TO: Freddie Mac Sellers and Servicers
May 15, 2013

SUBJECTS

With this Single-Family Seller/Servicer Guide ("Guide") Bulletin, we are making the following updates and revisions to our selling and Servicing requirements:

- Introducing Seller/Servicer activity thresholds and a low activity fee
- Updating the Guide to require Seller/Servicers to comply with the deadlines specified by Freddie Mac when we request cooperation in a fraud investigation
- Making minor revisions to Guide Section 2.24, Freddie Mac Exclusionary List
- Reminding Seller/Servicers of the addition of National Mortgage Insurance Corporation (NMI) as a new Freddie Mac-approved MI
- Notifying Sellers and reminding Servicers that Seller/Servicers must direct MIs providing coverage on Mortgages sold to and/or serviced for Freddie Mac to release data to Freddie Mac at Freddie Mac’s request and informing Seller/Servicers of the two MIs in which completion of Guide Form 1207, Freddie Mac Mortgage Insurance Information Disclosure Agreement, is not required
- Updating Guide Exhibit 5, Authorized Changes to Notes, Riders, Security Instruments and the Uniform Residential Loan Application, to reflect revisions made to our Uniform Instruments web page
- Making certain document custody-related updates

In addition, we are making the following updates and revisions to our selling requirements:

- Updating the Guide to reflect the extension of the expiration date of the Freddie Mac Relief Refinance MortgageSM – Same Servicer and Relief Refinance Mortgage – Open Access offerings
- Updating and revising our requirements for Living Trusts (inter vivos revocable trusts) and announcing that Mortgages secured by properties in which the legal and equitable title is held by a land trust will no longer be eligible for purchase under the Guide; instead, Sellers must have a negotiated term of business to sell these Mortgages to us
- Allowing super conforming Condominium Unit Mortgages to be eligible for streamlined reviews
- Prohibiting Sellers that have Guarantor Master Commitments from taking out fixed-rate Cash Contracts for the sale of super conforming Mortgages
- Updating the Guide to reflect the Freddie Mac proprietary property valuation messaging from Home Value Explorer (HVE) within the Freddie Mac tab of the Uniform Collateral Data Portal (UCDP®)
- Updating the Guide to include clarifying delivery information on certain Uniform Loan Delivery Dataset (ULD) Data Points
- Notifying Sellers of updates made to Forms 16SF, Annual Eligibility Certification Report, and 1107SF, Seller/Servicer Change Notification
- Updating Exhibit 25, Mortgages with Risk Class and/or Minimum Indicator Score Requirements
EFFECTIVE DATE

The changes announced in this Bulletin are effective immediately unless otherwise noted.

SELLER/SERVICER REQUIREMENTS

Seller/Servicer activity thresholds and low activity fee

Beginning January 1, 2014, a Seller/Servicer that does not meet certain activity thresholds for the prior calendar year will be assessed a low activity fee of $7,500, due and payable in accordance with the requirements of Section 17.2, Provisions for the Payment of Fees and Proceeds and Application of Delivery Fee Credits. The low activity fee will support our risk management efforts and offset the costs incurred to maintain Seller/Servicers, and monitor their continuing compliance with our eligibility requirements.

To avoid being assessed the low activity fee, Seller/Servicers must meet at least one of the following activity thresholds:

■ Sell Mortgages to Freddie Mac with an aggregate unpaid principal balance (UPB) greater than $5 million during the immediately preceding calendar year, or

■ Service, or be a Servicing Agent for, Mortgages for Freddie Mac with an aggregate UPB of at least $25 million as of December 31 of the immediately preceding calendar year

Newly approved Seller/Servicers will be subject to these activity thresholds beginning with their first full calendar year. For example, a Seller/Servicer approved May 15, 2013 would be exempt from the low activity fee in 2013 (to be billed in early 2014), but must meet an activity threshold for calendar year 2014 or be assessed the fee in early 2015.

We have added new Section 4.3.1, Activity Thresholds and Low Activity Fee, to reflect this new requirement.

