

Bulletin 22-18

Freddie Mac ADU Enhancement

Freddie Mac [Bulletin 2022-11](#), issued June 1, 2022, announced the expansion of eligibility for properties with an accessory dwelling unit (ADU).

Subject Property Eligibility

Freddie Mac will now allow an ADU when the **subject property** is a 1, 2, or 3-unit property (previously only allowed when subject was 1-unit). There is **no change** to the requirement that there may only be 1 ADU; multiple ADUs are not eligible.

Rental Income Generated from an ADU

Rental income generated from an ADU is now eligible for qualifying when the subject property is a 1-unit primary residence subject to the following:

- The subject property must be a 1-unit primary residence
- The subject transaction must be a purchase or rate/term refinance; cash-out refinance transactions are **not eligible**
- Purchase transactions require a copy of the lease (if available). Rate/term transactions documentation is determined by length of ownership; refer to the Homebridge Freddie Mac guidelines for complete details
- The ADU must comply with zoning and land use requirements
- Specific appraisal requirements apply; see guides for details. Additionally:

- An ACE offer (i.e. appraisal waiver) is **not eligible**. **If rental income is used for qualifying an appraisal is required**

NOTE: Freddie Mac has advised that Loan Product Advisor (LPA) messaging **will not** be updated to reflect ACE offers not eligible when rental income used for qualifying until the fall of 2022. **Until LPA is updated, ACE offers must not be accepted**

- Landlord education is required as follows:
 - Applies to purchase transactions **only**
 - At least one borrower must participate in a landlord education course **prior to** the Note date **unless** the borrower has a minimum of one-year previous landlord experience
 - A copy of the completion certificate must be provided and retained in the loan file, and
 - The landlord education cannot be provided by an interested party to the transactions, the originating lender, or the Seller

NOTE: Freddie Mac does not offer its own landlord education course; multiple MI providers offer acceptable landlord education courses (e.g. MGIC, Arch)

This update is effective immediately and may be applied to new submissions and loans currently in the pipeline.

The Freddie Mac guidelines have been updated and posted on the Homebridge website at www.HomebridgeWholesale.com on the Products and Guidelines page