



Bulletin 2021-31

Selling

Issued 10/06/2021

TO: Freddie Mac Sellers

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Seller/Servicer and Related Third Party risk mitigation**
 - Revisions to Seller/Servicer and Related Third Party [risk mitigation requirements](#) – **January 13, 2022**
- **Credit underwriting – recovery time periods for reestablishment of credit after foreclosure**
 - A [reduced recovery time period](#) for reestablishment of credit following foreclosure when the foreclosure resulted from a Mortgage extinguished in a Chapter 7 bankruptcy
- **Cash-Released XChange®**
 - Enhancements to the [Servicing-Released XChange® program](#) – **October 12, 2021**
 - A change to the effective date for additional [Document Custodian options](#) when selling through Cash-Released XChange – **November 1, 2021**
- **Delivery requirement updates**
 - Updates to [delivery requirements](#) for certain property value-related data points
- **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.

SELLER/SERVICER AND RELATED THIRD PARTY RISK MITIGATION

Effective for Mortgages with Settlement Dates on or after January 13, 2022

After internal analysis and review of industry best practices, we are updating requirements related to Seller/Servicer risk mitigation, including those related to Seller/Servicer counterparties providing critical services. These changes aim to enhance the requirements and provide greater specificity.

The revisions include, but are not limited to:

- Fortifying business continuity planning, including the expansion of a current requirement that Freddie Mac be designated as an intended third-party beneficiary in agreements with Related Third Parties
- Enhancing information security requirements, including that Freddie Mac be notified and provided with certain details within 48 hours in the event of a Security Incident (as defined in [Guide Section 1302.2\(c\)](#))
- Specifying Freddie Mac's existing remedies in the event of breach by a Seller/Servicer
- Adding [Glossary](#) definitions for "Change of Control," "Material Adverse Effect," "Related Third Party" and "Senior Management"

Additionally, we are revising [Section 2101.12](#) concerning the required notifications and timeframes to Freddie Mac when certain changes to the Seller/Servicer's organization or status are going to or have occurred, including:

Change	Current notification to Freddie Mac	New notification to Freddie Mac
A major change in ownership or organization, including but not limited to mergers, consolidations and/or Change of Control	At least 14 Business Days before the event	At least 60 calendar days before the event
Certain types of termination, suspension, bankruptcy or legal proceedings	Within seven Business Days after the event	Within one Business Day after the event

Guide impacts: [Sections 1301.2, 1301.3, 1302.1 through 1302.3, 1401.2, 2101.12, 2401.1, 2403.3, 2408.5, 3601.1](#) and [Glossary](#)

CREDIT UNDERWRITING – RECOVERY TIME PERIODS FOR REESTABLISHMENT OF CREDIT AFTER FORECLOSURE

For Manually Underwritten Mortgages, we have revised the recovery time periods for reestablishment of credit following foreclosure to provide flexibility when the foreclosure resulted from a Mortgage that was extinguished in a Chapter 7 bankruptcy. We are providing an additional option that reduces the required minimum recovery period from:

- 36 months from the completion date of the foreclosure as reported on the credit report to 24 months from the bankruptcy discharge date for Chapter 7 bankruptcies caused by extenuating circumstances
- 84 months from the completion date of the foreclosure as reported on the credit report to 48 months from the bankruptcy discharge for Chapter 7 bankruptcies caused by financial mismanagement

The following conditions apply in order to take advantage of this option:

- The Seller must document that the foreclosure resulted from the inclusion and discharge of the Mortgage in the bankruptcy, and
- The foreclosure proceedings did not begin before the bankruptcy filing, and
- The Mortgage was not reaffirmed through the bankruptcy

As a reminder, for Loan Product Advisor® Mortgages with Risk Class of Accept, Loan Product Advisor has assessed the Borrower's credit reputation and determined that the time period for reestablishment of credit following a derogatory credit event, when applicable, is acceptable.

Guide impact: [Section 5202.5](#)

CASH-RELEASED XCHANGE®

Servicing-Released XChange® and XChange CenterSM for Sellers

Effective for Mortgages with Settlement Dates on or after October 12, 2021

As part of enhancements to the Servicing-Released XChange® program, Cash-Released XChange® Sellers will soon have access to Freddie Mac's XChange CenterSM to maintain their own preferences when including or excluding servicing buyers that bid on their servicing contract rights in Loan Selling Advisor®.

