



Bulletin 2022-10

Selling

Issued 05/04/2022

TO: Freddie Mac Sellers

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Credit underwriting and eligibility**
 - Updates related to [refinance Mortgages](#)
 - Additional specificity related to [prorated real estate tax credits](#) paid by the property seller
 - Updates to reflect the removal of the option to order [in-file credit reports](#) through Loan Product Advisor®
- **Uniform Loan Delivery Dataset (ULDD) Phase 4a**
 - Updates reflecting the applicable dates and incorporation of the [ULDD Phase 4a requirements](#) – **May 22, 2023**
- **Loan Product Advisor Feedback Certificate**
 - A change permitting Sellers to share [Feedback Certificates](#) for closed loans with certain third-party service providers and prospective purchasers
- **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.

CREDIT UNDERWRITING AND ELIGIBILITY

Refinance Mortgages

Change in Borrowers on a refinance Mortgage

Effective for Mortgages with Settlement Dates on or after September 6, 2022

To ensure an acceptable payment history on the Mortgage being refinanced, we are updating our requirements for refinance transactions where none of the Borrowers on the Mortgage being refinanced is a Borrower on the new Mortgage. For these Mortgages, unless the Borrower inherited or was legally awarded the Mortgaged Premises, the new Borrower must:

- Have held title to and resided in the Mortgaged Premises as a Primary Residence for the most recent 12-month period, and
- Provide documentation evidencing that he or she has been making timely Mortgage payments on the Mortgage being refinanced for the most recent 12-month period

Currently, the payment history requirement does not apply when the new Borrower is a Related Person of the Borrower on the Mortgage being refinanced. With this update, the documentation showing a timely payment history is required regardless of whether the new Borrower is a Related Person.

Guide impact: [Section 4301.2](#)

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

As a reminder, the proceeds for a "no cash-out" refinance Mortgage may be used to pay related Closing Costs, which includes prepaid real estate taxes.

Based on Seller feedback, we have specified that past due and/or delinquent real estate taxes may not be paid with the proceeds of the "no cash-out" refinance Mortgage, except as follows: "no cash-out" refinance proceeds may be used to disburse cash out to the Borrower or another payee up to the greater of 1% of the refinance Mortgage or \$2,000, and this portion of the proceeds may be used

toward the payment of delinquent taxes.

Guide impact: [Section 4301.4](#)

Prorated real estate tax credits

In [Bulletin 2021-6](#), we updated our requirements for prorated real estate tax credits paid by the property seller in areas where real estate taxes are paid in arrears. We noted that such credits are not required to be treated as financing concessions and cannot be considered when determining whether the Borrower has sufficient funds for the Mortgage transaction.

Based on Seller feedback, we have updated the Guide to specify that the credit may be considered in determining the funds required to be verified for the transaction when an escrow account is established and includes the portion of taxes owed by the property seller for the period they owned the property. In such cases, the prorated real estate tax credit from the property seller may offset that portion of the charge for the establishment of the escrow account.

Guide impact: [Section 5501.1](#)

In-file credit reports requested through Loan Product Advisor

We have updated the Guide to remove references to the option of ordering in-file credit reports through Loan Product Advisor. This aligns with Loan Product Advisor functionality, which no longer supports requests for direct credit in-files.

Guide impacts: [Sections 5203.1](#) and [5203.2](#)

ULDD PHASE 4a

Effective for Mortgages with Application Received Dates on and after January 1, 2023; however, Sellers may begin delivering initial Phase 4a data beginning August 1, 2022 and the remaining data on and after September 26, 2022

As announced in the [December 14, 2021 joint Freddie Mac/Fannie Mae communication](#) and subsequent [April 26, 2022 Freddie Mac announcement](#), Sellers must comply with the ULDD Phase 4a requirements effective for Mortgages with Application Received Dates on and after January 1, 2023 and Delivery Dates on and after the May 22, 2023 mandate date.

We are updating the Guide to reflect the applicable dates and incorporate the ULDD Phase 4a requirements and clarifications for specific delivery programs, Mortgage products, and ULDD Data Points. The requirements are reflected in the ULDD Phase 4a specification included in [Appendix A – Freddie Mac XML Data Requirements V.5.0.0](#) noted in the April 26 announcement. Sellers should review the ULDD Phase 4a specification in its entirety to determine impacts to their systems or processes.

Note: The current Appendix A - Freddie Mac XML Data Requirements specification does not contain the updates but will be added to the next publication of Appendix A.

There are two system implementations for Phase 4a as noted in the [implementation timeline](#). Loan Selling Advisor® will be updated on August 1, 2022 in support of the initial ULDD Phase 4a data. Therefore, the ULDD Phase 4a initial transition period will commence on August 1, 2022 and ends at close of business on May 19, 2023. The second transition period begins on September 26, 2022 and also ends at close of business on May 19, 2023. Refer to the Summary of ULDD Phase 4a Updates that was included in the December 14, 2021 and subsequent announcement to review the impacted ULDD Data Points. During the transition period, Sellers may begin delivering the applicable Phase 4a ULDD Data Points and valid values via manual data entry or data import as soon as they are operationally ready to do so.

