



TO: Freddie Mac Sellers

February 17, 2016 | 2016-3

SUBJECT: SELLING UPDATES

This *Single-Family Seller/Servicer Guide* (“Guide”) Bulletin announces:

LTV/TLTV/HLTV ratio and Indicator Score requirements – March 28, 2016

- Updates to our requirements for loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios for:
 - [Super conforming Mortgages](#) and
 - [1-unit Investment Property Mortgages](#)
- Updates to the minimum required Indicator Scores for Manually Underwritten super conforming Mortgages

Condominium and PUD Insurance – August 1, 2016

- Updates to our requirements for [Condominium Project and Planned Unit Development \(PUD\) insurance](#)

In addition to the changes listed above, we are making further updates and revisions as described in the [“Additional Guide Updates and Reminders”](#) section of this Bulletin.

EFFECTIVE DATE

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

LTV/TLTV/HTLTV RATIO AND INDICATOR SCORE REQUIREMENTS

Effective for Mortgages with Settlement Dates on or after March 28, 2016

Super conforming Mortgages

In response to changes in the market and in an effort to provide greater access to credit, we reviewed our super conforming Mortgage requirements and are making the following changes:

- Expanding the eligible LTV/TLTV/HTLTV ratios for super conforming Mortgages to align with the eligible LTV/TLTV/HTLTV ratios for Mortgages subject to base conforming loan limits
- Aligning the required minimum Indicator Scores for Manually Underwritten super conforming Mortgages with the required minimum Indicator Scores for Manually Underwritten Mortgages subject to base conforming loan limits

As a result of these changes, we are removing the separate maximum LTV/TLTV/HTLTV ratio requirements for super conforming Mortgages from Guide Section L33.3. The maximum LTV/TLTV/HTLTV ratio requirements in Section 23.4 now apply. The separate minimum Indicator Score requirements for super conforming Manually Underwritten Mortgages referenced in Section L33.5 and Guide Exhibit 25 are also being removed since the minimum Indicator Score requirements for Manually Underwritten Mortgages in Exhibit 25 now apply.

New super conforming Mortgages grid

Due to the expansion of allowable LTV/TLTV ratios for super conforming Mortgages, the Super Conforming Mortgages post-settlement delivery fee grid in Exhibit 19 has been updated to reflect these changes and provide additional specificity on the eligible LTV/TLTV ranges, as highlighted below.

SUPER CONFORMING MORTGAGES						
Effective for Settlement Dates on or after March 28, 2016						
Product	Purpose	LTV/TLTV Ratios				
		All Eligible				
		≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90%
30-, 20- and 15-year Fixed Rate Fully Amortizing	Purchase & No Cash-out Refinance	0.25%	0.25%	0.25%	0.25%	0.25%
	Cash-out Refinance	1.00%	1.00%	Not Eligible		
Fully Amortizing ARMs (All Eligible)	Purchase & No Cash-out Refinance	1.00%	1.75%	1.75%	1.75%	2.00%
	Cash-out Refinance	1.75%	2.50%	Not Eligible		

1-unit Investment Property Mortgages

For Mortgages secured by a 1-unit Investment Property, we are aligning the eligible LTV/TLTV/HTLTV ratios for no cash-out refinance transactions and purchase transactions. The expanded ratios will provide Borrowers greater ability to refinance and improve the rate and/or terms of their Mortgage without needing to establish additional equity.

System and Guide updates

Loan Prospector[®], the Selling SystemSM and Loan Quality Advisor will be updated by March 28, 2016 to reflect these changes.