Fraud prevention, control and reporting

Effective July 1, 2013

In order to expedite the review and resolution of Freddie Mac fraud investigations, we have revised Sections 7.4, and 57.4, both titled “Cooperation Requirements,” to require Seller/Servicers to comply with the deadlines specified by Freddie Mac for providing information, documentation, records, access to individuals or any other requested cooperation.

Freddie Mac Exclusionary List

We are updating Section 2.24 to conform with guidance from our regulator, the Federal Housing Finance Agency (FHFA), as well as to provide additional examples of actions which may lead to placement on the Exclusionary List.

Addition of National Mortgage Insurance Corporation (NMI) as an approved mortgage insurance provider

As announced in our Single-Family Update e-mail dated March 25, 2013, Exhibit 10, Freddie Mac-Approved Mortgage Insurers, has been updated to include NMI as a new Freddie Mac-approved MI, effective for Mortgages delivered to Freddie Mac on or after April 1, 2013.
Seller/Servicer and mortgage insurance company information disclosure requirements

Effective July 31, 2013

As announced in Bulletin 2013-6, Freddie Mac, at times, may need to verify directly with MIs the presence and nature of mortgage insurance coverage on Mortgages sold to and serviced for Freddie Mac. In order to expedite this verification process and facilitate the completion of other day-to-day activities, Freddie Mac has updated the Guide to require that its Seller/Servicers direct MIs in writing to release data to Freddie Mac at Freddie Mac’s request. Seller/Servicers must instruct each MI that currently provides, or that in the future may provide, coverage on Mortgages it sold to and/or services for Freddie Mac to comply with any Freddie Mac request for information, data and materials relating to Freddie Mac Mortgages.

To comply with this requirement, a Seller/Servicer must provide written instructions to each applicable MI using Form 1207. Seller/Servicers must deliver a fully executed copy of the information disclosure agreement for each applicable MI to Freddie Mac at MI_Questions@FreddieMac.com by July 31, 2013 or before the MI begins providing insurance covering Mortgages, whichever is later.

Seller/Servicers should implement the new form and disclosure requirements as soon as possible in order to ensure that the fully executed Form 1207 for each applicable MI is delivered to Freddie Mac by July 31, 2013.

Section 61.9, Requirement to Direct MI Disclosure of Mortgage Information to Freddie Mac, has been added to reflect this requirement.

With this Bulletin, we are informing Seller/Servicers that given provisions in the respective master policies of insurance of Essent Guaranty, Inc. and NMI, execution of Form 1207 is not required for Mortgages insured or to be insured by those companies.

Updates to Exhibit 5

We have updated the authorized changes in Exhibit 5 to reflect revisions previously posted on our Uniform Instrument web page on FreddieMac.com at http://www.freddiemac.com/uniform. These changes include a mandatory change to our Notes and Security Instruments to comply with the requirements of the Truth in Lending Act and Regulation Z (12 C.F.R. § 1026.36(g)). This change must be implemented no later than January 10, 2014.

Document custody-related updates

The Document Custody Procedures Handbook has been revised to reflect previously announced revisions and updates pertaining to our document custody procedures. In addition, we have updated Directory 9 with new contact information for Mortgage Purchase Operations and have eliminated references to sections of the Guide that have been removed or no longer pertain to document custodial activities.

SELLER REQUIREMENTS

Relief Refinance Mortgages

In our Single-Family Update e-mail dated April 12, 2013, we notified Sellers that FHFA has directed Freddie Mac and Fannie Mae to extend the Home Affordable Refinance Program (HARP) by two years to December 31, 2015.

As a result, we are updating the Guide to reflect the extension of the expiration date of the Freddie Mac Relief Refinance Mortgage – Same Servicer and Relief Refinance Mortgage – Open Access offerings, which were previously set to expire for Freddie Mac Relief Refinance Mortgages with Application Received Dates on or before December 31, 2013. Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access must have Application Received Dates on or before December 31, 2015 and Settlement Dates on or before September 30, 2016.

