



## Bulletin 2021-36

# Selling

Issued 12/01/2021

**TO: Freddie Mac Sellers**

**SUBJECT: SELLING UPDATES**

This Guide Bulletin announces:

- **2022 conforming loan limits**
  - New [conforming loan limits](#) for 2022 – **January 1, 2022**
- **Extension of guarantee fee obligation**
  - The extension of the [10 basis points payment obligation](#)
- **Affordable lending**
  - Guide updates for previously announced [Refi Possible<sup>SM</sup> enhancements](#)
  - Updates related to [Community Land Trust Mortgages](#) – **March 28, 2022**
  - Revised requirements for [Affordable Seconds<sup>®</sup>](#) funded by certain non-profit entities
- **Credit underwriting**
  - Requirements related to the use of [cryptocurrency](#) in the Mortgage qualification process
  - Additional specificity regarding the inclusion of [prepaid real estate taxes](#) in the proceeds of a "no cash-out" refinance Mortgage
  - Additional specificity related to the [documentation of source of funds used to pay off or pay down debts](#)
- **Document custody**
  - Updated requirements related to [Document Custodian](#) eligibility and oversight – **March 1, 2022**
- **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.

## 2022 CONFORMING LOAN LIMITS

**Effective for Mortgages with Settlement Dates on and after January 1, 2022**

The FHFA has increased the baseline conforming loan limit and designated high-cost area loan limits effective January 1, 2022.

Freddie Mac super conforming Mortgages are subject to the loan limits for designated high-cost areas. The loan limits, effective for Mortgages with Settlement Dates on and after January 1, 2022, are as follows:

Conforming loan limits				
Property type	On and before December 31, 2021		On and after January 1, 2022	
	Baseline conforming loan limits <sup>1</sup>	High-cost area conforming loan limits <sup>1,2</sup>	Baseline conforming loan limits <sup>1</sup>	High-cost area conforming loan limits <sup>1,2</sup>
Mortgages secured by 1-unit properties	\$548,250	\$822,375	\$647,200	\$970,800
Mortgages secured by 2-unit properties	\$702,000	\$1,053,000	\$828,700	\$1,243,050
Mortgages secured by 3-unit properties	\$848,500	\$1,272,750	\$1,001,650	\$1,502,475

Conforming loan limits				
Mortgages secured by 4-unit properties	\$1,054,500	\$1,581,750	\$1,244,850	\$1,867,275

<sup>1</sup>Except for Mortgages secured by properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

<sup>2</sup>Actual conforming loan limits for specific counties in high-cost areas, as determined by the FHFA, may be lower than the amounts listed above and can be found by visiting the [FHFA conforming loan limits web page](#).

The baseline conforming loan limits for Mortgages secured by properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands will be 50% higher than those listed above. As in 2021, there are no areas in Alaska, Hawaii, Guam and the U.S. Virgin Islands for which the applicable loan limits are higher than the baseline conforming limits for those areas in 2022. As a result, there are no super conforming limits specific to Alaska, Hawaii, Guam or the U.S. Virgin Islands for 2022.

For super conforming Mortgages, notwithstanding the conforming loan limits shown in the above chart, Sellers must review the 2022 conforming loan limits permitted for the specific county in which the property is located. The FHFA provides this information on its [web site](#).

Loan Product Advisor<sup>®</sup> and Loan Selling Advisor<sup>®</sup> will be updated by December 5 to reflect the new loan limits.

Guide impacts: [Sections 4203.3](#) and [4603.2](#)

## EXTENSION OF GUARANTEE FEE OBLIGATION

Effective November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) extended the 10 basis points payment obligation to the Treasury (announced in Bulletin 2011-26). Sellers should refer to the Guarantor Rate Sheet Results screen or Cash Price Sheet in Loan Selling Advisor for current pricing.

The Guide will be updated with a future Bulletin to reflect this change.

## AFFORDABLE LENDING

### Refi Possible<sup>SM</sup> Guide update

In [Bulletin 2021-33](#), we announced the following enhancements to our Refi Possible<sup>SM</sup> offering. We are now incorporating these changes into [Guide Chapter 4302, Freddie Mac Refi Possible<sup>SM</sup> Mortgages](#).

