

Bulletin

NUMBER: 2012-28

TO: Freddie Mac Sellers

December 14, 2012

SUBJECTS

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

- Revising eligibility requirements for our Relief Refinance MortgagesSM – Same Servicer and Relief Refinance Mortgages – Open Access offerings, as announced in our Single-Family Update e-mail on November 19, 2012
- Permitting Sellers to obtain a verbal verification of employment (VOE) or a verification of the existence of the business, as applicable, after the Note Date, provided it is obtained prior to the Delivery Date
- Revising our secondary financing documentation requirements
- Updating the Guide to reflect the 2013 conforming loan limits, which will remain at their current levels, as announced in our Single-Family Update e-mail on November 29, 2012
- Updating the Guide to reflect the property valuation requirements announced in Bulletin 2012-24 for Relief Refinance Mortgages secured by properties affected by disasters
- Clarifying our Condominium Project review and eligibility requirements
- Revising Guide Exhibit 1, *Instructions for Completing the Borrower First Time Homebuyer Indicator*

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

CLARIFICATION OF EXPIRATION DATE AND NEW DELIVERY DEADLINE FOR RELIEF REFINANCE MORTGAGES

In Bulletin 2011-22, we extended the expiration of the Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access offerings to Mortgages with Note Dates on or before December 31, 2013.

We are revising the eligibility requirements for Relief Refinance Mortgages to base the expiration date of the offering on the Application Received Date instead of the Note Date. This includes Mortgages originated under the Home Affordable Refinance Program (HARP). As a result of this change, Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access must have Application Received Dates on or before December 31, 2013.

Additionally, we are requiring that all Relief Refinance Mortgages have Settlement Dates on or before September 30, 2014.

Guide Sections A24.1, B24.1 and C24.1, all titled *Overview*, have been updated to reflect these changes.

OBTAINING VERBAL VOEs AND VERIFICATIONS OF THE EXISTENCE OF BUSINESS

Currently, if a Seller uses income from employment to qualify a Borrower, the Seller must obtain a verbal verification of employment (VOE) no more than 10 Business Days prior to the Note Date. For self-employed Borrowers, the Seller must obtain a verification of existence of the business from a third-party source no more than 30 calendar days prior to the Note Date. With this Bulletin, we are providing an additional option by permitting the Seller to obtain a verbal VOE or a verification of existence of the business, as applicable, after the Note Date, provided they are obtained prior to the Delivery Date.

Sellers are reminded that in accordance with Section 6.11, *Warranties and Representations by the Seller*, the Seller represents and warrants that the requirements stated in the Purchase Documents have been fully satisfied as of the Delivery Date. If the Seller is unable to verify the Borrower's employment or the existence of the business, as applicable, before the Delivery Date, the Mortgage is not eligible for sale to Freddie Mac.

Guide Chapters A24, *Freddie Mac Relief Refinance MortgagesSM – Same Servicer*, B24, *Freddie Mac Relief Refinance MortgagesSM – Open Access*, C24, *Freddie Mac Relief Refinance Mortgages – Same Servicer with LTV Ratios Less than or Equal to 80%*, and 37, *Underwriting the Borrower*, have been updated to reflect these changes.

Loan Prospector[®] feedback messages will be updated at a later date to support this change to verifications of employment and self-employment. Sellers will be notified when the changes are implemented.

SECONDARY FINANCING DOCUMENTATION

We are updating our requirements to permit additional options for the Seller when documenting the terms of secondary financing, the fees and costs paid in connection with secondary financing and the evidence of subordination of secondary financing to the First Lien. In addition, we are clarifying that the requirements relating to secondary financing apply to all financing that is subordinate in lien priority to the First Lien Mortgage. Sellers should review Sections 24.5, *Requirements for "No Cash-Out" Refinance Mortgages*, 24.7, *Requirements for Special Purpose Cash-Out Refinance Mortgages*, 25.1, *Purchase Mortgages with Secondary Financing*, 25.2, *Refinance Mortgages with Secondary Financing*, and 46.25, re-titled *Secondary Financing*, for complete revised requirements.

2013 LOAN LIMITS

In our Single-Family Update e-mail on November 29, 2012, we announced that our base conforming loan limits and the loan limits for designated high-cost areas will remain at the current levels for 2013.

