the custodian to release the Freddie Mac note or assignment.

**REQUIRED DELIVERY DATE**

The Guide glossary

The Required Delivery Date specified in a Master Commitment is the expiration date of Freddie Mac's purchase commitment under the Master Commitment and the last date upon which the Seller may settle Guarantor, WAC ARM Guarantor or MultiLender Swap transactions entered into under the Master Commitment.

**REQUIRED DELIVERY DATE (as it applies to the Selling System)**

The Guide glossary

For Mortgages sold through the Freddie Mac Selling System (Selling System), the Required Delivery Date specified in a [Master Commitment](#) shall be deemed to be the expiration date of Freddie Mac's purchase commitment under the Master Commitment and the last date upon which the Seller may settle Guarantor, WAC ARM Guarantor or MultiLender Swap transactions entered into under the Master Commitment and the Selling System.

**REQUIRED NET LIFETIME CEILING**

The Guide glossary

For the ARM Cash program, the Required Net Lifetime Ceiling is the minimum Net Lifetime Ceiling required by Freddie Mac for a given Purchase Contract.

**REQUIRED NET MARGIN**

The Guide glossary

For the ARM Cash program, the Required Net Margin is the minimum [Net Margin](#) required by Freddie Mac for a given Purchase Contract.

**REQUIRED NET YIELD (RNY)**

The Guide glossary

The Required Net Yield (RNY) is the amount of interest Freddie Mac receives from each Mortgage that it purchases. Freddie Mac publishes RNYs for various programs and commitment periods. These RNYs represent the interest that Freddie Mac must receive if purchasing a Mortgage for cash under the specific program and commitment period at a par price.

The fixed-rate RNY is used to:

- Calculate the Note Rate for a Converted Mortgage processed through the automated conversion process
- Calculate the Reset Note Rate for a Balloon/Reset Mortgage

**REQUIRED NOTICE**

Servicing: Balloon/Resets

The written notice you must send to the Borrower to comply with the [Balloon Rider](#) and [Balloon Note Addendum](#) advising the Borrower of the Balloon Payment due on the Balloon Maturity Date and of the Reset Option. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**REQUIRED SPREAD**

The Guide glossary

For the Guarantor and MultiLender Swap programs, the Required Spread is the management and guarantee fee retained by Freddie Mac as specified in the applicable Purchase Documents.

**RESERVES**

Loan Prospector®

The amount of verified assets after the down payment and closing costs have been paid, as determined by the originator. All reserves entered in Loan Prospector must be verified.

**RESET (Resetting)**

Servicing: Balloon/Resets

The act of changing the interest rate and extending the term of a [Balloon/Reset Mortgage](#) for either an Eligible or an Ineligible Borrower. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESET CONDITIONS**

The Guide glossary

For a [Balloon/Reset Mortgage](#), the Reset Conditions are the conditions set forth in Paragraph 2 of both the [Balloon Note Addendum](#) and the [Balloon Rider](#) that must be met for the Borrower to be entitled to exercise the [Reset Option](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESET DATE**

Servicing: Balloon/Resets

For a Reset Mortgage, the effective date of the Reset Note Rate and is always the same as the [Balloon Maturity Date](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESET MORTGAGE**

The Guide glossary

A Reset Mortgage is the fixed-rate Mortgage that results from the changing of the interest rate and extension of the term of a Balloon Note when:

- An Eligible Borrower exercises the Reset Option
- An Ineligible Borrower is approved by either the Servicer or Freddie Mac for a reset

Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESET NOTE RATE**

The Guide glossary

The Reset Note Rate is the Note Rate of a Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESET OPTION**

The Guide glossary

The Reset Option is the Borrower's option to modify and extend a Balloon Note on the [Balloon Maturity Date](#) as provided in the [Balloon Note Addendum](#) and [Balloon Rider](#), subject to the Borrower satisfying all the Reset Conditions. For a 5-year [Balloon/Reset Mortgage](#), the term will extend for an additional 25 years. For a 7-year Balloon/Reset Mortgage, the term will extend for an additional 23 years.

**RESET RIDER**

Servicing: Balloon/Resets

The term used throughout this manual to indicate both the [Balloon Note Addendum](#) and the [Balloon Rider](#). Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**RESIDENTIAL MORTGAGE CREDIT REPORT**

Discover Gold Through Quality

A credit report meeting the requirements of Section 37.10 of the Guide.

**RESTRUCTURED MORTGAGE**

The Guide glossary

A Mortgage in which the original terms have been changed, including through the origination of a new Mortgage, resulting in any of the following:

- Forgiveness of principal and/or interest on either the first or second mortgage
- Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness
- Conversion of any portion of the original mortgage debt to a mortgage that is fully forgiven over a period of time or due upon the sale of the subject property (a "soft" subordinate mortgage)
- Conversion of any portion of the original mortgage debt from secured to unsecured

A Mortgage that meets the definition of a Restructured Mortgage continues to be a Restructured Mortgage, regardless of the seasoning. A Mortgage that is the result of any subsequent refinance of a Restructured Mortgage is also considered a Restructured Mortgage. A Mortgage that received a Freddie Mac modification is not considered a Restructured Mortgage.

**RETAIL MORTGAGE**

The Guide glossary

A Mortgage that is originated, underwritten and funded by a lender or its Affiliates. The Mortgage is closed in the name of the lender or its Affiliate and if it is sold to Freddie Mac, it is sold by the lender or the Affiliate that originated it. A Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed will not be considered, and should not be delivered as, a Retail Mortgage.

**REVIEWED FINANCIAL STATEMENTS**

The Guide glossary

Financial statements reviewed in accordance with the AICPA's Statement on Standards for Accounting and Review Service (SSARS).

