

Bulletin

TO: Freddie Mac Sellers and Servicers

August 19, 2020 | 2020-33

SUBJECT: SELLING AND SERVICING

This Guide Bulletin announces:

Annual certification and change and activity reporting

- Updates to the process for annual certification and change and activity reporting utilizing the new [Unified Counterparty Experience System® \(UCountSM\)](#), replacing [Guide Forms 16SF](#) and [1107SF](#) – **November 8, 2020**

eMortgages

- Updates related to [eMortgages](#)

Additional Guide updates and reminders

- Further updates and reminders as described in the [Additional Guide updates and reminders](#) section of this Bulletin

EFFECTIVE DATES

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

ANNUAL CERTIFICATION AND CHANGE AND ACTIVITY REPORTING

Effective November 8, 2020

Currently, Seller/Servicers are required each year to complete and submit Form 16SF, *Annual Eligibility Certification Report*, within 90 days of the end of their fiscal year through the [Annual Eligibility website](#). Seller/Servicers are also required to report changes to their organization or status (as specified in Guide Section 2101.12) using Form 1107SF, *Seller/Servicer Change Notification Form*.

To simplify the annual certification and change and activity reporting processes and to provide additional transparency, we will require Seller/Servicers to use the new Unified Counterparty Experience System® (UCountSM) for these reports.

Benefits of the migration to the UCount system include:

- More intuitive user interface
- Details on progress in completing the sections of the Annual Certification Report
- Reduction in required information in the Annual Certification Report
- Pre-population of data, where feasible, to limit manual entry

Forms 16SF and 1107SF and the [Annual Eligibility website](#) will be retired on November 8, 2020, upon deployment of UCount. Seller/Servicers currently using the [Annual Eligibility website](#) to submit Forms 16SF and 1107SF will automatically have access to the new system upon deployment.

UCount will be accessible via the [Logging into Single-Family Selling and Servicing Tools](#) and the [Become a Seller/Servicer](#) page on [Freddie Mac Single Family website](#). We have published [FAQs](#) for both the Annual Certification Report and the Change/Activity Report on the [Become a Seller/Servicer page](#). We will provide additional information regarding transition activities in future communications, including instructions for Seller/Servicers with a [Form 16SF](#) in progress when the new reporting process is implemented.

Refer to our [Single-Family article](#) for more information on the benefits of UCount and guidance on submitting the Annual Certification Report based on Seller/Servicer's fiscal year.

Guide impacts: Sections 1101.2, 2101.9 through 2101.14, 2301.2, 2301.4, 8102.1, Forms 16SF and 1107SF

EMORTGAGES

Third-party eNote custody and delivery

As announced in Bulletin 2020-20, Freddie Mac-approved third-party eNote Custodians are required to semi-annually revalidate the Tamper Evident Seal of the eNotes stored in their eNote Vault System against the MERS eRegistry System to ensure the integrity of the eNote.

We are updating the Guide to reflect that, similar to the process used for paper Notes, Document Custodians are no longer required to obtain written permission from Freddie Mac to perform an outgoing transfer of the eNotes on behalf of Freddie Mac.

If instructed by Freddie Mac or the Document Custodian during the on-boarding process, Seller/Servicers must add, or require their Warehouse Lender and Servicing buyer to add, the Document Custodian as the delegatee for transfer on the eNote before initiating the transfer of control to Freddie Mac.

Guide impacts: Section 1402.18 and Form 1035A

Endorsements

Endorsements are not required for eNotes because eNotes are Transferable Records under the Uniform Electronic Transactions Act (UETA) and Electronic Signatures in Global and National Commerce Act (E-SIGN) and not subject to the UCC endorsement requirements applicable to paper promissory notes and other negotiable instruments. The reference to this in Section 1402.4 is being moved to Section 1402.8 and we are adding a related reference in Section 6301.3 for clarity.

Guide impacts: Sections 1402.4, 1402.8, and 6301.3

Delivery requirements for modifications of eMortgages

When an eMortgage is modified and recordation is required, the Seller/Servicer must send the recorded modification agreement to the eNote custodian. We are updating the delivery requirements for modifications of eMortgages to detail the required steps based on how the modification is memorialized and if and how the Modification Agreement is recorded.

If the modification of an eMortgage is memorialized in a paper modification agreement, the Seller/Servicer must comply with the requirements set forth in Section 9206.17.

