

Bulletin

NUMBER: 2009-9

TO: All Freddie Mac Sellers and Servicers

April 16, 2009

SUBJECTS

This *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin provides complete requirements regarding the increased maximum loan limits for super conforming Mortgages, and the changes to our super conforming Mortgage requirements previewed in our April 10, 2009 Single-Family Advisory e-mail. It also announces changes to our requirements for Freddie Mac Relief Refinance MortgagesSM.

With this Bulletin, we are updating the Guide to reflect the following changes to our super conforming Mortgage requirements previewed in our Single-Family Advisory e-mail:

- A temporary increase to our maximum loan limits for super conforming Mortgages in certain high-cost areas, as permitted under the *American Recovery and Reinvestment Act of 2009* (ARRA)
- Changes to the loan-to-value (LTV), total LTV (TLTV), and Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio requirements for certain super conforming Mortgages
- Elimination of the restriction on disbursement of cash proceeds for cash-out refinance super conforming Mortgages
- Allowing negotiated underwriting provisions stated in a Seller’s Purchase Documents to be used with super conforming Mortgages, unless specifically prohibited

We are also announcing that we are requiring Form 1032, One-Unit Residential Appraisal Field Review Report, for super conforming Mortgages with LTV/TLTV/HTLTV ratios greater than 80%, and an original loan amount of \$625,500.

We are announcing the following changes to our requirements for Freddie Mac Relief Refinance Mortgages:

- Clarifying our requirements for the use of refinance Mortgage proceeds to provide that the amount to pay off the Mortgage being refinanced includes the interest accrued on the Mortgage being refinanced through the pay off date
- Permitting cash disbursed to the Borrower not to exceed \$250
- Removing the requirement that the amortization term for the Relief Refinance Mortgage may not be longer than the amortization term for the Mortgage being refinanced
- Clarifying that if the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home or Investment Property Mortgage, and the property is now a Primary Residence, and the Borrower(s) obligated on the Note is now an Owner-Occupant, a Relief Refinance Mortgage is eligible for sale to Freddie Mac as a Primary Residence Mortgage
- Revising our delivery requirements to provide that Sellers that determine the value of the Mortgaged Premises using a point value estimate from Home Value Explorer® (HVE) do not have to deliver the data elements “Year Built” and “Number of Bedrooms” when completing Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, as applicable

We are also allowing the transfer of the property insurance policy **from** the Mortgage being refinanced **to** the Freddie Mac Relief Refinance Mortgage, if permitted by the insurance carrier.

SUPER CONFORMING MORTGAGES

Temporary super conforming Mortgage loan limit increase

Background

On February 17, 2009, the President signed into law the *American Reinvestment and Recovery Act of 2009* (ARRA). Under ARRA, the loan limits in designated high-cost areas are the higher of the temporary limits established by the *Economic Stimulus Act of 2008* (ESA) (maximum of \$729,750 for 1-unit single-family properties) and the permanent limits established by the *Housing and Economic Recovery Act of 2008* (HERA) (maximum of \$625,500 for 1-unit single-family properties). The maximum loan limits for 2- to 4-unit properties and properties located in Alaska, Hawaii, Guam and the U.S. Virgin Islands, where applicable, are higher.

Approximately 250 counties or county equivalents have higher temporary loan limits as a result of the ARRA legislation. Please note that the actual loan limit for a specific high-cost area may be lower than the maximum loan limits noted above. The Federal Housing Finance Agency (FHFA) determines the maximum [loan limits](#) for all counties and makes this information available on its web site.

To be eligible for sale to Freddie Mac, Mortgages subject to the ARRA loan limits must have Note Dates on or after October 1, 2008, and on or before December 31, 2009, and have Delivery Dates on or after May 4, 2009.

Super conforming Mortgages, as described in Guide Chapter L33, will include Mortgages that comply with the ARRA temporary super conforming loan limits and the previously announced HERA permanent county-level maximum super conforming loan limits.

