

Bulletin

TO: Freddie Mac Sellers

January 19, 2023 | 2023-1

SUBJECT: UPDATE TO CREDIT FEES AND EXHIBIT 19 REDESIGN

On October 24, 2022, the FHFA announced an Enterprise-aligned pricing framework and issued a news release which eliminated upfront fees for certain Borrowers and affordable Mortgage Products and announced targeted changes to upfront fees for most cash-out refinance loans. As a result, we announced Bulletin 2022-22.

In response to the FHFA's [news release](#) on January 19, 2023, we are making additional updates to our pricing framework which include new Credit Fees and updated fee rates and assessment criteria for certain Single-Family Mortgages.

Updates to Credit Fees

Effective for Mortgages with Settlement Dates on or after May 1, 2023, Freddie Mac is:

- Introducing new Credit Fees:
 - Base grids, specific to each loan purpose type:
 - Purchase Mortgages*
 - No Cash-out Refinance Mortgages, Special Purpose Cash-out Refinance Mortgages* and
 - Cash-out Refinance Mortgages**

* Base grid with new fee rates replaces Indicator Score / Loan-To-Value (IS/LTV) credit fees and may be subject to a credit fee cap, when applicable.

** Base grid with new fee rates combines Indicator Score / Loan-To-Value (IS/LTV) credit fees and Cash-out Refinance Mortgages Indicator Score / Loan-To-Value (IS/LTV) credit fees.
 - **Debt-to-Income Ratio > 40%**. This Credit Fee applies to all loan purpose types and may be subject to a Credit Fee cap, when applicable. Freddie Mac uses system-calculated *Total Debt Expense Ratio Percent* in Loan Selling Advisor® to determine when this Credit Fee is assessed.
- Updating rates for the following Credit Fees:
 - Condominium Unit
 - Investment Property
 - Number of Units > 1
 - Secondary Financing

Note: Special Attributes Grids, specific to each loan purpose type, replace individual credit fee grids for Mortgages with special attributes in Guide Exhibit 19, *Credit Fees*.
- Updating assessment criteria for the following Credit Fees:
 - Condominium Unit – previously excluded 15-year fixed rate and 10-year fixed rate Mortgages
 - All Credit Fees will now be based on LTV:
 - Secondary Financing – previously assessed using Credit Score and LTV / total LTV (TLTV)
 - Super Conforming (ARM, fixed rate) – previously assessed using LTV / TLTV

Seller must refer to Exhibit 19 for:



- Mortgages with Settlement Dates on or before April 30, 2023, Seller must continue to refer to the current version of Exhibit 19
- Mortgages with Settlement Dates on or after May 1, 2023, we are introducing a new redesigned version of Exhibit 19

Exhibit 19 redesign

Exhibit 19 is now organized into six sections and a change summary. Depending on the specific Mortgage characteristics, multiple sections of Exhibit 19 may apply.

- Section 1: Credit Fee Caps
- Section 2: Credits for Credit Fees
- Section 3: Base Grid and Special Attributes – Purchase Mortgages
- Section 4: Base Grid and Special Attributes – No Cash-out Refinance Mortgages and Special Purpose Cash-out Refinance Mortgages
- Section 5: Base Grid and Special Attributes – Cash-out Refinance Mortgages
- Section 6: Other Credit Fees
- Section CS: Change Summary

In each section of Exhibit 19, headers and footnotes detail the types of Mortgages for which Credit Fees will be assessed or excluded. Criteria provided above each grid (header) apply to all Credit Fees within the grid. Criteria provided below each grid (footnote) apply to corresponding Credit Fee(s) within the grid.

Guide and system updates

Additional Guide provisions will be updated with a future Guide Bulletin to reflect these changes. Updates to Loan Selling Advisor will be completed on February 1, 2023.

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,

Kevin Kauffman

Vice President, Single-Family Client Engagement