

Bulletin

TO: Freddie Mac Sellers

December 6, 2023 | 2023-24

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **2024 conforming loan limit values**
 - New [conforming loan limit values](#) for 2024 – **January 1, 2024**
- **Employed income documentation and verification requirements**
 - A [10-day pre-closing verification \(PCV\)](#) update
- **Cash-out refinance Mortgages**
 - A requirement that all Borrowers must [occupy the property](#) when the Mortgage is secured by a Primary Residence – **March 6, 2024**
- **Condominium Projects**
 - The addition of a new Project Assessment Request finding status, [Not Eligible](#), to Condo Project Advisor® – **February 26, 2024**
 - [Project Certified Submission \(PCS\)](#), an enhancement to Condo Project Advisor – **December 8, 2023**
 - The reorganization of certain content in [Guide Chapter 5701](#) – **December 8, 2023**
 - Updates to the [license terms](#) for Condo Project Advisor
- **GreenCHOICE Mortgages®**
 - Expanded eligibility for the [types of improvements](#) that may be financed with a GreenCHOICE Mortgage
 - The removal of certain requirements for a [“no cash-out” refinance](#) GreenCHOICE Mortgage that is also a Home Possible® or HomeOne® Mortgage
- **Appraisals – market condition adjustments**
 - Examples of acceptable data sources that may be used when determining and in support of adjustments for [changes in market conditions](#) over time
- **Shared equity homeownership programs**
 - Updates to our requirements for Mortgages secured by [properties subject to resale restrictions](#)
 - Updates to our ground lease review and recordation requirements for [Community Land Trust Mortgages](#)
- **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.



2024 CONFORMING LOAN LIMIT VALUES

Effective for Mortgages with Settlement Dates on or after January 1, 2024

As announced in our [November 28, 2023, article](#), our baseline conforming loan limit values and designated High-Cost Area loan limit values will increase, effective January 1, 2024.

The loan limit values, effective for Mortgages with Settlement Dates on or after January 1, 2024, are as follows:

Conforming loan limit values				
Property type	On or before December 31, 2023		On or after January 1, 2024	
	Baseline conforming loan limit values ¹	High-Cost Area conforming loan limit values ^{1,2}	Baseline conforming loan limit values ¹	High-Cost Area conforming loan limit values ^{1,2}
Mortgages secured by 1-unit properties	\$726,200	\$1,089,300	\$766,550	\$1,149,825
Mortgages secured by 2-unit properties	\$929,850	\$1,394,775	\$981,500	\$1,472,250
Mortgages secured by 3-unit properties	\$1,123,900	\$1,685,850	\$1,186,350	\$1,779,525
Mortgages secured by 4-unit properties	\$1,396,800	\$2,095,200	\$1,474,400	\$2,211,600

¹Except for Mortgages secured by properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands.

²Actual conforming loan limit values for specific counties in designated High-Cost Areas, as determined by the FHFA, may be lower than the amounts listed above and can be found by visiting the [FHFA conforming loan limit values webpage](#).

The baseline conforming loan limits for Mortgages secured by properties in Alaska, Hawaii, Guam and the U.S. Virgin Islands will be 50% higher than the baseline conforming loan limits listed above. As in 2023, there are no areas in Alaska, Hawaii, Guam or the U.S. Virgin Islands for which the applicable loan limit values are higher than the baseline conforming limit values for those areas; as a result, there are no High-Cost Area conforming loan limit values specific to Alaska, Hawaii, Guam or the U.S. Virgin Islands for 2024.

For conforming Mortgages secured by properties in designated High-Cost Areas, notwithstanding the loan limit values shown in the above chart, Sellers must review the 2024 conforming loan limit values permitted for the specific county in which the property is located. The FHFA provides this information on its [website](#).

