

Bulletin

NUMBER: 2009-15

TO: Freddie Mac Sellers and Servicers

June 26, 2009

SUBJECTS

This *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin provides the revised requirements for Freddie Mac Relief Refinance MortgagesSM previewed in our **June 5, 2009** Single-Family Advisory e-mail.

With this Bulletin, we are updating the Guide to reflect the following changes:

- Introducing eligibility and delivery requirements for the new Freddie Mac Relief Refinance MortgageSM – Open Access offering (Relief Refinance Mortgages – Open Access)
- Revising our requirements for the Freddie Mac Relief Refinance MortgageSM, now referred to as Relief Refinance Mortgage – Same Servicer (Relief Refinance Mortgages – Same Servicer) to:
 - Amend our requirements for use of the Mortgage proceeds, effective **September 1, 2009**
 - Effective immediately, permit refinancing of an existing junior lien serviced by the Seller of the Relief Refinance Mortgage simultaneously with the refinancing of the First Lien Mortgage, subject to conditions
 - Effective **September 1, 2009**, require Sellers to provide a special characteristics code (SCC) in connection with the delivery of a Relief Refinance Mortgage – Same Servicer when the Mortgage being refinanced was sold with recourse for the life of the Mortgage or indemnification for the life of the Mortgage
- Assessment of postsettlement delivery fees (delivery fees) for Freddie Mac Relief Refinance Mortgages

In addition, we are revising the Guide to provide that Freddie Mac will determine on a case-by-case basis whether to assess delivery fees on Mortgages sold with life of loan recourse

BACKGROUND

In [Bulletin 2009-5](#), we announced eligibility and delivery requirements for the Freddie Mac Relief Refinance Mortgage offering, in support of the federal Making Home Affordable Program. With this Bulletin, we are providing detailed requirements for our new offering, the Freddie Mac Relief Refinance Mortgage – Open Access. The Relief Refinance Mortgage – Open Access offering reinforces our commitment to the Making Home Affordable Program and offers Borrowers more choices.

We are also amending certain requirements related to the original Relief Refinance Mortgage offering, which will now be referred to as the Freddie Mac Relief Refinance Mortgage – Same Servicer.

RELIEF REFINANCE MORTGAGES – OPEN ACCESS

Effective date

For Relief Refinance Mortgages – Open Access, the Mortgages being refinanced must have a Freddie Mac Settlement Date on or before May 31, 2009.

Relief Refinance Mortgages – Open Access are only eligible for sale through the Freddie Mac Selling System (Selling System) and must:

- Have Freddie Mac Settlement Dates on or after **October 1, 2009**
- Have Note Dates on or after October 1, 2009, and before **June 10, 2010**
- Be delivered no more than 120 days after the Note Date

Overview

First Lien, conventional Mortgages owned or securitized by Freddie Mac may be eligible for refinancing under the terms of the Relief Refinance Mortgage – Open Access offering. Many of the eligibility and delivery requirements for the Relief Refinance Mortgage – Same Servicer offering also apply to the Relief Refinance Mortgage – Open Access offering **and will not be repeated in their entirety in this Bulletin**. Complete requirements can be found in new Guide Chapter B24, *Freddie Mac Relief Refinance Mortgages – Open Access*.

The Seller selling the Relief Refinance Mortgage – Open Access may be any Freddie Mac-approved Seller/Servicer, regardless of whether the Seller/Servicer is the Servicer of record for the Mortgage being refinanced.

Eligibility requirements

Mortgage being refinanced

The Mortgage being refinanced must be a First Lien, conventional Mortgage currently owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac that meets the effective date requirements above and the following:

- Is seasoned for at least three months
- Has a Mortgage payment history that indicates the Mortgage has not been 30 or more days delinquent in the most recent 12 months or, if the Mortgage is seasoned for less than 12 months, since the Mortgage Note Date

If the Mortgage being refinanced was sold to Freddie Mac with recourse, indemnification, Mortgage pool insurance or another negotiated credit enhancement, it is ineligible as a Relief Refinance Mortgage - Open Access.

If the Mortgage being refinanced was sold to Freddie Mac with mortgage insurance, it is eligible for refinancing as a Relief Refinance Mortgage – Open Access. See [Delivery Requirements](#) section later in this Bulletin.

Underwriting

All Relief Refinance Mortgages – Open Access must be fully underwritten and submitted to Loan Prospector[®]. Mortgages may be submitted to Loan Prospector beginning **October 1, 2009**. See the [Loan Prospector](#) section later in this Bulletin.

The Seller does not retain any of the original representations and warranties from the Mortgage being refinanced.

