Wholesale Announcement

Freddie Mac Guideline Updates

The following update is effective for Freddie Mac loans with applications dated on or after **June 3, 2026**:

Freddie Mac		
Topic	Previous Guideline	New Guideline

Gifts Funds for Purchase Transaction Exceeding the Amount Needed for Closing
 	
Freddie Mac Selling Guide Section 4305.1
	Silent	• Gift funds exceeding the amount needed for closing may be
		    ○ Disbursed to the Borrower as cash-back which includes pay off or pay down of the Borrower's debt, and/or
		    ○ Applied as a Principal Curtailment
		• A Gift of Equity exceeding the amount needed for closing may only be:
		    ○ Used to pay off or pay down the Borrower's debt at closing when paid by the property seller to the creditor, and/or
		    ○ Applied as a principal curtailment

The following updates are effective **immediately** for all Freddie Mac loans:

Freddie Mac		
Topic	Previous Guideline	New Guideline
Minimum Property Insurance Requirements for 1- to 4-unit Properties Freddie Mac Selling Guide Section 4703.2	The insurance limits must at least equal the higher of: • The UPB of the Mortgage • 80% of the full replacement cost value (RCV) of the insurable improvements as of the current insurance policy effective date	~~The insurance limits must at least equal the higher of:~~ • ~~The UPB of the Mortgage~~ • ~~80% of the full replacement cost value (RCV) of the insurable improvements as of the current insurance policy effective date~~ Coverage sufficiency requirements The property securing the Mortgage must be covered by an insurance policy that provides for coverage on a replacement cost basis, excluding roofs. Note: Roofs must be insured but do not have to be covered on a replacement cost basis. Note: Freddie Mac recognizes that some insurers may issue policies that provide coverage on an actual cash value basis for personal property and structures that are not buildings. In the event that the Seller or Servicer sees such terms in a property insurance policy covering a 1- to 4-unit property, this is acceptable.

Freddie Mac

Topic	Previous Guideline	New Guideline
Minimum Property Insurance Requirements for Project Master Policies [Freddie Mac Selling Guide Section 4703.2]	The master insurance policy coverage limit must be at least equal to 100% of the replacement cost value of the project's improvements, including Common Elements and residential structures, as of the current insurance policy effective date. The Seller/Servicer must verify the coverage amount is not less than the minimum required as described above. The verification source may be (1) the replacement cost estimator utilized by the insurance carrier or the project's insurance risk appraisal; or (2) statement from property insurer, an independent insurance risk specialist, or other professional with appropriate resources to make such a determination. The master insurance policy must provide for claims to be settled on a replacement cost basis. Policies that (1) provide for claims to be settled on an actual cash value basis, or (2) limit, depreciate, reduce or otherwise settle losses for less than a replacement cost basis are not eligible. The master insurance policy must be written on a special coverage form or equivalent.	The master insurance policy coverage limit must be at least equal to 100% of the replacement cost value of the project's improvements, including Common Elements and residential structures~~, as of the current insurance policy effective date.~~ ~~The Seller/Servicer must verify the coverage amount is not less than the minimum required as described above. The verification source may be (1) the replacement cost estimator utilized by the insurance carrier or the project's insurance risk appraisal; or (2) statement from property insurer, an independent insurance risk specialist, or other professional with appropriate resources to make such a determination.~~ ~~The master insurance policy must provide for claims to be settled on a replacement cost basis. Policies that (1) provide for claims to be settled on an actual cash value basis, or (2) limit, depreciate, reduce or otherwise settle losses for less than a replacement cost basis are not eligible.~~ ~~The master insurance policy must be written on a special coverage form or equivalent~~ **Seller/Servicers may rely on one of the following options to evidence 100% RCV coverage for the project's improvements:**
		• **The insurance policy includes a GRC (Guaranteed Replacement Cost), or equivalent endorsement, or** • **The insurance policy includes an ERC (Extended Replacement Cost), or equivalent endorsement, or** • **The RCV (Replacement Cost Value) estimate amount utilized by the insurance carrier to determine coverage limits, or** • **The project's insurance risk appraisal, or** • **A statement from a property insurer, an independent insurance risk specialist, or other professional with appropriate expertise to make such a determination** **Note: Roofs must be insured but do not have to be covered on a replacement cost basis.** **Note: Freddie Mac recognizes that some insurers may issue policies that provide coverage on an actual cash value basis for personal property and certain property elements. In the event that the Seller or Servicer sees such terms in a master property insurance policy covering a Condominium Project, Cooperative Project or PUD, this is acceptable.** **Note: The Inflation Guard requirement has been retired**

Freddie Mac		
Topic	**Previous Guideline**	**New Guideline**
Condominium Projects Exempt from Review Freddie Mac Selling Guide Section 5701.7	To be eligible under Exempt from Review, the requirements below must be met. The Mortgage must be one of the following: • Secured by a Condominium Unit in a 2- to 4-Unit Condominium Project • Secured by a Detached Condominium Unit • A Freddie Mac-owned "no cash-out" refinance Condominium Unit Mortgage; or • A Refi-Possible Mortgage	To be eligible under Exempt from Review, the requirements below must be met. The Mortgage must be one of the following: • Secured by a Condominium Unit in a 2- to 4-Unit Condominium Project • **Secured by a Condominium Unit in a 5- to 10-Unit Condominium Project that is not part of a Master Association** • Secured by a Detached Condominium Unit • A Freddie Mac-owned "no cash-out" refinance Condominium Unit Mortgage; or • A Refi-Possible Mortgage Sellers using "Exempt From Review" for 5- to 10-Unit Condominium Projects that are not part of a Master Association must comply with the requirements below. **The Condominium Project must:** • **Not be a Condominium Hotel or similar type of transient housing, a houseboat project, a timeshare project or a project with segmented ownership (all as described in Guide Section 5701.3)**

Freddie Mac		
Topic	**Previous Guideline**	**New Guideline**
		• **Not include Manufactured Homes unless the Condominium Unit Mortgage is a Refi Possible® Mortgage** • **Not be the subject of any action that would cause the Condominium Project to cease to exist and not be the subject of an insolvency proceeding. (See Section 5701.3(p) for details.)** • **Be composed of at least five but no more than 10 units that are each separately deeded with separate legal descriptions** • **Meet the general project eligibility requirements in Section 5701.2(b)**
New Condominium Projects in Florida Freddie Mac Selling Guide Section 5701.6	Mortgages secured by attached units in New Condominium Projects in Florida are not eligible, except when the projects have an "Approved by Fannie Mae" status designation in Fannie Mae's Condo Project Manager (refer to Section 5701.9(a) for additional information).	~~Mortgages secured by attached units in New Condominium Projects in Florida are not eligible, except when the projects have an "Approved by Fannie Mae" status designation in Fannie Mae's Condo Project Manager (refer to Section 5701.9(a) for additional information).~~

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Freddie Mac Selling Guide Section 5701.5(b)</td>
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We appreciate your business!