

# Bulletin

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**TO:** All Freddie Mac Sellers and Servicers

September 4, 2007

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**SUBJECT:** Updating *Single-Family Seller/Servicer Guide* (Guide) text to reflect changes in underwriting requirements for Initial Interest<sup>SM</sup> Mortgages and amending selling requirements

With this Guide Bulletin, we are:

- Updating Guide text to reflect the changes to underwriting requirements for Initial Interest Mortgages announced in the [July 13, 2007 Guide Bulletin](#) relating to implementation of the *Interagency Guidance on Nontraditional Mortgage Product Risks* (“the Guidance”)
- Updating purchase requirements for Mortgages secured by property located in the State of Nevada based on the Nevada law that takes effect on October 1, 2007

## EFFECTIVE DATES

- **September 13, 2007**—Changes announced in our [July 13, 2007 Bulletin](#) will be effective for all Initial Interest Mortgages that have loan application dates on or after this date; however, we strongly encourage Sellers to adopt the changes sooner wherever possible. These changes will be effective for all Master Agreements and Master Commitment Contracts issued without a Master Agreement (collectively, Master Contracts) which were entered into after July 13, 2007, and which permit the sale of Initial Interest Mortgages with loan application dates on or after September 13, 2007. For information regarding effective dates for Sellers with negotiated terms of business, see the [July 13, 2007 Bulletin](#).
- **October 1, 2007**—Changes to our requirements for the purchase of Mortgages secured by Mortgaged Premises in Nevada are effective for Mortgages with Note Dates on or after this date.

## Underwriting requirements for Initial Interest Mortgages consistent with the Guidance

As announced in our [July 13, 2007 Bulletin](#), and as directed by our regulator, the Office of Federal Housing Enterprise Oversight, Freddie Mac is implementing changes to our underwriting requirements for the purchase of Initial Interest Mortgages. We are updating Guide [Chapters 30, J33](#) and [37](#) to reflect these changes.

### *Loan Prospector® assessments*

As we previously notified Sellers, Loan Prospector was enhanced on August 12, 2007 to reflect changes to assessments and feedback messages for all applicable Initial Interest Mortgages submitted.

### Antipredatory lending

In response to the new Nevada antipredatory lending law that takes effect on October 1, 2007, we are deleting [Section 22.18.9](#), Mortgaged Premises located in Nevada.

Currently, Nevada “home loans” are ineligible for purchase. Nevada “home loans,” as defined under Nevada law until October 1, 2007, are refinance Mortgages that exceed the annual percentage rate or points and fees thresholds of the Home Ownership and Equity Protection Act of

1994 (HOEPA). Freddie Mac does not purchase HOEPA Mortgages (see [Section 24.2](#)) or purchase transaction Mortgages that exceed HOEPA's thresholds (see [Section 22.33](#)).

Under the new law, as of October 1, 2007, the definition of "home loan" will encompass all single-family Mortgage loans in Nevada, so that all Nevada "home loans" originated on or after October 1 will be eligible for purchase by Freddie Mac if the Mortgages:

- Do not exceed the annual percentage rate or points and fees thresholds of HOEPA, as required by [Sections 22.33](#) and [24.2](#), and
- Were originated and serviced in compliance with all applicable laws, regulations and orders, as required by [Section 6.2](#), as well as other requirements in the Guide.

At this time, there are no changes to our delivery requirements.

### **REVISIONS TO THE SINGLE-FAMILY SELLER/SERVICER GUIDE**

The revisions to Guide text include changes to [Chapters 22, 30, J33](#) and [37](#).

### **CONCLUSION**

Freddie Mac remains committed to our responsibility to provide stability in the mortgage market and working with our Seller/Servicers to combat predatory lending. We will continue to work with Sellers on our shared goal of promoting responsible lending practices to put Borrowers into homes they can afford and keep. If you have questions, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung  
Vice President  
Customer Outreach and Offerings Deployment