



Single-Family News

Online Updates from Your Freddie Mac Team

July 2009

Making Home Affordable Program Updates

Freddie Mac Relief Refinance MortgageSM

[Introducing Relief Refinance Mortgage – Open Access.](#)

On June 26, we introduced the Relief Refinance Mortgage – Open Access, which permits Relief Refinance Mortgages to be originated by Freddie Mac Seller/Servicers that do not currently service the mortgage being refinanced – making Relief Refinance Mortgages more broadly available and providing borrowers with more choices when refinancing.

[Eligible LTV ratio increased to 125 percent for all Relief Refinance Mortgages.](#)

We're expanding the availability of our Relief Refinance Mortgage offering by increasing the eligible LTV ratio to 125 percent, effective for Freddie Mac settlements on or after October 1, 2009, so you can help more borrowers looking to refinance into a more affordable and stable mortgage.

[HVE point value estimate look-up tool now available.](#)

Freddie Mac's Home Value Explorer® (HVE) point value estimate look-up tool is now available through the Loan Prospector® Web browser on LoanProspector.com. This free tool provides Seller/Servicers immediate access to HVE point value estimates that may be used to originate eligible Relief Refinance Mortgages under the Same Servicer option.

Home Affordable Modification program

[New requirements for completing HAMP Trial Period Plan, Modification Agreement, and reporting.](#)

As a follow up to the U.S. Department of the Treasury's July 6, 2009, publication of the modified Home Affordable Modification program (HAMP) Trial Period and reporting requirements, we issued *Single-Family Seller/Servicer Guide* (Guide) Bulletin 2009-19 to update the Guide with the revised trial period requirements and revised reporting requirements for Freddie Mac Servicers.

[New YouTube™ video on how borrowers can prepare for calls to their Servicer.](#)

Freddie Mac has posted a new video on YouTube.com that shows late-paying borrowers how gathering a few financial documents before calling a mortgage servicer can cut the time needed to determine their eligibility and process their application for a loan modification under the Making Home Affordable Program (MHA) or other Freddie Mac workout initiatives.

[New subordination agreements are now available online.](#)

Two new standard subordination agreements, designed to reduce the time and expense involved in resubordinating junior liens to mortgages being refinanced or modified, including those being refinanced or modified under MHA, are now available on FreddieMac.com.

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes announced in June and July.](#)

In recent weeks, we issued several Guide Bulletins announcing revisions and updates to our selling and servicing requirements with regard to Relief Refinance Mortgages, HAMP, underwriting, higher-priced mortgage loans, note certification and document custody. Learn more about the key requirement changes and their effective dates.

[Implementing borrower notifications consistent with the *Helping Families Save Their Homes Act of 2009*.](#)

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)

Easy-to-Print Version & Archive

Print and read this edition of Single-Family News.

[PDF Version \[PDF 7.4K\]](#)

Read previous issues:

[June 2009](#)

[Get the Issue](#)

We've begun notifying borrowers by letter when their mortgage loan is assigned, sold or transferred to Freddie Mac or to a trust for which Freddie Mac serves as trustee. This notification is for informational purposes only and Servicers of the mortgages are not required to take any action.

Valuable Tools, Resources and Training

[Resources to help you with Freddie Mac underwriting and collateral requirements.](#)

We've updated our underwriting educational resources on the Learning Center to reflect the requirement changes announced in Guide Bulletin 2009-18. Check out our comprehensive and user-friendly resources that will help you become familiar with our underwriting requirements, enhance your processes and controls, and mitigate the risk of defaults and repurchases.

© 2009 Freddie Mac



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

Introducing the Relief Refinance MortgageSM – Open Access

On June 26, we introduced the Relief Refinance Mortgage – Open Access, which permits Relief Refinance Mortgages to be originated by Freddie Mac Seller/Servicers who do not currently service the mortgage being refinanced.

