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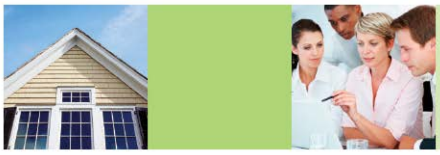

Bulletin

TO: Freddie Mac Sellers April 9, 2015 | 2015-4

SUBJECT: SELLING UPDATES

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

Credit underwriting

- Changes to requirements for Mortgages with Affordable Seconds®
- Changes to reserves requirements related to upcoming Loan Prospector® enhancements

Property eligibility

- Changes to certain condominium requirements

Electronic transactions

- Changes to allow delivery of Mortgages with electronically created and signed closing documents (other than the Note)

Uniform Loan Delivery Dataset (ULDD)

- Updates and clarifications to delivery instructions in Guide Chapter 17, including changes consistent with the ULDD specification addendum published today

In addition to the changes listed above, we are making further updates and revisions as described in the "Additional Guide Updates" section of this Bulletin.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

CREDIT UNDERWRITING

Mortgages with Affordable Seconds

Effective for Mortgages with Settlement Dates on or after May 11, 2015

In our effort to increase access to mortgage credit and support the purchase money market, we are revising certain requirements for Mortgages with Affordable Seconds, to, among other things:

- Remove the restriction that Mortgages with Affordable Seconds must be Home Possible® Mortgages
- Require that Mortgages with Affordable Seconds be:
  - Fixed-rate Mortgages or ARMs with initial fixed-rate periods of five years or greater
  - Purchase or "no cash-out" refinance transactions, and
  - Secured by 1- to 4-unit Primary Residences
- Permit the interest rate of an Affordable Second to be up to 2% higher than the interest rate of the First Lien Mortgage
- Expand the requirements for participation in appreciation to permit the Agency's share of appreciation to be up to 75%, subject to conditions
- Require that the source of an Affordable Second must not be the property seller or another interested party to the transaction

We are also consolidating all requirements for Affordable Seconds in Guide Section 25.2

The Freddie Mac Selling System will be updated on May 11, 2015, to remove the restriction limiting Mortgages with Affordable Seconds to Home Possible Mortgages. Sellers are encouraged to implement all other changes as soon as possible.

We are also consolidating requirements for purchase transaction and refinance Mortgages with secondary financing other than Affordable Seconds into Section 25.1.

Sections 17.18, 17.42, 24.5, 24.7, 26.6.2, A34.8, A34.14, A34.15 and Section 37.26, Guide Exhibit 34 and the Glossary definition of "Affordable Second" have also been updated to reflect these changes. Applicable footnotes in Exhibit 19 will be updated with a future Bulletin to reference updated Section 25.2.

Reserves requirements for Loan Prospector Mortgages

Effective for all submissions and resubmissions to Loan Prospector on or after July 19, 2015

Calculation of reserves

We are enhancing Loan Prospector to calculate required reserves for the subject property. As a result, except as described below, the Seller must verify the reserves required by Loan Prospector, as stated on the Feedback Certificate, instead of verifying all reserves entered into Loan Prospector as currently required. This change is being made in response to customer feedback and will help streamline the underwriting process.

Loan Prospector will not be able to identify all of the necessary information to apply the additional reserves required for the following scenarios:

- The subject property is a Primary Residence and the Borrower's current Primary Residence is being converted to a second home or an Investment Property, or is pending sale and the sale will not close before the subject Note Date
- The subject property is a second home or an Investment Property and the Borrower owns, or is obligated on, other financed second homes and/or Investment Properties

As a result, in these instances, the Seller must determine and verify the additional reserves required by the Guide, in addition to the amount of reserves required to be verified on the Feedback Certificate.

Sections 26.5 and A34.10 have been updated to reflect these changes.

Resubmission to Loan Prospector

We are revising the requirements for resubmission to Loan Prospector to provide that a resubmission is not required if the amount of verified reserves decreases to an amount that is no less than the reserves required to be verified on the Feedback Certificate.

Sections 2.2.1 and K33.10 have been updated to reflect this change.

CONDOMINIUM REQUIREMENTS

We are revising certain requirements in Chapter 42 in light of recent market trends and in response to customer inquiries.

Key changes include:

- Expansion of our eligibility criteria for non-incidental commercial (or non-residential) project space from 20% to 25% of the total square footage of the project (Section 42.3)
- Expansion of our acceptance of single-investor concentration for projects that consist of 5 – 20 units (Section 42.3)
- Modification of our eligibility criteria for projects subject to litigation (Section 42.3)
- Elimination of our "spot" loan requirements for streamlined reviews (Section 42.4)
- Expansion of our eligibility criteria for Established and New Condominium Projects with delinquent assessments by allowing the number of days for which no more than 15% of the total number of units are delinquent on assessments to be 60 days instead of 30 days (Sections 42.5 and 42.6)

- Revisions to clarify that streamlined reviews are acceptable for Condominium Projects that consist of a mix of attached and detached units (Section 42.4)
- Addition of language encouraging Sellers to obtain the Homeowners Association taxpayer identification numbers (TINs) for all Condominium Projects (Section 42.12)
- Clarifications on Freddie Mac's expectations for Condominium Project reviews (Section 42.1)

We have revised the delivery instructions in Section 17.25 for ULDD Data Points *Project Classification Identifier* (Sort ID 42) and *Project Attachment Type* (Sort ID 41) to specify the appropriate valid values when there is a mix of attached and detached units in a project. The corresponding instructions in Sections A24.4 and B24.4, with respect to Freddie Mac Relief Refinance Mortgages℠ – Same Servicer and Open Access, have also been updated. Section 42.12 has also been revised to add more details relating to Condominium Projects with a mix of attached and detached units.

Section 17.11 has been revised to remove a reference to site condominiums for ULDD Data Point *Attachment Type* (Sort ID 50).

ELECTRONIC TRANSACTIONS

To align with industry efforts moving towards paperless Mortgages, Mortgages with electronically created and signed closing documents (other than the Note) are now eligible for sale to Freddie Mac. We previously only allowed Sellers to sell Mortgages with electronically created and signed initial loan documents and disclosures.

In addition, the initial and annual due diligence requirements related to systems used to conduct electronic transactions and create electronic documents are streamlined as follows:

- Sellers only need to obtain initial and annual certification from third-party providers certifying that their respective systems meet the Seller's minimum security standards and all other requirements for Eligible Electronic Transactions (as defined in Chapter 3) for or on behalf of (or in connection with) the Seller. Previously, Sellers were required to verify the third-party provider's compliance with Seller's minimum security standards and all other requirements for Eligible Electronic Transactions.
- Previously, a formal written legal analysis (or opinion) was required to confirm that the systems used by the Seller to create electronic initial loan documents and closing documents complied with the federal Electronic Signatures in Global and National Commerce Act ("E-SIGN") and/or the Uniform Electronic Transactions Act (UETA) and all applicable State and federal laws. Although a formal written legal analysis (or opinion) is no longer required, Sellers are still required to conduct due diligence, which includes consulting with computer technical and security experts and legal experts so that the Seller may certify to Freddie Mac that the Seller's system complies with E-SIGN and/or the UETA and all applicable State and federal laws.
- For the systems used by the third-party providers to create electronic initial loan documents and closing documents, the due diligence requirements are the same as the bullet above, except that third-party providers must provide initial and annual certification to the Seller that their respective systems comply with E-SIGN and/or the UETA and all applicable State and federal laws

Chapter 3 has been updated to reflect these changes. Additionally, Chapter 3 has been reorganized and renumbered, including:

- Separate sections for requirements applicable to all Eligible Electronic Transactions (Sections 3.3 through 3.3.6)
- Separate sections for additional requirements for Initial Loan Documents and Closing Documents (Sections 3.4 through 3.4.6)

We have also revised Exhibit 7, now titled *Electronic Loan Documents*, to reflect the updated lists of loan documents that may and may not be electronic.

UNIFORM LOAN DELIVERY DATASET UPDATES

Today Freddie Mac published the first quarter 2015 ULDD Addendum included in Appendix A, Freddie Mac XML Data Requirements V3.5.1 ("Appendix A") as "Tab 9Q1-ULDDS Addendum Issued 04-09-15" ("ULDD Addendum"). We are making the following updates in Chapter 17, consistent with the ULDD Addendum:

- Adding a delivery instruction for ULDD Data Point *MI Certificate Identifier* (Sort ID 412) to Section 17.26 to clarify that a value between 5 and 10 characters, as noted in Exhibit 10, needs to be entered for the valid value. The corresponding instructions in Sections A24.4 and B24.4, with respect to Relief Refinance Mortgages - Same Servicer and Open Access, have also been updated.
- Updating the delivery instructions for ULDD Data Point *Property Valuation Form Type* (Sort ID 85) in Section 17.11 to reflect the full title of Form 1072, *Two- To Four-Unit Residential Appraisal Field Review Report*
- Updating the delivery instructions for ULDD Data Points *Project Attachment* Type (Sort ID 41) and *Project Classification Identifier* (Sort ID 42) in Section 17.25 and *Attachment Type* (Sort ID 50) in Section 17.11 as noted in the "Condominium Requirements" section above

Sellers should review the ULDD Addendum in its entirety to determine impacts to their systems or processes and for applicable effective dates.

We are also making the following changes to Chapter 17:

- Updating the delivery instructions for ULDD Data Point *Prepayment Penalty Indicator* (Sort ID 240) in Section 17.7 to align with the removal of references to Prepayment Penalty Mortgages noted in the "Removal of Guide references to 40-Year Mortgages and Prepayment Penalty Mortgages" section below
- Deleting a duplicate reference to ULDD Data Point *Borrower Mail To Address Same as Property Indicator* (Sort ID 572) from Section 17.12(a)(i). Delivery instructions for this ULDD Data Point remain in Section 17.12(a)(ii).
- Updating Section 17.3 to include a reference to Exhibit 34, which contains the current Mortgage characteristics captured by the delivery of investor feature identifiers

ADDITIONAL GUIDE UPDATES

Updates to Form 906, *Freddie Mac Loan Coverage Advisor℠ Authorized User Role Form*

We have updated Form 906 to increase ease of customer use. Seller/Servicers are now given the option to request read-only access for all of their Seller/Servicer numbers without having to list all of those numbers. After access to Loan Coverage Advisor has been granted, it is the responsibility of the Seller/Servicer to review their access and to advise Freddie Mac if their Seller/Servicer access is not complete.

Sections 2.27 and 51.28 have also been updated for additional clarity and to specify that Seller/Servicers are responsible for confirming their Seller/Servicer numbers:

- Reported to Freddie Mac on Form 906, and
- Reported to the Seller/Servicer pursuant to Form 906

Property valuation and appraisal clarifications

General appraisal requirements

We are revising Section 44.3 to include an overview of Freddie Mac's expectations relating to property valuation and appraisal reporting, and to update language regarding representations by appraisers and unacceptable appraisers.

Guide updates related to inspection reports and property valuation documentation

We are removing multiple Guide references to "inspection reports" to align with changes announced in Bulletin 2014-2, which included deletion of references to the Property Inspection Alternative (PIA).

Sections 2.2.1, 42.8, 44.1, 44.3, 44.12, 44.21, 46.10, 48.5 and the Glossary definition for “Minimum Assessment Feedback (MAF)” have been updated to remove these references.

