Freddie Mac
We make home possible®

Bulletin

TO: All Freddie Mac Sellers and Servicers October 17, 2008

SUBJECTS

Selling requirements are amended in this *Single-Family Seller/Servicer Guide* (Guide) Bulletin.

This Bulletin provides final requirements regarding the changes to Freddie Mac's postsettlement delivery fees (delivery fees) and credit requirements previewed in our October 3, 2008 Single-Family Advisory e-mail. It also announces additional changes to our credit requirements.

Guide chapters affected by these changes will be available on October 21, 2008 except for the following, which are available today:

- Chapter L33, Super Conforming Mortgages
- Exhibit 19, Postsettlement Delivery Fees
- Exhibit 24, Third Party Verification Services
- Exhibit 25, Mortgage Products with Risk Class and/or Minimum Indicator Score Requirements
- Exhibit 26, Discretionary Provisions
- Exhibit A, Special Characteristics Codes, of Forms 11, Mortgage Submission Schedule, and 13SF, Mortgage Submission Voucher

With this Bulletin, we are updating the Guide to reflect the following changes to our delivery fee rates and the credit changes previewed in our Single-Family Advisory e-mail:

- Updating Guide Exhibit 19, Postsettlement Delivery Fees, regarding:
  - Elimination of the previously announced increase to the Market Condition delivery fee rate
  - The changes to delivery fee structures and fee rates for Initial Interest℠ Mortgages and Mortgages with Secondary Financing
  - Changes to the Number of Units delivery fee rates
  - Addition of delivery fee rates for super conforming Mortgages
- Adding new Guide Chapter L33 and revising other Guide sections to provide eligibility, pooling and delivery requirements for Mortgages with higher conforming loan limits in certain high-cost areas, which we refer to as "super conforming Mortgages"
- Reducing maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HTLTV) ratios for certain Mortgages secured by second homes, 2-unit properties and Investment Properties (certain Freddie Mac-owned "no cash-out" refinance Mortgages are eligible for expanded LTV/TLTV/HTLTV ratios, as described below)
- Updating our requirements for Manually Underwritten Mortgages to include:
  - A requirement for a minimum Indicator Score for certain Mortgages based on purpose, LTV/TLTV/HTLTV ratio, number of units and occupancy

- Updating collateral valuation requirements for:
  - Mortgages sold to us more than 120 days after the Note Date
  - Mortgages for Newly Constructed Homes, Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages

  Freddie Mac is recommending that Sellers use Home Value Calibrator or a similar tool to alert them to the likelihood that an appraised value is inflated. More details on the benefits of using Home Value Calibrator are provided later in this Bulletin.
- Modifying our requirements for refinance Mortgages, including:
  - Revising requirements for streamlined refinance Mortgages to prohibit the use of proceeds to pay off subordinate financing and require that the Initial Period for an adjustable-rate Mortgage (ARM) be at least five years
  - Revising requirements for non-Freddie Mac-owned streamlined refinance Mortgages to require either an appraisal update or a new appraisal for the Mortgaged Premises
  - Allowing higher LTV/TLTV/HTLTV ratios specific to Freddie Mac-owned "no cash-out" refinance Mortgages secured by second homes and 2-unit Primary Residences. An additional special characteristics code (SCC) will be required with delivery of these Mortgages.

We are also announcing the following additional changes to our credit requirements that will be effective for Mortgages with Freddie Mac Settlement Dates on or after **January 2, 2009**:

- Updates to our requirements for Manually Underwritten Mortgages including:
  - Revisions to our requirements regarding Tradelines for accounts for which the Borrower is not the primary account holder
  - Additional requirements for documenting and underwriting the Borrower's credit reputation for Borrowers with significant derogatory information
- New requirements for Mortgages where the sale of the Borrower's Primary Residence has not yet closed or the Borrower is converting his/her Primary Residence to a second home or Investment Property
- Eliminating the requirement to calculate or evaluate a Borrower's debt-to housing gap ratio
- Announcing that:
  - Seasoned Mortgages and Seasoned Mortgages for a Newly Constructed Home will be eligible for sale only through a negotiated sale transaction through our bulk sales unit
  - Alternative Stated Income Mortgages will no longer be eligible for sale

CHANGES TO EXHIBIT 19, POSTSETTLEMENT DELIVERY FEES

Effective date: January 2, 2009

Market Condition Delivery Fee

Freddie Mac will not implement the 25 basis point increase in our Market Condition delivery fee, which we announced in our special August 8, 2008 Guide Bulletin. The existing Market Condition delivery fee rate of 25 basis points, in addition to all other applicable delivery fees, will continue to be assessed on all Mortgages delivered to Freddie Mac.