With the addition of this new option under the Relief Refinance Mortgage offering, we are expanding support for the federal Making Home Affordable Program by making Relief Refinance Mortgages more broadly available in the market and providing borrowers with more choices when refinancing. To distinguish the two Relief Refinance Mortgage options we are now offering, we refer to our initial offering as the Relief Refinance Mortgage – Same Servicer.

Relief Refinance Mortgages – Open Access must have note dates on or after October 1, 2009, and on or before June 10, 2010. Additionally, these mortgages must have Freddie Mac settlement dates on or after October 1, 2009.

Requirements for Relief Refinance Mortgage – Open Access

To be eligible for the Relief Refinance Mortgage – Open Access, the mortgage being refinanced must be owned or securitized by Freddie Mac and the Relief Refinance Mortgage must improve the borrowers position in **one** of the following ways:

- A reduction in the interest rate of the first lien mortgage
- To replace an ARM, Initial InterestSM Mortgage or any mortgage with an interest-only period, or a balloon/reset mortgage with a fixed-rate fully amortizing mortgage
- A reduction in the amortization term of the first lien mortgage

Relief Refinance Mortgage – Open Access permits expanded LTV ratios and provides relief from standard mortgage insurance requirements. Requirements include:

- Requiring the new Relief Refinance Mortgage to be fully underwritten and submitted to Loan Prospector®.
- Allowing the mortgage being refinanced and the Relief Refinance Mortgage – Open Access to have a different occupancy type. Relief Refinance Mortgages – Open Access may be secured by 1- to 4-unit primary residences, second homes, and 1- to 4-unit investment properties.
- Requiring a full interior/exterior appraisal of the mortgaged premises. Sellers are required to provide certain representations and warranties related to the appraisal, including representations and warranties on the value, condition and marketability of the property securing the refinance mortgage. Use of Home Value Explorer® or other automated valuation models in lieu of an appraisal is not permitted.
- Permitting junior liens currently serviced by the Seller originating the Relief Refinance Mortgage to be refinanced simultaneously with the Relief Refinance Mortgage subject to certain conditions. Existing junior liens must remain subordinate to the Relief Refinance Mortgage and no new or increased secondary financing is permitted.
- Allowing the lesser of 4 percent of the current unpaid principal balance of the mortgage being refinanced or \$5,000 of closing costs, financing costs and prepaids/escrows to be rolled into the loan amount of the Relief Refinance Mortgage. Cash back to the borrower may not exceed \$250.
- Requiring all postsettlement delivery fees from Guide Exhibit 19, *Postsettlement Delivery Fees*, including a new *Mortgages With High LTV Ratios* delivery fee for mortgages with LTV ratios greater than 95 percent, to be assessed as applicable.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)

The total of all delivery fees will be capped at 200 basis points, and any deductions will be reflected in your monthly invoice under the fee name Relief Refinance Cap Deduction. Please note that net delivery fees and credits will be reflected in the selling system's Net Price functionality for Relief Refinance Mortgages that are sold for cash.

Complete requirements for Relief Refinance Mortgage – Open Access can be found in *Single-Family Seller/Service Guide* (Guide) Chapter B24.

System updates

Loan Prospector will be updated on October 1, 2009, to reflect the Relief Refinance Mortgage – Open Access requirements. For eligible mortgages, the Loan Prospector Feedback Certificate will provide the following information:

- Freddie Mac loan number
- Mortgage insurance certificate number
- Percentage of mortgage insurance loss coverage
- Mortgage insurer name

Relief Refinance Mortgages – Open Access must be sold through the selling system and must be delivered with Special Characteristic Code (SCC) H08, Freddie Mac Relief Refinance Mortgage – Open Access, as well as all other applicable SCCs.

Relief Refinance Mortgage – Open Access resources

Review our [June 26 Guide Bulletin 2009-15](#) [PDF 109K].

Review our [July 1 Single-Family Advisory e-mail](#) with information on Relief Refinance Mortgages with LTV ratios up to 125 percent.

