

Bulletin

TO: Freddie Mac Sellers

October 31, 2022 | 2022-22

SUBJECT: UPDATE TO CREDIT FEES

Under the direction of the FHFA and in response to their [news release](#) announcing an Enterprise aligned pricing framework, Freddie Mac is eliminating upfront fees for certain Borrowers and affordable Mortgage Products, while implementing targeted changes to the upfront fees for most cash-out refinance loans.

CREDIT FEE UPDATES

Credit Fee Caps and Credits for Credit Fees

Changes related to the Credit Fee Caps and the Credits for Credit Fees are effective for **Mortgages with Settlement Dates on or after December 1, 2022.**

Freddie Mac is:

- Introducing Credit Fee Caps, which apply to the following Mortgages:
 - Mortgages for First-Time Homebuyer(s) (as defined below)
 - Home Possible® Mortgages
 - Certain Duty to Serve Mortgages (as defined below)
- Combining credits in a new grid, titled “Credits for Credit Fees”, for the following Mortgages:
 - GreenCHOICE® Mortgages
 - Refi PossibleSM Mortgages without Appraisal Waiver (ACE), previously referred to as Appraisal Cost Offset

Additionally, Freddie Mac is eliminating the following:

- Super Conforming Credit Fee waiver specific to First-Time Homebuyers, as First-Time Homebuyers with an AMI% less than or equal to 100% will be included in the new Credit Fee Caps grid
- Adjustable Rate Mortgages waiver specific to certain Home Possible Mortgages, as Home Possible Mortgages will be included in the new Credit Fee Caps grid
- Mortgages with Secondary Financing Credit Fee specific to Home Possible Mortgages, as Home Possible Mortgages will be included in the new Credit Fee Caps grid

Cash-Out Refinance Mortgage fee rate updates

Changes related to Cash-Out Refinance Mortgages are effective for **Mortgages with Settlement Dates on or after February 1, 2023.**

Freddie Mac is:

- Updating Cash-Out Refinance Mortgages Indicator Score / Loan-To-Value fee rates

MORTGAGES ELIGIBLE FOR CREDIT FEE CAP

An eligible Mortgage is a Mortgage where the Borrower resides in the Mortgaged Premises using it as a Primary Residence and meets one or more of the following criteria:

- First-Time Homebuyers with an AMI% of:

- Less than or equal to 100%, or
- Less than or equal to 120% in a designated High-Cost Area*

* High-Cost Area is an area in which 115% of the local median home value exceeds the baseline conforming loan limit, as [defined](#) by the FHFA. Freddie Mac will determine whether a Mortgage meets the requirements of the FHFA's definition of High-Cost Area in Loan Selling Advisor®.

- Home Possible Mortgages
- Duty to Serve Mortgages for the following products or Mortgaged Premises with an AMI% of less than or equal to 100%:
 - GreenCHOICE Mortgages
 - CHOICERenovation® Mortgages
 - Community Land Trust Mortgages
 - Income-based resale restrictions
 - Manufactured Homes, including eligible CHOICEHome® Mortgages
 - Small Financial Institutions of Rural Housing, as [defined](#) by the FHFA
 - Rural tracts and High Needs Rural Regions, as [defined](#) by the FHFA

For Mortgages sold to Freddie Mac with custom mortgage insurance coverage, the Custom Mortgage Insurance Credit Fees in Price will continue to apply.

DELIVERY REQUIREMENTS FOR CREDIT FEE CAPS

Effective for Settlement Dates on or after December 1, 2022

Mortgages eligible for the Credit Fee Caps, as described above, must be delivered in accordance with the applicable Guide section.

- For Mortgages originated in rural areas and by Small Financial Institutions, as defined by the FHFA, Sellers must deliver ULDD Data Point *Investor Feature Identifier* (IFI) (Sort ID 368) and enter a valid value of “J84”
- For Mortgages located in rural areas and High Needs Rural Regions, as defined by the FHFA, Sellers must deliver ULDD Data Point *Investor Feature Identifier* (IFI) (Sort ID 368) and enter a valid value of “J85”
- *Investor Feature Identifier* (IFI) (Sort ID 368) valid value of “J78” is no longer required for super conforming Mortgages that include at least one First-Time Homebuyer, indicating a First-Time Homebuyer AMI% less than or equal to 100%

AMI% as calculated in Loan Selling Advisor will be used in assessing the Credit Fee Caps and Credits. Sellers may use the [Home Possible® Income & Property Eligibility tool](#) and the [Refi PossibleSM Income & Eligibility tool](#) to assist with determination of AMI%.

GUIDE AND SYSTEM UPDATES

Guide Exhibit 19, *Credit Fees*, has been updated to reflect the changes. Additional Guide provisions, including Exhibit 34, *Investor Feature Identifiers*, will be updated with a future Guide Bulletin.

Updates to Loan Selling Advisor, including the Guarantor Rate Sheet Results screen, are being made to reflect these changes.

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 'K. Kauffman', with a stylized flourish at the end.

Kevin Kauffman

Vice President, Single-Family Client Engagement