Additional delivery fee rate changes

In addition and as previewed in our October 3, 2008 Advisory e-mail, we are making the following changes to our delivery fees, effective for all Mortgages sold under flow Purchase Contracts with Freddie Mac Settlement Dates on or after **January 2, 2009** (delivery fee rate changes do not apply to Home Possible® Mortgages):

- Revising the delivery fee rate structure for Initial Interest Mortgages and increasing delivery fee rates for fixed-rate Initial Interest Mortgages as follows:

INITIAL INTEREST MORTGAGES ***Effective for Settlements on or after January 2, 2009***		
Product	**LTV Ratios**	
	≤ 90%	**> 90%**
All Eligible Fixed-Rate Mortgage Product	1.00%	1.25%
All Eligible Adjustable Rate Mortgage Product	No Fee	0.25%

- Increasing the Number of Units delivery fee rate by 50 basis points for all Mortgages secured by 2-unit Primary Residences, as follows:

NUMBER OF UNITS ***Effective for Settlements on or after January 2, 2009***								
Product	**Number of Units**	**LTV Ratios**						
		≤ 60%	**> 60% & ≤ 70%**	**> 70% & ≤ 75%**	**> 75% & ≤ 80%**	**> 80% & ≤ 90%**	**> 90% & ≤ 95%**	**> 95%**
Mortgages other than Home Possible Mortgages– All Eligible Product	**2**	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	Not Eligible
	3-4	1.00%	1.00%	1.00%	1.00%	Not Eligible		

- Revising the delivery fee structure for Mortgages with Secondary Financing by collapsing three grids into one and increasing delivery fee rates for certain Initial Interest Mortgages and other Mortgages with certain financing structures as follows:

MORTGAGES WITH SECONDARY FINANCING ***Effective for Settlements on or after January 2, 2009***							
Product	**Financing Structure**	**LTV Ratios**	**TLTV Ratios**	**Non-Initial Interest Mortgages**		**Initial Interest Mortgages**	
				Credit Score		**Credit Score**	
				< 720	**≥ 720**	**< 720**	**≥ 720**
All Eligible Product	**75/20/5**	**> 65% & ≤ 75%**	**> 90% & ≤ 95%**	0.50%	0.25%	0.75%	0.50%
	80/10/10	**> 75% & ≤ 80%**	**> 76% & ≤ 90%**	0.25%	0.00%	0.50%	0.25%
	80/15/5	**> 75% & ≤ 80%**	**> 90% & ≤ 95%**	0.50%	0.25%	0.75%	0.50%
	90/5/5	**> 80% & ≤ 90%**	**> 81% & ≤ 95%**	1.00%	0.50%	1.25%	0.75%

Revised Exhibit 19

Updated delivery fee rates are reflected in the revised Exhibit 19. Delivery fee rates for super conforming Mortgages have also been added to the exhibit (see the Bulletin section below titled "Super Conforming Mortgages" for additional information about eligibility requirements for these Mortgages).

CREDIT CHANGES

Effective date: Freddie Mac Settlement Dates on or after January 2, 2009

Notice of broad Guide changes

This paragraph serves as notice to Sellers with Master Agreements containing a provision that permits Freddie Mac to amend, supplement, revise or terminate a negotiated credit provision in a Purchase Document if such amendment, supplement, revision or termination is consistent with broad changes implemented by Freddie Mac, that such Sellers must comply with the Guide changes announced in this Bulletin.

Notice of changes to negotiated credit terms

Broad changes

This paragraph serves as notice to Sellers with Master Agreements containing a provision that permits Freddie Mac to amend, supplement, revise or terminate a negotiated credit provision in a Purchase Document if such amendment, supplement, revision or termination is consistent with broad changes implemented by Freddie Mac, that such Sellers must comply with the Guide changes announced in this Bulletin and that such negotiated provisions are amended to reflect the changes announced in this Bulletin.

Specific negotiated credit provisions

This paragraph serves as notice to Sellers with Master Agreements containing negotiated credit provisions that permit Freddie Mac to amend, supplement, revise or terminate such provision, that such credit provisions are amended to reflect the changes announced in this Bulletin, in accordance with the Master Agreement terms.

