

Bulletin

TO: Freddie Mac Sellers

May 3, 2023 | 2023-11

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Credit underwriting**
 - Updates addressing payment of [past-due federal taxes](#) under an installment agreement – **August 1, 2023**
 - An allowance for the exclusion of waived [real estate taxes](#) from the calculation of the Borrower's housing expense ratio
- **Closed Mortgages and Settlement Date requirements**
 - Guide updates related to [Mortgages sold through the flow channel](#)
- **Unplanned buydowns**
 - The retirement of an exemption that allowed the cost of [unplanned buydowns](#) to be excluded from the calculation of financing concessions – **August 1, 2023**
- **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.

CREDIT UNDERWRITING

Internal Revenue Service (IRS) installment agreements

Effective for Mortgages with Settlement Dates on or after August 1, 2023

We are updating the Guide to address Internal Revenue Service (IRS) installment agreements for the payment of past-due federal taxes. When the Borrower is obligated under such an agreement, the following requirements must be met:

- The payment associated with the installment agreement must be included in the calculation of the Borrower's debt payment-to-income ratio if there are more than 10 months of payments remaining under the agreement
- The Seller must document in the Mortgage file a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and balance
- The Seller must document in the Mortgage file verification that the Borrower is not past due under the terms of the installment agreement
- There must be no indication, and the Seller must have no knowledge, that the IRS has filed a Notice of Federal Tax Lien for the taxes owed under the installment agreement

Guide impact: Section 5401.2



Real estate tax abatements and exemptions

When there is a real estate tax abatement on the property, the Guide permits the Seller to use the reduced real estate tax amount in the monthly housing expense calculation. We have updated the Guide to specify that:

- The real estate tax amount can be excluded from the monthly housing expense calculation in its entirety when the documentation and continuance requirements are met, and
- For tax exemptions associated with the Borrower's disability or age, documentation verifying continuance is not required; however, there must not be a predetermined expiration date within five years of the Note Date

Guide impact: Section 5401.1

CLOSED MORTGAGES AND SETTLEMENT DATE REQUIREMENTS

We have updated the Guide to state that Mortgages sold through the flow channel must have Settlement Dates no more than six months after the Note Date or, for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing. The requirement does not apply to CHOICERenovation[®] Mortgages with Settlement Dates after completion of renovations. For these Mortgages, refer to Section 4607.4(a) for Settlement Date requirements. For ease of use, we have identified in Section 4201.5(d) sections of the Guide that include requirements for Mortgages with Settlement Dates more than 120 days after the Note Date.

We have also updated the Guide to retire the Glossary definition of "Seasoned Mortgage" and made other editorial changes to align with this update, including removal of all references to our bulk sales unit. There is no change in the availability of bulk transactions, which was announced in Bulletin 2022-15.

Guide impacts: Sections 1301.11, 4201.5, 4201.7, 4205.1, 4205.3, 4408.1, 4501.3, 4502.3, 4605.2, 4607.2, 5101.1, 5101.8, 5602.3, 5604.3, 5703.3, 6202.3, 6205.2 and Glossary

UNPLANNED BUYDOWNS

Effective for Mortgages with Settlement Dates on or after August 1, 2023

We are retiring Section 5501.5(d). As a result, amounts paid as an unplanned buydown must now be included when calculating the total value of financing concessions.

Guide impact: Section 5501.5

ADDITIONAL GUIDE UPDATES

Private transfer fee waivers for shared equity programs

Effective for Mortgages with Note Dates on or after July 1, 2023

Based on FHFA's Private Transfer Fee Covenant Regulation 12 CFR Part 1228, Freddie Mac is currently prohibited from purchasing Mortgages from shared equity programs (specifically Community Land Trusts and income-based deed restricted properties) if the sponsoring organization charges a private transfer fee when the homeowner transfers their property to a new, program-eligible buyer. Recognizing that the purchase of these Mortgages is critical to supporting Freddie Mac's Duty to Serve Plan, the FHFA has issued a waiver allowing for the purchase of these Mortgages with Note Dates on or after July 1, 2023, providing the following requirements are met:

- The Mortgage is a shared equity loan,
- The Mortgage meets the Duty to Serve shared equity loan program criteria identified in 12 CFR 1282.34(d)(4) (other than the Duty to Serve 100 percent of Area Median Income limit), and
- The Mortgage has a Note Date on or after July 1, 2023, but no later than December 31, 2024

With this change, we are updating our Guide requirements for shared equity programs with private transfer fees to allow for the purchase of these Mortgages.

Guide impact: Section 4202.8



ULDD Data Point *Investor Feature Identifier* valid value of “H04”

Sellers are no longer required to deliver the ULDD Data Point *Investor Feature Identifier* (Sort ID 368) valid value of “H04” to indicate a Mortgage secured by a detached Condominium Unit. The Condominium Unit Mortgage Credit Fee in Price will not be assessed for Mortgages secured by detached Condominium Units when the valid value “Detached” is delivered for ULDD Data Point *Attachment Type* (Sort ID 50).

Guide impacts: Section 6302.20 and Exhibit 34

Credit Fee Caps

Exhibit 19A, *Credit Fee Cap Eligibility Criteria*, has been updated to remove a reference to temporary pipeline coverage related to cash-out refinance Mortgages, as described in Bulletin 2022-22.

Guide impact: Exhibit 19A

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 2023-11 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-11>.

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

Vice President, Single-Family Client Engagement