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**TO: Freddie Mac Sellers**

July 12, 2017 | 2017-10

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## **SUBJECT: SELLING UPDATES**

This Guide Bulletin announces:

### **Uniform Closing Dataset**

- Requirements for the [delivery of the Uniform Closing Dataset through Loan Closing Advisor<sup>SM</sup>](#) – **September 25, 2017 (New)**

### **Collateral representation and warranty relief expansion**

- [Removal of the requirement that a Mortgage be submitted to Loan Product Advisor<sup>®</sup> to be eligible](#) for collateral representation and warranty relief – **August 4, 2017**

### **Electronic Recording of paper and electronic closing and post-closing documents**

- [Removal of the requirement that a Seller/Servicer retain a wet ink signed assignment of a Mortgage or a modification agreement](#) when those paper documents are electronically recorded

### **Selling System<sup>®</sup>**

- Requirements for [third-party advisors, known as Secondary Market Advisors](#), to access the Selling System<sup>®</sup> to perform services for Sellers – **July 31, 2017 (New)**
- [Delivery requirements for low loan balance Mortgages](#) – **New**
- [Pricing and contracting Guide terminology updates](#) related to previously announced Selling System capabilities

### **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.

## **UNIFORM CLOSING DATASET**

### **Effective for Mortgages sold to Freddie Mac with Note Dates on and after September 25, 2017**

When originally announced, the Uniform Closing Dataset (UCD) XML with the embedded closing disclosure PDF was to be required on all Mortgages sold to Freddie Mac with a Note Date on and after September 25, 2017. However, as communicated in our [June 6, 2017 Single-Family News Center article](#), in response to Seller feedback regarding UCD adoption, the GSEs are offering a six-month relief period for embedding the closing disclosure PDF within the UCD XML file. Please refer to the [UCD web page](#) for more information.

While Sellers must still submit the UCD XML file for Mortgages sold to Freddie Mac with Note Dates on and after September 25, 2017, they now have until at least April 2018 to deliver the XML file with the embedded PDF. Nonetheless, Sellers are encouraged to submit the UCD XML file with the embedded PDF starting on September 25, 2017 if they have the capability to do so. We will provide adequate notice to Sellers of the date when the delivery of the embedded PDF will be required.

We have created new Guide Chapter 5801 to provide information and requirements related to the UCD and delivery through Loan Closing Advisor.

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Loan Closing Advisor is Freddie Mac's electronic collection solution for the UCD that helps Sellers validate that their closing data aligns with the UCD. Loan Closing Advisor then assesses the data against the UCD specification, checking for the completeness, validity and accuracy of certain calculated values and consistency of the data.

The submission of the UCD through Loan Closing Advisor is fulfilled when:

- The transaction has received data quality feedback messages; and
- The Loan Closing Advisor feedback certificate indicates that the UCD requirement has been satisfied

To obtain access to Loan Closing Advisor, Sellers should contact their Freddie Mac Account Executive or visit the [Loan Closing Advisor web page](#) and click on the "Get Started" button to start the process.

Guide impact: Guide Section 5801.1

## **COLLATERAL REPRESENTATION AND WARRANTY RELIEF EXPANSION**

**Effective for appraisals submitted to the Uniform Collateral Data Portal® on and after August 4, 2017**

In Bulletin 2017-3, we announced that a Mortgage must be submitted to Loan Product Advisor to be eligible for collateral representation and warranty relief. With this Bulletin, we are enhancing our offering by no longer requiring a submission to Loan Product Advisor. Therefore, eligibility will no longer be dependent on submission to Loan Product Advisor. Collateral representation and warranty relief status will continue to be communicated through the Uniform Collateral Data Portal®, Loan Collateral Advisor®, Selling System, Loan Coverage Advisor®, and when applicable, Loan Product Advisor and Loan Quality Advisor®. We are also updating our eligibility requirements to include that the Mortgage must have a loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio less than or equal to 95% to obtain collateral representation and warranty relief.

Guide impact: Section 5601.9

## **ELECTRONIC RECORDING OF PAPER AND ELECTRONIC CLOSING AND POST-CLOSING DOCUMENTS**

In Bulletin 2016-16 we announced that, for closing documents that are electronically recorded, Freddie Mac does not require Seller/Servicers to store paper copies. However, electronically recorded post-closing documents such as assignments of Mortgages, modification agreements, etc., were not explicitly referenced in Sections 1401.14 and 1401.15, which were revised as part of Bulletin 2016-16.

