



Bulletin

NUMBER: 2012-12

TO: Freddie Mac Sellers

May 24, 2012

SUBJECT: STATE HOUSING FINANCE AGENCY PROGRAMS IN SUPPORT OF THE HOME AFFORDABLE REFINANCE PROGRAM

The Treasury has awarded \$7.6 billion in funding for innovative programs developed by state Housing Finance Agencies (“HFAs”) to stabilize local housing markets and prevent foreclosures in 18 states and the District of Columbia. The Hardest Hit Fund (HHF) programs provide funding for various purposes, including funds for principal curtailment, to help homeowners obtain more affordable mortgages or to help homeowners retain their homes.

HFAs have established programs utilizing HHF program funds to support the Home Affordable Refinance Program (HARP). Each participating HFA establishes its own eligibility guidelines for Borrower participation and approves the provision of HHF program funds.

With this *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin, we are announcing that, effective immediately, for Relief Refinance MortgagesSM, the use of HHF program funds by an HFA to pay down or curtail the outstanding mortgage balance on a Borrower’s existing loan at the time of refinancing and/or to pay Closing Costs, Financing Costs and Prepaids/Escrows for the Relief Refinance Mortgage is permitted, as long as the funds provided by the HFAs do not result in a lien on the property. The Mortgage file must contain documentation verifying the terms and conditions of the HHF funds provided to the Borrower. When repayment of funds is required, the verified payment must be included in the monthly debt payment-to-income ratio, unless the calculation of the debt payment-to-income ratio is not required or repayment of funds is due only upon sale or default. The HHF program funds must be reflected on the HUD-1 Settlement Statement. The Seller remains responsible for ensuring that all requirements of its Purchase Documents, including, but not limited to, requirements related to Relief Refinance Mortgages/HARP have been met. The Guide will be updated at a later date to reflect these changes.

Sincerely,

Laurie A. Redmond
Vice President
Offerings Effectiveness