**REVISED TRANSACTION**

Servicing: Investor Accounting

A revised transaction you send when you need to change the information transmitted for a mortgage. If it passes all the edits, then the revised transaction will replace any other transactions submitted during the current cycle for the mortgage. Our reporting system includes a flag used to tell us that a transaction is a revision.

**REVISION WINDOW**

Servicing: Investor Accounting

A timeframe that begins when you receive your edit reports and ends a couple of days prior to closing our system. The exact window timeframe varies every cycle. Freddie Mac continues to process loan-level transactions until we final a cycle, there is a revision window to transmit corrections. Contact your Freddie Mac Loan Portfolio Specialist before you transmit a correction late in the month to confirm the exact revision window timeframe.

**REVISIONS**

Servicing: Investor Accounting

A loan-level change to information for a loan already reported flagged as a revision. A revision tells our computer "this is the transaction you want to process." A revision overrides any previous transaction.

You may transmit revisions for the current cycle approximately two to three business days before the end of the month (depending on the cycle). For the exact date, contact your Freddie Mac Loan Portfolio Specialist.

**RISK CLASS/CLASSIFICATION**

The Guide glossary

The category listed on the [Feedback Certificate](#) that defines the level of underwriting required, any special underwriting provisions and, if applicable, relief from certain warranties.

**RISK OF PROPERTY OWNERSHIP**

The Guide glossary

Risk of Property Ownership exists when there is a risk of liability to Freddie Mac if we become the owner of the property. For example, there is Risk of Property Ownership if [Hazardous Substances](#) exist on or around the property, or the property has been cited for a lead-based paint violation, or if the property is in such deteriorated condition that it poses a safety risk.

**RURAL HOUSING SERVICE (RHS)**

The Guide glossary

An agency of the U.S. Department of Agriculture.

**RURAL HOUSING SERVICE (RHS) LEVERAGED SECOND**

The Guide glossary

An RHS Leveraged Second is the Section 502 direct leveraged second loan originated by RHS pursuant to Section 502 of the Housing Act of 1949 (42 USC 1472) and the RHS Second Loan Regulations. The RHS Leveraged Second is not eligible for sale to Freddie Mac.

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**S****SAIF**

The Guide glossary

SAIF is the abbreviation for the Savings Association Insurance Fund, which is the successor to the Federal Savings and Loan Insurance Corporation (FSLIC) insurance fund.

**SCHEDULED INTEREST**

The Guide glossary

Scheduled Interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

**SCHEDULED PRINCIPAL**

The Guide glossary

Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage.

**SCHEDULED/ACTUAL ACCOUNTING METHOD (also known as Net Yield Accounting Method)**

Servicing: Investor Accounting

See [Net Yield Accounting Method](#)

**SCHEDULED/SCHEDULED ACCOUNTING METHOD**

**Servicing: Investor Accounting**

An investor reporting accounting method used for mortgages sold with the Super ARC (Accelerated Remittance Cycle) remittance option. Principal and Interest (P&I) are calculated the same using either the Scheduled/Scheduled or the Guaranteed Timely P&I method. P&I are reported to Freddie Mac according to the loan's amortization schedule.

- Calculate interest in arrears based on the ending Unpaid Principal Balance (UPB) last reported and the Accounting Net Yield (ANY). The ANY equals the note rate less the servicing fee.
- Report and remit the scheduled interest and principal regardless of what you receive from the borrower. The only reporting difference between these methods is the scheduled/scheduled loans can be inactivated and Guaranteed Timely Principal and Interest loans cannot.

**SCRA (Servicemembers Civil Relief Act)****Servicing: Investor Accounting**

Relief under the federal Servicemembers Civil Relief Act of 2003 (SCRA), which replaced the Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA), as amended, is available to Borrowers covered by the SCRA as detailed below, regardless of duty station and whether this station is in a combat zone. You must be familiar and comply with all the provisions of the SCRA or applicable State law as it relates to service members. The SCRA covers the following:

- Career members of the United States Army, United States Navy, United States Air Force, United States Marine Corps and United States Coast Guard
- Civilians drafted for active federal duty in the armed services
- Members of the reserve components of the armed services volunteering for or called to active federal duty
- Members of the National Guard volunteering for or called to active federal duty
- Members of the National Guard called to active State duty in response to a national emergency declared by the President of the United States
- Officers of the United States Public Health Service detailed for active federal duty with any of the armed services

Military relief, other than that provided under the SCRA, may be available under State law to Borrowers who are serving or have served active State duty, such as members of a State's National Guard serving pursuant to orders of the State's governor in response to a State emergency. Relief under State law may also be available to Borrowers who are serving or have served active federal duty.

If the Borrower requests military relief other than interest rate relief provided under the SCRA, you must submit Form 105, Multipurpose Loan Servicing Transmittal, for a Home Mortgage or Form 102, Second Mortgage/HIL Servicing Transmittal, for a Second Mortgage/HIL to us [11] within 10 Business Days of receiving the Borrower's request. You must include all relevant information along with your recommendation.

Compulsory training that civilians must undergo periodically to retain membership in the reserve components of the armed services or the National Guard is not considered active duty for military relief purposes.

**SEASONED MORTGAGE****The Guide glossary**

A Seasoned Mortgage is one of the following:

- A Mortgage with a Note Date, or for a Construction Conversion or Renovation Mortgage an Effective Date of Permanent Financing, more than 12 months prior to the Settlement Date
- A Mortgage that was modified or converted pursuant to Chapter 32 is more than 12 months prior to the Settlement Date
- A refinance Mortgage secured by property located in New York State documented using the New York Consolidation, Extension and Modification Agreement (NY CEMA) and the date of the NY CEMA is more than 12 months prior to the Settlement Date
- A Construction Conversion or Renovation Mortgage where the terms of the Permanent Financing have been modified or the Mortgage Product has changed, or if an ARM, has been converted to a fixed rate, after the Effective Date of Permanent Financing and the effective date of the modified terms or change in the Mortgage Product or ARM conversion, as applicable, is more than 12 months prior to the Settlement Date

Seasoned Mortgages are eligible for sale under negotiated contracts only.

