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**TO: Freddie Mac Sellers**

May 17, 2017 | 2017-7

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## **SUBJECT: SELLING UPDATES**

This Guide Bulletin announces:

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

- Expansion of Mortgages eligible to be considered for [collateral representation and warranty relief](#) – **May 19, 2017**

### **Proceeds from a “no cash-out” refinance Mortgage and reserves**

- Updates to provide greater detail on our [“no cash-out” refinance Mortgage reserves requirements](#)

### **Freddie Mac systems**

- The [rebranding of Quality Control Information Manager as Quality Control Advisor<sup>SM</sup> and the addition of Quality Control Advisor to the Freddie Mac Loan Advisor Suite<sup>®</sup>](#) – **June 26, 2017**
- Updates to our System-Specific License for Specifications to clarify additional roles and responsibilities relating to [lender-to-consumer Specifications and consumer messages](#)

### **MultiLender Swap posting information and Guide Forms 15A and 15C**

- Updates to [MultiLender Swap posting information and Forms 15A and 15C to support the Single Security initiative](#) – **July 31, 2017**

### **Additional Guide updates and reminders**

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

## **EFFECTIVE DATE**

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

## **COLLATERAL REPRESENTATION AND WARRANTY RELIEF**

### **Effective for Mortgages evaluated through the Selling System<sup>®</sup> on and after May 19, 2017**

Bulletin 2017-3 announced collateral representation and warranty relief for certain eligible Mortgages. We are expanding the Mortgages that are eligible to be considered for collateral representation and warranty relief to include:

- Cash-out refinance Mortgages and special purpose cash-out refinance Mortgages
- Texas Equity Section 50(a)(6) Mortgages
- Construction Conversion and Renovation Mortgages
- Mortgages that Freddie Mac and the Seller/Servicer have agreed are subject to credit enhancement other than primary mortgage insurance

Loan Product Advisor<sup>®</sup> and Selling System<sup>®</sup> feedback messages will be updated by May 19, 2017 to reflect these changes.

Guide impact: Guide Section 5601.9

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## **PROCEEDS FROM A “NO CASH-OUT” REFINANCE MORTGAGE AND RESERVES**

Section 4301.4 allows for proceeds of a “no cash-out” refinance to be disbursed as cash out to the Borrower (or any other payee) in an amount not to exceed 2% of the new refinance Mortgage or \$2,000, whichever is less. To address Seller feedback, we are updating Section 5501.3 to specify that any cash back to the Borrower from the proceeds of a subject “no cash-out” refinance Mortgage is not an eligible source of funds to meet reserves requirements.

Guide impact: Section 5501.3

## **SYSTEM UPDATES**

### **Quality Control Advisor**

#### **Effective June 26, 2017**

Quality Control Information Manager will be rebranded as Quality Control Advisor. Additionally, in response to Seller/Servicer feedback, Quality Control Information Manager will become part of the Freddie Mac Loan Advisor Suite.

Quality Control Advisor, which enables Seller/Servicers to manage performing and non-performing Mortgages through the quality control process, will be accessible via single sign-on to the Loan Advisor Suite portal and will have a look and feel consistent with the other tools in the Suite. The functionality of the tool will not change.

We are updating the Guide to reflect that Quality Control Advisor is a part of Loan Advisor Suite and to change references to Quality Control Information Manager to Quality Control Advisor.

Guide impacts: Sections 2402.2, 2402.8 and 2406.2 and Guide Exhibit 88

### **System-specific license for specifications**

Freddie Mac periodically provides Seller/Servicers with Specifications to aid in the development and maintenance of interfaces that interact with Freddie Mac systems. (See Section 2402.1 for a definition of “Specifications” and additional information.) Certain Specifications may permit Seller/Servicers to develop consumer messaging for their loan origination or other technology platforms. As a result, we are revising the System-Specific License for Specifications in Section 2402.1 to clarify additional roles and responsibilities relating to lender-to-consumer Specifications and consumer messages.

Guide impact: Section 2402.1

## **MULTILENDER SWAP POSTING INFORMATION AND FORMS 15A AND 15C UPDATES**

#### **Effective July 31, 2017**

The Single Security is a joint initiative of Freddie Mac and Fannie Mae (“GSEs”), under the direction of the FHFA, to develop a single mortgage-backed security that will be issued by the GSEs to finance fixed-rate Mortgages backed by 1- to 4-unit single-family properties. In preparation for implementation of the Single Security, effective July 31, 2017, Freddie Mac will be updating the [MultiLender Swap posting information](#) to include the prefix for each MultiLender PC Pool and the renaming of existing MultiLender PC Pool information.