High-Cost Areas applicable to the First-Time Homebuyer Credit Fee Cap, as described in Guide Exhibit 19A, *Credit Fee Cap Eligibility Criteria*, will be determined based on whether the Mortgaged Premises is located in a High-Cost Area as of the Application Received Date or the Note Date. Loan Selling Advisor® will determine whether the Mortgaged Premises is located in a High-Cost Area.

Loan Product Advisor® and Loan Selling Advisor were updated on December 3, 2023, to reflect the new loan limit values.

Guide impacts: Sections 4203.3, 4603.2 and Exhibit 19A

UPDATES TO 10-DAY PRE-CLOSING VERIFICATION (PCV)

We have expanded the 10-day pre-closing verification (PCV) types to include a year-to-date (YTD) paystub from the pay period immediately preceding the Note Date, with the “paid through” date no more than 15 Business Days before the Note Date.

Guide impact: Section 5302.2



Additional resources

Sellers should review our [FAQs](#) for more information.

RESTRICTING NON-OCCUPYING BORROWERS ON CASH-OUT REFINANCE MORTGAGES

Effective for Mortgages with Settlement Dates on or after March 6, 2024

We are updating the Guide to require that all Borrowers must occupy the Mortgaged Premises when the Mortgage is a cash-out refinance Mortgage secured by a Primary Residence.

Guide impacts: Sections 4301.5 and 5103.1

Loan Product Advisor update

Loan Product Advisor will be updated at a future date to reflect this requirement.

CONDOMINIUM PROJECTS

Not Eligible projects

Effective February 26, 2024

We are enhancing Condo Project Advisor Project Assessment Request (PAR) to include a new PAR finding status, Not Eligible, to indicate that a project does not meet certain project review and general eligibility requirements. A Mortgage secured by a Condominium Unit in a Condominium Project that receives a Not Eligible status is ineligible for sale to Freddie Mac and will be identified as such in Output (as defined in Section 2401.1(b)) of Condo Project Advisor, Loan Product Advisor, Loan Quality Advisor® and Loan Selling Advisor. Condominium Projects that do not receive a Not Eligible status must still be assessed for compliance with all applicable requirements.

See Section 5701.10(d) for more details.

We are also adding a requirement applicable to all PAR statuses, including the Not Eligible status, that the Seller or, if applicable, the Seller's Related Third Party with access to Loan Product Advisor or Loan Quality Advisor must notify Freddie Mac if it becomes aware of any information that could impact, or that is inconsistent with, the project's PAR status finding, as soon as feasible but not later than five Business Days after becoming aware of such information.

Guide impacts: Sections 5701.2 and 5701.10

Feedback messages

More information on the new Output (including feedback messages) can be found on [Resources & Learning - Freddie Mac Single-Family](#).

Homeowners associations (HOAs)

Our [Condominium Unit Mortgages webpage](#) will be updated by February 26, 2024, to detail how an authorized representative of an HOA may contact Freddie Mac to inquire:

- Whether a project has received a Not Eligible status, and/or
- How to appeal a Not Eligible status

FAQs

Sellers should review our updated [FAQs](#) for more information.

Condo Project Advisor Project Certified Submission (PCS) review process

Effective December 8, 2023

We are introducing Condo Project Advisor Project Certified Submission (PCS), an enhancement to Condo Project Advisor, which will be accessible through Freddie Mac Loan Advisor® beginning December 8, 2023.



On certain PARs, Condo Project Advisor may specify that a Condominium Project may be submitted for a Project Certified review through the PCS process. If Condo Project Advisor finds that the Condominium Project meets the requirements for Project Certified, the project will be assigned a Project Certified status.

Guide impacts: Sections 5701.1 through 5701.3, 5701.5, 5701.10 through 5701.12, 6302.20 and Exhibit 34

Reorganization of certain content in Chapter 5701

Effective December 8, 2023

We are reorganizing content relating to PARs and Project Waiver Requests (PWRs) as follows:

- The requirements relating to PARs, including Project Certified status, are moving from Sections 5701.1(d) and 5701.1(e) to Section 5701.10
- The requirements relating to PWRs are moving from Section 5701.1(c) to Section 5701.11

Guide impacts: Sections 4201.5, 5701.1, 5701.10 and 5701.11

Condo Project Advisor specific license

We have updated the license terms for Condo Project Advisor to reflect new enhancements.

