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**TO: Freddie Mac Sellers****September 19, 2018 | 2018-15**

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**SUBJECT: SELLING UPDATES**

This Guide Bulletin announces:

**Authorized user accounts**

- Updates to our requirements for [authorized user accounts](#) – **October 4, 2018**

**Super conforming Mortgages**

- A revision to our requirements for [super conforming Mortgages](#) – **December 19, 2018**

**Automated cash specified payups process enhancements**

- [Automation of cash payups](#) for fixed-rate Mortgages with specified loan attributes and removal of special delivery requirements – **October 15, 2018**

**Self-employment income**

- The elimination of the requirement to obtain additional documentation or evaluate the income or loss from [secondary self-employment](#) when none of the income from self-employment is considered for qualification purposes

**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.

**AUTHORIZED USER ACCOUNTS****Effective for all submissions and resubmissions to Loan Product Advisor on and after October 4, 2018**

Currently, for all Loan Product Advisor Accept Mortgages, the Seller must review the Selected Borrower credit report to determine if it includes Tradelines for which the Borrower is not the primary account holder, but is listed as an authorized user. If the report contains authorized user accounts, the Loan Product Advisor decision is considered valid only if additional requirements are met.

As a result of enhancements being made to Loan Product Advisor, Sellers will only be required to meet additional requirements if the Feedback Certificate contains a feedback message instructing them to do so.

If the Seller receives a feedback message regarding authorized user account(s), the message will indicate the following requirements:

- The Mortgage file must contain documentation evidencing that for each authorized user account:
  - Another Borrower on the Mortgage owns the Tradeline in question, or
  - The Tradeline is owned by the Borrower's spouse, or
  - The Borrower has been making the payments on the account for the last 12 months

OR

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- If the Seller is unable to document one of the above requirements for each authorized user account, the Seller may make the determination that the authorized user accounts have an insignificant impact on the Borrower's overall credit history and the information on the credit report is representative of the Borrower's own credit reputation. The Seller should base its determination on the number of the Borrower's own Tradelines, as well as their age, type, size and the payment history, as compared to the authorized user accounts. The Seller must document its determination in the Mortgage file.

Guide impact: Section 5201.1

## **SUPER CONFORMING MORTGAGES**

### **Effective for Mortgages with Settlement Dates on and after December 19, 2018**

Loan Product Advisor is being updated to assess super conforming Mortgages with original loan amounts greater than \$1,000,000. As a result, we will no longer require that these Mortgages be manually underwritten. All super conforming Mortgages, regardless of original loan amount, must be submitted through Loan Product Advisor.

Loan Product Advisor and Loan Selling Advisor® will be updated by December 19, 2018 to reflect this change.

Guide impacts: Sections 4603.3, 4603.4 and Guide Exhibit 25

## **AUTOMATED CASH SPECIFIED PAYUPS PROCESS ENHANCEMENTS**

### **Effective October 15, 2018**

In Bulletin 2017-10, we updated the Guide to include a simplified, automated process for Sellers to receive cash payups for fixed-rate Mortgages with certain specified loan attributes. To take advantage of these cash payups, Sellers were required to deliver ULDD Data Point *Investor Feature Identifier* (Sort ID 368) and enter the applicable valid value of H64 through H68 provided in Section 6302.39.

As announced in our [August 31, 2018 Single-Family News Center](#) article, effective October 15, 2018, we will no longer require Sellers to deliver values H64 through H68 in ULDD Data Point *Investor Feature Identifier* (Sort ID 368) for Mortgages with low loan balances.

In connection with this change, we are updating the cash payup loan allocation edits for Mortgages with low loan balances to clarify that the basis for eligibility of such Mortgages for cash specified pool types is the original Note Amount (ULDD Sort ID 319, or Sort ID 349, as applicable).

