

Bulletin

TO: Freddie Mac Sellers

May 1, 2024 | 2024-6

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

- **Reconsideration of value (ROV) process**
 - New requirements for handling [ROV requests](#) – **August 29, 2024**
- **Attorney opinion of title letters**
 - An expansion of the permitted use of an [attorney opinion of title letter](#)
- **Credit underwriting**
 - Updates related to:
 - Inquiries generated by [credit reports](#)
 - [Reserve requirements](#) for concurrent Mortgage applications
 - Acceptable sources of [large deposits](#) – **September 30, 2024**
- **Loan Product Advisor® assessment**
 - The removal of the requirement that at least one Borrower on the transaction must have a usable credit score for [Borrower cash flow](#) to be considered in the credit assessment – **May 5, 2024**
 - Updated requirements related to the inclusion of [trended credit data](#) in credit reports – **August 4, 2024**
- **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.

RECONSIDERATION OF VALUE (ROV) PROCESS

Effective August 29, 2024

Freddie Mac, in collaboration with Fannie Mae and HUD, is implementing requirements related to reconsideration of value (ROV) that promote consistency when a perceived appraisal issue and/or appraisal deficiency exists. These requirements also recognize the importance of the Borrower having the knowledge and opportunity to request an ROV. The Seller must have policies and procedures in place addressing Seller or Borrower requests for ROVs, and the policies and procedures must include, but are not limited to, the following:

- A review and resolution procedure for an ROV request, including steps for the Borrower(s) to appeal an appraisal report's findings when the Borrower(s) believes the appraisal report or the appraiser's opinion of value is unsupported, may be deficient due to an unacceptable appraisal practice or reflects discriminatory practices
- A process for disclosure of the ROV process to the Borrower(s) and instructions for initiating an ROV request
- A standardized format for communicating the rationale, requirements and supporting documentation to the appraiser



- Instructions for the appraiser to deliver a revised appraisal report that includes specific commentary explaining their conclusions to the ROV request
- Turn-time expectations for communicating results of the ROV to the Borrower
- A requirement for the retention of all documentation and communications related to the initiation and outcome of the ROV in the Mortgage file

This update also requires the Seller to:

- Forward the appraisal report, along with a summary of findings, to the appropriate appraisal licensing agency or regulatory board if material deficiencies are identified in the appraisal report that are not corrected or addressed by the appraiser upon request or if there is evidence of unacceptable appraisal practices. In addition, if there are suspected overt violations of antidiscrimination laws, the Seller must report them to the proper local, State or federal agency.
- Ensure valuation and related staff, inclusive of third parties, are trained to identify prohibited discriminatory practices and appraisal deficiencies through the valuation review and ROV processes. The Seller must have a process for remediating these deficiencies.

Freddie Mac is evaluating methods for future tracking of Mortgages originated where an ROV was obtained. More information will be provided as it becomes available.

Guide impact: Section 5604.4

ATTORNEY OPINION OF TITLE LETTERS

We have updated our requirements for attorney opinion of title letters. As part of our mission to promote sustainable access to homeownership and reduce cost barriers for Borrowers, we have expanded the types of Mortgages that are eligible for delivery with an attorney opinion of title letter, including:

- Mortgages secured by a unit in a Condominium Project,
- Mortgages secured by a property subject to restrictive agreements or restrictive covenants, and
- Mortgages secured by a property located in all U.S. jurisdictions, unless prohibited by law or identified as an ineligible transaction type in Section 4702.3

This Guide update also includes additional specificity for both the attorney opinion of title letter and attorney requirements.

Guide impacts: Sections 4702.1, 4702.3, 4702.4 and 4702.7

CREDIT UNDERWRITING

Credit report inquiries

We have updated the Guide to specify that a credit report must generate an inquiry that can be identified on subsequent credit reports (i.e., the credit report must be a hard pull).

Guide impact: Section 5203.1

Reserves requirement for concurrent Mortgage applications

We have updated our reserves requirements to specify that when the Seller is processing multiple Mortgage applications for the same Borrower, the same assets may be used to meet the reserve requirements for each Mortgage transaction.