In Sections 48.6, 48.7 and 48.8, we are also revising references to “appraisal report” and “appraisal documentation” to a more comprehensive reference of “property valuation documentation.”

Removal of Guide references to 40-Year Mortgages and Prepayment Penalty Mortgages

In Bulletin 2013-16 we announced that, effective for Mortgages with Application Received Dates on or after January 10, 2014 or Settlement Dates after July 31, 2015, the following Mortgages are not eligible for sale to Freddie Mac:

- Mortgages with original maturities in excess of 30 years
- Prepayment Penalty Mortgages

Applicable Guide sections, forms and exhibits have been updated to remove references to 40-year Mortgages and Prepayment Penalty Mortgages.

Chapter B33, Section 17.17 and Exhibit 22 have been deleted in their entirety.

Revision to remove tables with limited PC disclosure data

We are updating Sections 13.3 and A13.3 to eliminate tables that highlighted limited PC disclosure data provided by Freddie Mac.

These sections instead now refer to our Disclosure Guide at **www.freddiemac.com/mbs/index.html**, which provides a more robust, comprehensive and current listing of disclosure data that Freddie Mac provides for eligible Mortgages.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 2, 3, 6, 9, 11, 13, A13, B15, C15, D15, 17, 22, 24, A24, B24, 25, 26, 27, 30, B33, C33, E33, F33, I33, K33, L33, A34, 37, 42, 44, 46, 48 and 51
- Form 906
- Exhibits 7, 17S, 22 and 34
- Glossary

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2015-4 (Selling) Guide Updates Spreadsheet available at **http://www.freddiemac.com/singlefamily/guide/docs/bll1504_spreadsheet.xls.**

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,

Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management

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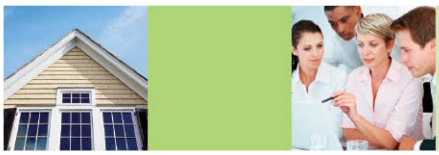

Bulletin

TO: Freddie Mac Servicers April 15, 2015 | 2015-5

SUBJECT: SERVICING UPDATES

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

Alternatives to foreclosure

- The new "Modification Solution" screen in Workout Prospector® to facilitate the settlement of modifications of Mortgages guaranteed by the Rural Housing Service (RHS) and other modifications that cannot be settled through other Workout Prospector paths
- Updates to our requirements for the reimbursement of transfer taxes when an obligation to pay transfer taxes is imposed on a deed-in-lieu of foreclosure ("DIL") transaction
- Additional requirements for participating in mortgage reinstatement assistance programs developed and administered by State Housing Finance Agencies (HFAs) and funded by the Innovation Fund for the Hardest Hit Housing Markets or Hardest Hit Fund ("HHF") initiative, for which Freddie Mac requires Servicer participation

Foreclosure and Real Estate Owned (REO)

- Freddie Mac's expectations in the event there are surplus proceeds or overbid funds from a third-party foreclosure sale
- Changes to the claim submission time frames for REO expenses

Senior Subordinate Mortgages

- Requirements for Servicing Senior Subordinate Mortgages

In addition to the above changes, we are making further updates and revisions, as described in the "Additional Guide Updates and Reminders" section of this Bulletin.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

ALTERNATIVES TO FORECLOSURE

Mortgage modification settlements

We are announcing the new "Modification Solution" screen for "Other Mods" in Workout Prospector to facilitate the settlement of modifications of Mortgages guaranteed by the RHS ("RHS Mortgage") as well as other modifications that are specified by Freddie Mac from time to time and cannot be settled through other Workout Prospector paths.

To facilitate the settlement of RHS Mortgage modifications, Servicers must receive the modification approval letter from RHS before entering and submitting the data via the "Modification Solution" screen in Workout Prospector. When submitting the data to Freddie Mac via Workout Prospector, the Servicer must complete the data entry in accordance with the instructions set forth in the Workout Prospector Users' Guide and the terms of the RHS modification approval letter.

After Freddie Mac completes its review of the Servicer's submission, Freddie Mac will change the Workout Prospector system status to either approved or declined with respect to the modification of an RHS Mortgage. Freddie Mac's change to the system status does not constitute Freddie Mac's approval or denial of the RHS Mortgage modification. Servicers are obligated and fully delegated to follow and implement RHS loss mitigation

requirements for the underwriting of Freddie Mac Mortgages that are guaranteed by the RHS. Freddie Mac's change to an approval status in Workout Prospector is to allow Servicers to proceed with the settlement of the RHS Mortgage modifications. Freddie Mac's change to a decline status is a hard stop (e.g., an expired RHS approval letter or the Servicer has instructed Freddie Mac to decline the submission) to the settlement process pending the Servicer's resolution of an issue in compliance with RHS requirements. To implement the settlement of an RHS Mortgage modification after the status has changed to "decline" for one of the previously stated reasons, Servicers should obtain an updated approval letter or make the necessary changes to the "Modification Solution" screen and then resubmit the data via the "Modification Solution" screen in Workout Prospector to Freddie Mac.

As a reminder, Servicers must still complete and submit Guide Form 1128 with the terms of the Mortgage as modified under the RHS guidelines via:

- E-mail to **NPL_File_Prep@freddiemac.com** to the attention of "File Preparation," or
- Fax to (571) 382-4914

Transfer taxes imposed on a DIL transaction

In Bulletin 2014-3, Freddie Mac advised Servicers that, in limited circumstances, it may be advisable to pay transfer taxes under protest in connection with the recording of deeds conveying real estate to Freddie Mac after a foreclosure or DIL.

We are updating Guide Section 66.35 to provide that a Servicer Servicing a Mortgage owned or guaranteed by Freddie Mac will be reimbursed for transfer taxes when closing a DIL transaction if:

- Local authorities require the Servicer to pay the transfer tax in order to record a deed and ensure that title vests appropriately
- The transfer tax is paid under protest
- The Servicer submits the request for written pre-approval (RPA) for reimbursement of the transfer tax via the Freddie Mac Reimbursement System (see Section 71.24), and
- Counsel could not process the foreclosure and/or the DIL transaction in a manner that would successfully avoid the imposition of the transfer tax obligation

Servicers must use expense code 074003 (Transfer Tax) when submitting an RPA or subsequent claim in the Reimbursement System. RPAs may be submitted prior to receiving the executed deed or prior to the executed deed or lease being sent for recordation. However, the RPA must be accompanied by supporting documentation including, but not limited to, proof that the transfer tax was paid under protest.

Servicers will not be reimbursed for transfer taxes if any of the above conditions and requirements do not exist or are not met.

Hardest Hit Fund: Mortgage reinstatement assistance programs

We are updating Section 64.12 to state that if the Servicer receives notification from the HFA that the Borrower has been approved for funds that only partially reinstate the Mortgage, the Servicer must accept those funds provided the Borrower qualifies for and is committed to bringing the Mortgage current through a retention solution such as a repayment plan or a mortgage modification.

In the following circumstances, the Servicer must notify the HFA that funds cannot be applied to the Mortgage until there is a comprehensive solution for reinstating the Mortgage:

- The Servicer is unable to achieve quality right party contact and obtain a commitment from the Borrower to resolve the Delinquency
- The Borrower does not respond to the Servicer's offer for a retention solution that will fully reinstate the Mortgage (e.g., a mortgage modification)
- The Borrower declines the Servicer's offer for a retention solution that will fully reinstate the Mortgage

We have also updated Section 64.12 to state that the Servicer may, but is not required to, prepare and require execution of a modification agreement reflecting the recalculated monthly Mortgage payment in accordance with Section 59.2 and in compliance with applicable law.

FORECLOSURE AND REO

Surplus proceeds or overbid funds from a third-party foreclosure sale

Effective for all foreclosure sales occurring on or after July 15, 2015

We are updating Section 66.32 to make clear Freddie Mac's expectations of a Servicer if the property is purchased by a third party at the foreclosure sale and there are surplus proceeds or overbid funds from the third-party foreclosure sale.

In such circumstances, the Servicer must pursue and claim to retain the funds, so long as it is determined to be in Freddie Mac's best interest, to the extent:

- The funds will satisfy or reduce the total indebtedness under the terms of the Mortgage or such other amount as may be allowed by State law (e.g., amount and terms of the judgment), and the costs and expenses of the sale, if possible; and
- It is permitted under applicable State law

If the Servicer knows that additional attorney fees will be incurred when pursuing any surplus proceeds or overbid funds, and the Servicer believes it is in Freddie Mac's best interest to pursue and claim to retain any surplus proceeds or overbid funds, the Servicer must submit an RPA in the Reimbursement System using expense code 010000 (Attorney Fees (Judicial)) or 010006 (Attorney Fees (Non Judicial)) to recommend incurring additional attorney fees.

Freddie Mac may require the Servicer to indemnify Freddie Mac for any loss Freddie Mac incurs due to incorrect foreclosure sale bidding, or for failure to retain any surplus proceeds or overbid funds where appropriate.

Claim submission time frames for REO expenses

Effective July 17, 2015

Following Freddie Mac's or a Senior Subordinate Trust's (as defined in Section S84.2) acquisition of the REO through foreclosure sale or DIL, Servicers may file initial, supplemental and final claim types in the Reimbursement System for reimbursement of REO expenses.

In an effort to provide Servicers with clear and uniform time frames for submission of initial, supplemental and final claim types in the Reimbursement System for reimbursement of REO expenses, we have changed the time frames for each claim submission type to be based on the foreclosure sale date rather than the acquisition date (i.e., the latter of the foreclosure sale date, date of the expiration of the redemption period and/or confirmation/ratification date).

The REO expenses table in Section 71.13 has been updated as follows:

Claim submission type	Description	Time frame
Initial	Filed to request reimbursement of expenses incurred up to and including the foreclosure sale date. Reimbursable expenses include, but are not limited to, incurred legal fees and costs.	Freddie Mac must receive no later than 45 days after the foreclosure sale date. (See Sections 66.33 and B65.48 regarding reporting requirements for foreclosure sale results and DIL transactions.)
Supplemental	Filed to request expenses incurred after the foreclosure sale date but prior to the settlement of the sale of the REO	The Servicer may submit any time after the foreclosure sale date, but no later than 60 days after the settlement of the sale of the REO

Claim submission type	Description	Time frame
Final	Filed to request reimbursement of allowable expenses incurred after the foreclosure sale date	The Servicer may submit any time after the foreclosure sale date, but no later than 60 days after the settlement of the sale of the REO

If feasible, Servicers may begin filing claims in the Reimbursement System for reimbursement of REO expenses based on the foreclosure sale date immediately. However, Servicers must file claims for reimbursement of REO expenses based on the updated REO expenses table in Section 71.13 on and after July 17, 2015.

Section 71.19 has also been updated to reflect these changes.

SENIOR SUBORDINATE MORTGAGES

Note: The terms “Freddie Mac-Owned Mortgage,” “Freddie Mac-Owned or Guaranteed Mortgage,” “Senior Subordinate Mortgage” and “Senior Subordinate Trust” used below are defined in Section S84.2.