**SECOND HOME****Servicing: Balloon/Resets**

A Second Home is a 1-unit residential Property owned by the Borrower, occupied by the Borrower for some portion of the year, and is not subject to any timesharing ownership arrangements. The Property must be:

- In such a location so it functions as a Second Home
- Suitable for year-round occupancy
- Available for the Borrower's exclusive use and enjoyment
- Not subject to any rental pools or agreements that require the Borrower either to rent the Property or give a management firm control over the occupancy of the Property

**SECOND MORTGAGE****The Guide glossary**

A Second Mortgage is a Mortgage on real estate on which there is located a structure designed principally for residential use by one to four families and is subordinate only to the lien of the first Mortgage.

**SECONDARY FINANCING****Loan Prospector®**

A lien junior to a mortgage delivered to Freddie Mac.

**SECONDARY USE CREDIT DATA****Loan Prospector®**

Viewed credit data for the same loan application by secondary parties.

**SECTION 184 NATIVE AMERICAN MORTGAGE****The Guide glossary**

A Mortgage guaranteed by the U.S. Department of Housing and Urban Development pursuant to the Indian Housing Loan Guarantee Program, Section 184 of the Housing and Community Development Act of 1992 and originated pursuant to the Section 184 Regulations and the terms of the Guide. The related ULDD Data Point name is *Public And Indian Housing*.

**SECTION 502 GRH MORTGAGE****The Guide glossary**

A Mortgage originated to qualified Borrowers living in rural areas that is guaranteed by RHS pursuant to Section 502 of the Housing Act of 1949 (42 USC 1472) and originated and serviced pursuant to the RHS Guaranteed Regulations and the terms of the Guide. The related ULDD valid value is *USDA Rural Housing*.

**SECURITY COUPON****The Guide glossary**

For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Coupon is PC Coupon as that term is defined in the Glossary.

**SECURITY INSTRUMENT****The Guide glossary**

A Security Instrument is the instrument (Mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

**SECURITY PRODUCT****The Guide glossary**

For Mortgages sold through the Freddie Mac Selling System (Selling System), Security Product is the Mortgage Product being pooled to form a Mortgage Participation Certificate security ("PC").

**SELECTED BORROWER****The Guide glossary**

The Borrower identified on the Feedback Certificate as the Borrower whose credit reputation Loan Prospector® most heavily relied upon when determining the Risk Class of the

**Mortgage.****SELECTED REPOSITORY**

Loan Prospector®

Credit Repository providing credit information on which the Loan Prospector assessment was based, and which generated the repository reason codes provided on the Full Feedback Certificate

**SELF EMPLOYED INCOME**

Loan Prospector®

Borrower's total monthly self employment income. This income comes from any businesses in which the borrower has 25% or more ownership. When processing loans for self-employed borrowers, indicate self-employment even if the self-employment income is not used to qualify for the loan. To receive feedback specific to self-employed borrower, check the self-employed indicator on the Add Borrower Employment Details page.

**SELLER**

Discover Gold Through Quality Best Practices

An entity approved to sell mortgages to Freddie Mac.

**SELLER NUMBER**

Loan Prospector®

Freddie Mac-assigned number indicating a company approved to do business directly with Freddie Mac.

Loan Prospector AUS automatically enters this value on the Loan Prospector Main page from the User Profile page. Loan Prospector AUS enters the generic Seller Number 121555 for brokers; they cannot edit or change this number.

However, a mortgage service provider (MSP) can update the number on the Loan Prospector Main page when entering a new loan. The Seller number is no longer updateable after a LP AUS Key and Loan Application Number are affiliated with a transaction.

**SELLER-OWNED CONVERTED MORTGAGE**

The Guide glossary

A [Convertible ARM](#) that is owned by a Seller/Servicer and that was converted to a fixed interest rate before the Sale of the mortgage to Freddie Mac. See also [Converted Mortgage](#). Convertible ARMs are not eligible for sale to Freddie Mac.

**SELLER-OWNED MODIFIED MORTGAGE**

The Guide glossary

A Mortgage that is owned by a Seller/Servicer and modified prior to sale to Freddie Mac.

**SELLER/SERVICER**

The Guide glossary

A Seller/Servicer is an institution approved to:

- Sell Mortgages to Freddie Mac, or
- Service Mortgages purchased by Freddie Mac, or
- Sell Mortgages to and service Mortgages purchased by Freddie Mac

The term "Seller," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a seller of Mortgages to Freddie Mac.

The term "Servicer," as used in this Guide and the other Purchase Documents, refers to a Seller/Servicer acting in its capacity as a servicer of Mortgages for Freddie Mac.

A wholly owned subsidiary of a Seller/Servicer that is a federally regulated depository institution, acting on behalf of the Seller/Servicer, in the Seller/Servicer's name and under the Seller/Servicer's Freddie Mac Seller/Servicer number, does not need separate Freddie Mac approval. The Seller/Servicer remains fully liable to Freddie Mac under the Purchase Documents with respect to any Mortgage originated or sold to or serviced for Freddie Mac by the subsidiary on behalf of the Seller/Servicer.

Wholly owned subsidiaries of Seller/Servicers that are non-depository and/or non-regulated institutions (such as Mortgage Bankers) must obtain a separate Freddie Mac approval in order to do business with Freddie Mac.

