

Bulletin

NUMBER: 2009-27

TO: Freddie Mac Sellers and Servicers

December 4, 2009

SUBJECTS

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

2010 loan limits

With this Bulletin, we are updating the Guide to reflect the [maximum original loan amounts](#) for Mortgages eligible for sale to Freddie Mac. For loans originated in 2010, we are maintaining the temporary loan limits in designated high-cost areas at 2009 levels; the base conforming loan limits will also remain at their 2009 levels.

Loan-level origination data

Freddie Mac is providing information to assist Sellers in meeting the previously announced [new loan-level origination data delivery requirements](#) for Mortgages with application dates on or after **July 1, 2010**.

Credit requirements

We are also announcing several changes to our [credit requirements](#), including the following:

- Revising requirements regarding use of IRS Form 4506-T, *Request for Transcript of Tax Return*
- Removing Relief Refinance MortgagesSM – Same Servicer from the list of Mortgages that are ineligible for delivery as higher-priced mortgage loans
- Amending requirements for verbal verifications of employment
- Revising self-employed income requirements regarding the withdrawal of business assets by the Borrower
- Amending rental income requirements for investment property owned by the Borrower other than the subject property
- Adding a new Guide section regarding rental income requirements for Borrowers converting 2- to 4-unit Primary Residences to Investment Properties
- Amending rental income and reserve verification and documentation requirements

2010 LOAN LIMITS

On November 12, 2009, in accordance with an announcement made by the Federal Housing Finance Agency (FHFA), we announced that, for loans originated in 2010, the temporary loan limits in designated high-cost areas will remain at the 2009 levels. The base conforming loan limits will also remain at their 2009 levels.

Base conforming loan limits

The base conforming loan limits for 2010 will remain at the current levels (\$417,000 for 1-unit properties, higher limits apply for 2- to 4-unit properties and properties in Alaska, Guam, Hawaii and the U.S. Virgin Islands).

[Guide Chapter 23](#) is being updated to reflect the 2010 base conforming loan limits.

Loan limits in designated high-cost areas

The Housing and Economic Recovery Act of 2008 (HERA) allows for higher limits, currently up to \$625,500 for a one-unit single-family residence, in designated high-cost areas. In addition, in certain designated high-cost areas, the temporary higher loan limits are the higher of the temporary limits established by the Economic Stimulus Act of 2008 (maximum of \$729,250 for a one-unit single-family residence) and the permanent high-cost limits established by HERA. Actual loan limits for a specific high-cost area may be lower than the maximum permitted loan limit.

The high-cost area loan limits are derived from the Department of Housing and Urban Development (HUD) estimates of median home prices. HUD has a 30-day appeals period to evaluate individual requests for area median home price increases. If the appeals process results in an increase to an individual high-cost area loan limit, FHFA will issue a subsequent announcement. In such event, Freddie Mac will advise Sellers of the increase on FreddieMac.com.

The extension of the temporary high-cost area loan limits through **December 31, 2010** applies to super conforming Mortgages with Note Dates on or after October 1, 2008 and on or before **December 31, 2010**.

[Chapter L33](#) is being updated to reflect the extension of the temporary loan limits through 2010.

LOAN-LEVEL ORIGINATION DATA

Introduction and effective date

On January 15, 2009, FHFA announced that Freddie Mac would be required to capture new loan-level origination data for Mortgages with application dates on or after **January 1, 2010**. In a Single-Family Advisory e-mail to Sellers on October 5, 2009, Freddie Mac, with the approval of FHFA, extended that date to **July 1, 2010**.

