



Upcoming Credit, Pricing, and Execution Requirement Changes for Sellers

In the past several months we've introduced many changes to our credit, pricing and execution requirements through our *Single-Family Seller/Service Guide* (Guide) Bulletins. We encourage you to use this overview in conjunction with the referenced Guide Bulletins and Guide Exhibit 19 to become familiar with the key changes and effective dates. **The information below reflects key changes for Sellers¹ announced from October 2011, through January 5, 2012.**

- Credit and collateral-related changes – pages 1-3
- Execution and delivery-related changes – pages 4-5
- Pricing changes – 5

Effective Date	Guide Bulletin	Key Information
CREDIT AND COLLATERAL-RELATED CHANGES		
Effective December 2011		
Effective December 16, 2011	Refer to the December 16 Guide Bulletin 2011-25	<ul style="list-style-type: none"> • Land contracts or contracts for deed. We updated our requirements for mortgages used to pay off balances under land contracts or contracts for deed, including, but not limited to, establishing criteria for when the transaction is considered a purchase or a “no cash-out” refinance and providing requirements for calculation of loan-to-value ratios. • Cash-out refinance mortgages. We revised our requirements to allow a cash-out refinance when the property was purchased free and clear of liens, and the borrower has not been on the title to the subject property for at least six months prior to the note date, provided the underlying purchase transaction and the cash-out refinance mortgage meet specific requirements.
Effective for mortgages with delivery dates on or after December 1, 2011	Refer to the August 16 Guide Bulletin 2011-15	<ul style="list-style-type: none"> • Mortgages secured by primary residences. We removed “to the best of the Seller’s knowledge and belief” as a qualification for determining whether a borrower is occupying the property as a primary residence. • Self-employment income. For self-employed borrowers, we are removing the option to obtain a letter from an accountant to confirm that the use of business assets for closing will not adversely impact the business.

¹ This document does not include information on Freddie Mac’s implementation of the Home Affordable Modification program. For more information on our requirements, visit FreddieMac.com/singlefamily/service/mha_modification.html

Overview of recent credit requirement changes for Sellers (cont.)

<p>Effective for Home Possible® Mortgages delivered on or after December 1, 2011</p>	<p>Refer to the October 14 Guide Bulletin 2011-18 and our September 21, 2011, announcement</p>	<ul style="list-style-type: none"> • Sellers may begin using the 2011 AMI estimates immediately, but must use these estimates for Home Possible Mortgages delivered to us on or after December 1, 2011. • As a reminder, Freddie Mac uses the AMI estimates issued by the Federal Housing Finance Agency to determine eligibility and the pricing incentive for Home Possible Mortgages.
<p>Effective January 2012</p>		
<p>Effective for Relief Refinance mortgages with Freddie Mac settlement dates on or after January 5, 2012</p>	<p>Refer to the January 5 Guide Bulletin 2012-1</p>	<ul style="list-style-type: none"> • Eliminated the minimum Indicator Score requirement of 620 for Relief Refinance Mortgages – Same Servicer with LTV ratios less than or equal to 80 percent, unless the principal and interest payment increase is more than 20 percent. • Eliminated the maximum total LTV (TLTV) and Home Equity Line of Credit TLTV (HTLTV) ratio requirement of 105 percent for Relief Refinance Mortgages – Same Servicer and Relief Refinance Mortgages – Open Access with LTV ratios of less than or equal to 80 percent.
<p>Effective for mortgages with Freddie Mac settlement dates on or after January 3, 2012 and applications dated on or after December 1, 2011</p>	<p>Refer to the November 15 Guide Bulletin 2011-22</p>	<ul style="list-style-type: none"> • Extended the expiration of the Freddie Mac Relief Refinance Mortgage offering to December 31, 2013. Mortgages must have note dates on or before December 31, 2013. • For Relief Refinance Mortgages – Same Servicer with LTV ratios greater than 80 percent: <ul style="list-style-type: none"> ○ Revised the requirement related to certain Seller representations and warranties that the mortgage being refinanced met certain Freddie Mac eligibility requirements in its Purchase Document. ○ Added specific requirements related to solicitation, advertising, and other communications to borrowers. • Revised certain other eligibility requirements to increase the number of borrowers who may be eligible for Relief Refinance Mortgages. Key changes were made to requirements for: <ul style="list-style-type: none"> ○ Borrower benefit provision. ○ Mortgage payment history. ○ Property type/Occupancy. ○ The use of refinance proceeds for Relief Refinance mortgages with LTV ratios less than or equal to 80 percent. ○ Mortgages with principal and interest payments greater than 20 percent.