A Seller/Servicer must be an institution that meets all of the following conditions:

- It is a permanent organization and an ongoing concern
- It is properly authorized to do business in each jurisdiction in which it engages in origination or Servicing
- It is
  - Organized under federal law, or
  - Organized under the laws of one of the States, or
  - A United States-domiciled branch or subsidiary of a foreign entity

The complete requirements for Seller/Servicer eligibility can be found in Chapter 4.

**SELLING SYSTEM**

Selling System

A web-based system that integrates all secondary marketing functions on one platform.

**SENIOR MANAGEMENT**

Discover Gold Through Quality Best Practices

The person or persons with the authority to affect any changes warranted by the information provided to them. These individuals should also be free of any conflict of interest in performing this oversight role; for example, their compensation should not be related to the evaluation or approval of the lender's mortgage broker or correspondent.

**SEPARATE CONSTRUCTION CONVERSION DOCUMENTATION**

The Guide glossary/Resets

Documentation of the [Construction Conversion Mortgage](#) or [Renovation Mortgage](#) when the lender providing the [Permanent Financing](#) pays off the [Interim Construction Financing](#) with the proceeds of a new Mortgage. A new Note and Security Instrument are executed.

**SERVICER**

Servicing: Balloon/Resets

An institution acting in its capacity as a Servicer of Mortgages for Freddie Mac.

**SERVICER PERFORMANCE PROFILE**

The Guide glossary

A Servicer Performance Profile is a management tool that Freddie Mac uses to:

- Establish performance standards for Servicing performance
- Measure a Servicer's performance with respect to the standards

The profile provides the Servicer with a Tier rating of 1 through 4 in the investor reporting and remitting category and a Tier rating of 1 through 4 or "V" or "X" in the default management category.

**SERVICER SUCCESS SCORECARD**

The Guide glossary

A confidential monthly performance review for all Servicers which measures a Servicer's performance based on key criteria in two categories, investor reporting and remitting, and default management.

**SERVICING**

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**The Guide glossary**

Servicing is the performance of applicable obligations described in the Purchase Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

**SERVICING AGENT**

The Guide glossary

A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac.

**SERVICING RELEASED SALES PROCESS**

The Guide glossary

The Servicing Released Sales Process is a contract option under which a Seller sells fixed-rate or under a Mandatory Cash Contract or a Best Efforts Contract and concurrently transfers Servicing to a Freddie Mac-approved Servicer selected by Freddie Mac. Mortgages sold under this contract option may be referred to as "Mortgages sold servicing released."

**SERVICING SPREAD**

The Guide glossary

The Servicing Spread is the amount of interest income retained by the Servicer from each Mortgage as compensation for Servicing that Mortgage, and is the amount by which the Note Rate exceeds the Accounting Net Yield applicable to that Mortgage.

**Selling System**

The Mortgage Coupon less the Accounting Net Yield. The portion of the Coupon Rate retained by the Seller or designated Servicer as compensation for servicing the Mortgages.

**Servicing: Investor Accounting**

The servicing spread (sometimes called the servicing fee) is the amount you keep for servicing the mortgage for Freddie Mac. It is the difference between the note rate and the ANY. If we round to the nearest 1/8 when calculating the new ANY and the note does not provide for rounding the note rate, the servicing spread may change after a note rate change, but will be within a range for the term of the note.

**SETTLEMENT CYCLE**

The Guide glossary

The Settlement Cycle is the period during which Freddie Mac broadcasts the PC Pool to the Federal Reserve; publishes pool disclosure statistics; and prepares the Funding Detail Report and Form 15A or Form 15C, Loan Purchase Statement, as applicable. For Mortgages sold through the Freddie Mac Selling System (Selling System), this period begins on the morning after the Final Delivery Date and ends on the Settlement Date. In addition, in the Selling System, the terms Settlement Cycle, funding cycle and purchase cycle can be used interchangeably.

**SETTLEMENT DATE**

The Guide glossary

For the Guarantor and MultiLender Swap programs, the Settlement Date is the date when Freddie Mac purchases the Mortgages and sells the PCs or Giant PCs to the Seller. For purposes of this Guide, the Settlement Date is the **Funding Date**. Mortgage delivery must be made in advance to meet the established Settlement Date.

**Investor Accounting: Custodial Accounting**

The settlement date is the date of the mortgage note, also known as the origination date.

**SETTLOR**

The Guide glossary

The Settlor is the individual who creates a Living Trust. A Living Trust may have one or more Settlers.

**SFHA**

Servicing: Default Management

Special Flood Hazard Area.

**SHORT-TERM FORBEARANCE AGREEMENT**

Servicing: Default Management

A written agreement between you and the borrower to reduce monthly payments for a period of time not to exceed six months, or suspend monthly payments for a period of time not to exceed three months, from the date of the agreement. At the end of the short-term forbearance period, the borrower must cure the delinquency through full reinstatement, a repayment plan not exceeding 12 months from the due date of the last paid installment, or payment in full.

**SHORTAGE PERCENTAGE**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, the cumulative total of each day's cash shortage amount expressed as a percentage of the total due to Freddie Mac for the three-month cycle.

**SINGLE-FAMILY SELLER/SERVICER GUIDE (The Guide)**

The legal document stating Freddie Mac's requirements and guidelines for Mortgages secured by 1- to 4-unit properties that Seller/Servicers are obligated to adhere to. This document is amended from time to time.

**SOLE PROPRIETORSHIP**

Discover Gold Through Quality Best Practices

An unincorporated business owned by one person; also called "individual partnership." The individual owner has all rights to profits from the business as well as all the liability and losses.

