

Bulletin

NUMBER: 2008-4

TO: All Freddie Mac Sellers and Servicers

August 15, 2008

SUBJECTS

Both selling and Servicing requirements are amended in this *Single-Family Seller/Servicer Guide* (Guide) Bulletin.

With this Bulletin, with respect to [selling requirements](#), we are:

- Emphasizing the requirement that [taglines for the loan instrument](#) be present on each page of the joint Fannie Mae/Freddie Mac and Freddie Mac Uniform Instruments
- Reminding Sellers that our [temporary selling requirements for Mortgages affected by Hurricane Katrina and Hurricane Rita](#) have expired, and reminding Sellers that our temporary special collateral requirements for these Mortgages remain in effect until further notice

We are making the following changes to our [selling and Servicing requirements](#):

- Updating [Form 1055, Mortgage Bankers' Financial Reporting Form](#), to reflect current accounting practices and to capture additional information
- Updating our [Seller/Servicer eligibility criteria](#) to require that a Seller/Servicer provide financial information for its parent, subsidiary or affiliates upon Freddie Mac request

We are making the following changes to our [Servicing requirements](#):

- Providing additional direction to Servicers with respect to actions that should be taken when [Balloon/Reset Mortgages reach maturity](#)
- Updating [contact information for remittances](#) sent to JP Morgan Chase

Effective Dates

All of these changes are effective immediately except:

- **June 30, 2008 – September 30, 2008**
 - Mortgages affected by Hurricane Katrina and Hurricane Rita, originated under our temporary relief and flexibility for Borrower credit reputation and capacity and loan-to-value (LTV)/total LTV (TLTV)/home equity line of credit TLTV (HTLTV) ratio limits must have Note Dates on or before June 30, 2008, and must be delivered to Freddie Mac on or before September 30, 2008
 - Home Possible[®] Mortgages secured by properties located in eligible Disaster Areas affected by Hurricane Katrina and Hurricane Rita, originated subject to the area median income exemption, must have Note Dates on or before June 30, 2008, and must be delivered to Freddie Mac on or before September 30, 2008
- **October 1, 2008** – Revised Form 1055, Mortgage Bankers' Financial Reporting Form, will be effective for entities reporting on or after this date for Mortgage Bankers' Financial Reporting Form (MBFRF) 3rd quarter submissions
- **January 1, 2009** – Sellers must comply with the tagline requirement for all loan instruments by this date; however, we expect Sellers to use the version of the form with the tagline on each page sooner if it is available from their forms vendors.

Revisions to the Single-Family Seller/Servicer Guide

The revisions include:

- [Chapters 4, 5, 6, 12, 17, 65](#) and [83](#)
- [Forms 104SF](#) and [1055](#)
- [Glossary](#)
- [Directories 1, 3, 5](#) and [7](#)

Conclusion

The changes included in this Bulletin support our commitment to making the mortgage finance process simpler and more efficient for you, our Seller/Servicers. If you have any questions about the 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

SELLING CHANGES

Taglines required on each page of loan instrument

To ensure that each loan instrument is a Uniform Instrument, Freddie Mac requires that the tagline for the loan instrument be present on the joint Fannie Mae/Freddie Mac and Freddie Mac Uniform Instruments. We are revising [Guide Section 6.10](#) to emphasize the requirement that the tagline be on each page.

Having the tagline on each page ensures that each page in the executed loan instrument is the correct page from the Uniform Instrument and that no unauthorized changes have been made to that page.

Sellers have until **January 1, 2009**, to comply with this requirement for all loan instruments; however, we expect Sellers to use the version of the form with the tagline on each page if it is available from their forms vendors.

Reminder: Hurricane Katrina and Hurricane Rita temporary selling requirements have expired

As announced in our [June 17, 2008 Guide Bulletin](#), Freddie Mac's temporary selling requirements for Mortgages affected by Hurricane Katrina and Hurricane Rita have expired and do not apply to Mortgages with Note Dates on or after July 1, 2008. Mortgages originated under our temporary selling requirements must have Note Dates on or before June 30, 2008 and must be delivered to Freddie Mac on or before **September 30, 2008**.

Freddie Mac's exemption of Borrowers with Home Possible[®] Mortgages secured by property located in eligible Disaster Areas affected by Hurricane Katrina and Hurricane Rita from the area median income limits requirement has also expired. Mortgages originated subject to the Hurricane Katrina/Hurricane Rita area median income exemption must have Note Dates on or before June 30, 2008 and must be delivered on or before **September 30, 2008**.

Our temporary special collateral requirements remain in effect until further notice.

SELLING AND SERVICING CHANGES

Updating Form 1055, Mortgage Banker Quarterly Financial Reporting Form

Freddie Mac requires all approved Seller/Servicers that are mortgage bankers (including mortgage banker subsidiaries of federally supervised financial institutions) to submit [Form 1055, Mortgage Bankers' Financial Reporting Form](#), following the end of each calendar quarter. Freddie Mac has worked with Fannie Mae, Ginnie Mae and the Mortgage Bankers' Association (MBA) to revise [Form 1055](#) effective for entities reporting on or after **October 1, 2008**, for MBFRF 3rd quarter submissions.

The changes to [Form 1055](#) primarily reflect:

- The adoption of many new accounting pronouncements since the last update to the Form 1055, including Statement of Financial Accounting Standard (FAS) 140, 142, 149, 156, 157, 159 and 160 and Financial Accounting Standards Board Interpretation No. (FIN) 45
- Adjustments to improve reporting for other accounting pronouncements, including FAS 5, 65, 91 and 133
- The separation of multifamily/commercial data from “other” business activities such as residential portfolio management
- The collection of additional origination and servicing-related revenue, expense and volume data

Seller/Servicers may find more information about the key changes to the form and a sample of the new [Form 1055](#) on FreddieMac.com at http://www.freddie.com/sell/forms/1055_update.html.

Updating Seller/Servicer eligibility criteria

We are updating the Guide to require that a Seller/Servicer provide audited or Reviewed Financial Statements for its parent, subsidiary and affiliates upon Freddie Mac request. We are also adding a Seller or Servicer's failure to provide such financial information as a reason for suspension or termination.

[Guide Chapters 4](#) and [5](#) are being modified to reflect these changes.

Improving the process for providing negotiated terms

Freddie Mac is currently exploring options to improve the process for providing negotiated terms to our Sellers. As a step in that process, we are modifying the [Glossary](#) definition of "Purchase Documents." We are also modifying language in [Section 12.1](#) related to Master Agreement and Master Commitment Contracts.

SERVICING CHANGES

Servicer's actions when a Balloon/Reset Mortgage matures

We are updating the Guide to provide additional direction to Servicers with respect to actions that should be taken when Balloon/Reset Mortgages reach maturity. [Section 83.108](#) is being updated to include:

- Further guidance on how to handle payments received from the Borrower after the Balloon Maturity Date
- Notifications that must be sent to the Borrower and Freddie Mac when the Balloon Payment is not received by the Balloon Maturity Date and the Mortgage is not reset
- Contact information for Servicing questions and notifications related to these Mortgages

Updating contact information for JP Morgan Chase

[Section 65.40.1](#), [Guide Directories 5](#) and [7](#), and [Form 104SE, Statement of Loan, Workout and REO Expenses and Income](#), are being updated to reflect a new mailing address for JP Morgan Chase.