Learn more about [Relief Refinance Mortgage – Open Access](#).



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

HVE point value estimate look-up tool for Relief Refinance Mortgages – Same Servicer now available

Freddie Mac's Home Value Explorer® (HVE) point value estimate look-up tool is now available through the Loan Prospector® Web browser on LoanProspector.com. This free tool further supports the federal Making Home Affordable Program by providing Seller/Servicers immediate access to HVE point value estimates that may be used to originate eligible Freddie Mac Relief Refinance MortgagesSM under the Same Servicer option.

Seller/Servicers currently using Loan Prospector can access the HVE point value estimate look-up tool using their existing Loan Prospector user ID and password. From the "Look Up HVE Value" tab on the Loan Prospector Web browser, users may enter a single Freddie Mac loan number or a batch request of up to 500 Freddie Mac loan numbers. Batch requests are processed overnight and you will receive an e-mail indicating that the request has been processed and is ready to download. The look-up tool returns following information for each request:

- Point value estimate
- Standard deviation
- Property address
- Date that you accessed the point value estimate data using the look-up tool
- Freddie Mac Servicer number
- Freddie Mac loan number

The look-up tool may be used to estimate property values for eligible Relief Refinance Mortgages – Same Servicer secured by one-unit properties, and the following requirements apply:

The standard deviation for the HVE point value estimate must be no greater than 0.20 (corresponding to a medium or high Confidence Score).

As of the delivery date, the HVE point value estimate may not be more than 180 days old, starting from the date you accessed the data from the look-up tool.

Delivery of Special Characteristic Code H03 when using HVE point value estimates and delivery of the HVE point value estimate in the Appraised Value Field on Form 11 or 13SF

Seller/Servicers are relieved of representations and warranties on the value, condition, and marketability of the property when using HVE point value estimates for Relief Refinance Mortgages – Same Servicer. Seller/Servicers remain responsible for the representations and warranties on the mortgage being refinanced, including representations and warranties related to the original appraisal or automated valuation model used.

Receiving HVE point value estimates from the look-up tool does not indicate eligibility for the Relief Refinance Mortgage – Same Servicer. These mortgages must meet all of our requirements in the *Single-Family Seller/Servicer Guide* (Guide) Chapter A24.

Using HVE point value estimates is just one option to determine property value for Relief Refinance Mortgages – Same Servicer. The original appraisal for the mortgage being refinanced or a new appraisal that meets our Guide requirements may also be used to determine property value.

Seller/Servicers that use HVE data received directly from Freddie Mac, including HVE point value estimates from the look-up tool, must meet the terms and conditions defined in Guide Exhibit 32. Under these terms and conditions, Seller/Servicers may make the HVE data available to third-party brokers and correspondent lenders that are contractually affiliated with them, but only through a password protected interface on their Web site.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)

For more information

If you are not a Loan Prospector user, find out about [signing up](#) for Loan Prospector.

Learn more about [Relief Refinance Mortgages – Same Servicer](#).

Visit our [Learning Center](#) for user tips on the [look-up](#) [PDF 768K] tool.

Read a [related article](#) on the Relief Refinance Mortgage – Open Access option.

© 2009 Freddie Mac



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

New requirements for completing the HAMP Trial Period Plan, Modification Agreement, and reporting

On July 13, 2009, Freddie Mac issued *Single-Family Seller/Servicer Guide (Guide) Bulletin 2009-19* [PDF 45K] as a follow up to the U.S. Department of the Treasury's publication of the modified Home Affordable Modification program (HAMP) Trial Period and reporting requirements. This Bulletin, which replaced the interim Frequently Asked Questions (FAQ) document Freddie Mac Servicers received from us on July 6, 2009, provided detailed information for Freddie Mac Servicers on the following modified HAMP requirements:

