



TO: Freddie Mac Sellers

November 9, 2016 | 2016-20

SUBJECT: SELLING UPDATES

This Guide Bulletin announces:

Properties with solar panels

- Requirements for [properties with solar panels](#) – **March 1, 2017 (New)**

Trended credit data

- [Trended credit data](#) must be excluded by Sellers during the credit assessment for Manually Underwritten Mortgages and will not be used by Freddie Mac during postfunding quality control reviews

Living Trust Borrowers

- Reorganizing and reformatting of our requirements for [Living Trust Borrowers](#) for ease of reference

Monthly debt payment-to-income ratio

- Updates to our [monthly debt payment-to-income ratio](#) requirements – **March 1, 2017**

Additional Guide updates

- Further updates and revisions 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.

PROPERTIES WITH SOLAR PANELS

Effective for Mortgages with Settlement Dates on and after March 1, 2017

Homeowner interest in solar panel systems has grown in the past decade and we have begun to receive questions from Sellers about the eligibility of Mortgages secured by properties with solar panels. To assist Sellers with the underwriting of these Mortgages and in support of this segment of the market, we are updating the Guide to:

- Establish property eligibility requirements for Mortgages secured by properties with solar panels owned by the Borrower
- Establish property eligibility requirements for Mortgages secured by properties with solar panels that are owned by a third party and subject to a lease agreement, power purchase agreement (PPA) or similar type of agreement
- Revise underwriting requirements to permit the exclusion of payments for solar panels from the Borrower's debt payment-to-income ratio, under certain conditions; and
- Update appraisal requirements for the valuation of properties with energy features and for high-performing energy-efficient properties

Visit the following web pages for Seller resources related to energy-efficient properties and the appraisal of properties with energy-efficient features:

- [Resources](#) provided by The Appraisal Foundation
- The [Home Energy Rating System \(HERS®\) Index](#) provided by the Residential Energy Services Network (RESNET®)

-
- The [Home Energy Score](#) provided by the U.S. Department of Energy's Better Buildings® initiative

Guide impacts: Guide Sections 5401.2, 5601.2, 5601.3 and 5601.12

TRENDED CREDIT DATA

Recently, Equifax® and TransUnion® began providing trended credit data in credit reports. 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.

Freddie Mac is still studying trended credit data and its impact on the Borrower's creditworthiness and Mortgage performance. At this time, we are not incorporating trended credit data into Loan Product AdvisorSM or our requirements for Manually Underwritten Mortgages.

Consequently, we are updating the Guide to state that trended credit data:

- Must not be considered by Sellers during the credit assessment for Manually Underwritten Mortgages; and
- Will not be considered by Freddie Mac during postfunding quality control reviews

Guide impacts: Sections 3401.1, 5202.3 and 5202.4

LIVING TRUST BORROWERS

As a follow-up to the Guide reorganization and in response to Sellers' questions and feedback, we reviewed Guide sections relating to a Living Trust Borrower and are reorganizing and reformatting the requirements for ease of reference. For example, we have placed the Note and Security Instrument signature requirements into tables and divided Guide Exhibit 9, *Signature and Acknowledgment Forms for Living Trusts*, into separate exhibits for Note and Security Instrument signature requirements.

There are no changes to our current requirements.

Guide impacts: Sections 4101.8, 5103.5 and 6302.9, Exhibits 9A and 9B and the Glossary

MONTHLY DEBT PAYMENT-TO-INCOME RATIO

Effective for Mortgages with Settlement Dates on and after March 1, 2017

We are updating the Guide to require that all monthly lease payments (not only car lease payments, as previously provided) be included in the monthly debt payment-to-income ratio.

Guide impact: Section 5401.2

ADDITIONAL GUIDE UPDATES

Concurrent Transfers of Servicing

Based on Seller/Servicer feedback, we are updating Guide Form 960, *Agreement for Concurrent Transfer of Servicing of Single-Family Mortgages*, to remove the reference to a Seller/Servicer's Master Commitment number and Master Commitment Amount. Additionally, we are updating Section 7101.2 to align with operational practices and remind Seller/Servicers that Freddie Mac's approval of multiple Concurrent Transfer of Servicing requests does not constitute approval for a Seller/Servicer to exceed their Master Commitment Amount.

Guide impacts: Section 7101.2 and Form 960

Form 15/A/C

In connection with the purchase of Mortgages for cash and under the Guarantor and MultiLender Swap programs, Freddie Mac generates one of the following forms in the Selling SystemSM which summarize the pertinent Mortgage data and include a computation of the amount to be funded to the Seller:

- Form 15, Loan Purchase Statements for Cash sales (Fixed-rate Cash and WAC ARM Cash)

-
- Form 15A, Settlement Summary for fixed-rate Guarantor and MultiLender Swap (Gold PC®s)
 - Form 15C, Settlement Summary for WAC ARM Guarantor (WAC ARM PCs)

We are updating the Guide sample Forms 15, 15A and 15C to reflect the applicable forms generated by and accessible to the Seller in the Selling System as the current Guide sample forms are outdated.

Guide impact: Form 15/A/C

Uniform Instruments

We are updating Exhibit 4, *Single Family Uniform Instruments*, and Exhibit 5, *Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application*, to reflect revision dates for the Massachusetts and Rhode Island Mortgages related to the recent changes in State law regarding homestead estates. For more information, visit Freddie Mac's [Uniform Instrument News & Updates web page](#).

In addition, as announced in Bulletin 2014-12, Freddie Mac has removed all ARM Notes and ARM Riders with lookback periods less than 45 days since these ARMs are not eligible for sale to Freddie Mac. We are updating Exhibit 4 to remove these ARM Notes and ARM Riders.

Guide impacts: Exhibits 4 and 5

Document Custody Procedures Handbook

Bulletin 2016-12 announced revised Freddie Mac/Fannie Mae ARM Notes and Riders and Freddie Mac ARM Notes and Riders that impose a Lifetime Floor equal to the ARM's Margin effective for ARMs with a Note Date on or after October 1, 2016.

As stated in Bulletin 2016-12, there are no new verification elements for Document Custodians to certify ARMs with Lifetime Floors except regarding ARMs originated using Fannie Mae ARM Notes and ARM Riders amended to add a Lifetime Floor.

This Bulletin announces that the Document Custody Procedures Handbook has been updated to reflect these changes.

GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2016-20 (Selling) Guide Updates Spreadsheet available at http://www.freddiemac.com/singlefamily/guide/docs/bl1620_spreadsheet.xls.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,



Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management