

Bulletin

TO: Freddie Mac Sellers

April 6, 2022 | 2022-7

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Refi PossibleSM**
 - Removal of the [minimum Indicator Score requirement](#) for Freddie Mac Refi Possible Mortgages
 - Clarifications and reminders related to Refi Possible [delivery requirements](#)
- **Credit underwriting**
 - Increased flexibility for an [active-duty military Borrower](#) who is unable to occupy the Primary Residence due to military service
 - A flexibility related to [financing concessions](#) provided by Freddie Mac as the property seller on Freddie Mac REO properties
- **Property eligibility and appraisals**
 - A clarification that [Detached Condominium Units](#) are not eligible for desktop appraisals
 - Standardization of the use of the term "[market area](#)"
 - Updates related to [Manufactured Homes](#)
- **Condominium and Cooperative Projects**
 - Expanded project review requirements for [Condominium Projects with Manufactured Homes](#)
 - Updates related to [Condominium Hotels and cooperative hotels](#) or similar type of transient housing
- **Access notification requirements**
 - Updated [notification requirements](#) when a user no longer needs access to a Freddie Mac System – **April 13, 2022**
- **Additional Guide updates and reminders**
 - Further updates as described in the [Additional Guide updates and reminders](#) section of this Bulletin

EFFECTIVE DATE

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

REFI POSSIBLE

Removal of minimum Indicator Score requirement

Refi Possible, introduced in Bulletin 2021-17, offers extended refinance flexibilities for Borrowers with Mortgages owned by Freddie Mac. In an effort to make an even greater impact and reach Borrowers who may believe refinancing is out of reach, we are removing the minimum Indicator Score requirement for Refi Possible Mortgages. An Indicator Score must still be identified and delivered in accordance with the requirements of Guide Section 5203.2(e), but we no longer require a minimum score for a Mortgage to be eligible for sale as a Refi Possible Mortgage.

This flexibility will allow more Borrowers to reduce their monthly Mortgage payments and will assist in furthering sustainable homeownership.

Loan Product Advisor® has been updated to incorporate this change, including [feedback message updates](#).

Guide impacts: Section 4302.5 and Exhibit 25

Delivery requirements

Mortgages with recourse, indemnification or other credit enhancements

In response to Seller questions, we have clarified the instructions for delivery of Mortgages with recourse, indemnification or any other credit enhancement. Sellers must **not** provide the ULDD Data Point *Investor Feature Identifier* (Sort ID 368) with a valid value of “001” or “033” unless the coverage is for the life of the loan.

Guide impact: Section 6302.46

Reminder: loan number entry for Refi Possible

The Freddie Mac loan number of the Mortgage that is being refinanced is required at delivery and should be entered in the ULDD Data Point *Related Investor Loan Identifier* (Sort ID 221). This number can be found in the General Messages category on the Loan Product Advisor Feedback Certificate.

CREDIT UNDERWRITING

Military Borrower not able to occupy Primary Residence

The Guide requires at least one Borrower to occupy the Mortgaged Premises as a Primary Residence as of the Delivery Date.

To provide flexibility for our military Borrowers, we have expanded our requirements to permit a Mortgage to an active-duty military Borrower who is unable to occupy the Primary Residence prior to the Delivery Date due to military service be considered an owner-occupied property Mortgage. The Borrower’s military orders must verify that the Borrower is temporarily unable to occupy the Primary Residence due to the military assignment.

Sellers must deliver ULDD Data Point *Investor Feature Identifier* (Sort ID 368) and enter the valid value of “D76” indicating a Primary Residence for an active-duty military Borrower.

Guide impacts: Sections 4201.14, 6302.8, Exhibit 34 and Glossary

Financing concessions

The Guide limits maximum allowable financing concessions to 2%, 3%, 6% or 9%, depending on the occupancy type and loan-to-value (LTV)/total LTV (TLTV) ratios. We have updated the Guide to provide flexibility for financing concessions paid by Freddie Mac, as the property seller, for transactions involving the sale of Freddie Mac REO properties. These Mortgages are no longer subject to the maximum financing concessions limits. In all cases, requirements for acceptable use of financing concessions continue to apply (i.e., the concessions must not exceed the Borrower’s actual Closing Costs).

Guide impact: Section 5501.5

PROPERTY ELIGIBILITY AND APPRAISALS

Desktop appraisal eligibility

We have updated the chart in Section 5604.1(a) to remove the reference to Detached Condominium Units being eligible for delivery with appraisal report Guide Form 70D, *Uniform Residential Appraisal Report (Desktop)*.

As we announced in Bulletin 2022-2, Condominium Unit Mortgages, which include Mortgages secured by Detached Condominium Units, are not eligible for delivery with Form 70D.

Guide impact: Section 5604.1

Use of the term “market area”

During a recent review of the Guide, we identified certain uses of the term “market” where “market area” was more appropriate. We have updated these sections to reflect the more appropriate term.

