

Bulletin

TO: Freddie Mac Sellers

October 4, 2023 | 2023-19

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Rental income**
 - Updates to [rental income requirements](#) – April 1, 2024
- **Transition to Uniform Property Dataset (UPD)**
 - Implementation dates for transitioning from the Freddie Mac Property Dataset (PDR v2.0) to the [UPD](#) – December 1, 2023
- **Desktop appraisals**
 - Updates related to [desktop appraisal eligibility](#)
 - The removal of the requirement that the [Last Feedback Certificate](#) must indicate desktop eligibility
- **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.

UPDATES TO RENTAL INCOME REQUIREMENTS

Effective for Mortgages with Settlement Dates on or after April 1, 2024, but Sellers may implement immediately

In response to industry feedback, we are updating our rental income requirements, including, but not limited to:

- Removing the requirement that a lease must have a minimum original term of one year
- Specifying that for newly executed leases, the first rental payment due date must be no later than the first payment due date of the Mortgage
- Updating our documentation requirements for receipt of two months' rental income to require evidence that the payments were cashed or deposited into the Borrower's depository account at a financial institution or transferred into a third-party money transfer application account owned by the Borrower
- Permitting documentation of receipt of the security deposit plus first month's rental payment, in lieu of receipt of two months' rental payments
- Removing the appraisal requirement that at least one comparable sale must have an ADU that is rented, when rental income generated from an ADU on a subject 1-unit Primary Residence is used to qualify the Borrower
- Reformatting the documentation requirements table for rental income generated from an ADU on subject 1-unit Primary Residence "no cash-out" refinance transactions

Guide impacts: Sections 5306.3 and 5306.4



TRANSITION TO UNIFORM PROPERTY DATASET (UPD)

Effective for Mortgages with Application Received Dates on or after April 1, 2024, but Sellers may begin using the Uniform Property Dataset (UPD) for Mortgages with Application Received Dates on or after December 1, 2023

Freddie Mac and Fannie Mae [published](#) the [UPD](#) on July 26, 2023 and we are now announcing the implementation dates for transitioning from the Freddie Mac Property Dataset (PDR v2.0) to the UPD, as well as the requirements for submission to Freddie Mac's [Beyond ACE application programming interface \(bACE API\)](#).

For Mortgages with Application Received Dates on or after December 1, 2023, the UPD will be available for use in completing PDRs, and the enhanced bACE API will also be available to support submission of a PDR using either the Freddie Mac Property Dataset (PDR v2.0) or the UPD.

For Mortgages with Application Received Dates on or after April 1, 2024, Sellers will be required to use the UPD and must submit PDRs to Freddie Mac using the bACE API. The Freddie Mac Property Dataset (PDR v2.0) will no longer be accepted.

As a reminder, the PDR must always be retained in the Mortgage file.

Guide impacts: Sections 5602.4, 5603.5, 5603.6 and 5604.1

DESKTOP APPRAISALS

Eligibility updates

We have updated our desktop appraisal eligibility list to reflect that refinance Mortgages and Mortgages secured by mixed-use properties are not eligible for a desktop appraisal. Additionally, super conforming Mortgages that meet the desktop eligibility requirements may be originated with a desktop appraisal instead of an appraisal with an interior and exterior inspection (Form 70, *Uniform Residential Appraisal Report*).

Guide impacts: Sections 4603.5 and 5604.1

Last Feedback Certificate

We have updated our desktop appraisal eligibility requirements to remove the requirement that the Last Feedback Certificate must indicate desktop eligibility. Additionally, our appraisal form section has been updated to reflect that Sellers may deliver an appraisal report that exceeds the minimum collateral assessment requirement indicated by the Last Feedback Certificate, provided the eligibility requirements for the selected appraisal type are met.

