



TO: Freddie Mac Sellers

March 28, 2018 | 2018-5

**SUBJECT: SELLING UPDATES**

This Guide Bulletin announces:

**Increases to the LTV/TLTV/HTLTV ratios for purchase and “no-cash-out” refinance Mortgages secured by second homes and 2-unit Primary Residences**

- An increase in the maximum [loan-to-value \(LTV\)/total LTV \(TLTV\)/Home Equity Line of Credit \(HELOC\) TLTV \(HTLTV\) ratios](#) for second homes and 2-unit Primary Residences

**Condominium Projects**

- Elimination of the project review type for [2- to 4-Unit Condominium Projects](#) – **June 28, 2018**
- Updates to our requirements for [Freddie Mac-owned “no cash-out” refinance Condominium Unit Mortgages](#)
- Updates to our requirements relating to the [marketing of units in New Condominium Projects](#)
- No longer requiring delivery of certain ULDD Data Points for Mortgages secured by units in [Detached Condominium Projects](#)

**Opinions of title for Mortgages secured by a unit in a Planned Unit Development**

- Updates to our requirements to allow an attorney’s [opinion of title](#)

**Additional Guide updates and reminders**

- 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.

**INCREASES TO THE LTV/TLTV/HTLTV RATIOS FOR PURCHASE AND “NO CASH-OUT” REFINANCE MORTGAGES SECURED BY SECOND HOMES AND 2-UNIT PRIMARY RESIDENCES**

In an effort to provide greater access to credit, we reviewed our maximum LTV/TLTV/HTLTV ratios for purchase and “no cash-out” refinance Mortgages secured by second homes and 2-unit Primary Residences and are increasing the maximum LTV/TLTV/HTLTV ratios as follows:

Purchase and “no cash-out” refinance secured by:	Current maximum LTV/TLTV/HTLTV ratios	Revised maximum LTV/TLTV/HTLTV ratios
2-unit Primary Residence	80%	85%
Second home	85%	90%

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Due to these changes, the following Credit Fees in Price will now apply:

- A new 25 basis point Credit Fee in Price for second home Mortgages with LTV ratios greater than 85%, with the exception of Freddie Mac Relief Refinance Mortgages, and
- The Number of Units Credit Fee in Price for 2-unit Primary Residences for Mortgages with LTV ratios greater than 80% but less than or equal to 85%

Loan Product Advisor® feedback messages will be updated by March 28, 2018 to reflect these changes.

Guide impacts: Guide Sections 4203.4, 4304.3 and 5501.3 and Exhibit 19

## **CONDOMINIUM PROJECTS**

### **2- to 4-Unit Condominium Projects**

**Effective June 28, 2018**

#### ***Project review types***

Currently, for a Mortgage secured by a Condominium Unit in a 2- to 4-Unit Condominium Project, Sellers must comply with the requirements for one of the following project review types:

- 2- to 4-Unit Condominium Projects, or
- Reciprocal project reviews

To provide Sellers more flexibility in reviewing 2- to 4-Unit Condominium Projects, we are eliminating the project review type for 2- to 4-Unit Condominium Projects. Sellers will be able to choose from the following project review types for 2- to 4-Unit Condominium Projects:

- Streamlined reviews
- Established Condominium Projects
- New Condominium Projects, or
- Reciprocal project reviews

We are revising the definitions of the Glossary terms “2- to 4-Unit Condominium Project,” “Established Condominium Project” and “New Condominium Project” in connection with eliminating the project review type for 2- to 4-Unit Condominium Projects.

#### ***Condominium Project eligibility requirements for streamlined reviews, Established Condominium Projects and New Condominium Projects review types***

With the elimination of the 2- to 4-Unit Condominium Project review type, we are modifying the project eligibility requirements for streamlined reviews, Established Condominium Projects and New Condominium Projects to be applicable to 2- to 4-Unit Condominium Projects. The requirements for reciprocal reviews remain unchanged.