Overview

Over the last several years, Freddie Mac has, under the direction of the Federal Housing Finance Agency (FHFA), worked to reduce its exposure to single-family credit risk through various credit-risk-transfer offerings. These offerings, such as our Structured Agency Credit Risk (STACR) and Agency Credit Insurance Structure (ACIS) securities, have not only helped reduce credit risk to both Freddie Mac and U.S. taxpayers, they have also encouraged private capital participation in the mortgage market. Continuing this effort, Freddie Mac, in participation with certain Seller/Servicers, has begun to implement a credit risk transfer initiative that will involve Freddie Mac’s transfer of Mortgages to one or more Senior Subordinate Trusts. Participating Seller/Servicers will service these Mortgages in accordance with the Guide, which will include new Servicing requirements specific to these Mortgages, and other Purchase Documents. For ease of reference, we have consolidated the requirements applicable solely to Senior Subordinate Mortgages in new Guide Chapter S84.

Participating Seller/Servicers

Certain Sellers/Servicers have entered into agreements to sell Mortgages to Freddie Mac and service them in accordance with the Guide and requirements set forth in Chapter S84. Each Mortgage purchased by Freddie Mac for the purpose of transfer to a Senior Subordinate Trust will remain a Freddie Mac-Owned Mortgage until the date of transfer and should therefore be serviced in the same manner as other Freddie Mac-Owned Mortgages. Freddie Mac will notify participating Servicers of the date when certain Mortgages will be transferred to a Senior Subordinate Trust. Those Servicers must begin Servicing the transferred Mortgages in accordance with the requirements in Chapter S84 and applicable Purchase Documents on the date specified by Freddie Mac in the notice.

NOTE: Unless a Seller/Servicer or Transferee Servicer has entered into an agreement to service Senior Subordinate Mortgages, such Seller/Servicers and Transferee Servicers are not subject to the Senior Subordinate Mortgage Servicing requirements outlined in this Bulletin or Chapter S84.

Securitization structure and Servicing overview

Freddie Mac will transfer legal ownership of certain Mortgages to a Senior Subordinate Trust. The trust will issue senior and subordinate securities that provide the holders of these securities with the right to receive certain principal and interest payments from the trust. Freddie Mac will guarantee payments to the holders of any senior securities issued by the trust. However, the subordinate securities will not be guaranteed and, in this way, Freddie Mac will transfer a portion of the Senior Subordinate Mortgages’ credit risk to the holders of the subordinate securities. Freddie Mac will also act as master servicer and/or trustee for each Senior Subordinate Trust.

While the routine Servicing of Senior Subordinate Mortgages will generally not differ from that of other Freddie Mac-Owned or Guaranteed Mortgages, there are certain situations that require slight modifications to existing Servicing requirements, primarily related to certain foreclosure and default-related Servicing

requirements. For the most part, these changes are driven by laws or regulations that require the Senior Subordinate Trust to execute documents or require Servicers to disclose the owner of the Mortgage.

Special Servicing requirements for Senior Subordinate Mortgages

Most sections of the Guide and other Purchase Documents will apply to the Servicing of Senior Subordinate Mortgages. However, interspersed throughout various chapters in Volume 2 of the Guide, are sections outlining requirements that do not apply to Senior Subordinate Mortgages. Instead of amending each of these sections with requirements specific to Senior Subordinate Mortgages, and for ease of reference, we have consolidated all of the modified requirements into Chapter S84. While this chapter primarily modifies existing Guide sections, it includes a few sections addressing requirements unique to Servicing Senior Subordinate Mortgages. Some of the key requirements in Chapter S84 are highlighted below:

Intra-Servicer transfer of Mortgages

Freddie Mac will provide each participating Seller/Servicer with a unique “Senior Subordinate Servicer number.” The use of this Servicer-specific Senior Subordinate Servicer number will allow for the easy identification of Mortgages that Freddie Mac has transferred, or intends to transfer, to a Senior Subordinate Trust.

In the event Freddie Mac is unable to transfer a Mortgage to a Senior Subordinate Trust or Freddie Mac repurchases a Mortgage from a Senior Subordinate Trust, the Servicer must follow Freddie Mac’s instructions to transfer the Mortgage from the Senior Subordinate Servicer number to another Servicer number under which the Servicer services Freddie Mac-Owned or Guaranteed Mortgages that are not subject to Chapter S84. We will notify the Servicer when there is a need for an “intra-Servicer transfer of Mortgage.” Such transfers do not constitute a Transfer of Servicing and therefore, are not subject to any fee or prior notice period applicable to subsequent Transfers of Servicing in Section 56.3.

Limited power of attorney

The documents establishing each Senior Subordinate Trust will provide Freddie Mac with a limited power of attorney (LPOA) to act as attorney-in-fact on behalf of each Senior Subordinate Trust for the purpose of executing documents in the name of the trust for the proper Servicing of a Senior Subordinate Mortgage. These documents further authorize Freddie Mac to delegate that authority to its Servicers. We will delegate this authority to Servicers of Senior Subordinate Mortgages and will provide them with LPOAs consistent with LPOAs that we provide to Servicers for Freddie Mac-Owned or Guaranteed Mortgages. However, there may be some jurisdictions that do not recognize the further delegation of an LPOA. The Servicer must seek further instruction from Freddie Mac if it determines that it cannot rely on the authority of the delegated LPOA.

Updates to existing limited retention agreements

We will update our limited retention agreements with the law firms selected by Servicers to handle Freddie Mac Default Legal Matters to include Senior Subordinate Trusts as a party to the agreements. We encourage, but do not require, Servicers to similarly update their contracts with the selected firms. (Servicers are required to enter into such contracts in accordance with Section 69.5.)

Foreclosure

Chapter S84 includes unique foreclosure requirements relating to:

- **Foreclosure referral documentation requirements**: The Servicer must provide the firm additional written information and documentation, such as that relating to the ownership status of the Mortgage, the legal name of the Senior Subordinate Trust and an original copy of the LPOA. See Section S84.15 for additional information.
- **Transfer taxes**: As the Senior Subordinate Trust has legal ownership of the Senior Subordinate Mortgage(s), Servicers are prohibited from conducting foreclosure in Freddie Mac’s name and/or vesting title to the foreclosed Mortgaged Premises in Freddie Mac’s name, even if doing so will allow for the avoidance of otherwise payable transfer taxes. We also prohibit the vesting of title to the foreclosed Mortgaged Premises in the Servicer’s name.

Additional Chapter S84 requirements include, but are not limited to:

- **Internal Revenue Service (IRS) form filings**: Updated guidance for the filing of IRS tax Forms 1099-A, *Acquisition or Abandonment of Secured Property*, and 1099-C, *Cancellation of Debt*, on behalf of the Senior Subordinate Trust. Instruction to report such filings to Freddie Mac is provided in new Form 1065A.
- **Model clauses**: Instructions on how to modify model clauses provided in Guide Exhibit 93
- **Real Estate Owned (REO)**: Freddie Mac will manage the REO on behalf of the Senior Subordinate Trust. The Servicer must continue to inspect and maintain the property until receipt of the Property Condition Certificate, and pay any homeowners association (HOA) dues and taxes. The Servicer must also notify the taxing authority and any applicable HOA of Freddie Mac's management of the property on behalf of the Senior Subordinate Trust.

Directories 3, 5 and 6 have been updated to reflect these changes.

ADDITIONAL GUIDE UPDATES AND REMINDERS

Updates to Form 906, *Freddie Mac Loan Coverage Advisor℠ Authorized User Role Form*

Effective April 9, 2015

As announced in Bulletin 2015-4, we have updated Form 906 to increase ease of customer use. Seller/Servicers are now given the option to request read-only access for all of their Seller/Servicer numbers without having to list all of those numbers. After access to Loan Coverage Advisor℠ has been granted, it is the responsibility of the Seller/Servicer to review its access and to advise Freddie Mac if its Seller/Servicer access is not complete.

Sections 2.27 and 51.28 have also been updated for additional clarity and to specify that Seller/Servicers are responsible for confirming their Seller/Servicer numbers are:

- Reported to Freddie Mac on Form 906, and
- Reported to the Seller/Servicer pursuant to Form 906

Remittance of third-party foreclosure sale proceeds

Effective May 18, 2015

To clarify updates made to the Guide with Bulletin 2015-2, we are further updating our requirements in Section 66.37 to state that the Servicer must instruct the foreclosure counsel conducting the foreclosure sale to remit the third-party foreclosure sale proceeds (i.e., sale proceeds without any netting by foreclosure counsel of their fees and/or costs from the sale proceeds check) to the Servicer via overnight mail or wire transfer no later than three Business Days after the foreclosure counsel receives the proceeds. This is required regardless of the sale price relative to the total indebtedness of the Mortgage.

Filing IRS Form 1099-C, *Cancellation of Debt*

We are updating Section 55.3.1(a) to clarify the instructions for Servicers that file IRS Form 1099-C in coordination with IRS Form 1099-A. We are clarifying that Servicers also must complete box 4, "Description of debt," to meet their IRS Form 1099-A obligations. In addition, we are clarifying the identifiable events under Section 55.3.1(d) by removing the identifiable event "expiration of a nonpayment testing period" because it does not apply to Freddie Mac.

Guide Snapshot PDFs

For Seller/Servicer convenience, we have recently published the **March 17, 2015 Guide Snapshot PDF**, which includes two comprehensive files:

- A PDF file of the entire Guide, including a table of contents, easy-to-use navigational bookmarks and highlighting designating updates made to the Guide since December 18, 2014, the date of the last Guide Snapshot PDF
- A PDF file containing all of the Bulletins issued from January through March 2015

All Guide Snapshot PDFs are available at **http://www.freddiemac.com/singlefamily/guide/bulletins/snapshot.html**. As a reminder, these PDFs are not official versions of the Guide.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 55, 64, 66, 71 and S84
- Form 1065A
- Directories 3, 5 and 6

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2015-5 (Servicing) Guide Updates Spreadsheet available at **http://www.freddiemac.com/singlefamily/guide/docs/bll1505_spreadsheet.xls**.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE and select “Servicing.”

Sincerely,

Yvette W. Gilmore
Vice President
Servicer Performance Management

Freddie Mac
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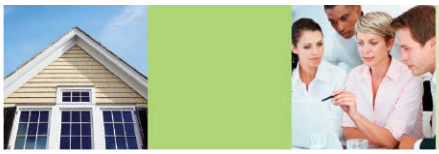

Bulletin

TO: Freddie Mac Sellers April 17, 2015 | 2015-6

SUBJECT: POSTSETTLEMENT DELIVERY FEES AND MORTGAGES WITH SECONDARY FINANCING

Pursuant to a Federal Housing Finance Agency directive, this *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces the following changes to our postsettlement delivery fees ("delivery fees"):

- Elimination of the Market Condition delivery fee
- Increases to certain Indicator Score/Loan-to-Value (IS/LTV) delivery fee rates
- Increases to delivery fee rates for the following Mortgage types:
  - Cash-out refinance
  - Investment Property
  - Super conforming
  - Mortgages with secondary financing
- Simplification of the secondary financing delivery fee rates applicable to Home Possible® Mortgages with secondary financing other than Affordable Seconds® and including them on the Home Possible delivery fee grid

In addition, Freddie Mac is aligning the maximum LTV ratios for Mortgages with secondary financing with those for Mortgages without secondary financing.

EFFECTIVE DATE

The changes announced in this Bulletin are effective for Mortgages with Settlement Dates on or after **September 1, 2015**.

ELIMINATION OF MARKET CONDITION DELIVERY FEE

We are eliminating the Market Condition delivery fee for all Mortgages we purchase.

DELIVERY FEE INCREASES

Indicator Score/Loan-to-Value delivery fee

We are increasing certain IS/LTV delivery fee rates by 25 basis points.

