

Bulletin

TO: All Freddie Mac Sellers and Servicers

December 21, 2007

SUBJECTS

Selling requirements are amended in this *Single-Family Seller/Servicer Guide* (Guide) Bulletin.

With this Bulletin, we are announcing that:

- Effective May 1, 2008, the Indicator Score range announced in our [November 15, 2007 Bulletin](#) for Mortgages with 80/10/10 secondary financing structures will be applied to Initial InterestSM Mortgages with 75/20/5, 80/15/5 and 90/5/5 secondary financing structures. Also effective May 1, 2008, we are increasing the delivery fee rate for Initial Interest Mortgages with these secondary financing structures that have Indicator Scores of less than 720.
- Nonassumable Section 502 GRH Mortgages that are sold without recourse will also be excluded from the Indicator Score/Loan-to-Value delivery fee announced in our [November 15, 2007 Bulletin](#)
- We are revising our eligibility requirements and warranties for Condominium Units securing Mortgages delivered to us on or after March 1, 2008

We are also updating the Guide text to support the changes to delivery fee rates announced in our [November 15, 2007](#) and [December 11, 2007 Bulletins](#) and the change to our requirements for maximum financing concessions announced in our [November 15, 2007 Bulletin](#).

POSTSETTLEMENT DELIVERY FEES

Initial Interest Mortgages with secondary financing

Due to the continued deterioration of the mortgage market, we have determined that a change is necessary to our postsettlement delivery fee rate structure and delivery fee rates for Initial Interest Mortgages with certain secondary financing structures.

We are revising the delivery fee rate structure for Initial Interest Mortgages with 75/20/5, 80/15/5 and 90/5/5 secondary financing structures to introduce the same Indicator Score range (less than 720/greater than or equal to 720) announced in our [November 15, 2007 Bulletin](#) for Mortgages with 80/10/10 secondary financing structures. We are also increasing the delivery fee rate from 25 basis points to 50 basis points for Initial Interest Mortgages with these secondary financing structures that have Indicator Scores of less than 720.

The changes to the Initial Interest Mortgage secondary financing delivery fee rate and fee structure announced in this Bulletin will become effective for Mortgages with Settlement Dates on or after May 1, 2008.

Section 502 GRH Mortgages

In our [November 15, 2007 Bulletin](#), we announced that assumable Section 502 GRH Mortgages sold with recourse would not be subject to the new Indicator Score/Loan-to-Value delivery fee. With this Bulletin, we are expanding that exclusion to include nonassumable Section 502 GRH Mortgages that are sold without recourse.

In summary, the Indicator Score/Loan-to-Value delivery fee will not apply to any Section 502 GRH Mortgages sold to Freddie Mac if the Mortgage is delivered as a Section 502 GRH Mortgage in accordance with the requirements of the Guide.

Updated Guide text to support changes announced in November 15, 2007 Bulletin

We have revised [Guide Chapters 2, 17, 23, A34, 35](#) and [37](#) to reflect the changes to the Indicator Score delivery requirements for Loan Prospector Mortgages and the delivery fee rate changes and exclusions announced in our [November 15, 2007 Bulletin](#). The pricing incentive for Home Possible[®] purchase transaction Mortgages applies to all purchase transaction Home Possible Mortgages, not just 1-unit purchase transaction Home Possible Mortgages as stated in our [November 15, 2007 Bulletin](#), when the income used to qualify the Borrower converted to an annual basis does not exceed 80% of the applicable area median income.

We have revised [Chapter 25](#) to reflect our new requirement for maximum financing concessions as announced in our [November 15, 2007 Bulletin](#). As a reminder, effective for Mortgages with Note Dates after March 14, 2008, maximum financing concessions must be based on total loan-to-value (TLTV) ratio when secondary financing is present, and loan-to-value (LTV) ratio when there is no secondary financing.

Market Condition Delivery Fee announced in December 11, 2007 Bulletin

Mortgages sold through fixed-rate Cash – net price option

For Sellers that sell fixed-rate Mortgages for cash through the Freddie Mac Selling System and participate in the net price option, the new Market Condition Delivery Fee will not be netted out of the cash price when this fee becomes effective on March 9, 2008. Instead, this delivery fee will appear on the Seller's monthly invoice until May 1, 2008. For settlements on or after May 1, 2008, this fee amount will be deducted from the price paid to the Seller and will no longer appear on the invoice.

Revised Exhibit 19, Postsettlement Delivery Fees

[Exhibit 19](#) has been revised to reflect the new delivery fee rate structure and delivery fee rates for Initial Interest Mortgages with secondary financing announced in this Bulletin. We have also updated [Exhibit 19](#) to include the new Market Condition Delivery Fee announced in our [December 11, 2007 Bulletin](#).

ELIGIBILITY REQUIREMENTS AND WARRANTIES FOR CONDOMINIUM UNITS

The Guide provides requirements for the sale of Condominium Unit Mortgages. Currently, we classify Condominium Projects as Class I, Class II and Class III. Going forward, we will instead identify a Condominium Project as either an Established Condominium Project or a New Condominium Project.

