

Freddie Mac October 17 Bulletin

Tuesday, 21 October 2008

Freddie Mac has released October 17 Bulletin, in which it announces: changes to postsettlement delivery fees, changes to credit requirements, and eligibility, pooling and delivery requirements for Mortgages with higher conforming loan limits in certain high-cost areas. To read the entire bulletin, please click [Read More...](#)

TO: All Freddie Mac Sellers and Servicers

SUBJECTS

Selling requirements are amended in this Single-Family Seller/Servicer Guide (Guide) Bulletin.

This Bulletin provides final requirements regarding the changes to Freddie Mac's postsettlement delivery fees (delivery fees) and credit requirements previewed in our October 3, 2008 Single-Family Advisory e-mail. It also announces additional changes to our credit requirements.

Guide chapters affected by these changes will be available on October 21, 2008 except the following, which are available today:

- Chapter L33, Super Conforming Mortgages
- Exhibit 19, Postsettlement Delivery Fees
- Exhibit 24, Third Party Verification Services
- Exhibit 25, Mortgage Products with Risk Class and/or Minimum Indicator Score Requirements
- Exhibit 26, Discretionary Provisions
- Exhibit A, Special Characteristics Codes, of Forms 11, Mortgage Submission Schedule, and 13SF, Mortgage Submission Voucher

With this Bulletin, we are updating the Guide to reflect the following changes to our delivery fee rates and the credit changes previewed in our Single-Family Advisory e-mail:

- Updating Guide Exhibit 19, Postsettlement Delivery Fees, regarding:
 - Elimination of the previously announced increase to the Market Condition delivery fee rate
 - The changes to delivery fee structures and fee rates for Initial Interest Mortgages and Mortgages with Secondary Financing
- Changes to the Number of Units delivery fee rates
- Addition of delivery fee rates for super conforming Mortgages
- Adding new Guide Chapter L33 and revising other Guide sections to provide eligibility, pooling and delivery requirements for Mortgages with higher conforming loan limits in certain high-cost areas, which we refer to as "super conforming Mortgages"
 - Reducing maximum loan-to-value(LTV)/total LTV (TLTV)/Home Equity Line of Credit TLTV (HLTTV) ratios for certain Mortgages secured by second homes, 2-unit properties and Investment Properties (certain Freddie Mac-owned "no cash-out" refinance Mortgages are eligible for expanded LTV/TLTV/HLTV ratios, as described below)
 - Updating our requirements for Manually Underwritten Mortgages to include:
 - A requirement for a minimum Indicator Score for certain Mortgages based on purpose, LTV/TLTV/HLTV ratio, number of units and occupancy
 - Updating collateral valuation requirements for:
 - Mortgages sold to us more than 120 days after the Note Date
 - Mortgages for Newly Constructed Homes, Seller-Owned Modified Mortgages and Seller-Owned Converted Mortgages

Freddie Mac is recommending that Sellers use Home Value Calibrator or a similar tool to alert them to the likelihood that an appraised value is inflated. More details on the benefits of using Home Value Calibrator are provided later in this Bulletin.

- Modifying our requirements for refinance Mortgages, including:
 - Revising requirements for streamlined refinance Mortgages to prohibit the use of proceeds to pay off subordinate financing and require that the Initial Period for an adjustable-rate Mortgage (ARM) be at least five years
 - Revising requirements for non-Freddie Mac-owned streamlined refinance Mortgages to require either an appraisal update or a new appraisal for the Mortgaged Premises
 - Allowing higher LTV/TLTV/HLTV ratios specific to Freddie Mac-owned "no cash-out" refinance Mortgages secured by second homes and 2-unit Primary Residences. An additional special characteristics code (SCC) will be required with delivery of these Mortgages.

We are also announcing the following additional changes to our credit requirements that will be effective for Mortgages

with Freddie Mac Settlement Dates on or after January 2, 2009:

- Updates to our requirements for Manually Underwritten Mortgages including:
- Revisions to our requirements regarding Tradelines for accounts for which the Borrower is not the primary account holder
- Additional requirements for documenting and underwriting the Borrower's credit reputation for Borrowers with significant derogatory information
- New requirements for Mortgages where the sale of the Borrower's Primary Residence has not yet closed or the Borrower is converting his/her Primary Residence to a second home or Investment Property
- Eliminating the requirement to calculate or evaluate a Borrower's debt-to-housing gap ratio
- Announcing that:
 - Seasoned Mortgages and Seasoned Mortgages for a Newly Constructed Home will be eligible for sale only through a negotiated sale transaction through our bulk sales unit
 - Alternative Stated Income Mortgages will no longer be eligible for sale

[Click here to view the entire October 17 Bulletin](#)