As previously announced, and **effective January 31, 2022**, we will be:

- Increasing Borrower income eligibility from 80% to 100% of the area median income
- Removing the requirement that the Mortgage being refinanced be seasoned no more than 120 months. The minimum 12-month seasoning requirement will continue to apply.

The following two changes were effective upon publication of [Bulletin 2021-33](#):

- Removing the requirement that the monthly payment (i.e., the Borrower's First Lien monthly principal, interest and mortgage insurance, if applicable) be reduced by at least \$50; however, a reduction in the monthly payment, as described above, is still required (without the prescribed minimum amount) along with a reduction of at least 50 basis points in interest rate
- Removing the \$5,000 limit on the amount of proceeds of the Refi Possible Mortgage that may be used to pay Closing Costs

Loan Product Advisor [feedback messages](#) will be updated to reflect these two changes effective January 31, 2022. Until then, Sellers may disregard the feedback messages that contradict the changes described above.

Guide impacts: [Sections 4302.3 through 4302.5](#)

## Community Land Trust Mortgages

### Effective March 28, 2022

In response to customer feedback, we are introducing a new *Loan Program Identifier* of "Community Land Trust" for use in Loan Product Advisor, Loan Quality Advisor<sup>®</sup> and Loan Selling Advisor. Currently, in [Section 4502.6](#), Sellers are instructed to enter the appraised value in the purchase price field in order for the loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV ratios to be calculated correctly. With the implementation of the *Loan Program Identifier*, this instruction will no longer be needed and will be removed from the Guide.

We are also updating [Section 6302.42](#) to reflect this change. Sellers will continue to deliver the ULDD Data Point *Purchase Price Amount* (Sort ID 195) of the property as required in [Section 6302.5](#).

Note: Selecting the new ULDD Data Point *Loan Program Identifier* (Sort ID 404) will replace *Investor Feature Identifier* (Sort ID 368) of "J09" in Loan Selling Advisor and Loan Quality Advisor.

Guide impacts: [Sections 4502.6](#), [6302.42](#) and [Exhibit 34](#)

### **Affordable Seconds® with non-profit property seller**

Previously our requirements for Mortgages with Affordable Seconds allowed the Affordable Second to be funded by a non-profit not affiliated with a Government Agency, provided that the Seller received Freddie Mac's prior written approval.

Sellers are no longer required to obtain Freddie Mac's prior written approval when the Affordable Second is funded by a non-profit entity that is also the property seller and is not affiliated with a Government Agency, provided that the Seller confirms that the:

- Mortgage file contains the Internal Revenue Code Section 501(c) determination letter that allows for federal tax exemption of non-profit entities,
- Non-profit entity has the financial capacity to provide the Affordable Second, and
- Affordable Second meets all other applicable Guide requirements

Guide impact: [Section 4204.2](#)

## **CREDIT UNDERWRITING**

### **Cryptocurrency**

Due to the high level of uncertainty associated with cryptocurrency, we have updated the Guide to address its uses in the Mortgage qualification process as follows:

- Income paid to the Borrower in cryptocurrency may not be used to qualify for the Mortgage
- For income types that require evidence of sufficient remaining assets to establish likely continuance (e.g., retirement account distributions, trust income and dividend and interest income, etc.), those assets may not be in the form of cryptocurrency
- Cryptocurrency may not be included in the calculation of assets as a basis for repayment of obligations
- Monthly payments on debts secured by cryptocurrency must be included in the Borrower's debt payment-to-income ratio and are not subject to the Guide provisions regarding installment debts secured by financial assets
- Cryptocurrency must be exchanged for U.S. dollars if it will be needed for the Mortgage transaction (i.e., any funds required to be paid by the Borrower and Borrower reserves)

We will continue to monitor cryptocurrency developments and may update these requirements as appropriate in the future.

