



TO: Freddie Mac Sellers

September 7, 2017 | 2017-16

SUBJECT: SELLING REQUIREMENTS RELATED TO PROPERTIES AFFECTED BY HURRICANE HARVEY

This Guide Bulletin announces revisions to our selling requirements for Mortgages secured by properties affected by Hurricane Harvey and provides guidance for originating and underwriting impacted Mortgages that will be sold to Freddie Mac.

AGE OF DOCUMENTATION REQUIREMENTS

The following age of documentation requirements apply to Mortgages secured by properties located in Eligible Disaster Areas affected by Hurricane Harvey that have Application Received Dates on or before, and Note Dates after, August 25, 2017:

- Property valuation documentation, including the point value estimate from HVE® or the new appraisal, as applicable, must be dated no more than 180 days before the Note Date
- Any required underwriting documentation, including, but not limited to, Loan Product Advisor® Feedback Certificates, credit reports, verifications of income, employment and sources of funds, must be dated no more than 180 days before the Note Date.

Note: Loan Product Advisor will automatically pull a new credit report for Mortgages that are submitted or resubmitted to Loan Product Advisor 120 days or more after the date of the credit report. The most recent credit report must be used to analyze the Borrower's credit reputation and determine the Indicator Score, as applicable.

As a reminder, no more than 10 Business Days prior to the Note Date, the Seller must confirm a Borrower's employment by obtaining a 10-day pre-closing verification of employment in accordance with the requirements of Guide Section 5302.2, when applicable. For a self-employed Borrower, the Seller remains responsible for a verification of the current existence of the Borrower's business no more than 120 calendar days prior to the Note Date in accordance with the requirements of Section 5304.1(g).

For Mortgages that meet the requirements above, Sellers may use these temporary requirements in conjunction with their negotiated terms.

FREDDIE MAC RELIEF REFINANCE MORTGAGESSM

Sellers are reminded that for Freddie Mac Relief Refinance MortgagesSM secured by properties affected by disasters:

- A Seller is not required to obtain a property inspection or new appraisal when a property valuation (either an HVE point value estimate or an appraisal) was relied on prior to a disaster, and
- A Seller can use an HVE point value estimate with a high or medium confidence score after a disaster without obtaining a property inspection or appraisal to determine property condition

This flexibility for Relief Refinance Mortgages does not impact Servicing requirements. Seller/Servicers must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in Guide Chapter 8202, and in accordance with the terms of the Security Instrument and applicable law. See Section 4302.2 for further information.

SPECIAL COLLATERAL REQUIREMENTS AND GUIDANCE

In recognition of the complexity of originating Mortgages under these conditions, Freddie Mac is providing specific requirements and guidance related to Mortgages secured by properties located in Eligible Disaster Areas affected by Hurricane Harvey.

Property damage

As with any disaster, as specified in Section 5601.2(c), the Seller should take appropriate steps, including a property inspection, to determine if a Mortgage remains eligible for sale to Freddie Mac.

The Seller is responsible for determining whether the property was damaged by Hurricane Harvey:

- For Mortgages with Note Dates prior to August 25, 2017 but not yet sold to Freddie Mac, and
- For Mortgages in process as of August 25, 2017

If the Seller determines that the property has been damaged such that the damage impacts the safety, soundness, or structural integrity, the property is not acceptable as security for the Mortgage and the Mortgage is not eligible to be sold to Freddie Mac.

For less severe damage, the Seller may sell the Mortgage to Freddie Mac if the Seller ensures the damage is covered by insurance as required in Chapter 8202 and that the insurance is adequate to protect against future loss as specified in Section 5601.2(c).

Automated collateral evaluation (ACE) appraisal waivers

Sellers may not accept ACE appraisal waiver offers for properties located in zip codes affected by Hurricane Harvey unless the related Mortgage has a Note Date prior to August 25, 2017 and the Seller has confirmed the condition of the Mortgaged Premises has not been adversely impacted by Hurricane Harvey.

Loan Collateral Advisor® – collateral representation and warranty relief

For Mortgages with Note Dates prior to August 25, 2017 that are secured by properties located in zip codes affected by Hurricane Harvey and that received collateral representation and warranty relief through Loan Collateral Advisor, the Seller must take appropriate steps to determine whether the property has been damaged by Hurricane Harvey. Freddie Mac will continue to offer collateral representation and warranty relief if the Seller confirms and documents that the property has not been adversely impacted by Hurricane Harvey and includes such documentation in the Mortgage file.

SYSTEM AND GUIDE UPDATES

The Selling System® will be updated by October 2, 2017 to allow Feedback Certificates and/or appraisal reports dated more than 120 days before the Note Date.

On September 12, 2017, Loan Product Advisor and Loan Quality Advisor will be updated so that Mortgages secured by properties in zip codes affected by Hurricane Harvey will not receive ACE appraisal waiver eligibility. Mortgages in process prior to September 12, 2017 should be resubmitted to Loan Product Advisor to update the eligibility.

The Selling System, Loan Product Advisor and Loan Quality Advisor will also be updated on September 12, 2017 to indicate Mortgages secured by properties in the affected zip codes with Note Dates on or after August 25, 2017 are not eligible for collateral representation and warranty relief (through the ACE appraisal waiver or Loan Collateral Advisor). Sellers will be reminded by Selling System and/or Loan Quality Advisor messages of their obligation to ensure the property's condition has not been adversely impacted by the disaster.

The Guide will not be updated to include these temporary requirements. Sellers must retain a copy of this Bulletin to ensure compliance with these requirements.

CASH CONTRACTS

Sellers should contact the Cash Desk (571-382-5960 or cash_ex@freddiemac.com) if there are Mortgages in a contract that cannot be delivered prior to contract expiration because the property securing the Mortgage is in an Eligible Disaster Area affected by Hurricane Harvey.

CONCLUSION

As the effects of Hurricane Harvey continue to unfold, and Hurricane Irma impacts Puerto Rico and the U.S. Virgin Islands and potentially the United States mainland, Freddie Mac will continue to monitor developments and provide additional guidance as necessary to support Borrowers whose lives are impacted.

We request that Sellers continue to extend the highest level of understanding to Borrowers coping with Hurricane Harvey-related hardships. The entire mortgage industry, by working together, can help the people affected to rebuild their lives and homes as quickly as possible.

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

Sincerely,



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Single-Family Sales and Relationship Management