

Bulletin

TO: Freddie Mac Sellers

October 7, 2020 | 2020-38

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Home Equity Line of Credit (HELOC) monthly payments – November 5, 2020

- Updates to [Home Equity Line of Credit \(HELOC\)](#) calculation options

Planned Unit Developments (PUDs)

- Flexibilities on [Planned Unit Development \(PUD\) Homeowners Association insurance](#) verification
- [Updates to the PUD Guide chapter](#) for ease of use

Power of attorney related to document custody – January 4, 2021

- Updates to requirements for [Mortgages executed by a power of attorney](#)
- Updates to requirements for [eMortgages executed by a power of attorney](#)

Electronic documentation

- Updated [delivery requirements](#) - **October 14, 2020**
 - [Electronically recorded closing and post-closing documents](#)
 - [Modifications of eMortgages](#)
- Revisions to [Mortgages eligible as eMortgages](#)

Additional Guide updates

- Further updates 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.

MONTHLY HOME EQUITY LINE OF CREDIT (HELOC) PAYMENTS

Effective for Mortgages with Settlement Dates on and after November 5, 2020; however, Sellers may implement immediately

In Bulletin 2020-31, we updated the Guide to require documentation of all monthly payment amounts included in the calculation of monthly housing expense-to-income ratio and total debt payment-to-income ratio, effective on November 5, 2020. This Bulletin provides a flexibility with respect to HELOC payment amounts to permit the use of 1.5% of the outstanding HELOC balance when the HELOC monthly payment amount is not captured in the Mortgage file documentation or in the credit report. Note: Documentation of HELOC terms, including the monthly payment amount, continues to be required for HELOCs originated concurrently with the First Lien Mortgage, as stated in Section 4204.1.

Loan Product Advisor® messaging will be updated accordingly at a later date.

Guide impacts: Sections 5401.1 and 5401.2

PLANNED UNIT DEVELOPMENTS (PUDs)

Homeowners Association insurance verification

In response to Seller inquiries, we are updating our requirements for property insurance for Planned Unit Developments (PUDs) and leasehold lessees within a ground lease community. Sellers are no longer required to verify insurance for the Common Elements in a PUD and ground lease community or to verify if a master or blanket insurance policy provides insurance coverage for Common Elements. Sellers must continue to verify and maintain evidence of insurance as required by the Guide on any individual unit in a PUD and ground lease community, or a PUD master/blanket insurance policy as required in Section 4703.2.

Guide impact: Section 4703.2

PUD Guide chapter updates

For ease of use with respect to locating the requirements and characteristics that must be met for a project to be classified as a PUD, we are adding the existing Glossary definition for a PUD in Section 5702.1. We are also providing guidance that zoning is not the basis for a real estate project being classified as a PUD.

Additionally, other commonly used Glossary terms in Section 5702.1 are identified and linked to the Glossary.

Guide impacts: Sections 1301.11 and 5702.1

DOCUMENT CUSTODY: POWER OF ATTORNEY

Effective January 4, 2021; however, Seller/Service providers are encouraged to implement the changes as soon as possible

Mortgages executed by a power of attorney

If recordation is required for a power of attorney (POA), and if the original POA was sent for recording, Seller/Service providers are required to deliver a copy of the POA to the Document Custodian along with the Note and then either the original POA or a copy of the POA with recording confirmation to the Document Custodian when received from the recording office.

We are revising the Guide to require that Seller/Service providers deliver a **certified copy** of the POA along with the Note and promptly deliver the original POA or a copy of the POA with recording confirmation to the Document Custodian as a trailing document **within five Business Days** of receiving it from the recording office.

