

Freddie Mac announced Bulletin 2020-38 addressing a few Selling Guide updates.

- Home Equity Line of Credit (HELOC) monthly payments
- Planned Unit Developments (PUDs)
- Power of attorney related to document custody
- Electronic documentation
- Additional Guide updates

MONTHLY HOME EQUITY LINE OF CREDIT (HELOC) PAYMENTS

In [Bulletin 2020-31](#), FHLMC 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.

PLANNED UNIT DEVELOPMENTS (PUDs)

Homeowners Association insurance verification

In response to Seller inquiries, FHLMC is updating their 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.

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, FHLMC is adding the existing Glossary definition for a PUD in Section 5702.1. They are also providing guidance that zoning is not the basis for a real estate project being classified as a PUD.

DOCUMENT CUSTODY: POWER OF ATTORNEY

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.

FHLMC is revising the Guide to require that Seller/Serviceicers 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"> <li data-bbox="776 762 1453 829">1. An Electronic copy of the POA to the Document Custodian along with the Note <li data-bbox="776 829 1453 997">2. 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"> <li data-bbox="776 997 1453 1071">1. An Electronic copy of the POA to the Document Custodian along with the Note <li data-bbox="776 1071 1453 1270">2. 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"> <li data-bbox="776 1270 1453 1348">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/Serviceicer must send a paper copy of the POA and/or the paper copy of the recorded POA to the Document Custodian.

eMortgages executed by a power of attorney

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"> <li data-bbox="776 1667 1453 1837">1. 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 <li data-bbox="776 1837 1453 1934">2. The original POA, that is returned from the recorder's office, with recording information

It must be recorded and will be recorded electronically

- therein or Recording Confirmation to the Document Custodian within five Business Days of the receipt
1. 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
 2. The original POA to the Document Custodian
 3. 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

1. An Electronic scanned copy of the POA using MERS eDelivery to eNote custodian's eVault
2. 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/Serviceicer 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

1. An Electronic copy of the POA using MERS eDelivery to eNote custodian's eVault
2. 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

1. An Electronic copy of the POA using MERS eDelivery to eNote custodian's eVault
2. 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.

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.

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.

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.

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

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

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.

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 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.freddiemac.com/app/guide/bulletin/2020-38>