

Bulletin

NUMBER: 2009-11

TO: Freddie Mac Sellers and Servicers

April 23, 2009

SUBJECTS

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

With this Bulletin, we are making the following changes to our **selling requirements**:

- Providing additional instructions, modifications and revisions to [delivery instructions](#)
- Incorporating the latest version of [Federal Emergency Management Agency \(FEMA\) Form 81-93, Standard Flood Hazard Determination Form](#), which has a new expiration date
- Reinforcing the requirement that in connection with a [living trust delivered to Freddie Mac](#), the Note must be executed by both the settlor individually and the trustee on behalf of the trust
- Deleting [Exhibit 7, Electronic Transmissions](#), which is now obsolete

We are making the following changes to our **Servicing requirements**:

- Updating Form 981, *Agreement for Subsequent Transfer of Servicing of Single Family Mortgages*, to include special Mortgage [provisions required for Mortgages modified under the Home Affordable Modification Program](#)
- [Temporarily extending the time frame](#) for Servicers to submit Form 104SF, *Statement of Loan, Workout and REO Expenses and Income*, and Form 104DC, *Designated Counsel/Trustee*
- Increasing [title work expense limits in North Dakota and South Dakota](#)
- Providing additional detail regarding the Servicer’s responsibilities in the event Freddie Mac requires the Servicer to [relinquish Servicing of a delinquent Mortgage](#)
- Providing [additional guidance regarding two income codes](#) in Exhibit 74, *Expense and Income Codes for Form 104SF*
- Updating [contact information in Directory 3](#)

We are also reminding Servicers that on April 13, 2009, we notified them via e-mail that Arizona is now a designated counsel state. Three new Arizona designated counsel firms are identified in our Designated Counsel List, which is located on FreddieMac.com at

http://www.freddiemac.com/service/msp/degis_counsel.html.

Effective dates

- **April 15, 2009** — The three new Arizona designated counsel firms began accepting new referrals on this date
- **June 1, 2009** – Servicers must refer all 2- to 4-unit properties and Manufactured Homes foreclosures and bankruptcies in the State of Arizona to Arizona designated counsel beginning on this date
- **June 16, 2009** – The revised version of [Exhibit 13, Standard Flood Hazard Determination Form, FEMA Form 81-93](#), must be used to document any flood zone determination made on or after this date for Mortgages sold to Freddie Mac

Revisions to the Guide

The revisions included in this Bulletin impact the following:

- [Chapters 17, 22, 23, 25, 32, K33, 64, 66](#) and [67](#)
- [Exhibit 7, 13, 14, 57A](#) and [74](#)
- [Forms 11, 13SF](#) and [981](#)
- [Directory 3](#)

SELLING REQUIREMENTS

Delivery instructions

To make the delivery process more efficient and ensure that Sellers provide accurate and complete data for Mortgages they deliver to Freddie Mac, we are providing additional instructions, modifications and revisions to our delivery instructions. These revisions address data delivery issues identified by Sellers and Freddie Mac. The revisions affect delivery of the following Mortgage data required by [Form 11](#), [Mortgage Submission Schedule](#), or [Form 13SF, Mortgage Submission Voucher](#):

- Secondary financing loans when there are more than two loans
- Principal curtailments made by the Borrower
- Mortgages for Newly Constructed Homes
- Adjustable-rate Mortgages with capitalized balances
- Value to use for the original loan amount when calculating loan limit
- Property type when a property can be more than one type or is a row or townhouse
- Super conforming Mortgages

[Guide Chapters 17, 22, 23, 25, 32](#) and [K33](#), and [Form 11](#) and [Form 13SF](#) have been revised to reflect these updates.

Mortgages with principal curtailments made by the Borrower

Freddie Mac purchases Mortgages with principal curtailments (partial prepayments) made by the Borrower; in this Bulletin we are providing delivery instructions for these Mortgages. Sellers are reminded that Mortgages (other than Initial InterestSM Mortgages) with principal curtailments made by the Borrower that result in a change in the monthly payment are considered Seller-Owned Modified Mortgages and must comply with the requirements of [Chapter 32](#) and [Guide Section 17.37](#).