Guide impacts: [Sections 5301.1](#), [5305.2](#), [5307.1](#), [5401.2](#) and [5501.3](#)

### **Financing real estate taxes in a "no cash-out" refinance Mortgage**

The proceeds of a "no cash-out" refinance Mortgage may be used to pay related Closing Costs, which include prepaid real estate taxes, as defined in the [Glossary](#). For ease of use, we have added a footnote in [Section 4301.4](#) to specify that:

- Prepaid real estate taxes are an allowable Closing Cost that may be paid from the proceeds of the refinance Mortgage, and
- Real estate taxes that exceed the prepaid amount and are financed into the new Mortgage are subject to the maximum disbursement of cash-out proceeds up to the greater of 1% of the new refinance Mortgage or \$2,000

Guide impact: [Section 4301.4](#)

### **Documentation of source of funds used to pay off or pay down debts**

[Section 5401.2](#) requires the source of funds used to pay off or pay down a debt in order to qualify for the Mortgage to be documented in the Mortgage file. We have updated our requirements for verification of deposits in the Borrower's asset accounts to specify that when an unverified deposit is used to pay off or pay down an existing debt in order to qualify for the Mortgage, the source of funds must be documented. This applies regardless of the deposit amount or whether the Mortgage is a purchase or a refinance transaction.

Guide impacts: [Sections 5401.2](#) and [5501.3](#)

## **SELLER/SERVICER OVERSIGHT OF DOCUMENT CUSTODIANS**

**Effective March 1, 2022**

We are requiring that Seller/Servicers have an oversight process to ensure their Document Custodians maintain all eligibility requirements. Seller/Servicers must notify Freddie Mac within one Business Day if a Document Custodian no longer meets one of our requirements.

We have also updated the Document Custodian eligibility requirements to require Document Custodians to:

- Maintain an acceptable risk threshold based on Freddie Mac's confidential internal risk tolerance thresholds, or
- Have an Acceptable Net Worth of at least \$500,000,000

The prior requirement required Document Custodians to have an investment grade rating by a nationally recognized institution or have an Acceptable Net Worth of at least \$500,000,000.

Servicers and Document Custodians will be notified if a Document Custodian is below the acceptable risk threshold and does not have an Acceptable Net Worth of at least \$500,000,000.

Finally, upon request, a Document Custodian is required to provide documentation showing its vaults receive annual fireproof certification.

Guide impact: [Section 2202.2](#)

## **ADDITIONAL GUIDE UPDATES**

### **Remote online audio/video storage**

**Effective December 8, 2021**

Currently, [Section 1401.16](#) appears to require Sellers to maintain a recording of the notarial act for Mortgages closed using the Remote Online Notarization (RON) process. We are updating the section to require:

- Current Servicers (instead of Sellers) to obtain the recording of the notarial act upon request, and
- RON technology providers to make arrangements with notaries to provide access to Sellers and Servicers, as it is a common practice for them to make arrangements with participating notaries to obtain access and store the RON audio/video recording

This update should make it easier for current Servicers to obtain the recording, if necessary, for enforcement purposes or upon Freddie Mac request.

Guide impact: [Section 1401.16](#)

### **eMortgages**

#### ***eNote post-closing corrections and other requirements***

Previously, [Section 1402.8\(c\)](#) did not have examples for what would constitute major and minor corrections to an eNote during post-closing. We have added examples to help Seller/Servicers determine the appropriate correction process.

Guide impact: [Section 1402.8](#)

#### ***Foreclosure, bankruptcy and other legal proceedings***

**Effective December 8, 2021**

We are updating the title of [Section 1402.11\(e\)](#) from "Servicers that must be the Note holder (Controller) in legal proceedings" to "Foreclosure, bankruptcy or other legal proceedings" for greater clarity.

Guide impact: [Section 1402.11](#)

### **Genworth Mortgage Insurance Corporation name change to Enact**

**Effective February 7, 2022**

Genworth Mortgage Insurance Corporation will officially begin doing business as Enact Mortgage Insurance Corporation. The valid value for ULDD Data Point *MI Company Name Type/ MI Company Name Type Other Description* (Sort ID 413/414) will change from "Genworth" to "Enact" on August 1, 2022; the MI Code "01" will remain the same.

Guide impact: [Exhibit 10](#)

**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 2021-36 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddie.mac.com/app/guide/bulletin/2021-36>.

**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,

Danny Gardner  
Senior Vice President, Client and Community Engagement

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