

Bulletin

TO: Freddie Mac Sellers

March 1, 2023 | 2023-6

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Asset and income modeler (AIM) for Direct Deposit**
 - An update to the delivery requirements for the [Automated Income Assessment with Loan Product Advisor® using Account Data](#) offering – **June 1, 2023**
- **Credit underwriting – July 3, 2023**
 - Updates to our requirements for [non-occupying Borrowers](#)
 - Updates to our requirements for excluding [assumed Mortgages](#) from the monthly debt payment-to-income ratio
- **Information security and privacy**
 - Updated [information security and privacy](#) requirements – **July 3, 2023**
- **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.

ASSET AND INCOME MODELER (AIM) FOR DIRECT DEPOSIT DELIVERY REQUIREMENTS

Effective for Mortgages delivered on and after June 1, 2023; however, Sellers may implement immediately

To improve efficiency for Sellers, we are no longer requiring the delivery of the valid value “H85” for ULDD Data Point *Investor Feature Identifier* (IFI) (Sort ID 368) for Mortgages using Automated Income Assessment with Loan Product Advisor using Account Data (Direct Deposits).

System impacts

On June 1, 2023, Loan Selling Advisor® will be updated to prevent the delivery of the valid value “H85”. Sellers must update their systems accordingly.

The applicable Loan Product Advisor feedback message will also be retired on June 1.

Guide impacts: Sections 5904.6, 6302.10 and Exhibit 34

Notice of changes to certain negotiated provisions

This paragraph serves as notice to Sellers with Purchase Documents that contain one or more negotiated provisions with terms related to Mortgages delivered using *Investor Feature Identifier* (IFI) “H85”. The changes to the delivery requirements in this Bulletin, and any corresponding Guide updates, supersede any such terms as of this Bulletin’s effective date.



CREDIT UNDERWRITING

Effective for Mortgages with Settlement Dates on and after July 3, 2023

Mortgages including a non-occupying Borrower

We are updating Section 5103.1 to add a requirement that a non-occupying Borrower must not be an interested party to the transaction (i.e., the builder, property seller, real estate agent or broker).

In addition, we are making the following editorial changes for consistency and ease of use:

- Specifying in Section 5103.1 that the maximum loan-to-value (LTV) ratio for an Accept Mortgage with a non-occupying Borrower is 95%. Note: this is not a policy change as a non-occupying Borrower is currently not permitted for offerings with LTV ratios exceeding 95%.
- Consolidating all requirements for non-occupying Borrowers (including those that are also an endorser, guarantor or surety) in Section 5103.1
- Removing from Section 5103.3 several outdated requirements for endorsers, guarantors and sureties

Guide impacts: Sections 5103.1 and 5103.3

Exclusion of payment on an assumed Mortgage from monthly debt payment-to-income ratio

Currently, we permit the payment on a Mortgage that was assumed by another party to be excluded from the Borrower's monthly debt payment-to-income ratio, provided the Mortgage file contains evidence of the property transfer and a copy of the fully executed assumption agreement. We are updating our requirements to:

- Specify that the payment may be excluded when the Borrower has not been legally released from liability on the assumed Mortgage by the Servicer or owner of the Mortgage, and
- Add the requirement that the Mortgage file contains evidence that the assignee has made timely payments on the assumed Mortgage for at least the most recent 12 months

Guide impact: Section 5401.2

INFORMATION SECURITY AND PRIVACY UPDATES

Effective July 3, 2023

We are updating Guide Chapter 1302 to enhance our information security and privacy requirements to be more consistent with industry standards. These updates include, but are not limited to, the following:

- Revisions to our information security minimum requirements, including the addition of new requirements related to:
 - Incident management
 - Mobile computing
 - Auditing, logging and monitoring of activities and actions within information systems
- New requirements related to notifications of unauthorized access to or acquisition of computing resources or any other information security incident that may compromise the security, confidentiality, availability or integrity of Freddie Mac information
- Updates related to Seller/Servicers' business continuity planning, including the ability to maintain and restore retained information and the proper destruction of both electronic and hard-copy records
- An update confirming that information security program and business continuity plan requirements apply to the Protected Information retained by Seller/Servicers following the termination of the Seller/Servicer's right to sell or service Mortgages

Seller/Servicers must have a written agreement in place with all third parties that store, process, access or transmit Freddie Mac Protected Information that satisfies the minimum security requirements.