- When a Trial Period starts and how it is determined.
- When a borrower's first Trial Period payment is due.
- When a Servicer must or may consider a Trial Period Plan offer expired.
- When Servicers must begin reporting to Freddie Mac and the program administrator, Fannie Mae, that they have received the borrower's first Trial Period payment and other Trial Period set up attributes.
- When a Servicer may delay the effective date of the modification and the first modified payment due date by including an interim month.
- Whether and when Servicers and borrowers are entitled to accrue incentive compensation for the interim month.
- That Servicers must modify the Home Affordable Modification Agreement Cover Letter to disclose to borrowers the effects of the interim month on their modification.
- That Servicers may not use the Borrower Qualification Worksheet to determine the final terms of the borrower's modification if an interim month has been included.

The FAQ document we provided on July 6 is no longer in effect and Servicers must comply with the new processing and preparation requirements for the Trial Period Plan and Modification Agreement and related reporting requirements stated in updated Guide Chapter C65.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)[125% LTV ratio for Relief Refinance Mortgages](#)[HVE point value estimate look-up tool](#)[New HAMP Trial Period Plan requirements](#)[YouTube video for borrowers calling their Servicers](#)[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

New subordination agreements support the Making Home Affordable Program

Two new standard subordination agreements designed to reduce the time and expense involved in resubordinating junior liens to mortgages being refinanced or modified, including those being refinanced and modified under the Making Home Affordable Program (MHA), are now available on our newly designed [Uniform Instruments Web page](#). These subordination agreements are:

Fannie Mae/Freddie Mac Uniform Instrument Form 3747 – Multistate Subordination Agreement (Refinance Mortgage), to resubordinate junior liens for first-lien mortgages being refinanced.

Fannie Mae/Freddie Mac Uniform Instrument Form 3748 – Multistate Subordination Agreement (Modified Mortgage), to resubordinate junior liens for first-lien mortgages being modified.

Developed by Freddie Mac and Fannie Mae, with the assistance of the American Land Title Association, these Uniform Instruments are in response to industry and borrower requests to expedite the resubordination process when refinancing or modifying mortgages under MHA.

The Uniform Instruments provide a standard and simplified approach for junior-lien holders to document consent to the resubordination of their junior liens when a first mortgage is being refinanced or modified. Users of these forms will find critical information at the beginning of the document in an easy-to-read list format with the terms of subordination outlined in one brief paragraph.

We are committed to the success of MHA and are confident that these agreements will expedite the resubordination process and help borrowers more quickly refinance or modify their mortgages into new mortgages with more affordable terms.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

Important selling and servicing requirement changes in June and July

In recent weeks, we issued several *Single-Family Seller/Servicer Guide* (Guide) Bulletins announcing revisions and updates to our selling and servicing requirements.

[Bulletin 2009-19](#) [PDF 45K] incorporated the revised Home Affordable Modification program Trial Period requirements that the U.S. Treasury announced on July 6, 2009. Read a [related article about this Bulletin](#).

[Bulletin 2009-18](#) [PDF 162K] highlighted requirements and best practices for sound mortgage underwriting. Read a [related article regarding this Bulletin](#).

[Bulletin 2009-17](#) [PDF 83K] introduced requirements for high-priced mortgage loans and revised delivery requirements for rate spreads. Read a [related article about this Bulletin](#).

[Bulletin 2009-16](#) [PDF 50K] announced that Freddie Mac will no longer provide note certification and document custodial services. Read a [related article about this Bulletin](#).

[Bulletin 2009-15](#) [PDF 109K] provided updates to our Freddie Mac Relief Refinance MortgageSM offering and introduced detailed requirements for the new Relief Refinance Mortgage – Open Access option. Read a [related article on the Open Access option](#).

[Bulletin 2009-14](#) [PDF 117K] highlighted several Freddie Mac requirement changes and process improvements including the activation of the Net Price functionality for all mortgages sold for cash through the selling system. Read a [related article about this Bulletin](#).

