



Bulletin 2021-34

Selling

Issued 11/03/2021

TO: Freddie Mac Sellers

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Condominium and Cooperative Projects**
 - Updated [Exempt From Review requirements](#) for Refi PossibleSM Mortgages
 - A clarification related to the use of funded reserves to pay for [project litigation or an Alternative Dispute Resolution \(ADR\) proceeding](#)
 - Revisions related to [Amenities and Common Elements](#)
 - Updated title insurance requirements for [Cooperative Share Loans – February 3, 2022](#)
- **Document custody**
 - Computershare's replacement of Wells Fargo as a [Designated Custodian – November 1, 2021](#)
- **Certificates of Incumbency**
 - Revisions to [Certificate of Incumbency](#) forms related to Authorized Employees
- **Security Instruments**
 - Updated recording tax information on the [Tennessee Security Instruments](#)

EFFECTIVE DATE

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

CONDOMINIUM AND COOPERATIVE PROJECTS

In response to Sellers' questions and feedback, we are updating our Condominium and Cooperative Project requirements as reflected below.

Refi PossibleSM – Exempt From Review

We updated our Exempt From Review requirements for Condominium Projects and Cooperative Projects to be consistent with similar project eligibility requirements for Refi PossibleSM Mortgages in [Guide Section 4302.5](#). Refi Possible Condominium Unit Mortgages and Cooperative Share Loans that meet the applicable requirements in [Guide Chapter 4302](#) are now eligible under Exempt From Review.

Additionally, we have updated the delivery requirements to specify that Refi Possible Condominium Unit Mortgages and Cooperative Share Loans must be delivered with a ULDD Data Point *Project Classification Identifier* (Sort ID 42) valid value of "Exempt From Review."

As a reminder, Sellers must obtain a negotiated term of business (TOB) before delivering Cooperative Share Loans. Sellers should contact their Freddie Mac representative or the Customer Support Contact Center at 800-FREDDIE for more information.

Guide impacts: [Sections 5701.2, 5701.7, 5701.12, 5705.7, 6302.20](#) and [6302.45](#)

Project in litigation or Alternative Dispute Resolution (ADR) proceedings

We have added a new [Glossary](#) definition for Alternative Dispute Resolution (ADR).

We have also made minor revisions to [Section 5701.3\(i\)\(4\)](#) to clarify that the use of the project's funded reserves to pay for project litigation or an ADR proceeding must not violate the applicable jurisdiction's laws and regulations. Our litigation and ADR requirements for Cooperative Projects have also been similarly updated.

Guide impacts: [Sections 5701.1, 5701.3, 5705.1, 5705.3](#) and [Glossary](#)

Amenities and Common Elements

To provide consistency and simplicity among requirements, we have updated the following terms:

Term	Revision
Amenities	We revised the <u>Glossary</u> definition for “Amenities” by eliminating the reference to Common Elements within the term.
Common areas	Previously, the condominium and cooperative Guide chapters referenced both “common areas” and Common Elements interchangeably. We replaced the references to “common area” with the <u>Glossary</u> term “Common Elements.”
Common Elements	We expanded the <u>Glossary</u> definition for “Common Elements” to cover Cooperative Share Loans and Condominium Mortgages by: <ul style="list-style-type: none"> ▪ Stating that Common Elements are a portion of a project used by unit owners or Shareholders ▪ Including common areas within the definition of “Common Elements”

Guide impacts: [Sections 5701.1, 5705.3, 5705.4, 5705.6, 5705.8](#) and [Glossary](#)

Title insurance requirements for Cooperative Share Loans

Effective February 3, 2022, but Sellers may implement sooner if possible

We are updating our title insurance requirements to specify that Cooperative Share Loans that are recognized as personal property do not require title commitments or final title insurance policies because title lien searches are generally obtained by Sellers. However, a copy of the title lien search must be retained in the Mortgage file. As a reminder, the Seller must represent and warrant that the Shareholder and Cooperative Corporation have good and marketable title to the Cooperative Shares and Cooperative Project, respectively.

Guide impacts: [Sections 3401.6](#) and [4702.6](#)

DESIGNATED DOCUMENT CUSTODIAN UPDATE

Effective November 1, 2021

As a result of Computershare Trust Company, N.A.’s acquisition of Wells Fargo Trust Company, on November 1, 2021, Computershare replaced Wells Fargo as a Designated Custodian. To reflect this change, [Guide Form 1035CS, Designated Custodial Agreement: Single-Family Mortgages](#), and [Form 1035CSA, Addendum to Designated Custodial Agreement: Single-Family Mortgages for Electronic Documents Related to Single-Family eMortgages](#), have been created to serve as the Designated Custodial Agreement and Addendum to Designated Custodial Agreement for Electronic Documents, and [Form 1035WF, Designated Custodial Agreement: Single-Family Mortgages](#), and [Form 1035WFA, Addendum to Designated Custodial Agreement: Single-Family Mortgages for Electronic Documents Related to Single-Family eMortgages](#), have been retired.

Seller/Servicers that previously used Wells Fargo as their Designated Custodian/Document Custodian do not need to take any action to use Computershare as their Designated Custodian/Document Custodian. If a Seller/Servicer would like to choose a different Document Custodian to work with, the Seller/Servicer can refer to the [Document Custodians Accepting Third-Party Seller/Servicer](#) list when choosing a new Document Custodian. Upon choosing a new Document Custodian, the Seller/Servicer should ensure a new [Form 1035](#) is executed. As reflected in [Section 2202.6](#), custody of all Notes and assignments should be transferred before the existing [Form 1035WF](#) is terminated.

Guide impacts: [Sections 2202.3, 8601.13](#), [Forms 1035CS \(new\), 1035CSA \(new\), 1035WF, 1035WFA](#) and [Glossary](#)

CERTIFICATES OF INCUMBENCY

To increase efficiency and avoid processing delays, we will require Seller/Servicers to provide a minimum of three authorized employees on Certificates of Incumbency ([Form 988SF, Certificate of Incumbency for a Bank, Savings Bank, Savings and Loan Association, Credit Union, Corporation or Limited Liability Company](#), [Form 988SF – HFA, Certificate of Incumbency for Housing Finance Agency](#), and [Form 989SF, Certificate of Incumbency For Limited Partnerships](#)). Previously, a minimum of two authorized employees was required. This change addresses recent trends of being unable to contact Authorized Employees to confirm authenticity of instructions.

Seller/Servicers that do not have three authorized employees listed must submit a new Certificate of Incumbency form as soon as possible.

We have also revised the title of [Form 988SF – HFA](#) to “Certificate of Incumbency for Housing Finance Agency.”

Guide impacts: [Sections 2201.1, 2403.11, Forms 988SE, 988SF – HFA and 989SF](#)

TENNESSEE SECURITY INSTRUMENTS

We have updated the recording tax information on the Tennessee Security Instruments. The revised taglines will show a version date of 07/2021 (rev. 10/21).

Guide impact: [Exhibit 4A, *Single-Family Uniform Instruments*](#)

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 2021-34 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2021-34>.

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,

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