



Become a Freddie Mac Seller/Servicer: Benefits and Easy Steps to Success with Jennifer Whip

VO [00:00:09] Welcome to The Way Home, a Freddie Mac podcast series that explores the latest in mortgage solutions for today's dynamic housing market. Here, housing industry leaders will share insights and actionable strategies that you can put to work today to help make home possible. Let's get ready to dive in and to explore the complexities of the housing market with Freddie Mac.

Phil Treadwell [00:00:32] In this episode, Katie Given, director of sales in Freddie Mac Single-Family Seller Engagement, talks with Jennifer Whip, principal at Cambridge One, about the benefits and process of becoming an approved Freddie Mac seller servicer.

Katie Given [00:00:44] Good morning, Jennifer.

Jennifer Whip [00:00:45] Good morning, Katie. Thank you for having me.

Katie Given [00:00:48] Yes. And thank you so much for joining Freddie Mac today to discuss the benefits of becoming a GSE approved seller servicer. I'd like to spend some time this morning asking you some questions, and then I can absolutely elaborate on some of our process and expectations as well.

Jennifer Whip [00:01:05] Sounds perfect.

Katie Given [00:01:06] Great. So first off, tell us a little bit about how you became an expert in the application and approval process for lenders that wish to sell loans to the GSEs.

Jennifer Whip [00:01:15] So I'm going to first chuckle because I don't consider myself an expert. But I think, as you know, being in the industry a long time, and much of my career was spent at AGSE where probably one of the most common questions I got was, how do I start? And how do I maintain that relationship over time? And so bit by bit, I answered one question after another. When I made the decision to retire from Fannie Mae almost eight years ago, the number one thing that people said is, before you go off and play golf, I want you to help me get my approval. And I didn't realize at the time how valuable that knowledge was, but it's been very rewarding because, first of all, I love working with customers, but I also am curious how to help them. So being an expert is challenging for me because I think the process changes so much and on a regular basis. So staying fresh is really important.



Katie Given [00:02:18] Absolutely. And one thing, in the relationship that you and I have had just over the last eight to 10 months, you are process, the expectations to prepare them really makes it an experience, a positive process, the expectations to prepare them really makes it an experience, a positive experience for that applicant. So we appreciate the work that you do behind the scenes, and the way in which we partner together to make sure that it is that positive end-to-end experience in getting that seller to the state of approval. So thank you for that.

Jennifer Whip [00:02:55] I want to just take a minute and say thank you too, Katie, because I think your team has really stepped up in a big way to help lenders feel welcome. Your team seems excited to have the new customers come on board. I think the reality is that small lenders who are seeking this opportunity to get bigger see this as a really important step. And they want to do it right, but they also need a lot of handholding. And I think your team has done a really nice job of being that welcoming voice to Freddie Mac.

Katie Given [00:03:32] Absolutely. And it's definitely a need that there is a lot of visibility and support on, right? So understanding that experience and understanding what the end goal is in mind, and that is the approval. And so coming in and making sure that we've got efficient processes in place, that we understand the timeline expectation, and set those expectations with the seller as well so that they understand, and they too have an advocate on the Freddie Mac side to help them through that process.

Jennifer Whip [00:04:06] That's right. That's great.

Katie Given [00:04:07] So how would you describe the typical approval process with the GSEs? And then the second part to that question is, how and why do mortgage lenders need to pay extra attention to this process?

Jennifer Whip [00:04:18] So I think the most important thing that lenders need to know is that they're developing a lifelong relationship with a partner. And with any partnership, it's not a checkbox process. It's not filling out an application and the bare bones. If you represent that, you do something, you should have it in writing. And you should be able to provide documentation that shows the process that you follow, the diligence that you employ in manufacturing loans. And so the job that I do in preparing lenders is really setting expectations that it's going to take some time for them to get their documentation together before they apply. This isn't a wing it thing, whether the lender starts with the Freddie Mac website and reads all the information, or they start with me, one way or another, they need to prepare themselves for what's going to be reviewed. And Freddie, rightfully, looks at a lot of documentation, does research on the lender, gathers their own facts and figures. And I need to know, and the lender needs to know upfront what are the things that they can anticipate Freddie reviewing, and so that when the questions



come, they're not blindsided. So I think being prepared and doing all of that upfront so that it goes smoothly once they start.