**SPECIAL RESET MORTGAGE TITLE INSURANCE**

Servicing: Balloon/Resets

A type of title insurance designed specifically for Freddie Mac **Reset Mortgages**. This coverage insures that the priority, validity and enforceability of the Mortgage has not been affected by the Reset. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.

**SSCRA (SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940)**

Servicing: Investor Accounting

See **SCRA**.

**STABLE MONTHLY INCOME**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, the borrower's verified gross monthly income from all sources expected to continue for at least the next three years.

**STANDARD DOCUMENTATION**

The Guide glossary

The minimum Documentation Level that is required for:

- A Loan Prospector® Mortgage that receives a Risk Class of either
- Accept with a feedback message indicating Standard Accept eligibility, or
- Caution (including all A-minus Mortgages) and
- Non-Loan Prospector Mortgages

**STANDARDIZED ADDRESS**

Loan Prospector®

The subject property address submitted through Loan Prospector has been verified for accuracy and validity based on the U.S. Postal Service address database. The address will be returned in a standardized format in the Address Information subsection of the Full Feedback Certificate.

<p><b>STATE</b> The Guide glossary As used in the Freddie Mac Single Family Seller/Servicer Guide, the term "State" includes the District of Columbia, Guam, Puerto Rico and the Virgin Islands as well as the 50 States.</p>
<p><b>STATED INCOME</b> The Guide glossary All qualifying income reported on the Mortgage application by the Borrower.</p>
<p><b>STEP RATE BALLOON LOAN MODIFICATION</b> Servicing: Balloon/Resets A modification product specifically designed for use with maturing <a href="#">Balloon/Reset Mortgages</a> that allows for a fixed rate of interest for the first five years of the remaining term at the Borrower's <a href="#">Ability to Pay Rate</a>. The interest rate beginning at year six, adjusts (steps) to the 60-day RNY in effect at the time of approval or at 4:30 p.m. Eastern Time on the 45th day prior to the <a href="#">Maturity Date</a>, whichever is higher, plus 37.5 basis points rounded to the nearest 1/8%. It is also the name of the form executed by a Borrower who's Mortgage we identified as having an imminent danger of default evidencing a modification and extension of a maturing Balloon/Reset Mortgage. Balloon/Reset Mortgages are no longer eligible for sale to Freddie Mac.</p>
<p><b>STEP-RATE MORTGAGE</b> The Guide glossary A modified Mortgage with an interest rate scheduled to step up or increase over time.</p>
<p><b>STRAW BORROWER</b> Discover Gold Through Quality Best Practices A form of fraud where one person purchases property or takes out a mortgage for another to conceal the identity of the real borrower. Usually the real borrower would not qualify for the mortgage.</p>
<p><b>STREAMLINED DOCUMENTATION</b> The Guide glossary The minimum Documentation Level required for <a href="#">Accept Mortgages</a> that receive a Risk Class of Accept with a feedback message indicating Streamlined Accept eligibility.</p>
<p><b>SUBORDINATE AMOUNT</b> Loan Prospector® Total amount of subordinate financing. This is the total amount of financing by a type of debt inferior to this loan, including HELOC current balances.</p>
<p><b>SUBORDINATION AGREEMENT</b> Servicing: Balloon/Resets The document used to move a prior or senior Mortgage lien into a secondary position, or to prohibit a junior lien from becoming a senior lien when a modification to the existing senior lien is recorded.</p>
<p><b>SUBSEQUENT ADJUSTMENT PERCENTAGE</b> Loan Prospector® Percentage change in the temporary subsidy buydown rate at each adjustment period after the initial adjustment. For instance, if the interest rate will increase .750 percent after the initial adjustment, the subsequent adjustment percentage = 750.</p>
<p><b>SUBSEQUENT TRANSFER OF SERVICING</b> The Guide glossary A Subsequent Transfer of Servicing means Servicing is transferred after Freddie Mac purchases the transferring Mortgages.</p>
<p><b>SUBSIDIARY</b> The Guide glossary For Wholesale Home Mortgages, a corporation that is controlled by a Seller through the Seller's ownership of sufficient shares of voting stock to control the appointment of the members of the board of directors of the Subsidiary.</p>
<p><b>SUPER ACCELERATED REMITTANCE CYCLE (Super ARC)</b> Servicing: Investor Accounting An investor reporting remittance option where funds are due to Freddie Mac on a contract-specified calendar day between the 1st and 15th calendar day of the month. The funds must be available the preceding business day if the calendar day is a non-business day. Super ARC remittances will use the scheduled/scheduled accounting procedure because you will remit funds before the accounting cutoff.</p>
<p><b>SYSTEM CLEARED EDIT REPORT</b> Servicing: Investor Accounting A report that lists transactions with edits our system was able to resolve and process. Our system will</p> <ol style="list-style-type: none"> <li>1. Calculate the expected interest for the transaction based on the action code, beginning UPB and ANY.</li> <li>2. Change the principal due and/or interest due reported for non-exception transactions to match what we expect if the difference is less than \$1,000.</li> <li>3. Change the principal due and/or interest due reported for exceptions if the difference is less than \$5.00.</li> </ol> <p>"No data in error" message appears when you have no transactions for this report.</p>