Overview of recent credit requirement changes for Sellers (cont.)

Effective February 2012		
<p>Changes are effective for mortgages with delivery dates on or after February 15, 2012. (However, Sellers may implement the revisions immediately)</p>	<p>Refer to the November 4 Guide Bulletin 2011-21</p>	<p>The changes announced in the Guide Bulletin:</p> <ul style="list-style-type: none"> • Reorganized and updated general guidance in Guide Section 37.13, <i>Stable monthly income and asset qualification sources</i>. • Provided specific guidance in Guide Section 37.13(a) (vii) regarding qualifying income for borrowers on temporary leave from their current employment. • Updated guidance and documentation requirements regarding certain income topics listed in Guide Section 37.13(c), <i>Other income</i>; Guide Section 37.22, <i>Streamlined Accept Documentation requirements</i>; and Guide Section 37.23, <i>Standard Documentation requirements</i>.
Effective March 2012		
<p>Effective for mortgages with Freddie Mac settlement dates on or after March 15, 2012 and applications dated on or after December 1, 2011</p>	<p>Refer to the November 15 Guide Bulletin 2011-22</p>	<p>Greater use of Home Value Explorer® (HVE). HVE may be used to determine property value for certain 2-unit properties, in addition to 1-unit properties, for Relief Refinance Mortgages – Same Servicer, and for certain 1- to 2-unit properties for Relief Refinance Mortgages – Open Access.</p>
<p>Mortgages delivered on or after March 19, 2012 with loan applications dated on or after December 1, 2011</p>	<p>Refer to the November 4 Guide Bulletin 2011-21</p>	<ul style="list-style-type: none"> • For appraisal report forms required for submission to the Uniform Collateral Data Portal® (UCDP®), lenders must receive a “Successful” status before the mortgages are delivered to Freddie Mac.
Effective April 2012		
<p>Effective April 1, 2011</p>	<p>Refer to the December 16 Guide Bulletin 2011-25</p>	<ul style="list-style-type: none"> • Specific Guide forms for appraisal field review reports and appraisal updates. Sellers are required to use Guide Form 1032, <i>One-Unit Residential Appraisal Field Review Report</i>, or Form 1072, <i>Two- to Four-Unit Residential Appraisal Field Review Report</i>, when obtaining an appraisal field review report as part of the mortgage file. We are also requiring Form 442, <i>Appraisal Update and/or Completion Report</i>, to be used when obtaining an appraisal update. • Guidance on reconciling multiple opinions of market value. New Guide Section 44.16 has been added, outlining the requirements for reviewing the appraisal reports and determining which market value to use when several opinions of market value are obtained. • Updated requirements for appraisers. To be consistent with the Uniform Standards of Professional Appraisal Practice (USPAP), we are specifying that Sellers must select appraisers with knowledge and experience in appraising the property type in the market area and access to applicable data sources.

