

Bulletin

NUMBER: 2010-18

TO: Freddie Mac Sellers and Servicers

August 3, 2010

SUBJECT: SPECIAL CHARACTERISTICS CODES AND OTHER CODES MAPPED TO MISMO® DATA POINTS

As part of Freddie Mac's transition to the MISMO®-based loan delivery data requirements, we are reducing our dependence on Special Characteristics Codes (SCCs) and other delivery codes.

In Bulletin 2010-15, Freddie Mac announced the publication of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD") detailing Freddie Mac specific requirements for implementation of the Uniform Loan Delivery Dataset ("ULDD") components applicable to loans delivered to Freddie Mac.

To assist Seller/Servicers with adoption of the ULDD and implementation of Freddie Mac's MISMO-based loan data delivery requirements, Freddie Mac is providing the following two new *Single-Family Seller/Servicer Guide* ("Guide") exhibits that represent how Mortgage characteristics currently captured by delivery of SCCs, Feature Codes, Offering Codes, and Reference Codes will now be captured using the MISMO data points and values:

- Exhibit 34A, *Special Characteristics Codes Mapped to MISMO Data Points*
- Exhibit 34B, *Other Delivery Codes Mapped to MISMO Data Points*

Exhibit 34A maps the SCCs currently shown in both numerical and topical order on Exhibit A to Guide Form 11, *Mortgage Submission Schedule*, and Form 13SF, *Mortgage Submission Voucher*, to their respective MISMO data points and valid values. Exhibit 34B maps Feature Codes from Guide Exhibit 2, *Loan Feature Code Letters*, and Offering Codes and Reference Codes that are required on Form 11 and Form 13SF. These two exhibits are temporary tables designed to assist Sellers with implementation planning, **and they do not change any of the current Guide delivery requirements.**

Prior to **September 1, 2011**, the date that the MISMO-based delivery requirements are effective for all Mortgages we purchase, we will update the Guide to reflect complete requirements for delivering loan data in accordance with the Freddie Mac IG-LD. Additionally, changes to the delivery requirements included on Exhibits 34A and 34B will be announced in a future Guide Bulletin.

BACKGROUND - REDUCING THE USE OF CODES

While some of the data points in the ULDD are not currently required at loan delivery, most of these data points are already collected by Sellers and used to determine the SCCs, Feature Codes, Offering Codes, and Reference Codes that are delivered to Freddie Mac. As part of the transition to the MISMO-based loan delivery data requirements, Freddie Mac is replacing many codes with component level or root data points, which will improve data accuracy when delivering loan data to Freddie Mac.

Example of required MISMO data points

Some data points are required for all Mortgages regardless of product or feature. For example, for all Mortgages sold to Freddie Mac, Sellers today must always deliver SCC “170,” “175,” “180” or “185” to indicate compliance with flood insurance requirements.

For Mortgages delivered to Freddie Mac on or after September 1, 2011, Sellers will no longer deliver one of these SCCs, but will instead deliver the applicable valid value for the following data points to denote whether the property is located in a flood hazard area and has flood insurance, as follows:

- “Special Flood Hazard Area Indicator” – “True” or “False”
- “Property Flood Insurance Indicator” – “True” or “False”

Example of conditionally required MISMO data points

Some data points are conditionally required, which means they must be delivered for Mortgages when a defined business condition exists. For example, today Sellers must deliver SCC “003” when delivering a cash-out refinance Mortgage.

For cash-out refinance Mortgages delivered on or after September 1, 2011, Sellers will have to deliver the applicable valid values for the following data points instead of the SCC for this type of Mortgage:

- “Loan Purpose Type” – “Refinance”
- “Refinance Cash Out Determination Type” – “Cash Out”

INVESTOR FEATURE IDENTIFIER

An Investor Feature Identifier is defined by MISMO as “an investor-specified identifier used to identify a loan feature not defined by other attributes.” To the extent possible, codes were eliminated; however, for certain Mortgages with certain features, Freddie Mac will continue to require Sellers to deliver certain identifying codes that we will refer to as Investor Feature Identifiers.

For example, if a Seller delivers a special purpose cash-out refinance Mortgage (cash was used by an owner to buy out the equity of a co-owner), the Seller today must deliver SCCs “003” and “203.” For special purpose cash-out refinance Mortgages delivered on or after September 1, 2011, the Seller must deliver the conditional data points described above in lieu of SCC “003,” together with “Refinance Primary Purpose Type” – “Special Purpose,” and must also deliver “Investor Feature Identifier” “203.” Without the delivery of “203,” together with the other required data points, the loan will be assessed a cash-out refinance Mortgage postsettlement delivery fee.

There are a number of Investor Feature Identifiers included in the mappings on Exhibits 34A and 34B.

NEW TERMS

Terms adopted by MISMO for data points and values may be different from terms previously used by Freddie Mac for similar data attributes. For example, in the Guide we refer to “total loan-to-value (TLTV) ratio,” which we describe as obtained by dividing the sum of the First Lien Mortgage amount and the disbursed amount of the Home Equity Line of Credit (HELOC) and any other secondary financing by the value of the Mortgaged Premises. MISMO refers to this ratio as the “combined loan-to-value (CLTV) ratio.”

We will provide additional information regarding new terms in future Guide Bulletins.

**ADDITIONAL INFORMATION REGARDING THE UNIFORM MORTGAGE DATA PROGRAM,
UNIFORM DELIVERY LOAN SPECIFICATION AND FREDDIE MAC IG-LD**

Additional information about the Uniform Mortgage Data Program announced by the Federal Housing Finance Agency (FHFA) in a news release dated May 24, 2010, the Uniform Loan Delivery Data Specification jointly developed by Freddie Mac and Fannie Mae at FHFA's direction and published on June 8, 2010, and the Freddie Mac IG-LD can be found in the Uniform Mortgage Data Program area on our web site at http://www.freddiemac.com/sell/secmktg/uniform_mortgage.html.

CONCLUSION

If you have any 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