

Bulletin

NUMBER: 2001-6

TO: All Freddie Mac Sellers and Servicers

August 13, 2001

**Freddie
Mac**

SUBJECT

Freddie Mac is:

- Lifting Borrower income limits for Affordable Gold[®] Mortgages, Freddie Mac 100 Mortgages with an Affordable Second[®] and Alt 97[®] Mortgages with an Affordable Second[®] provided the Mortgaged Premises are located in a Concentrated Area

EFFECTIVE DATE

This change is effective immediately.

WHY WE'RE MAKING THIS CHANGE AND HOW IT AFFECTS YOU

To help you meet the housing finance needs of underserved Borrowers, Freddie Mac will no longer require Area Median Income limits for Affordable Gold Mortgages, Freddie Mac 100 Mortgages with an Affordable Second and Alt 97 Mortgages with an Affordable Second if the Mortgaged Premises are located in Concentrated Areas. This change means additional homeownership opportunity for Borrowers with higher income but less cash for downpayment and/or Closing Costs. And it helps to increase the rate of homeownership in and rejuvenation of Concentrated Areas, including HUD-designated central cities.

The *Single-Family Seller/Servicer Guide* (Guide) already provides that there is no Borrower income limit for Affordable Gold[®] 5 Mortgages if the Mortgaged Premises are located in a Concentrated Area. We have now removed the Borrower income limits for the following Mortgages secured by Mortgaged Premises in a Concentrated Area:

- Affordable Gold[®] 3/2 Mortgages
- Affordable Gold[®] 97 Mortgages
- Affordable Gold[®] Alt 97[®] Mortgages
- Freddie Mac 100 Mortgages that have an Affordable Second[®] in compliance with the requirements of Section 25.1(g) of the Guide
- Alt 97[®] Mortgages that have an Affordable Second[®] in compliance with the requirements of Section 25.1(g) of the Guide

This change is a Discretionary Provision, and subject to the terms described in Section 12.13 of the Guide.

Concentrated Areas are defined in the Glossary to the Guide as one of the following: an area designated by the U.S. Department of Housing and Urban Development as a “central city;” a census tract with an area median family income of 80 percent or less; or any census tract in which nonwhite and Hispanic persons comprise 50 percent or more of the population based on the 1990 census. We’d like to remind you that, in addition to Concentrated Areas in the United States, Guam and Pacific territories, Puerto Rico and the U.S. Virgin Islands are considered Concentrated Areas.

For more information on Concentrated Areas and Borrower income limits, visit Freddie Mac’s web site at <http://www.freddiemac.com/sell/affgold/>.

REVISIONS TO THE *SINGLE-FAMILY SELLER/SERVICER GUIDE*

Replacement pages for updated Guide text will be included with the September 10th Guide Bulletin. This change will affect the following sections of the Guide:

- Chapter 34
- Exhibit 26

CONCLUSION

We believe this change supports Freddie Mac’s commitment to helping you meet the changing needs of your customers and communities by increasing your ability to provide Mortgages to Borrowers who otherwise are not eligible under current Affordable Gold guidelines.

If you have any questions about the change announced in this Bulletin, please call your Freddie Mac Account Manager or (800) FREDDIE.

Sincerely,



Paul T. Peterson
Executive Vice President, Single-Family Group