Minimum and maximum original loan amounts for super conforming Mortgages

The following minimum and maximum original loan amounts apply to super conforming Mortgages sold to Freddie Mac with Note Dates on or after October 1, 2008 and on or before December 31, 2009, with:

- Funding or Settlement Dates on or after January 2, 2009, for Mortgages subject to the HERA permanent super conforming loan limits, and
- Delivery Dates on or after May 4, 2009, for Mortgages subject to the ARRA temporary super conforming loan limits:

Units	Minimum/Maximum Original Loan Amount			Properties in Alaska, Hawaii, Guam and the U.S Virgin Islands		
	Minimum Loan Amount	Maximum Loan Amount		Minimum Loan Amount	Maximum Loan Amount	
		Permanent * (HERA)	Temporary* (ARRA)		Permanent* (HERA)	Temporary* (ARRA)
1	>\$417,000	\$625,500	\$729,750	>\$625,500	\$938,250	\$1,094,625
2	>\$533,850	\$800,775	\$934,200	>\$800,775	\$1,201,150	\$1,401,350
3	>\$645,300	\$967,950	\$1,129,250	>\$967,950	\$1,451,925	\$1,693,900
4	>\$801,950	\$1,202,925	\$1,403,400	>\$1,202,925	\$1,804,375	\$2,105,100

* These are the maximum potential loan limits for designated high-cost areas. Actual loan limits are established for each county (or equivalent) and the loan limits for specific high-cost areas may be lower. The original principal balance of a Mortgage must not exceed the maximum loan limit for the specific area in which the Mortgaged Premises is located. For specific loan limits for each high cost area, as released by the Federal Housing Finance Agency, visit: <http://www.fhfa.gov/Default.aspx?Page=185>

Section L33.2 of the Guide is being updated to reflect these minimum and maximum original loan amounts.

Super conforming Mortgages with original loan amounts greater than the HERA permanent super conforming loan limits, up to the ARRA temporary super conforming loan limits, must be delivered and pooled in accordance with the requirements for super conforming Mortgages set forth in Guide Section 17.44. Fixed-rate super conforming Mortgages subject to the ARRA temporary loan limits may be commingled with super conforming Mortgages subject to the HERA permanent loan limits and may be delivered in 10% de minimus amounts for TBA pools.

Revised LTV/TLTV/HTLTV requirements for certain super conforming Mortgages

We are changing our LTV/TLTV/HTLTV requirements for certain high-risk super conforming Mortgages, and providing requirements for super conforming Mortgages subject to the ARRA temporary loan limits.

For higher risk Mortgages, which include cash-out refinance, second home and Investment Property Mortgages, we are reducing the maximum LTV/TLTV/HTLTV ratios by 5% to 15%.

Refer to revised Section L33.3 for LTV/ TLTV/HTLTV ratios for super conforming Mortgages.

The applicable Indicator Score requirements have not changed. We are revising Exhibit 25 to refer Sellers to the applicable version of L33 for Indicator Score requirements for super conforming Mortgages.

Special requirements for cash-out refinance transactions

For super conforming Mortgages originated with the reduced LTV ratios, we are eliminating the restriction limiting the amount of allowable disbursed cash out to the Borrower (or any other payee) for 1- to 4-unit cash-out refinance Mortgages.

Negotiated underwriting provisions applicable to super conforming Mortgages

Unless specifically prohibited, the special negotiated underwriting provisions, products and offerings described in a Seller's Purchase Documents may be used with super conforming Mortgages, provided that the more restrictive provisions of Chapter L33 or the Seller's other Purchase Documents apply.

In connection with this change, we are revising Section L33.3 to add "...any affordable Mortgage, including Mortgages originated under a Seller's proprietary affordable program" to the Home Possible Mortgage bullet in the list of ineligible super conforming Mortgages.

Form 1032 required for certain super conforming Mortgages

We are revising our appraisal and collateral documentation requirements for super conforming Mortgages to require Form 1032, One-Unit Residential Appraisal Field Review Report, for super conforming Mortgages with LTV/TLTV/HTLTV ratios greater than 80% and an original loan amount of \$625,500.

Section L33.6 is being revised to reflect this change.

Effective dates for new super conforming Mortgage requirements

All super conforming Mortgages with application dates after May 15, 2009, must be originated in accordance with the updated credit and collateral requirements for super conforming Mortgages described in this Bulletin.

