

Bulletin

TO: All Freddie Mac Sellers and Servicers

May 2, 2008

SUBJECTS

With this *Single-Family Seller/Servicer Guide* (Guide) Bulletin, Freddie Mac announces the following changes to our Selling requirements:

- Announcing that for purchase and “no cash-out” refinance Mortgages with maximum loan-to-value (LTV)/total LTV (TLTV)/home equity line of credit TLTV (HTLTV) ratios equal to or greater than 95%, secured by properties located in a market with declining values, the Seller is not required to reduce the maximum LTV/TLTV/HTLTV ratios below 95%, provided that certain requirements are met
- Amending the requirements announced in our special February 21, 2008 Bulletin to permit Closing Costs, Financing Costs and Prepays/Escrows to be included in the refinance Mortgage amount for certain Freddie Mac-owned streamlined refinance Mortgages and Freddie Mac-owned “no cash-out” refinance Mortgages that are exempt from our maximum financing requirements

SELLING CHANGES

Effective Immediately

Revising maximum financing requirements for Mortgages with maximum LTV/TLTV/ HTLTV ratios equal to or greater than 95%

Effective immediately, for Mortgages secured by properties located in declining markets with maximum LTV/TLTV/HTLTV ratios equal to or greater than 95%, the lender is not required to reduce the maximum LTV/TLTV/HTLTV ratios below 95%, provided that the following requirements are met:

- The Mortgage is a purchase transaction or “no cash-out” refinance Mortgage
- The Mortgage is secured by a 1-unit Primary Residence that is not a Manufactured Home
- The Mortgage receives an Accept Risk Class from Loan Prospector®

Effective for Mortgages with Settlement Dates on or after February 21, 2008

Permitting Closing Costs, Financing Costs and Prepays/Escrows to be included in the refinance Mortgage amount for certain Freddie Mac-owned streamlined refinance Mortgages and Freddie Mac-owned “no cash-out” refinance Mortgages that are exempt from our maximum financing requirements

In our special February 21, 2008 Bulletin, we announced an exemption to our Section 23.5 maximum financing requirements for the following Mortgages:

- Freddie Mac-owned streamlined refinance Mortgages
- “No cash-out” refinance Mortgages when the Mortgage being refinanced is currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac

The exemption applied to Mortgages with Settlement Dates on or after February 21, 2008, subject to conditions. For Freddie Mac-owned Streamlined Refinance Mortgages, the new refinance Mortgage amount was limited to the unpaid principal balance (UPB) of the existing first Mortgage rounded up to the nearest \$100 with no cash out to the Borrower. For Freddie Mac-owned “no cash-out” refinance Mortgages, the new refinance Mortgage amount could be no more than \$1000 greater than the UPB of the existing first Mortgage with no cash-out to the Borrower.

With this Bulletin, we are revising those requirements to permit lenders to include additional related costs in the refinance Mortgage amount for these exempted Mortgages, provided that:

- The new transaction includes only the UPB of the existing Mortgage (rounded up to the nearest \$100), Closing Costs, Financing Costs and Prepays/Escrows
- The existing subordinate financing remains subordinated and is not rolled into the refinanced amount
- There is no cash out to the Borrower or any other payee

Revisions to the Guide

The changes to Guide Sections 23.5, 24.4 and 24.5 are included in Exhibit A to this Bulletin. In a future Bulletin, applicable Guide chapters will be revised to reflect the changes announced in this Bulletin.

Reminder: Mortgages excluded from maximum financing requirements

In addition to the conventional Mortgages that are exempt from Freddie Mac’s maximum financing requirements, Sellers are reminded that the following Mortgages are also exempt from those requirements provided such Mortgages meet the requirements of Guide Chapter 35:

- FHA/VA Mortgages
- Section 184 Native American Mortgages
- Section 502 Guaranteed Rural Housing Mortgages

CONCLUSION

If you have questions regarding changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung
Vice President
Customer Outreach and Offerings Deployment