Guide impact: Section 5501.2

Acceptable sources of large deposits

Effective for Mortgages with Settlement Dates on or after September 30, 2024

We are updating our requirement to limit acceptable sources of large deposits to:

- The Borrower's income,



- Funds awarded to the Borrower (e.g., disaster relief funds, lottery winnings, court-awarded settlement) provided the source is not an interested party to the real estate or Mortgage transaction, and
- Funds derived from the eligible asset types stated in Sections 5501.3(b) and 5501.3(c)

Guide impact: Section 5501.3

LOAN PRODUCT ADVISOR ASSESSMENT

Borrower cash flow

Effective for Loan Product Advisor submissions or resubmissions on or after May 5, 2024

We are removing the requirement that at least one Borrower on the transaction must have a usable credit score for Loan Product Advisor to consider Borrower cash flow in the credit assessment. As part of this expansion to the cash flow eligibility requirement, for Loan Product Advisor Accept Mortgages, if positive cash flow is identified and no Borrower has a credit score, the feedback message will indicate that the Seller is not required to document additional payment references.

Guide impact: Section 5201.1

Feedback messages

Loan Product Advisor [feedback messages](#) have been updated to reflect these changes.

Use of trended credit data in credit reports

Effective for initial Loan Product Advisor submissions on or after August 4, 2024

We are updating the Guide to require that trended credit data be included in credit reports submitted to Loan Product Advisor. Trended credit data is expanded credit information reflecting historical Tradeline data such as balances, scheduled payments and actual payments reported for each month over an extended period of time.

Guide impact: Section 5203.1

ADDITIONAL GUIDE UPDATES

Asset and income modeler

Based on Seller feedback, we have updated automated income assessment with Loan Product Advisor using tax data, which is part of asset and income modeler, to clarify that Internal Revenue Service (IRS) Form 8821 is an acceptable alternate form in lieu of IRS Form 4506-C.

Guide impacts: Sections 5302.5 and 5903.5

Duty to Serve Credit Fee Cap - Small Financial Institutions of Rural Housing

In connection with the delivery of Mortgages eligible for certain Duty to Serve Credit Fee Caps announced in Bulletin 2022-22, Sellers are no longer required to deliver ULDD Data Point *Investor Feature Identifier* (Sort ID 368) valid value of "J84" in Loan Selling Advisor® to indicate the Mortgaged Premises is located in a Rural Area and originated by a Small Financial Institution. Freddie Mac will use ULDD Data Points *Party Role Type* (Sort ID 628) and *Party Role Identifier* (Sort ID 627) for the Loan Origination Company when determining whether a Mortgage meets the requirements of FHFA's definition of Small Financial Institutions and Mortgaged Premises located in Rural Areas. In Loan Selling Advisor, the screen name for *Party Role Identifier* appears as *Loan Origination Company Identifier*. Refer to Guide Exhibit 19A, *Credit Fee Cap Eligibility Criteria*, for eligibility criteria related to the Credit Fee Caps included in Exhibit 19, *Credit Fees*.

Guide impacts: Section 6302.48, Exhibits 19A and 34

Uniform Instruments

In response to industry feedback, Freddie Mac and Fannie Mae ("the GSEs") have published additional State-specific Multistate 30-day Average SOFR ARM instruments that currently require State-specific authorized changes. There will be no content changes to these newly published instruments other than incorporating all State-specific required authorized



changes and adding a State-specific tagline. For example, the GSEs currently publish a Multistate Fixed Rate Note along with additional State-specific notes that incorporate any required state specific changes. To align with this approach, we have updated Exhibit 4A, *Single-Family Uniform Instruments*, to incorporate the State-specific 30-day Average SOFR Notes and Rider and reflect that the GSEs have published State-specific versions of the following instruments:

- Multistate Adjustable Rate Note – 30-day Average SOFR (Form 3441)
- Multistate Fixed/Adjustable Rate Note – 30-day Average SOFR (Form 3442)
- Multistate Adjustable Rate Rider – 30-day Average SOFR (Form 3141)
- Multistate Fixed/Adjustable Rate Rider – 30-day Average SOFR (Form 3142)

These instruments are available for immediate use but must be used for any Mortgages with Note Dates on or after November 1, 2024.

Guide impact: Exhibit 4A

ULDD Data Point implementation note updates

ULDD Data Point Down Payment Source Type (Sort IDs 173/174)

We have added clarifying language to the implementation notes for ULDD Data Point *Down Payment Source Type* (Sort ID 173/174) to use the valid value of “Originating Lender” for all lender sources, including a non-originating lender.

Guide impact: Section 6302.5

ULDD Data Point Bedroom Count (Sort ID 77)

Effective September 4, 2024

We have added clarifying language to the implementation notes for ULDD Data Point *Bedroom Count* (Sort ID 77) for one-unit properties valued by a hybrid appraisal.

Guide impact: Section 6302.8

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 2024-6 (Selling) Guide Updates Spreadsheet via the Download drop-down available at <https://guide.freddiemac.com/app/guide/bulletin/2024-6>.

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