

Bulletin

NUMBER: 2011-21

TO: Freddie Mac Sellers

November 4, 2011

SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are providing the following updates and revisions to our **selling requirements**:

Mortgage eligibility and credit underwriting

- Updating and reorganizing current guidance on stable monthly income
- Providing additional guidance and updating current guidance for “employed income” and “other income”

Appraisal requirements

- Specifying that an appraisal report is considered Uniform Appraisal Dataset (UAD)-compliant if it is completed using the UAD in accordance with Appendix D, *UAD Field-Specific Standardization Requirements*, of the Uniform Appraisal Dataset Specification (“Appendix D”)
- Providing additional guidance regarding delivery of appraisal reports to the Uniform Collateral Data Portal® (UCDP®)

Repurchase late fee remittance

- Updating the Guide to indicate the frequency of assessment of repurchase late fees and to state that the amount of any repurchase late fees will appear on the Seller account activity statement

MORTGAGE ELIGIBILITY AND CREDIT UNDERWRITING – INCOME GUIDANCE

Changes are effective for Mortgages with Delivery Dates on or after February 15, 2012 (However, Sellers may implement the revisions immediately)

Guide Section 37.13, *Stable Monthly Income and Asset Qualification Sources*, including subsections 37.13(a), *Employed Income*, and 37.13(c), *Other Income*, Section 37.22, *Streamlined Accept Documentation Requirements*, and Section 37.23, *Standard Documentation Requirements*, have been reorganized, updated and expanded. Refer to these Guide sections for detailed information.

Employed income

We are providing specific guidance regarding qualifying income for Borrowers on temporary leave from their current employment. Refer to Section 37.13(a)(vii) for the specific details of this guidance.

Other income

We are providing additional guidance on the consideration of other income as stable income, including, but not limited to, the following types of non-employment/non-self-employment income. We are adding income guidance for the following topics:

- Retirement income
- Survivor and dependent benefits
- Long-term disability
- Social Security Supplemental Security Income

Refer to Sections 37.13(c), 37.22 and 37.23 for specific details on this guidance.

In addition, we are providing updated guidance and documentation requirements for other income as it relates to:

Retirement income

For retirement income, we are reducing the Streamlined Accept and Standard Documentation requirements from three months and 12 months bank statements, respectively, to two months bank statements or other equivalent documentation evidencing receipt.

We are adding a documentation requirement that the Seller must provide verification of the type of income (award letter, 1099 or other equivalent documentation).

Social Security income

We have merged the Social Security income documentation requirements into the retirement, survivor and dependent benefits, long-term disability and Social Security Supplemental Security Income documentation requirements.

Additional changes concerning Social Security Supplemental Security Income include:

- Reducing the Streamlined Accept and Standard Documentation requirements from three months and 12 months bank statements, respectively, to the most recent two months bank statements or other equivalent documentation evidencing receipt
- Adding a documentation requirement that the Seller must provide verification of the type of income (award letter or other equivalent documentation)

Public assistance income

For public assistance income, we are reducing the documentation requirement for evidence of receipt from two years to the most recent two months.

Alimony, child support and separate maintenance income

Concerning alimony, child support and separate maintenance income requirements, we are:

- Reducing the requirement regarding the length of time that the payor has been obligated to make payments from 12 months to the most recent six months
- In order to be consistent with the updated guidance in this section, removing the provision that allows 30% of the income to be considered for qualifying income when the payor has been obligated for less than 12 months, but not less than six months
- Increasing the requirement regarding documentation for history of receipt from three months to six months

Refer to Sections 37.13(c), 37.22 and 37.23 for additional information.

Loan Prospector®

Loan Prospector messaging will be updated to reflect general revisions regarding documentation requirements for “other income” at a later date. Sellers must ensure that the requirements regarding stable monthly income and asset qualification sources are met.

Training

Updated training and resource materials will be available at a later date on Freddie Mac’s Learning Center and in our webinar, *Underwriting Income and Employment*.

Visit <http://www.freddiemac.com/learn/uw/> for additional information.

APPRAISAL REQUIREMENTS

Uniform Appraisal Dataset compliance

Effective immediately

We are updating Sections 44.9, *Appraisal and Inspection Report Forms and the Property Inspection Alternative (PIA)*, and 44.20, *Appraisal Data and Delivery*, to specify that an appraisal report is considered UAD-compliant if it is completed using the UAD in accordance with Appendix D. Appendix D lists the requirements for the data that must be included in the residential appraisal report forms that are required to be completed using the UAD and the format in which data should be reported on the appraisal report form.

Sellers must validate that appraisal reports meet the requirements of Appendix D.

Uniform Collateral Data Portal “Successful” status

Effective for all Mortgages with appraisals submitted to the UCDP

We are updating Section 44.20 regarding the delivery of appraisal reports to the UCDP. In order for deliveries through the UCDP to be considered complete, a “Successful” status must be returned for each appraisal report submission.

Sellers may use the UCDP as a tool to aid in determining UAD compliance. However, the submission of appraisal report forms to the UCDP does not relieve the Seller from Freddie Mac appraisal requirements, including the requirement that the appraisal must comply with Appendix D and does not affect Seller representations and warranties regarding appraisals and the Mortgaged Premises.

REPURCHASE LATE FEE REMITTANCE

We are updating Section 72.3, *Repurchase Price*, to indicate that repurchase late fees are charged monthly.

Additionally, we are updating Sections 8.8.1, *Late Payment Policy*, and 72.3 to specify that the amount of any repurchase late fee will appear on the Seller account activity statement described in Section 17.2(e) and will be drafted from the Seller’s Automated Clearing House (ACH) account in accordance with Section 17.2(g).

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact Chapters 8, 37, 44 and 72.

CONCLUSION

If you have any questions about the changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE and select "Loan Origination."

Sincerely,

A handwritten signature in cursive script that reads "Laurie A. Redmond". The signature is written in black ink on a light-colored background.

Laurie A. Redmond
Vice President
Offerings Effectiveness