We are also adding specific cells covering the following LTV ratio ranges (although the delivery fee rates for these ranges will remain unchanged):

- Greater than 85% and less than or equal to 90%
- Greater than 90% and less than or equal to 95%
- Greater than 95% (Freddie Mac Relief Refinance Mortgages℠ only)

Indicator Score/Loan-to-Value delivery fee rates for Mortgages other than Relief Refinance Mortgages

The updated grid below reflects the delivery fee rates for specific IS/LTV ratio combinations for Mortgages other than Relief Refinance Mortgages. The IS/LTV ratio combinations with the 25 basis point increase are highlighted in yellow, along with the new LTV ratio ranges (with unchanged delivery fee rates).

INDICATOR SCORE / LOAN-TO-VALUE FOR MORTGAGES OTHER THAN RELIEF REFINANCE MORTGAGES Effective for Settlements on or after September 1, 2015								
Product	**Credit Score**	**LTV Ratios**						
		All Eligible						
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85% & ≤ 90%**	**> 90% & ≤ 95%**
All Eligible Product	**≥ 740**	0.00%	0.25%	0.25%	0.50%	0.25%	0.25%	0.25%
	≥ 720 & < 740	0.00%	0.25%	0.50%	0.75%	0.50%	0.50%	0.50%
	≥ 700 & < 720	0.00%	0.50%	1.00%	1.25%	1.00%	1.00%	1.00%
	≥ 680 & < 700	0.00%	0.50%	1.25%	1.75%	1.50%	1.25%	1.25%
	≥ 660 & < 680	0.00%	1.00%	2.25%	2.75%	2.75%	2.25%	2.25%
	≥ 640 & < 660	0.50%	1.25%	2.75%	3.00%	3.25%	2.75%	2.75%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%	3.25%
	< 620	0.50%	1.50%	3.00%	3.00%	3.25%	3.25%	3.25%

Indicator Score/Loan-to-Value delivery fee rates for Relief Refinance Mortgages

The updated grid below reflects the delivery fee rates for specific IS/LTV ratio combinations for Relief Refinance Mortgages. The IS/LTV ratio combinations with the 25 basis point increase are highlighted in yellow, along with the new LTV ratio ranges (with unchanged delivery fee rates).

INDICATOR SCORE / LOAN-TO-VALUE FOR RELIEF REFINANCE MORTGAGES Effective for Settlements on or after September 1, 2015									
Product	**Credit Score**	**LTV Ratios**							
		All Eligible							
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 85%**	**> 85% & ≤ 90%**	**> 90% & ≤ 95%**	**> 95%**
All Eligible Product	**≥ 740**	0.00%	0.25%	0.25%	0.50%	0.00%	0.00%	0.00%	0.00%
	≥ 720 & < 740	0.00%	0.25%	0.50%	0.75%	0.00%	0.00%	0.00%	0.00%
	≥ 700 & < 720	0.00%	0.50%	1.00%	1.25%	0.50%	0.50%	0.50%	0.50%
	≥ 680 & < 700	0.00%	0.50%	1.25%	1.75%	1.00%	0.75%	0.75%	0.75%
	≥ 660 & < 680	0.00%	1.00%	2.25%	2.75%	2.25%	1.75%	1.75%	1.75%
	≥ 640 & < 660	0.50%	1.25%	2.75%	3.00%	2.75%	2.25%	2.25%	2.25%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%
	< 620	0.50%	1.50%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%

Cash-out refinance Mortgages

We are increasing delivery fee rates for all cash-out refinance Mortgages by 37.5 basis points, as reflected in the updated grid below.

CASH-OUT REFINANCE MORTGAGES INDICATOR SCORE / LOAN-TO-VALUE Effective for Settlements on or after September 1, 2015					
Product	Credit Score	LTV Ratios			
		All Eligible			
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%
All Eligible Product	≥ 740	0.375%	0.625%	0.625%	0.875%
	≥ 720 & < 740	0.375%	1.000%	1.000%	1.125%
	≥ 700 & < 720	0.375%	1.000%	1.000%	1.125%
	≥ 680 & < 700	0.375%	1.125%	1.125%	1.750%
	≥ 660 & < 680	0.625%	1.125%	1.125%	1.875%
	≥ 640 & < 660	0.625%	1.625%	1.625%	2.625%
	≥ 620 & < 640	0.625%	1.625%	1.625%	3.125%
	< 620	1.625%	2.625%	2.625%	3.125%

Investment Property Mortgages

We are increasing delivery fee rates for all Investment Property Mortgages by 37.5 basis points, as reflected in the updated grid below.

INVESTMENT PROPERTY MORTGAGES Effective for Settlements on or after September 1, 2015			
Product	LTV Ratios		
	All Eligible		
	≤ 75%	> 75% & ≤ 80%	> 80%
All Eligible Product	2.125%	3.375%	4.125%

Super conforming Mortgages

We are increasing delivery fee rates for purchase and no cash-out refinance super conforming Mortgages by 25 basis points, as reflected in the updated grid below.

SUPER CONFORMING MORTGAGES Effective for Settlements on or after September 1, 2015				
Product	**Purpose**	**LTV / TLTV Ratios**		
		All Eligible		
		≤ 75%	**> 75% & ≤ 80%**	**> 80%**
30-, 20- and 15-year Fixed Rate Fully Amortizing	**Purchase & No Cash-out Refinance**	0.25%	0.25%	0.25%
	Cash-out Refinance	1.00%	Not Eligible	
Fully Amortizing ARMs (All Eligible)	**Purchase & No Cash-out Refinance**	1.00%	1.75%	1.75%
	Cash-out Refinance	1.75%	Not Eligible	

Mortgages with secondary financing

For delivery fee rates for Mortgages with secondary financing, we are:

- Increasing by 37.5 basis points the delivery fee rates for all Mortgages with secondary financing other than Home Possible Mortgages
- Consolidating overlapping ratio ranges

Delivery fee rates for Mortgages with secondary financing other than Relief Refinance Mortgages

The grid below reflects the revised delivery fee rates for Mortgages with secondary financing other than Relief Refinance Mortgages.

MORTGAGES WITH SECONDARY FINANCING OTHER THAN RELIEF REFINANCE MORTGAGES Effective for Settlements on or after September 1, 2015				
	LTV Ratios	**TLTV Ratios**	**Credit Score**	
			< 720	**≥ 720**
All Eligible Product	**≤ 75%**	**≤ 80%**	0.375%	0.375%
	≤ 65%	**> 80% & ≤ 95%**	0.875%	0.625%
	> 65% & ≤ 75%	**> 80% & ≤ 95%**	1.125%	0.875%
	> 75% & ≤ 95%	**> 76% & ≤ 95%**	1.375%	1.125%

Delivery fee rates for Relief Refinance Mortgages with secondary financing

The grid below reflects the revised delivery fee rates for Relief Refinance Mortgages with secondary financing.

RELIEF REFINANCE MORTGAGES WITH SECONDARY FINANCING Effective for Settlements on or after September 1, 2015				
	LTV Ratios	TLTV Ratios	Credit Score	
			< 720	≥ 720
All Eligible Product	≤ 75%	≤ 80%	0.375%	0.375%
	≤ 65%	> 80% & ≤ 95%	0.875%	0.625%
	> 65% & ≤ 75%	> 80% & ≤ 95%	1.125%	0.875%
	> 75% & ≤ 80%	> 76% & ≤ 95%	1.375%	1.125%
	> 80% & ≤ 90%	> 81% & ≤ 95%	1.375%	0.875%
	> 90% & ≤ 95%	> 91% & ≤ 95%	0.875%	0.625%
	ALL	> 95%	1.875%	1.875%

HOME POSSIBLE MORTGAGES WITH SECONDARY FINANCING OTHER THAN AFFORDABLE SECONDS

The grid below reflects the revised delivery fee rate for Home Possible Mortgages with secondary financing other than Affordable Seconds.

HOME POSSIBLE MORTGAGES Effective for Settlements on or after September 1, 2015		
Product	Loan Purpose	LTV Ratios
		All Eligible
All Eligible Product	Purchase	0.75%
	No Cash-out Refinance	1.50%
Secondary Financing (other than Affordable Seconds®)	All	0.50%

MAXIMUM LTV RATIOS FOR MORTGAGES WITH SECONDARY FINANCING

Currently, the maximum LTV ratio requirements for Mortgages with secondary financing are 5% lower than the LTV ratio requirements for Mortgages without secondary financing. To help streamline our requirements, we are eliminating the separate lower LTV ratio requirements for Mortgages with secondary financing.

The delivery fee grids for Mortgages with secondary financing in Guide Exhibit 19 have been updated to reflect this change.

The Freddie Mac Selling System and Loan Prospector® will be updated by the effective date of September 1, 2015 to support this change.

REVISIONS TO THE GUIDE

Exhibit 19 has been updated to reflect the changes announced in this Bulletin. Additionally, we have revised certain footnotes in Exhibit 19 to reflect changes to Mortgages with Affordable Seconds announced in Bulletin 2015-4.

Guide Section A24.5 has been updated to reflect the elimination of the Market Condition delivery fee.

Sections 23.4, H33.3(e) and L33.3(c) have been updated to reflect the changes to maximum LTV ratio requirements for Mortgages with secondary financing.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,

Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management

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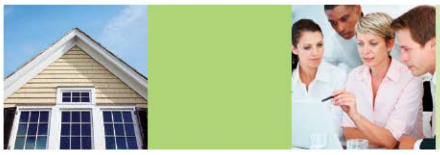

Bulletin

TO: Freddie Mac Sellers May 14, 2015 | 2015-7

SUBJECT: SELLING UPDATES

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

Credit underwriting and Mortgage eligibility

- Updates to our requirements and guidance for stable monthly income qualification sources
- Updates to certain requirements for Construction Conversion and Renovation Mortgages
- Updates to the Guide to reflect the extension of the expiration date of the Freddie Mac Relief Refinance Mortgage℠ – Same Servicer and Relief Refinance Mortgage – Open Access offerings
- Updates to Loan Prospector® and the **Affordable Income & Property Eligibility tool** to reflect the area median income estimates for 2015

Quality control

- Requirements for electronic submissions of postfunding quality control review documentation

Property eligibility

- Clarifications on the selection of comparable sales for properties located in new subdivisions, units located in new Planned Unit Developments (PUDs) and units located in recently converted and New Condominium Projects
- New Guide Form 1033, *One-Unit Residential Appraisal Desk Review Report*, which is available on a negotiated basis

In addition to the changes listed above, we are making further updates and revisions as described in the "Additional Guide Updates and Reminders" section of this Bulletin.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

CREDIT UNDERWRITING AND MORTGAGE ELIGIBILITY

Stable monthly income qualification sources

Effective for Mortgages with Settlement Dates on or after July 20, 2015

In response to Seller inquiries, we evaluated and are updating certain income requirements and guidance. The updates include, but are not limited to, the following.

Retirement account distributions as qualifying income

We are providing specific requirements and guidance regarding retirement account distributions as qualifying income. Decisions with respect to distributions from a retirement account for the purposes of an income source are determined by the Borrower; however, those decisions may be based on multiple variables such as account type (e.g., individual versus employer plan), Internal Revenue Service rules, employer plan rules and personal financial planning goals. Rules related to account type and distribution timing, as well as distribution amount, are often based on laws and regulations. Due to variables such as those described above, retirement account distributions may consist of fixed or fluctuating income amounts. Therefore, one defined history of receipt requirement is not appropriate or provided; however, a list of factors that may be used to make a determination of the length of a reasonable history of receipt, ranging from zero up to 24 months, are summarized in Section 37.13.