Sections A24.1, B24.1 and C24.1, all titled Overview, have been updated to reflect these changes.
Living Trusts and land trusts

Living Trusts (inter vivos revocable trusts)

Effective for Mortgages with Note Dates on or after September 1, 2013

As a result of an ongoing review of our requirements, and in response to questions and comments we have received from Sellers, we are updating and revising our requirements for Living Trusts (inter vivos revocable trusts). The addition of definitions and more specificity, including with respect to refinance transactions, will provide supplemental guidance for Sellers. The expansion of occupancy types and the acceptance of additional forms that meet our signature requirements will afford Sellers further flexibility.

The revisions include:

■ Adding definitions to the Glossary ("Living Trust," “Settlor” and “Underwritten Settlor”) and defining the characteristics of a Living Trust (inter vivos revocable trust) that is an eligible Borrower in Section 22.10(a), Living Trusts

■ Specifying that at least one, rather than all, of the Settlors must be underwritten and qualified

■ No longer restricting the Mortgaged Premises to a Primary Residence or second home

■ Providing more specificity in our requirements concerning vesting of title in the trustees and the title insurance policy provisions

■ Modifying our signature requirements in Section 22.10, Living Trusts and Land Trusts, and Exhibit 9, Signature and Acknowledgement Forms for Living Trusts, to accept a signature addendum to the Note for trustee signature if/when there is not enough space on the Note for these signatures, and a revocable trust rider to the Security Instrument as an alternate form of the Settlor’s acknowledgment form that we currently require on the Security Instrument

■ Revising the ULDD Data Point provisions relating to Living Trusts (inter vivos revocable trusts) in Chapter 17, Mortgage Delivery Instructions, to correspond to these changes and clarify that while the Seller must identify the Living Trust as a non-individual Borrower, when delivering information about the Borrower, the Seller must deliver the personal information of the individual(s) creating the trust and underwritten for the loan (the Underwritten Settlor(s))

Refinance transactions

We have updated Chapters 24, Refinance Mortgages, A24, Freddie Mac Relief Refinance MortgagesSM – Same Servicer, B24, Freddie Mac Relief Refinance MortgagesSM – Open Access, and C24, Freddie Mac Relief Refinance MortgagesSM – Same Servicer with LTV Ratios Less than or Equal to 80%, to clarify our refinance requirements to provide that a trust that is a Borrower on a Mortgage being refinanced must be an inter vivos revocable trust at the time of the refinance transaction.

Early implementation of signature requirements

For Mortgages with Note Dates on or after May 15, 2013, Freddie Mac will accept loan documents executed in accordance with the requirements that will be applicable to Mortgages with Note Dates on or after September 1, 2013.

Updates to the Document Custody Procedures Handbook

The Document Custody Procedures Handbook has been updated to reflect the revisions and updates made to our Living Trust requirements.

Land trusts

Effective for Mortgages with Settlement Dates on or after September 1, 2013

Freddie Mac will no longer purchase Mortgages secured by properties in which the legal and equitable title is held by a land trust (Land Trust Mortgages) unless a Seller’s Purchase Documents contain a term of business making such Mortgages eligible for purchase. Section 22.10(b), Land Trusts, has been updated to reflect this change.
Notice of changes to negotiated terms for Living Trusts and land trusts

Freddie Mac will work with Sellers that have negotiated terms of business for the purchase of Mortgages to Living Trusts to affect any necessary contract changes if and to the extent such changes are necessary.

Sellers with existing negotiated terms of business for the purchase of Land Trust Mortgages will receive a revised term of business for the purchase of such Mortgages prior to September 1, 2013. This revised term of business will be effective for Land Trust Mortgages with Settlement Dates on or after September 1, 2013.

Sellers who currently do not have a negotiated term of business for the purchase of Land Trust Mortgages may request this term of business by contacting their account representative or 800-FREDDIE.

Condominium Project review and eligibility

Effective for Mortgages with Settlement Dates on or after June 1, 2013

Based on Seller feedback, we are revising our requirements to allow super conforming Condominium Unit Mortgages to be eligible for streamlined reviews.

We have updated Sections L33.6, Special Appraisal and Collateral Requirements, and 42.4, Streamlined Reviews, to reflect these revisions.

