

Bulletin

NUMBER: 2003-2

**Freddie
Mac**

TO: All Freddie Mac Sellers and Servicers

March 7, 2003

SUBJECTS

Requirements amended in this Bulletin:

■ Servicing and Selling

Freddie Mac is:

- Revising language to state that Freddie Mac will now file mortgage insurance claims and follow up on claim payments
- Revising Form 1055, Mortgage Bankers Financial Reporting Form
- Reminding Seller/Servicers of the revised requirements for the treatment of installment debts announced in Bulletin 2002-8 (December 16, 2002) that become effective for all Mortgages delivered to Freddie Mac on or after March 16, 2003
- Reminding Seller/Servicers of the revised requirements for refinance Mortgages and our revised cash-out refinance postsettlement delivery fee rates announced in Bulletin 2002-8 (December 16, 2002) that become effective for settlements on or after April 1, 2003

EFFECTIVE DATES:

- **April 1, 2003:**
 - Freddie Mac will begin filing mortgage insurance claims pertaining to foreclosure sales and settled workouts reported to us on and after this date
 - Use of the new Form 1055 will be required for non-regulated entities reporting on and after this date

WHY WE'RE MAKING THESE CHANGES AND HOW THEY AFFECT YOU

Servicing Changes

Filing mortgage insurance claims

Beginning with foreclosure sales and settled workouts completed on and after April 1, 2003, Freddie Mac will assume responsibility for the mortgage insurance claim process via MI Access[®]. On and after this date, Freddie Mac will file mortgage insurance claims electronically based on the information provided to us by Servicers via Electronic Default Reporting (EDR) or the Foreclosure Sale/DIL transmission.

Until we notify you otherwise, Servicers must continue to file the Notice of Default (NOD) to the mortgage insurer (MI). Servicers must continue to report the delinquency information to us via EDR and the results of the foreclosure sale or acceptance of the deed-in-lieu of foreclosure via the foreclosure sale/deed-in-lieu transmission. We will file the mortgage insurance claim and manage the payment process with the MI. This change applies to both primary and pool mortgage insurance claims.

Servicers remain responsible for filing claims with FHA, VA and RHS.

We have updated Chapters B65 and 70 to incorporate these provisions.

Selling Changes

Mortgage Bankers Financial Reporting Form

Freddie Mac, Fannie Mae, Ginnie Mae and the Mortgage Bankers Association are jointly modifying the Mortgage Bankers Financial Reporting Form (MBFRF), Freddie Mac Form 1055. Mortgage bankers (including mortgage banker subsidiaries of federally supervised financial institutions) must submit the MBFRF following the end of each calendar quarter.

Form 1055 is being revised to capture additional profile information, delete certain items related to single family originations and servicing hedges and incorporate the reporting requirements of FASB Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments & Hedging Activities, as amended ("SFAS 133"). The guidance provided in SFAS 133 is effective for all fiscal years beginning on or after June 15, 2000. However, affected entities will not be expected to revise any MBFRF reports previously submitted.

The revised Form 1055 will be effective for the reporting period ended March 31, 2003, and is required for non-regulated entities reporting on or after April 1, 2003.

An email detailing the Form 1055 revisions was sent to those Seller/Servicers affected by these changes on February 5. The revised form will be available electronically after April 1 at www.mbfrf.org.

We will provide a copy of the revised Form 1055 in our April 7th Guide Bulletin.

Reminder of revised requirements for treatment of installment debts

We are reminding Seller/Servicers that the revised underwriting requirements for installment debts that were announced in Bulletin 2002-8 (December 16, 2002) become effective for Loan Prospector® and Non-Loan Prospector Mortgages delivered to Freddie Mac on or after March 16, 2003.

For complete details on these changes, refer to Chapter 37.

Reminder of changes to refinance Mortgages

We are reminding Seller/Servicers that beginning with settlements on or after April 1, 2003, as announced in Bulletin 2002-8 (December 16, 2002):

- Revised requirements for "no cash-out" refinance Mortgages apply, the special purpose cash-out refinance Mortgage is eliminated and the LTV ratio at which the minimum Indicator Score requirement applies to Manually Underwritten cash-out refinance Mortgages is reduced to 70 percent
- All cash-out refinance Mortgages will be subject to the revised cash-out refinance postsettlement delivery fees, including cash-out refinance Mortgages previously categorized as special purpose cash-out refinance Mortgages

For complete details on these changes, refer to Chapter 24.

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

Descriptions of all new or revised Guide chapters are located in Exhibit A of this Bulletin. The revisions include:

- Chapters B65 and 70
- Glossary

At the end of this Bulletin, you'll find replacement pages for the Guide.

CONCLUSION

We believe that these changes support Freddie Mac's commitment to making the mortgage finance process simpler and more efficient. If you have any questions about the changes announced in this Bulletin, please call your Freddie Mac Account Manager or (800) FREDDIE.

Sincerely,



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

Exhibit A

Highlights of Revisions in this Package

Bulletin 2003-2 incorporates changes to the following chapters of the *Single-Family Seller/Service Guide* (Guide).

- **Chapter B65**—Workout Options—Revises language regarding the filing of mortgage insurance claims.
- **Chapter 70**—REO—Revises language regarding the filing of mortgage insurance claims.