Guide impacts: Sections 23.4, 24.5, L33.3 and L33.5 and Exhibits 19 and 25

CONDOMINIUM PROJECT AND PUD INSURANCE

Effective August 1, 2016, but Sellers are encouraged to implement immediately

In response to Seller feedback we have evaluated our Condominium Project and PUD insurance requirements and are making the following changes:

- Prohibiting the sale of Mortgages secured by a Condominium Unit in a Condominium Project or a property in a PUD with a master or blanket insurance policy that combines insurance coverage for multiple unaffiliated Condominium Projects or PUDs
- Providing additional guidance for Condominium Project or PUD insurance when a coinsurance clause, an agreed amount endorsement or the agreed value option is included in the policy
- Updating our fidelity or employee dishonesty insurance requirements as follows:
 - If the calculated amount of funds that triggers the requirement for fidelity or employee dishonesty insurance coverage is less than or equal to \$5,000 then fidelity or employee dishonesty insurance is not required
 - Allowing a professional management firm to be insured either a) under its own fidelity or employee dishonesty insurance coverage policy provided the management firm submits evidence of coverage to the condominium homeowners association or b) under the condominium homeowners association's insurance policy

Guide impacts: Sections 58.2 and 58.5

ADDITIONAL GUIDE UPDATES AND REMINDERS

Exhibit 4 updates

Exhibit 4, *Single-Family Uniform Instruments*, has been updated to reflect changes that are included on [Freddie Mac's Uniform Instruments web page](#) for West Virginia. For more information visit [Freddie Mac's Uniform Instrument News & Updates web page](#).

Guide impacts: Exhibit 4

Electronic loan applications

We are removing the requirement that if the Seller wishes to use an electronic final loan application (Guide Form 65), the Seller must obtain Freddie Mac's written permission. This is no longer necessary as the Guide now allows the delivery of Mortgages with an electronically-created and signed final loan application as announced in Bulletin 2015-4.

In addition to Chapter 3, which provides our requirements for electronic transactions and documents, more information related to electronic documents can be found on the [Freddie Mac Electronic Loan Documents web page](#).

Guide impacts: Section 37.8

Guide Snapshot PDF

For Seller/Servicer convenience, we have recently published the [December 16, 2015 Guide Snapshot PDF](#), which includes two comprehensive files:

- A portable document format (PDF) file of the entire Guide, including a table of contents, easy-to-use navigational bookmarks and highlighting designated updates made to the Guide since September 16, 2015, the date of the last Guide Snapshot PDF
- A PDF file containing all of the Bulletins issued from October through December 2015

All Guide Snapshot PDFs are available at

<http://www.freddiemac.com/singlefamily/guide/bulletins/snapshot.html>. As a reminder, these PDFs are not official versions of the Guide.

Guide reorganization reminders

As announced in Bulletin 2015-19 we are reorganizing the Guide into topic groups to make it easier for Seller/Servicers to do business with Freddie Mac. The reorganized Guide does not introduce new requirements nor change existing requirements.

As announced in our Single-Family Update e-mail dated January 19, 2016, the Guide content, which incorporates Bulletins through December 2015, is now available on the AllRegs® preview site at http://www.allregs.com/tpl/public/fhlmc_preview_tll.aspx. We encourage Seller/Servicers to click through the preview site to familiarize themselves with the new layout.

Seller/Servicers are also encouraged to:

- Sign up for the [Guide Reorganization webinar \(Using the Reorganized Guide – An Overview\)](#) to learn more about the reorganized Guide
- Review the [Preliminary Guide Reorganization Mapping spreadsheet](#) to see where the Guide content currently exists and where it is located in the reorganized Guide
- Visit the [Guide Reorganization web page](#) for full information on the Guide reorganization as well as additional resources

As additional reminders:

- The reorganized Guide will become the official authoritative version of the Guide on **March 2, 2016**

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- Changes to the current Guide layout will impact Guide references in other Purchase Documents, which will be updated in the future

GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, refer to the Bulletin 2016-3 (Selling) Guide Updates Spreadsheet available at http://www.freddiemac.com/singlefamily/guide/docs/bl1603_spreadsheet.xls.

CONCLUSION

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

Sincerely,



Christina K. Boyle
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Single-Family Sales and Relationship Management