

Industry Letter

February 22, 2000

The Freddie Mac logo consists of the words "Freddie" and "Mac" stacked vertically. "Freddie" is in a serif font, and "Mac" is in a bold, sans-serif font. To the left of the text is a thick black horizontal bar. Below the text are four thin horizontal lines.

SUBJECT: Reports to Credit Repositories

TO: All Freddie Mac Sellers and Servicers

Recently, it has come to our attention that some Servicers may not be reporting full Borrower credit information to credit repositories as required by our *Single-Family Seller/Servicer Guide* (Guide). Freddie Mac wants to ensure that all Freddie Mac Servicers are in compliance with our Guide requirements relating to full reporting of monthly payments on Mortgages.

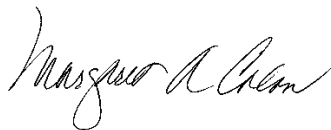
Information available to us indicates that some Servicers may not be reporting the timely payments that help to establish an accurate payment record. Instead, they may be reporting only delinquent or seriously delinquent Mortgages. Freddie Mac is committed to ensuring that Freddie Mac Servicers report Borrower histories to credit repositories. Reporting of complete credit information about a Borrower ensures that future credit decisions about that Borrower will be made fairly and efficiently. Non-reporting of payment histories produces an incomplete picture of a Borrower's financial condition, debt service capacity and creditworthiness. Incomplete credit information could harm a Borrower's ability to obtain appropriate credit at a reasonable cost, and could force the Borrower to demonstrate creditworthiness by compiling and producing numerous documents for consideration by a lender in making a Mortgage credit decision.

Although the vast majority of Servicers are in compliance with this Guide requirement, Freddie Mac is intensifying our audit review efforts in this area. This is a reminder that Section 55.4 of Freddie Mac's Guide requires monthly submission to all three credit repositories of a complete file of Mortgage information for all Mortgages, including recently originated Mortgages, current and delinquent Mortgages, and Mortgages liquidated through workout options, foreclosures and charge-offs. Failure to report to credit repositories the mortgage information required by the Guide is contrary to your contractual obligations for Mortgages serviced on behalf of Freddie Mac, and could result in monetary penalties under Section 78.47 of the Guide, or suspension or disqualification as a Servicer in accordance with the provisions of the Guide.

Freddie Mac supports the housing market by expanding access to mortgage credit and reducing costs associated with fulfilling the dream of homeownership. Freddie Mac's Guide requirement for regular monthly reporting to credit repositories of Borrower Mortgage payment histories benefits Borrowers and the mortgage market by expanding access to mortgage credit and reducing documentation and processing costs associated with mortgage lending.

Please call your Freddie Mac account manager, servicer representative or (800) FREDDIE if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Margaret A. Colon". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Margaret A. Colon
Senior Vice President
Servicer Division