



TO: Freddie Mac Sellers and Servicers

March 2, 2016 | 2016-4

SUBJECT: REORGANIZED GUIDE EFFECTIVE TODAY

The reorganized Guide is effective with the publication of this Guide Bulletin.

The Guide’s new structure incorporates Seller/Servicers’ recommendations and reflects how and when Seller/Servicers interact with Freddie Mac. The reorganized Guide is more intuitive for Seller/Servicer workflow so Seller/Servicers can navigate to content they need more quickly and efficiently.

The reorganized Guide does not introduce new requirements nor does it change existing requirements.

STRUCTURE OF THE REORGANIZED GUIDE

The image below displays the structure of the reorganized Guide.



Segments

Rather than being divided into two volumes, all of the Guide content is now consolidated and grouped into the following three segments:

- Freddie Mac – Seller/Servicer Relationship
- Selling
- Servicing

The Guide's design places the provisions applicable to all Seller/Servicers in one central location (Freddie Mac – Seller/Servicer Relationship Segment), and then differentiates between the provisions for selling and those for Servicing. Although the Guide has distinct Selling and Servicing Segments, there may be information and/or cross-references for Servicers in the Selling Segment and for Sellers in the Servicing Segment.

Series and topics

There are three distinct series of topics within each segment, totaling nine series. Highlights of topic content within each series and certain key reorganization impacts are listed below.

Freddie Mac – Seller/Servicer Relationship Segment

- **Series 1000, General Contract Terms**, contains contractual terms formerly in Volumes 1 and 2 including general representations and warranties, the representation and warranty framework and Electronic Transactions (as defined in Section 1401.2, *Defined terms*)
- **Series 2000, Doing Business with Freddie Mac**, contains Seller/Servicer eligibility and other requirements for doing business with Freddie Mac including terms for access and use of Freddie Mac systems and terms governing third-party relationships
- **Series 3000, Risk Management and Remedies**, contains requirements for the management of risks related to the purchase and Servicing of Mortgages including remedies, the Freddie Mac Exclusionary List, the Freddie Mac Servicing Success Program and quality control

The following are some key reorganization impacts in the Freddie Mac – Seller/Servicer Relationship Segment:

- Freddie Mac systems use, including the Selling SystemSM and Freddie Mac Service Loans application, have moved into Topic 2400, *Access to Freddie Mac Tools and Systems*
- Document Custodian requirements, formerly located in Chapter 18, have moved into Chapter 2202, *Document Custodian and Document Custody*

Selling Segment

- **Series 4000, Mortgage Eligibility**, contains requirements for the eligibility of Mortgages for sale to Freddie Mac including Uniform Instruments, refinance Mortgages, Home Possible[®] Mortgages, Freddie Mac Mortgage products and mortgage and title insurance
- **Series 5000, Origination and Underwriting**, contains requirements for underwriting the Borrower and underwriting the property securing the Mortgage including methods of underwriting, Borrower eligibility, credit assessment, and property eligibility and appraisal requirements
- **Series 6000, Selling and Delivery**, contains requirements for sale and delivery of Mortgages to Freddie Mac including Freddie Mac Mortgage purchase programs, data and document delivery and post-settlement delivery fees

The following are some key reorganization impacts in the Selling Segment:

- Loan Prospector[®] requirements, formerly located in Section 2.2.1, are now located with other Borrower underwriting requirements in Topic 5100, *Determining Borrower Eligibility*
- Tables, modeled on the [Loan Prospector[®] Documentation Matrix](#), for certain income, asset and related documentation requirements:
 - Stable monthly income requirements and income documentation requirements, formerly located in Chapter 37, have moved into Topic 5300, *Stable Monthly Income and Asset Qualification Sources*
 - Asset requirements (Borrower Funds and reserves), formerly located in Chapter 26, and asset documentation requirements, formerly located in Chapter 37, have been consolidated and moved into Topic 5500, *Assets (Borrower Funds and Reserves)*

Servicing Segment

- **Series 7000, *Transfers of Servicing***, contains requirements for Transfers of Servicing
- **Series 8000, *Servicing All Mortgages***, contains requirements for general day-to-day Servicer responsibilities including investor reporting and remitting and managing custodial accounts
- **Series 9000, *Servicing Default Management***, contains requirements for Servicing Mortgages in default including collection efforts, the evaluation of a Borrower for alternatives to foreclosure, foreclosure, bankruptcy, REO and the reimbursement of expenses

The following are some key reorganization impacts in the Servicing Segment:

- Special Servicing requirements for Step-Rate Mortgages, ARMs and for Borrowers who are Servicemembers and their dependents have moved into Topic 8500, *Servicing for Special Mortgages*
- Servicing requirements for Senior Subordinate Mortgages (as defined in Section 8601.2, *Key terms and definitions used in this chapter*) previously located in Chapter S84 have moved into Topic 8600, *Servicing Requirements for Senior Subordinate Mortgages*
- Workout options previously located in Chapter B65 have been split into separate chapters within Topic 9200, *Loss Mitigation*:
 - Chapter 9206, *Modifications*, contains requirements for the following mortgage modifications: the Freddie Mac Standard Modification, Freddie Mac Streamlined Modification, Capitalization and Extension Modification for Disaster Relief (“Disaster Relief Modification”) and Freddie Mac MyCity Modification
 - Chapter 9207, *Workout Mortgage Assumption*, contains requirements for workout mortgage assumptions and simultaneous assumptions and modifications
 - Chapter 9208, *Freddie Mac Standard Short Sale*, contains requirements for short sales
 - Chapter 9209, *Freddie Mac Standard Deed-in-Lieu of Foreclosure*, contains requirements for deeds-in-lieu of foreclosure
 - Chapter 9210, *Charge-off*, contains requirements for charge-offs

The requirements for the Home Affordable Modification Program (HAMP®), previously located in Chapter C65, remain in a separate chapter, which is now Chapter 9205, *Home Affordable Modification Program*.