Established Condominium Project

An Established Condominium Project is a project in which:

- All units and Common Elements, including Common Elements owned by any Master Association, are complete and not subject to any additional phasing or additions, and
- At least 90% of the total number of units in the project have been conveyed to unit purchasers other than the developer, and
- The unit owners control the homeowners association.

New Condominium Project

A New Condominium Project is a project in which:

- All units and Common Elements, including Common Elements owned by any Master Association is not fully completed or is subject to additional phasing or annexation, or
- Fewer than 90% of the total number of units in the project have been conveyed to the unit purchasers other than the developer, or
- The developer has not turned control of the homeowners association over to the unit owners.

We are also revising our eligibility requirements and warranties for Condominium Unit Mortgages.

As a result of these changes, [Chapter 42](#) has been reorganized and the [Guide Glossary](#) has been revised to add new terms and revise the definitions of existing terms. Please review these changes carefully, as many requirements have been revised and/or relocated. Additional Guide text changes have also been made to support the [Chapter 42](#) revisions.

The new requirements are intended to help ensure the Condominium Project can operate in a manner that supports a Borrower's ability to remain in the property.

Effective Date: March 1, 2008

The changes are effective for Condominium Unit Mortgages delivered on or after March 1, 2008.

Specific changes to requirements

Streamlined review for Condominium Units

We are reducing the maximum LTV/TLTV ratios for streamlined review eligibility as provided in revised [Guide Section 42.4](#). In addition, effective March 1, 2008, a Condominium Unit that secures an Investment Property Mortgage is no longer eligible for streamlined review.

2- to 4-Unit Condominium Project

We are revising our requirements for 2- to 4-unit Condominium Projects, now located in [Section 42.7](#), to add a requirement that no entity can own more than one Condominium Unit in a 2- to 4-Unit Condominium Project.

Detached Condominium Project

We are revising our requirements for Detached Condominium Projects, now located in [Section 42.8](#) (formerly Section 42.5), to state that Condominium Units located in Detached Condominium Projects that secure Investment Property Mortgages must be reviewed as and meet the requirements for a New or Established Condominium Project, or a 2- to 4-Unit Condominium Project, as applicable, depending on the Condominium Project status.

Condominium Unit Mortgages secured by Manufactured Homes – Requirement for Reciprocal Condominium Project Review

Mortgages secured by Condominium Units located in Condominium Projects comprised of Manufactured Homes will be eligible for sale to Freddie Mac *only* when the Condominium Project is approved through a reciprocal review, in accordance with new [Section 42.9\(a\)](#) (formerly Section 42.11(a)). See revised [Section 42.1](#).

Delivery Requirements

As a result of the change in identification of Condominium Projects, we are revising our delivery instructions for Condominium Unit Mortgages. The valid values for the Condo/PUD Class data field on [Form 11, Mortgage Submission Schedule](#), and [Form 13SF, Mortgage Submission Voucher](#), are not changing. However, effective for Condominium Unit Mortgages delivered on or after March 1, 2008, those values will be used to identify the new project and review types. The following instructions are taken from the revised [Section 17.22](#):

Field Title	Completion Instructions																		
Property Type	Insert "1"																		
Condo/PUD Name	Insert the name of the condominium																		
Condo/PUD Class	Insert the project type as follows: <table><thead><tr><th>Project or Review Type:</th><th>Insert:</th></tr></thead><tbody><tr><td>New project</td><td>1</td></tr><tr><td>Established project</td><td>2</td></tr><tr><td>Streamlined review</td><td>3</td></tr><tr><td>Detached project</td><td>3</td></tr><tr><td>2- to 4-unit project</td><td>2</td></tr><tr><td>Reciprocal review</td><td></td></tr><tr><td>■ New project</td><td>1</td></tr><tr><td>■ Established project</td><td>2</td></tr></tbody></table>	Project or Review Type:	Insert:	New project	1	Established project	2	Streamlined review	3	Detached project	3	2- to 4-unit project	2	Reciprocal review		■ New project	1	■ Established project	2
Project or Review Type:	Insert:																		
New project	1																		
Established project	2																		
Streamlined review	3																		
Detached project	3																		
2- to 4-unit project	2																		
Reciprocal review																			
■ New project	1																		
■ Established project	2																		

We have also revised [Form 11](#) and [Form 13SF](#) to reflect these revised delivery instructions.

REVISIONS TO THE GUIDE

The revisions include:

- [Chapters 2, 11, 17, 23, 25, H33, A34, 35, 37, 39, 42, 44, 47](#) and [58](#)
- [Exhibits 19](#) and [74](#)
- [Forms 11](#) and [13SF](#)
- [Glossary](#)

CONCLUSION

If you have questions regarding changes announced in this Bulletin, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,



Patricia J. McClung
Vice President
Customer Outreach and Offerings Deployment