With this Guide Bulletin, Freddie Mac is providing additional information to assist Sellers in complying with new loan-level origination data requirements for Mortgages with application dates on or after **July 1, 2010**. For these Mortgages, Freddie Mac will collect the following loan-level origination data:

- Loan Originator identifiers that are assigned by the Nationwide Mortgage Licensing System (NMLS) and are required pursuant to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Mortgage Licensing Act”)
- Loan Origination Company identifiers that are assigned by the NMLS
- Appraiser’s State license number issued by the State in which the subject property is located
- Supervisory appraiser’s State license number, if applicable

Capturing this new loan-level origination data will help:

- Prevent fraud and predatory lending
- Ensure Mortgages owned and/or guaranteed by Freddie Mac are originated by individuals and entities that meet minimum State licensing and education requirements
- Restore confidence and transparency to the credit markets
- Identify, measure, monitor and control risks associated with negligence and fraud

Implementation

To assist Freddie Mac and Sellers in meeting the requirements for delivery of loan-level origination data, we have already provided technical specifications that enable Sellers and loan origination system vendors to configure their loan origination systems to provide the required loan-level origination information.

With this Bulletin, we are:

- Reminding Sellers that we are preparing to make internal operational system changes that support collection of loan-level origination data. These system changes will become operational later in December 2009.
- Adding definitions for Loan Originator and Loan Origination Company to the [Glossary](#) of the Guide
- Updating [Guide Form 11, Mortgage Submission Schedule](#), and [Form 13SF, Mortgage Submission Voucher](#), to include new fields and instructions for the required loan-level origination data
- Reminding Sellers that we have revised [Form 65, Uniform Residential Loan Application](#), to collect the following:
 - Signature, name, phone number and identifier for the Loan Originator
Previously this data, except for the identifier, was required for the interviewer. We are no longer requiring any information on the interviewer unless the interviewer is also the Loan Originator.
 - Name, address and identifier for the Loan Origination Company
Previously this data, except for the identifier, was required for the interviewer's employer.

We announced the availability of the revised [Form 65](#) on our Uniform Instrument web site in [Bulletin 2009-18](#), dated July 10, 2009; with this Bulletin, we are incorporating the revised [Form 65](#) into the Guide.

Loan Originator and Loan Origination Company unique identifiers

State requirements

For Mortgages originated in a State that requires Loan Originators and Loan Origination Companies to obtain unique identifiers, Sellers must ensure that the identifiers are provided on [Form 65](#) and must deliver the identifiers on [Form 11](#) or [Form 13SF](#) for Mortgages with loan application dates on or after **July 1, 2010**. If the State has not yet required Loan Originators or Loan Origination Companies to obtain identifiers, Sellers are not required to enter the identifiers on [Form 65](#) or to deliver this information on [Form 11](#) or [Form 13SF](#). Once the State requires Loan Originators and/or Loan Origination Companies to obtain identifiers, Sellers must deliver this data for Mortgages with application dates on or after the date the requirement becomes effective.

Federal requirements

If a Seller is a federally regulated institution and the Seller's appropriate federal regulator has not yet required registration of the Loan Originators and/or Loan Origination Companies, the Seller will not be required to enter the Loan Originator and/or Loan Origination Company identifier on [Form 65](#) or to deliver this information on the [Form 11](#) or [Form 13SF](#). Once Loan Originator and/or Loan Origination Company identifiers are required, Sellers must deliver this data for Mortgages with application dates on or after the date the requirement becomes effective.

Appraiser identification numbers

Regardless of whether identifiers are available for Loan Originators and Loan Origination Companies, appraiser identification numbers must be delivered for all Mortgages with application dates on or after **July 1, 2010**.

Additional information

- Visit <http://www.csbs.org> for guidance on obtaining unique identifiers through NMLS
- Visit <http://www.stateregulatoryregistry.org> to find out how to register with NMLS
- View FHFA's original press release, [FHFA Announces New Mortgage Data Origination Requirements](#)

CREDIT REQUIREMENTS

IRS Form 4506-T, Request for Transcript of Tax Return

Effective for Mortgages with application dates on or after February 15, 2010 and Settlement Dates on or after April 1, 2010

Documentation requirements are being revised to require Sellers to obtain a signed IRS Form 4506-T for all Borrowers, whose income is used to qualify, on both the application date and on the Note Date.

[Sections 37.20](#), [37.20.1](#), [37.22](#), [37.23](#) and [48.5](#) are being revised to reflect this change.

