

TO: Freddie Mac Sellers and Servicers

October 6, 2015

**SUBJECT: INFORMATION RELATED TO THE KNOW BEFORE YOU OWE
TILA-RESPA INTEGRATED MORTGAGE DISCLOSURE RULE**

At the direction of the Federal Housing Finance Agency, Freddie Mac is issuing the following guidance.

Freddie Mac recognizes that many Seller/Servicers and their partners in the mortgage industry have undertaken considerable technological and operational changes in order to meet the requirements created by the Consumer Financial Protection Bureau's Know Before You Owe Truth-in-Lending Act (TILA)-Real Estate Settlement Procedures Act (RESPA) Integrated Mortgage Disclosure Rule (i.e., "TRID Rule"), which went into effect October 3, 2015. Freddie Mac recognizes and appreciates the enormous efforts that our Seller/Servicers have made to date.

Freddie Mac is aware that some Seller/Servicers continue to address the implementation of the TRID Rule's technical requirements. In recognition of this, until further notice, Freddie Mac will not conduct routine post-purchase loan file reviews for technical compliance with the TRID Rule; however, consistent with current practices, Freddie Mac will evaluate whether the correct forms were used in connection with the origination of a Mortgage. After a transitional period, Freddie Mac will consider whether to begin such reviews for technical compliance; any such measures will be announced before being implemented.

Freddie Mac expects Seller/Servicers to make good faith efforts to comply with the TRID Rule; failure to use a TRID Rule-required form will be deemed a violation of the good faith efforts standard and will render the Mortgage subject to all contractual remedies, including repurchase.

Freddie Mac reminds Seller/Servicers that under the generally applicable provisions of *Single-Family Seller/Servicer Guide* Section 6.2(f), Freddie Mac retains the right to require a repurchase for a lender's violation of applicable law if the lender's failure to comply could be expected to impair Freddie Mac's ability to enforce the Note or Mortgage, or to impose assignee liability on Freddie Mac. However, Freddie Mac does not intend to exercise contractual remedies, including repurchase, for noncompliance with the newly-applicable provisions of the TRID Rule except in two limited circumstances: if the required form is not used; or if a particular practice would impair enforcement of the Note or the Mortgage or would result in assignee liability, and a court of law, regulator or other authoritative body has determined that such practice violates the TRID Rule.

CONCLUSION

If you have any questions about this Industry Letter, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,



Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management