

Bulletin

TO: Freddie Mac Sellers

May 5, 2020 | 2020-14

SUBJECT: SELLING REQUIREMENTS AND GUIDANCE RELATED TO COVID-19

We continue to work closely with Fannie Mae under the guidance and direction of the FHFA to address the ongoing economic implications and uncertainty related to the coronavirus disease (COVID-19) pandemic and its impacts on Borrowers and the Mortgage origination process.

This Bulletin provides:

- [Temporary requirements](#) related to:
 - [Mortgage purchase eligibility](#)
 - [Self-reporting requirements for Mortgages in COVID-19 related forbearance](#)
- Extension of certain [previously announced temporary requirements](#)

Additionally, we're providing [guidance and reminders](#), including those related to:

- [Furloughs and layoffs](#)
- [Unemployment compensation](#)
- [Automated income assessment](#) with Loan Product Advisor® using tax return data

We are also reminding Sellers of [additional resources](#), including our [Selling FAQs](#) related to COVID-19, which we are updating with this Bulletin.

Note Date references

All references to the Note Date refer to the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages, the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, or the assumption agreement date.

TEMPORARY CHANGES

Mortgage purchase eligibility

The temporary requirements below are effective immediately and will remain in place until further notice.

We are temporarily revising our Mortgage eligibility requirements to limit our purchase of Mortgages to those with Settlement Dates no more than six months after the Note Date or, for Construction Conversion and Renovation Mortgages, the Effective Date of Permanent Financing. Additionally, we are temporarily suspending Mortgage purchases through our bulk sales unit.

Self-reporting requirements for Mortgages in forbearance

In Bulletin 2020-12, Freddie Mac announced certain requirements for the purchase of Mortgages in COVID-19 related forbearance. If a Seller discovers that it has sold to Freddie Mac a "Mortgage in forbearance" as defined in Bulletin 2020-12 prior to its eligibility for purchase or has delivered such Mortgage without the required ULDD Data Point, *Investor Feature Identifier* (Sort ID 368) of "J76" or "J77," the Seller must report such finding to Freddie Mac within 30 days of discovery through either the Post-Fund Data Correction process or the quality control processes set forth in Section 3402.10 or Quality Control Advisor®.

EXTENSION OF TEMPORARY CHANGES FROM PREVIOUS BULLETINS

We are extending the temporary requirements and flexibilities that were effective for Mortgages with Application Received Dates through May 17, 2020 to Mortgages with Application Received Dates through June 30, 2020 for the following:

- Credit underwriting requirements announced in Bulletins 2020-5 and 2020-8
- Appraisal and GreenCHOICE Mortgage® flexibilities announced in Bulletins 2020-5, 2020-8 and 2020-11
- Condominium Project flexibilities announced in Bulletin 2020-11
- Power of attorney flexibilities announced in Bulletin 2020-8

GUIDANCE AND REMINDERS

Furloughs and layoffs

Freddie Mac provides requirements for income while on temporary leave in Section 5303.5. These requirements do not extend to employer-initiated actions such as furloughs and layoffs, regardless of whether there is a projected “return to work” date.

Unemployment compensation

While we recognize that many individuals have become eligible for assistance and compensation available through the Unemployment Insurance Provisions provided in the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the assistance and compensation are temporary in nature and therefore do not represent a stable or continuous source of income.

As such, unemployment compensation continues to be eligible for use in qualifying only when it is associated with seasonal employment and all other requirements in Section 5303.3 are met.

Automated income assessment with Loan Product Advisor® using tax return data

To align with the IRS federal tax filing extension, we are revising our requirements applicable to automated income assessment with Loan Product Advisor® using tax return data (i.e., AIM for self-employed). For Mortgages with Loan Product Advisor initial submission dates on or after August 1, 2020, the Borrower’s most recent tax returns filed with the IRS must be the 2019 tax return. This is an extension of the May 1, 2020 deadline.

Loan Product Advisor update to identify Freddie Mac-owned Mortgages

As announced in Bulletin 2020-11, Loan Product Advisor has been enhanced to assist Sellers with identifying if a Mortgage being refinanced is owned by Freddie Mac, effective for submissions to Loan Product Advisor on and after April 27, 2020. This enhancement supports our COVID-19 related appraisal flexibilities for Freddie Mac owned “no cash-out” refinance Mortgages announced in Bulletin 2020-5. If a match is found based on property address and the Social Security number of one or more Borrowers on an existing loan, then informational feedback messages will be returned on both submissions and resubmissions indicating the Mortgage is Freddie Mac owned.

Mortgages in forbearance Credit Fees in Price

As announced in the [April 29, 2020 Single-Family News and Insights article](#), the applicable Mortgage in forbearance Credit Fee in Price will be assessed at settlement unless the contract acceptance date was prior to the publication of Bulletin 2020-12, in which case it will be assessed after funding.

GUIDE UPDATES

We are not updating the Guide to reflect any of the changes noted in this Bulletin.

ADDITIONAL RESOURCES

We encourage Sellers to review the following resources:

- Freddie Mac Single-Family web page on [COVID-19](#)

- Freddie Mac [Selling FAQs](#) related to COVID-19
- The Center for Disease Control's web page on [COVID-19](#)
- The Appraisal Foundation's [Appraiser Qualifications and Standards Q&As](#)
- The Appraisal Institute's [Coronavirus-related Direction for Appraisers](#)
- National Association of Realtors [Coronavirus Guide for Realtors](#)

CONCLUSION

We appreciate the support that Sellers continue to extend to Borrowers coping with hardships attributed to COVID-19. 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,

A handwritten signature in black ink, appearing to read "D. Gardner", with a long horizontal line extending to the right.

Danny Gardner
Senior Vice President, Client and Community Engagement