In addition, effective for Guarantor and MultiLender Swap Contracts that reach Settlement Locked status on and after July 31, 2017, we are updating Forms 15A, *Settlement Summary – Fixed Rate Guarantor*, and 15C, *Settlement Summary – Weighted Average Coupon ARM PC*, to add the prefix. The Selling System will also be updated on July 31, 2017 to display the prefix on applicable screens for Guarantor and MultiLender Swap Contracts.

Prior to the implementation of Single Security, the value in the new prefix field will be the equivalent to the first two characters of the existing pool number field.

These minor changes are steps toward the implementation of Single Security and will help to mitigate risks associated with the transition by giving market participants adequate time to prepare for any system or process impacts.

Guide impacts: Section 6201.4 and Forms 15A and 15C

## **ADDITIONAL GUIDE UPDATES AND REMINDERS**

### **Spanish/English versions of Forms 65 and 65A**

To help lenders better serve Spanish-language dominant Borrowers in becoming homeowners, we are making available, as Uniform Instruments, Freddie Mac Spanish/English versions of the following forms:

- Form 65, *Uniform Residential Loan Application*
- Form 65A, *Statement of Assets and Liabilities*

The Spanish/English versions of these documents are executable and will be identified as Freddie Mac Form 65s and Form 65As, respectively. These versions will help Spanish-speaking consumers have a better understanding of the information required when applying for a Mortgage.

The Freddie Mac Spanish/English versions of the forms are being added to the Guide and may also be found on the [Uniform Instruments section](#) of our website.

We are also updating our [Spanish Translation of Mortgage Documents](#) web page to add a reference to these Spanish/English documents.

Guide impacts: Section 4101.1, Exhibits 4 and 5 and Forms 65s and 65As

### **Certificate of incumbency**

As announced in Bulletin 2017-5, we are updating Guide Forms 988SF-1, 988SF-2 and 989SF and the addenda to those forms, Forms 988ASF and 989ASF (collectively, the “COI forms”), to make them applicable to Servicers as well as Sellers. The updated COI forms have been revised to identify employees authorized to provide Wire Transfer Instructions (as described in Section 2201.1) in connection with the sale of Mortgages to and/or the Servicing of Mortgages for Freddie Mac in Part (A) and Part (B), respectively.

Seller/Servicers that have already submitted COI forms to authorize employees to provide Wire Transfer Instructions to Freddie Mac do not need to submit new COI forms at this time, *unless* they otherwise need to submit a new COI form or their renewal COI is due. **Any Seller/Servicer COI renewal required on and after June 1, 2017 and/or any COI changes on and after June 1, 2017 must be submitted on the revised Seller/Servicer COI form(s) announced in Bulletin 2017-5.**

### ***Form 1132, Authorization for Automatic Transfer of Funds through the Automated Clearing House (ACH)***

We have updated the instructions to Form 1132 to reflect the requirement for a Servicer’s employees authorized to provide Wire Transfer Instructions solely in connection with the Servicing of Mortgages to provide ACH authorization and instructions for performing loans and nonperforming loans invoices. Effective **January 1, 2018**, Sellers must use the new version of Form 1132 for purposes of providing ACH authorization and instructions for Seller fee invoices or other invoice types.

### **Condominium Project and Planned Unit Development (PUD) insurance**

#### **Effective April 20, 2017**

As announced in Bulletin 2017-5, in response to Seller/Servicer feedback, we have evaluated and are revising our Condominium Project and (PUD) insurance requirements.

#### ***Detached Condominium Project review type***

For Condominium Projects that are reviewed under the Detached Condominium Project review type, Seller/Servicers are no longer required to determine the existence or adequacy of:

- Fidelity or employee dishonesty insurance coverage
- Liability insurance for Condominium Projects

### ***Common Elements of PUDs***

We are no longer requiring insurance on Common Elements of a PUD, when the insurable value of the PUD's Common Elements is minimal or does not exist.

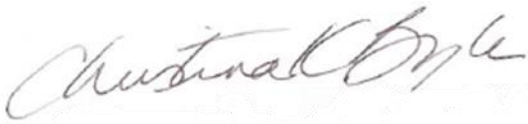
### **GUIDE UPDATES SPREADSHEET**

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2017-7 (Selling) Guide Updates Spreadsheet available at [http://www.freddiemac.com/singlefamily/guide/docs/bl1707\\_spreadsheet.xls](http://www.freddiemac.com/singlefamily/guide/docs/bl1707_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 at (800) FREDDIE.

Sincerely,

A handwritten signature in cursive script, appearing to read "Christina K. Boyle". The signature is written in dark ink on a light background.

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