We are adding new requirements for Established Condominium Projects and New Condominium Projects review types specific to 2- to 4-Unit Condominium Projects such as:

- No units can be 60 or more days’ delinquent in the payment of the homeowners association assessments
- New owner-occupancy requirements if the property will be used as an investment property

Guide impacts: Sections 5701.2 through 5701.7, 5701.12, 6302.20, 8202.5 and 8202.6 and Glossaries A-I and J-Q

### **Freddie Mac-owned “no cash-out” refinance Condominium Unit Mortgages**

Currently, for Freddie Mac-owned “no cash-out” refinance Condominium Unit Mortgages, Sellers are required to comply with the Condominium Project review and eligibility requirements in Guide Chapter 5701.

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In response to Sellers' feedback and to streamline the Mortgage underwriting process, we will no longer require Sellers to determine compliance with the Condominium Project review and eligibility requirements if the Condominium Unit Mortgage being refinanced is currently owned by Freddie Mac in whole or in part or securitized by Freddie Mac and if certain requirements are met including, but not limited to:

- Maximum 80% LTV/TLTV/HTLTV ratios
- The project is not a Condominium Hotel, houseboat project, timeshare project or project with segmented ownership
- The project complies with all applicable property and title insurance requirements, and
- All other requirements in Section 5701.2(c) are met

Additionally, Seller/Serviceers are not required to determine the existence or adequacy of the project liability insurance and/or the fidelity or employee dishonesty insurance as required in Sections 8202.5 and 8202.6.

The Condominium Unit Mortgage delivery requirements in Section 6302.20 for ULDD Data Point *Project Classifications Identifier* (Sort ID 42) are being updated to reflect this change. Sellers must enter "Exempt From Review" for Freddie Mac-owned "no cash-out" refinance Condominium Unit Mortgages.

Special delivery requirements for Freddie Mac-owned "no cash-out" refinance Condominium Unit Mortgages are being added to Section 6302.16(b)(ii). Sellers must enter the valid value of "FRE" for ULDD Data Point *Related Loan Investor Type* (Sort ID 222) and provide the associated Freddie Mac loan number of the Mortgage being refinanced for ULDD Data Point *Related Investor Loan Identifier* (Sort ID 221). Sellers must also deliver the following ULDD Data Point *Investor Feature Identifier* (Sort ID 368), if applicable:

- Investor Feature Identifier (IFI) "001" if the Condominium Unit Mortgage being refinanced was sold with recourse for the life of the Mortgage or the Mortgage was credit enhanced with recourse for the life of the Mortgage after it was sold to Freddie Mac
- IFI "033" if the Condominium Unit Mortgage being refinanced was sold with indemnification for the life of the Mortgage or the Mortgage was credit enhanced with indemnification for the life of the Mortgage after it was sold to Freddie Mac

No IFI is required to deliver Freddie Mac-owned "no cash-out" refinance Condominium Unit Mortgages when the Condominium Unit Mortgage being refinanced has recourse or indemnification for less than the life of the Mortgage.

Guide impacts: Sections 5701.2, 5701.12, 6302.16, 6302.20, 8202.5 and 8202.6 and Exhibit 34

### **Marketing units in New Condominium Projects**

In response to Sellers' feedback, we are eliminating the requirement that the sales program developed for marketing units in a New Condominium Project must recognize and provide procedures for complying with all laws pertaining to the advertising and sale of real estate, the form and content of sales contracts and the method for handling deposits connected with the sale.

Guide impact: Section 5701.6

### **Delivery requirements for Mortgages secured by units in Detached Condominium Projects**

To streamline the delivery requirements for Mortgages secured by units in Detached Condominium Projects, we are removing the requirement to provide the following ULDD Data Points for these Mortgages:

- *Project Design Type/Project Design Type Other Description* (Sort IDs 43/44)
- *Project Dwelling Unit Count* (Sort ID 45)
- *Project Dwelling Units Sold Count* (Sort ID 46)

As a result, we are updating the Guide to:

- Remove these ULDD Data Points from the table of data required for all Condominium Unit Mortgages, and

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- Add a separate table for these ULDD Data Points, which are now only required for Mortgages secured by units in attached Condominium Projects

These changes will be reflected in a future Uniform Loan Delivery Dataset (ULDD) specification addendum.