CREDIT CHANGES PREVIEWED IN THE OCTOBER 3, 2008 SINGLE-FAMILY ADVISORY E-MAIL

Super conforming Mortgages

Effective date: Note Dates on or after October 1, 2008

On July 30, 2008 the President signed into law the *Housing and Economic Recovery Act of 2008* (Act). The Act increased conforming loan limits in certain high-cost areas to the lesser of 115% of the area median home price or 150% of the conforming loan limit currently $625,500 for 1-unit properties. Freddie Mac is referring to these Mortgages as "super conforming Mortgages."

Super conforming Mortgages with Note Dates on or after October 1, 2008 will be eligible for Freddie Mac settlements on or after **January 2, 2009**.

The requirements for sale of super conforming Mortgages to Freddie Mac can be found in new Chapter L33, as well as Guide Sections 13.4 (special pooling requirements for fixed-rate super conforming Mortgages) and 17.44 (delivery requirements). LTV/TLTV/HTLTV ratios for super conforming Mortgages are located in Chapter L33. Super conforming Mortgages will be eligible for sale only through the Freddie Mac Selling System (Selling System).

Maximum original loan amounts for super conforming Mortgages

While we have provided some preliminary information about super conforming Mortgage amounts in Section L33.2, the 2009 conforming loan limits have not been determined, so those Mortgage amounts should be used as a reference example only.

Delivery fee

A special delivery fee will be assessed and billed to Seller in conjunction with the sale of super conforming Mortgages. The Seller must refer to Exhibit 19 for information on the delivery fee and other delivery fees. Delivery fees are paid in accordance with the delivery fee provisions outlined in Section 17.2.

Special fixed-rate Cash delivery limitation

In connection with deliveries of 15-, 20- and/or 30-year fixed-rate Mortgages under fixed-rate Cash Contracts, the aggregate unpaid principal balance (UPB) of all super conforming Mortgages delivered by the Seller during any month must not exceed the greater of (i) $2 million, or (ii) 10% of the aggregate UPB of all fixed-rate Mortgages delivered by Seller under fixed-rate Cash Contracts during such month.

Special fixed-rate super conforming Mortgage pooling requirements

For deliveries under the Guarantor program, the aggregate UPB of all 15-, 20-, and/or 30-year fixed-rate super conforming Mortgages may not exceed 10% of the aggregate UPB of all fixed-rate Mortgages in the applicable Gold PC® Pool. If the Gold PC Pool also includes relocation Mortgages and/or Extended Buydown Mortgages, then relocation Mortgages and Extended Buydown Mortgages each may not comprise more than 10% of the UPB of all Mortgages in the Gold PC Pool, and the aggregate UPB of all relocation Mortgages and/or Extended Buydown Mortgages combined may not exceed 15% of the aggregate UPB of all Mortgages in the applicable Gold PC Pool. Thus, for each Gold PC Pool, the aggregate UPB of super conforming Mortgages must not exceed 10%, and the aggregate UPB of relocation Mortgages and/or Extended Buydown Mortgages, combined, must not exceed 15% of the UPB of the Gold PC Pool.

For deliveries under the MultiLender Swap program, the aggregate UPB of all super conforming Mortgages included in any delivery of Mortgages may not exceed 10% of the aggregate UPB of all Mortgages in that delivery. If the delivery also includes relocation Mortgages and/or Extended Buydown Mortgages, then relocation Mortgages and Extended Buydown Mortgages each may not comprise more than 10% of the UPB of all Mortgages in the delivery, and the aggregate UPB of all relocation Mortgages and/or Extended Buydown Mortgages combined may not exceed 15% of the aggregate UPB of all Mortgages in that delivery. Thus, for each delivery, the aggregate UPB of super conforming Mortgages must not exceed 10%, and the aggregate UPB of relocation Mortgages and/or Extended Buydown Mortgages, combined, must not exceed 15% of the aggregate UPB of all Mortgages in that delivery.

LTV/TLTV/HTLTV ratios

Reducing maximum LTV/TLTV/HTLTV ratio requirements

As previewed in our October 3, 2008 Advisory e-mail, we are reducing certain maximum LTV/TLTV/HTLTV ratios.

