

# Bulletin

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NUMBER: 2010-5

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TO: Freddie Mac Sellers and Servicers

February 26, 2010

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## SUBJECTS

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

### Enhancing Loan Prospector® to improve appraisal quality

In support of our efforts to improve the quality and accuracy of appraisals for Mortgages we purchase, on February 28<sup>th</sup>, we are enhancing Loan Prospector to provide a point value estimate from Home Value Explorer® (HVE), Freddie Mac’s automated valuation model, for a property address. With this Bulletin, we are announcing Guide changes related to this Loan Prospector enhancement.

### Selling requirements

We are also making the following changes to our **selling requirements**:

- Requiring a copy of the **entire** Note in the Mortgage file
- Updating the Guide to explicitly state that Sellers may not delegate their endorsement of Notes via power of attorney
- Reorganizing Guide requirements for living trusts and Illinois land trusts and providing additional information for eligibility provisions for living trusts

### Servicing requirements

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

- Increasing the allowable amount for title expenses in New Hampshire and Rhode Island
- Advising Servicers of updates to our designated counsel/trustee list for California, Georgia and North Carolina
- Providing updated contact information for Freddie Mac’s Default Asset Management department

## EFFECTIVE DATE

All of these changes are effective immediately, unless otherwise indicated.

## SELLING REQUIREMENTS

### Loan Prospector feedback messages for HVE point value estimates

On February 12, 2010, Freddie Mac announced in a Loan Prospector News e-mail that on **February 28, 2010** we are enhancing Loan Prospector to help Sellers review appraisal results early in the origination process. With this enhancement, Loan Prospector will provide an HVE point value estimate and related data for a property address free of charge to Loan Prospector Users. The HVE point value

estimate is not a replacement for an appraisal value, but should be used to identify which appraisals may need additional review.

We are revising Exhibit 32, *Terms Relating to Use of Data Generated by Home Value Explorer*, to permit Sellers receiving HVE point value estimates on Loan Prospector Feedback Certificates to use them in reviewing appraised property values during the loan origination process. We are also updating Guide Section 2.20 to provide that Loan Prospector Users receiving HVE point value estimates on Feedback Certificates will be deemed to have agreed to the terms and conditions of Exhibit 32 relating to use of data generated by HVE.

### **Copy of the entire Note required in the Mortgage file**

*Effective for Mortgages sold to Freddie Mac on or after February 26, 2010*

We are updating the Guide to require Sellers to retain a legible copy of the entire Note, complete with addenda, as applicable, and showing all endorsements in order to adequately reflect the complete content of the Note. For Mortgages secured by property located in New York State that are documented using a New York Consolidation, Modification and Extension Agreement (NY CEMA), a legible copy of the current Consolidated Note showing all endorsements must be maintained in the Mortgage file.

Section 46.2 is being revised to reflect this change.

### **Power of attorney not permitted to delegate endorsement**

Section 16.4 is being revised to explicitly state that Sellers may not delegate their Note endorsement via power of attorney.

### **Living trusts and Illinois land trusts**

We are reordering Section 22.10 to address eligibility and underwriting of living trusts together, to provide additional information with respect to eligibility provisions for living trusts, and then separately to address eligibility for Illinois land trusts. The reorganization of this section more clearly sets out the requirements for each type of trust.

## **SERVICING REQUIREMENTS**

### **Allowable title expenses in New Hampshire and Rhode Island**

We are increasing the allowable amount for title expenses in New Hampshire and Rhode Island to \$225, to reflect the current market rates.

Exhibit 57A, *Approved Attorney Fees and Title Expenses*, is being updated to reflect this change.

### **Designated counsel/trustee list updates**

#### *California*

For consistency within our California designated counsel program, we are now listing the law firm of Pite Duncan LLP as the contact firm rather than the trustee firm, Cal Western Reconveyance Corporation, with whom Pite Duncan LLP is partnered for the designated counsel/trustee program.

#### *Georgia*

The Georgia designated counsel firm formerly known as Pendergast and Jones, P.C. has changed its name to Pendergast & Associates, P.C.

#### *North Carolina*

The North Carolina designated counsel firm of Kellam & Pettit, P.A. has changed its name to Rogers, Townsend & Thomas, P.C. after their merger with the firm of the same name.

These updates to contact information have been made to the designated counsel/trustee list found at [http://www.freddiemac.com/service/msp/desig\\_counsel.html](http://www.freddiemac.com/service/msp/desig_counsel.html)

### **Updated contact information**

Guide Directory 5 and Section 58.3.1 are being revised to reflect updated contact information for Freddie Mac's Default Asset Management department.

### **REVISIONS TO THE GUIDE**

The revisions included in this Bulletin impact the following:

- Chapters 2, 16, 17, 22, 46, 58, and 71
- Exhibits 32 and 57A
- Directory 5

### **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