Additional information will be announced in a future Guide Bulletin to provide Seller/Service providers direction on how to report Non-Critical Privacy Events (as defined in Section 1302.2) and how to obtain information on specific relationships Freddie Mac may have with Related Third Parties.

Guide impacts: Section 1301.2 and Chapter 1302

[Additional resources](#)

We encourage Seller/Service providers to review our [FAQs](#) and our [detailed breakdown](#) of the changes.

ADDITIONAL GUIDE UPDATES

[Correspondent XChange® operational bifurcation agreement](#)

Servicing-Released XChange® is Freddie Mac's suite of executions that provides market liquidity for Servicing Contract Rights and helps Sellers easily transfer Servicing to an approved Servicer. To provide greater transparency, we are adding to the Guide Correspondent XChange, one of the executions available under Servicing-Released XChange.

Sellers that originate Freddie Mac-eligible Mortgages ("Originators") use the Third Party Transaction Services functionality in Loan Selling Advisor to transfer their Mortgage data to aggregators with whom they have an agreement to sell Mortgages for cash. Currently, two approved aggregators participate in our operational bifurcation Correspondent XChange executions, known as CorrAdvantage for Truist Bank and Easy D for U.S. Bank. Aggregators accept the transferred Mortgage data in Loan Selling Advisor and then sell the Operational Bifurcated Mortgages to Freddie Mac. For Operational Bifurcated Mortgages, the "Origination and Sale" representations and warranties and "Servicing" representations and warranties are bifurcated by Freddie Mac as provided in new Exhibit 29, *Correspondent XChange® Operational Bifurcation Multi-Party Agreement*.

For existing Correspondent XChange Originators, we are consolidating existing agreements into the new multi-party agreement as described in the [effective dates](#) section below.

We are adding new Chapter 6306, which provides an overview of the Correspondent XChange options available through Loan Selling Advisor, and updating existing Guide provisions to include information about Correspondent XChange, including adding the term "Operational Bifurcated Mortgages" to the Glossary.

Freddie Mac must approve Sellers to participate in Correspondent XChange. For more information or if you have questions about the new multi-party agreement, Sellers should reach out to their Freddie Mac representative or the Customer Support Contact Center at 800-FREDDIE.

Effective dates

For Sellers that are newly approved to participate in Correspondent XChange on and after March 1, 2023, the new multi-party agreement will be effective as of their Freddie Mac approval date.

For Sellers already participating in Correspondent XChange as of March 1, 2023, the new multi-party agreement will, as of May 3, 2023, supersede the existing agreements among Freddie Mac, each Originator and Truist Bank or U.S. Bank, as applicable. Any Sellers that wish to terminate their participation in their respective program must notify Freddie Mac and Truist Bank or U.S. Bank, as applicable, in writing prior to May 3, 2023, in accordance with the termination provisions of their existing program agreements.

Guide impacts: Chapter 6306 (**new**), Sections 7101.9, 7101.15, Exhibit 29 (**new**) and Glossary

[Credit Fee updates](#)

Effective for Mortgages with Settlement Dates on and after May 1, 2023

We are making applicable Guide updates to align with the Credit Fee changes announced in Bulletin 2023-1.

Guide impacts: Sections 5101.3, 5203.2 and 5401.2

[Update to Exhibit 4A, Single-Family Uniform Instruments](#)

We updated Exhibit 4A to reflect the latest revision date for the Virginia Deed of Trust Security Instrument. The Virginia Deed of Trust was revised to remove the consideration amount and property value information above the "Definitions"



section of the Security Instrument. This language was removed to enable Seller flexibility when complying with Virginia recording requirements.

For more information and to review the updated Security Instrument, visit our [2021 Uniform Instruments web page](#).

Guide impact: Exhibit 4A

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 2023-6 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-6>.

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 'Kevin Kauffman', located below the 'Sincerely,' text.

Kevin Kauffman

Vice President, Single-Family Client Engagement