Katie Given [00:05:51] Yes, absolutely. And one thing, Jennifer, that you and I have been working on is making sure that those expectations are out there to be consumed, so that it's very clear and concise on what the expectations are, what type of documentation we're looking for, what needs to be provided. Because from our end, the more complete package that comes in the door at the time of submission, the quicker the process will be right through review to approval. And that's the end goal. So we at Freddie, Mac are continuing to refine that, making sure that we are very clear on what we're looking for, and so that you can make sure that the lenders that you're working with and your clients put that full package together.

Jennifer Whip [00:06:40] Yeah. And I don't think that ends with approval either. It's making sure that lenders know they should be checking the website on a regular basis. They should be getting those regular notifications from Freddie Mac, and reading them and talking about them internally to make sure that they're then following up and documenting what they're going to do to comply with those requirements or guidelines.

Katie Given [00:07:05] Yes, that's right. To that point, so the business development team at Freddie Mac, we see ourselves as kind of two phase, right? We're working with the seller upfront to get them through the application process to approval. And then the second piece of that is onboarding. And so to your point, making sure that we are setting those expectations right? This isn't a one and done. You are required to comply with the guide throughout your relationship and partnership with Freddie Mac. So making sure that they understand the systems, the access, the forms, the guide requirements, the products, programs, all the things that are going to help them be successful in that partnership and relationship with Freddie Mac. All right, so moving along, what do you think the value is of being a direct seller servicer to the GSEs?

Jennifer Whip [00:07:59] So I'm smiling because, as you know, I worked at Fannie Mae for many years, and I think it's very similar experience being at Freddie Mac, is... This is probably the one or two most common question that I get from someone who doesn't sell. And I think there's a misnomer that it's one dimensional, it's price or its product.

Katie Given [00:08:23] Right.

Jennifer Whip [00:08:23] And that's absolutely not the right answer. The answer is there are lots of things, and there are some things that people you can't see until you're in. So the easy answer is access to all products, particularly the affordable Lending



products. Two is technology. Everybody knows what LPA is, but they don't necessarily know all the other parts of the loan advisor suite until they're actually using them. And then price, of course. Everybody cares about price, but access to pricing. So those are probably the most obvious. But I think one of the most valuable benefits of doing business directly with Freddie Mac is that when there's market turmoil, there's certainty. And so that's certainty of execution is incredibly valuable. If you're a Freddie Mac, or even Fannie Mae approved seller servicer during 2008, the beginning part of COVID, now even with the interest rates rising, you've got some certainty not only on the price and products that you're going to get, but also things like turn times, credit overlays, SRP levels. And so some of those things are maybe hard to quantify, but those intangibles are enormously valuable.

Katie Given [00:09:52] Absolutely. Just the stability and the execution in a turmoil market that we are experiencing today. And we hear that tried and true through the surveys, et cetera, of the importance of that, right?

Jennifer Whip [00:10:05] I do want to mention one other thing which I think is important is I always encourage my clients to really invest in the personal relationship that they have with their Freddie Mac rep, because that person, they see a lot. They've got access to a lot of data. If you've start the relationship as a partnership, and I'm going to work with these people, I'm going to be proactive and share things that are going on at my company, I'm going to ask my Freddie rep for information about what's happening in the industry, it opens the doors to an immense amount of information sharing. And I think the GSEs, the amount of data that they have is almost incomparable. And so think of it as an opportunity to really almost have your own economics team available to you through this incredible relationship that's available to you.

Katie Given [00:10:58] Yeah, I couldn't agree more. I think of us as being a think tank, right? And we are constantly asking for that feedback, right? What types of loans are you originating today that maybe don't fit the GSC requirements? Or what are we missing? Right? What are areas of opportunities that maybe we should engage in? And having the opportunity to bring that back and socialize it, and figure out ways that we can provide liquidity to the market in a unique and creative way. And we talk about just the importance of the small lenders and expanding our footprint, whether it be because it's affordable business or mission-driven business. There is definitely an opportunity. And we are a relationship organization. We are a relationship industry, right? And so making sure that we've got that transparent communication and respect to be able to share. And there's been a lot of neat things that have come out of that, our special purpose credit programs, certain terms of business, things that we've been able to provide that we otherwise wouldn't have known was a need unless we would've gotten this feedback. So yes, very, very good point.