If the Note was executed under an Electronic POA, the Seller must comply with the following delivery requirements:

If the Note was executed under an Electronic POA and	Then the Seller must deliver
It must be recorded and will not be recorded electronically	<ol style="list-style-type: none">1. An Electronic copy of the POA to the Document Custodian along with the Note2. The POA with recording information therein or Recording Confirmation of the POA, returned from the recorder's office, to the Document Custodian within five Business Days of receiving it
It must be recorded and will be recorded electronically	<ol style="list-style-type: none">1. An Electronic copy of the POA to the Document Custodian along with the Note2. An Electronic copy of the recorded POA with recording information therein or Recording Confirmation returned from the recorder's office, to the Document Custodian within five Business Days of receiving it
Recordation is not required	<ol style="list-style-type: none">1. An Electronic copy of the POA to the Document Custodian along with the Note

Note: If the Document Custodian is not able to accept electronic documents, the Seller/Servicer must send a paper copy of the POA and/or the paper copy of the recorded POA to the Document Custodian.

Guide impacts: Sections 6301.4 and 6301.8

eMortgages executed by a power of attorney

- If the eNote was executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under a paper POA, the Seller/Servicer must comply with the following delivery requirements:

If the Note was executed under a paper POA and	Then the Seller must deliver
It must be recorded, and will not be recorded electronically	<ol style="list-style-type: none"> An Electronic scanned copy of the POA (or an Electronic scanned copy of the recorded POA, if the Original POA is recorded prior to the Note Date) using MERS eDelivery to eNote custodian's eVault The original POA, that is returned from the recorder's office, with recording information therein or Recording Confirmation to the Document Custodian within five Business Days of the receipt
It must be recorded and will be recorded electronically	<ol style="list-style-type: none"> An Electronic scanned copy of the POA (or an Electronic copy of the recorded POA, if the Original POA is recorded prior to the Note Date), using MERS eDelivery to eNote custodian's eVault The original POA to the Document Custodian An Electronic copy of the recorded POA with recording information therein or Recording Confirmation, using MERS eDelivery to eNote custodian's eVault within five Business Days of the receipt, If the POA is not recorded prior to the Note date
Recordation is not required	<ol style="list-style-type: none"> An Electronic scanned copy of the POA using MERS eDelivery to eNote custodian's eVault The original POA to the Document Custodian.

- If the eNote was executed by a person acting as attorney-in-fact pursuant to authority granted by a Borrower under an Electronic POA, the Seller/Servicer must comply with the following delivery requirements:

If the Note was executed under a paper POA and	Then the Seller must deliver
It must be recorded, and will not be recorded electronically	<ol style="list-style-type: none"> An Electronic copy of the POA using MERS eDelivery to eNote custodian's eVault An Electronic scanned copy of the recorded POA with recording information therein or Recording Confirmation using MERS eDelivery to eNote Custodian's eVault of the eNote within five Business Days of the receipt.
It must be recorded, and will be recorded electronically	<ol style="list-style-type: none"> An Electronic copy of the POA using MERS eDelivery to eNote custodian's eVault An Electronic copy of the recorded POA with recording information therein or Recording Confirmation using MERS eDelivery to eNote custodian's eVault within five Business Days of the receipt.

If the Note was executed under a paper POA and	Then the Seller must deliver
Recordation is not required	1. An Electronic copy of the POA using MERS eDelivery to eNote custodian's eVault.

Note: If MERS eDelivery is not available, for delivery of the Electronic documents, delivery by other electronic means (e.g., e-mail) to Freddie Mac or the Freddie Mac approved third-party eNote custodian is acceptable. If Freddie Mac is the eNote custodian, deliver the Electronic documents to loan_delivery_funding_ops@freddiemac.com.

Guide impact: Section 1402.8

ELECTRONIC DOCUMENTATION

Effective October 14, 2020

Delivery requirements

Electronically recorded closing and post-closing documents

If the Seller/Servicer received an Electronic copy of the electronic recordation with recording information therein or a Recording Confirmation from the recorder's office when paper closing or post-closing documents were sent for recording, the Seller/Servicer was required to deliver a paper copy of such document to the Document Custodian. Seller/Servicers can now deliver the Electronic copy returned from the recorder's office to the Document Custodian.

