

Bulletin

TO: Freddie Mac Sellers

February 2, 2022 | 2022-2

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Property eligibility and appraisals**
 - An option to use a [desktop appraisal](#) in lieu of an interior and exterior inspection appraisal for certain purchase transaction Mortgages – **March 6, 2022**
 - A clarification for determining automated collateral evaluation (ACE) eligibility for [Mortgages with appraisal waivers](#)
- **Quality control**
 - Additional flexibility for [reverification of data](#) received from Freddie Mac designated third-party service providers
 - Allowance of [e-mail reverifications of employment and income](#)
- **Income and assets**
 - Updated [age of tax return requirements](#) reflecting dates specific to the 2021 tax year
 - Additional specificity applicable to [Home Equity Lines of Credit \(HELOCs\) as an eligible source of funds](#) towards the Down Payment, Closing Costs and reserves
- **User forms and certificates**
 - The retirement of [Loan Selling Advisor® authorized user and certification forms](#)
 - Updates to [certificate of incumbency forms](#) – **February 9, 2022**
- **Credit Fees in Price**
 - Guide updates to reflect the [Credit Fees in Price](#) changes announced in Bulletin 2022-1 – **April 1, 2022**
- **Additional Guide updates and reminders**
 - Further updates as described in the [Additional Guide updates and reminders](#) section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

PROPERTY ELIGIBILITY AND APPRAISALS

Desktop appraisals

Effective for new Loan Product Advisor® submissions or resubmissions on or after March 6, 2022

Based on the success of the temporary COVID-19 appraisal flexibilities and a market appetite for appraisal options that do not require physical inspections, Freddie Mac is introducing the desktop appraisal option for purchase transaction Mortgages that meet certain requirements. The desktop appraisal can help address appraiser capacity concerns and reduce appraisal turn-times. Its use also has the potential to help reduce Borrower costs.

The desktop appraisal, completed on new Guide Form 70D, *Uniform Residential Appraisal Report*, will be available beginning March 6, 2022 for new loan applications and resubmissions to Loan Product Advisor. This report is similar in format to Form 70 and will require many of the same exhibits. However, a specific requirement of Form 70D is that the appraiser must provide a floor plan in addition to a building sketch.

Eligibility requirements for desktop appraisals

A desktop appraisal may be obtained in lieu of an interior and exterior inspection appraisal, provided the Mortgage and the Mortgaged Premises meet the requirements in Guide Section 5601.7, which include but are not limited to, the following:

- Each Mortgage must be an Accept Mortgage and must receive a feedback message in Loan Product Advisor indicating that the Mortgage is eligible for delivery with a desktop appraisal
- Each Mortgage must be a purchase transaction Mortgage secured by a 1-unit Primary Residence, including a unit in a Planned Unit Development (see information on eligibility below)
- Each Mortgage must have a loan-to-value (LTV) ratio less than or equal to 90%. For purposes of qualifying for a desktop appraisal, this LTV ratio is calculated using the sales price. Freddie Mac will accept Mortgages originated with a desktop appraisal with an LTV ratio higher than 90% as calculated using the value obtained from the desktop appraisal if the loan amount does not increase and all other eligibility requirements are met, including the requirement that the LTV ratio calculated using the sales price is less than or equal to 90%. LTV ratios greater than 90% that occur as a result of loan amount changes require an upgrade to an interior and exterior inspection appraisal (Form 70).

Eligibility details can be found in Section 5601.7, which identifies Mortgages that may not use the desktop appraisal. Ineligible Mortgages include, but are not limited to, those secured by Condominium Units and Manufactured Homes.

Guide impacts: Sections 5601.5, 5601.7, 5601.8, 5601.10, 5601.14 and Form 70D (**new**)

Delivery requirements

The Seller must deliver the following ULDD Data Points for Mortgages using desktop appraisals:

- *Property Valuation Form Type* (Sort ID 85) and enter a valid value of “Uniform Residential Appraisal Report”
- *Property Valuation Method Type* (Sort ID 89) and enter a valid value of “Desktop Appraisal”

Guide impact: Section 6302.8

Loan Product Advisor updates and additional resources

Loan Product Advisor feedback messages will be updated by March 6, 2022 to reflect this change.

We encourage Sellers to review our [desktop appraisal FAQs](#) and visit [Freddie Mac Learning](#) for additional resources.