Negotiated underwriting provisions, special negotiated Mortgage products or offerings stated in a Seller's Purchase Documents are permitted, unless the provisions, products, or offerings conflict with the Freddie Mac Relief Refinance Mortgage – Open Access requirements, or are related to Freddie Mac-owned refinance Mortgages, Freddie Mac-owned Streamlined Refinance Mortgages or Freddie Mac Relief Refinance Mortgages -Same Servicer.

Maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios

The maximum LTV ratio for Relief Refinance Mortgages - Open Access is 105%. There are no maximum TLTV and HTLTV ratios.

Occupancy and the Mortgaged Premises

Relief Refinance Mortgages – Open Access may be refinanced as a 1- to 4-unit Primary Residence, a second home, or 1- to 4-unit Investment Property Mortgage, whether or not the Mortgage being refinanced was underwritten and sold to Freddie Mac as a 1- to-4-unit Primary Residence, second home, or Investment Property Mortgage.

Mortgage proceeds

The proceeds of the Relief Refinance Mortgage – Open Access must be used only to:

- Pay off the first Mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off). (The result may be rounded up to the nearest thousand.)
- Pay the lesser of 4% of the current unpaid principal balance (UPB) of the Mortgage being refinanced or \$5,000 in related Closing Costs, Financing Costs and Prepays/Escrows

Any funds remaining as a result of rounding must be applied as a principal curtailment to the new refinance Mortgage and/or disbursed as cash to the Borrower, not to exceed \$250.

Subordinate financing

An existing junior lien must be subordinate to the Relief Refinance Mortgage - Open Access and must meet the requirements for secondary financing set forth in [Guide Chapter 25](#). An increase in the current unpaid principal amount of any junior lien is not permitted, and no new secondary financing is permitted.

An existing junior lien that is currently serviced by the Seller of the Relief Refinance Mortgage - Open Access, may be refinanced simultaneously with the First Lien Mortgage being refinanced *only if* the junior lien is being refinanced for one of the following purposes:

- A reduction in the interest rate of the junior lien
- To replace an adjustable-rate Mortgage (ARM), an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien
- A reduction in the amortization term of the junior lien

The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.

If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien cannot be an ARM. A Relief Refinance Mortgage – Open Access with subordinate financing will be assessed applicable Secondary Financing delivery fees.

Value of the Mortgaged Premises

Relief Refinance Mortgages – Open Access require a new appraisal with an interior and exterior inspection of the property that meets the requirements in [Chapter 44, Appraisal Reports, Inspection Reports and the Property Inspection Alternative](#).

The use of Home Value Explorer[®] point value estimates or Automated Valuation Models are not permitted in lieu of an appraisal with Relief Refinance Mortgages – Open Access.

For Texas Equity Section 50(a)(6) Mortgages, the Seller must obtain an appraisal that meets the requirements of [Chapter 44](#) and that complies with Section 50(a)(6)(Q)(ix) and Section 50(h) of Article XVI of the Texas Constitution.

The Seller represents and warrants the following:

- As of the Settlement Date of the Relief Refinance Mortgage - Open Access, the value of the Mortgaged Premises is at least equal to the value of the Mortgaged Premises as determined by the appraisal with the most recent Effective Date before the Delivery Date of the Relief Refinance Mortgage - Open Access
- The value, interior and exterior condition and marketability of the Mortgaged Premises

Loan Prospector

On **October 1, 2009**, Sellers may begin to submit Mortgages for assessment as Relief Refinance Mortgages – Open Access.

To assist our Seller/Serviceicers, for Freddie Mac-owned Mortgages the Loan Prospector Feedback Certificate will provide the Freddie Mac loan number, mortgage insurance certificate number and mortgage insurer name, as applicable. This information will be returned only when the Mortgage being refinanced is entered into Loan Prospector as a Relief Refinance Mortgage – Open Access, and receives a Risk Class of Accept, Caution, or Caution-eligible for A-minus.

Mortgages that receive a Loan Prospector evaluation status of invalid, ineligible or incomplete, are not eligible as a Relief Refinance Mortgage – Open Access. The information described above will not be returned in the Loan Prospector Feedback Certificate for such Mortgages.

Delivery requirements

Complete delivery requirements for Relief Refinance Mortgages – Open Access can be found in Section B24.4.

Relief Refinance Mortgages – Open Access must be sold through the Selling System under one of the following:

- Fixed-rate Cash
- Weighted Average Coupon (WAC) ARM Cash
- Fixed-rate Guarantor
- WAC ARM Guarantor
- MultiLender Swap

The Seller must deliver all Mortgage data required by Form 11, *Mortgage Submission Schedule*, and Form 13SF, *Mortgage Submission Voucher* in addition to the information for certain fields required in Section B24.4.