Income qualification sources and documentation for certain income types

We are making updates to the following income types:

- Retirement income
- Long-term disability income
- Survivor and dependent benefit income
- Social Security Supplemental Security Income (SSI), and
- Public assistance income

The updates include, but are not limited to:

- Eliminating the requirement that the Seller document the Borrower's receipt of the income for the most recent two months, provided the source, pre-determined payment amount, payment frequency and current receipt are verified
- Award letters and benefit verification letters are viable sources of information and at times can provide all or the majority of the information required for certain income types; therefore, we are specifying that these sources may be used to verify current receipt, provided they meet the age of documentation requirements. However, if the documentation is being used solely to verify income source, type, payment frequency and amount, it does not have to meet the age of documentation requirements.
- Updating the age of documentation requirements to specifically mention current receipt of income. Income types that reference current receipt are retirement income, retirement account distributions as income, long-term disability, survivor and dependent benefits, SSI and public assistance
- For newly established income sources, we are allowing the Seller to use qualifying income that becomes effective after the Note Date, but prior to the first Mortgage payment due date, as documented on the benefit verification letter, notice of award letter or other equivalent documentation from the payor

Income continuance requirements

We are updating the income documentation requirements to better distinguish between income types where the continuance of the income is always defined and documentable and those income types for which the continuance may or may not be defined and/or documentable. These updates include, but are not limited to, the following:

- Revising requirements to state "must continue" instead of "must be likely to continue" for income for which continuance is always defined and documentable (e.g., mortgage differential, notes receivable)
- Removing income continuance documentation requirements for income types that do not always have defined and/or documentable continuance (i.e., tips, overtime, tax-exempt)
- Updating continuance language for public assistance to reflect the duration of benefit eligibility rather than benefit income to better align with public assistance program requirements
- Updating continuance language for the Homeownership Voucher Program to reflect program term limits for assistance rather than payments to better align with Homeownership Voucher Program requirements

Homeownership Voucher Program (formerly referred to as Section 8 homeownership assistance)

In connection with the Homeownership Voucher Program, we are updating the income type name to reflect the homeownership program name. In addition, we are removing the requirement that the funds be paid directly to the Borrower, thus allowing payments that are made directly to servicers to be considered qualifying income.

System and Guide updates

Loan Prospector feedback messages will be updated July 19, 2015 to support the stable monthly income updates described above.

Sections 37.13, 37.13(a)(ii), 37.13(a)(vii), 37.13(b), 37.13(c), 37.13(d), 37.20(d), 37.22(a) and 37.23(a) have been updated to reflect the stable monthly income updates described above.

Sections A24.3 and B24.3 have been updated, as applicable.

Note: The revised documentation requirements for Streamlined Accept Documentation in Section 37.22(a) and Standard Documentation in Section 37.23(a) are identical.

Construction Conversion and Renovation Mortgages

Effective immediately unless otherwise noted below

Refinance transactions

To help streamline our requirements, we are revising requirements for Construction Conversion and Renovation Mortgages that are refinance transactions as follows:

- Effective for Mortgages with Settlement Dates on or after **September 1, 2015**, we are requiring that:
  - For "no cash-out" refinance Construction Conversion Mortgages secured by Manufactured Homes, at least one Borrower must have been on the title to the land for 12 months or more prior to the Effective Date of Permanent Financing
  - For cash-out refinance Construction Conversion and Renovation Mortgages, at least one Borrower must have been on the title to the land for six months or more prior to the Effective Date of Permanent Financing
- Making permanent the provision established in the November 20, 2006 Bulletin permitting the use of appraised value when calculating loan-to-value (LTV), total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratios regardless of how long the Borrower has owned the land

In addition, we are clarifying that for "no cash-out" refinance transactions, the proceeds of the Permanent Financing may be used to pay off junior lien(s) secured by the Mortgaged Premises, provided the lien(s) were used in their entirety for the construction and/or renovation of the subject property, as applicable.

We have updated Sections 24.5, K33.6, K33.12 and K33.14 to reflect these changes.

Eligible Borrowers

In response to Seller requests, we have evaluated our requirements for eligible Borrowers and are permitting a builder/developer to be obligated on the Interim Construction Financing, or another Mortgage on the land or the improvements, when the builder/developer is the Borrower on the Permanent Financing and will occupy the Mortgaged Premises as his or her Primary Residence.

We have updated Section K33.7 to reflect this change.

Relief Refinance Mortgages

In our Single-Family Update e-mail dated May 8, 2015, we notified Sellers that the Federal Housing Finance Agency (FHFA) has directed Freddie Mac and Fannie Mae to extend the Home Affordable Refinance Program (HARP) to December 31, 2016.

As a result, we are updating the Guide to reflect the extension of the expiration date of the Freddie Mac Relief Refinance Mortgage – Same Servicer and Relief Refinance Mortgage – Open Access offerings, which previously required Application Received Dates on or before December 31, 2015 and Settlement Dates on or before September 30, 2016. With this change, Relief Refinance Mortgage – Same Servicer and Relief Refinance Mortgage – Open Access must have Application Received Dates on or before December 31, 2016 and Settlement Dates on or before September 30, 2017.

Sections A24.1 and B24.1 have been updated to reflect these changes.

Area median income estimates

The Federal Housing Finance Agency has issued the area median income estimates for 2015.

Loan Prospector will be updated on **May 17, 2015** to reflect the 2015 area median income estimates and the **Affordable Income & Property Eligibility tool** will be updated on **May 18, 2015**. The 2015 area median income estimates will apply to Home Possible® Mortgages submitted or resubmitted through Loan Prospector on or after **May 17, 2015**.

QUALITY CONTROL

Electronic submissions for postfunding quality control files

Effective October 1, 2015

Freddie Mac has accepted electronic submission of Mortgage file documentation requested for quality control review for several years. To help streamline the postfunding quality control review process and make it more efficient, we are updating Mortgage file submission requirements in Section 46.1(d) to require Sellers not already submitting Mortgage file documents electronically to provide documents indicated on the quality control checklist in an electronic media format and file size acceptable to Freddie Mac.

The media format and file size requirements are specified on the quality control web page at **http://www.freddiemac.com/singlefamily/qc_electronic_file_delivery_reqs.html**.

Freddie Mac will work with Sellers to implement the transition to electronic file submission. However, Sellers that do not comply with the specified requirements may be subject to appropriate action including, but not limited to, an assessment of a noncompliance fee for costs Freddie Mac incurs by having to manually process deliveries.

PROPERTY ELIGIBILITY

Comparable sales selection

We are updating requirements to provide consistency in the selection of comparable sales for properties located in new subdivisions, units located in new PUDs and units located in recently converted and New Condominium Projects.

To clarify these requirements, we are separating comparable sales selection requirements into two categories:

- Requirements for properties located in established subdivisions and units located in established PUDs and in Established Condominium Projects
- Requirements for properties located in new subdivisions and units located in new PUDs and in recently converted and New Condominium Projects

We are also deleting the special comparable sales selection requirement for Condominium Units securing super conforming Mortgages.

Sections L33.6, 42.8, 43.3 and 44.15 have been updated to reflect these changes.

Form 1033, *One-Unit Residential Appraisal Desk Review Report*

Freddie Mac is introducing a new appraisal desk review form, Form 1033, *One-Unit Residential Appraisal Desk Review Report*. Sellers may use Form 1033 only if permitted by their Purchase Documents. A Seller should contact its Freddie Mac representative to discuss how to obtain the applicable term of business.

Section 44.9 has been updated to reflect this new form.

ADDITIONAL GUIDE UPDATES AND REMINDERS

Certificate of incumbency form updates

We are updating the following certificate of incumbency forms for Sellers and Warehouse Lenders for consistency and ease of customer use:

- Form 988SF-1, *Certificate of Incumbency for a Bank, Savings Bank, Savings and Loan Association, Credit Union or Corporation*
- Form 988SF-2, *Certificate of Incumbency for a Limited Liability Company*
- Form 989SF, *Certificate of Incumbency for a Limited Partnership*
- Form 990SF, *Warehouse Provider Certificate of Incumbency*

Private mortgage insurer eligibility requirements reminder

As a reminder, our Single-Family Update e-mail dated April 17, 2015 announced revised private mortgage insurer eligibility requirements (PMIERS). The revised PMIERS take effect on **December 31, 2015** and apply to MIs that provide coverage for Mortgages sold to Freddie Mac.

Seller/Servicers should continue to do business with MIs listed on Guide Exhibit 10 for Mortgages intended for sale to Freddie Mac. Freddie Mac will update Exhibit 10 as necessary to reflect any changes in approval status of the MIs.

Reminder for new Real Estate Settlement Procedures Act/Truth-in-Lending Act integrated mortgage disclosure

As indicated in our Single-Family News Center article dated December 16, 2014, new Consumer Finance Protection Bureau (CFPB) rules implementing the CFPB's integrated mortgage disclosure forms take effect on **August 1, 2015**. Freddie Mac will be updating the Guide prior to August 1, 2015 to reflect the new nomenclature required under CFPB's updated regulatory framework, and to address additional Freddie Mac requirements as of August 1, 2015.

While the CFPB will require the use of its new Loan Estimate and Closing Disclosure in lieu of the Good-Faith Estimate and HUD-1 Settlement Statement (and associated initial and final Truth-in-Lending disclosures), for applications received on and after August 1, 2015, Freddie Mac will not require the delivery of the Uniform Closing Dataset (UCD) in 2015. The UCD was developed jointly with Fannie Mae under the direction of the FHFA to support the CFPB's Closing Disclosure. Additional information regarding the required delivery date of the UCD will be provided in a future communication.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters A24, B24, K33, L33, 37, 42, 43, 44 and 46
- Forms 988SF-1, 988SF-2, 989SF, 990SF and 1033

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2015-7 (Selling) Guide Updates Spreadsheet available at **http://www.freddiemac.com/singlefamily/guide/docs/bll1507_spreadsheet.xls**.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,

Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management

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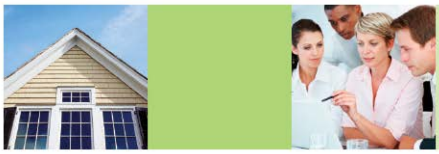

Bulletin

TO: Freddie Mac Sellers and Servicers May 20, 2015 | 2015-8

SUBJECT: SELLER/SERVICER ELIGIBILITY

At the direction of the Federal Housing Finance Agency (FHFA), this *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces changes to our financial eligibility requirements including:

- Revisions to Seller/Servicer net worth requirements
- Adoption of new Seller/Servicer capital and liquidity requirements

We are also enhancing certain Servicer operational requirements to provide additional information regarding:

- Freddie Mac's expectations for Master Servicers and their Servicing Agents
- Transferor and Transferee Servicers in connection with Subsequent Transfers of Servicing of Freddie Mac Mortgages
- Notification of class action legal proceedings or regulatory or supervisory actions, proceedings or investigations
- Servicer quality control programs

SELLER/SERVICER FINANCIAL ELIGIBILITY REQUIREMENTS

Effective December 31, 2015

We are revising our Seller/Servicer net worth requirements and implementing new Seller/Servicer capital and liquidity requirements to better manage Freddie Mac's counterparty risk exposure.