Guide impact: Section 6302.20

## **OPINIONS OF TITLE FOR MORTGAGES SECURED BY A UNIT IN A PLANNED UNIT DEVELOPMENT**

Currently, an attorney's opinion of title in lieu of a title insurance policy is not acceptable for a Mortgage secured by a unit in a Planned Unit Development (PUD). To provide greater flexibility we are allowing an attorney's opinion of title for Mortgages secured by units in PUDs when certain conditions are met.

Guide impacts: Sections 4702.1 and 4702.3

## **ADDITIONAL GUIDE UPDATES**

### **Credit Fees in Price for Home Possible® Mortgages**

We are updating Section 4501.14 to add a reference to the Home Possible® and Home Possible Advantage® Mortgages Cap and to remove a reference to special fee rates for the Number of Units Credit Fee in Price for Home Possible Mortgages. We eliminated the differing Credit Fee in Price for Home Possible Mortgages when we introduced the cap in Bulletin 2015-21.

Guide impact: Section 4501.14

### **Uniform Loan Delivery Dataset Phase 3**

As announced in our [February 26, 2018 Single-Family Update article](#), we deferred the Uniform Loan Delivery Dataset (ULDD) Phase 3 updates to Loan Selling Advisor<sup>SM</sup> and Loan Quality Advisor® (previously announced in Bulletin 2018-1) from February 26, 2018 until March 5, 2018. We are updating the Guide to reflect the new date.

Additionally, the updates for Loan Product Advisor terminology in Chapter 6302 referenced in Bulletin 2018-1 were also made on March 5 and the applicable Guide sections have been updated to reflect this date.

Guide impacts: Sections 4302.3, 4303.4, 6302.5, 6302.8 through 6302.11, 6302.14, 6302.20, 6302.25, 6302.26, 6302.31 and 6302.34

### **Contact information for The Bank of New York Mellon Trust Company, N.A.**

For Seller/Service providers that use The Bank of New York Mellon Trust Company, N.A. (BNYM) as their Designated Custodian, we are updating the e-mail address to contact BNYM for information related to requests for the physical or constructive possession of a Note and/or other documents to [Freddie.Mac.Releases@bnymellon.com](mailto:Freddie.Mac.Releases@bnymellon.com).

Guide impact: Directory 4

### **Exhibit 4, *Single-Family Uniform Instruments***

#### **Effective January 1, 2018**

We are updating Exhibit 4 to align with updates made to the Texas Home Equity Uniform Instruments in Bulletin 2017-28.

Guide impact: Exhibit 4

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## **Exhibit 5, *Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application***

**Effective January 1, 2018**

In February, we announced on our [Uniform Instruments News and Updates web page](#) that Freddie Mac added an optional recording requirement for the Maine MERS® Mortgage Assignment. We are updating Exhibit 5 to align with this change.

Guide impact: Exhibit 5

### **Guide Form 989SF, *Certificate of Incumbency for a Limited Partnership***

Currently, Form 989SF allows only a Limited Partnership as the General Partner entity type. The General Partner entity type can be many different types of entities, including a General Partnership, Limited Partnership, Sole Proprietor, corporation or individual. As such we are updating the form to include a blank field for the General Partner entity type.

Guide impact: Form 989SF

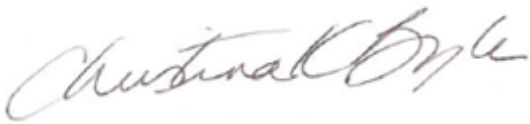
### **GUIDE UPDATES SPREADSHEET**

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2018-5 (Selling) Guide Updates Spreadsheet available at [http://www.freddiemac.com/singlefamily/guide/docs/bl1805\\_spreadsheet.xls](http://www.freddiemac.com/singlefamily/guide/docs/bl1805_spreadsheet.xls).

### **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,



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