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<p><b>T</b></p>
<p><b>TEMPORARY SUBSIDY BUYDOWN (Also Known As: Temp Subsidy Buydown)</b> Loan Prospector® Money paid by the borrower or a third party to pay down the interest rate (reducing the borrower's monthly payment) for a specific period of time. A temporary subsidy buydown can be included with either a fixed loan or an adjustable loan; it does not affect the Plan Type.</p>
<p><b>TEXAS EQUITY SECTION 50(a)(6) MORTGAGE</b> The Guide glossary A First Lien home equity refinance Mortgage originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution secured by homestead property located in Texas and meeting the requirements of Section 24.8 and other sections referenced in Section 24.8.</p>
<p><b>THIRD PARTY FORECLOSURE SALE (exception code 71 for Conventional mortgages, exception code 73 for FHA/VA mortgages)</b> Servicing: Investor Accounting Someone other than the mortgagee, mortgagor, or their representative. A third-party foreclosure sale occurs when a third party purchases the property at the foreclosure sale. The exception date you report on your loan-level transaction is the foreclosure sale date. You report and remit the third-party foreclosure sale within five business days of receipt of funds.</p>
<p><b>TIER</b> The Guide glossary A Tier is the rating that a Servicer receives on its Servicer Performance Profile. A Tier rating is given for both the investor reporting and remitting and default management categories of the profile. The Tier can be a number from 1 through 4, and "V" or "X" only for default management.</p>
<p><b>TIME DEPOSIT</b> The Guide glossary A Time Deposit refers to funds deposited in a certificate of deposit held in a financial institution for a fixed term or with the understanding that the depositor can withdraw the funds</p>

only by giving prior notice.

#### TITLE ENDORSEMENT

Servicing: Default Management

A document issued by a title insurer at or after the time a title insurance policy is issued. The endorsement may either provide additional coverage to a title insurance policy or reverse the coverage of a prior policy.

#### TITLE REPORT

Servicing: Balloon/Resets

A report on the current status of title to a Property as it pertains to any defects, encumbrances, liens or covenants. A Title Report is also known as a title search.

#### TITLE SEARCH

Servicing: Default Management

A review of the public records to determine the identity of parties having an interest in the property and to determine the existence and nature of any liens or claims outstanding on the property. Also known as title examination, rundown or abstract.

#### TLTV (Total Loan-to-Value)

Loan Prospector®

The total loan-to-value (TLTV) ratio provided by Loan Prospector is obtained by dividing the sum of the First Lien Mortgage amount and the disbursed amount of the Home Equity Line of Credit and any other secondary financing by the lesser of property's purchase price or appraised value.

#### TOTAL GIFT FUND

Loan Prospector®

Money given to borrower(s) to assist with the down payment, closing costs and prepaids. This includes both gift funds received and those not yet received.

#### TOTAL LIABILITY

Servicing: Investor Accounting

Amount that shows the adjustment to the net current amount due to Freddie Mac for amounts reported, but not collected (delinquents), and for amounts collected, but not reported (prepaids).

#### TOTAL MONTHLY DEBT

Loan Prospector®

Total monthly debt of all borrowers on the loan application, including non-occupant Co-borrowers. The components of total debt may differ depending on the occupancy type and Co-borrower occupancy status for the subject loan. Calculate Total Monthly Debt as the sum of the monthly charges for the following:

- Monthly housing expense (see Guide Section 37.15)
- Payments on all installment debts with more than 10 months of payments remaining, including debts that are in a period of either deferment or forbearance. If the credit report does not contain a required monthly payment, the monthly payment used must be based on documentation in the file
- Alimony, child support, or maintenance payments, with more than 10 months of payments remaining
- Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment on the credit report or direct verification, 5% of the outstanding balance will be considered to be the required monthly payment. Open-end accounts do not have to be included in the monthly debt payment if the borrower has sufficient funds to pay off the outstanding account balance or provides verification that their employer is responsible for the payment
- Car lease payments, regardless of the number of payments remaining
- Aggregate net loss from all investment properties owned
- Monthly payment amounts for other properties, including principal and interest on the First Lien and any secondary financing, taxes and insurance and, when applicable, mortgage insurance premiums, leasehold payments, homeowners association dues (excluding unit utility charges)

#### TOTAL VARIANCE

Servicing: Investor Accounting

Amount identifying the variance between the adjusted bank balance and the adjusted liability.

#### TRADELINE

The Guide glossary

The type of credit obligation and its associated information, such as date opened, balance and periodic payment history, that is typically listed on a credit report.

#### TRADITIONAL TITLE INSURANCE

Servicing: Balloon/Resets

The standard American Land Title Association (ALTA) form coverage issued by title insurers. To obtain this coverage, an insured must obtain a Title Report.

#### TRANSACTION

Loan Prospector®

Copy of loan information created during each submission of loan data to Loan Prospector AUS. Each copy can be viewed and assigned, and have its own results associated with it.

#### TRANSACTION ID

Loan Prospector®

A Freddie Mac generated identifier that identifies the unique transaction for the loan. Only the last transaction of a loan can be modified or assigned to a wholesaler.

#### TRANSACTION NUMBER

The Guide glossary

The Transaction Number (also known as the AUS Transaction Number) is a randomly generated number that is assigned to a specific Loan Prospector® submission.

For example, if an individual Mortgage is submitted to Loan Prospector five times, the same [Key Number](#) will be used, but each submission will generate a different Transaction Number.

#### TRANSACTIONS IN ERROR

Servicing: Investor Accounting

For Servicer Performance Profiles, criteria that includes all loans in section 1,3, 4 and loans aged 30 days or greater in Section 2 of the [Loan Reconciliation Difference Report](#) for the most recent three-month period.

#### TRANSFER OF OWNERSHIP

The Guide glossary

Transfer of Ownership includes, but is not limited to, the conveyance of the [Mortgaged Premises](#) or any right, title or interest in the Mortgaged Premises, whether legal or equitable, voluntary or involuntary, by any of the following methods:

- Outright sale
- Deed
- Installment sale contract
- Land contract
- Contract for deed
- Leasehold interest with a term greater than three years
- Lease-option contract
- Land trust
- Transfer of a beneficial interest in an inter vivos trust
- Any other conveyance of real property interests, including those involving secondary financing, such as wrap-around Mortgages

**TRANSFER OF SERVICING**

The Guide glossary

A Transfer of Servicing means the assignment, sale, conveyance or other transfer of all Servicing duties and responsibilities set forth in the [Purchase Documents](#) with respect to Mortgages and Real Estate Owned (REO) owned in whole or in part by Freddie Mac.