Seller/Servicers that do not meet the new minimum financial eligibility requirements reflected in updated Guide Section 4.3 must take steps to be in, and to maintain, compliance with these requirements on and after the effective date. Such Seller/Servicers should contact their Freddie Mac representative or Customer Support at (800) FREDDIE to further discuss the requirements. We will continue to monitor Seller/Servicer financial eligibility compliance and non-compliance. In our discretion, we may provide non-compliant Seller/Servicers with additional time to remediate deficiencies on a case by case basis or take other appropriate action.

Seller/Servicers that are depository institutions

All Seller/Servicers that are depository institutions must at all times maintain an Acceptable Net Worth of $2,500,000 plus a dollar amount equivalent to 25 basis points of the unpaid principal balance (UPB) of all Mortgages secured by 1- to 4-unit residential properties that it services directly, regardless of whether the Mortgages are owned by the Servicer or by a third-party investor. Freddie Mac will exclude from the Acceptable Net Worth calculation the UPB of any Mortgages for which a Servicer is engaged by another entity to service those Mortgages as a subservicer.

Seller/Servicers that are depository institutions must maintain compliance with their applicable capital and liquidity requirements imposed by their regulators.

Seller/Servicers that are not depository institutions

In addition to meeting the Acceptable Net Worth requirement above, Seller/Servicers that are not depository institutions must also maintain a:

- Tangible Net Worth/total assets ratio greater than or equal to 6%; and
- Liquidity equal to or exceeding 3.5 basis points times the aggregate UPB of all Mortgages secured by 1- to 4-unit residential properties serviced for Freddie Mac, Fannie Mae and Ginnie Mae ("Agency

Mortgage Servicing") plus 200 basis points times the sum of nonperforming (90 or more days delinquent) Agency Mortgage Servicing that exceed 6% of Agency Mortgage Servicing

Seller/Servicer compliance with the new financial eligibility requirements must be maintained at all times.

Definitions for financial eligibility requirements

The following terms and definitions have been added to Section 4.3 to assist Seller/Servicers in better understanding the financial eligibility requirements:

- **Agency Mortgage Servicing**: The aggregate unpaid principal balance (UPB) of all Mortgages secured by 1- to 4-unit residential properties serviced for Freddie Mac, Fannie Mae and Ginnie Mae (a quarterly Chief Financial Officer certification of this information will be required). The UPB of any Mortgages for which a Servicer is engaged by another entity to service those Mortgages as a subservicer will be excluded.
- **Tangible Net Worth**: Total equity less receivables due from related entities, less goodwill and other intangible assets, less carrying value of pledged assets net of associated liabilities
- **Liquidity**: Cash and cash equivalents (unrestricted), certain investment grade securities that are available for sale or held for trade (including single-family mortgage-backed securities backed solely by Agency Mortgage Servicing, obligations of Government Sponsored Enterprises, and Treasury obligations), unused/available portion of committed Servicing advance lines (a quarterly Chief Financial Officer certification of this information will be required)

SERVICER OPERATIONAL REQUIREMENTS

Effective August 18, 2015

In response to Servicer requests for greater transparency and specificity, we are expanding our Guide requirements to incorporate more detail in connection with Transfers of Servicing and subservicing.

We thank our Servicers for the feedback that led to these enhancements, and encourage continued feedback to improve understanding of our requirements and facilitate implementation.

Related Glossary terms

We are adding the following terms and definitions to the Glossary:

- **Master Servicer**: A Servicer that has entered into a Subservicing Agreement with a Servicing Agent
- **Outsourced Vendor**: A third party, other than a Servicing Agent, engaged by a Servicer or a Servicing Agent to provide information and transaction processing services and other activities including, but not limited to, mailing solicitation letters, performing property inspections, property valuations or default-related legal services
- **Subservicing Agreement**: An agreement between a Servicer and its Servicing Agent whereby the Servicing Agent agrees to perform all or substantially all of the Servicing obligations of the Servicer (i.e., the Master Servicer)

We are also updating the definitions for the following Glossary terms:

- **Servicing Agent**: To state that the Servicing Agent is performing all or substantially all of the Servicer's Servicing obligations with respect to Mortgages owned or guaranteed by Freddie Mac
- **Servicing**: To reflect that Servicing is the performance of all applicable obligations

Master Servicers and Servicing Agents

Consistent with our practice to date, Freddie Mac continues to hold Master Servicers primarily responsible for the performance of their Servicing Agents. In furtherance of the obligations and agreements of the Master Servicer and Servicing Agent on Guide Form 479A, we are adding provisions to Section 51.4 and new Section 51.4.1 related to the Master Servicer and Servicing Agent's responsibilities when the Master Servicer's obligations will be undertaken by a new Servicing Agent (e.g., due to the termination or expiration of the Subservicing Agreement with a prior Servicing Agent) or performed directly by the Master Servicer itself.

The provisions also require that the **Master Servicer**:

- Disclose all relevant Purchase Documents containing Servicing requirements to its Servicing Agent prior to execution of Form 479A
- Establish an oversight and surveillance program to monitor its Servicing Agent's compliance with the Servicing requirements in the Guide and other Purchase Documents applicable to the Master Servicer. To provide additional guidance, we have developed a *Servicing Agent Oversight and Surveillance Program Best Practices* document.
- Maintain systems and processes to effectively manage and oversee its Servicing Agent

In addition, we have updated the Guide to ensure that **Servicing Agents** understand that they:

- Have no right to assume any part or the entirety of the Master Servicer's Servicing contract with Freddie Mac
- Have no right to enter into a Transfer of Servicing or other agreement to transfer any rights or obligations under the Subservicing Agreement to a third party
- Have rights under the Subservicing Agreement that are subject and subordinate in all respects to all rights, powers and prerogatives of Freddie Mac under the Purchase Documents, at law and in equity
- Are not a third-party beneficiary of any of the Purchase Documents between Freddie Mac and the Master Servicer

The requirements above are not all inclusive of Freddie Mac's expectations of Master Servicers and their Servicing Agents. Additional requirements are in revised Section 51.4 and new Section 51.4.1.

Servicing Agent Oversight and Surveillance Program Best Practices

The Servicer is responsible for compliance with all Servicing requirements under the Purchase Documents, including the actions and omissions of any Servicing Agent that has been engaged by the Servicer. Section 51.4 requires Master Servicers to develop an oversight and surveillance program to ensure compliance with our requirements.

We are providing the *Servicing Agent Oversight and Surveillance Program Best Practices* document, available at **www.freddiemac.com/singlefamily/pdf/master_surveillance.pdf**, to assist Master Servicers with monitoring their respective Servicing Agents' compliance with applicable Freddie Mac Servicing requirements. This best practices document provides an outline of the minimum activities that Master Servicers should perform as part of their oversight and surveillance programs. The minimum surveillance activities performed by a Master Servicer should be risk-based and therefore tailored based on the size of the subservicing relationship.

Subsequent Transfers of Servicing

We are revising the Transfer of Servicing requirements in Sections 56.3, 56.4 and 56.5 to:

- Require the Transferor Servicer to evaluate whether or not the proposed transfer will in any way impair its ability to demonstrate to Freddie Mac's satisfaction that it has sufficient capitalization, profitability, liquidity and funding sources to support its ongoing operations and its commitments to Freddie Mac following the transfer, and require the Transferee Servicer to conduct the same evaluation of itself
- State that Freddie Mac may perform a post-transfer review of any approved Transfer of Servicing, which may include onsite visits, to assess how well the Transferor and Transferee Servicers complied with the Servicing requirements of the Guide and applicable Purchase Documents, and to discuss best practices
- Require the Transferor Servicer to participate with the Transferee Servicer in a due diligence review of the transferred Mortgages
- State that the Transferor and Transferee Servicer should consider adopting the best practices set forth in the *Servicing Transfer Best Practices* document

Servicing Transfer Best Practices

Freddie Mac is providing the *Servicing Transfer Best Practices* document, available at **www.freddiemac.com/singlefamily/pdf/tos_best_practices.pdf**, to provide additional instructions to Transferor and Transferee Servicers on how to better manage their Transfer of Servicing activities.

This best practices document includes:

- Activities required pre- and post-Transfer of Servicing
- A description of Freddie Mac's activities pre-, during and post-transfer
- Best practices for Servicer monitoring and testing
- Examples of poor Servicing transfer activities that Servicers should avoid

Notification of legal proceedings or regulatory actions

In our October 28, 2014 Industry Letter, we reminded Seller/Servicers that if a Seller/Servicer becomes subject to any judgment, order, finding or regulatory action that would adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase Documents, the Seller/Servicer must notify Freddie Mac within seven Business Days. We are revising our Guide to ensure Servicers undertaking a proposed Transfer of Servicing or subservicing relationship are similarly aware of such items.

Specifically, we are revising Section 4.11, Form 479A and Form 981 to require that the Master Servicer, Servicing Agents, Transferor Servicers and Transferee Servicers, respectively, notify Freddie Mac if the Master Servicer, Servicing Agent, Transferor Servicer or Transferee Servicer become subject to an active or threatened (overtly and in writing) class action legal proceeding or regulatory or supervisory action, proceeding or investigation, including, without limitation, any judgment, order, finding or settlement agreement that could adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase Documents or otherwise potentially adversely impact Freddie Mac.

After August 18, 2015, Freddie Mac will no longer accept prior versions of the Forms 479A and 981.

Seller/Servicers are reminded that they are to complete and submit such change notifications in the applicable sections of Form 1107SF in accordance with the requirements in Section 4.11.

Servicer quality control programs

Each Servicer must implement a quality control program with respect to its Servicing of Mortgages for Freddie Mac, and, in implementing this program, may leverage its existing quality control processes. Freddie Mac may review and require changes to a Servicer's quality control program. Servicers must have written policies and procedures documenting their quality control program requirements and must consistently monitor compliance with these policies and procedures as part of a prudent risk management framework.

Various Guide sections currently include requirements that would be appropriate components of a Servicer's quality control program. Freddie Mac has created new Section 51.29, *Servicer's Quality Control Program*, which consolidates, by reference, the Guide's Servicing quality control requirements and enables Servicers to access all of them in one place. We have also provided minimum requirements for what must be included in a Servicer's quality control program.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,

Yvette W. Gilmore
Vice President
Servicer Performance Management

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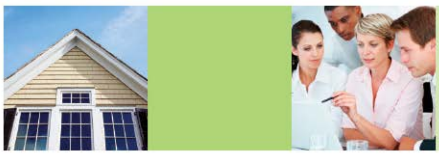

Bulletin

TO: Freddie Mac Servicers June 15, 2015 | 2015-9

SUBJECT: SERVICING UPDATES

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

Modifications

- The one-year extension of the Home Affordable Modification Program (HAMP®)
- Revised requirements relating to application of HAMP Pay for Performance incentives to principal, additional guidance for handling funds from the Program Administrator and offers to reamortize the Mortgage
- The elimination of the expiration date for the Freddie Mac Streamlined Modification
- A Servicer compensation clarification for certain instances when the modification is the third modification to the Mortgage
- The requirement that all modification agreements in connection with a partial principal curtailment be written, executed by at least the Servicer and provided to the Document Custodian

Foreclosure and Real Estate Owned

- The mandatory use of the Freddie Mac Default Fee Appeal System for submitting appeals of late foreclosure sale reporting compensatory fees
- Servicer reimbursement of "unearned" property insurance premiums under certain conditions
- New monthly Internal Revenue Service Form 1099-C filing reports

In addition to the above changes, we are making further updates and revisions, as described in the "Additional Guide Updates" section of this Bulletin.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

MODIFICATIONS

Home Affordable Modification Program (HAMP) extension

As a result of Treasury and the Federal Housing Finance Agency's previous announcements of the extension of HAMP, Guide Section C65.4 has been updated to require that all HAMP modifications must have a Modification Effective Date on or before **September 1, 2017** and that all evaluations for HAMP must be based on a complete Borrower Response Package submitted on or before **December 31, 2016**.