If the modification of an eMortgage is memorialized in an eModification Agreement, the Seller/Servicer must meet the following requirements:

Modification agreement	Delivery requirements
If the eModification Agreement must be recorded and will not be recorded electronically	<ul style="list-style-type: none"> • Deliver an Electronic copy of the executed eModification Agreement, by means of MERS eDelivery, to the eVault of the eNote custodian that contains the Authoritative Copy of the previously registered eNote within 25 days after receiving it from the Borrower • Deliver an Electronic scanned copy of the recorded eModification Agreement, with recording conformation by means of MERS eDelivery to the eVault of the eNote custodian that contains the Authoritative Copy of the previously registered eNote within five Business Days of receiving it
If the eModification Agreement must be recorded and will be recorded electronically	<ul style="list-style-type: none"> • Deliver an Electronic copy of the executed eModification Agreement, by means of MERS eDelivery, to the eVault of the eNote custodian that contains the Authoritative Copy of the previously registered eNote within 25 days after receiving it from the Borrower.

	<ul style="list-style-type: none"> Deliver an electronically recorded modification agreement, with recording conformation by means of MERS eDelivery, to the eVault of the eNote custodian that contains the Authoritative Copy of the previously registered eNote within five Business Days of receiving it
If recordation is not required	<ul style="list-style-type: none"> Deliver an Electronic copy of the executed eModification Agreement, by means of MERS eDelivery, to the eVault of the eNote custodian that contains the Authoritative Copy of the previously registered eNote within 25 days after receiving it from the Borrower

Additionally, if the modification of an eMortgage is memorized in an eModification Agreement, the Seller/Service must assure that the signing platform has a robust audit trail of all key events, starting from the creation of the eModification Agreement through and including the Borrower and Servicer execution, that the Servicer can reproduce upon request by Freddie Mac.

Note: If MERS eDelivery is not available for delivery of the eModification Agreement and Electronic recordation of the eModification Agreement, delivery by Electronic means (e.g., e-mail) is acceptable. If Freddie Mac is the eNote custodian, deliver the Modification Agreement to loan_delivery_funding_ops@freddiemac.com.

Guide impacts: Sections 1402.10 and 1402.11

eMortgage payoffs

Previously, in States that require the return of a paper Note marked “paid-in-full” when an eMortgage is paid off, the Seller/Servicer was required to deliver a certified paper copy of the eNote to the Borrower. The certified paper copy of the eNote must be accompanied by a letter that explains that the Borrower is receiving a paper copy of the eNote, which was originally registered in the MERS eRegistry, and that the Seller/Servicer has caused the eNote to be de-activated on the MERS eRegistry due to the eMortgage having been paid in full.

The paper copy of the eNote is no longer required to be a certified paper copy. Instead, a paper copy of the eNote (marked “Copy” and “paid-in-full”) along with the letter described above is sufficient.

Guide impact: Section 1402.10

Transfer of Servicing and transfers of custody

In connection with Transfers of Servicing and transfers of custody involving eMortgages, the Servicer must complete Form 1034T, *Document Custodial Certification Schedule for Transfer of Custody and Subsequent Transfers of Servicing*. The form has been updated to include the MERS eRegistry organizational identifiers of the Transferor and Transferee Servicers and their Document Custodians, which are required to complete the transfer of the eNotes.

Guide impact: Form 1034T

Eligible eMortgage types and products

We are updating Section 1402.7 to eliminate redundant language.

Guide impact: Section 1402.7

ADDITIONAL GUIDE UPDATES AND REMINDERS

Form 1036

We have updated Section 8107.1(b) to clarify that any Form 1036, *Request for Possession or Control of Documents* delivered as other than hard copy is considered an Electronic Form 1036, including a PDF of a paper document attached to an email. Use of Electronic Forms 1036 requires the Servicer and its Document Custodian to have an written agreement that specifically addresses the terms of their electronic commerce.

Guide impact: Section 8107.1(b)

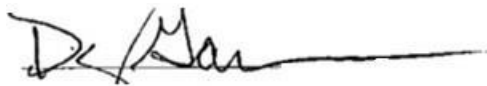
GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2020-33 (Selling/Servicing) Guide Updates Spreadsheet via the Attachments drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2020-33>.

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,

A handwritten signature in black ink, appearing to read "D. Gardner", with a long horizontal flourish extending to the right.

Danny Gardner

Senior Vice President, Client and Community Engagement