



TO: Freddie Mac Sellers

November 7, 2018 | 2018-20

SUBJECT: TEMPORARY SELLING REQUIREMENTS FOR PROPERTIES IMPACTED BY HURRICANE MICHAEL

To ensure Borrowers continue to receive the assistance they need in the aftermath of Hurricane Michael and to provide Sellers with guidance and flexibilities for impacted Mortgages to be sold to Freddie Mac, this Guide Bulletin announces temporary selling requirements related to Hurricane Michael.

We are extending the flexibilities announced in Bulletin 2018-17 to Mortgages secured by properties, and Borrowers whose Mortgaged Premises or places of employment (as applicable) are located, in Eligible Disaster Areas impacted by Hurricane Michael on or after October 11, 2018.

Freddie Mac defines an Eligible Disaster Area as an area comprised of counties or municipalities that have been declared by the President of the United States to be a major disaster area where federal aid in the form of individual assistance is being made available.

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.

Note: Guide Chapter 4407, *Properties Affected by Disasters*, announced in Bulletin 2018-18, is not effective until November 19, 2018, and only applies to disasters that occur on or after that date.

AGE OF DOCUMENTATION REQUIREMENTS

The following age of documentation requirements will apply to Mortgages secured by properties located in Eligible Disaster Areas affected by Hurricane Michael that have Application Received Dates on or before October 11, 2018 and Note Dates after October 11, 2018:

- 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 credit and capacity underwriting documentation, including, but not limited to, 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.

These requirements will remain in effect for a period of six months, i.e., the Note Date of the Mortgage must be on or before April 11, 2019.

For the purposes of this Bulletin, the "Note Date" is the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgages, the modification date for Seller-Owned Modified Mortgages, the Conversion Date for Seller-Owned Converted Mortgages or any applicable assumption agreement date.

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.

Special collateral requirements and guidance

Freddie Mac is providing specific collateral requirements and guidance related to Mortgages secured by properties located in Eligible Disaster Areas affected by Hurricane Michael.

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.

For Mortgages with Note Dates prior to October 11, 2018, but not yet sold to Freddie Mac, the Seller is responsible for determining whether the property was damaged by Hurricane Michael.

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 Guide Chapter 8202 and re-verifies that the property insurance coverage is adequate to protect against future loss as specified in Section 5601.2(c).

For Mortgages in process as of October 11, 2018, Sellers must determine if the property is acceptable security for the Mortgage.

Automated collateral evaluation (ACE) appraisal waivers

Sellers may not accept ACE appraisal waiver offers for properties located in Eligible Disaster Areas as a result of Hurricane Michael unless the related Mortgage has a Note Date prior to October 11, 2018 and the Seller has confirmed and documented the condition of the Mortgaged Premises has not been adversely impacted by Hurricane Michael and retains such documentation in the Mortgage file.

Loan Collateral Advisor® – collateral representation and warranty relief

For Mortgages with Note Dates prior to October 11, 2018 that are secured by properties located in Eligible Disaster Areas as a result of Hurricane Michael 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 Michael. 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 Michael and retains such documentation in the Mortgage file.

Loan Product Advisor

Due to a system constraint, in the event a Seller resubmits a Mortgage to Loan Product Advisor after closing, the Loan Product Advisor Feedback Certificate will indicate that the Mortgage is “not eligible” for collateral representation and warranty relief. Upon submission to either Loan Quality Advisor® or Loan Selling Advisor®, the collateral representation and warranty relief decision will be corrected to accommodate the flexibility identified above and will indicate an “eligible” collateral representation and warranty relief decision.

System updates

Loan Selling Advisor and Loan Quality Advisor will be updated on November 16, 2018 to allow Feedback Certificates and/or appraisal reports dated more than 120 days before the Note Date.

On November 16, 2018, Loan Product Advisor will be updated to prevent Mortgages secured by properties in zip codes affected by Hurricane Michael from receiving ACE appraisal waiver eligibility. Mortgages in process prior to November 16, 2018, secured by properties in affected zip codes, should be resubmitted to Loan Product Advisor to update the eligibility.

Loan Selling Advisor, Loan Product Advisor and Loan Quality Advisor will also be updated on November 16, 2018 to indicate Mortgages secured by properties in the affected zip codes with Note Dates on or after October 11, 2018 are not eligible for collateral representation and warranty relief (through the ACE appraisal waiver or Loan Collateral Advisor). Sellers will be reminded by Loan Selling Advisor and/or Loan Quality Advisor messages of their obligation to ensure the property's condition has not been adversely impacted by the disaster.

Seller reimbursement for property inspections

Freddie Mac will reimburse Sellers for property inspections completed on or before April 11, 2019 in Eligible Disaster Areas affected by Hurricane Michael when the following requirements are met:

- The property inspection was completed prior to the sale or securitization of the Mortgage
- The original appraisal or ACE appraisal waiver was obtained prior to the area having been declared an Eligible Disaster Area

We will reimburse Sellers for actual inspection costs not to exceed \$75 for an individual Mortgage after the Mortgage has been sold or securitized.

To receive the reimbursement amount, the Seller must:

- Maintain copies of the inspection invoice(s) in the Mortgage file
- E-mail an Excel® spreadsheet of its Mortgages to Loan_Delivery_Funding_Ops@freddiemac.com with the subject line: "Seller reimbursement request for disaster-related property inspections." The spreadsheet must include:
 - The Seller/Service number
 - The Freddie Mac Settlement Date
 - The Freddie Mac loan number
 - The Seller loan number
 - The amount to be reimbursed
 - The property zip code

The reimbursement amount will be reflected in the Seller's monthly billing statements. To receive the credit on the Seller's next month's statement, we must receive the spreadsheet no later than the 15th of the current month.

We will accept spreadsheets through October 11, 2019. For questions about the reimbursement process, Sellers should call its Freddie Mac representative or e-mail us at Loan_Delivery_Funding_Ops@freddiemac.com.

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 Michael.

Reminder for 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

ADDITIONAL RESOURCES

Seller/Service providers should refer to the following for additional disaster-related information:

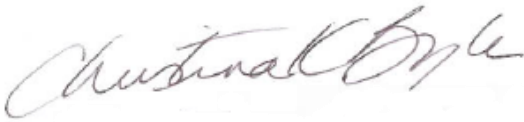
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- Our [Disaster Relief web page](#), including the [Disaster Relief Reference Guide](#) and [Managing Distressed Properties Quick Reference](#) document
 - The Federal Emergency Management Agency's (FEMA) [web site](#) to determine if a Borrower's Mortgaged Premises or place of employment is located in an Eligible Disaster Area

CONCLUSION

As the effects of Hurricane Michael continue to unfold, Freddie Mac is committed to ensuring that Borrowers receive the Mortgage assistance they need to mitigate the devastating impacts of this disaster. We are confident that Sellers will continue to extend the highest level of understanding and consideration to Borrowers coping with disaster hardships.

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,



Christina K. Boyle
Chief Client Officer
Single-Family Business