



TO: Freddie Mac SERVICERS and DRLS LAW FIRMS

February 7, 2018

Clarifications Related to Servicing Guide Section 9501.11

Q1: Can Servicers use standardized data and criteria to collect information from law firms handling default-related legal matters to assist with compliance review requirements in *Single-Family Seller/Servicer Guide (Guide)* Section 9501.11?

A: Yes. Servicers may use industry tools designed to simplify and standardize law firm compliance questionnaires, criteria, and document collection. Servicers may also utilize standard approaches to summarize compliance information.

We encourage Servicers to participate in the development of industry tools to simplify and standardize law firm compliance.

Servicers will need to:

- Determine whether a standardized approach addresses all or only part of the compliance requirements in the Guide and add additional compliance and oversight activity, as appropriate.
- Consider the overall risk posed by the mortgage default law firm and adjust accordingly to ensure the level of oversight and review is reasonably related to the risk posed by the firm.

Q2: Can Servicers participate in joint, or shared, compliance reviews of law firms handling default-related legal matters to satisfy the law firm compliance review requirements in Guide Section 9501.11?

A: Yes. Servicers may share resources to participate in joint, or shared, mortgage default law firm compliance reviews. Third-party vendors retained by Servicers may conduct compliance reviews on mortgage default law firms for multiple Servicers at the same time.

For example, Servicers may use standard questionnaires, or the same third-party vendor, to collect standardized information from law firms that may be distributed to multiple Servicers for review and analysis.

This standardization may:

- Reduce costs for the Servicer and law firm associated with compliance.
- Result in efficiencies when Servicers perform compliance reviews on the same mortgage default law firm.

Servicers will need to:

- Determine whether a standardized approach addresses all or only part of the compliance requirements in the Guide and add additional compliance and oversight activity, as appropriate.
- Consider the overall risk posed by the law firm and adjust accordingly to ensure the level of oversight and review is reasonably related to the risk posed by the firm.