We are retiring the current manual process that requires Sellers to call 800-FREDDIE or email freddie_mac_servicing_released_executions@freddiemac.com.

Beginning October 12, 2021, a Seller's delegated administrator can provision access to XChange Center (located under "Quick Links" in [Loan Advisor[®]](#)) through Freddie Mac's [Access Manager](#). In addition to setting buyer preferences, Sellers can also access new features within XChange Center allowing them to set pricing preferences by buyer. XChange Center is a System as defined in [Section 2401.1](#).

The new [XChange Center – Sellers](#) will be available on October 12, 2021.

Guide impact: [Section 6101.7](#)

Change to effective date for additional Document Custodian options when selling through Cash-Released XChange

Effective November 1, 2021

In [Bulletins 2021-25](#) and [2021-27](#), we announced two new Document Custodian options for Sellers who sell through [Cash-Released XChange](#): U.S. Bank and Deutsche Bank.

To give our clients additional time to prepare, on September 15, we notified eligible Cash-Released XChange Sellers that Bank of New York Mellon would remain as the only eligible Document Custodian until November 1, when U.S. Bank will also become an optional Document Custodian in the program.

Deutsche Bank will not be a Document Custodian option as previously announced.

We are updating the Guide to reflect these changes.

Sellers can learn more about the new option [here](#), including details on how to sign up with U.S. Bank and manage their loan pipeline in

Loan Selling Advisor after they update their preferred Document Custodian.

Guide impact: [Guide Exhibit 43](#)

DELIVERY REQUIREMENT UPDATES FOR PROPERTY VALUE-RELATED DATA POINTS

We have updated delivery instructions for property value-related data points to remove redundancies and add consistency among offerings. Specifically, we have:

- Removed the special delivery requirements for ULDD Data Point *Property Valuation Amount* (Sort ID 83) for GreenCHOICE® Mortgages, Mortgages secured by properties with resale restrictions, and Community Land Trust Mortgages and updated the notes for this ULDD Data Point in [Section 6302.8](#) such that a special requirement is no longer necessary
- Removed the special delivery requirements for ULDD Data Points *LTV Ratio Percent* (Sort ID 255) and *Combined LTV Ratio Percent* (Sort ID 91) for GreenCHOICE Mortgages and updated the notes for these data points in [Section 6302.5](#) such that special requirements are no longer necessary
- Updated the notes for ULDD Data Point *Home Equity Combined LTV Ratio Percent* (Sort ID 92) to remove references for GreenCHOICE Mortgages, Mortgages secured by properties with resale restrictions, and Community Land Trust Mortgages in [Section 6302.34](#) such that a note is no longer necessary
- Updated [Section 4203.1](#) to include a reference to [Section 4607.4](#), which provides specific instructions for determining the value used to calculate the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV ratios for CHOICERenovation® Mortgages
- Updated [Section 6302.43](#) to include special delivery requirements for ULDD Data Point *Purchase Price Amount* (Sort ID 195) for CHOICERenovation Mortgages

Guide impacts: [Sections 4203.1](#), [6302.5](#), [6302.8](#), [6302.23](#), [6302.34](#), [6302.37](#), [6302.42](#) and [6302.43](#)

ADDITIONAL GUIDE UPDATES

Texas Equity Section 50(a)(6) and 50(a)(4) Mortgages

We have clarified that Sellers may refinance a Texas Equity Section 50(a)(6) Mortgage into:

- Another Texas Equity Section 50(a)(6) Mortgage, or
- A refinance Mortgage permitted by Section 50(a)(4) of Article XVI of the Texas Constitution

Section 50(a)(4) Mortgages used to pay off a Texas Equity Section 50(a)(6) Mortgage and meeting all applicable Texas Constitutional requirements are not subject to the requirements of this section and are eligible for sale to Freddie Mac as "no cash-out" refinance Mortgages, provided all requirements of [Section 4301.4](#) are met.

Guide impact: [Section 4301.7](#)

Confidentiality obligations

We have clarified in [Section 1201.8](#) that Freddie Mac's confidentiality obligations do not apply to "Seller/Servicer confidential information" that was independently developed by Freddie Mac or another third party.

Guide impact: [Section 1201.8](#)

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 2021-31 (Selling) Guide Updates Spreadsheet via the Download drop-down available at

<https://guide.freddiemac.com/app/guide/bulletin/2021-31>.

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
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