We are reducing the maximum LTV/TLTV/HTLTV ratios for certain Mortgages secured by:

- Second homes
- 2- unit properties
- Investment Properties

"No cash-out" refinance Mortgages where the Mortgage being refinanced is currently owned or securitized by Freddie Mac (Freddie Mac-owned "no cash-out" refinance Mortgages) and the new Mortgage is secured by a second home or a 2-unit Primary Residence are exempt from these LTV/TLTV/HTLTV reductions if the proceeds of the new refinance Mortgage are not used to pay off subordinate financing, subject to conditions. Super conforming Mortgages are not eligible for these higher LTV/TLTV/HTLTV ratios.

New special characteristics code (SCC) "D99" will be required for delivery of all Freddie Mac-owned "no cash out" refinance Mortgages with these higher LTV/TLTV/HTLTV ratios. Sellers are reminded that in addition to delivering this new SCC, they must comply with all other delivery requirements for refinance Mortgages set forth in the Guide.

We are also reducing the maximum LTV/TLTV/HTLTV ratios for Condominium Unit Mortgages secured by property located in Florida when the Seller uses a streamlined project review or certain reciprocal project reviews. We are making this change in order to address the need for increased project due diligence at higher LTV/TLTV/HTLTV ratios.

In addition, for all Mortgages we are reducing the maximum HTLTV ratios to equal the maximum permitted TLTV ratios.

Section 23.4 and other sections referenced in Section 23.4, Section 24.4, Section 24.5, Section J33.10, Section 42.4 and Section 42.9 are being updated to reflect these changes. We are also updating Section 17.18 and Exhibit A, Special Characteristics Codes, of Form 11, Mortgage Submission Schedule, and Form 13SF, Mortgage Submission Voucher, to reflect the new SCC requirement.

Underwriting the Borrower

Required Use of Credit Scores for Manually Underwritten Mortgages

For Manually Underwritten Mortgages, when a usable Credit Score is available, Freddie Mac will require the use of Fair, Isaac and Co. (FICO) scores with accompanying reason codes in underwriting the Borrower's credit reputation.

Minimum Indicator Scores for Manually Underwritten Mortgages

Freddie Mac will require a minimum Indicator Score for purchase transaction and "no cash-out" and cash-out refinance Manually Underwritten Mortgages with the following combinations of purpose, LTV/ TLTV/ HTLTV ratio, number of units and occupancy type. The applicable property types are included in the chart below with the new or revised minimum Indicator Score shown in bold:

Minimum Indicator Scores For Manually Underwritten Conforming Mortgages

PURCHASE AND "NO CASH-OUT" REFINANCE		
Property Type	**Minimum Indicator Score LTV/TLTV/HTLTV >75%**	**Minimum Indicator Score LTV/TLTV/HTLTV ≤75%**
Second home	**720**	**620**
Investment Property, 1-unit	720	**620**
Investment Property, 2- to 4-unit	N/A	**660**
2- to 4-unit Primary Residence	**660**	**620**

"CASH-OUT" REFINANCE		
Property Type	**Minimum Indicator Score LTV/TLTV/HTLTV >70%**	**Minimum Indicator Score LTV/TLTV/HTLTV ≤70%**
Primary Residence, 1-unit	720	**620**
Primary Residence, 2- to 4-unit	720	**680**
Second home and 1-unit Investment Property	720	**700**
2- to 4-unit Investment Property	N/A	**700**

Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements, is being revised to reflect these new requirements.

Reminder

Sellers are reminded that if a Borrower does not have a usable Credit Score, Sellers must establish an acceptable credit reputation for the Borrower in accordance with Section 37.4. Noncredit Payment References must be analyzed and documented in the Mortgage file in accordance with the requirements of Section 37.11(c) and, when applicable, warranted by the Seller for each Mortgage sold to Freddie Mac. All information used to evaluate the creditworthiness of the Borrower must be obtained before the Note Date, or the date of the applicable assumption agreement, and must be supported by documentation in the Mortgage file.

Refinance Mortgages

All streamlined refinance Mortgages

Freddie Mac will no longer allow proceeds from the new refinance Mortgage to be used to pay off subordinate financing (existing subordinate financing must either be paid off or may be subordinated to the streamlined refinance Mortgage if certain conditions are met). We will also require that when the streamlined refinance Mortgage is an ARM, the Initial Period must be at least five years.

Streamlined refinance Mortgages where Freddie Mac does not own the Mortgage being refinanced

With respect to streamlined refinance Mortgages where the Mortgage being refinanced is not owned by Freddie Mac, Freddie Mac will no longer permit Sellers to represent and warrant that the value of the Mortgaged Premises has not declined from the value used to originate the Mortgage being refinanced. Instead, the Seller will be required to obtain an appraisal update or a new appraisal for the Mortgaged Premises that meets the requirements of Chapter 44.