To allow for pipeline coverage, super conforming Mortgages with original loan amounts at or below the permanent county-level maximum loan limits established by HERA, may be originated in accordance with our existing requirements provided they have application dates on or before May 15, 2009, and Freddie Mac Settlement Dates on or before July 31, 2009.

All other super conforming Mortgages, including super conforming Mortgages with original loan amounts greater than the permanent county-level maximum loan limits established by HERA, and up to the temporary county-level maximum loan limits allowed by ARRA, must meet the revised requirements for super conforming Mortgages described in this Bulletin. Super conforming Mortgages with original loan amounts greater than HERA permanent loan limits, up to the temporary ARRA loan limits must have Delivery Dates on or after May 4, 2009.

The change to our requirements regarding negotiated underwriting provisions applicable to all super conforming Mortgages is effective immediately.

Loan Prospector[®]

Loan Prospector has been updated to reflect the higher ARRA temporary loan limits, and will be updated in a phased approach to support the updates to the super conforming Mortgage credit requirements, beginning in late May with the revised LTV/TLTV/HTLTV ratio requirements. Until Loan Prospector is updated, Sellers must do a manual review of the Mortgage file to ensure that the Mortgage meets the revised requirements for sale to us. Sellers will be notified when the changes are implemented.

FREDDIE MAC RELIEF REFINANCE MORTGAGES

Effective date: The changes to Freddie Mac Relief Refinance Mortgages are effective immediately.

The use of Relief Refinance Mortgage proceeds includes the interest accrued through the pay off date

We are clarifying our requirements for the use of Relief Refinance Mortgage proceeds to provide that the amount to pay off the Mortgage being refinanced includes the unpaid principal balance and interest accrued on the Mortgage being refinanced through the pay off date.

We are also revising our requirements to permit disbursement of the funds as cash to the Borrower not to exceed \$250.

Sellers are reminded that the proceeds of the Freddie Mac Relief Refinance Mortgage 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 up to \$2500 in related Closing Costs, Financing Costs and Prepaids/Escrows

Funds available as a result of the 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

Amortization term for the Mortgage being refinanced

We are revising Section A24.3(a) to remove the requirement that the amortization term of the Relief Refinance Mortgage may not be longer than the amortization term for the Mortgage being refinanced.

Relief Refinance Mortgage eligible for sale to Freddie Mac as a Primary Residence Mortgage when the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home or Investment Property Mortgage

If the Mortgage being refinanced was underwritten and sold to Freddie Mac as a second home or Investment Property Mortgage, and the property is now a Primary Residence, and the Borrower(s) obligated on the Note is now an Owner-Occupant, the Relief Refinance Mortgage is eligible for sale to

Freddie Mac as a Primary Residence Mortgage, provided it meets all of the other requirements in Chapter A24.

Data elements not required on Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, when Sellers determine property valuation using HVE point value estimate

Because this information is not available in Home Value Explorer[®] (HVE), we are revising our delivery requirements to provide that Sellers who determine the value of the Mortgaged Premises using a point value estimate from HVE do not have to deliver the following data elements on the Form 11 and Form 13SF, as applicable:

- Year Built, and
- Number of Bedrooms - UNIT 1: UNIT 2: UNIT 3: UNIT 4

As a reminder, Sellers using the HVE point value estimate to determine property value must comply with the requirements of Section A24.3(d), and must deliver special characteristics code “H03” on the Form 11 or Form 13SF, as applicable.

Transferring the property insurance policy

Property insurance policies may be transferred from the Mortgage being refinanced to the Freddie Mac Relief Refinance Mortgage, if permitted by the insurance carrier. All parties (that is, the Seller, Servicer, and insurance carrier) must collaborate to ensure that all property insurance coverage required by the Guide on the insurable improvements are in force following the closing of the refinance transaction. All parties must also ensure that there are sufficient funds in escrow to pay any and all renewal premiums when due.

Freddie Mac Relief Refinance Mortgages ineligible for Selling System Servicing-Released Sales Process

Freddie Mac Relief Refinance Mortgages are not eligible for purchase under the Freddie Mac Selling System (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.freddie.mac.com/sell/secmktg/pdf/available_products.pdf.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters A24, L33
- Exhibit 25

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