We have updated Section 23.3, *Maximum Original Loan Amounts for Home Mortgage Purchases*, to reflect the 2013 base conforming loan limits and Section L33.2, *Maximum Original Loan Amounts for Super Conforming Mortgages*, to reflect the high-cost area loan limits for super conforming Mortgages with Freddie Mac Funding or Settlement Dates on or after January 1, 2013 and on or before December 31, 2013.

RELIEF REFINANCE MORTGAGES SECURED BY PROPERTIES AFFECTED BY DISASTERS

In Bulletin 2012-24, we informed Sellers that, notwithstanding the recommended steps listed in Section 44.2(c), a Seller is not required to determine if an additional property inspection or a new appraisal is necessary for Relief Refinance Mortgages secured by properties in areas affected by hurricanes or other natural disasters, provided that the Mortgage meets the requirements of Chapter 58, *Property Insurance*.

We have updated Sections A24.3, *Requirements for Freddie Mac Relief Refinance MortgagesSM – Same Servicer*, B24.3, *Requirements for Freddie Mac Relief Refinance MortgagesSM – Open Access*, and C24.3, *Requirements for Freddie Mac Relief Refinance MortgagesSM – Same Servicer with LTV Ratios Less than or Equal to 80%*, to reflect these changes.

CONDOMINIUM PROJECT REVIEW AND ELIGIBILITY

In Bulletin 2012-14, we simplified and reorganized our Condominium Project review and eligibility requirements. In streamlining our requirements, we converted certain warranties for Condominium Projects into specific project eligibility requirements for each project review type. We also simplified our project eligibility criteria.

With this Bulletin, we are making minor revisions to Chapter 42, *Special Requirements for Condominiums*, to provide additional clarity about the self-contained nature of our Condominium Project review and eligibility requirements.

REVISED EXHIBIT 1

In Bulletin 2012-19, we deleted Exhibit 1, *Instructions for Completing the First Time Homebuyer Indicator Field*, because it related to outdated MIDANET[®] delivery requirements.

With this Bulletin, we are providing updated Exhibit 1, re-titled *Instructions for Completing the Borrower First Time Homebuyer Indicator*, reflecting instructions for First-Time Homebuyer Uniform Loan Delivery Dataset (ULDD) delivery requirements.

REMINDER ABOUT DOCUMENTATION RELATING TO WAREHOUSE LENDERS

Sellers that deliver Pledged Mortgages (Mortgages to which the Seller has granted a continuing lien and security interest in, or conveyed an ownership or other interest to, a Warehouse Lender) are reminded that Freddie Mac may refuse to fund or delay funding if a Warehouse Lender has not submitted acceptable documentation to Freddie Mac as required in Chapter 19, *Warehouse Financing Arrangements*.

If (i) the person executing Form 996E, *Warehouse Provider Release and Transfer*, is not designated as an "Authorized Person," (ii) Freddie Mac does not receive Form 990SF, *Warehouse Provider Certificate of Incumbency*, in sufficient time to process it and/or (iii) Freddie Mac believes that the Form 990SF cannot be relied upon for any reason, Freddie Mac may cancel the transaction or postpone the Funding or Settlement Date until such time as acceptable documentation is received and processed. Refer to Sections 19.4, *Wire Transfer Instructions for Cash*, and 19.5, *PC Delivery Instructions*, for complete requirements.

REMINDER ON RELIEF REFINANCE MORTGAGE – SAME SERVICER REQUIREMENTS

As a reminder, for the requirements for Relief Refinance Mortgages – Same Servicer with Application Received Dates **prior to** November 19, 2012, Sellers must refer to:

- Chapter A24 for Relief Refinance Mortgages – Same Servicer with loan-to-value (LTV) ratios greater than 80%
- Chapter C24 for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80%

For the requirements for Relief Refinance Mortgages – Same Servicer with Application Received Dates **on or after** November 19, 2012, regardless of the LTV ratio, Sellers must refer to Chapter A24.

REVISIONS TO THE GUIDE

The revisions included in this Bulletin impact the following:

- Chapters 9, 23, 24, A24, B24, C24, 25, L33, 37, 42 and 46
- Exhibit 1

CONCLUSION

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

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