Guide impact: Section 2402.2

GREENCHOICE MORTGAGES

We have enhanced the GreenCHOICE Mortgage offering, our solution for energy and/or water efficiency, health and safety and/or resiliency and preventative improvements.

Eligible improvements

The eligible improvements that may be financed with a GreenCHOICE Mortgage have been expanded to include:

- Energy and/or water efficiency improvements, including, but not limited to:
 - ENERGY STAR Energy Efficient Products listed at https://www.energystar.gov/products/products_list
 - Electrification improvements (e.g., replacing equipment or appliances that run on natural gas or other combustible fuel with efficient, all-electric technologies, such as heat pumps and induction cooktops)
- Health and safety improvements (e.g., ventilation, radon remediation, asbestos, mold or lead abatement and building-code compliance if cited by the applicable jurisdiction)
- Resiliency and preventative improvements to either repair natural disaster damage or improve a home's ability to withstand future natural disasters

Eligible improvements must be permanently affixed to the property, except for appliances used in a kitchen, laundry room or utility room or health and safety improvements. Additionally, for certain eligible improvements, the Seller may obtain and retain in the Mortgage file alternative documentation in lieu of an energy report, if required, pursuant to Section 4606.6(d).

Guide impacts: Sections 3401.30, 4203.1, 4301.4, 4301.5, 4606.1 through 4606.8, 4607.6, 4607.17, 6302.16, 6302.23, 6302.50 and 7101.4

GreenCHOICE Mortgages that are also Home Possible or HomeOne Mortgages

We have removed from Section 4606.4(b) certain requirements for a “no cash-out” refinance GreenCHOICE Mortgage that is also a Home Possible or HomeOne Mortgage where the proceeds are used to pay an Existing Debt (as defined in Section 4606.1(a)).

Guide impact: Section 4606.4



APPRAISALS – MARKET CONDITION ADJUSTMENTS

We have updated Section 5605.6(c) to provide examples of acceptable data sources that may be used when determining and in support of adjustments for changes in market conditions over time. In addition to market data (comparable listings and pending or closed sales), acceptable data sources include, but are not limited to:

- Home price indices
- Multiple listing service
- Public records
- Commercial services, models and data

The appraiser may use any credible data source to help determine and support market condition adjustments. The appraiser must also describe their market analysis.

Guide impact: Section 5605.6

SHARED EQUITY HOMEOWNERSHIP PROGRAMS

Mortgages secured by properties subject to resale restrictions

To improve ease of use, we have reorganized Chapter 4406 on Mortgages secured by properties subject to resale restrictions.

Additionally, to support shared equity homeownership programs, we have made the following updates to our requirements for Mortgages secured by properties subject to income-based resale restrictions:

- Permit the subsidy provider to receive excess proceeds when a property is sold above the amount required to satisfy the total indebtedness
- Reduce the representations and warranties the Seller must make regarding the subsidy provider or program administrator
- Allow any share of appreciation due to the subsidy provider to be paid from a “no cash-out” refinance transaction

Guide impacts

We have reorganized Chapter 4406 by updating existing Sections 4406.1 and 4406.2 and adding new Sections 4406.3 through 4406.18. We have also updated Sections 4203.1, 4204.2, 4205.3, 4205.4, 4301.4, 4402.2, 4402.4, 4403.1, 4601.1, 4603.3, 5401.1 and 5703.9.

Community Land Trust Mortgages

We now allow the Community Land Trust Ground Lease to be based on either the National Community Land Trust Network 2011 Community Land Trust Network Model Ground Lease or the Institute for Community Economics Model Ground Lease, rather than requiring the Community Land Trust Ground Lease to conform with either of these models.