**TRANSFeree SERVICER**

The Guide glossary

For [Transfers of Servicing](#), the Transferee Servicer is the Servicer that acquires, or proposes to acquire, the Servicing of one or more Mortgages, or of the Mortgage portfolio.

**TRANSFeree CUSTODIAN FOR CONCURRENT TRANSFER OF SERVICING**

Servicing: Servicing System

The [Custodian](#) receiving delivery of the Note in accordance with the requirements of the [Purchase Documents](#).

**TRANSFEROR SELLER**

The Guide glossary

For a [Concurrent Transfer of Servicing](#), the Transferor Seller that transfers, or proposes to transfer, Servicing of one or more Mortgages at the same time Freddie Mac purchases the transferring Mortgage(s).

**TRANSFEROR SERVICER**

The Guide glossary

For a Subsequent Transfer of Servicing, the Transferor Servicer that transfers, or proposes to transfer, Servicing of one or more Mortgages, or of the Mortgage portfolio after Freddie Mac purchases the transferring Mortgages.

**TREASURY**

The Guide glossary

The United States Department of the Treasury

**TRIAL PERIOD**

The Guide glossary

The three-month period during which the Borrower makes payments that are an estimate of the anticipated modified payment amount, as one of the preconditions to modification.

For Borrowers in bankruptcy, the Trial Period may be extended up to an additional two months.

**TRIAL PERIOD PLAN**

The Guide glossary

A temporary forbearance plan that sets forth in a written notice those terms and conditions with which the Borrower must comply during the Trial Period in order to obtain a permanent modification.

**TRIAL PERIOD PLAN EFFECTIVE DATE**

The Guide glossary

The date on which the first Trial Period payment is due under the terms of the Trial Period Plan.

**TYPE OF PROPERTY**

Loan Prospector®

Specifies the type of dwelling or structure for the REO property.

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**U****ULDD Data Point**

The Guide glossary

ULDD Data Point refers to the MISMO Data Point Name in Appendix A, XML Data Requirements, Version 1.04 ("Appendix A") of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD").

**UNDERSERVED AREA**

The Guide glossary

An Underserved Area is either of the following:

An underserved rural area is an Underserved Area located outside of a metropolitan area, which may be a whole census tract; a federal or State American Indian Reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 95% of the greater of the State or nationwide non-metropolitan median income, or
- A median income at or below 120% of the greater of the State or nationwide non-metropolitan median income and a minority population of 30% or greater

An underserved non-rural area is an Underserved Area located in a central city or metropolitan area, which may be a whole census tract; a federal or State American Indian Reservation, tribal or individual trust land; or the balance of a census tract excluding the area within any federal or State American Indian reservation, tribal or individual trust land, with:

- A median income at or below 90% of median income of the metropolitan area, or
- A median income at or below 120% of median income of the metropolitan area and a minority population of 30% or greater

**UNDERWRITING**

Discover Gold Through Quality Best Practices

The analysis of the risk involved in making a mortgage as well as the determination of whether the risk is acceptable to the lender. Underwriting involves the evaluation of the property and of the borrower's credit worthiness.

**UNDERWRITING SCORE**

The Guide glossary

The one [Credit Score](#) selected from all usable Credit Scores obtained for an individual Borrower that quantifies the credit reputation risk for that individual Borrower. The related ULDD Data Point name is *Credit Score Value*.

**UNDERWRITTEN SETTLOR**

The Guide glossary

An Underwritten Settlor is a Settlor in the Settlor's individual capacity who is underwritten and qualified according to the requirements of the Guide and other Purchase Documents as if the Settlor were the Borrower.

**UNIFORM INSTRUMENTS**

The Guide glossary

Uniform Instruments are the Fannie Mae/Freddie Mac and the Freddie Mac Notes, [Security Instruments](#) (available for all States) and riders to the Security Instruments identified in Exhibit 4, Single-Family Uniform Instruments.

**UPB**

Servicing: Investor Accounting

Unpaid Principal Balance.

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V
<p><b>VA CASE NUMBER</b> Loan Prospector® The VA-assigned case number for VA loans. The number is used by VA to identify the loan.</p>
<p><b>VA HOUSEHOLD SIZE</b> Loan Prospector® Number of people that meet the VA's definition of household size, per the VA Lender's Handbook. This is typically the number of people for whom the veteran borrower is responsible.</p>
<p><b>VA RESIDUAL INCOME</b> Loan Prospector® Monthly balance of funds available for family support after meeting the borrowers' shelter expenses, debts, and taxes, per the VA Lender's Handbook.</p> <p>This number must be calculated per VA Form 6393 and submitted. Residual requirements for Loan Prospector AUS loans are not always the same as those required for traditional VA underwriting.</p>
<p><b>VA: VA MORTGAGE</b> The Guide glossary The VA is the U.S. Department of Veterans Affairs. A VA Mortgage is a Home Mortgage that is guaranteed by the VA under Section 1810, Chapter 37 of Title 38, United States Code as amended.</p>

