
TO: All Freddie Mac Sellers and Servicers

November 7, 2006

SUBJECT: Revised Selling and Servicing Requirements for Mortgages Affected by Hurricane Katrina and Hurricane Rita

With this Single-Family Seller/Servicer Guide (Guide) Bulletin Freddie Mac is announcing changes to our temporary selling and Servicing requirements for Mortgages affected by Hurricanes Katrina and Rita that are secured by properties located in “eligible Disaster Areas.”

As a reminder, eligible Disaster Areas are those areas comprised of counties or municipalities, including parishes, which have been declared by the President of the United States to be Major Disaster Areas where federal aid in the form of individual assistance was made available. In order to provide more specific instructions for servicing Mortgages we own and for originating Mortgages for sale to us that are secured by properties in specific counties/parishes, Freddie Mac established a three-zone methodology.

The zone designations established by Freddie Mac may only be used by Servicers to service Mortgages owned by Freddie Mac and by Sellers to originate and sell Mortgages to Freddie Mac pursuant to these temporary requirements. They should not be used for any other purpose.

With this Guide Bulletin, we are moving three counties/parishes from Zone Two to Zone One and extending the existing temporary selling and Servicing requirements through March 31, 2007.

SELLING AND SERVICING REQUIREMENTS

Moving counties/parishes to different zones

Freddie Mac continues to evaluate information about the extent of damage in eligible Disaster Areas, including our own field inspections of the area, information received from attorneys handling foreclosures of impacted properties, the severity of property damage on Mortgages we’ve reviewed, and HUD’s Damage Report.

As a result, we are moving three (3) counties/parishes to a zone more commensurate with the property damage assessment of those areas.

Zone One: minimal to no damage

The counties/parishes listed below are being moved from Zone Two to Zone One:

- George, Mississippi
- Jasper, Texas
- Newton, Texas

Zone Two: moderate damage

The 3 counties/parishes identified above are being moved from Zone Two to Zone One.

Zone Three: significant damage

There are no changes to the counties/parishes listed in Zone Three.

A revised list of counties/parishes and their assigned zone numbers are identified on Attachment 1 of this Bulletin.

Please note, the changes in zone designations identified in this Guide Bulletin are effective immediately for Sellers originating Mortgages pursuant to temporary requirements, but effective

December 1, 2006 for Servicers servicing Mortgages owned by Freddie Mac pursuant to our temporary requirements.

SELLING REQUIREMENTS

Effective date

The changes to temporary selling requirements included in this Bulletin are effective immediately.

Temporary selling requirements

With this Bulletin, we are announcing that the temporary underwriting relief and flexibility for Borrower credit reputation and capacity and the LTV/TLTV/HTLTV ratio limits announced in our September 30, 2005 Bulletin (as amended by the October 7, 2005, November 8, 2005, May 1, 2006 and August 4, 2006 Bulletins) will be effective for Mortgages with Note Dates on or after August 30, 2005 (for Hurricane Katrina) or September 25, 2005 (for Hurricane Rita), as applicable, through March 31, 2007. As a reminder, we removed the LTV/TLTV/HTLTV ratio limits for Mortgages secured by properties located in Zone One in our May 1, 2006 Bulletin.

The temporary special collateral requirements announced in our September 30, 2005 Bulletin, as modified in our May 1, 2006 Guide Bulletin, remain in effect until further notice.

Temporary selling requirements for Home Possible Mortgages - reminder

Sellers are reminded that Freddie Mac has removed the median income limits for Borrowers with Home Possible Mortgages secured by properties located in eligible Disaster Areas affected by Hurricanes Katrina and Rita with Note Dates of December 31, 2007 or earlier. Sellers must deliver these Mortgages to Freddie Mac on or before March 31, 2008. For more information about this requirement, see our Bulletins dated June 26, 2006 and August 4, 2006.

Other selling requirements

Except as set forth in the September 30, 2005 Guide Bulletin (and amended by this Bulletin and the October 7, 2005, November 8, 2005, May 1, 2006 and August 4, 2006 Bulletins), all requirements in a Seller's Purchase Documents must be met for a Mortgage to be eligible for sale to Freddie Mac.

The selling requirement provisions of this Bulletin are Discretionary Provisions as defined in Guide Section 12.13 and Exhibit 26, Discretionary Provisions.

SERVICING REQUIREMENTS

Effective date

The changes to temporary Servicing requirements included in this Bulletin are effective for the period from December 1, 2006 through March 31, 2007.