FEMA Form 81-93, *Standard Flood Hazard Determination Form*

We are updating [Exhibit 13, *Standard Flood Hazard Determination Form, FEMA Form 81-93*](#), to incorporate the latest version of FEMA Form 81-93. There were no changes to the format or content of the form; however, the new form has a **December 31, 2011** expiration date and was approved for use effective December 2008.

To allow users time to transition to the new version, FEMA's effective date for mandatory use of the new form is **June 16, 2009**. Flood zone determinations made on or after June 16, 2009, must be documented using the new version of the form.

Note execution

[Section 22.10\(a\)](#) has been updated to reinforce the following requirements regarding executing Notes on behalf of a living trust:

- Notes must be executed by both the settlor individually *and* the trustee on behalf of a trust
- Complete legal name of the trust is required on the Note

Deleting Exhibit 7, *Electronic Transmissions*

Revisions announced in [Bulletin 2009-4 \(Multiple Subjects\)](#) with respect to wire instructions resulted in the deletion of references to [Exhibit 7, *Electronic Transmissions*](#), which is now obsolete. The exhibit has been deleted.

SERVICING REQUIREMENTS

Home Affordable Modification Program provisions included in Form 981

As previously announced in [Bulletin 2009-10 \(Home Affordable Modification Program\)](#), when a Transfer of Servicing includes Mortgages modified under the Home Affordable Modification Program (“Program”), the Transferor Servicer must notify the Transferee Servicer that such Mortgages are part of the transferring portfolio and must confirm that the Transferee Servicer is aware of and agrees to assume the additional servicing responsibilities associated with these Mortgages. The Transferor Servicer must also indicate on [Form 981, *Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages*](#), that the transferring portfolio includes Mortgages modified under the Program and also indicate whether the transfer includes modified Mortgages that have a step-rate provision (i.e., the interest rate is subject to incremental increases beginning in year 6 of the modification) or a partial principal forbearance.

[Form 981](#) has been revised to include these requirements.

Extending the submission time frame for Form 104SF and Form 104DC

Freddie Mac is temporarily extending the time frame for Servicers to submit their final [Form 104SF](#) and Form 104DC for non-REO expenses and initial [Form 104SF](#) and Form 104DC for REO expenses from 30 days to 45 days. This temporary extension, which remains in effect until further notice, should afford Servicers more time to process higher volumes of workouts and Real Estate Owned properties.

Increasing title work expense limit in North Dakota and South Dakota

Due to rising title costs in North Dakota and South Dakota, we are increasing title work expense limits in both States to better reflect the current market rate for this expense. Allowable limits for title work expenses have increased from \$250 to \$300 in North Dakota and from \$200 to \$350 in South Dakota.

[Exhibit 57A, *Approved Attorney Fees and Title Expenses*](#), has been updated to reflect these changes.

Relinquishing Servicing of a delinquent Mortgage

[Section 64.2](#) provides that Freddie Mac may direct a Servicer to relinquish Servicing of a delinquent Mortgage. With this Bulletin, Freddie Mac is providing additional details related to this requirement, including guidance regarding a Servicer's responsibilities and obligations to facilitate management of Servicing activities on such delinquent Mortgages by Freddie Mac or its designee. Freddie Mac continues to determine when it is appropriate for the Servicer to resume the Servicing of such Mortgages.

Exhibit 74, *Expense and Income Codes for Form 104SF*

In [Exhibit 74](#) we are providing additional guidance for the submission of Income Code 815000 (Other income). Additionally, the income description for Income Code 81000 (Escrow balance at DDPLI (positive)) has been updated to match the instructions on [Form 104SF](#).

Updating Directory 3

[Directory 3](#) has been revised to include updated contact information for contacting Freddie Mac regarding transfers of Servicing.

Designated counsel for State of Arizona

Our designated counsel/trustee program continues to be successful for Servicers and Freddie Mac. Due to this success and based on statistical data, we have added designated counsel/trustees in the State of Arizona. As mentioned in our April 13, 2009 e-mail announcement, Servicers may refer their foreclosures and bankruptcies on 1-unit properties immediately to our new Arizona firms. Though all Servicers must use the Arizona designated counsel/trustees for new foreclosure and bankruptcy referrals initiated on or after June 1, 2009, on all 2- to 4-unit properties and Manufactured Homes, we encourage you to make this process change immediately.

CONCLUSION

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
Offerings Management