

Bulletin

TO: Freddie Mac Sellers

September 4, 2024 | 2024-12

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Fraud and Suspicious Activity**
 - Updated requirements for reporting [suspected and confirmed fraud](#) – **September 11, 2024**
 - The introduction of the [Tip Referral Tool](#) – **September 30, 2024**
 - A revised requirement for [reporting findings within 30 days](#) – **November 4, 2024**
- **Quality control**
 - The [refactoring of Section 3402.10](#)
 - Requirements for reporting findings through the [Tip Referral Tool](#) – **September 30, 2024**
 - An update to the [time frame](#) within which Sellers must report findings – **November 4, 2024**
- **Condo Project Advisor® Project Assessment Request (PAR)**
 - An enhancement to [Condo Project Advisor's PAR findings](#) on the Loan Product Advisor® Feedback Certificate – **September 30, 2024**
- **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.

FRAUD AND SUSPICIOUS ACTIVITY

Reporting suspected and confirmed fraud

Effective September 11, 2024

We are updating our requirements for reporting suspected and confirmed fraud. The changes include:

- Enhanced Office of Foreign Assets Control (OFAC) program requirements, including greater specificity of the required frequency of OFAC screening and which parties must be screened
- Additional references to the Anti-Money Laundering Act of 2020
- Identifying which parties must be scanned against the [Exclusionary List](#) and what constitutes a Settlement Agent for those purposes
- Greater specificity on frequency of screening employees against the Exclusionary List
- Updated contact information for the waiver of Seller and Servicer warranties regarding the Exclusionary List and breach of warranties regarding the Exclusionary List to EList Confirmation@FreddieMac.com
- An obligation for Seller/Servicers to perform sufficient due diligence before submitting a referral to determine whether a reasonable basis exists to conclude fraud or Suspicious Activity may have occurred



- A requirement for Seller/Servicers to maintain and share records of fraud types and trends, fraud cases and positive Exclusionary List hits
- A new 14-day Service Level Agreement for providing information related to fraud and Suspicious Activity investigations when requested by Freddie Mac
- Additional requirements for Seller/Servicers to implement fraud risk management processes and monitoring and to have procedures in place to identify and track fraud typologies, the volume of potential fraud or Suspicious Activity, how alerts are resolved and to require a secondary review of closed alerts

Guide impacts: Sections 1301.2, 3101.1 and 3201.2 through 3201.4

Tip Referral Tool

Effective September 30, 2024

We are introducing the Tip Referral Tool, located in Freddie Mac Loan Advisor® and [Servicing Gateway](#). Beginning September 30, 2024, Seller/Servicers must submit all Mortgage fraud, suspected Mortgage fraud and other Suspicious Activity through the Tip Referral Tool.

Guide impact: Section 3201.2

Reporting within 30 days

Effective November 4, 2024

Seller/Servicers must report misrepresentations, misstatements or omissions that affect the eligibility of a Mortgage delivered to Freddie Mac within 30 days after discovery or, when identified during a post-closing quality control review, within 30 days after the quality control results are reported to the Seller/Servicer's Senior Management.

Guide impacts: Sections 1301.2 and 3201.2

QUALITY CONTROL

Refactoring of Section 3402.10

To improve the ease of use of our Guide, Section 3402.10 has been refactored to enhance readability. No requirements were changed as a result of this new formatting.

Guide impact: Section 3402.10

Tip Referral Tool

Effective September 30, 2024

Beginning September 30, 2024, Seller/Servicers must report quality control findings via the Tip Referral Tool, located in Freddie Mac Loan Advisor and Servicing Gateway, instead of via e-mail.

Guide impact: Section 3402.10

Reporting within 30 days

Effective November 4, 2024

We are updating Section 3402.10 to require Seller/Servicers to notify Freddie Mac within 30 days of discovering findings that either affect the eligibility of a Mortgage sold to Freddie Mac or are related to fraud or possible fraud.

Guide impact: Section 3402.10

CONDO PROJECT ADVISOR PROJECT ASSESSMENT REQUEST (PAR)

Effective September 30, 2024

We are enhancing Condo Project Advisor and Loan Product Advisor to provide more information on the Loan Product Advisor Feedback Certificate regarding Condo Project Advisor's Project Assessment Request (PAR) findings. The



Feedback Certificate currently provides information regarding the Not Eligible status PAR finding. Beginning September 30, 2024, the Feedback Certificate will include information on certain other PAR statuses and their related feedback messages. A project's PAR findings will be available on both the Condo Project Advisor Feedback Certificate and the Loan Product Advisor Feedback Certificate, and Sellers are responsible for ensuring compliance with the project review requirements specified in the last PAR findings as defined in Section 5701.10(d)(vii). The Note Date must be within 120 days of the date of the Condo Project Advisor Feedback Certificate or the Loan Product Advisor Feedback Certificate, as applicable, with the last PAR findings.

