

# Bulletin

TO: Freddie Mac Sellers

February 5, 2025 | 2025-1

## SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Property eligibility and appraisal requirements**
  - Expanded eligibility for [hybrid appraisals](#) – **April 7, 2025**
  - An [updated effective date](#) for the automated collateral evaluation (ACE) and ACE+ PDR eligibility expansion – **February 24, 2025**
  - [Updated requirements](#) that affect the Seller's ability to accept an ACE appraisal waiver offer and provide the Seller flexibility to deliver a different valuation product than what is required by the Last Feedback Certificate
  - Additional examples related to property condition ratings and updated requirements for [appraisals that must be completed "subject to" an inspection](#) – **May 6, 2025**
  - New [documentation requirements](#) for verifying completion when the appraisal report is completed "subject to" an inspection – **May 6, 2025**
- **Credit underwriting**
  - Updated requirements for the documentation and calculation of rental income for certain [non-subject investment properties and 2- to 4-unit Primary Residences](#)
  - Updated [age of tax return requirements](#) reflecting dates specific to the 2024 tax year
- **Rent payment history**
  - The expansion of the [rent payment history](#) capability included in the Loan Product Advisor® assessment
- **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.

## PROPERTY ELIGIBILITY AND APPRAISAL REQUIREMENTS

### Hybrid appraisal expansion

#### Effective for Loan Product Advisor submissions and resubmissions on or after April 7, 2025

We are expanding eligibility for hybrid appraisals as an available appraisal option in the Guide. Hybrid appraisals will no longer be limited to instances when an ACE+ PDR must be upgraded to an appraisal.

A hybrid appraisal may be completed for the following property types:

- 1-unit properties, including in a Planned Unit Development (PUD) or with an ADU; and
- Condominium Units (attached and detached)



Hybrid appraisals will be available for all transaction types (i.e., purchases, “no cash-out” and cash-out refinance transactions).

Guide impacts: Sections 5602.4, 5604.1 and 5604.2

### Updated effective date for automated collateral evaluation (ACE) and ACE+ PDR eligibility

#### Effective for Loan Product Advisor submissions and resubmissions on or after February 24, 2025

In Bulletin 2024-16, we announced expanded eligibility for automated collateral evaluation (ACE) and ACE+ PDR, effective for Loan Product Advisor submissions and resubmissions on or after March 24, 2025. We are updating the effective date so that the expanded eligibility for ACE and ACE+ PDR will be available for Loan Product Advisor submissions and resubmissions on or after February 24, 2025.

Guide impacts: Sections 5602.3 and 5602.4

### ACE and ACE+ PDR

We have updated our requirements for ACE to provide:

- The Seller may accept an ACE appraisal waiver offer when adverse physical property conditions are minor
- If a PDR has been obtained, the Seller may not accept an ACE appraisal waiver offer

We have modified our requirements related to both ACE and ACE+ PDR to:

- Permit the Seller to provide a more comprehensive valuation product than the minimum required in the Last Feedback Certificate
- Specify that Texas Section 50(f)(2) Mortgages are not eligible for ACE or ACE+ PDR
- Update miscellaneous cross-references

Guide impacts: Sections 4203.1, 4504.9, 5602.3, 5602.4 and 6302.10

### Property eligibility

#### Effective for Mortgages with Application Received Dates on or after May 6, 2025

We are updating our appraisal requirements to:

- Require that if detrimental conditions exist on the subject property site, the appraisal report must be completed “subject to” an inspection by a professional, and the Mortgage file must include:
  - Evidence of the required repair, or
  - An inspection report that indicates the condition does not require repair
- Include additional examples of deficiencies that indicate the property is in C5 or C6 condition
- Include additional examples of minor repairs or deficiencies that allow an appraisal report to be completed “as is”

Guide impacts: Sections 5605.4 and 5605.5

### Documentation requirements for verification of completion

#### Effective for Mortgages with Application Received Dates on or after May 6, 2025

When an appraisal report is completed “subject to” an inspection, the Mortgage file must include:

- The inspection report evidencing that the inspector has determined no repairs were required, or
- The inspection report and an invoice evidencing that all inspector required repairs have been completed

Guide impact: Section 5605.8



## CREDIT UNDERWRITING

### Rental income

We have updated the requirements for the use of rental income from a **non-subject investment property or 2- to 4-unit Primary Residence** purchased or placed in service in the current calendar year as summarized in the table below:

| <b>Non-subject investment property or 2- to 4-unit Primary Residence purchased or placed in service in the current calendar year</b> |   |
|--|---|
| <b>Previous requirement</b>  | The lease must be used to determine the net rental income.<br>Note: If the property is not yet rented and the lease is not available, rental income may not be used to qualify.   |
| <b>Updated requirements</b>  | <p>The lease, <i>if available</i>, must be used to determine the net rental income.</p> <p><b>For a non-subject investment property:</b></p> <p>Guide Form 72, <i>Small Residential Income Appraisal Report</i>, or Form 1000, <i>Single Family Comparable Rent Schedule</i>, as applicable, may be used to document and calculate rental income when all of the following apply:</p> <ul style="list-style-type: none"> <li>• Property was purchased on or up to 45 days before the Note Date of the subject transaction</li> <li>• Lease is not available because the property is not yet rented</li> <li>• Each Borrower currently owns or rents a Primary Residence</li> <li>• Net rental income is used only to offset the monthly payment, unless at least one Borrower has a minimum of one year of investment property management experience</li> </ul> <p><b>For a non-subject 2- to 4-unit Primary Residence:</b></p> <p>Form 72 may be used to document and calculate rental income when all of the following apply:</p> <ul style="list-style-type: none"> <li>• Property was purchased on or up to 45 days prior to the Note Date of the subject transaction</li> <li>• Lease is not available because the property is not yet rented</li> </ul> |

Guide impact: Section 5306.1

### Updated age of tax return requirements

We have updated the age of tax return requirements to reflect dates specific to the 2024 tax year. Section 5302.4 has also been refactored.