Temporary Servicing requirements

With this Guide Bulletin, in addition to moving three counties/parishes to a different zone, we are extending the following temporary Servicing requirements for Mortgages secured by properties located in eligible Disaster Areas to March 31, 2007:

- The requirement to obtain Freddie Mac prior approval to resume or initiate foreclosure activities in Zone Two and Zone Three
- The ability to approve forbearances up to an additional 120 days based on an individual assessment without Freddie Mac approval in Zone Three
- The ability to approve long term forbearances without the required documentation
- The requirement to obtain Freddie Mac prior approval for any lender-initiated property preservation work in Zone Two and Zone Three
- The existing credit reporting requirements

- The expiration date for the streamlined loan modification process, previously announced as November 30, 2006
- The delegation to approve a short payoff where 95% of the total debt is paid. As a reminder, Servicers must process short payoff transactions through the charge-off path in Workout Prospector II (WP II)

Foreclosure proceedings for Zone Three

Servicers must continue to obtain prior Freddie Mac approval on the Form 105, Multipurpose Loan Servicing Transmittal, before resuming or initiating foreclosure proceedings for a Mortgage secured by a property located in Zone Three through March 31, 2007.

When submitting a request to resume or initiate foreclosure proceedings, Servicers must provide the same documentation that is required for resuming or initiating a foreclosure in Zone Two. For more information and complete requirements for obtaining Freddie Mac approval to resume or initiate foreclosure proceedings, please see our February 10, 2006 Guide Bulletin under “Zone Two-moderate damage.”

Extending forbearance in Zone Three

Based on individual assessment, Servicers may continue to extend forbearance for up to an additional 120 days on a Mortgage secured by a property in Zone Three without Freddie Mac approval.

Foreclosure proceedings in Zone Two

Servicers must continue to obtain prior Freddie Mac approval on the Form 105 for resuming or initiating foreclosure proceedings for Mortgages secured by properties located in Zone Two through March 31, 2007.

Obtaining prior Freddie Mac approval for lender-initiated property preservation work in Zone Two and Zone Three

Servicers must continue to obtain prior Freddie Mac approval on Form 105 for commencement of any lender-initiated property preservation work, other than decisions on accessing an abandoned property for insurance claims, on properties located in Zone Two and Zone Three through March 31, 2007. For our requirements with respect to re-keying of properties without prior approval, please see our February 10, 2006 Guide Bulletin.

Credit reporting

We are extending the credit reporting requirements originally announced in the February 10, 2006 Guide Bulletin through March 31, 2007 to allow Servicers more time to work with affected Borrowers on resolving their delinquencies.

Streamlined underwriting requirements for loan modifications

The streamlined loan modification requirements that previously were set to expire on November 30, 2006 are now extended through March 31, 2007. Beginning April 1, 2007, Servicers must return to existing Guide requirements for submitting and approving workout loan modifications (see Guide Chapter B65, Workout Options).

Short payoff approval

We are extending the requirements for short payoff approval through March 31, 2007. Originally announced in our October 7, 2005 Bulletin, these requirements allow Servicers to approve a short payoff of a Mortgage secured by a property in an eligible Disaster Area if **all** of the following requirements are met:

- At least 95% of the total debt is paid off
- The source of funds for the payoff is **all** proceeds from the Borrower’s homeowners insurance or flood insurance or from a government agency and Borrower contribution if available

- The Servicer has verified that **all** available insurance claims have been filed and all proceeds from these claims have been received and will be applied toward the payoff

As announced in our May 1, 2006 Guide Bulletin, Servicers must use the charge-off path in Workout Prospector II to process these transactions and must release the lien on the property.

If the above requirements are not met, Servicers must contact their Freddie Mac Loss Mitigation Specialist for direction. Servicers must comply with all other requirements in Guide Sections B65.35 and B65.41.

Reminder: Assessment of prepayment penalties

Servicers are reminded of our existing requirement to waive prepayment penalties pursuant to Guide Sections B33.4 and 51.19 if the Mortgage payoff is received in connection with a workout or Security Instrument default. We encourage Servicers to consider waiving the penalty in all other situations for Mortgages secured by properties located in eligible Disaster Areas.

Existing Guide Servicing requirements

Servicers are also reminded that they must continue to adhere to the temporary requirements announced with the February 10, 2006, May 1, 2006, and August 4, 2006 Guide Bulletins, except as they are amended by the temporary requirements contained in this Bulletin.

In addition, Servicers are still required to adhere to the Guide requirements for managing distressed properties found in Guide Sections 67.27 through 67.28 and in Chapter 68, added to the Guide with Bulletin 2006-3 dated August 21, 2006, except as they are amended by the temporary requirements contained in this Bulletin and the February 10, 2006, May 1, 2006, and August 4, 2006 Guide Bulletins.

Replacement pages to the Guide will not be issued to include the selling and Servicing requirements of this Bulletin. Seller/Servicers should retain a copy of this Bulletin to ensure compliance with our requirements.

