

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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17W-076

Attention: Business Development Managers & Mortgage Brokers

August 21, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Freddie Mac Collateral Representation and Warranty Relief

YOU ASKED FOR IT!! YOU GOT IT!!

Introducing ACE:

Freddie Mac recently announced an option for collateral representation and warranty relief via its new Automated Collateral Evaluation (ACE).

If a loan is assessed by Loan Product Advisor (LPA) as eligible for the appraisal waiver, and it is not deemed ineligible (see ineligible mortgages below), an appraisal will not be required. There is no fee for this waiver.

Please review the following for Eligibility and Exceptions.

Collateral Representation and Warranty Relief Eligibility Requirements:

Eligibility:

The following eligibility requirements must be met for the Mortgage to qualify for collateral representation and warranty relief:

- Mortgage must be submitted to Loan Product Advisor
- Mortgage must be a purchase or no cash-out refinance transaction
- Mortgage must be secured by a 1 unit dwelling
- Borrower must be an individual or a Living Trust

Upon assessment of the appraisal by Loan Collateral Advisor, the following message and/or indicator must be returned:

- Uniform Collateral Data Portal (UCDP) feedback message: FRE0000 indicating the appraisal is eligible for collateral representation and warranty relief
- Loan Collateral Advisor indicator that the appraisal is eligible for collateral representation and warranty relief

Note: Upon submission to Loan Product Advisor, a corresponding collateral representation and warranty relief message will also be provided in the feedback certificate. Risk classifications of “Accept” and “Caution” are eligible to receive relief.

The mortgage must be delivered as a Loan Product Advisor Mortgage (identified by entering the LP AUS Key) in the selling system, and the final submission to the selling system must indicate the collateral representation and warranty relief status is “Y” or “Yes”.

Ineligible Mortgages:

The following Mortgages are ineligible for collateral representation and warranty relief:

- Mortgage secured by a Condo, Manufactured Home, or leasehold estate
- Cash-out refinance Mortgage or special purpose cash-out refinance mortgages
- Texas Equity Section 50(a)(6) mortgages
- Freddie Mac Relief Refinance Mortgages – Same Servicer or Freddie Mac Relief Refinance Mortgages – Open Access
- Construction Conversion or Renovation Mortgages
- Mortgages that Freddie Mac and the Seller/Servicer have agreed are subject to any credit enhancement other than primary mortgage insurance
- Mortgages with funding dates more than 120 days from the Note date

Representation and warranty relief exceptions:

Relief will remain and be enforced with respect to the following requirements for mortgages that meet the eligibility requirements above, even if such matters are related to value, condition, and marketability:

- The requirement that, when applicable, a certification of completion or completion report must be obtained verifying that any outstanding conditions of the appraisal have been satisfied
- Requirement that the mortgaged premises not be subject to a pending legal proceeding for condemnation in whole or in part
- With respect to properties affected by disasters, compliance as it relates to the seller’s awareness of conditions or circumstances that would adversely affect the value or marketability of the mortgage

Note: The collateral representation and warranty enforcement relief provided does not mean to imply that compliance with all other requirements of the transaction do not need to be met.

Feedback messages have been updated.

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