And then my next question is just around... We've talked a lot about the small lender strategy. Do you think that there's any differences in how a big bank, a small financial institution, or an independent mortgage banker should prepare for the process?

Jennifer Whip [00:12:26] There are subtle differences, I would say. I don't deal with a whole lot of very large institutions applying because a lot of them are already approved. But I think a depository, there's certain information that's available publicly around a depository, so there's less emphasis necessarily on gathering documentation that can be obtained through a call report or the FDIC website, et cetera. But I think across all institutions, there should be a focus on documenting your policies and procedures, particularly things like compliance, quality control, regulatory requirements like BSA, AML and cybersecurity. And so one of the most common things that I observe in helping lenders is I'll say, "Do you have an information security policy?" And "Oh, we bought this one off the shelf." "Well, does it reflect what you actually do?" "No, but..." So then I start asking questions. "So tell me about patch management. Tell me about cyber breach notifications," and things like that. And the lender will always say, "Oh, we follow that. We do that. That is our policy." But if it's not written, it should be. And so that's probably across all lenders, there's an opportunity to really refine policies and procedures and make sure that they're custom to the organization, and also reflect what you actually do.

Katie Given [00:14:02] Yes. Yes. And I will say from our side as well, that is one of the biggest items that we see coming in the door that needs additional due diligence on, right? And so not only are you helping them prepare to become a GSE eligible seller servicer, but you're also enhancing their business practices, their operations throughout the process as well.

Jennifer Whip [00:14:28] It's funny, I'm smiling because when I complete an engagement, I would say 75, maybe 80% of the time, the lender will say, "Thank you for helping me through this process. We are a better company because we've done this." And that's not a statement about me and what I did, but it's the process of becoming GSE approved makes the lender, or gives them the vigilance to get all of this documented and in the right place, organized in a way that everybody has access to it internally, et cetera. They feel like they're a better company. So honestly, that's to your credit, because I think... For example, loan quality, it's very easy to hire a good quality control vendor, do the reviews, but then it's what you do with them.

Katie Given [00:15:25] That's right.

Jennifer Whip [00:15:26] And how that changes the whole company, its focus on quality and risk. And honestly, it makes the lenders better. They will originate higher quality loans over time if they really embrace quality control.



Katie Given [00:15:41] Right. Right. Absolutely. Well, thank you for that. So the housing industry is an ecosystem. Everything is interconnected, as we are well aware. Do you think there's a connection between the lender having a direct relationship with Freddie Mac and a benefit for the home buyer in particular, and for the housing industry at large, all the interconnection between that?

Jennifer Whip [00:16:06] I think for somebody who's not in the mortgage industry, this is very hard to understand, but the existence of the GSEs are honestly essential to the process at this point. People talk about being a utility, the GSE being a utility. It's clearly more than that based on the relationship discussion we had. But there are utilities within the GSEs I don't know how we could originate today if we didn't have the technology, for example. But at the same time, I think that technology has enabled us to do things like... Imagine, you and I know this, the amount of appraisal data that is available across the industry is a result of uniform collateral data program, or all of the appraisal data that is... I think Fannie and Freddie share that data.

Katie Given [00:16:59] That's correct.

Jennifer Whip [00:17:00] And so there's incredible knowledge, and the ability to streamline the process, make the experience better for the consumer. And then I would be remiss if I didn't acknowledge something that's near and dear to my heart, which is access to credit for lower income and moderate-income families. Freddie was a trailblazer in the whole housing finance agency area and remains such, together with Fannie Mae and Treasury, and all the other players there. When a friend of mine that is getting their first home, one of the first things in Pennsylvania, one of the first places I suggest they go is PHFA, Pennsylvania Housing Finance Agency, because they have a wealth of knowledge. And the fact that Freddie Mac is working directly with an agency like that to sort of bring all the tools together, it's really the ecosystem that you describe

Katie Given [00:17:58] That's right.

Jennifer Whip [00:17:59] In support of those borrowers and those families that are going to, you know, start their wealth journey.