If the closing or post-closing documents are created electronically and:

- The Seller/Servicer receives an Electronic copy of the recorded electronic document with recording information therein or a Recording Confirmation from the recorder's office, the Seller/Servicer is required to deliver the original Electronic documents and Electronic copy of the recording information returned from the recorder's office to the Document Custodian
- The Seller/Servicer receives a paper copy of the recorded electronic document with recording information therein or a Recording Confirmation from the recorder's office, the Seller/Servicer is required to deliver an Electronic scanned copy of the original documents and Electronic copy of the recording information returned from the recorder's office to the Document Custodian

Note: If the Document Custodian is not able to receive Electronic copies of the documents, the Seller/Servicer must deliver a paper copy of the document to the Document Custodian.

Guide impacts: Sections 1401.14 and 1401.15

Delivery requirements for modifications of eMortgages

As announced in Bulletin 2020-33, Seller/Servicers are required to deliver the recorded modification agreement to the eNote custodian. As Seller/Servicers can either receive a Modification Agreement with recording information therein and/or another form of the Recording Confirmation from the recorder's office, we are allowing Seller/Servicers to deliver either a recorded Modification Agreement, with recording information therein, or a Recording Confirmation to the eNote custodian.

Guide impacts: Sections 1402.10 and 1402.11

Updates to eligible Mortgage types for eMortgages

Currently, Mortgages for which the Borrower is a "trust of any type" are not eligible to be delivered as eMortgages. We are updating our requirements to indicate expressly that this includes any Mortgage for which the Borrower is a Living Trust, or any Mortgage where a non-individual entity is required to sign the loan documents including the eNote.

If the Borrower is a Living Trust in addition to the Underwritten Settlor, the Trustee must sign the Note on behalf of the Trust entity. Due to complications in authenticating the non-individual entity and inability to obtain consumer consent from that non-individual entity, these Mortgages are not eligible to be sold as eMortgages.

Additionally, we are also updating our requirements to indicate that Land Trust Mortgages, Community Land Trust Mortgages and Section 184 Native American Mortgages for which the Borrower is an individual can be sold as

eMortgages since the borrowers on such Mortgages are individuals, provided the Seller is approved to sell such Mortgages to Freddie Mac.

Loan Selling Advisor has been updated to prohibit the delivery of the Mortgage types noted above as eMortgages

Guide impact: Section 1402.7

ADDITIONAL GUIDE UPDATES AND REMINDERS

Loan Product Advisor feedback

To better align with updated feedback provided by Loan Product Advisor, we are:

- Removing Minimum Assessment Feedback (MAF), a type of feedback message previously included on the Feedback Certificate, from the Glossary and related Guide sections, and
- Simplifying the Feedback Certificate Glossary definition

Guide impacts: Sections 5101.5, 5601.6 and Glossary

Remote Online Notarization (RON)

Effective August 27, 2020

Bulletin 2020-35 announced an update to our storage requirements for the recording of the notarial ceremony for documents notarized using a Remote Online Notarization (RON) process. We are updating Section 1401.16 to reflect that as announced in that Bulletin, Seller/Service providers must maintain the recording of the notarial ceremony for the greater of (a) 10 years, or (b) the period specified in the RON law of the State in which the notary is licensed.

Guide impact: Section 1401.16

Tax-exempt Social Security income

Effective September 2, 2020

We updated Section 5305.2 to provide a specific example for how to apply the updated requirements announced in Bulletin 2020-36 that permit for 15% of the income to be grossed up without obtaining documentation evidencing that the income is tax-exempt.

Guide impact: Section 5305.2

GUIDE UPDATES SPREADSHEET

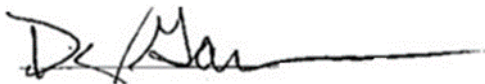
For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2020-38 (Selling) Guide Updates Spreadsheet via the Download drop-down available at

<https://guide.freddie.mac.com/app/guide/bulletin/2020-38>

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