Determining automated collateral evaluation (ACE) appraisal waiver eligibility

For clarification, we have updated the Guide to acknowledge that Freddie Mac accepts the following for determining ACE appraisal waiver eligibility submitted by the Seller for purposes of underwriting the Mortgage:

- The purchase price for purchase transactions, or
- The estimated value for refinance transactions

Guide impact: Section 5601.9

QUALITY CONTROL

Reverification of data received from Freddie Mac designated third-party service providers

Due to the reliability of automated reports obtained from Freddie Mac designated third-party service providers, we have updated the Guide to state that documentation of income, employment or sources of funds used in the original underwriting process received from a third-party service provider designated by Freddie Mac is not required to be reverified in certain instances. The report must be accessed directly from the service provider’s electronic database and the Mortgage file must contain no evidence of misrepresentations in connection with the Borrower’s application, documentation or with any part of the underwriting of the Mortgage.

Furthermore, if all of a Borrower's qualifying income has been verified through an automated report obtained from a Freddie Mac designated third-party service provider, then the Seller's quality control would not be required to obtain information from the Internal Revenue Service (IRS) using IRS Form 4506-C.

The list of Freddie Mac designated third-party service providers is available at our [Asset and Income Modeler web page](#). For additional information and guidance, please refer to our [FAQs](#).

Additionally, in conjunction with these updates, reverification requirements for Mortgages utilizing automated income and asset assessment with Loan Product Advisor offerings have been moved from Guide Chapters 5901, 5902 and 5903 to Chapter 3402.

Guide impacts: Sections 3402.5 through 3402.8, 5901.5, 5902.7 and 5903.5

E-mail reverifications of employment and income

We now permit e-mail reverifications of employment and income and have added requirements for these reverifications that are consistent with those for e-mail verifications completed for 10-day pre-closing verifications.

Guide impact: Section 3402.5

INCOME AND ASSETS

Age of tax return requirements

We have updated our age of tax return requirements, originally published in Bulletin 2021-2 for the 2020 tax year, to reflect dates specific to the 2021 tax year.

In addition, we have included requirements applicable in the event of a future IRS filing due date extension, which replace the requirements added with Bulletin 2021-16 that were based on the IRS filing due date extensions dates issued in May 2021.

Refer to Section 5302.4 for complete details.

Reminders

Sellers are encouraged to always confirm with the Borrower that the tax returns provided are those most recently filed with the IRS. Sellers are responsible for determining stable monthly income, which may require additional documentation and analysis.

The Seller must include a written analysis of the income and amount in the Mortgage file. In addition, all documentation used to establish stable monthly income must be retained in the Mortgage file.

Refer to Section 5304.1(d) for additional guidance about self-employed income when tax returns for the most recent calendar year are not yet available.

FAQs

For additional information and guidance, please refer to the [FAQs for age of tax return requirements](#), originally published January 2021 and updated with this Bulletin.

Guide impacts: Sections 5302.4 and 5903.6

Home Equity Line of Credit (HELOC) as an eligible asset

We have specified that a HELOC is considered an eligible source of funds towards the Down Payment, Closing Costs and reserves, provided that the Mortgage file includes evidence that the HELOC is secured by the Borrower's real property and that the HELOC proceeds have been disbursed to the Borrower.

Loan Product Advisor feedback messages will be updated at a later date to reflect HELOC proceeds as an eligible asset.

Guide impacts: Sections 5401.1, 5401.2 and 5501.3

USER FORMS AND CERTIFICATES

Loan Selling Advisor user identification and certification forms

Loan Selling Advisor authorized user and certification forms for Sellers, Selling Agents, Warehouse Lenders and Document Custodians have been retired. Sellers, Warehouse Lenders and Document Custodians may now designate their authorized users in Access Manager or a Freddie Mac Loan Advisor® [registration form](#).

Freddie Mac will continue to accept user identification forms until April 2, 2022. Sellers, Warehouse Lenders and Document Custodians are encouraged to review existing authorized user designations and may do so by running the User Application Access Report through [Freddie Mac Access Manager](#).

Impacted forms include:

- Form 900, *Loan Selling Advisor® Authorized User Identification and Certification Form*
- Form 900SA, *Loan Selling Advisor® Selling Agent Identification and Authorized User Role Form*
- Form 900WHL, *Loan Selling Advisor® Warehouse Lender Authorized User Identification Form*, and
- Form 901, *Loan Selling Advisor® Document Custodian Authorized User Identification and Certification Form*

Guide impacts: Sections 2201.1, 2403.3, 2403.8, 2403.11, 6203.8, 6204.8, 6205.8, 6305.4, 6305.10, 6305.12, Forms 900, 900SA, 900WHL, 901 and 478

Certificates of incumbency

Effective February 9, 2022

We are updating our certificates of incumbency forms to state that Freddie Mac may postpone a funding date or exercise applicable remedies under Section 3601.1 should a Seller/Service or Warehouse Lender fail to provide accurate signatures of authorized employees or roles delegated to authorized employees. Additionally, any new certificate of incumbency forms received will supersede any prior forms and will be binding for two years or until written notice to the contrary or a new form is received.