Special characteristics codes

When delivering a Relief Refinance Mortgage-Open Access, the Seller must deliver the following special characteristics codes in one of the first five positions:

“007” = “no cash-out” refinance Mortgage

“H08”= Freddie Mac Relief Refinance Mortgage - Open Access

Transferring the Mortgage Insurance Certificate Number

For each Relief Refinance Mortgage - Open Access with mortgage insurance being transferred from the Mortgage being refinanced, the Seller must enter the appropriate MI company code, the existing mortgage insurance certificate number or, if applicable, the replacement certificate number and existing percent of coverage for the Mortgage being refinanced for the Relief Refinance Mortgage - Open Access.

Seller/Servicers must comply with any requirements established by the applicable mortgage insurer to transfer and/or maintain the existing mortgage insurance coverage.

Servicing-released sales process

Relief Refinance Mortgages – Open Access are eligible for sale under the Selling System servicing released sales process. For more information about Mortgages eligible for sale servicing released through the Selling System under a Mandatory Cash Contract or Best Efforts Contract, refer to Freddie Mac's web site at http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf.

RELIEF REFINANCE MORTGAGES – SAME SERVICER

Eligibility requirements

As discussed above, the Relief Refinance Mortgage offering that was announced in [Bulletin 2009-5](#) is now referred to as Relief Refinance Mortgage – Same Servicer. Changes to that offering were previously announced in [Bulletin 2009-9](#) and [Bulletin 2009-12](#).

With this Bulletin, we are amending certain requirements for Relief Refinance Mortgage – Same Servicer.

Mortgage proceeds – effective for Mortgages with Freddie Mac Settlement Dates on or after September 1, 2009

We have revised the requirements for use of proceeds of the Relief Refinance Mortgage – Same Servicer to permit the use of proceeds to:

- Pay off the first Mortgage (amount including only the unpaid principal balance and interest accrued through the date the Mortgage being refinanced is paid off). (The result may be rounded up to the nearest thousand.)
- Pay the lesser of 4% of the current unpaid principal balance (UPB) of the Mortgage being refinanced or \$5,000 in related Closing Costs, Financing Costs and Prepays/Escrows

Seller/Servicers are reminded that any funds remaining as a result of rounding must be applied as a principal curtailment to the new refinance Mortgage and/or disbursed as cash to the Borrower not to exceed \$250.

Subordinate financing – effective immediately

An existing junior lien must be subordinate to the Relief Refinance Mortgage – Same Servicer and must meet requirements for secondary financing set forth in [Chapter 25](#). An increase in the current unpaid principal amount of any junior lien is not permitted, and no new secondary financing is permitted.

Effective immediately, an existing junior lien that is currently serviced by the Seller of the Relief Refinance Mortgage – Same Servicer, may be refinanced simultaneously with the First Lien Mortgage being refinanced only if the junior lien is being refinanced for one of the following purposes:

- A reduction in the interest rate of the junior lien
- To replace an ARM, an interest-only junior lien, or a junior lien with a balloon or call option with a fixed-rate, fully amortizing junior lien
- A reduction in the amortization term of the junior lien

The unpaid principal balance of the new junior lien may not be more than the unpaid principal balance, at the time of payoff, of the junior lien being refinanced.

If the junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM.

Delivery requirements – recourse/indemnification for life of loan

In [Bulletin 2009-12](#), Freddie Mac announced that if the Mortgage being refinanced was sold to Freddie Mac with recourse or indemnification, or the Mortgage was credit enhanced with recourse or indemnification after it was sold to Freddie Mac, the Mortgage was eligible for refinancing under the provisions of [Section A24.3\(k\)](#) and Sellers could deliver the Relief Refinance Mortgage without any SCC indicating that the Mortgage is subject to recourse or indemnification.

Because we will be assessing delivery fees for Relief Refinance Mortgages effective **September 1, 2009**, we are revising our delivery requirements for Relief Refinance Mortgages – Same Servicer to require delivery of the applicable SCC below, on or after **September 1, 2009**.

“001” – Mortgage being refinanced was sold with recourse for the life of the Mortgage or the Mortgage was credit enhanced with recourse for the life of the Mortgage after it was sold to Freddie Mac.

“033” – Mortgage being refinanced was sold with indemnification for the life of the Mortgage or the Mortgage was credit enhanced with indemnification for the life of the Mortgage after it was sold to Freddie Mac.

This change will help to ensure that Relief Refinance Mortgages – Same Servicer sold with recourse will not be assessed delivery fees other than the Market Condition delivery fee (see [Section A24.5](#)).