EXECUTION AND DELIVERY-RELATED CHANGES

Effective February 2012

<p>Effective for mortgages with Freddie Mac settlement dates on or after February 1, 2012 and applications on or after December 1, 2011</p>	<p>Refer to the November 15 Guide Bulletin 2011-22</p>	<p>For Relief Refinance Mortgages – Same Servicer, we are removing the maximum LTV ratio of 125 percent for fixed-rate mortgages sold under fixed-rate Cash. The 105 percent maximum LTV ratio for ARMs will remain.</p>
<p>Effective February 1, 2012, for warehouse lenders that Sellers use</p>	<p>Refer to the October 14 Guide Bulletin 2011-18</p>	<p>Warehouse lenders must provide us with new Form 990SF, <i>Warehouse Provider Certificate of Incumbency</i>; and if applicable, Form 990ASF, <i>Addendum to Warehouse Provider Certificate of Incumbency</i>; and other documents specified in Guide Chapter 19, <i>Warehouse Financing Arrangements</i>.</p> <p>For more information: Requirements for Seller and Warehouse Lender Relationships</p>
<p>Effective February 1, 2012, for Sellers that use warehouse lenders</p>	<p>Refer to the October 14 Guide Bulletin 2011-18</p>	<p>Sellers must provide the federal tax identification number and the full legal name of their warehouse lenders by submitting a new Form 987*/987E, <i>Wire Transfer Authorization for a Cash Warehouse Delivery</i>. This information must match the information on the warehouse lender's Form 990SF.</p> <ul style="list-style-type: none"> • Even if you have wiring instructions in place for specific warehouse lenders, you will need to submit a new Form 987/987E. You may do so beginning November 1, 2011, but no later than February 1, 2012. Unless we receive updated forms, you will not be able to use those warehouse lenders after February 1, 2012. • If you wish to establish new wiring instructions for a warehouse lender, you must use the revised Form 987/987E immediately. <p><i>*Form 987 is used for deliveries through the Loan Delivery Portal.</i></p>
<p>Effective February 1, 2012</p>	<p>Refer to the October 14 Guide Bulletin 2011-18</p>	<p>The unpaid principal balance (UPB) of all 15-, 20-, and/or 30-year super conforming mortgages delivered by the Seller under fixed-rate Cash contracts during any month must not exceed the greater of:</p> <ul style="list-style-type: none"> • \$2 million in aggregate; or • 10 percent of the UPB of each particular fixed-rate mortgage product (15-, 20-, and/or 30-year) the Seller delivers under fixed-rate Cash contracts during such month.

Overview of recent credit requirement changes for Sellers (cont.)

Effective March 2012		
Effective for mortgages with Freddie Mac settlement dates on or after March 15, 2012 and applications dated on or after December 1, 2011	Refer to the November 15 Guide Bulletin 2011-22	For Relief Refinance Mortgage – Open Access, we are removing the maximum LTV ratio of 125 percent for fixed-rate mortgages sold under fixed-rate Cash . The 105 percent maximum LTV ratio for ARMs will remain.
Effective June 2012		
Effective for mortgages with Freddie Mac settlement dates on or after June 1, 2012 and applications dated on or after December 1, 2011	Refer to the November 15 Guide Bulletin 2011-22	For Relief Refinance Mortgage – Same Servicer and Relief Refinance Mortgage – Open Access, we are removing the maximum LTV ratio of 125 percent for fixed-rate mortgages sold under fixed-rate Guarantor . The 105 percent maximum LTV ratio for ARMs will remain.
PRICING		
Effective January 2012		
Effective for Relief Refinance Mortgages with Freddie Mac settlement dates on or after January 3, 2012	Refer to the November 15 Guide Bulletin 2011-22	<p>Delivery fee caps are being reduced for certain property types and amortization terms for Relief Refinance Mortgages with LTV ratios greater than 80 percent. As a result of these changes, Relief Refinance Mortgages with LTV ratios greater than 80 percent will have the following revised delivery fee caps:</p> <ul style="list-style-type: none"> • Zero basis points for non-investment property fixed-rate mortgages with amortization terms of less than or equal to 20 years. • 75 basis points for non-investment property fixed-rate mortgages with amortization terms of more than 20 years. • 75 basis points for non-investment property mortgages that are ARMs. • 200 basis points for investment property mortgages.
Effective April 2012		
Effective for mortgages with Freddie Mac settlement dates on or after April 1, 2012	Refer to the December 30 Guide Bulletin 2011-26	<p>At the Federal Housing Finance Agency's (FHFA) direction to implement recently enacted federal legislation, we are implementing a 10 basis point increase in required spreads for all mortgage products.</p> <p>This increase applies to all single-family mortgage products and executions provided in the Guide, including our cash pricing program. Required spreads in Sellers' negotiated Master Commitments are also subject to the increase.</p>