Guide impacts: Sections 5601.5, 5602.1, 5605.5, 5605.7 and 5605.9

Manufactured Homes

Foundation document requirement

We have specified that the requirement that the Mortgage file must contain evidence that the installation was completed in compliance with HUD Codes for Manufactured Homes applies only to newly installed Manufactured Homes.

An appraisal report completed on an existing Manufactured Home can serve as evidence the installation was in compliance with HUD Codes and the foundation was designed for the site conditions and home design features and meets local, State and federal codes, as applicable.

Guide impact: Section 3401.24

Financing options and property ownership combinations

We have updated Section 5703.4 to improve its readability and reflect the nuances associated with differing financing options and property ownership combinations permitted with Manufactured Homes.

Guide impact: Section 5703.4

CONDOMINIUM AND COOPERATIVE PROJECTS

Condominium Projects with Manufactured Homes

As a result of Seller requests and feedback, we have expanded our project review requirements for Condominium Projects with Manufactured Homes. We now permit a Seller review of a Manufactured Home Detached Condominium Unit in an Established Condominium Project, subject to certain requirements. See Section 5701.5(f) for full details.

Guide impacts: Sections 5701.3, 5701.5, 5701.9, 5703.2 and 6302.20

Condominium Hotel and cooperative hotel or similar type of transient housing

We received the following questions from Sellers regarding certain Guide requirements related to a Condominium Hotel or similar type of transient housing being an ineligible project:

- If only one or a combination of the hotel type services listed in Section 5701.3(b)(2)(iii) makes the project ineligible
- If the existence of just one of the hotel type services listed in Section 5701.3(b)(2)(iii), without any other involvement by the homeowners association (HOA) in the renting of the Condominium Project’s units on a short-term basis, means the project is ineligible, and
- If the HOA receiving rent for an on-site vacation rentals desk is equivalent to the HOA receiving revenue from a hotel-type service

Upon review of these questions, we concluded that some of the hotel type services previously listed in Section 5701.3(b)(2)(iii) may be provided in Condominium Projects that do not have any of the characteristics of transient housing in the other paragraphs of Section 5701.3(b)(2). The revised section now states that those hotel type services are classified as red flags rather than as characteristics that make the project ineligible. A project with red flags may be eligible if the Seller fully analyzes the project characteristics and related information and determines it is not a Condominium Hotel or transient housing. Similar changes were made to our Cooperative Projects and Cooperative Share Loans requirements in Section 5705.3(b).

Additionally, for Condominium Projects, we have specified that market rate rent received by the HOA for an on-site registration desk is not the same as revenue received by the HOA for a hotel type service and would not make the project ineligible for sale to Freddie Mac.

Guide impacts: Sections 5701.3 and 5705.3

ACCESS NOTIFICATION REQUIREMENTS

Effective April 13, 2022, but Sellers may implement sooner if possible

We are updating our access management notification requirements when a user of a Freddie Mac System (as defined in Section 2401.1(b)) has transferred roles or been terminated and no longer needs access to such System. We are revising the timeline for notification to Freddie Mac from within 24 hours to within one Business Day of, or prior to, the user transfer or termination.

Additionally, for a Seller/Servicer that operates as an Administrator of a Freddie Mac System, we are specifying that the Seller/Servicer must notify Freddie Mac of the transfer or termination of Related Third Party users within one Business Day of the Seller/Servicer's knowledge of such transfer or termination.

Notifications can be emailed to pe_customer_setup@freddiemac.com or made by calling the Customer Support Contact Center at 800-FREDDIE.

Guide impact: Section 1302.2

ADDITIONAL GUIDE UPDATES AND REMINDERS

eClosing requirements

Previously, Seller/Servicers were required to obtain the Borrower's express consent to use the eClosing System (as defined in Section 1402.4) on the same day that the Electronic Record (as defined in Section 1402.4) will be electronically signed.

To increase flexibility for a multi-day eClosing process, Seller/Servicers may now obtain the Borrower's express consent to use the eClosing System on or before the date the Borrower electronically signs the Electronic Record.

A Seller/Servicer who wishes to sell eMortgages to Freddie Mac must contact its Freddie Mac account representative or the Freddie Mac eMortgage Team (eMortgage_Team@freddiemac.com) to determine its eligibility and obtain Freddie Mac's prior written approval.

Guide impact: Section 1402.4

Electronic data in Mortgage file

Effective April 13, 2022

We are updating the Guide to clarify that all System Data (as defined in Section 2401.1(g)(v)), all Aggregate Data (as defined in Section 2401.1(g)(vi)) and any other electronically stored data associated with a Mortgage and maintained in the Mortgage file are the property of Freddie Mac.

Guide impacts: Sections 2401.1 and 3301.1

Loan delivery reminder: ULDD Data Point *Purchase Price Amount* (Sort ID 195)

As a reminder, Freddie Mac requires that for ULDD Data Point *Purchase Price Amount* (Sort ID 195), Sellers must enter the purchase price amount of the property **net of any adjustments made for sales concessions**.

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 2022-7 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2022-7>.

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 black ink, appearing to read "D. Gardner", with a long horizontal line extending to the right.

Danny Gardner
Senior Vice President, Client and Community Engagement