



This is the Freddie Mac Guidelines for the new loan limit increase. They are different than the Fannie Mae guidelines and are actually allowing a 90% loan to value with a 700 fico score to the new limit increase amount per county. All Fico's less than 700 are maxed at 75%. Freddie Mac is also allowing cash out to 75% loan to value with a minimum fico of 720. Fannie Mae offers no cash out whatsoever. Again FHA may allow more favorable products and guidelines for the less credit worthy but this is better then what was expected.

Editor: National Mortgage Network.



You are reading key updates from Freddie Mac

Today's News...

Update on Purchases of Conforming Jumbo Mortgages

On February 13, the President signed into law the Economic Stimulus Act of 2008 that includes a temporary increase in Freddie Mac's conforming loan limits in high cost areas, as defined by the U.S. Department of Housing and Urban Development (HUD).

Freddie Mac believes the temporary increase in conforming loan limits will allow us to provide much-needed liquidity and stability to the jumbo portion of the residential mortgage market, and is in the best interest of the economy and consumers.

We are using the descriptive term "conforming jumbo" mortgages to distinguish Freddie Mac-eligible jumbo mortgages from other jumbo mortgages that are ineligible for purchase by Freddie Mac and eligible conventional, conforming mortgages.

New Loan Limits

The new loan limits are applicable to high cost areas only and are the higher of the 2008 conforming loan limit (\$417,000) or 125% of the area median house price,

not to exceed \$729,750 for a 1-unit property. The law also allows the purchase of eligible loans originated with note dates between July 1, 2007 and December 31, 2008.

HUD has published the list of high cost Metropolitan Statistical Areas (MSAs) and applicable loan limits per number of units. This information is available on:

- HUD's website, <https://entp.hud.gov/idapp/html/hicostlook.cfm>. HUD offers a user-friendly, look-up tool that provides loan limits for all MSAs and counties.
- OFHEO's website, www.ofheo.gov/media/hpi/AREA_LIST.pdf. This list provides only the high cost counties and MSAs affected by the new loan limits.

New Originations of Conforming Jumbo Mortgages

For deliveries in the May/June timeframe, we expect to offer 90-day pricing and credit coverage for newly originated conforming jumbos using a Guarantor execution. We consider newly originated mortgages to be originations with note dates on or after March 1, 2008, up to and including December 31, 2008. Below you'll find more details on our eligibility requirements and pricing structure. This information is also available on FreddieMac.com. We are providing requirements at this point to help you begin originating conforming jumbo mortgages based on these terms. We plan to provide final contract and delivery terms to eligible Guarantor customers in April.

Requirements for New Originations

We've defined specific credit and pricing requirements for conforming jumbo mortgages that will be different from our current conforming mortgages requirements. At this time, our credit and underwriting requirements for **originations with note dates on or after March 1, 2008 up to and including December 31, 2008**, include the following:

General Eligibility

- **Please note**, where the requirements below are silent, conforming jumbos mortgages must comply with all other requirements in the *Single-Family Seller/Service Guide*.

Eligible Products, Purpose and Occupancy Requirements

Products	<ul style="list-style-type: none">• 15-, 20-, 30- and 40-year fixed-rate, fully amortizing mortgages (no balloons)• 30-year fixed-rate mortgages with 10-year interest-only periods• Fully amortizing 5/1 adjustable-rate mortgages (ARMs)• 5/1 ARMs with 10-year interest-only periods
Purpose	<ul style="list-style-type: none">• Purchase• No cash-out refinance• Cash-out refinances for primary residence only
Occupancy	<ul style="list-style-type: none">• 1-unit primary residences, including condos and PUDs• 1-unit second homes

- 1-unit investment properties

Maximum Loan-to-Value (LTV) and Total Loan-to-Value (TLTV) Ratios

The following chart outlines the maximum LTV and TLTV ratio requirements for conforming jumbo mortgages:

Loan Purpose	Product Type	LTV/TLTV	Minimum Indicator Score
Primary Residence			
Purchase	All eligible	90%	LTV >75%: 700 LTV ≤75%: 660
No cash-out refinance	All eligible	90%	LTV >75%: 700 LTV ≤75%: 660
Cash-out refinance	All eligible	75%	720
Second Home and Investment Property			
Purchase	All eligible	60%	660
No cash-out refinance	All eligible	60%	660
Cash-out refinance	N/A	N/A	N/A

