

# Bulletin

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NUMBER: 2012-4

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TO: Freddie Mac Sellers

February 10, 2012

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## SUBJECTS

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are revising our requirements for nonassumable Rural Housing Service (RHS) Section 502 GRH Mortgages to require that these Mortgages be sold with recourse.

We are also updating the Guide to eliminate the terms “Mortgages for Newly Constructed Homes” and “Newly Built Home Mortgage.”

Lastly, we are reminding Sellers of certain changes to our Relief Refinance Mortgage<sup>SM</sup> offerings that were announced in Bulletin 2011-22.

## **NONASSUMABLE SECTION 502 GRH MORTGAGES – EFFECTIVE FOR MORTGAGES WITH SETTLEMENT DATES ON OR AFTER JUNE 1, 2012**

With this Bulletin we are requiring that nonassumable RHS Section 502 GRH Mortgages be sold with recourse, within the meaning of Guide Section 11.10(a).

With this change:

- We will no longer require a minimum Indicator Score of 620 for these Mortgages
- In addition to obtaining Freddie Mac’s approval to sell assumable Section 502 GRH Mortgages, the Seller must also obtain Freddie Mac’s written approval, which must be expressly included in the Seller’s Purchase Documents, to sell nonassumable Section 502 GRH Mortgages. The Seller should request this written approval by calling its account manager or (800) FREDDIE.

Section 35.2, *Rural Housing Service (RHS) Section 502 Guaranteed Rural Housing Mortgages*, has been updated to reflect these changes.

## **MORTGAGES FOR NEWLY CONSTRUCTED HOMES – EFFECTIVE IMMEDIATELY**

With this Bulletin we have updated the Guide, including renaming Guide Chapter K33, *Construction Conversion and Renovation Mortgages*, and updating the Glossary to remove the term “Newly Built Home Mortgage,” which was defined as “a Mortgage secured by a newly constructed site-built home or a newly purchased Manufactured Home.” With the change to the age of documentation requirements for Mortgages for Newly Constructed Homes announced in Bulletin 2010-7, this term is no longer necessary. In addition, we have removed the term “Mortgages for Newly Constructed Homes,” which was defined as “a Mortgage that is one of the following: a Newly Built Home Mortgage, a Construction Conversion Mortgage or a Renovation Mortgage.”

Note that the removal of the term “Newly Built Home Mortgage” does not impact the eligibility of these Mortgages for sale to Freddie Mac. However, Chapter K33 will no longer apply to these Mortgages and Sellers may sell Mortgages previously defined as “Newly Built Home Mortgages” under the applicable Guide requirements.

Sellers are no longer required to deliver Special Characteristics Codes (SCCs) “D49” (Newly Built Home Mortgage-Site-Built) and “D50” (Newly Built Home Mortgage-Manufactured Home). These SCCs will be retired at a later date.

In addition, we have updated Section A17.35, *Construction Conversion and Renovation Mortgages*, to remove the Uniform Loan Delivery Dataset (ULDD) delivery instructions for Newly Built Home Mortgages. At a future date, the *Appendix A Addendum* will be updated to remove "Newly Built Home Mortgage" from the list of valid values that appear for the data point "Loan Program Identifier."

Loan Prospector<sup>®</sup> and the Freddie Mac Selling System (“Selling System”) will be updated at a later date to reflect these changes.

## **REMINDER – RELIEF REFINANCE MORTGAGES**

We are reminding Sellers that as announced in Bulletin 2011-22, we have made the following changes to our Relief Refinance Mortgage offerings:

### ■ **Relief Refinance Mortgages – Same Servicer**

Effective with application dates on or after December 1, 2011 and Freddie Mac Settlement Dates on or after February 1, 2012, the maximum loan-to-value (LTV) ratio of 125% was removed for Relief Refinance Mortgages – Same Servicer sold under fixed-rate Cash. As a reminder, Freddie Mac will apply a cash adjustor for Mortgages that have LTV ratios greater than 105% and that are sold under fixed-rate Cash. The cash adjustor applicable to a particular Mortgage will be determined as of the commitment date and will be reflected in the cash pricing shown in the Selling System once the Seller allocates Mortgages to the contract. The current cash adjustor value is 50 basis points (or ½ point in price) and may change from time to time at Freddie Mac’s discretion. To obtain the current cash adjustor value, the Seller will need to call (800) FREDDIE.

Also, effective with application dates on or after **December 1, 2011** and Freddie Mac Settlement Dates on or after **March 15, 2012**, in addition to certain 1-unit properties, we are permitting the use of Home Value Explorer<sup>®</sup> (HVE) to determine property value for certain 2-unit properties.

### ■ **Relief Refinance Mortgages – Open Access**

Effective with application dates on or after **December 1, 2011** and Freddie Mac Settlement Dates on or after **March 15, 2012**:

- The maximum LTV ratio of 125% will be removed for Relief Refinance Mortgages – Open Access sold under fixed-rate Cash. As a reminder, Freddie Mac will apply a cash adjustor for Mortgages that have LTV ratios greater than 105% and that are sold under fixed-rate Cash. The cash adjustor applicable to a particular Mortgage will be determined as of the commitment date and will be reflected in the cash pricing shown in the Selling System once the Seller allocates Mortgages to the contract. The current cash adjustor value is 50 basis points (or ½ point in price) and may change from time to time at Freddie Mac’s discretion. To obtain the current cash adjustor value, the Seller will need to call (800) FREDDIE.
- We will permit the use of HVE to determine property value for certain 1- to 2-unit properties. HVE values returned on Loan Prospector Feedback Certificates can be used to determine property value for Relief Refinance Mortgages – Open Access only for Loan Prospector submissions on or after March 15, 2012.

## REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact:

- Chapters 1, 2, 6, 11, 13, A13, 17, A17, 22, 23, 25, 32, C33, E33, H33, K33, L33, A34, 35, 37 and 44
- Forms 11 and 13SF
- Exhibit 34A
- Glossary

## 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