

Bulletin

NUMBER: 2010-24

TO: Freddie Mac Sellers and Servicers

October 19, 2010

SUBJECT: STATE FARM FLORIDA INSURANCE COMPANY

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are notifying Freddie Mac Seller/Servicers that until further notice, Freddie Mac will accept insurance from State Farm Florida Insurance Company on properties securing Mortgages originated for sale to Freddie Mac and serviced for Freddie Mac.

Background

Guide Section 22.19, *General Property Insurance Requirements*, provides that at the time a Mortgage is sold to Freddie Mac and continually thereafter for as long as Freddie Mac owns an interest in the Mortgage, the Mortgaged Premises must be covered by insurance that meets the requirements of Guide Chapter 58, *Property Insurance*. Guide subsection 58.1 (c), *Rating of Insurer*, states that for an insurer rated by A. M. Best Company (“A.M. Best”), a minimum Financial Strength Rating of B/III is required, or for a non-U.S. insurer, A/VIII, as reported online at <http://www.ambest.com>. On August 3, 2010, A.M. Best downgraded State Farm Florida Insurance Company’s financial strength rating to “B-” from “B.”

Freddie Mac has reviewed the circumstances surrounding this change in State Farm Florida Insurance Company’s A.M. Best rating. Discussions with State Farm Florida Insurance Company’s parent, State Farm Mutual Automobile Insurance Company, as well as A.M. Best Company, and the Florida Office of Insurance Regulation, led to our decision, retroactive to **August 3, 2010**, to continue to accept insurance from State Farm Florida Insurance Company on properties securing Mortgages we purchase and Mortgages that are serviced for us.

Freddie Mac reserves the right to withdraw this exception at our sole discretion at any time. We will continue to monitor the situation and will provide additional instructions to Sellers and Servicers as circumstances warrant.

CONCLUSION

If you have any questions about the information announced in this Bulletin, please contact Al LeQuang at (571) 382-3460.

Sincerely,



Patricia J. McClung
Vice President
Offerings Management