

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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[Previous Bulletins](#)

22W-048

Attention: Valued Broker Partners

June 06, 2022

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: **Freddie Mac Updates June 5, 2022**

CONDOMINIUM PROJECTS

Ineligible projects – Projects with excessive single investor concentration

Freddie Mac has increased the maximum single investor concentration to 49% for purchase transactions in Condominium projects if certain conditions are met, including but not limited to:

- The single investor is marketing units for sale to further reduce their concentration to 25% or less of the units in Condominium Projects.
- There are no planned or current special assessments in the project.

Reciprocal project reviews – Fannie Mae-approved and certified projects

Due to Fannie Mae updating its Condo Project Manager™ (CPM™) web-based tool, Freddie Mac is modifying their reciprocal project review requirements to integrate Fannie Mae's CPM changes. We are adding guide requirements, including delivery instructions, for Condominium Projects with new CPM status designations "Approved by Fannie Mae" and "Certified by Lender."

Delivery requirements

Sellers may deliver Condominium Unit Mortgages in Condominium Projects with a status designation of "Approved by Fannie Mae" with ULDD Data Point *Project Classification Identifier* (Sort ID 42) as "Project Eligibility Review Service" until the effective date stated below.

Effective for mortgages with Settlement Dates on or after September 1, 2022, implementation may be immediate:

All reciprocal project reviews with a status designation of "Approved by Fannie Mae" and "Certified by Lender" must deliver ULDD Data Point *Project Classification Identifier* (Sort ID 42) as "Condominium Project Manager Review."

Additionally, if the CPM status designation is "Approved by Fannie Mae," the Seller must also deliver ULDD Data Point *Investor Feature Identifier* (Sort ID 368) with the valid value of "K02."

As a result, the valid value of "Project Eligibility Review Service" will no longer be applicable for ULDD Data Point *Project Classification Identifier* (Sort ID 42).

DESKTOP APPRAISAL EXCLUSIONS

Effective for Mortgages with Settlement Dates on or after September 1, 2022

Freddie Mac is updating their guide to exclude the following from being eligible for a desktop appraisal:

- Non-arm's length transactions.
- Purchases when the property owner at the time of sale (i.e., the property seller) is a lender or a government entity.

This prohibition will ensure there is an inspection of the property as there is a heightened degree of condition risk associated with these transactions.

AREA MEDIAN INCOME LIMIT UPDATES

Loan Product Advisor will be updated on **June 5, 2022**, to reflect the 2022 [Area Median Income limits](#). However, the **Home Possible Income & Property Eligibility tool** will be updated on **June 2, 2022**, to reflect the updated limits.

The FHFA provides the Area Median Income estimates to Freddie Mac, which Freddie Mac uses to determine the following:

- If the borrower's annual qualifying income meets Home Possible Mortgage eligibility requirements, and
- If the first-time homebuyer's qualifying income meets the requirements for the exclusion of the super conforming Mortgages Credit Fee in Price.

For manually underwritten mortgages, the updated borrower income limits will be effective for mortgages with Application Received Dates on and after **June 5, 2022**.

Effective **June 5, 2022**, Loan Product Advisor will apply the updated 2022 Area Median Income limits as follows:

Loan Product Advisor determination of Home Possible eligibility	
IF the Mortgage is submitted as a Home Possible Mortgage on and after June 5, 2022	THEN the following income limits are applied...
For the following resubmissions: <ul style="list-style-type: none">• The last submission before the effective date was also a Home Possible Mortgage, and• The income limits were met.	The better of the following income limits: <ul style="list-style-type: none">• 2021 Area Median Income limits at 80% of the Area Median Income, OR• 2022 Area Median Income limits at 80% of the Area Median Income.
For the following submissions: <ul style="list-style-type: none">• The mortgage is submitted for the first time.• The Key Number cannot be identified, or• The last submission before the effective date was not submitted as Home Possible and/or did not meet the income eligibility limits.	2022 Area Median Income limits at 80% of the Area Median Income.

If you have any questions, contact your local Account Executive, Production Coordinator, Regional Vice President, or Brian Daily, SVP Wholesale: Brian.Daily@mwfinc.com, 909-255-8332.