Investor Feature Identifiers (IFI) (Sort ID 368) will no longer be required for CHOICEHome®, CHOICERenovation® and GreenCHOICE® Mortgages in addition to properties with resale restrictions. The enumerations for these programs will be available to deliver through the ULDD Data Point *Loan Program Identifier* (Sort ID 404). During the transition period, Sellers may deliver either the IFI or Phase 4a ULDD Data Point *Loan Program Identifier* but must not deliver both.

As stated in the December 14, 2021 ULDD announcement, to help prepare for the Phase 4a delivery requirements and evaluate potential impacts to systems and processes, the Loan Selling Advisor customer test environment (CTE) will be updated beginning June 2, 2022 for Testing Period 1 (initial transition period) and August 18, 2022 for Testing Period 2 (second transition period). The CTE is available to preview the updated version of Loan Selling Advisor and test readiness to deliver the Phase 4a data and extension schema prior to the May 22, 2023 mandate.

To remain aligned with Loan Selling Advisor, Loan Quality Advisor® will also be updated on August 1, 2022 to accept submissions with the Phase 4a ULDD Data Points and valid values following the same transition period.

Sellers can reference this [job aid](#) to better prepare for ULDD Phase 4a implementation.

Guide impacts: [Sections 6302.1, 6302.23, 6302.25, 6302.34, 6302.37, 6302.43](#) and [Exhibit 34](#)

SHARING LOAN PRODUCT ADVISOR FEEDBACK CERTIFICATES

In response to Seller requests, we are permitting the sharing of Feedback Certificates related to closed loans with third-party service providers in connection with a securitization or with prospective purchasers, provided certain requirements are met.

Requirements include that the Seller provide a specific notice to the third parties with whom the Feedback Certificate is shared.

For ease of use, on June 25, 2022, we will update our Feedback Certificates to include the required notice language.

Guide impact: [Section 2402.3](#)

ADDITIONAL GUIDE UPDATES

Income-based resale restricted properties

We are providing Sellers the option to use the Model Declaration of Affordability and Covenants with Refinance and Resale Restriction and Purchase Option, the Commentary to the Model Document and the Model Subordinate Mortgage for income-based/deed restricted shared equity programs. Collectively referred to as the "[Model Declaration](#)," these documents were developed to promote best practices and standardization of documentation for income-based deed restricted affordable housing programs, while also allowing flexibility in the programs' design.

Use of these documents is not required; they are intended to help provide:

- Ease of market-entry for these programs, and
- Provide standardized documents for affordable housing programs that use deed covenants or deed restrictions in lieu of a ground lease

Refer to our new [FAQs](#) on the Model Declaration.

Guide impacts: [Sections 4204.2](#) and [4406.1](#)

Area Median Income Glossary additions

We have added two new [Glossary](#) terms and definitions ("Area Median Income" and "Area Median Income Percent") and have revised the Guide to refer to the new [Glossary](#) definitions, when applicable. This supports Credit Fee in Price changes announced in [Bulletin 2022-1](#).

Guide impacts: [Exhibit 19](#) and [Glossary](#)

Guide updates announced in previous Bulletins

Extension of the guarantee fee obligation

As previously announced in [Bulletin 2021-36](#), the Infrastructure Investment and Jobs Act (IIJA) extended the 10 basis points payment obligation to the Treasury. We have updated the Guide to reflect the previously announced change.

Sellers should refer to the Guarantor Rate Sheet Results screen or Cash Price Sheet in Loan Selling Advisor for current pricing.

Guide impact: [Section 1501.2](#)

"Credit Fee" terminology changes

In [Bulletin 2021-29](#), we announced the addition of [Glossary](#) terms "Credit Fee" and "Credit Fee in Fixed Dollars." We have updated our Guide, as applicable, to align with these Glossary terms, which includes a change in the title of [Exhibit 19](#).

We have also removed language related to the Secondary Financing Credit Fee from [Section 4204.1](#) that is duplicative of language in [Exhibit 19](#).

Guide impacts: [Sections 1501.1, 3401.1, 4201.15, 4201.16, 4204.1, 4205.1 through 4205.4, 4301.5, 4301.6, 4302.8, 4401.9, 4501.14, 4601.3, 4602.15, 4603.7, 4606.8, 4701.1, 4701.2, 5101.1, 5101.3, 6101.5, 6101.8, 6102.5, 6102.9, 6201.9, 6201.12, 6302.20, 6302.31, 6303.1 through 6303.4](#) and [Exhibit 19](#)

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 2022-10 (Selling) Guide Updates Spreadsheet via the Download drop-down available at

<https://guide.freddiemac.com/app/guide/bulletin/2022-10>.

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