Guide impact: Section 5701.10

Additional resources

We encourage Sellers to access our [Loan Product Advisor training resources](#) to learn more and view the [updated feedback messages](#).

ADDITIONAL GUIDE UPDATES

Supplemental Consumer Information Form (SCIF) completion requirements

We have updated Section 5103.6 to indicate that the "Homeownership Education and Housing Counseling" section of Guide Form 1103, *Supplemental Consumer Information Form (SCIF)*, should be completed for any transaction where homeownership education is required.

Guide impacts: Sections 4504.5 and 5103.6

Best Efforts Contract modernization and Cash Contract extensions

Effective October 28, 2024

Freddie Mac is operationally enhancing the Best Efforts and Mandatory Cash Contract execution options. We will be offering to Sellers additional flexibilities intended to streamline the way they do business with us today. We are updating the Guide as follows:

- Best Efforts Contract and Mandatory Cash Contract extensions: Sellers may extend the contract an unlimited number of times, as long as the total extension period plus the original contract term does not exceed 120 days
- Best Efforts Contract relocks: With the enhancement to the contract extension, we will retire the relock feature in the Best Efforts Contract offering
- Super conforming Mortgages eligible under Best Efforts Contract: Sellers will be able to allocate super conforming Mortgages under Best Efforts Contracts

Guide impacts: Sections 6101.3, 6101.4 and 6302.31

Additional resources

We encourage Sellers to visit our [Best Efforts](#) and [Mandatory](#) webpages for more information.

Uniform Instruments

We have updated Guide Exhibit 4A, *Single-Family Uniform Instruments*, to reflect the following changes in our Single-Family Uniform Instruments:

- The revised Paragraph 26(a)(vi) of the Connecticut Mortgage (Form 3007 07/2021). The revised Connecticut Mortgage tagline will show a version date of (Form 3007 07/2021 (rev. 07/24)).
- The updated definition of "Lender" and "Notes" in the Kentucky Mortgage (Form 3018 07/2021) and the "Transfer of Rights in the Property" paragraph. The corresponding Kentucky Short Form Mortgage (Form 3018-SF 07/2021) has also been revised to correspond with these changes. The revised Kentucky Mortgage tagline will show a version date of (Form 3018 07/2021 (rev. 07/24)). The revised Kentucky Short Form Mortgage tagline will show a version date of (Form 3018-SF 07/2021 (rev. 07/24)).

Guide impact: Exhibit 4A



Additional resources

The updated Security Instruments are available on our [2021 Uniform Instruments webpage](#).

Address confidentiality programs

We have updated the Guide regarding Borrowers who are participants in a State-sponsored address confidentiality program (ACP) to reflect that Freddie Mac will use the substitute ACP mailing address provided by the Seller when required by law to do so.

Guide impact: Section 1301.2

Updated Glossary definition for “State”

We have updated the Glossary definition of the term “State” to include the territories and possessions of the United States.

Guide impact: Glossary

Flood insurance premium used for qualifying effective date extension

Effective for Mortgages with Note Dates on or after April 1, 2025, but Sellers are encouraged to implement immediately

In Bulletin 2024-7, Freddie Mac announced that if a flood insurance policy on the Mortgaged Premises shows a full risk premium and a discounted premium, the full risk premium, plus any fees and surcharges, must be used to calculate the housing expense-to-income and debt payment-to-income ratios. To give Sellers additional time to implement this change, we are extending the mandatory effective date from Note Dates on or after September 5, 2024 to Note Dates on or after April 1, 2025.

Guide impacts: Sections 5401.1 and 5401.2

Refactoring of Chapters 4301, 4501 and 5602

To improve the ease of use of our Guide, Chapters 4301, 4501 and 5602 have been refactored to enhance readability. Cross-references reflecting the changes in Chapters 4301 and 4501 have also been updated throughout the Guide. No requirements were changed as a result of this new formatting.

Guide impacts: Sections 4201.14, 4203.4, 4204.4, 4205.2, 4301.1 through 4301.8, 4203.3, 4305.1, 4402.1, 4501.1 through 4501.9, 4504.5, 4504.7, 5102.1, 5103.1, 5306.1 through 5306.4, 5501.2, 5501.3, 5602.1 through 5602.4, 5703.6, 5706.6, 6302.14, 6302.18, 6302.34 and Exhibit 25

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 2024-12 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-12>.

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,

Kevin Kauffman

Senior Vice President, Single-Family Seller Engagement