For information about expanded LTV/TLTV/HTLTV ratios for Freddie Mac-owned “no cash-out” refinance Mortgages, see the section titled “LTV/TLTV/HTLTV ratios” above.

Sections 24.1, Section 24.4 and 24.5 are being updated to reflect these changes.

Revised requirements for collateral valuation

Appraisal update required for Mortgages delivered more than 120 days after the Note Date

An appraisal update meeting the requirements of Chapter 44 will be required for all Mortgages with Delivery Dates more than 120 days after the Note Date. The effective date of the appraisal update must be no more than 60 days prior to the Delivery Date (Mortgages sold through MIDANET®) or Settlement Date (Mortgages sold through the Selling System), as applicable. If the appraisal update shows that the value of the property has declined, the Mortgage will be eligible for sale to Freddie Mac only through a negotiated sale transaction through our bulk sales unit.

Appraisal update or new appraisal required for Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages

For Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages, the Seller must obtain a new appraisal or an appraisal update with at least an exterior-only inspection meeting the requirements of Chapter 44 with an effective date that is no more than 60 days prior to the Delivery Date or Settlement Date, as applicable, to confirm that the property value has not declined.

Appraisal update required for Mortgages for Newly Constructed Homes

For Mortgages for Newly Constructed Homes, if the effective date of the appraisal is more than 60 days before the Delivery Date or Settlement Date, as applicable, the Seller must obtain an appraisal update meeting the requirements of Chapter 44 with an effective date that is no more than 60 days before the Settlement Date or Delivery Date, as applicable. The appraisal update must confirm that the property value has not declined. If the property value has declined, the Mortgage must meet the requirements for subsequent underwriting.

Sections 22.6, 32.3 and K33.9 are being modified to reflect these changes.

Home Value Calibrator

Home Value Calibrator is a quality control tool that can be effectively used to alert Sellers to the likelihood that an appraised value is inflated. Home Value Calibrator analyzes several key elements of loan data and property information, neighborhood house prices and other loan characteristics. Freddie Mac uses Home Value Calibrator in our quality control process because our data demonstrates the highly correlated nature of Home Value Calibrator in identifying loans that should be reviewed for appraisal accuracy. We recommend that you adopt the use of Home Value Calibrator or a similar pre-funding tool to help you originate quality loans and assess loans that may require additional scrutiny.

ADDITIONAL CREDIT CHANGES/NOT PREVIEWED IN OCTOBER 3, 2008 ADVISORY E-MAIL

FICO Scores and Tradelines – Borrower is not primary account holder

As announced in our October 3, 2008 Single-Family Advisory e-mail, for Manually Underwritten Mortgages, Freddie Mac will require the use of FICO scores with accompanying reason codes in underwriting the Borrower's credit reputation.

A Seller must disregard FICO scores based on significant inaccuracies. We are revising the Guide description of "significant inaccuracies" to include Tradelines for accounts for which the Borrower is not the primary account holder, but is listed as an authorized user (Authorized User Accounts). The Seller may use a FICO Score based on an Authorized User Account if there is proof in the Mortgage file of at least one of the following:

- Another Borrower on the Mortgage owns the Tradeline in question,
- The Tradeline is owned by a spouse, or
- The Borrower has been making the payments on the account for the last 12 months.

Sections 37.5 and 37.6 are being revised to reflect these changes.

Documenting the Borrower's credit reputation for Manually Underwritten Mortgages

When originating a Manually Underwritten Mortgage, a Seller must weigh the amount of derogatory information against the rest of the Borrower's credit history and decide whether it is significant. We will require that the Seller consider derogatory information significant if there is a short payoff related to a delinquent Mortgage obligation within the last seven years.

In addition, we are revising our requirements regarding a Borrower's reestablishment of an acceptable credit reputation after a bankruptcy or foreclosure to extend the Borrower's recovery period whether the financial problems were due to extenuating circumstances or financial mismanagement.