No SCC is required for delivery of Relief Refinance Mortgages – Same Servicer when the Mortgage being refinanced was sold or the Mortgage being refinanced was credit enhanced with indemnification or recourse for less than the life of the Mortgage. Freddie Mac will manage the transfer of the credit enhancement from the Mortgage being refinanced to the Relief Refinance Mortgage – Same Servicer.

[Section A24.4](#) has been updated to reflect this new requirement.

Home Value Explorer

We have updated the Guide to provide the terms and conditions relating to use of data generated by HVE (“HVE data”). Seller/Servicers receiving HVE data directly from Freddie Mac by any means, electronic or otherwise (as opposed to obtaining HVE values through an authorized HVE distributor or reseller), will be deemed to have agreed to these terms and conditions. In addition, Seller/Servicers that use HVE data previously provided by Freddie Mac on or after **June 26, 2009** will be deemed to have agreed to these terms and conditions.

Sections 2.23 and Exhibit 32, *Terms Relating to Use of Data Generated by Home Value Explorer* have been added to the Guide to reflect this requirement. We have also updated [Section A24.3\(d\)](#) to reflect this requirement.

We continue to explore an automated way to provide HVE values to our Seller/Servicers and will announce the tool when it is available.

POSTSETTLEMENT DELIVERY FEES

Effective Date

September 1, 2009 –changes to our postsettlement delivery fees (delivery fees) are effective for Freddie Mac Relief Refinance Mortgages – Same Servicer with Freddie Mac Settlement Dates on or after this date.

Delivery fees apply to Freddie Mac Relief Refinance Mortgages – Open Access with Freddie Mac Settlement Dates of **October 1, 2009**, the date on which these Mortgages are eligible for purchase.

All applicable delivery fees, except those mentioned below, will be assessed on the Relief Refinance Mortgage – Same Servicer offering, and the Relief Refinance Mortgage – Open Access offering. The cumulative total of all delivery fees will be capped at 200 basis points, and any deduction will be returned under the fee name Relief Refinance Cap Deduction.

Relief Refinance Mortgages – Same Servicer that are refinances of Mortgages with recourse or indemnification must be delivered to Freddie Mac with recourse or indemnification. We will not assess [Exhibit 19](#) delivery fees, except for the Market Condition delivery fee, for Freddie Mac Relief Refinance Mortgages – Same Servicer sold with full recourse for the life of the Mortgage or indemnification for the life of the Mortgage.

All delivery fees and credits will be assessed on the Seller’s monthly invoice, unless the Mortgage is sold under the Cash Program through the Selling System, in which event Freddie Mac will net the delivery fees and credits from the proceeds due to Seller at funding as a result of the implementation of Net Pricing functionality.

New postsettlement delivery fee for Mortgages with high LTV ratios

Relief Refinance Mortgages with LTV ratios greater than 95% will be assessed the following new delivery fees; however, and as noted above, the cumulative total of all delivery fees will be capped at 200 basis points:

- A 50 basis point fee will be assessed for all Relief Refinance Mortgages with LTV ratios greater than 95% and less than or equal to 97%
- A 100 basis point fee will be assessed for all Relief Refinance Mortgages with LTV ratios greater than 97%

Expanded delivery fee grids

We have expanded the Indicator Score/Loan-to-Value, Mortgages with secondary financing, and CS/LTV Delivery Fees (“A-minus Fees”) – Non-LP Mortgages delivery fee grids in Exhibit 19 to accommodate the higher LTV ratios for Relief Refinance Mortgages. The fee amounts included in the grids that were previewed on **June 5, 2009** have not changed and have been included in the revised Exhibit 19.

Postsettlement delivery fee exclusions

The Flexible Mortgage Insurance Option delivery fee will not be assessed on either Relief Refinance Mortgage offering.

The Credit Score/Loan-to-value (CS/LTV) Delivery Fees (“A-Minus Fees”) – Non-LP Mortgage delivery fee will not be assessed for the Relief Refinance Mortgage – Same Servicer offering.

DELIVERY FEES AND MORTGAGES SOLD WITH RECOURSE

[Section 11.10\(a\)](#) of the Guide provides requirements relating to Mortgages sold to Freddie Mac with recourse. Pursuant to [Section 11.10\(a\)](#), Freddie Mac reviews a Seller's financial ability to fulfill the required recourse obligation when a Seller elects to sell Mortgages with recourse. We have revised this Guide section to provide that for Mortgages sold to Freddie Mac with life of loan recourse, we will determine at the time of our review whether to assess any or all delivery fees. We will provide information regarding the delivery fee assessment in the Guide or in a Seller's negotiated term of business, as applicable.

[Guide Section 11.10\(a\)](#) has been updated to reflect this change.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 2, 11, A24, and B24
- Exhibit 19, Exhibit 26, and Exhibit 32

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