Guide impacts: Sections 5302.4 and 5903.6

### Additional resources

Sellers should refer to our [FAQs](#) for additional information.



## RENT PAYMENT HISTORY ENHANCEMENT

Previously, for Loan Product Advisor to assess rent payment history in the credit assessment, an asset verification report identifying rent payments was required. We have expanded this offering to allow an alternative path for Loan Product Advisor to include a Borrower's positive rent history in the credit assessment.

Loan Product Advisor has been enhanced to allow approved Sellers to indicate in the submission when a Borrower's rent payment history has been or can be documented. For certain Mortgages, the Borrower's rent payment history may impact the Loan Product Advisor credit assessment by upgrading a Mortgage's Risk Class from Caution to Accept. When successful, the Feedback Certificate will include a message indicating the Borrower's positive rent payment history was included in the credit assessment and that additional documentation must be maintained in the Mortgage file. Sellers must obtain Freddie Mac's written approval before selling such Mortgages by contacting their Freddie Mac representative or the Contact Support Center at 800-FREDDIE.

Guide impact: Section 5201.1

## ADDITIONAL GUIDE UPDATES

### Best Efforts and Mandatory Cash Contract extensions

In Bulletin 2024-12, we announced enhancements to our Best Efforts Contract and Mandatory Cash Contract execution options. With this Bulletin, we are announcing that Sellers may extend the contract an unlimited number of times if the total extension period plus the original contract term does not exceed 120 days and each extension is less than 90 days beyond the current date.

Guide impacts: Sections 6101.3 and 6101.4

### ULDD Phase 5 updates

#### Effective July 28, 2025

##### **Valid value preview in Loan Selling Advisor®**

Sellers may preview the valid values for ULDD Data Points *Construction Method Type* (Sort ID 51) and *Construction Method Type Other Description* (Sort ID 52) in Loan Selling Advisor and test readiness to deliver the values in the Customer Test Environment beginning March 17, 2025. These data points complement migration to the Uniform Appraisal Dataset 3.6.

Guide impacts: Sections 6302.8 and 6302.28

##### **Delivery instruction clarifications**

We are updating the notes for ULDD Data Points *Purchase Price Amount* (Sort ID 195), *Property Valuation Amount* (Sort ID 83), *Property Valuation Form Type* (Sort ID 85) and *HMDA Rate Spread Percent* (Sort ID 208) to clarify delivery instructions.

Guide impacts: Sections 6302.5, 6302.8 and 6302.10

### Green MBS

We have established requirements for Green MBS issued through the MultiLender program. MultiLender Green MBS will be considered Green MBS issued pursuant to our Green MBS framework. The updated requirements for Green MBS specify that all Mortgages with ULDD Data Point *Investor Feature Identifier* (Sort ID 368) valid value "J99" must have a Property Condition Code of "C1" as reflected in the appraisal report.

Guide impacts: Sections 6202.3, 6302.4 and Exhibit 17S

### Recapture of premiums and reimbursement of buyup proceeds

#### Effective for Mortgages with Funding Dates or Settlement Dates on or after May 1, 2025

We are announcing a new fee for Mortgages paid off within 120 days after the Funding Date or Settlement Date. Mortgages delivered through the Guarantor or MultiLender Swap program will be assessed an Early Payoff Fee, which is defined in Section 6303.5 as an amount equal to 100 basis points (1%) of the outstanding UPB of the Mortgage on the



Funding Date. Mortgages delivered through the Cash program will be assessed a Premium Recapture Fee, which is defined in Section 6303.5 as the premium paid for the Mortgage, which is calculated as the amount by which the purchase price exceeded the par price, after netting out the delivery fees minus a process fee not to exceed 50 basis points, multiplied by the outstanding UPB of the Mortgage on the Funding Date.

Guide impact: Section 6303.5

### **Form 15/A/C, Loan Purchase Statement**

**Effective February 12, 2025**

The View Settlement Statements and Funding Details UI screens have been redesigned in Loan Selling Advisor, and Form 15/A/C is being updated to reflect this redesign.

Guide impact: Form 15/A/C

### **Guide refactoring**

To improve the ease of use of our Guide, Chapters 4203, 4305, 4404, 4603, 5306 and 5702 have been refactored to enhance readability. No requirements were changed as a result of this new formatting, although cross-references to the refactored Chapters 4203, 4603, 5306 and 5702 have been updated.

Guide impacts: Sections 1301.11, 4201.16, 4203.1, 4204.2, 4205.1, 4205.3, 4205.4, 4301.6, 4301.7, 4305.1, 4402.1, 4404.1, 4501.6, 4501.7, 4502.7, 4504.5, 4504.6, 4601.2, 4603.1 through 4603.7, 4607.4, 4607.8, 4701.1, 4701.2, 5306.1, 5501.5, 5702.1, 6302.5, 6302.34, 8203.2 through 8203.4, 8401.1, 8701.2, Exhibit 25 and Form 92

## **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 2025-1 (Selling) Guide Updates Spreadsheet via the Download drop-down available at

<https://guide.freddiemac.com/app/guide/bulletin/2025-1>.

## **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,

Kevin Kauffman

Senior Vice President, Single-Family Seller Engagement