

# Bulletin

TO: Freddie Mac Sellers

August 7, 2019 | 2019-17

## SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

### Escrow accounts

- Guidance and requirements related to [Escrow accounts](#) – **November 7, 2019 (New)**

### Employee relocation programs

- Requirements and flexibilities for Mortgages made pursuant to [employee relocation programs](#) – **New**

### Property eligibility for Manufactured Homes

- Additional guidance on the use of alternative documentation to evidence [Manufactured Home property eligibility](#)

### Properties located in Eligible Disaster Areas

- Clarification to our [age of documentation flexibilities and requirements for property valuation](#) – **October 27, 2019**

## EFFECTIVE DATE

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

## ESCROW ACCOUNTS

### Effective November 7, 2019

Freddie Mac does not require Escrow accounts to be established except for Borrower-paid mortgage insurance paid on a monthly basis and when required by applicable law.

To support responsible lending and sustainable homeownership, we are introducing a requirement that Sellers that sell Mortgages without Escrow accounts must have a written policy for waiving Escrows. The policy must include a consideration of the Borrower's ability to pay taxes, insurance and any other charges when they become due.

In addition, although not a requirement, Freddie Mac encourages Sellers to require Escrows as a best practice for the following Mortgages:

- Mortgages to Borrowers that are First-Time Homebuyers
- Home Possible® Mortgages
- HomeOne<sup>SM</sup> Mortgages
- Mortgages secured by 2- to 4-unit properties
- Mortgages secured by Manufactured Homes
- Second home Mortgages
- Investment Property Mortgages
- Mortgages where the Borrower has less than six months of reserves
- Refinance Mortgages where taxes were past due on the Mortgage being refinanced

## MORTGAGES MADE PURSUANT TO EMPLOYEE RELOCATION PROGRAMS

We are updating the Guide to provide requirements for Mortgages made pursuant to employee relocation programs. These Mortgages provide financing for newly hired or transferred employees to purchase a 1- to 4-unit Primary Residence at a new job location. For Mortgages meeting the requirements of new Guide Chapter 4408 there are flexibilities allowed including, but not limited to, the following:

Topic	Flexibility
<b>Occupancy</b>	The Mortgaged Premises will be deemed to be owner-occupied as of the Delivery Date if the Borrower occupies the Mortgaged Premises as a Primary Residence by no later than 90 days after the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages.
<b>Pending sale of current Primary Residence</b>	An unexecuted buyout agreement may be used to exclude the monthly payment amount for the property pending sale from the monthly debt payment-to-income ratio for the Mortgage secured by the new Primary Residence provided certain Guide requirements are met.
<b>Miscellaneous</b>	<p>Payments on a revolving credit card or unsecured line of credit used by the Borrower to pay fees associated with the Mortgage application may be excluded from the Borrower's monthly debt payment-to-income ratio when the employee relocation program specifically provides that the employer will reimburse the Borrower for such fees charged or paid by the Borrower.</p> <p>Payments required under an Employer Assisted Homeownership (EAH) Benefit may be excluded from the Borrower's qualifying ratios if the monthly payment of principal and interest or interest only begins on or after the 24th monthly payment under the First Lien Mortgage.</p> <p>Housing allowance received as part of the employee relocation program may be used to qualify without evidence of the most recent 12 months' receipt provided that certain Guide requirements are met.</p>

Guide impacts: Chapter 4408, Sections 4201.14, 5305.2, 5401.2, 5501.3 and 5501.4

## PROPERTY ELIGIBILITY FOR MANUFACTURED HOMES

We are providing Sellers with additional guidance concerning Manufactured Home property eligibility requirements. When the HUD Data Plate is not present or not legible, Freddie Mac will accept a duplicate Data Plate in the form of a Performance Verification Certificate (PVC) from the Institute for Building Technology and Safety (IBTS) as evidence of compliance. If the original or alternative documentation of compliance cannot be obtained for either the HUD Certification Label (HUD label or tag) or the HUD Data Plate, then the Mortgage secured by a Manufactured Home is not eligible for sale to Freddie Mac.

This update supports our Duty to Serve efforts for Manufactured Homes.

Guide impact: Section 5703.2

## PROPERTIES LOCATED IN ELIGIBLE DISASTER AREAS

### Effective October 27, 2019

In Bulletin 2019-16, we announced that our age of documentation flexibilities and requirements will automatically apply to all Eligible Disaster Areas effective for new disasters that occur on or after October 27, 2019.

We are updating Section 4407.3 to clarify that the eligibility for property valuation flexibilities that apply to appraisals is based on the effective date of the appraisal report, which must be no more than 180 days, as applicable, before the Note Date, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, the modification

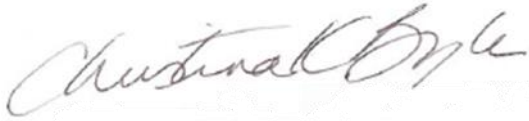
date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or any applicable assumption date.

Guide impact: Section 4407.3

## **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,

A handwritten signature in cursive script, appearing to read "Christina K. Boyle". The signature is written in dark ink on a light background.

Christina K. Boyle  
Chief Client Officer  
Single-Family Office of the Client