To help reduce recordation costs for Community Land Trust Mortgages, we now permit the recordation of a Community Land Trust ground lease memorandum in lieu of the full ground lease.

Guide impact: Sections 4502.10 and 4502.12

ADDITIONAL GUIDE UPDATES

eMortgages

Chapter 1402 updates

We have reorganized Chapter 1402 to improve the consistency, readability and searchability of our existing eMortgage requirements.

As part of this reorganization, we have updated a number of sections in Chapter 1402. The changes include, but are not limited to:



- Centralizing the information security and encryption requirements of the eClosing and eNote Vault Systems
- Adding instructions for eMortgage Servicers when sharing a copy of an eNote with a Document Custodian when converting an eNote to a paper Note or when eNotes are charged off
- Adding a statement to Section 1402.6 that the information security and business continuity planning requirements found in Chapter 1302 apply to eClosing and eNote Vault Systems

Guide impacts: Sections 1402.1 through 1402.14 and 1402.16 through 1402.18

Warehouse Lender eNote Vault review process

We have updated Sections 1402.8 and 1402.16 to simplify the Warehouse Lender eNote Vault review process by removing the requirement for Warehouse Lenders to submit initial and ongoing attestations that their eNote Vault System complies with Freddie Mac information security requirements.

Guide impacts: Sections 1402.8 and 1402.16

Remote Online Notarization

Effective January 1, 2024

We are updating Exhibit 48, *Permitted States for Remote Online Notarization*, to add California to the list of States that permit Remote Online Notarization.

Guide impact: Exhibit 48

Instructions for submission of ULDD Data Point Borrower First Time Homebuyer Indicator

We have updated the delivery instructions for ULDD Data Point *Borrower First Time Homebuyer Indicator* (Sort ID 597) and Exhibit 1, *Instructions for Completing the Borrower First Time Homebuyer Indicator*, to clarify that data must be provided for each Borrower.

Guide impacts: Section 6302.9, Exhibits 1, 19A and Glossary

International access restrictions for Freddie Mac Systems

Effective December 13, 2023

We are updating the Guide to reflect that Freddie Mac may restrict access to its Systems (as defined in Section 2401.1(b)) from certain areas outside the United States.

Guide impact: Section 2401.1

Document custody

Financial rating for Document Custodians

Effective December 13, 2023

We are updating the eligibility requirements for Document Custodians to include the following:

- Seller/Servicers acting as their own Document Custodians, or third-party Document Custodians that are affiliates of the Seller/Servicer, must have a financial rating of 130 or better from IDC Financial Publishing, Inc. (IDC) or C or better from Kroll Bond Rating Agency, Inc. (KBRA). Additionally, the Seller/Servicer must have a financial rating that meets or exceeds a long-term rating of BBB from Standard & Poor's or a long-term rating of Baa2 from Moody's.
- Third-party Document Custodians that are not affiliates of the Seller/Servicer must have a financial rating of 125 or better from IDC or C or better from KBRA

In all cases, if the Document Custodian is not a rated institution, the Document Custodian's parent or subsidiary must meet these standards.

Guide impact: Section 2202.2



Document custody forms

Effective December 13, 2023

We are updating the document custody forms to:

- Align sections and corresponding terms among the forms
- Reflect recent Guide changes and requirements, including:
 - Revised definitions
 - Fraud screenings
 - Information security requirements
 - Electronic transaction terms
 - Confidentiality provisions
 - Electronic signatures
- Be consistent with current business operational practices

Guide impacts: Forms 1035, 1035A, 1035CS, 1035CSA and 1035DC

Document Custody Procedures Handbook

The Document Custodian Procedures Handbook has been updated to include information security requirements and provide additional information on “oversigning” and “undersigning” signature requirements on the Note.

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 2023-24 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2023-24>.

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