Based on Seller/Servicer feedback, we are now specifying that a Seller/Servicer does not need to store the original wet ink-signed paper assignments of Mortgages or modification agreements when such documents are electronically recorded. Seller/Servicers may now store Electronic (as defined in Section 1401.2) copies of electronically-recorded paper assignments of Mortgages or paper modification agreements, etc., but must do so securely and ensure such Electronic copies contain all the recording information.

We have also clarified storage and delivery requirements for paper and electronically created closing and post-closing documents that are electronically recorded, as follows:

- Seller/Servicers may store such Electronic copies of such documents as long as the copies or other Recording Confirmations from the Recording Office contain all of the recording information
- Seller/Servicers must still deliver to the Document Custodian or Designated Custodian, as applicable
  - The original wet-ink signed paper assignments of Mortgages, powers of attorney, modification agreements, etc., that have been electronically recorded, and
  - Paper copies of such electronically recorded documents or other Recording Confirmations from the Recording Office

Revising these requirements will create operational efficiencies for Seller/Servicers by reducing some storage costs and making it easier to store and retrieve documents. In addition, it reduces the risk of lost documents.

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After delivery of the Mortgage to Freddie Mac, a Servicer may only enter into paper modification agreements with original wet-ink signatures, except for Electronic modification agreements under the Home Affordable Modification Program (HAMP®). Servicers must comply with the requirements set forth in Section 9205.20 with respect to HAMP eModification Agreements, as defined in Section 9205.20. With respect to non-HAMP eModification Agreements, Servicers may store such documents electronically provided they deliver to the Document Custodian or Designated Custodian, as applicable, the original wet-ink signed paper modification agreement and paper copies of such electronically recorded documents.

At this time, Servicers remain subject to the paper document retention requirements set forth in Chapters 3301 and 3302 for those documents that have not been electronically recorded.

Guide impacts: Sections 1401.14, 1401.15, 2202.4, 6304.1, 6304.3 and 9206.17

## **SELLING SYSTEM**

### **Authorizing access to the Selling System for third-party advisors**

**Effective July 31, 2017**

More Sellers are utilizing the services of third-party advisors, now defined as Secondary Market Advisors (SMA), for assistance on secondary market activities. We have added requirements for Sellers that want an SMA to perform duties on their behalf in the Selling System. These new requirements include forms that both a Seller utilizing an SMA and an SMA must complete to provide the necessary authorizations and create a Selling Agent relationship between the Seller and the SMA.

Section 2403.3 is being repurposed to outline the use of SMAs and Selling Agents. It previously contained requirements regarding separate written agreements between the Seller and Freddie Mac for entering the Selling System. This is being removed as the written agreements have now expired. Additionally, we have added new Glossary definitions for the terms Secondary Market Advisor and Selling Agent.

For an SMA to become a Selling Agent and be authorized to act on behalf of the Seller, the following must occur:

- The SMA must complete, sign and deliver to Freddie Mac new Guide Form 478, *Secondary Market Advisor Selling Agent Agreement*, and
- The Seller that will be utilizing the SMA must complete, sign and deliver to Freddie Mac new Form 900SA, *Selling System Agent Identification and Authorized User Role Form*, for each authorized employee of the Selling Agent.

A Seller that currently has an SMA performing services on its behalf in the Selling System under a services agreement and has an executed and approved "Selling System Price Sheet Analyst User ID Request Form" and/or Form 900 is not immediately required to execute a Form 900SA unless and until one of the conditions listed in Section 2403.3(f) applies.

Guide impacts: Sections 2403.1, 2403.3 and 2403.11 and Forms 478 and 900SA and the Glossary

### **Cash payups for Mortgages with low loan balances**

**Effective June 26, 2017**

Our [June 14, 2017 Single-Family News Center article](#) described how we simplified the process in the Selling System to receive cash payups for fixed-rate Mortgages with specific loan attributes, such as UPBs less than or equal to \$175,000.

In order to take advantage of these cash payups for each Mortgage, Sellers must deliver the ULDD Data Point *Investor Feature Identifier* (Sort ID 368) and enter the applicable valid value provided in new Section 6302.39 associated with the UPB of the Cash Specified Pool Type to which the Mortgage has been allocated.