Katie Given [00:18:05] That's right. And to that point, if you don't live, work, and breathe mortgage lending, it can be a daunting process, right? And so there's so many different outlets in our ecosystem that are there to support, that are there to help explain, that are there to help with documenting processing procedures and getting the things organized, and taking advantage of those counterparties to assist through the process and to make sure that you are getting the right program for the home in which you are wanting to buy, or for the income level, et cetera. So yes, I encourage everyone that's wanting to purchase their first home to take advantage of that. Search online the Credit Smart



program from Freddie Mac, just setting the expectation around what the process is, what you should be prepared for, et cetera. So do you think that there are... We've touched on this a little bit, but I'm going to ask it again. Are there differences on how institutions can take advantage of having direct access to Freddie?

Jennifer Whip [00:19:14] Yeah. I think this is something that Freddie has done very well, and for many years. Because a lender that has typically been selling to an aggregator, where they sell the loan and the servicing rights all in one transaction, there's an upfront SRP that is obtained as part of that transaction. It's a big leap to suddenly buy a servicing platform, sell the loans to Freddie Mac, and figure out how to do something like loss mitigation. So I think what Freddie has done a really nice job with is establishing servicing relationships that lenders can come in as a seller only, sell the servicing to another eligible servicing partner of Freddy's, and get used to that. Over time, I think most... As lenders grow, most of the larger lenders retain their servicing because they recognize the income stream that comes from that and the opportunities that provides you. But it's an evolutionary process. So Freddie makes it very easy to come in day one and start selling, and then over time, add on additional features and benefits. So maybe it's 30 year fixed rate loans in a retail setting. Later, it's going to be selling and servicing with a sub-servicer, and/or maybe adding in some of the affordable lending programs, third party originations, et cetera. And so, again, this is where, I think, having a relationship with your representative at Freddie Mac can really help you sort of see the future and the path to future success.

Katie Given [00:21:01] Absolutely. Yes. I couldn't agree more. All right. And lastly, what three important tips would you share for financing institutions that are thinking about doing business with Freddie Mac?

Jennifer Whip [00:21:14] So the very first thing is you have a wonderful place on your website called Working With Us. It's very easy to find. It's one of the earliest navigation tabs on your website. I would start there. There's a wealth of information on what the process involves. And so after doing that, I would say make sure you're getting everything on a regular basis, so you're staying current. And then third, really take stock of what you're doing today versus what Freddie Mac's expectations are. So if you've read everything, there will be good guidance on what kinds of documents you're going to provide, but also what processes and policies need to be in place during the application process, and then ongoing. And so be prepared. And assume that Freddie Mac wants more than less.

Katie Given [00:22:11] Absolutely.



Jennifer Whip [00:22:12] It's not a checkbox process, as I said earlier, and I can't emphasize enough the importance of documenting what you say you do. Make sure it's in writing.

Katie Given [00:22:22] Yes, absolutely. And I'll just add to that. So what I heard you mention is, number one, connect, right? So become a Freddie Mac seller servicer working with us. There is an inquiry request form on that page that will ask just a couple of questions, and that will connect you to your business development account executive that will reach out to you to understand your business, understand the way in which you would like to partner and execute with Freddie Mac, and walk through that process. Number two, you had mentioned the importance of making sure that you're receiving communications and updates from Freddie Mac. So I highly encourage you to subscribe. Freddie Mac does have a subscription center where you can pick and choose what topics are important to you. And then lastly, the importance of having that partnership, the importance of understanding what's required and making sure that you are prepared and even documenting more than what's required. So thank you, Jennifer. I greatly appreciate what you are doing to assist our seller servicers in understanding the importance of getting set up with a GSE. This was great conversation in setting the stage and the expectations and things to think about. So greatly appreciate your time today.

Jennifer Whip [00:23:44] And I want to thank you, not only for today, but also for your ongoing commitment to having a good experience for lenders coming in for the approval. Your team has been very welcoming. I've heard consistently nice things about not only the application team, but the onboarding team thereafter. And so thank you for doing such a nice job. You've been a good partner to me and to my clients.

Katie Given [00:24:12] Great. Ditto. Thank you so much for all the work that you've done as well.

VO [00:24:19] The Way Home is brought to you by Freddie Mac, where we make home possible. For more thought-provoking discussions and expert insights, join us for upcoming episodes by following The Way Home on your favorite podcast platform. Connect with us on LinkedIn @freddiemacsf. You can also sign up for our newsletters by navigating to our subscription center at sf.freddiemac.com.