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June 5, 2024

To: Clients and Friends

From: Daniel S. Engle

Subject: Fannie Mae and Freddie Mac Clarify that Builder Forward Commitments Are Not Interested Party Contributions

On June 5, 2024, both Fannie Mae (Selling Guide Announcement SEL-2024-04, [click here](#)) and Freddie Mac (Bulletin 2024-7, [click here](#)) issued updates to their selling guides regarding builder forward commitments. Builder forward commitments are agreements between lenders and builders in which the builder pays the lender a fee for the lender to offer future buyers a specific interest rate for a given time period. Both Fannie and Freddie have clarified that the costs associated with obtaining the commitments are not considered interested party contributions and thus not subject to their interested party contribution limits.

However, both Fannie and Freddie indicated that they wish to identify these loans and will require lenders who will deliver these loans to enter in an applicable code beginning for mortgages with applications on or after September 4, 2024. For Freddie Mac, this will be "ULDD Date Point *Investor Feature Identifier* (Sort ID 368) valid value 'J70'". For Fannie Mae, this will be "Special Feature Code (SFC 887)".

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