HAMP Pay for Performance incentive

Application

With the introduction of the HAMP Year Six Pay for Performance incentive in Bulletin 2015-1, we included requirements regarding the application of the incentive. These requirements applied not only to the HAMP Year Six Pay for Performance incentive, but also to existing HAMP Pay for Performance incentives not yet applied during the first five years under HAMP. The guidance issued in Bulletin 2015-1 represented a change to the application of incentive process. Under the change, rather than always applying the full incentive amount to principal, the Servicer would have been required to first apply the funds in accordance with application of payment requirements of the Note and Security Instrument, which would result in funds being applied to arrearages, as applicable.

In response to Servicer feedback and in an effort to simplify this process, we are reverting back to the requirements in place prior to Bulletin 2015-1, and eliminating the requirement to first apply the incentive in accordance with the application of payment requirements of the Note and Security Instrument. As a result, for all HAMP Pay for Performance incentives, Servicers must always apply the incentive to principal in accordance with the following requirements:

If the HAMP Pay for Performance incentive…	Then the Servicer must apply the HAMP Pay for Performance incentive…
Is less than the interest-bearing unpaid principal balance (UPB)	To the interest-bearing UPB
Is greater than or equal to the interest-bearing UPB	In the following order to the: 1. Deferred UPB, if any, and then 2. Interest-bearing UPB Note: After applying the incentive in the above order, the Servicer must remit any remaining incentive payment directly to the Borrower.

Sections C65.9 and C65.10 have been updated to reflect this change.

Additional guidance for handling funds from the Program Administrator

Servicers must follow the Making Home Affordable (MHA) reporting requirements for the expanded Borrower Pay for Performance incentives for a HAMP modification.

Reamortization

In Bulletin 2015-1, we announced a new requirement for Servicers to offer a Borrower who may be eligible for the HAMP Year Six Pay for Performance incentive the opportunity to reamortize the Mortgage, provided the Borrower and Mortgage meet certain conditions. Bulletin 2015-1 announced that Servicers are required to provide at least one written notification to an eligible Borrower the opportunity to reamortize the Mortgage as early as the 120th day and no later than the 60th day prior to the sixth anniversary of the HAMP Modification Effective Date.

To provide Servicers additional time for implementation, we are revising the timing requirements to send the reamortization offer for Mortgages that become eligible for the HAMP Year Six Pay for Performance incentive prior to September 1, 2015. In these instances, Servicers are encouraged to send the reamortization offer to an eligible Borrower in accordance with the requirements in Section C65.9(c), but will be permitted to provide the required written notification no later than 30 days following the application of the HAMP Year Six Pay for Performance incentive. The reamortization offer requirements for Mortgages that reach the sixth anniversary of their HAMP Trial Period Plan Effective Date on or after September 1, 2015 are unchanged.

In addition, Servicers may leverage the ***Treasury Model MHA Recast Notice*** when offering potentially eligible Borrowers the opportunity to reamortize the Mortgage in accordance with Section C65.9(c). The notice must be modified as necessary to comply with all Freddie Mac requirements and applicable law. With respect to Borrowers who may have future step-rate increases, Servicers are reminded to specify changes to the Borrower's payment schedule for each step-rate as a result of the reamortization.

Section C65.9(c) has been updated to reflect this change.

Streamlined Modification indefinite extension

Under the Servicing Alignment Initiative, we are indefinitely extending the Streamlined Modification to help Servicers continue to assist seriously delinquent Borrowers and avoid foreclosure. With this change, we are eliminating the expiration date for this program. Servicers must continue to offer the Streamlined Modification to Borrowers eligible pursuant to the requirements in Section B65.12.1 until otherwise instructed by Freddie Mac.

Sections 64.6 and B65.12.1 have been updated to reflect this change.

Compensation program

In Bulletin 2015-3, for the Freddie Mac Standard Modification, Streamlined Modification and Capitalization and Extension Modification for Disaster Relief ("Disaster Relief Modification"), we raised the permitted total of previous mortgage modifications so that Mortgages that have been modified three or more times are ineligible for another modification. We are clarifying that Servicers will be compensated for completing a Standard Modification, Streamlined Modification or Disaster Relief Modification in accordance with Section 65.42 and Guide Exhibit 98, in instances when the new mortgage modification is the third modification of a particular Mortgage.

Section 65.42 has been updated to reflect this clarification.

Modification agreements for modifications resulting from partial principal curtailments

In Bulletin 2015-2, to offer additional flexibility, we modified the requirements in Section 59.2 to provide that Servicers may determine, in their discretion, but subject to applicable law, whether to require an executed modification agreement or no written modification agreement that result from a reamortization of the unpaid principal balance, including reamortization of the interest-bearing balance of Step-Rate Mortgages where Pay for Performance incentives have been applied.

Servicer feedback has indicated that Servicers are requiring a written modification agreement for each Mortgage modified in accordance with the requirements in Section 59.2. To maintain consistency with other loss mitigation processes in the Guide, we are globally removing the "no written modification agreement" option. In connection with the written modification agreement requirements, Servicers must determine whether they must obtain the Borrower's signature or whether only the Servicer's execution of the modification agreement is sufficient to ensure that the modified Mortgage is in First Lien position and enforceable under applicable law.

We are providing additional requirements with respect to sending a Servicer-only executed modification agreement to the Document Custodian. In such instances, the Servicer must send one original written modification agreement to the Document Custodian within 25 days of the modification effective date to be maintained with the Note. Additionally, the Servicer must send one original written modification agreement executed by the Servicer to the Borrower and retain a copy of the executed modification agreement in the Mortgage file or an electronic image of the modification agreement in the Servicing system.

As a reminder, if the Servicer elects to require a modification agreement to be executed by both the Borrower and the Servicer, the Servicer must send one original executed modification agreement to the Document Custodian within 25 days after receiving it from the Borrower to be maintained with the Note in accordance with the requirement of Section B65.25.

Sections 59.2, 64.12 and C65.9 have been updated to reflect these changes.

FORECLOSURE AND REAL ESTATE OWNED

Mandatory use of the Default Fee Appeal System for late foreclosure sale reporting compensatory fee appeals

Effective September 1, 2015

In Bulletin 2014-16, Freddie Mac made available the Default Fee Appeal System (DFAS), which enables Servicers to submit appeals of State foreclosure time line compensatory fee assessments.

We are announcing that DFAS may also be used for submitting appeals for late foreclosure sale reporting compensatory fees. Servicers or their authorized Servicing Agents are encouraged to begin using DFAS to submit their appeals for late foreclosure sale reporting compensatory fees prior to September 1, 2015 if they are able to do so; however, Servicers must use DFAS to submit their appeals beginning on September 1, 2015. We will not accept or review appeals of late foreclosure sale reporting compensatory fees through the **NPL_Invoices@freddiemac.com** mailbox beginning on September 1, 2015.

Additionally, as part of this effort, we have developed a template to submit appeals of late foreclosure sale reporting compensatory fees in bulk. This template is available with upload instructions on the **Default Fee Appeal System web page**. This will allow Servicers to submit more than one compensatory fee appeal at a time.

Section 66.33 has been updated to reflect DFAS.

Servicer access to DFAS

In order to use DFAS by the effective date, Servicers (and Servicing Agents) must submit the applicable authorized user role forms, as described below, sufficiently in advance of September 1, 2015 to allow Freddie Mac time to process the form(s). Servicers and Servicing Agents may immediately register new users following the publication of this Bulletin. Authorized users must be fully registered at least 30 calendar days prior to the effective date in order to have access by the mandatory effective date of September 1, 2015.

Servicers (and Servicing Agents) that have previously enrolled users as “Default Fee Appeal Specialists” for the purposes of appealing State foreclosure time line compensatory fees do not need to enroll a second time. Servicer’s current user role will enable them to access appeals related to late foreclosure sale reporting compensatory fees.

To designate an authorized employee(s) to the user role of “Default Fee Appeal Specialists,” Servicers or authorized Servicing Agents must complete and submit Guide Form 903 or Form 903SA, as applicable, together with the addendum, Form 903A or Form 903ASA, if needed. Following the receipt of the applicable completed form(s), Freddie Mac will e-mail user IDs for all authorized users to the Servicer's or Servicing Agent's designated “Default Fee Appeal System External Servicing Administrator.” Directions on submitting the completed forms are available via the **Default Fee Appeal System web page**.

Servicers and their Servicing Agents must review the DFAS User Agreement set forth in Exhibit 94 ("User Agreement") and comply with its terms. This User Agreement supersedes any other DFAS terms of use document signed by the Servicer. By virtue of the Servicer's and its Servicing Agent's use of the system, the Servicer and Servicing Agent agree to, and are deemed to be bound by:

- All of the provisions of the User Agreement to the same degree as if the Servicer or Servicing Agent has signed such Agreement as a "User"
- Guide Chapter 3 and Section 50.3.1
- All other applicable terms and conditions of the Guide and other Purchase Documents

Reimbursement of “unearned” property insurance premiums

Effective for all foreclosure sales occurring on or after May 1, 2015

In response to Servicer feedback, we have revised our property insurance reimbursement requirements in Section 71.15 to allow for the reimbursement of “unearned” premiums under certain conditions. Unearned premiums are premiums for which the insurer provided no corresponding coverage. They commonly occur when a policy is canceled prior to the conclusion of its scheduled term. If, at the time of this early cancellation, the Servicer has already advanced premiums for future periods, those advanced premiums are said to be “unearned.”

Under the revised requirements, Servicers are able to seek reimbursement for unearned premiums when, on behalf of the Borrower, they have advanced premiums to the insurer through an Escrow account and the insurer fails to refund the advanced amounts back to the Servicer upon early cancellation of the policy.

For escrowed Mortgages secured by properties that were either purchased by a third party or reverted to Real Estate Owned (REO) through foreclosure sale, we will now reimburse premiums advanced by the Servicer for the period of 12 months prior to the Due Date of the Last Paid Installment (DDLPI) through the earlier of the last coverage date or 12 months after the foreclosure sale date.