Also, we are enhancing this automated process to include cash payups for fixed-rate Mortgages with certain specified loan attributes, previously handled through the Cash Desk's manual spot bid process, specifically:

- Mortgages with original Note amounts less than or equal to \$200,000
- Investment Property Mortgages
- Mortgages secured by Mortgaged Premises located in the State of New York
- Mortgages with an Indicator Score of less than 700
- Mortgages with a 10-year term

Eligibility for the cash payups will be determined based on the Seller's contract parameters and the attributes of the delivered Mortgages as described in Section 6101.3(d). If a Mortgage does not meet the requirements for the applicable Cash Contract, the Seller will not be able to allocate the Mortgage to the contract.

We are deleting Section 6302.39 and moving all requirements for cash payups for fixed-rate Mortgages to Section 6101.3(d).

In addition, super conforming Mortgages sold under 100% super conforming Cash Contracts may be subject to price adjustments. See Chapter 4603 for special eligibility requirements for super conforming Mortgages.

Further, we are adding the following Mortgages to the list of Mortgages excluded from the calculation of the maximum amount of super conforming Mortgages that a Seller may sell to Freddie Mac:

- Mortgages that receive cash specified payups

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- Freddie Mac Enhanced Relief Refinance® Mortgages (new exclusion)

Loan Selling Advisor will be updated at a future date, which we will communicate to Sellers, to prevent the delivery of IFIs H64, H65, H66, H67 and H68.

Guide impacts: Sections 6101.3, 6302.31, 6302.39, 6401.1 and Exhibit 34

## **SELF-EMPLOYMENT INCOME**

We are updating our requirements to state that when self-employment is disclosed in the Mortgage file but is not used to qualify for the Mortgage, the Seller is not required to obtain any additional documentation or evaluate the income or loss from the self-employment for each Borrower who:

- Has a primary source of income, other than self-employment, used for qualifying the Mortgage (e.g., salaried income from primary employment), and
- Is self-employed, and the self-employment income is a secondary source of income

Guide impact: Section 5304.1

## **ADDITIONAL GUIDE UPDATES**

### **Property condition**

To help Sellers better identify property condition issues, we are providing:

- Examples of the types of conditions that would cause a property to be identified with a C5 or C6 condition rating
- Additional examples of acceptable minor needed repairs or deficiencies, or deferred maintenance items that do not need to be repaired. If these conditions are identified Freddie Mac allows an appraisal report to be completed “as is,” provided the appraiser has appropriately adjusted for the conditions when necessary.

Guide impacts: Sections 5601.5 and 5601.12

### **Special Borrower eligibility – Mortgaged Premises occupied by Borrower’s parent or disabled child**

In response to Seller requests and to address needs in the market, we are adding new Section 5103.8 to the Guide to provide for when a Borrower may be considered an occupying Borrower if the Mortgaged Premises is occupied as a Primary Residence by an individual(s) who:

- Is the Borrower’s parent(s), or
- Has a physical or developmental disability and the Borrower is the individual(s)’s parent or legal guardian

For Loan Product Advisor submissions, in the “Declarations” section, the Seller may select “Yes” for the question, “Does the Borrower intend to occupy the property as his/her primary residence?”.

Guide impact: Section 5103.8

### **Inquiries on the credit report**

#### **Effective September 9, 2018**

In Bulletin 2018-13, we announced we were reducing the required time frame for evaluating inquiries on the credit report from 120 days to 90 days. The Loan Product Advisor feedback message was updated September 9, 2018 to reflect this change. We are updating Section 5201.1 to align with the reduced time frame.

Guide impact: Section 5201.1

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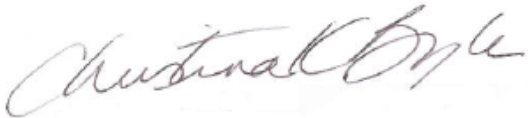
## GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2018-15 (Selling) Guide Updates Spreadsheet available at [http://www.freddiemac.com/singlefamily/guide/docs/bll1815\\_spreadsheet.xls](http://www.freddiemac.com/singlefamily/guide/docs/bll1815_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, Marketing and Relationship Management