Delivery requirements for super conforming Mortgages

Effective June 1, 2013

Currently, the Guide provides limits on the amount of super conforming Mortgages each Seller may deliver under fixed-rate Cash Contracts each month. Often, Sellers with Guarantor Master Commitments deliver fixed-rate super conforming Mortgages for Cash rather than delivering them under the Guarantor or MultiLender Swap programs.

Effective June 1, 2013, Sellers that have Guarantor Master Commitments may not take out fixed-rate Cash Contracts for the sale of super conforming Mortgages.

Section 17.39, Super Conforming Mortgages, has been updated to reflect this change.

Home Value Explorer® (HVE®) messaging within the Uniform Collateral Data Portal® (UCDP®)

Effective June 22, 2013

As announced in our Single-Family Update email dated April 16, 2013, to assist Sellers in evaluating the quality of appraisals submitted to the UCDP, Freddie Mac will include proprietary property valuation messaging from HVE within the Freddie Mac tab of the UCDP, beginning on June 22, 2013. The HVE property valuation messaging will provide Sellers an early view into property valuation accuracy and collateral risk.

Section 44.20, Appraisal Data and Delivery, has been updated to reflect Freddie Mac's expectation that Sellers should be prepared to address these feedback messages as part of their appraisal report review and property underwriting process.

Sellers should review new Exhibit 36, Home Value Explorer® (HVE®) within the Uniform Collateral Data Portal® (UCDP®), which provides the possible messages that can be obtained within the Freddie Mac tab of the UCDP.

ULDD updates

On March 26, 2013, to address customer feedback and remind Sellers of the importance of data quality, we issued a Single-Family Update e-mail and published addenda to Appendix A, Freddie Mac XML Data Requirements V.3.1.0, and Appendix D, Freddie Mac XML Data Requirements Reference Tool V3.1.0, of the Freddie Mac Implementation Guide for Loan Delivery Data ("Freddie Mac IG-LD"). Tab 9 of the appendices, “ULDDS Addendum Issued 3-26-13,” provides clarifying information on certain ULDD Data Points; those incorporated into the Guide with this Bulletin are identified in the Data Point Revision Effective Date column of the addendum as effective in “2013.”
We have incorporated substantive delivery clarifications into Sections 17.7, Loan Data Required for All Mortgages, 17.11, Property Data Required for All Mortgages, 17.12, Data Required for All Borrowers, and 17.26, Mortgage Insurance Requirements.

Some other clarifications, though they lend additional guidance important for understanding of the ULDD Data Points, have not been incorporated into the Guide, and Sellers should refer to Tab 9 to review those changes.

As announced in the March 26th Single-Family Update e-mail, to address future changes or clarifications to the Freddie Mac IG-LD, we will issue quarterly updates, as necessary, and will notify Sellers of those updates. Sellers can find the most recently updated Freddie Mac IG-LD under the “Technical Resources” tab on the ULDD web page of our web site at http://www.freddiemac.com/sell/secmktg/uniform_delivery.html. Sellers should look for updated or new tabs in the appendices and review the details noted in the “Revision History” section for a complete listing of the changes and clarifications.

Updates to Forms 16SF and 1107SF
As announced in Bulletin 2013-6, we have updated Forms 16SF and 1107SF to:
- Include two additional diversity categories relating to Seller/Servicer ownership information that Freddie Mac will collect going forward
- Revise the definitions of “Minority-Owned Business Enterprise” and “Women-Owned Business Enterprise” and add a new definition of “Disabled-Owned Business Enterprise,” to align with the revisions made with Bulletin 2012-23

Updates to Exhibit 25
We have updated Exhibit 25 to include the removal of the requirement that nonassumable Rural Housing Service (RHS) Section 502 GRH Mortgages have a minimum Indicator Score of 620, as announced in Bulletin 2012-4, and to remove reference to Alt 97® Mortgages, since, as announced in Bulletin 2012-8, the offering was retired effective August 1, 2012.

REVISIONS TO THE GUIDE
The revisions included in this Bulletin impact the following:
- Chapters 2, 4, 7, 17, 22, 24, A24, B24, C24, L33, 42, 44, 57 and 61
- Exhibits 5, 9, 25, and 36
- Glossary
- Directory

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

Sincerely,

Laurie A. Redmond
Vice President
Offerings Effectiveness