Eligibility for New Originations

Loan Characteristic	Requirement
Reserves	<ul style="list-style-type: none"> • Primary residence: 2 months verified • Second home and investment property: 6 months verified
Maximum Cash-Out Amount	<ul style="list-style-type: none"> • Per Guide requirements, including mortgage proceeds to the borrower or any other payee may not exceed \$100,000
Maximum Seller Contributions	<ul style="list-style-type: none"> • Maximum of 3% is permitted for primary residence and second homes regardless of LTV • Maximum of 2% is permitted for investment properties
Required Documentation	<ul style="list-style-type: none"> • Loan Prospector® Accept Plus documentation class applies • Full documentation requirements apply for all other mortgages
Housing Payment History	<ul style="list-style-type: none"> • No 30-day late housing payments within the last 12 months
Nontraditional Credit	<ul style="list-style-type: none"> • Not permitted
Debt-to-Income Ratio	<ul style="list-style-type: none"> • 45% maximum

Appraisals	<ul style="list-style-type: none"> • Full URAR - interior and exterior inspection required • In addition, a field review (Form 1032) is required if the LTV/TLTV \geq 75% and the value is \geq \$1,000,000 or greater • The person performing the appraisal must be qualified to perform appraisals without oversight or supervision by a "supervisory" or "review" appraiser • Freddie Mac's Declining Markets requirements apply. If the appraiser or Seller has determined that a property is located in a declining market, maximum financing must be reduced. Section 23.5 of the Guide provides that a lender must not offer financing to the maximum LTV/TLTV ratio in any instance in which property values are declining.
Age of Documents	<ul style="list-style-type: none"> • 120 days
Mortgage Insurance	<ul style="list-style-type: none"> • Standard mortgage insurance (check with your MI provider to obtain its eligibility requirements) • Financed MI not permitted
Eligible Underwriting Path	<p>For loan amounts less than \$1 million</p> <ul style="list-style-type: none"> • Loan Prospector Accept Plus and Accept • In addition to the Loan Prospector assessment, you will need to ensure that the loan meets our credit requirements for conforming jumbos • Manually underwritten mortgages

Ineligible Products and Features

- Balloon Mortgages
- FHA Mortgages
- Financed MI
- Streamlined refinances
- Special purpose cash-out refinances
- Second liens
- Manufactured homes
- Cooperative units
- Temporary subsidy buydowns
- Home Possible® Mortgages or other lender-branded affordable programs
- 2- to-4-unit properties

Servicing

There are no special servicing requirements related to the servicing of conforming jumbo mortgages. The minimum servicing spread will be 25 basis points.

Securitization

The Securities Industry and Financial Markets Association (SIFMA) indicated that conforming jumbos will be traded as non-TBA securities:

- 30-year fixed-rate mortgages will be pooled in a separate prefix and trade non-TBA.

- ARMs will be pooled in specific conforming jumbo pools using existing non-TBA prefixes. Co-mingling will not be allowed.

Pricing

Our pricing for conforming jumbos will be as follows:

- Your standard guarantee-fee
- Plus, current *Single-Family Seller/Service Guide* Exhibit 19 delivery fees
- Plus, unique conforming jumbo mortgage postsettlement delivery fees. To determine the delivery fee, take the standard delivery fee rate and apply all applicable delivery fee rate adjustors, as defined in the tables below.

Fixed Rate Mortgage Standard Delivery Fee Rate

Product Type	Delivery Fee
Fixed Rate	0.25%

Fixed Rate Mortgage Delivery Fee Rate Adjusters

Product Type	Purpose Type	LTV/TLTV	Delivery Fee
Fixed Rate	No Cash-Out Refinance	> 75%	0.50%
	Cash-Out Refinances	All eligible LTV/TLTVs	1.00%
Fixed-Rate 10-year Initial Interest	All purpose types	All eligible LTV/TLTVs	0.25%

Adjustable Rate Mortgage Standard Delivery Fee Rate

Product Type	Delivery Fee
ARM \leq 80%	0.75%
ARM > 80%	1.50%

Adjustable Rate Mortgage Delivery Fee Rate Adjusters

Product Type	Purpose Type	LTV/TLTV	Delivery Fee
ARM	No Cash-Out Refinance	> 75%	0.50%
	Cash-Out Refinances	All eligible LTV/TLTVs	1.00%

Please contact your Freddie Mac Account Manager or representative if you have any questions regarding our offering for new originations.

Existing Portfolios of Eligible Mortgages

In addition to purchasing new originations, we will purchase existing lender-held

portfolios of qualifying loans with note dates on or after July 1, 2007 up to and including February 29, 2008, through our bulk transaction path. This will be a negotiated offering available to lenders experienced in selling through our bulk process with a spot bid price. A broader product set may be available for this option. We will begin reviewing and purchasing portfolios in late March. If you are interested in selling a qualifying portfolio to Freddie Mac, please contact your Freddie Mac Account Manager or representative.

You are currently subscribed to this Freddie Mac Single Family Generic list as:

tballard@bfosolutions.com To remove your name, simply reply to this message and write the word "remove" in the body of the message. Or, send a [blank](#) email.

