

Bulletin

NUMBER: 2009-20

TO: Freddie Mac Sellers and Servicers

July 24, 2009

SUBJECTS

Background

As announced in our July 1, 2009 Single-Family Advisory e-mail, the Federal Housing Finance Agency and the U.S. Department of Housing and Urban Development recently introduced availability of loan-to-value (LTV) ratios up to 125% for all Home Affordable Refinance offerings. This expanded eligibility applies to both the Same Servicer and Open Access options under the Freddie Mac Relief Refinance MortgageSM, our business implementation of the Home Affordable Refinance.

With this expansion of Relief Refinance Mortgages, Freddie Mac Seller/Servicers will be able to help more Borrowers take advantage of refinancing into a more affordable and stable Mortgage, particularly Borrowers located in communities hardest hit by declining home values where access to affordable refinancing options remains a barrier.

Eligibility, delivery and pooling requirements

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are updating the Guide to reflect the requirements for Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125% that were previewed in our July 1 Advisory e-mail, and to provide detailed [delivery and pooling requirements](#) for such Mortgages.

Additionally, we are revising the requirements announced in our July 1 Advisory e-mail to provide that Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125% must be fixed-rate Mortgages.

New postsettlement delivery fees, reduced term incentive and cash adjustor

We are updating Guide Exhibit 19, *Postsettlement Delivery Fees*, to:

- Reflect a new [Mortgages With High LTVs postsettlement delivery fee](#) (“delivery fee”) rate applicable to Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125%
- Expand the [Number of Units delivery fee](#) grid to accommodate the higher LTV ratios for Relief Refinance Mortgages and add new delivery fee rates for eligible Mortgages secured by 3- to 4-unit properties
- Reflect the application of the reduced term incentive, which results in a reduced [Relief Refinance Mortgage Delivery Fee Cap](#) for Relief Refinance Mortgages having an LTV ratio greater than 105% that were originated with a shorter amortization term

We are also announcing that we will apply a [cash adjustor](#) to Relief Refinance Mortgages with LTV ratios greater than 105% that are sold under fixed-rate Cash through the Freddie Mac Selling System (“Selling System”).

Effective dates

The following effective dates apply to Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125%:

- Relief Refinance Mortgages – **Same Servicer** must have Freddie Mac Settlement Dates on or after **October 1, 2009**
- For Relief Refinance Mortgages – **Open Access**, you may begin submitting Mortgages to Loan Prospector[®] on or after **October 1, 2009**, effective for Freddie Mac Settlement Dates on or after **October 1, 2009**
- For Relief Refinance Mortgages – **Same Servicer** or **Open Access**, you may begin taking out:
 - Fixed-rate Cash commitments on or after **August 1, 2009**, effective for Freddie Mac Settlement Dates on or after **October 1, 2009**
 - Fixed-rate Guarantor commitments on or after **October 1, 2009**, effective for Freddie Mac Settlement Dates on or after **October 1, 2009**

Revisions to the Guide

The revisions included in this Bulletin impact the following:

- [Chapters A24](#) and [B24](#)
- [Exhibits 17S](#) and [19](#)

ELIGIBILITY REQUIREMENTS

Underwriting

Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125% may be only fixed-rate Mortgages that have terms of up to and including 30 years.

Relief Refinance Mortgages with LTV ratios greater than 105% and less than or equal to 125% must meet eligibility and underwriting requirements for Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access in [Guide Chapters A24](#) and [B24](#), respectively.

Delivery and pooling

Relief Refinance Mortgages with LTV ratios greater than 105% must be sold through the Selling System and are eligible for sale under fixed-rate Cash and fixed-rate Guarantor. See the section titled [Cash adjustor](#) below for additional information regarding pricing for fixed-rate Cash commitments.

Relief Refinance Mortgages with LTV ratios greater than 105% must be pooled separately in PC pools comprised entirely of Relief Refinance Mortgages with LTV ratios greater than 105%. At this time, these PC pools are not eligible for sale in the TBA market.

DELIVERY FEES, REDUCED DELIVERY FEE CAP AND CASH ADJUSTOR

Mortgages with High LTVs delivery fee

[Exhibit 19](#) has been updated to revise the Mortgages With High LTVs delivery fee rates to add the new 200 basis point delivery fee, which was announced in our July 1 Advisory e-mail, for all Relief Refinance Mortgages with LTV ratios greater than 105%.