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W
<p><b>WAC ARM Guarantor Contract</b> The Guide glossary A WAC ARM Guarantor Contract is an optional Purchase Contract entered into by the Seller to sell eligible ARMs to Freddie Mac under the WAC ARM Guarantor program.</p>
<p><b>WAC ARM PC</b> The Guide glossary A WAC ARM PC is a PC security, with an investor payment delay of 75 days, that is backed by adjustable-rate Mortgages (ARMs).</p>
<p><b>WAREHOUSE LENDER</b> The Guide glossary A Warehouse Lender (also referred to as a "Warehouse Provider" or "Interim Finance Provider") is the bank or other financial institution, including a Federal Home Loan Bank, that has entered into an agreement with the Seller to provide interim financing in exchange for a security interest in, or the receipt of ownership to, Mortgages that are thereafter offered for sale to Freddie Mac.</p>
<p><b>WAREHOUSE LINE OF CREDIT</b> Discover Gold Through Quality Best Practices An agreement that covers the short-term lending of funds by a commercial bank or other institution to extend credit up to a certain amount for a certain time to an entity using permanent mortgages as collateral. This form of interim financing is used until the mortgages are sold to a permanent investor.</p>
<p><b>WEIGHTED-AVERAGE COUPON (WAC)</b> The Guide glossary The Weighted Average Coupon (WAC) of any group of Mortgages is calculated by:</p> <ul style="list-style-type: none"> <li>■ Multiplying the purchased unpaid principal balance (UPB) of each Mortgage by the Note Rate of such Mortgage (resulting in a "product" for each Mortgage)</li> <li>■ Adding the products so obtained for all of the Mortgages</li> <li>■ Dividing the sum of the products by the purchased aggregate UPB of all the Mortgages in the group</li> </ul> <p>Freddie Mac's determination of the WAC is conclusive.</p>
<p><b>WEIGHTED AVERAGE MONTHS TO ADJUSTMENT</b> The Guide glossary For WAC ARM PC Pools, the Weighted-Average Months to Adjustment is the weighted average number of months to adjustment from the date of issuance of the WAC ARM PC to the initial scheduled adjustment date of the PC Coupon, based on the Interest Change Dates of the underlying Mortgages.</p>
<p><b>WEIGHTED AVERAGE REMAINING MATURITY (WARM)</b> The Guide glossary The Weighted-Average Remaining Maturity (WARM) of any group of Mortgages is calculated by:</p> <ul style="list-style-type: none"> <li>■ Multiplying the unpaid principal balance (UPB) of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)</li> <li>■ Adding the products so obtained for all of the Mortgages</li> <li>■ Dividing the sum of all the products by the aggregate UPB of all the Mortgages in the group</li> </ul> <p>With respect to buyup and buydown options described in Sections 11.11(b) and 11.11(c), the WARM is the Weighted Average Remaining Maturity, stated in months, of the aggregate of all Mortgages purchased pursuant to any Guarantor or MultiLender Swap conversion or Cash Purchase Contract, as of the Date of Seller's Offer. Freddie Mac's determination of the WARM is conclusive.</p>
<p><b>WHOLESALE HOME MORTGAGE</b> The Guide glossary A Home Mortgage that a Mortgage Broker or Correspondent completely or partially originated, processed, underwrote, packaged, funded or closed, and sold or assigned to a non-Affiliate Seller who subsequently sold it to Freddie Mac.</p>
<p><b>WINDOW PERIOD</b> The Guide glossary A Window Period is the period during which a State's due-on-transfer or due-on-sale restrictions were in effect (see Section 60.4).</p>
<p><b>WINDOW PERIOD MORTGAGE</b> The Guide glossary A Window Period Mortgage is a Mortgage that was originated or assumed during a <a href="#">Window Period</a>.</p>
<p><b>WINDOW PERIOD STATE</b> The Guide glossary A Window Period State is a State that restricts the enforceability of due-on-transfer or due-on-sale clauses in Mortgages originated or assumed during a Window Period (see Section 60.4).</p>
<p><b>WOMEN-OWNED BUSINESS ENTERPRISE</b> The Guide glossary An enterprise that is more than 50% owned, controlled and operated by one or more women.</p>
<p><b>WORKOUT</b> Servicing: Default Management An alternative to foreclosure that eliminates or reduces our potential losses if the property securing the mortgage were to be acquired through a foreclosure sale.</p>

**WORKOUT MORTGAGE ASSUMPTION**

Servicing: Default Management

An assumption that permits a qualified applicant to assume title to the property and the mortgage obligation from a borrower who is currently delinquent or in imminent danger of default on his or her mortgage because of an involuntary inability to pay.

**WORKOUT PROSPECTOR®**

Servicing: Default Management

A Freddie Mac-owned loss mitigation application that accesses specific Mortgage information from Freddie Mac's database as well as data input by the Servicers and assists Servicers in their analysis and structuring of workouts and other alternatives to foreclosure for Freddie Mac Mortgages.

**WORKOUTS/REO+WORKOUTS**

Servicing: Servicer Performance Profiles

For Servicer Performance Profiles, criteria that measures the adjusted weighted value of the workouts that you settle as a percentage of the opportunities for workouts.

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X

No Entries

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Y

**YEARS EMPLOYED IN THIS LINE OF WORK**

Loan Prospector®

The total number of years the borrower has been employed in their occupation.

**YEARS OF COVERAGE**

Loan Prospector®

An indication of the number of years the mortgage insurance policy will cover the loan.

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Z

No Entries

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0-99

**2- to 4-UNIT CONDOMINIUM PROJECT**

The Guide glossary

A 2- to 4-Unit Condominium Project is a project that is comprised of at least two but no more than four 1-unit dwellings that are each separately owned with separate legal descriptions.

**11th DISTRICT COST OF FUNDS INDEX (11th District COFI)**

The Guide glossary

For adjustable-rate Mortgages (ARM), the 11th District COFI is the monthly average cost of savings, borrowings and advances of the members of the Federal Home Loan Bank of San Francisco (the "Bank"), as made available by the Bank. 11th District COFI ARMs are not eligible for sale to Freddie Mac.

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