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Freddie Mac Out With Another Round of Guideline Updates

Freddie Mae has unveiled another round of changes to its Single-Family Seller/Servicer Guide. There are more than a half dozen changes effecting mortgages for **refinancing, condominiums and relocation**. Effective dates refer to mortgages that settle on or after that date.

Effective October 1 Freddie Mac will **no longer require a 5 percent contribution from borrowers' personal funds** for mortgages that have loan-to-value (LTV) ratios greater than 80% and are secured by Primary Residences and for which a gift or gift of equity from a related person is used as a source of funds. The same applies to mortgages meeting that LTV requirement for which an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit is used as a source of funds.

Effective immediately the company is making changes to the **120-day seasoning requirement** for a no-cash-out refinance mortgage when the mortgage being refinanced is a purchase money transaction. Currently for cash-out refinance mortgages the company requires at least one borrower to have been on the property title for at least six months prior to the note date of the Mortgage, with certain exceptions. The six month requirements will now be removed if at least one borrower on the refinance either inherited or was legally awarded the subject property, and where a Settlement/Closing Disclosure Statement is required a trustee's deed is an acceptable substitute.

In addition, when none of the borrowers have been on the subject property title for at least six months the **maximum cash out** must not exceed the sum of the original purchase price and related closing costs, financing costs and prepaids/escrows but that calculation will, effective for December 16, require that any gift funds used to purchase the subject property be deducted from the total purchase price calculation.

Effective immediately sellers to Freddie Mac must manually apply the requirements for Manually Underwritten Mortgages with significant or derogatory credit information to Loan Prospector Accept and A-minus Mortgages with evidence of a short sale on a credit report or elsewhere in the Mortgage file.

Effective October 26, 2016 the company is updating the requirements for using **credit cards, cash advances and unsecured lines of credit** to pay mortgage application related fees to permit the option of either rather than both (1) verifying that the Borrower has sufficient funds to pay the charges or

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.33%	-0.12	0.00
15YR Fixed	6.89%	-0.10	0.00
30YR FHA	6.95%	-0.10	0.00
30YR Jumbo	7.44%	-0.06	0.00
7/6 SOFR	6.81%	-0.19	0.00
30YR VA	6.97%	-0.10	0.00

Rates as of: 11/20

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	99.51	+0.41
10 YR Treasury	4.9403	-0.1033
30 YR Treasury	5.3324	-0.0738

Pricing as of: 11/20 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 11	199.8	-2.35%
Building Permits	Oct	1.3M	-7.5%
Housing Starts	Oct	1.31M	+7.21%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Oct	63	-4.69%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Nov	25	-13.79%

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advances, or (2) including the payment for the amount charged or advanced in the monthly debt payment-to-income ratio.

Also effective on the October date, for mortgages on primary residences that are pending a sale that will not close prior to the closing of the new mortgage, or being converted to a second mortgage or investment property Freddie Mac is eliminating the additional reserves and rental income requirements for these Mortgages so that only the standard reserves and rental income requirements apply. There are additional changes affecting how the existing monthly mortgage payment is to be treated in the **debt-to-income calculation** which should be reviewed by the lender in the *Bulletin*.

Freddie Mac said recent market and industry trends as well as inquiries from its sellers have caused them to evaluate and revise some requirements for mortgages in condominium projects. First, the Glossary term "Hotel/Resort Project," is being deleted and the definition for "**Condominium Hotel**" updated to help sellers better determine what is an ineligible project. This may allow condominium projects in resort locations to meet requirements they previously did not.

Other changes to condominium eligibility will affect projects with shared amenities, without a certain level of replacement reserves and those with certain owner-occupancy requirements.

There are also changes to condominium projects containing commercial or non-residential space as to how to determine that space. Those requirements will not become effective until next March.

Changes to fixed-rate mortgages used for relocation include removing the requirement for "significant employer contribution to Mortgage financing."

Freddie Mac also produced a detailed list of administrative and record-keeping changes that will be implemented when the new **TILA-RESPA** Integrated Mortgage Disclosure (TRID) Rule and related forms go into effect on October 3. There are also updates to the Uniform Loan Delivery Dataset Lenders and other technical changes. Lenders/sellers are advised to review the entire Single-Family Seller/Servicer Guide ("Guide") Bulletin.

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