

Bulletin

TO: All Freddie Mac Sellers and Servicers

November 8, 2005

SUBJECT: Revisions to September 30th Bulletin, Selling Requirements for Mortgages Affected by Hurricane Katrina and Hurricane Rita – Change to Flood Insurance Requirements

Freddie Mac's September 30, 2005, *Single-Family Seller/Servicer Guide* (Guide) Bulletin contained our requirements for selling Mortgages affected by Hurricane Katrina and Hurricane Rita. We have continued to assess the impacts of Hurricane Katrina and Hurricane Rita, and we have revised the flood insurance requirements stated in section 1 (j) of that Bulletin.

Effective immediately, for all Mortgages with Note Dates on or after August 30 (Hurricane Katrina) or September 25 (Hurricane Rita), if the Mortgaged Premises is located in an eligible Disaster Area, and the insurable improvements were damaged by floodwater the Seller must represent and warrant that:

- The property is no longer flooded, and
- Any and all damage (including damage caused by mold, etc.) to the property resulting from the floodwaters has been repaired

In addition, if the insurable improvements on the Mortgaged Premises are located in an area that has been identified as a Special Flood Hazard Area (SFHA) designated as Zone "A" or "V" on a flood map (Flood Hazard Boundary Map or Flood Insurance Rate Map) of the Federal Emergency Management Agency (FEMA), the Seller/Servicer must ensure that flood insurance is obtained and maintained on such improvements for the term of the Mortgage, in accordance with the requirements of Section 58.3 of the Guide.

Section 1(j) of the September 30, 2005 Bulletin is also amended to provide that if the insurable improvements on the Mortgaged Premises are not located in an SFHA, flood insurance is not required, even though the Seller/Servicer is aware that the insurable improvements are exposed to flood risks. The provisions of the fifth paragraph of Section 58.3 of the Guide, and the provisions of the first bullet of Section 58.9 of the Guide, with respect to flood insurance, do not apply to such Mortgages.

All other requirements in the September 30th Bulletin, as revised with respect to the LTV/TLTV/HTLTV limitations applicable to Mortgages secured by properties located in the Hurricane Rita eligible Disaster Area as announced in our October 7 Bulletin, remain unchanged.

Until we notify you otherwise, you must retain this Bulletin, the September 30, 2005 Bulletin, and the October 7, 2005 Bulletin for Freddie Mac's temporary selling and servicing requirements for Mortgages secured by properties affected by Hurricane Katrina and Hurricane Rita.

For answers to questions about the requirements contained in our Bulletins, Seller/Servicers should call their Freddie Mac Account Manager or (800) FREDDIE.

Sincerely,



James J. Cotton
Vice President
Single-Family Marketing