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Bulletin

TO: All Freddie Mac Sellers and Servicers

April 22, 2008

SUBJECTS

With this *Single-Family Seller/Servicer Guide* (Guide) Bulletin, we are making the following changes to our selling requirements:

- Revising our requirements for second home Mortgages to restrict the number of 1- to 4-unit financed properties owned by a Borrower
- Revising our requirements for Investment Property Mortgages to reduce the number of 1- to 4-unit financed properties that may be owned by a Borrower who owns more than one financed Investment Property
- Revising our “no cash-out” and cash-out refinance Mortgage requirements
- Announcing that we are enhancing the Freddie Mac Selling System (Selling System) to:
 - Permit the sale of Mortgages under the fixed-rate Mini Guarantor Program
 - Expand the Life Cap ranges for certain adjustable-rate Mortgages (ARMs)
- Providing information regarding Freddie Mac’s calculation of loan-to-value (LTV) ratio

We are also updating the Guide to reflect the changes to credit requirements announced in our special February 21, 2008 Bulletin, and refining those requirements to provide that also effective for Mortgages with Freddie Mac Settlement Dates on or after June 1, 2008:

- Section 184 Native American Mortgages with LTV/total LTV (TLTV)/home equity line of credit TLTV (HTLTV) ratios greater than 97% remain eligible for purchase, in addition to Home Possible Mortgages with a minimum Indicator Score of 700, FHA/VA Mortgages and Section 502 GRH Mortgages
- Sellers must also reduce the maximum HTLTV ratio when a property is located in a market with declining values

Finally, we are providing additional guidance to assist lenders in implementing First-Time Homebuyer education requirements for Home Possible purchase transaction Mortgages, which we modified in our February 21, 2008 Bulletin.

Effective Dates

The changes announced in this Bulletin are effective immediately except:

August 1, 2008

- For second home Mortgages with Freddie Mac Settlement Dates on or after this date, a Borrower may not own more than four 1- to- 4-unit properties that are financed, including the subject property
- For Investment Property Mortgages with Freddie Mac Settlement Dates on or after this date, a Borrower who owns more than one financed Investment Property may not own more than four 1- to 4-unit properties that are financed, including the subject property
- For cash-out refinance Mortgages with Freddie Mac Settlement Dates on or after this date, the Borrower must own the property for at least six months prior to the Note Date of the refinance Mortgage
- Effective for Mortgages with Freddie Mac Settlement Dates on or after this date, when the Seller originates a cash-out refinance Mortgage, the Seller holds that Mortgage for less than six months, and that Mortgage is refinanced with a "no cash out" refinance Mortgage, the Mortgage must be sold to Freddie Mac as a cash-out refinance Mortgage.

Revisions to the Single-Family Seller/Servicer Guide

The revisions include:

- Chapters 2, B15, C15, 17, 22, 23, 24, 25, 26, 30, A33, D33, G33, H33, J33, A34 and 37
- Exhibits 17, 17S, 20, 25 and 26
- Forms 11 and 13SF

SELLING CHANGES

Second home Mortgages and Investment Property Mortgages

Second home Mortgages

We are revising our requirements for second home Mortgages to limit the number of 1- to 4- unit financed properties in which a Borrower may have an individual or joint ownership interest (including the subject property) to four. This new requirement, effective for second home Mortgages with Freddie Mac Settlement Dates on or after **August 1, 2008**, is being identified as a Discretionary Provision under Guide Section 12.13 and Exhibit 26, Discretionary Provisions.

Investment Property Mortgages

We are revising our requirements for Investment Property Mortgages to reduce the number of financed properties in which a Borrower who owns more than one financed Investment Property may have an individual or joint ownership interest (including the subject property) from 10 to four.

Because the ability to deliver Investment Property Mortgages to Freddie Mac when the Borrower owns more than one financed Investment Property is identified as a Discretionary Provision, this change applies to all Seller/Servicers effective **August 1, 2008**, including Sellers with negotiated Master Agreements and/or Master Commitment Contracts.

We have updated Guide Chapter 22 and Exhibit 26 to reflect these changes to our requirements.

"No cash-out" and cash-out refinance Mortgages

Due to continued credit deterioration and declining home values in many areas of the country, Freddie Mac is revising its requirements for "no cash-out" and cash-out refinance Mortgages to ensure they reflect the risk of these transactions.

Effective for Mortgages with Freddie Mac Settlement dates on or after **August 1, 2008**, when a Seller originates a cash-out refinance Mortgage, the Seller holds that Mortgage for less than six months, and that Mortgage is refinanced with a "no cash-out" refinance Mortgage, the refinance Mortgage is ineligible for sale to Freddie Mac as a "no cash-out" refinance Mortgage. The Mortgage must be sold to Freddie Mac as

a cash-out refinance Mortgage and will be assessed the Cash-out Refinance Mortgages Indicator Score/Loan-to-Value postsettlement delivery fee in addition to any other applicable postsettlement delivery fees.

Also, effective for Mortgages with Freddie Mac Settlement Dates on or after **August 1, 2008**, the Borrower on a cash-out refinance Mortgage must have owned the subject property for at least six months prior to the Note Date of the new refinance Mortgage.

