

# Bulletin

TO: Freddie Mac Sellers

August 3, 2022 | 2022-16

## SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Properties with age-based resale restrictions**
  - Revised [automated collateral evaluation \(ACE\) eligibility](#)
  - Revised Loan Collateral Advisor® [representation and warranty relief eligibility](#)
- **Partial income representation and warranty relief**
  - Defining [partial income representation and warranty relief](#) through our Loan Product Advisor® asset and income modeler (AIM) income offerings
- **Fidelity insurance requirements**
  - An update to the requirements for [fidelity insurance coverage](#) for subservicers – **August 10, 2022**
- **Additional Guide updates**
  - Further updates as described in the [Additional Guide updates](#) section of this Bulletin

## EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

## PROPERTIES WITH AGE-BASED RESALE RESTRICTIONS

In response to Seller inquiries, we have updated our requirements for Mortgages secured by properties subject to age-based resale restrictions.

### Revised ACE eligibility

Properties with age-based resale restrictions are now eligible for ACE appraisal waivers.

Properties with income-based resale restrictions remain ineligible for ACE, and an appraisal is required per Guide Section 4406.1.

Guide impacts: Sections 4406.1 and 5602.3

### Loan Collateral Advisor appraised value representation and warranty relief

Properties with age-based resale restrictions are now eligible for appraised value representation and warranty relief provided by Loan Collateral Advisor.

Guide impact: Section 5602.2

## AIM INCOME OFFERINGS - PARTIAL INCOME REPRESENTATION AND WARRANTY RELIEF

We have updated the Guide to define and highlight partial income representation and warranty relief and provide more details on the requirements for each income representation and warranty relief eligibility result. The charts detailing income representation and warranty relief eligibility descriptions and requirements found in Sections 5901.5(a), 5903.5(a) and 5904.5(a) have been updated.

Partial income representation and warranty relief (formerly referred to as source level representation and warranty relief) is granted when multiple income sources are submitted through Loan Product Advisor and one or more of the income sources receive income representation and warranty relief, but additional sources of income are required. In these instances, the income that is not granted representation and warranty relief must be documented in accordance with the Guide.

With these changes:

- A Loan Product Advisor feedback message indicating partial income representation and warranty relief has been added
- Loan Product Advisor [feedback messages](#) have been updated to provide representation and warranty relief details specific to each income source submitted
- Loan Product Advisor feedback messages will be specific and actionable

Each income source will still be considered for representation and warranty relief eligibility through Loan Product Advisor as it is today.

Please note that the Income Representation and Warranty Relief shield on the Feedback Certificate will continue to show as “Not Eligible.” We plan to update this message at a later date.

Guide impacts: Sections 3402.7, 5901.2, 5901.3, 5901.5, 5903.2, 5903.5, 5903.6, 5904.2, 5904.3 and 5904.5

## FIDELITY INSURANCE COVERAGE CALCULATION REQUIREMENTS

**Effective August 10, 2022**

Based on Seller/Servicer requests and feedback, we are changing the calculation of the required fidelity insurance coverage amount. The fidelity insurance coverage amount will be calculated based upon the Mortgages serviced by the Seller/Servicer. Subservicers will no longer be required to obtain fidelity insurance coverage for Mortgages that they subservice for others or Mortgages owned by other investors. No changes are being made to the errors & omissions (E&O) requirements; however, Seller/Servicers' E&O coverage may be impacted, as the E&O requirement is based off fidelity coverage amount.

The Annual Certification Report, which confirms the required fidelity coverage amount, will be updated in the Unified Counterparty Experience® (UCount®) in November 2022. Seller/Servicers that are impacted by this change and are concerned about the accuracy of their Annual Certification Report should contact [Institutional\\_Eligibility@FreddieMac.com](mailto:Institutional_Eligibility@FreddieMac.com) for further instructions prior to submitting their Annual Certification Report.

Guide impact: Section 2101.6

## ADDITIONAL GUIDE UPDATES

### Seller-Owned Modified Mortgage correction

In [Bulletin 2021-12](#), we announced the eligibility of Seller-Owned Modified Mortgages that are Home Possible® Mortgages. We also announced that those Mortgages would not be eligible for delivery with an ACE waiver, and our systems were updated accordingly. In the related updates to the Guide, we inadvertently added these Mortgages to the list of Mortgages ineligible for appraised value representation and warranty relief through Loan Collateral Advisor instead of the list of Mortgages ineligible for appraisal waivers. We have updated the Guide to correct this error.

Guide impacts: Sections 5602.2 and 5602.3

### eMortgages

In response to Seller/Servicer feedback and to provide greater flexibility, we are updating certain eMortgage requirements. Seller/Servicers should review our updated [FAQs](#) for additional information.

As a reminder, a Seller/Servicer that wishes to sell eMortgages to Freddie Mac must contact its Freddie Mac account representative or the Freddie Mac eMortgage Team ([eMortgage\\_Team@FreddieMac.com](mailto:eMortgage_Team@FreddieMac.com)) to determine its eligibility and obtain Freddie Mac's prior written approval.

### ***Borrower's consent to use an eClosing System***

We have clarified when a Borrower can and must sign the Consumer Consent Form, the form to be electronically signed by each Borrower prior to the Borrower's use of an eClosing System.

If the signed Consumer Consent Form was obtained prior to the closing, there is no need to obtain another signed Consumer Consent Form at the closing.

For Electronic Records (as defined in Section 1401.2) signed electronically at closing, the eClosing System must show (e.g., by screen text, "I agree" button, audit logs, etc.) the Borrower's intent to affix such Borrower's Electronic Signature to a particular Electronic Record and to be bound to it.

Guide impacts: Sections 1402.2 and 1402.4

### ***MERS® as original mortgagee of record***

We have removed the requirement that MERS be the original mortgagee of record. Sellers will no longer need to register a Security Instrument on the MERS System.

Guide impact: Section 1402.8

### ***Servicer MERS eRegistry requirement***

#### **Effective August 10, 2022**

We are updating the Guide to clarify that the Master Servicer can use its Servicing Agent's MERS eRegistry and eDelivery participation to service eMortgages.

Guide impact: Section 1402.9

### ***Guide Exhibit 104, Collateral Pledge Agreement***

#### **Effective August 10, 2022**

We are updating Exhibit 104 to allow for the electronic signature and transmission of an executed Collateral Pledge Agreement (CPA).

Additionally, to provide greater flexibility, we are permitting CPA pledgors to deliver collateral up to five Business Days after the effective date of the CPA. Currently, collateral is required by the effective date of the CPA.

Guide impact: Exhibit 104

### ***Radian Guaranty address change***

We have updated Exhibit 10, *Freddie Mac-Approved Mortgage Insurers*, to reflect Radian Guaranty's physical address change to 550 East Swedesford Road, Suite #350, Wayne, PA 19087.

Guide impact: Exhibit 10

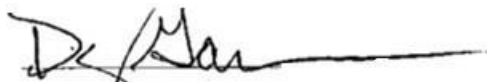
## **GUIDE UPDATES SPREADSHEET**

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2022-16 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2022-16>.

## **CONCLUSION**

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,



Danny Gardner  
Senior Vice President, Client and Community Engagement