The Mortgages With High LTVs delivery fee rates have been revised as follows:

MORTGAGES WITH HIGH LTVs			
Effective for Settlements on or after October 01, 2009			
Product	LTV Ratios		
	> 95% & ≤ 97%	> 97% & ≤ 105 %	> 105%
All Eligible Product	0.50%	1.00%	2.00%

Number of Units delivery fee

The Number of Units delivery fee grid has been expanded to accommodate the higher LTV ratios of Relief Refinance Mortgages and new delivery fee rates for Relief Refinance Mortgages secured by 3- to 4-unit properties, as follows:

NUMBER OF UNITS								
Effective for Settlements on or after September 01, 2009								
Product	Number of Units	LTV Ratios						
		All Eligible						
		≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90%
Mortgages other than Home Possible Mortgages– All Eligible Product	2	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	3-4	1.00%	1.00%	1.00%	1.00%	1.50%	2.00%	2.00%
Home Possible Mortgages– All Eligible Product	2	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee
	3-4	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	1.00%

The changes are effective for eligible Mortgages with Freddie Mac Settlement Dates on or after **September 1, 2009**.

Reduced term incentive

In our July 1 Advisory e-mail, Freddie Mac announced that we would reduce the Relief Refinance Mortgage Delivery Fee Cap by 50 basis points, to 150 basis points, for qualified Borrowers who refinanced from a 30-year fixed-rate Mortgage into a 25-year fixed-rate Mortgage. With this Bulletin we are announcing that we will apply a reduced term incentive in the amount of 50 basis points for fixed-rate Relief Refinance Mortgages having an LTV ratio greater than 105% and less than or equal to 125% if:

- The term of the original Mortgage being refinanced was **30 years or greater**; and
- The term of the Relief Refinance Mortgage is **greater than 15 years and less than or equal to 25 years**.

We are updating [Exhibit 19](#) to reflect the reduced Relief Refinance Mortgage Delivery Fee Cap as follows:

RELIEF REFINANCE MORTGAGE DELIVERY FEE CAP Effective for Settlements on or after October 01, 2009			
Amortization Term		LTV Ratios	
Original Mortgage	Relief Refinance Mortgage	≤ 105%	> 105%
≥ 30 years	>15 & ≤ 25 years	2.00%	1.50%
	≤ 15 or > 25 years	2.00%	2.00%
< 30 years	Any	2.00%	2.00%

Cash adjustor

To help offset any liquidity issues associated with these Mortgages, Freddie Mac will apply a cash adjustor for all Relief Refinance Mortgages with LTV ratios greater than 105% that are sold for cash.

The cash adjustor value may change from time to time at Freddie Mac's discretion. The cash adjustor applicable to a particular Mortgage will be determined as of the commitment date and will be reflected in the cash pricing shown in the Selling System once the Seller allocates Mortgages to the contract. Sellers may allocate these Mortgages to fixed-rate Cash contracts beginning **October 1, 2009**.

Cash adjustor values will be available through a recorded message on (800) FREDDIE beginning **August 1, 2009**. To obtain the current values, prior to taking out a cash commitment in the Selling System, Sellers should call (800) FREDDIE, enter their customer number, select option one for "system status" and then option three for the cash adjustor values.

Freddie Mac will net the cash adjustor amount against the amount paid to the Seller. Since the cash adjustor is not a delivery fee, it is not subject to the Relief Refinance Mortgage Delivery Fee Cap.

SERVICING RELEASED SALES PROCESS

In [Bulletin 2009-15](#) we announced that when Relief Refinance Mortgages – Open Access are eligible for sale beginning **October 1, 2009**, they will be eligible for sale under the Selling System servicing released sales process. We are pleased to announce that Relief Refinance Mortgages – Same Servicer are also now eligible for sale under this process, effective immediately.

In either instance, the LTV ratio of the Relief Refinance Mortgage must be 105% or less. Mortgages with LTV ratios greater than 105% are not eligible for sale under the 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 http://www.freddiemac.com/sell/secmktg/pdf/available_products.pdf.

CONCLUSION

If you have any additional questions, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia J. McClung". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Patricia J. McClung
Vice President
Offerings Management