Loan Prospector

Loan Prospector feedback messages will be updated at a later date to support this change. Sellers will be notified when the changes are implemented.

Higher-priced mortgage loans

Effective immediately

We are removing Relief Refinance Mortgages – Same Servicer from the list of Mortgages that are ineligible for delivery as higher-priced mortgage loans (HPMLs). The Seller must ensure that the Regulation Z requirements for HPMLs regarding establishing the Borrower's ability to repay and verification of income and assets are met, even though these are not typically requirements for Relief Refinance Mortgages – Same Servicer.

[Sections 22.35](#) and [A24.3](#) are being revised to reflect this change.

Sale or conversion of Primary Residence

Effective immediately

We are providing additional guidance in [Section 37.16.2\(c\)](#) related to a Borrower's conversion of a 1-unit Primary Residence to a 1-unit Investment Property. We are also adding a new [Section 37.16.2\(d\)](#) to the Guide, which provides rental income requirements for Borrowers converting 2- to 4-unit Primary Residences to Investment Properties.

Verbal verifications of employment

*Effective for Mortgages with application dates on or after December 14, 2009 and Settlement Dates on or after April 1, 2010**

We are amending the requirements for verbal verifications of employment announced in [Bulletin 2009-18](#). Sellers will be required to obtain verbal verifications of employment for employed Borrowers not more than 10 *Business Days* prior to the Note Date rather than the 10 *calendar days* announced in the previous Bulletin. Additionally, we are specifying that a written verification of employment or third-party verification is acceptable in lieu of a verbal verification of employment 10 Business Days prior to the Note Date when a verbal VOE is not accessible.

[Sections 37.20.1](#), [37.22](#) and [37.23](#) are being revised to reflect this change.

Loan Prospector

Loan Prospector[®] feedback messages will be updated at a later date to support this change. Sellers will be notified when the changes are implemented.

Self-employed income

*Effective for Mortgages with application dates on or after December 14, 2009 and Settlement Dates on or after April 1, 2010**

We are updating the self-employed income requirements to permit the Seller to perform a cash flow analysis to determine that the withdrawal of business assets by the Borrower will not adversely affect the Borrower's business in lieu of a letter obtained from an accountant.

[Section 37.13\(b\)](#) is being revised to reflect this change.

Rental income

*Effective for Mortgages with application dates on or after December 14, 2009 and Settlement Dates on or after April 1, 2010**

We are amending our requirements in [Section 37.14\(d\)](#) related to the use of tax returns and/or leases to verify rental income in connection with investment properties other than the subject property that are owned by the Borrower. When the Borrower's tax returns reflect a two-year history of managing investment properties, signed leases may be used to determine net rental income for investment properties not owned by the Borrower in the previous tax year.

We are also changing the title of [Section 37.14\(d\)](#) from *Rental income from 1- to 4-unit Investment Properties and 2- to 4-unit Primary Residences other than the subject property* to *Rental income from other investment property owned by the Borrower other than the subject property*. This section of the Guide addresses rental income from other property owned by the Borrower and is not limited to only 1- to 4-unit Investment Properties and 2- to 4-unit Primary Residences.

Streamlined Accept Documentation and Standard Documentation requirements

*Effective for Mortgages with application dates on or after December 14, 2009 and Settlement Dates on or after April 1, 2010**

We are amending the rental income section of the income verification and documentation charts in [Sections 37.22](#) and [37.23](#) to refer back to the documentation and verification requirements in [Section 37.14](#). Additionally, we are amending the reserves section of the asset documentation charts to state that reserves, if required, must be documented in accordance with the asset documentation requirements.

Effective dates for credit requirements

- * *Please note that these revisions amend requirements announced in the [July 10, 2009 Bulletin](#) effective with application dates on or after **December 14, 2009** and Settlement Dates on or after **April 1, 2010**. Sellers and servicers who have already implemented [July 10, 2009 Bulletin](#) requirements that are being modified by this Bulletin may immediately make the revisions necessary to comply with the changes announced above.*

CONCLUSION

If you have any questions about the changes announced in this Bulletin, 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