Guide impacts: Section 6302.39 and Guide Exhibit 34

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## Pricing and contracting terminology updates

Bulletin 2017-2 announced new Selling System functionality for Sellers to obtain their Guarantor and MultiLender pricing for Purchase Contracts. In support of those changes, we are updating Guide terminology to align with the Selling System's new capabilities.

We are replacing references in the Guide to "Master Commitment number" with "Pricing Identifier," which we are adding as a Glossary term. "Pricing Identifier" is defined as a number (or such other designation that Freddie Mac may select) that identifies an agreement providing the terms under which Freddie Mac will purchase eligible Mortgages over a fixed period of time.

In addition, we are updating the Glossary as follows:

- Replacing the term "Master Commitment" with the term "Pricing Identifier Terms," which is defined as terms associated with a Pricing Identifier under which the Seller may sell Mortgages to Freddie Mac
- Replacing:
  - "Effective Date for Delivery" with "Pricing Identifier Effective Date"
  - "Master Commitment Amount" with "Commitment Amount"
  - "Required Delivery Date" with "Pricing Identifier Expiration Date"
- Updating the definitions for "Master Agreement," "Minimum Contract Servicing Spread," "Purchase Contract" and "Purchase Documents"
- Removing the term "Maximum Master Agreement Amount" as it is no longer relevant

All applicable Guide references have been updated to reflect these terminology changes. Pursuant to Section 1501.2, provisions, including terms of business in Master Agreements and/or Master Commitments and other Purchase Documents, are hereby amended such that all references to previously-defined terms are deemed to be references to the revised Glossary terms noted above.

Sections 1501.1 and 1501.2 have been revised to reflect updates to Master Agreements and other Purchase Contracts.

Loan Product Advisor feedback messages have been updated to reflect these changes.

Guide impacts: Sections 1501.1, 1501.2, 1501.4, 1501.5, 1501.6, 1501.7, 1501.8, 5203.2, 6201.1, 6201.2, 6201.15, 6202.3, 6203.4, 6203.5, 6204.4, 6204.5, 6205.4, 6205.5, 6302.3, 6302.4, 6401.1, and 6401.2, Exhibits 6, 28 and 28A, Form 900 and the Glossary

## ADDITIONAL GUIDE UPDATES

### Concurrent Transfers of Servicing

Seller/Servicers are encouraged to implement the below changes immediately, but must do so no later than **October 9, 2017**.

In response to Seller/Servicer feedback for processing Concurrent Transfer of Servicing requests, we are clarifying:

- Responsibilities between the Seller, the Servicer and the Servicer's Document Custodian
- When certification of the Notes must be performed

As a result, we are updating the Glossary as follows:

- Deleting the term "Transferor Seller"
- Revising the term "Concurrent Transfer of Servicing" as follows:

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A Transfer of Servicing initiated by a Seller to a Servicer that occurs, subject to prior Freddie Mac approval, concurrently with Freddie Mac's purchase of a Mortgage on the Settlement Date: for the sake of convenience, the Seller may be referred to as the "Transferor Servicer" and the Servicer may be referred to as the "Transferee Servicer." In each instance, the Mortgage is delivered for certification to the Servicer's Document Custodian.

Guide impacts: Sections 6301.6 and 7101.9, Form 960 and the Glossary

### **Exhibit 13**

The Federal Emergency Management Agency (FEMA) has revised the Standard Flood Hazard Determination Form, FEMA Form 086-0-32, Freddie Mac Exhibit 13, and extended the expiration date to October 31, 2018. Use of the new form is recommended; however, the previous form with the expiration date May 30, 2015 continues to be acceptable.

Guide impacts: Section 8202.3 and Exhibit 13

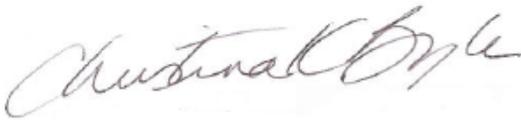
### **GUIDE UPDATES SPREADSHEET**

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2017-10 (Selling) Guide Updates Spreadsheet available at [http://www.freddiemac.com/singlefamily/guide/docs/bl1710\\_spreadsheet.xls](http://www.freddiemac.com/singlefamily/guide/docs/bl1710_spreadsheet.xls).

### **CONCLUSION**

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

Sincerely,



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