Notwithstanding the preceding requirements and those in Section 71.15, Servicers must not seek reimbursement for unearned premiums in the following scenarios:

- **Lender-Placed Insurance premiums**: The Servicer places the insurance policy directly, is the beneficiary of the policy and is therefore entitled to the refund of any unearned premiums, which should be sent by the insurer directly to the Servicer
- **Property insurance premiums on non-escrowed Mortgages**: The Servicer does not have a legal obligation to advance insurance premiums on behalf of the Borrower if insurance premiums are not an escrowed item
- **Third-party foreclosure sales where the purchase price met or exceeded total indebtedness**: The Servicer should recover advanced insurance premiums as part of the total indebtedness figure

- **Short sales and deeds-in-lieu of foreclosure**: The Servicer is able to negotiate recovery of the unearned premiums directly with the Borrower

How to request reimbursement for newly reimbursable unearned premium amounts

To provide more immediate relief to Servicers, we are making the above announcement and associated Guide changes prior to our implementing corresponding enhancements to the Freddie Mac Reimbursement System's claims process. As a result, until advised otherwise, Servicers seeking reimbursement for such unearned premiums must, prior to the initial claim submission, submit a request for pre-approval (RPA) through the Reimbursement System's RPA submission process. The requested amount must be limited to the cost of the premiums that are newly reimbursable per the requirements in the preceding paragraphs and Section 71.15. The RPA submission must provide the following:

- The reason for the submission (i.e., reimbursement approval for unearned property insurance premiums)
- Documentation that the Mortgage was escrowed (e.g., screenshot of internal system comments reflecting that the Mortgage was escrowed)
- The policy coverage period
- The policy cancellation date
- An invoice confirming the Servicer's payment of the premiums for which the Servicer is seeking reimbursement

Introduction of monthly Internal Revenue Service Form 1099-C filing reports

In Bulletin 2014-16, we announced the creation of the annual "Servicer 1099-C Filing Report" ("Report") to assist Servicers in meeting their Internal Revenue Service (IRS) Form 1099-C filing obligations when Freddie Mac or a Freddie Mac deficiency recovery vendor has decided not to pursue post-foreclosure deficiency collections (see Section 55.3.1). The Report, available each January through the Default Reporting Manager℠, provides the Servicer with a list of Mortgages for which Freddie Mac or its vendor has decided not to pursue post-foreclosure deficiency collections from the previous calendar year. Servicers are required to review each year's Report by the end of January in order to ensure they meet their IRS Form 1099-C filing obligations.

At the request of Servicers and to help reduce the burden of the required annual review, we are introducing monthly 1099-C filing reports. These monthly reports will be issued from February to December of each year and will be available by the 22nd calendar day of each month. While Servicers are only required to review the annual Report, issued each January, the monthly reports may be used to prepare for that review and the eventual IRS Form 1099-C filings. Each monthly report will provide an aggregate list of Mortgages for which Freddie Mac or its vendor has decided not to pursue post-foreclosure deficiency collections.

When using the monthly 1099-C filing reports, the Servicer must:

- Reconcile any IRS Form 1099-C prepared using information provided in one or more monthly 1099-C filing report(s) with the information in the annual Report
- Ensure that an IRS Form 1099-C is not filed if the status of the account changes, such as when there is a rollback of a foreclosure sale
- Ensure that any IRS Form 1099-C filings that are submitted to the IRS after the Servicer's repurchase of the Mortgage are not filed in the name of, or on behalf of, Freddie Mac
- Verify, in the event of a repurchase of the Mortgage by Freddie Mac from a Senior Subordinate Trust and where the Servicer has not subsequently repurchased the Mortgage from Freddie Mac, that any IRS Form 1099-C filings are completed in the name of, or on behalf of, Freddie Mac, instead of on behalf of the Senior Subordinate Trust

The listing of a Mortgage on each monthly report is tentative as the status of the cancellation of debt may change at a later point in the year (e.g., the Borrower may contact Freddie Mac with a request to negotiate a settlement, in which case, we would contact the Servicer for an update on the status of the IRS Form 1099-C and provide additional instruction when further action is necessary).

Sections 55.3.1 and S84.9 have been updated to reflect the monthly reports.

ADDITIONAL GUIDE UPDATES

Electronic Default Reporting default action code 32 (Military Indulgence)

Servicers must report Electronic Default Reporting (EDR) default action code 32 (Military Indulgence) anytime default action processes are delayed due to a Borrower being in a Period of Military Service and protected under the Servicemembers Civil Relief Act (SCRA).

To ensure accurate monthly EDR, we are updating Section 82.4(j) to require Servicers to also report default action code 32 anytime default action processes are delayed due to a Borrower receiving foreclosure relief provided to Servicemembers and their Dependents in accordance with Section 82.2(c). Servicers must provide the date default process were suspended and continue to report each month that the Servicemember receives foreclosure protection under the SCRA or Section 82.2(c).

We have additionally updated Section 82.4(j) to require Servicers to provide the date default process were suspended and continue to report each month that the Servicemember is receiving foreclosure protection under the SCRA or Section 82.2(c) when reporting EDR default action code 32.

Investor Reporting department contact information

We are making the following Guide updates to reflect the Freddie Mac Investor Reporting department and contact information:

- Form 1034T to reflect that it should be delivered to Investor Reporting
- Directory 9 to reflect the fax number for the Investor Reporting department

Special Asset Unit department contact information

Due to the relocation of Servicing Operation's Special Asset Unit, we are updating Directory 5 to change the mailstop for the department's address from MS C1J to MS B3G.

Guide Chapter PDFs now available on AllRegs®

For Seller/Servicer convenience, printer-friendly versions of our current Guide chapters in Portable Document Format (PDF) are now available on AllRegs. The applicable Guide Chapter PDFs will be updated to reflect changes made in Bulletin publications and any time outdated sections need to be removed. The PDF for each Guide chapter is located within the individual Guide chapter folder on AllRegs above the chapter's first section.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 55, 59, 64, 65, B65, C65, 66, 71, 82 and S84
- Form 1034T
- Directories 5 and 9

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2015-9 (Servicing) Guide Updates Spreadsheet available at **http://www.freddiemac.com/singlefamily/guide/docs/bll1509_spreadsheet.xls**.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE and select “Servicing.”

Sincerely,

Yvette W. Gilmore
Vice President
Servicer Performance Management

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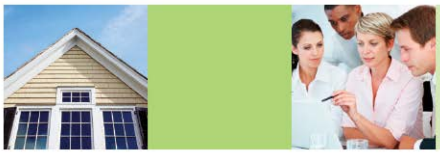

Bulletin

TO: Freddie Mac Sellers and Servicers June 30, 2015 | 2015-10

SUBJECT: CONSUMER FINANCIAL PROTECTION BUREAU INTEGRATED MORTGAGE DISCLOSURE FORMS

New Consumer Financial Protection Bureau (CFPB) rules will be taking effect that implement the CFPB's integrated mortgage disclosure forms. This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin announces:

- Updates resulting from new terminology introduced in the CFPB's revised regulatory framework
- Guidance concerning the collection of Borrower signatures
- Additional information concerning the Uniform Closing Dataset

BACKGROUND

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") directed the CFPB to publish rules and forms combining initial and final disclosures that lenders are required to provide to consumers under the Truth-in-Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). After an extensive period of consumer outreach and public comment, on December 31, 2013, the CFPB published its final rule implementing this requirement of the Dodd-Frank Act. The final rule is commonly referred to as the TILA-RESPA Integrated Mortgage Disclosure (i.e., "TRID Rule").

The TRID Rule essentially combines features of the initial truth-in-lending disclosure required by TILA with the Good Faith Estimate required by RESPA into a new disclosure, the Loan Estimate. The TRID Rule similarly combines the final truth-in-lending disclosure with the HUD-1 disclosure required under TILA and RESPA, respectively, to form a new Closing Disclosure, and clarifies that a creditor may make the determination regarding whether to obtain a borrower's signature on either new disclosure.

The TRID Rule initially had been slated to take effect on August 1, 2015. On June 17, 2015, the CFPB announced its intention to propose and invite comment on a new effective date of October 1, 2015. To assist Seller/Servicers in their implementation preparations for the date on which the TRID Rule ultimately takes effect, as finally communicated by the CFPB (i.e., the "TRID Rule Effective Date"), we have amended the Guide as set forth below.

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

UPDATES FOR NEW TERMINOLOGY

Guide updates

In response to the TRID Rule, Freddie Mac is updating the Guide to reflect the new terminology. With respect to the settlement-related disclosures, Guide references to the old forms are basically replaced with references to a new Glossary term, Settlement/Closing Disclosure Statement, which includes, as applicable, both the HUD-1 Settlement Statement and the new Closing Disclosure.

The Settlement/Closing Disclosure Statement is defined as any settlement statement or closing disclosure required by applicable federal, State or local law. With respect to an all-cash short sale or other Servicing transaction for which no settlement and/or closing disclosure is required by applicable law, the term Settlement/Closing Disclosure Statement means (i) a HUD-1 Settlement Statement prepared for any transaction closing prior to the TRID Rule Effective Date, or (ii) a Closing Disclosure completed in accordance with the CFPB disclosure rules on or after the TRID Rule Effective Date, or (iii) any other settlement statement or closing disclosure that would have otherwise been required by applicable State or local law, in each instance as

determined by the Servicer, and notwithstanding the inapplicability of such rules or prior law or regulation to the particular transaction.

The latter part of the Glossary definition is intended to capture unique situations confronted by Servicers where applicable law does not mandate a particular settlement statement or closing disclosure (e.g., cash-only short sales). In such a circumstance, if the Guide requires a Servicer to provide that type of document, then a Servicer must determine which of the following it will provide to Freddie Mac:

- The HUD-1 Settlement Statement
- The new Closing Disclosure, or
- A similar State closing disclosure or settlement statement

As applicable, Guide references to the HUD-1 Settlement Statement and settlement statement and/or closing statement have been updated. Loan Prospector® will be updated by August 1, 2015 to reflect this new terminology.

During our Guide review for updates related to the TRID Rule, we reviewed the documentation requirements for sale of assets. We streamlined these requirements and consolidated them from Guide Section 37.20(a) into Sections 37.22(b) and 37.23(b) for ease of customer use.

COLLECTION OF SIGNATURES

The CFPB provides lenders with the discretion to determine whether they will require Borrowers to sign the new Loan Estimate or Closing Disclosure forms, and limits the purposes for which those signatures may be obtained. The CFPB also has provided a framework for collecting additional forms, such as customary attestations, which may accompany the Closing Disclosure, provided that certain requirements are met.

Freddie Mac will not require signed Settlement/Closing Disclosure Statements or additional forms on and after the TRID Rule Effective Date. However, Seller/Servicers may wish to consider collecting (or continuing to collect) signatures and/or forms given their potential evidentiary value, consistent with current widespread industry practices.

FUTURE UPDATES

Consistent with the changes described above, updates to the following will be made with a future Bulletin once the TRID Rule Effective Date is confirmed:

- Applicable ULDD Data Point delivery instructions in Guide Chapter 17
- Deletion of references to “signed/executed” from applicable Guide sections
- Section 46.24, which applies specifically to the Truth-in-Lending Disclosure Statement
- The Glossary definition for Application Received Date
- Guide Exhibit 7, which specifically mentions Good Faith Estimate

UNIFORM CLOSING DATASET

Freddie Mac will not require the delivery of the Uniform Closing Dataset (UCD) in 2015. The UCD was developed jointly with Fannie Mae under the direction of the Federal Housing Finance Agency to support the CFPB’s Closing Disclosure. Additional information regarding, among other things, the required delivery date of the UCD will be provided in a separate communication.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact Guide Sections:

- 24.5, 24.6, A24.3, B24.3, 25.1, 25.2, 25.3, H33.5, K33.14, 37.20, 37.22, 37.23, 46.19, 46.21, 46.25 and 48.7
- 60.9, 65.42, B65.33, B65.36, B65.37, B65.37.1, B65.40, B65.41 and 78.17

We are also:

- Updating Exhibit 97
- Adding the term ”Settlement/Closing Disclosure Statement” to the Glossary

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call Customer Support at (800) FREDDIE.

Sincerely,

Christina K. Boyle
Senior Vice President
Single-Family Sales and Relationship Management