

Bulletin

To: Freddie Mac Servicers

August 14, 2024 | 2024-11

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

- **Disaster policy**
 - Clarifications to [Freddie Mac disaster policy and relief](#)
- **Retention of Loan Product Advisor® Feedback Certificates**
 - A clarification of file retention requirements for [Transfers of Ownership and assumptions](#)
- **Co-Issue XChange®**
 - The addition of [Co-Issue XChange to the Guide](#)
- **Principle balance corrections**
 - New Servicer permissions for current [Accounting Cycles](#) – **September 1, 2024**
- **ARM rate adjustments**
 - Updates to language related to [ARM rate adjustments](#)

EFFECTIVE DATE

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

DISASTER POLICY CLARIFICATIONS

As a result of Servicer feedback, we have made several clarifications to Freddie Mac's disaster policy. We have updated the Glossary definition of "Eligible Disaster" to remove the requirement that the impacted property or place of employment be in an Eligible Disaster Area as defined by the Guide. As long as the impacted property has an insured loss, the Borrower is eligible for disaster relief. Servicers are reminded that they must use Default Reason Code 034 to report all Mortgages that are 31 or more days delinquent and affected by a disaster.

Additionally, we have updated Guide Section 9206.5(e) to clarify that the section requirements apply to Borrowers who were current or less than 60 days delinquent as of the date the Eligible Disaster occurred and removed the reference to Eligible Disaster Areas in this context.

Guide impacts: Sections 8404.6, 9206.5 and Glossary

RETENTION OF LOAN PRODUCT ADVISOR FEEDBACK CERTIFICATES

We have updated Sections 8406.6 and 8406.9 to confirm that all original documents relating to the application for an assumption related to a Transfer of Ownership must be kept in the Mortgage file, including the Last Assumption Feedback Certificate (as defined in Section 8406.6) if Loan Product Advisor was used to assess creditworthiness for the assumption.

Guide impacts: Sections 8406.6 and 8406.9



CO-ISSUE XCHANGE

In Bulletin 2024-10, we announced the addition of Co-Issue XChange, one of the executions available under Servicing-Released XChange®, to the Guide. 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 another approved Servicer. Co-Issue XChange allows Sellers to transfer Servicing Contract Rights to a Transferee Servicer at the same time a loan is sold to us. Under this program, the "Origination and Sale" representations and warranties and "Servicing" representations and warranties are bifurcated by Freddie Mac. With this update, we have announced the corresponding Servicing updates to Sections 7101.2 and 7101.15 as part of the announcement in Bulletin 2024-10. These updates include the addition of Co-Issue XChange to the Guide and additional clarifications around Transfer of Servicing requirements for Servicing-Released XChange executions. For more information on this topic and the new exhibits and chapter, please refer to Bulletin 2024-10.

Guide impacts: Sections 7101.2 and 7101.15

PRINCIPAL BALANCE CORRECTIONS

Effective September 1, 2024

We are updating Section 8303.24 to permit Servicers to update understated or overstated principal reductions in the current Accounting Cycle. Additionally, we are removing the requirement for Servicers to obtain Freddie Mac approval in instances when the overstated principal reduction exceeds \$3,000. Servicers may now correct overstated principal reductions in the current Accounting Cycle by reporting Exception Code 80 (Principal Balance Correction) in the Loan Level Reporting tool (see Guide Exhibit 88, *Servicing Tools*).

Guide impact: Section 8303.24

ARM RATE ADJUSTMENTS

We have removed duplicative language regarding ARM rate adjustments in Section 4401.5 and included a reference to Section 8502.2. Refer to Section 8502.2 for requirements related to determining Note Rate changes on ARMs.

Guide impact: Section 4401.5

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 2024-11 (Servicing) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-11>.

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,

Mike Reynolds

Vice President, Head of Servicing