CONCLUSION

As we pass beyond the one-year anniversary of both Hurricane Katrina and Hurricane Rita, we applaud the continuing efforts of our Seller/Servicers in providing relief to affected Borrowers.

The requirements announced with this Guide Bulletin build on our commitment to provide ongoing assistance for Borrowers in the worst disaster areas, while resuming normal business operations where appropriate.

Please note, both selling and Servicing requirements for Hurricane Katrina and Hurricane Rita are available on FreddieMac.com at http://www.freddiemac.com/corporate/about/how_we_help/katrina.html.

For answers to questions about the requirements contained in this Bulletin, Freddie Mac Seller/Servicers should contact their Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia McClung
Vice President
Offerings Development

ATTACHMENT 1

ZONE ONE—91 COUNTIES/PARISHES		
Minimal to no damage		
State	County / Parish	Zone
AL	BALDWIN	1
AL	CHOCTAW	1
AL	CLARKE	1
AL	GREENE	1
AL	HALE	1
AL	MARENGO	1
AL	PICKENS	1
AL	SUMTER	1
AL	TUSCALOOSA	1
AL	WASHINGTON	1
LA	ALLEN	1
LA	ASCENSION	1
LA	EAST BATON ROUGE	1
LA	EAST FELICIANA	1
LA	EVANGELINE	1
LA	IBERVILLE	1
LA	JEFFERSON DAVIS	1
LA	LAFAYETTE	1
LA	LAFOURCHE	1
LA	LIVINGSTON	1
LA	POINTE COUPEE	1
LA	SABINE	1
LA	ST. HELENA	1
LA	ST. JAMES	1
LA	ST. JOHN THE BAPTIST	1
LA	ST. LANDRY	1
LA	ST. MARTIN	1
LA	ST. MARY	1
LA	VERMILION	1
LA	VERNON	1
LA	WEST BATON ROUGE	1
LA	WEST FELICIANA	1
MS	ADAMS	1
MS	AMITE	1
MS	ATTALA	1
MS	CHOCTAW	1
MS	CLAIBORNE	1
MS	COPIAH	1
MS	COVINGTON	1
MS	FORREST	1
MS	FRANKLIN	1
MS	GEORGE	1
MS	GREENE	1
MS	HINDS	1
MS	HOLMES	1
MS	HUMPHREYS	1

ZONE ONE (continued)		
State	County / Parish	Zone
MS	JEFFERSON	1
MS	JEFFERSON DAVIS	1
MS	KEMPER	1
MS	LAMAR	1
MS	LAUDERDALE	1
MS	LAWRENCE	1
MS	LEAKE	1
MS	LINCOLN	1
MS	LOWNDES	1
MS	MADISON	1
MS	MARION	1
MS	NESHOBA	1
MS	NEWTON	1
MS	NOXUBEE	1
MS	OKTIBBEHA	1
MS	PERRY	1
MS	PIKE	1
MS	RANKIN	1
MS	SCOTT	1
MS	SIMPSON	1
MS	SMITH	1
MS	WALTHALL	1
MS	WARREN	1
MS	WILKINSON	1
MS	WINSTON	1
MS	YAZOO	1
TX	ANGELINA	1
TX	BRAZORIA	1
TX	CHAMBERS	1
TX	FORT BEND	1
TX	GALVESTON	1
TX	HARRIS	1
TX	JASPER	1
TX	LIBERTY	1
TX	MONTGOMERY	1
TX	NACOGDOCHES	1
TX	NEWTON	1
TX	POLK	1
TX	SABINE	1
TX	SAN AUGUSTINE	1
TX	SAN JACINTO	1
TX	SHELBY	1
TX	TRINITY	1
TX	TYLER	1
TX	WALKER	1

ZONE TWO—22 COUNTIES/PARISHES		
Moderate damage		
State	County / Parish	Zone
AL	MOBILE	2
LA	ACADIA	2
LA	ASSUMPTION	2
LA	BEAUREGARD	2
LA	CALCASIEU	2
LA	CAMERON	2
LA	IBERIA	2
LA	JEFFERSON	2
LA	PLAQUEMINES	2
LA	ST. CHARLES	2
LA	TANGIPAHOA	2
LA	TERREBONNE	2
LA	WASHINGTON	2
MS	CLARKE	2
MS	JASPER	2
MS	JONES	2
MS	PEARL RIVER	2
MS	STONE	2
MS	WAYNE	2
TX	HARDIN	2
TX	JEFFERSON	2
TX	ORANGE	2

ZONE THREE—6 COUNTIES/PARISHES		
Significant damage		
State	County / Parish	Zone
LA	ORLEANS	3
LA	ST. BERNARD	3
LA	ST. TAMMANY	3
MS	HANCOCK	3
MS	HARRISON	3
MS	JACKSON	3