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

Implementing borrower notifications consistent with the *Helping Families Save Their Homes Act of 2009*

On June 19, 2009, Freddie Mac began notifying borrowers by letter when their mortgage loan is assigned, sold or transferred to Freddie Mac or to a trust for which Freddie Mac serves as trustee. This notification is for informational purposes only and is consistent with Section 404 of the *Helping Families Save Their Homes Act of 2009*, which was enacted on May 20.

As noted in our June 17 *Single-Family Advisory* e-mail, as a Freddie Mac Seller/Servicer, **you are not required to take any action on behalf of Freddie Mac** at this time. You do not need to notify borrowers of a transfer in ownership to Freddie Mac when you deliver mortgages to us. Please review our [sample borrower notification](#) [PDF 19K] to prepare your customer service staff should they receive questions from borrowers about this notice.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)[125% LTV ratio for Relief Refinance Mortgages](#)[HVE point value estimate look-up tool](#)[New HAMP Trial Period Plan requirements](#)[YouTube video for borrowers calling their Servicers](#)[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)



Single-Family News

Online Updates from Your Freddie Mac Team

[Back to Single-Family News Cover](#)

July 2009

Resources to help you with Freddie Mac underwriting requirements

Although Freddie Mac has seen improvements in credit quality over the last few months, we are still seeing a number of deficiencies in the underwriting process. Common underwriting issues relate to, but are not limited to, income calculation, asset verification, liability calculation, misrepresentation of occupancy, and appraisal quality. Our research has shown that a mortgage that is not eligible for sale to Freddie Mac based on our *Single-Family Seller/Service Guide* (Guide) requirements is substantially more likely to go into default than a mortgage that meets Freddie Mac's requirements.

To help you become familiar with recent changes to our underwriting requirements, enhance your processes and controls, and mitigate the risk of defaults and repurchases, we invite you to take advantage of our comprehensive underwriting educational resources and opportunities available on the [Learning Center](#).

Whether you use Loan Prospector® or manually underwrite a loan, you'll find user-friendly resources on underwriting principles, including our requirements for the three C's (credit, capacity and collateral). Our learning resources have been updated to reflect the revised underwriting requirements announced in [Guide Bulletin 2009-18](#).

Check out the following webinars you can conveniently register for and attend:

[Documenting Acceptable Sources of Funds](#)
[Underwriting Income and Employment](#)
[Collateral Assessment Review](#)

Here are some valuable underwriting references you can easily download:

[Loan Prospector Documentation Matrix](#) [PDF 859K]. Use this tool to help guide you with our documentation requirements based on Loan Prospector assessments. This easy-to-print reference has been updated to reflect the forthcoming requirement changes announced in Guide Bulletin 2009-18. The [documentation matrix that contains our current requirements](#) [PDF 910K] continues to be available.

[Loan Prospector Processing Reminders for Mortgages With Submission Dates Prior to September 28, 2009](#) [PDF 602K]. Until Loan Prospector is updated on September 27, 2009, we strongly encourage you to use this online tool to help you apply the manual overlays and manage the Loan Prospector feedback messages associated with the changes announced in Guide Bulletin 2009-18. Underwriting mortgages based on the new requirements will help strengthen your processes and enhance the mortgages you deliver to us.

[Appraisal review reminders](#) [PDF 55K]. Use this list of reminders to assist you when underwriting an appraisal report. The tool will help you determine if the appraisal report was completed in a manner that correctly depicts or describes the neighborhood, site and improvements.

In This Issue...

Making Home Affordable Program Updates

[Relief Refinance Mortgage – Open Access](#)

[125% LTV ratio for Relief Refinance Mortgages](#)

[HVE point value estimate look-up tool](#)

[New HAMP Trial Period Plan requirements](#)

[YouTube video for borrowers calling their Servicers](#)

[New subordination agreements](#)

Recent Guide Updates and Announcements

[Important selling and servicing requirement changes](#)

[New borrower notification process](#)

Tools, Resources and Training

[Training resources on underwriting requirements](#)