Sections 24.5 and 24.6 have been updated to reflect these changes.

Selling System enhancements

We are enhancing the Selling System to:

- Expand execution capabilities to permit the sale of fixed-rate Mortgages under the Mini Guarantor program
- Expand the Life Cap ranges for certain ARMs eligible for sale under the Guide from “5 or 6%” to “less than or equal to 6%”

Chapters B15, C15, 30 and J33, and Exhibit 17S, Mortgage Products Available Through the Selling System, have been updated to reflect these changes.

Calculating LTV ratios

We have revised Section 23.2 and Form 11, Mortgage Submission Schedule, to reflect that Freddie Mac calculates the LTV ratio for each Mortgage it purchases based on data delivered by the Seller. We have also updated the Guide to include information regarding how the LTV ratio is calculated. This language is being added to the Guide for informational purposes and does not reflect any changes to our requirements or process.

Guide updates from our special February 21, 2008 Bulletin

In our special February 21, 2008 Bulletin, we announced the following changes to our credit requirements:

- Effective February 21, 2008, exemption of the following Mortgages secured by properties located in a market with declining values from the requirement to reduce the maximum LTV/TLTV/HTLTV ratio (see below), with conditions:
 - Freddie Mac-owned streamlined refinance Mortgages, as described in Section 24.4
 - “No cash-out” refinance Mortgages, as described in Section 24.5, when the Mortgage being refinanced is currently owned by Freddie Mac in whole or in part, or securitized by Freddie Mac
- Effective for Mortgages with Freddie Mac Settlement Dates on or after **June 1, 2008**, a reduction required in the maximum TLTV ratio when the property is located in a market with declining values (see below regarding application to HTLTV ratio)

- Effective **June 1, 2008**, we will no longer purchase:
 - Mortgages with LTV/TLTV/ HTLTV ratios greater than 97%, except for Home Possible Mortgages with Indicator Scores equal to or greater than 700, FHA/VA Mortgages and Section 502 GRH Mortgages (see below regarding Section 184 Native American Mortgages)
 - Alt 97[®] Mortgages with Affordable Seconds[®]
 - Streamlined Purchase for Homeowners Mortgages (streamlined purchase Mortgages)
 - Freddie Mac 100 Mortgages
- Also effective **June 1, 2008**, changes to Home Possible Mortgage requirements as follows:
 - For purchase transaction Home Possible Mortgages, homeownership education is required for a qualifying Borrower when all of the Borrowers are First-Time Homebuyers
 - Revised secondary financing requirements
 - Revised Borrower eligibility requirements

Sellers should review the special February 21, 2008 Bulletin for more information regarding these new requirements and related effective dates.

Refining requirements regarding Section 184 Native American Mortgages and reduction of maximum HTLTV ratios

We are refining these requirements to provide that in addition to Home Possible Mortgages with a minimum Indicator Score of 700, FHA/VA Mortgages and Section 502 GRH Mortgages, Section 184 Native American Mortgages with LTV/TLTV/HTLTV ratios greater than 97% remain eligible for sale on and after **June 1, 2008**. Further, effective for Mortgages with Freddie Mac Settlement Dates on or after June 1, 2008, Sellers must also reduce the maximum HTLTV ratio when a property is located in a market with declining values.

Home Possible Mortgages – homeownership education requirements

Sellers should review revised Section A34.12 for additional guidance regarding implementation of the Home Possible Mortgage homeownership education requirements. Additional information about implementing these requirements and additional guidance regarding acceptable homeownership education courses is available on FreddieMac.com at

http://www.freddiemac.com/sell/factsheets/pdf/home_possible_education_requirements_748.pdf.

Streamlined purchase for homeowners Mortgages – Exhibit A

As referenced above, effective **June 1, 2008**, Freddie Mac will no longer purchase streamlined purchase Mortgages. Therefore, with this Bulletin we have deleted Chapter A33 and Section 17.23 from the Guide. However, with respect to Sellers with Master Agreements dated prior to February 21, 2008, Freddie Mac will purchase streamlined purchase Mortgages that comply with the terms of Chapter A33, Section 17.23 and related sections in effect on February 21, 2008, until the earlier of (i) expiration of the Master Agreement, or (ii) February 28, 2009. For reference purposes, we have attached Chapter A33 and Section 17.23 as Exhibit A to this Bulletin.

Guide changes

Chapters 2, 17, 23, 24, 25, 26, A33, D33, G33, H33, J33, A34 and 37; Exhibits 17, 17S, 20, 25 and 26; Form 11 and Form 13SF, Mortgage Submission Voucher; have been updated to reflect the changes announced in our special February 21, 2008 Bulletin.

Notice of broad Guide changes

This paragraph serves as notice to Sellers with Master Agreements containing a provision that permits Freddie Mac to amend, supplement, revise or terminate a negotiated credit provision in a Purchase Document if such amendment, supplement, revision or termination is consistent with broad changes implemented by Freddie Mac, that such Sellers must comply with the Guide changes announced in this Bulletin.

CONCLUSION

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

Sincerely,



Patricia J. McClung
Vice President
Customer Outreach and Offerings Deployment