Finally, we are adding requirements for Mortgages to Borrowers with a credit history that includes a previous Mortgage foreclosure or conveyance of a deed-in-lieu of foreclosure, always considered to be significant derogatory information. Once the requisite recovery period requirements for extenuating circumstances or financial mismanagement have been met, the Mortgage must meet the following requirements to be eligible for sale to Freddie Mac:

- For a previous foreclosure, the new Mortgage must be one of the following:
  - A purchase transaction Mortgage secured by a Primary Residence with a maximum LTV/TLTV/HTLTV of 90%
  - A "no cash-out" refinance Mortgage that meets the requirements of Guide Chapter 24
- For a conveyance of a deed-in-lieu of foreclosure, the new Mortgage must be one of the following:
  - A purchase transaction Mortgage with a maximum LTV/TLTV/HTLTV of 90%
  - A "no cash-out" or cash-out refinance Mortgage that meets the requirements of Chapter 24

Section 37.7 is being updated to reflect these changes and additional requirements.

Primary Residence on the market but not yet sold, conversion to second home or Investment Property – new requirements

We are adding requirements to the Guide with respect to situations where either the Borrower's Primary Residence is for sale but the sale will not close before the Note Date of the Mortgage on the new Primary Residence, or the Borrower is converting his/her Primary Residence to a second home or Investment Property.

With respect to such Mortgages, we will require that both the housing payment on the Borrower's current residence and the amount of the payment on the subject Mortgage be included in calculating the monthly debt payment-to-income ratio, and additional reserves will be required, based on the LTV/TLTV/HTLTV ratio of the current residence as evidenced by a current appraisal.

For complete requirements and information about this change see new Section 37.16.2.

Elimination of Debt-to-housing gap ratio

We will no longer require Sellers to calculate or evaluate the Borrower's debt-to-housing gap ratio when evaluating the Borrower's capacity to meet monthly obligations.

Section 37.16.1 and applicable Guide references to this section are being deleted.

Revised requirements for refinance Mortgages

General requirements – refinance Mortgages

We are updating Section 24.1 to reaffirm that refinance Mortgages must be documented either with a new Note and new Security Instrument or with a new Note and a modification of the existing Security Instrument, but if there is no new Security Instrument, the refinance Mortgage must be delivered as a Seller-Owned Modified Mortgage.

"No cash-out" and cash-out refinance Mortgage requirements

In our special April 22, 2008 Bulletin, we announced that if a Seller originated a cash-out refinance Mortgage, held that Mortgage for less than six months, and then refinanced that Mortgage with a "no cash-out" refinance Mortgage, the refinance Mortgage must be sold to us as a cash-out refinance Mortgage.

After further consideration, we are revising that requirement to provide that when a Seller originates a cash-out refinance Mortgage or a purchase transaction Mortgage with the intention of refinancing that Mortgage as a "no cash-out" refinance Mortgage before sale to Freddie Mac, the "no cash-out" refinance Mortgage is ineligible for sale to Freddie Mac.

This revised requirement is being moved to Section 8.10.

General Mortgage Eligibility

Alternative Stated Income Mortgages

Effective **January 2, 2009**, Alternative Stated Income Mortgages will no longer be eligible for sale to Freddie Mac.

Applicable references in the Guide are being deleted.

Seasoned Mortgages and Seasoned Mortgages for a Newly Constructed Home

Effective **January 2, 2009**, Mortgages with Freddie Mac Delivery Dates or Settlement Dates, as applicable, that are more than 12 months after the Note Date and Seasoned Mortgages for a Newly Constructed Home may be sold on a negotiated basis only through Freddie Mac's bulk sales unit.

Sections 2.2.1, 17.38.1, 22.6 and K33.13 are being modified, and Chapter 36 and Section 17.28 are being deleted to reflect these changes.

DELIVERY REQUIREMENTS

At this time, there are no changes to our delivery requirements, with the exception of the new SCC "D99" required for Freddie Mac-owned "no cash-out" refinance Mortgages with expanded LTV/TLTV/HTLTV ratios.

CHANGES TO LOAN PROSPECTOR AND THE SELLING SYSTEM

Loan Prospector® and the Selling System will be updated to reflect the requirements announced in this Bulletin. Those changes will be announced in a subsequent Bulletin.

Loan Prospector

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.

REVISIONS TO THE GUIDE

The revisions include:

- Chapters 2, 8, 13, 17, 22, 23, 24, 27, 32, H33, J33, K33, L33, A34, 35, 36, 37, 42 and 44
- Exhibit A, Special Characteristics Codes, of Forms 11 and 13SF
- Exhibits 19, 24, 25 and 26
- Glossary

CONCLUSION

If you have questions regarding changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,

Patricia J. McClung
Vice President
Customer Outreach and Offerings Deployment