

TO: Freddie Mac Sellers

August 27, 2020 | 2020-35

## SUBJECT: UPDATES TO MARKET CONDITION CREDIT FEE IN PRICE AND COVID-19-RELATED REQUIREMENTS FROM PREVIOUS BULLETINS

This Guide Bulletin announces a new effective date and additional criteria for the previously announced [Market Condition Credit Fee in Price](#).

In addition, under the guidance and direction of the FHFA and in alignment with Fannie Mae, we are also announcing the following:

- The extension of the effective dates for previously announced [temporary requirements and flexibilities](#)
- The extension of the effective dates for the [purchase of Mortgages in forbearance](#)
- The extension of the effective date for Sellers' temporary [postfunding quality control requirements](#)
- Requirements related to storage of the recording of the notarial ceremony for [Remote Online Notarization \(RON\)](#)

### Freddie Mac Market Condition Credit Fee in Price update

We are delaying the September 1, 2020, implementation date for the new Market Condition Credit Fee in Price previously announced in Bulletin 2020-32, which will now be assessed for Mortgages with Settlement Dates on or after December 1, 2020. Furthermore, we are adding additional criteria for which the Market Condition Credit Fee in Price will not apply.

#### ***Credit Fees in Price***

##### **Effective for Mortgages with Settlement Dates on or after December 1, 2020**

A 50 basis point Market Condition Credit Fee in Price will be assessed for cash-out and “no cash-out” refinance Mortgages except for the following:

- Mortgages with an original Note amount less than \$125,000
- Home Possible® Mortgages as described in Guide Chapter 4501
- Construction Conversion Mortgages that qualify for single-closing Interim Construction Financing and Permanent Financing as described in Guide Sections 4602.3 and 4602.5

For cash-out refinance Mortgages, this 50 basis point Credit Fee in Price will be assessed in addition to the existing Cash-out Refinance Indicator Score/Loan-to-Value Credit Fee in Price.

For Enhanced Relief Refinance® Mortgages that are subject to a Credit Fee in Price Cap (the “Cap”), the Market Condition Credit Fee in Price must be added to the lower of (i) the total of all other applicable Credit Fees in Price or (ii) the Cap, and is not included in calculating whether the Cap has been reached.

#### ***Guide updates***

We have updated Guide Exhibit 19, *Credit Fees in Price*. Sellers must refer to Exhibit 19 for information on the Market Condition Credit Fee in Price and other Credit Fees in Price. Credit Fees in Price are paid in accordance with the provisions outlined in Chapter 6303.

## Extension of temporary flexibilities and requirements from previous Bulletins

In Bulletin 2020-27, we extended the effective date for some previously announced temporary flexibilities for Mortgages with Application Received Dates through August 31, 2020. We are further extending the effective date for Mortgages with Application Received Dates through **September 30, 2020** for the following:

- Employed income – 10-day pre-closing verification flexibilities announced in Bulletin 2020-5
- 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

In addition, the temporary credit underwriting requirements and guidance related to the following topics are now in effect **until further notice**, without a defined expiration date:

- Income continuance – additional due diligence related to accurate information and Borrower ability to repay announced in Bulletin 2020-5
- Age of income and asset documentation (i.e., 60 days maximum age of documentation) announced in Bulletin 2020-8
- Self-employed Borrowers: verification the business is open and operating announced in Bulletin 2020-8 and updated in 2020-27
- Requirements for stocks, stock options and mutual funds when used as funds for closing and/or reserves announced in Bulletin 2020-8

## Extension of temporary requirements for purchase of Mortgages in forbearance

We are also extending the temporary requirements for the purchase of Mortgages in forbearance announced in Bulletin 2020-12 and subsequently extended in Bulletins 2020-17, 2020-23 and 2020-30. These requirements are now effective for Mortgages with Note Dates on or after February 1, 2020 and on or before **September 30, 2020**, and Settlement Dates on or after May 1, 2020 and on or before **November 30, 2020**.

Loan Selling Advisor® will be updated to support these temporary requirements on September 4, 2020.

The chart below has been revised to reflect these changes.

Contract type	Additional effective date requirements
<b>Guarantor and MultiLender Contracts</b>  <b>Cash Contracts</b>	<ul style="list-style-type: none"> <li>• Mortgages with Note Dates on or after February 1, 2020 and on or before March 31, 2020 must have Settlement Dates on or before May 31, 2020</li> <li>• Mortgages with Note Dates on or after April 1, 2020 and on or before <b>September 30, 2020</b> must have Settlement Dates on or before <b>November 30, 2020</b> (Revised)</li> </ul>
<b>Additional Requirements for Cash Contracts:</b> Mortgages that are in forbearance, that are no more than 30 days delinquent	<p>The Cash Settlement Date must be no later than the 20th of the month after the month the Mortgage became 30 days delinquent, as defined in Bulletin 2020-12.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Notes with a first payment Due Date of <b>August 1</b>: If the Borrower does not pay the August payment, the Mortgage will become 30 days delinquent at the close of business on August 31. For these loans, the Settlement Date must be <b>on or before September 20</b>.</li> </ul>

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|  | <ul style="list-style-type: none"><li>• Notes with first payment Due Dates of <b>August 2–31</b>: If the Borrower did not pay the August payment, the Mortgage will become 30 days delinquent at the close of business on September 30. For these loans, the Settlement Date must be <b>on or before October 20</b>.</li></ul> |
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### Extension of temporary flexibilities regarding Seller's postfunding quality control requirements – targeted sampling

In Bulletin 2020-11, we announced temporary flexibilities for Seller's related to postfunding quality control reviews. The quality control flexibilities announced in Bulletin 2020-11 were effective immediately for all Mortgages currently in the process of a post-closing Seller in-house quality control review and were to remain in place for all Mortgages selected through June 2020 for post-closing Seller in-house quality control reviews. Bulletin 2020-27 extended this flexibility for Mortgages selected through August 2020.

These flexibilities will now remain in place for all Mortgages through **September 30, 2020** for post-closing Seller in-house quality control reviews.

### Remote Online Notarization

In Bulletin 2020-8, we provided requirements related to the use of Remote Online Notarization (RON). Freddie Mac currently requires Sellers to maintain the recording of the notarial ceremony for life of the loan. In response to Seller feedback, we are updating our requirements to provide that the recording of the notarial ceremony must be maintained for greater of (a) 10 years, or (b) the time period specified in the RON law(s) of the State in which the notary is licensed.

This change is effective immediately and aligns Freddie Mac requirements related to the storage of notarial ceremony video recording with the Mortgage Bankers Association-American Land Title Association Model Bill and also the longest storage period of the existing RON laws.

Section 1401.16 will be updated with a future Bulletin to reflect this change.

## ADDITIONAL RESOURCES

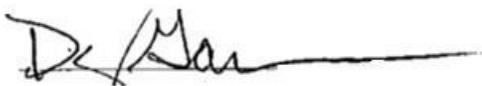
We encourage Sellers to review the following resources:

- Freddie Mac Single-Family web page on [COVID-19](#)
- Freddie Mac [Selling FAQs](#) related to COVID-19 (**New and Revised July 29, 2020**)
- 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,



Danny Gardner  
Senior Vice President, Client and Community Engagement