Guide impact: Section 5604.1

ADDITIONAL GUIDE UPDATES

Student loans

For all student loans, Freddie Mac requires a monthly payment amount greater than zero to be included in the monthly debt payment-to-income ratio. We have updated the language to further specify that when documentation in the Mortgage file other than the credit report is used to verify the current student loan payment amount, the verified payment amount must be greater than zero. The update is editorial in nature and does not change the intent of the requirement.

Guide impact: Section 5401.2

Privacy and data protection

Effective October 11, 2023

Data retention post-termination

We are updating our requirements for Sellers/Service providers to continually maintain and protect customer data following the termination of their right to sell Mortgages to or service Mortgages for Freddie Mac. The changes include, but are not limited to:

- Seller/Service providers must comply with the requirements of applicable state privacy and consumer protection laws



- Servicers must maintain a response program and provide notice of a Security Incident or Privacy Incident (each as defined in Section 1302.2) pursuant to Section 1302.2
- Servicers must notify Freddie Mac as soon as possible, but no later than 48 hours after the Servicer concludes there has been unauthorized data acquisition or access
- Seller/Servicers agree to indemnify and hold Freddie Mac harmless from and against all claims, judgments, losses, costs and expenses incurred by Freddie Mac arising out of any Security Incident or Privacy Incident
- Servicers must securely store and retain such information in accordance with the standards set forth in Sections 1302.1 and 1302.2 and must comply with the notice requirements in the event of a Security Incident or Privacy Incident for as long as the Servicer retains possession of Mortgage files or Freddie Mac information, including following termination of the Seller/Servicer's right to sell Mortgages to or service Mortgages for Freddie Mac
- Servicers must contact Freddie Mac to inquire whether Freddie Mac will require the Servicer to return, transfer to another Servicer or destroy such files or information post termination

Guide impacts: Sections 1301.2, 1301.3, 1302.2 and 8101.8

Reporting Non-critical Privacy Events

Currently, Seller/Servicers must report Non-critical Privacy Events (as defined in Section 1302.2) to Freddie Mac on a quarterly basis using Guide Exhibit 130, *Non-critical Privacy Incident Reporting Template*, by the 15th day of each January, April, July and October. We are updating Section 1302.2 to state that Seller/Servicers will be required to report such events using Exhibit 130 by the 5th day of each January, April, July and October.

Guide impact: Section 1302.2

Uniform Loan Delivery Dataset (ULDD) Phases 4a and 5

Effective January 29, 2024

On September 12, 2023, Freddie Mac and Fannie Mae (the GSEs) [announced](#) Phase 5 of the Uniform Loan Delivery Dataset (ULDD), which aligns with current GSE requirements and supports the continued improvement of loan delivery standards. ULDD Phase 5 includes updates in alignment with the new Uniform Appraisal Dataset (UAD) 3.6, the Enterprise Credit Score and Credit Reports Initiative requirements and previously published Guide updates, and it addresses business critical needs. The loan delivery requirements for ULDD Phase 5 will be incorporated into the Guide with a future Bulletin. Sellers should familiarize themselves with these new requirements and how the updates may impact their systems going forward.

Freddie Mac also provided updates to ULDD Phase 4a. For additional information, please refer to the [Summary of ULDD Phase 4a Updates and Phase 5 Specification](#) located on the [ULDD webpage](#).

Guide impact: Section 6302.21

Delivery clarification for ARMs

We have clarified the delivery instructions for ARMs to specify that the amounts provided in ULDD Data Points *Total Liabilities Monthly Payment Amount* (Sort ID 290) and *Total Monthly Proposed Housing Expense Amount* (Sort ID 292) should be calculated using the Mortgage payment the Borrower is making at the time of delivery.

Guide impact: Section 6302.5

“Application Received Date” Glossary definition update

We have updated the Glossary definition of “Application Received Date” to align with the current ULDD specification. There has been no change in the intended meaning of the term.

Guide impact: Glossary



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 2023-19 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-19>.

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 'Kevin Kauffman', located below the 'Sincerely,' text.

Kevin Kauffman

Vice President, Single-Family Client Engagement