

# Bulletin

TO: Freddie Mac Sellers

October 31, 2022 | 2022-22

Pursuant to subsequent guidance from the FHFA, we are reissuing Bulletin 2022-22 on January 9, 2023, to notify Sellers of an update to the original publication of this Bulletin.

This Bulletin has been updated to specify that effective January 10, 2023, the Duty to Serve Credit Fee Cap will apply only to purchase Mortgages, “no cash-out” refinance Mortgages or special purpose cash-out refinance Mortgages and will not apply to cash-out refinance Mortgages.

With this change, Freddie Mac is providing pricing pipeline coverage—using a combination of Application Received Dates and Settlement Dates—for loan applications that were taken against the original Bulletin 2022-22 and for Mortgages that haven’t yet been sold to Freddie Mac.

Additionally, the Manufactured Homes Credit Fee grid on Guide Exhibit 19, *Credit Fees*, has been updated to remove Area Median Income Percent. There are no changes to the Manufactured Homes Credit Fee rate, which will be assessed in accordance with Exhibit 19 and, if applicable, subject to a Credit Fee Cap.

No other changes have been made to the original Bulletin 2022-22.

## SUBJECT: UPDATE TO CREDIT FEES (THIS IS A REISSUANCE OF BULLETIN 2022-22)

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 Possible<sup>SM</sup> 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 Area Median Income Percent 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 Area Median Income Percent 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
- Effective for Mortgages with Settlement Dates on or after December 1, 2022, and on or before January 9, 2023, Duty to Serve Mortgages for the following products or Mortgaged Premises with an Area Median Income Percent 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 in High Needs Rural Regions, as [defined](#) by the FHFA
- Effective for Mortgages with Settlement Dates on or after January 10, 2023, Duty to Serve Mortgages that are purchase Mortgages, “no cash-out” refinance Mortgages or special purpose cash-out refinance Mortgages for the following products or Mortgaged Premises, with an Area Median Income Percent 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 in High Needs Rural Regions, as [defined](#) by the FHFA

\*Note: Limiting the Duty to Serve Credit Fee Cap to purchase or “no cash-out” refinance Mortgages does not impact GreenCHOICE Mortgages, CHOICERenovation Mortgages or CHOICEHome Mortgages as these offerings are limited to purchase and “no cash-out” refinance Mortgages.

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

## PRICING PIPELINE COVERAGE

For eligible Duty to Serve cash-out refinance Mortgages with certain Application Received Dates and Freddie Mac Settlement Dates, as described in the chart below, Sellers may deliver the Mortgages and receive the previously announced Credit Fee Cap. The Duty to Serve Credit Fee Cap will not apply to cash-out refinance Mortgages that do not meet the date requirements below, and such Mortgages will be subject to all applicable Exhibit 19 Credit Fees.

Application Received Date in the Guide is defined as, “The date on which receipt of the Borrower’s financial information first triggers the federal Truth-in-Lending disclosure requirements to the Borrower in connection with the Mortgage.”

The Application Received Date in Loan Selling Advisor will be used in determining pricing pipeline eligibility; no additional Delivery Requirements are needed in connection with this coverage.

Cash-out refinance Mortgages: Duty to Serve Credit Fee Cap applicability based on Application Received Date and Settlement Date		
Application Received Date	Freddie Mac Settlement Date	0% Duty to Serve Credit Fee Cap or Exhibit 19 Credit Fees
Prior to October 31, 2022	On or after December 1, 2022, and on or before January 9, 2023	0% Duty to Serve Credit Fee Cap
On or after October 31, 2022, and on or before January 9, 2023	On or after December 1, 2022, and on or before January 9, 2023	0% Duty to Serve Credit Fee Cap
	On or after January 10, 2023, and on or before February 28, 2023	<b>– Pricing pipeline coverage –</b> 0% Duty to Serve Credit Fee Cap
	On or after March 1, 2023	Applicable Exhibit 19 Credit Fees
Prior to October 31, 2022, <b>or</b> on or after January 10, 2023	On or after January 10, 2023	Applicable Exhibit 19 Credit Fees

## 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 Area Median Income Percent less than or equal to 100%

Area Median Income Percent 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 Possible<sup>SM</sup> Income & Eligibility tool](#) to assist with determination of Area Median Income Percent.

## GUIDE AND SYSTEM UPDATES

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