- Evaluation hierarchy requirements and Borrower solicitation and communication requirements, formerly located in Section 64.6, have been divided and moved into Chapters 9102, *Delinquencies*, and 9201, *Freddie Mac Loss Mitigation Evaluation Hierarchy and Performance Standards*

NUMBERING

The new numbering format of the Guide is designed to make it easier to navigate to and identify content. In the new numbering format, the first number represents the series, the second number represents the topic, the third and fourth numbers represent the chapter and any number after the decimal point represents the section.

For example, in Section 9201.2:

- 9201.2 – The “9” indicates Series 9000, *Servicing Default Management*
- 9201.2 – The first “2” represents Topic 9200, *Loss Mitigation*
- 9201.2 – The “01” represents that it is Chapter 9201, *Freddie Mac Loss Mitigation Evaluation Hierarchy and Performance Standards*
- 9201.2 – The “2” after the decimal point represents that it is Section 9201.2, *Freddie Mac Loss Mitigation Evaluation Hierarchy*

EXHIBITS, FORMS, GLOSSARY AND DIRECTORY

The exhibits, forms, Glossary and Directory have been updated to reflect cross-references to the new locations in the reorganized Guide. The forms, exhibits and Directory have not been renumbered.

Also, for ease and consistency of reference, we have added definitions for the following terms to the Glossary:

- Accounting Cycle Cutoff
- BPO (which replaces the Glossary term for Broker's Price Opinion)
- DDLPI (which replaces the Glossary term for Due Date of Last Paid Installment)
- EDR
- FHFA
- Guide
- Home Value Explorer[®] (HVE[®])
- HUD
- REO (which replaces the Glossary term for Real Estate Owned)
- RHS (which replaces the Glossary term for Rural Housing Service)
- Selling SystemSM
- UPB

In addition, we have revised and removed Glossary terms related to certain retired Mortgage products and requirements.

REQUIREMENTS REMOVED

We deleted outdated requirements, including:

- Requirements pertaining to the conversion of convertible ARMs
- Servicing requirements for:
 - Balloon/Reset Mortgages (including Chapter A83, Exhibit 81 and Forms 1034B and 1130)
 - Second Mortgages/HILs (including Chapter 81 and Form 102)
 - Window Period Mortgages

In addition, we removed duplicative requirements and previously deleted sections and chapters.

We replaced instructions for completing an ARM Note, previously located in Section 30.13, with a job aid now located at http://www.freddiemac.com/help/ss/arm_note/instructions.html.

UPDATES IN OTHER PURCHASE DOCUMENTS AND ELSEWHERE

Purchase Documents

Negotiated Purchase Documents, including Master Agreements (MAs) and/or Master Commitments (MCs) and other Purchase Documents (such as, any additional terms applicable to the sale and/or Servicing of Mortgages) remain valid contracts and Sellers and Servicers may continue doing business with Freddie Mac using the same terms. We will be issuing, as appropriate, updated Purchase Documents reflecting references to the Guide under the reorganized format. We are working with Seller/Servicers on time frames for receiving the updated documents. Our goal is to have all MAs, MCs and Servicing provisions not in an MA updated by August 31, 2016.

Updated terms are available today on AllRegs[®] for Sellers eligible to deliver Mortgages in accordance with the requirements of Guide Plus Additional Provisions.

System updates

Loan Prospector and the Selling System will be updated in the future to reflect the reorganized Guide references.

RESOURCES

Freddie Mac's Guide Position Summary (GPS) is designed to help Seller/Serviceers transition to the reorganized Guide content. The GPS maps the former Guide content, which is now archived, to where the content is located in the reorganized Guide and replaces the Preliminary Guide Reorganization Mapping spreadsheet. The GPS is available at http://www.freddiemac.com/singlefamily/guide_reorganization_mapping.xls.

In addition to using the GPS, Seller/Serviceers are encouraged to:

- Sign up for the [Using the Reorganized Guide – An Overview](#) webinar which will provide an in-depth look at the tools and resources available to assist Seller/Serviceers with the transition from the former Guide to the reorganized Guide
- Visit the [Guide Reorganization web page](#) for full information on the Guide reorganization as well as additional resources
- View our [short video](#) on the reorganized Guide for information on the new layout

GUIDE PDFS

Today, we are publishing a PDF version of the entire reorganized Guide with easy-to-use navigational bookmarks. The full Guide PDF enables Seller/Serviceers to:

- Save a copy of the Guide
- Search the entire Guide (using CTRL + F)
- Print individual pages (such as certain sections) of the Guide

We are also publishing a separate PDF of each Guide segment (Freddie Mac – Seller/Serviceer Relationship, Selling and Servicing) to provide Seller/Serviceers with more specific options for searching and printing.

We will publish these real-time full Guide and individual segment PDFs each time we publish a Bulletin with Guide updates in the future. These PDFs will replace the separate chapter PDFs that we have previously posted.

We will also publish the full Guide PDFs quarterly on our Guide Snapshot PDF web page at <http://www.freddiemac.com/singlefamily/guide/bulletins/snapshot.html> for historical reference purposes.

CONCLUSION

We are focused on consistently delivering an exceptional customer experience, and making it easier for Seller/Serviceers to do business with us. We appreciate Seller/Serviceer input and we encourage continued feedback to help us do better business together in 2016.

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
Senior Vice President
Single-Family Sales and Relationship Management