Impacted forms include:

- Form 988SF, *Certificate of Incumbency for a Bank, Savings Bank, Savings and Loan Association, Credit Union, Corporation or Limited Liability Company*
- Form 988SF – HFA, *Certificate of Incumbency for Housing Finance Agency*
- Form 989SF, *Certificate of Incumbency For Limited Partnerships*, and
- Form 990SF, *Agreement and Certificate of Incumbency: Warehouse Lender*

Form 990SF is also being updated to require Warehouse Lenders to list their Authorized Employees and administrators on the form. Authorized Employees are currently listed on Form 900WHL, *Loan Selling Advisor® Warehouse Lender Authorized User Identification Form*, which has been removed from the Guide. Finally, Form 990ASF, *Warehouse Lender Addendum to Certificate of Incumbency*, is being removed from the Guide. Warehouse Lenders may make all changes on Form 990SF.

Guide impacts: Forms 988SF, 988SF – HFA, 989SF, 990ASF and 990SF

GUIDE UPDATES TO REFLECT CREDIT FEES IN PRICE CHANGES ANNOUNCED IN BULLETIN 2022-1

Effective for Mortgages with Settlement Dates on and after April 1, 2022

As announced in Bulletin 2022-1, we are changing the Credit Fees in Price for super conforming Mortgages and Mortgages secured by second homes. Also announced and to further support our efforts with affordable housing financing, we will no longer charge a Super Conforming Credit Fee in Price for Mortgages to First-Time Homebuyers with income less than or equal to 100% of area median income. With this Bulletin, we are updating the Guide to reflect these changes.

Guide impacts: Sections 4201.15, 4301.6, 4603.7, 6302.31, Exhibits 19 and 34

ADDITIONAL GUIDE UPDATES AND REMINDERS

Community Land Trust Mortgages

Freddie Mac requires Sellers of Community Land Trust Mortgages to review the Ground Lease for each Mortgage submitted for purchase to Freddie Mac to ensure conformity with one of the two approved Model Ground Leases.

With this update and with prior written approval, Sellers who submit Mortgages from Community Land Trusts that are certified under a Freddie Mac-approved program may be exempt from Seller review of the Community Land Trust's ground lease. Interested Sellers should contact their Freddie Mac representative or the Customer Support Contact Center at 800-FREDDIE.

Additionally, clarification has been added to the Guide regarding the eligibility of Condominium Units that are part of a Community Land Trust.

Guide impacts: Sections 4502.3 and 4502.10

Approved Seller/Service providers and special purpose entities

Effective May 9, 2022

We are updating Section 2101.1 to include a link to the [Seller/Service provider Application Document Checklist](#) and to indicate that Freddie Mac may request new applicants provide supplemental ownership and organizational documentation as part of their application to become an approved Single-Family Seller/Service provider.

For applicants whose ownership structure or affiliate relationships may pose a bankruptcy consolidation risk, Freddie Mac may require that the applicant (and its parent) adopt separateness covenants substantially similar to those in new Exhibit 115, *Special Purpose Entity ("SPE") Covenants Sample Provisions*. This includes entities that have been organized solely for the purpose of conducting residential Mortgage-related business activities.

Freddie Mac may also require a non-consolidation opinion from a law firm generally acceptable to Freddie Mac and containing only industry standard qualifications and assumptions. Freddie Mac may deny approval or request additional assurances if an applicant is a recycled special purpose entity or vehicle.

Guide impacts: Section 2101.1 and Exhibit 115 (**new**)

Retirement of Affordable Merit Rate[®] Mortgage Note and Rider

In connection with the removal of Affordable Merit Rate Mortgage references from the Guide announced in Bulletin 2021-29, we have retired the Multistate Affordable Merit Rate Note Addendum and the Multistate Affordable Merit Rate Rider and removed them from our [Uniform Instrument website](#).

Guide impacts: Exhibits 4 and 4A

Guide Topic 5600 reorganization reminder

Effective March 31, 2022

As a follow up to Bulletin 2021-38, we are reminding Sellers that we are revising Topic 5600 and all related Guide cross-references effective March 31, 2021. These revisions will reduce and/or eliminate certain redundancies, update titles and headings for more efficient keyword search and create new chapters that organize categories of related content and requirements. No requirements are changing as part of the update.

Review this [video clip](#) to learn more about the reorganization of Topic 5600, and refer to this [mapping document](#) for a detailed outline of relocated Topic 5600 content.

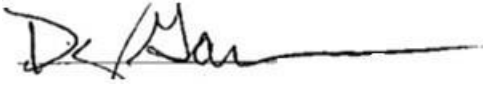
GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Bulletin 2022-2 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddie.com/app/guide/bulletin/2022-2>.

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 'D. Gardner', followed by a long horizontal line extending to the right.

Danny Gardner
Senior Vice President, Client and Community Engagement